FINANCIAL + FREIGHT + SHIPPING

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AUDITED RESULTS AND DIVIDEND ANNOUNCEMENT

for the year ended 31 December 2016

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KEY FINANCIAL INFORMATION

The group continues to position itself for a turn in the commodity cycle by focusing on integrating source-to-destination logistics services and progressing capital projects and aligned investments.

- Revenue R24 930.5 million inclusive of joint ventures (2015: R27 995.4 million)
- Revenue in second half R13 859.4 million (H1: R11 071.1 million)
- EBITDA R690.4 million inclusive of joint ventures (2015: R1 747.5 million)
- Headline loss of R459.5 million (headline loss H1: R381.1 million; headline earnings 2015: R558.8 million)
- Headline loss per share 61.2 cents (2015: headline earnings per share 74.4 cents)
- Loss per share 254.2 cents (loss per share 2015: 189.8 cents)
- Net asset value per share 2 007 cents (2015: 2 450 cents)
- Cash generated by operations R491.7 million (2015: R1 412.6 million)
- Low gearing of 2% (2015: net cash R33.9 million)
- No final ordinary dividend was declared (2015: 6.0 cents per share)

SUMMARISED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Revenue	**9 031 783**	10 192 369
Earnings before interest, taxation, depreciation and amortisation	**469 323**	1 098 900
Depreciation and amortisation	**(584 061)**	(675 482)
Operating (loss)/profit before interest and taxation	**(114 738)**	423 418
Non-trading items	**(1 419 242)**	(1 587 631)
Interest received	**348 528**	254 063
Interest paid	**(257 864)**	(220 731)
Loss before share of joint venture and associate companies' profit	**(1 443 316)**	(1 130 881)
Share of joint venture companies' loss after taxation	**(224 874)**	(120 097)
Share of associate companies' profit after taxation	**20 604**	72 660
Loss before taxation	**(1 647 586)**	(1 178 318)
Taxation	**(191 919)**	(190 255)
Net loss for the year	**(1 839 505)**	(1 368 573)
Attributable to:		
Ordinary shareholders	**(1 907 695)**	(1 426 473)
Preference shareholders	**67 970**	61 141
Owners of the parent	**(1 839 725)**	(1 365 332)
Non-controlling interests	**220**	(3 241)
	(1 839 505)	(1 368 573)
Exchange rates (ZAR/US$)		
Opening exchange rate	**15.60**	11.57
Closing exchange rate	**13.69**	15.60
Average exchange rate	**14.73**	12.78

EARNINGS PER SHARE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

		Audited 31 December 2016 R000	Audited 31 December 2015 R000
Reconciliation of headline (loss)/earnings			
(Loss) attributable to ordinary shareholders		**(1 907 695)**	(1 426 473)
Adjusted for:		**1 448 180**	1 985 296
Impairment of goodwill		**445 982**	–
Impairment of other investments		**806 619**	612 365
Impairment of ships, intangibles, vehicles and equipment		**271 483**	1 205 990
Net loss/(profit) on disposal of investments		**18 799**	(216 919)
Net profit on disposal of plant and equipment		**(3 380)**	(448)
Negative goodwill realised		**–**	(13 233)
Foreign currency translation reserve release		**(120 261)**	(124)
Joint ventures and associates:			
Foreign currency translation reserve release		**–**	2 447
Net profit on disposal of investments		**(216)**	–
Net profit on disposal of plant and equipment		**(253)**	(471)
Impairment of ships, intangibles, vehicles and equipment		**49 649**	382 428
(Reversal of impairment)/impairment of other investments		**(12 175)**	17 252
Total non-controlling interest effects of adjustments		**(2 962)**	(2 233)
Total taxation effects of adjustments		**(5 105)**	(1 758)
Headline (loss)/earnings		**(459 515)**	558 823
Ordinary share performance			
Number of shares in issue less treasury shares	(000s)	**750 548**	750 959
Weighted average number of shares (basic)	(000s)	**750 539**	751 452
Diluted weighted average number of shares	(000s)	**753 712**	754 146
Loss per share:	(cents)		
Basic		**(254.2)**	(189.8)
Diluted		**(254.2)***	(189.8)*
Headline (loss)/earnings per share:	(cents)		
Basic		**(61.2)**	74.4
Diluted		**(61.2)***	74.1
Dividends per share:	(cents)	**–**	19.6
Interim		**–**	13.6
Final		**–**	6.0
Dividend cover (headline)	(times)	**–**	3.8

* *Diluted loss per share and diluted headline loss per share were calculated on weighted average number of shares due to the anti-dilutive effect of the long-term incentive scheme shares.*

SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Loss for the year	**(1 839 505)**	(1 368 573)
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(1 387 904)**	3 396 262
Net movement in cash flow hedges	**54 636**	21 045
Business combination	**3 469**	(6 906)
Items that will not be reclassified subsequently to profit or loss		
Actuarial losses	**(2 184)**	(45)
Fair value (loss)/gain arising on available-for-sale instruments	**(2 420)**	1 493
Total comprehensive (loss)/income for the year	**(3 173 908)**	2 043 276
Total comprehensive (loss)/income attributable to:		
Owners of the parent	**(3 182 753)**	2 054 339
Non-controlling interest	**8 845**	(11 063)
	(3 173 908)	2 043 276

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Ships, property, terminals, machinery, vehicles and equipment	**5 351 224**	7 632 489
Intangible assets	**1 060 807**	1 604 159
Investments in joint ventures	**3 947 765**	4 806 687
Investments in associates	**852 225**	922 350
Deferred taxation	**87 062**	205 705
Other investments and derivative financial assets	**1 948 728**	1 757 307
Total non-current assets	**13 247 811**	16 928 697
Loans and advances to bank customers	**5 854 734**	4 915 854
Liquid assets and short-term negotiable securities	**1 801 065**	1 065 730
Bank balances and cash	**9 478 073**	8 393 256
Other current assets	**4 245 485**	4 871 336
Non-current assets held for sale	**1 549 072**	281 892
Total assets	**36 176 240**	36 456 765
Shareholders' equity	**15 752 437**	19 146 165
Non-controlling interests	**48 919**	(6 274)
Total equity	**15 801 356**	19 139 891
Interest-bearing borrowings	**1 423 339**	2 061 818
Financial Services funding instruments	**803 489**	798 288
Deferred taxation	**261 817**	224 675
Other non-current liabilities	**121 446**	89 191
Non-current liabilities	**2 610 091**	3 173 972
Deposits from bank customers	**13 610 140**	9 979 739
Current interest-bearing borrowings	**909 037**	1 326 418
Financial Services funding instruments	**191 187**	173 005
Other liabilities	**1 831 320**	2 573 890
Non-current liabilities associated with assets held for sale	**1 223 109**	89 850
Total equity and liabilities	**36 176 240**	36 456 765
Net worth per ordinary share − at book value (cents)	**2 007**	2 450
Net debt:equity ratio	**0.02:1**	(0.00):1
Capital expenditure	**676 627**	913 042

	31 December 2016 R000	31 December 2016 US$000	31 December 2015 R000	31 December 2015 US$000
Capital commitments	**154 315**	17 582	122 723	41 845
Authorised by directors and contracted for	**131 278**	–	122 723	25 304
Due within one year	**131 278**	–	11 020	25 146
Due thereafter	**–**	–	111 703	158
Authorised by directors not yet contracted for	**23 037**	17 582	–	16 541

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Operating profit before working capital changes	**425 960**	1 190 897
Working capital changes	**65 749**	221 723
Cash generated from operations	**491 709**	1 412 620
Net interest received/(paid)	**16 888**	(9 403)
Net dividends received/(paid)	**29 451**	(150 996)
Taxation paid	**(110 343)**	(188 251)
	427 705	1 063 970
Net deposits from customers and other short-term negotiables	**1 956 186**	1 485 349
Deposits – Retail Banking	**2 288 800**	1 253 006
Other	**(332 614)**	232 343
Net cash flows generated from operating activities before ship sales and purchases	**2 383 891**	2 549 319
Refund on ships under construction cancelled	**–**	319 838
Proceeds on disposal of ships	**180 843**	158 414
Capital expenditure on ships	**(368 145)**	(198 980)
Net cash flows generated from operating activities	**2 196 589**	2 828 591
Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment	**(339 257)**	(616 269)
Net proceeds from disposal of property, terminals, vehicles, equipment and investments	**266 482**	68 301
Net receipt from finance lease receivables	**11 160**	19 931
Intangible assets acquired	**(25 253)**	(26 035)
Proceeds from disposal of intangible assets	**602**	1 027
Funds advanced to joint ventures and associate companies	**(644 288)**	(264 028)
Acquisition of preference share investment	**(5 367)**	(14 650)
Acquisition of additional investments in subsidiaries, joint ventures and associates	**(44 240)**	(307 723)
Net cash flows utilised in investing activities	**(780 161)**	(1 139 446)
Net proceeds from issue of ordinary share capital	**–**	6 255
Acquisition of treasury shares	**(8 671)**	(25 710)
Proceeds from disposal of treasury shares	**914**	366
Long-term interest-bearing debt raised	**821 780**	499 225
Payment of capital portion of long-term interest-bearing debt	**(952 600)**	(1 459 032)
Short-term interest-bearing debt (repaid)/raised	**(132 726)**	51 443
Net cash flows utilised in financing activities	**(271 303)**	(927 453)
Net increase in cash and cash equivalents	**1 145 125**	761 692
Cash and cash equivalents at beginning of the year	**8 340 917**	7 188 626
Difference arising on translation	**(191 585)**	390 599
Cash and cash equivalents at end of the year	**9 294 457**	8 340 917

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Share capital and share premium	**5 971 719**	5 970 727
Balance at beginning of the year	**5 970 727**	5 982 924
Share options vested	**6 892**	6 892
Share issue	**–**	6 255
Treasury shares acquired	**(8 671)**	(25 710)
Treasury shares sold	**2 771**	366
Preference share capital	**2**	2
Balance at beginning of the year	**2**	2
Equity compensation reserve	**68 513**	63 643
Balance at beginning of the year	**63 643**	57 566
Share-based payments	**11 762**	12 969
Share options vested	**(6 892)**	(6 892)
Foreign currency translation reserve	**4 546 313**	6 063 103
Balance at beginning of the year	**6 063 103**	2 661 342
Foreign currency translation realised	**(120 261)**	(2 323)
Foreign currency translation adjustments	**(1 396 529)**	3 404 084
Other non-distributable statutory reserves	**(51 592)**	(126 302)
Balance at beginning of the year	**(126 302)**	(123 092)
Financial instrument hedge settlement	**53 873**	65 483
Foreign currency translation adjustments	**6 006**	(22 540)
Fair value adjustment on hedging reserve	**4 641**	(34 607)
Deferred tax effect on cash flow hedge	**(6 415)**	5 804
Net business combination acquisition	**16 605**	(17 350)
Accumulated profit	**5 217 482**	7 174 992
Balance at beginning of the year	**7 174 992**	8 853 554
Fair value gain arising on available-for-sale financial instruments	**(2 420)**	1 493
Actuarial losses recognised	**(2 184)**	(45)
Loss for the year	**(1 839 725)**	(1 365 332)
Ordinary dividends paid	**(45 211)**	(253 537)
Preference dividends paid	**(67 970)**	(61 141)
Total interest of shareholders of the company	**15 752 437**	19 146 165
Equity attributable to non-controlling interests of the company	**48 919**	(6 274)
Balance at beginning of the year	**(6 274)**	48 185
Foreign currency translation adjustments	**8 625**	(7 822)
Non-controlling interest disposed	**49 860**	(1 494)
Profit/(loss) for the year	**220**	(3 241)
Dividends paid	**(3 512)**	(41 902)
Total equity attributable to shareholders of the company	**15 801 356**	19 139 891

SEGMENTAL ANALYSIS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Revenue		
Freight Services	**3 846 303**	5 059 813
Shipping	**20 585 634**	22 058 351
Financial Services	**492 216**	452 756
Group	**6 389**	424 499
	24 930 542	27 995 419
Segmental adjustments*	**(15 898 759)**	(17 803 050)
	9 031 783	10 192 369
Earnings/(loss) before interest, taxation, depreciation and amortisation		
Freight Services	**458 356**	837 685
Shipping	**(82 999)**	662 177
Financial Services	**303 213**	255 011
Group	**11 851**	(7 415)
	690 421	1 747 458
Segmental adjustments*	**(221 098)**	(648 558)
	469 323	1 098 900
Operating profit/(loss) before interest and taxation		
Freight Services	**89 891**	438 528
Shipping	**(559 619)**	169 473
Financial Services	**297 312**	250 318
Group	**11 675**	(12 159)
	(160 741)	846 160
Segmental adjustments*	**46 003**	(422 742)
	(114 738)	423 418
Share of associate companies' profit after taxation		
Freight Services	**20 604**	71 879
	20 604	71 879
Segmental adjustments*	**–**	781
	20 604	72 660
(Loss)/profit attributable to ordinary shareholders		
Freight Services	**(1 239 856)**	(108 994)
Shipping	**(928 411)**	(1 495 674)
Financial Services	**171 006**	164 662
Group	**89 566**	13 533
	(1 907 695)	(1 426 473)

**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.*

BUSINESS COMBINATIONS
FOR THE YEAR ENDED 31 DECEMBER 2016

ACQUISITION OF SUBSIDIARIES

During the year, the group acquired the following interests:

Company acquired	Nature of business	Percentage acquired	Interest acquired 2016	Purchase consideration R000
Nacala Intermodal Terminal Investments	Integrated Logistics	75	31 October	46 726
Total purchase consideration				**46 726**

REASONS FOR ACQUISITION

The reason for the acquisition was to obtain a majority share in the existing container depot outside the Port of Nacala Mozambique which will serve as an anchor point for the Integrated Logistics supply chain in the Nacala corridor. The initial accounting for Nacala Intermodal Terminal Investments was provisionally determined at the end of the reporting period.

IMPACT OF THE ACQUISITION ON THE RESULTS OF THE GROUP

From the date of the acquisition, the acquired business contributed additional profits of R0.3 million.

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

Net assets acquired	Acquirees' carrying amount before combination at fair value R000
Property, plant and equipment	12 527
Intangibles	42 559
Working capital	648
Cash and bank	57
Non-controlling interest	(1 383)
Long-term liabilities	(7 682)
Total	46 726
Earnout	(13 690)
Total purchase consideration	33 036
Cash acquired	(57)
Net assets acquired	**32 979**

DISPOSAL OF SUBSIDIARIES AND JOINT VENTURES

During the year, the group disposed of the following interests:

Company disposed	Nature of business	Percentage disposed	Interest disposed 2016	Disposal consideration R000
Grindrod Asset Management Holdings Proprietary Limited	Financial Services	100	12 December	125 300
CoreShares Holding Proprietary Limited	Financial Services	100	12 October	13 500
Vanguard Rigging Proprietary Limited	Integrated Logistics	50	1 July	53 383
Vitol Coal South Africa BV	Terminals	35	31 July	33 349
Total disposal consideration				**225 532**

REASONS FOR DISPOSALS

During the period, Grindrod Asset Management Proprietary Limited was rebranded to Bridge Fund Managers and the business was sold to Infinitus in which Grindrod Limited, via its subsidiary GFS Holdings Proprietary Limited, holds an interest. The transaction is expected to provide the business with expanded growth opportunities under its new identity and shareholding structure.

The disposal of the coal trading, machine handling and rigging businesses was to rationalise operations to assist in the delivery of the group's long-term goals.

Net assets disposed	Fair value R000
Property, plant and equipment	1 381
Intangibles	54 608
Investments	62 252
Taxation	(3 280)
Working capital	(20 548)
Cash and bank	40 272
Business combination reserve	16 605
Deferred taxation	6 741
Total	**158 031**
Earnout	(50 299)
Profit on disposal	–
Cash disposed	(40 272)
Net assets disposed	**67 460**

LEASES AND SHIP CHARTERS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Operating leases and ship charters		
Income*	**1 368 637**	1 345 991
Expenditure	**4 121 075**	5 303 916
Finance lease liabilities	**–**	–

* *Relates only to future committed income under non-cancellable operating leases and does not include revenue earned through the spot market.*

FAIR VALUE OF FINANCIAL INSTRUMENTS

AS AT 31 DECEMBER 2016

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

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

Level 2 and 3 fair values were determined by applying either a combination of, or one of the following, valuation techniques: market-related interest rate yield curves to discount expected future cash flows; projected unit method; market value; the net asset value of the underlying investments; and a price earnings multiple or a discounted projected income/present value approach.

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

	Audited 31 December 2016 R000	Audited 31 December 2016 R000	Audited 31 December 2016 R000	Audited 31 December 2016 R000
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Derivative financial assets	**–**	**3 255**	**–**	**3 255**
Financial assets designated at fair value through profit or loss	**–**	**753 752**	**1 084 948**	**1 838 700**
Total	**–**	**757 007**	**1 084 948**	**1 841 955**
Financial liabilities				
Derivative financial instruments	**–**	**(26 365)**	**–**	**(26 365)**
Financial liabilities designated at fair value through profit or loss	**–**	**(100 200)**	**–**	**(100 200)**
Total	**–**	**(126 565)**	**–**	**(126 565)**

	Audited 31 December 2015 R000	Audited 31 December 2015 R000	Audited 31 December 2015* R000	Audited 31 December 2015* R000
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	–	8 290	–	8 290
Financial assets designated at fair value through profit or loss	23 758	483 602	888 133	1 395 493
Total	23 758	491 892	888 133	1 403 783
Financial liabilities				
Derivative financial instruments	–	(102 773)	–	(102 773)
Financial liabilities designated at fair value through profit or loss	–	(97 127)	–	(97 127)
Total	–	(199 900)	–	(199 900)

**Comparative figures have been revised to reflect more appropriate disclosures of financial instruments.*

Fair value gains recognised in the statement of comprehensive income for Level 3 financial instruments were R39.3 million (2015: R77.7 million).

	Audited 31 December 2016 R000	Audited 31 December 2015* R000
Opening balance	**888 133**	559 229
Additions	**158 499**	277 054
Disposals	**(993)**	(25 815)
Total gains recognised		
− in other comprehensive income	**(3 770)**	2 206
Profit and loss	**43 079**	75 459
Closing balance	**1 084 948**	888 133

**Comparative figures have been revised to reflect more appropriate disclosures of financial instruments.*

Reconciliation of Level 3 fair value measurements of financial assets

CONTINGENT ASSETS/LIABILITIES
AS AT 31 DECEMBER 2016

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R5 030 118 000 (2015: R5 895 868 000) of which R2 032 903 000 (2015: R2 714 947 000) had been utilised at the end of the year.

The company guaranteed charter-hire payments of subsidiaries amounting to R665 767 000 (2015: R1 082 546 000). The charter-hire payments are due by the subsidiaries in varying amounts from 2017 to 2022.

The group placed R190 618 106 (2015: R190 618 106) on deposit as security with the funders of the BEE consortium and provided a guarantee of R130 000 000 in their favour 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

Grindrod recorded an attributable loss of R1.91 billion in 2016 (2015: R1.43 billion), mainly as a result of extremely depressed market conditions in the first half of the year and impairments in Shipping and Freight Services Rail businesses.

A headline loss of R459.5 million and headline loss per share of 61.2 cents is reported for the year (headline earnings 2015: R558.8 million and headline earnings per share 2015: 74.4 cents). Headline earnings were impacted by net foreign exchange losses of R138 million, arising primarily from the Mozambique operations and UK investments.

In the second half of the year, business performance improved as increasing demand supported commodity prices. The annual average and year-end prices of three major commodities in the Grindrod logistics chain were: thermal coal averaged US$64 a tonne in 2016, but ended the year at US$83, iron ore averaged US$58 and closed at US$76, while copper averaged US$4 867 and ended the year at US$5 523.

Improved demand in the second half of the year is reflected in Grindrod's dry-bulk terminal utilisation, which increased from an average 41 per cent in the first half to 69 per cent in the second half of the year. Capacity in the Matola and Richards Bay dry-bulk terminals is fully contracted in 2017.

In the first half of the year, dry-bulk shipping rates slumped to historical lows (H1 average indices: Handysize US$4 107; Supramax US$4 741) and then began recovering (H2 average indices: Handysize US$6 387; Supramax US$7 599), driven by increased dry-bulk commodity demand, a significant number of vessel scrappings, and a slow-down in new-building deliveries.

Rates in the tanker market declined during the year, reflecting the effects of the high product stock levels and further new-building deliveries particularly in the first half of 2017.

The rail manufacturing businesses continued to experience constraints with the cancellation of planned capital investments in mining projects in Africa. Given the subsequent anticipated inability to secure the desired, sustainable return in these businesses, the Grindrod strategy was reviewed and a decision was taken to withdraw from the rail manufacturing businesses. Further impairments of R644 million across the Rail businesses have been raised.

The rest of the businesses are aligned to the Grindrod strategy, namely to grow the business organically, by acquisition and seeking synergies within the group, with specific focus on Africa, to become a fully integrated freight and logistics service provider.

Business performance

Management focused on mitigating the effects of the markets, through restructuring businesses for improved efficiency, exploring inter-group synergies, brokering more favourable rates for customers in partnership with other logistics service providers to retain volume, negotiating contracts with existing and new customers and laying the foundation for commodity diversification.

Maputo Port despite challenging conditions in the first half, maintained its profit due to the recovery in volumes in the second half of 2016.

The 75-km dredging project to make the port accessible for fully laden panamax vessels was completed in January 2017 and has already shown benefits with increased volumes in the last quarter of 2016. Other investments in the port included improving berths, roads and paved areas. The project to deepen the Grindrod TCM berth to accommodate the larger vessels commenced in August and is scheduled for completion during August 2017.

Terminals recorded low utilisation in the first half of the year. Utilisation improved in the second half and a further improvement is expected in 2017 following concerted efforts to extend current contracts and to secure competitive integrated logistics chain costs.

Progress with the development of a petroleum-products terminal in the Port of Ngqura (Coega) by OTGC was made when the long-term concession agreement between Transnet National Ports Authority (TNPA) and OTGC was signed in December 2016. Customer engagement has re-commenced and a final feasibility study is expected during the second half of 2017.

Rail performance slumped due to lack of demand, the postponement of capital investments in green-fields infrastructure and aggressive road-haulage rates. This was partially offset by good performance in the rail leasing businesses. No further material rail contracts have been won since the beginning of 2015, prompting the decision to exit the business.

Carrier Logistics maintained profitability despite severe market challenges in both the auto- and fuel-transportation businesses.

Grindrod Intermodal, which recorded improved financial results during the latter part of 2016 following business interventions and restructuring, laid the foundation for further expansion in Mozambique by acquiring the majority shareholding in a terminal at the Port of Nacala, a developing logistics hub for the region and neighbouring countries.

Ships Agency and Clearing and Forwarding experienced increased competition, resulting in lower margins and volumes. This was exacerbated by declining volumes at South African ports.

Shipping reported a loss for the second consecutive year. Despite the challenging conditions, the division managed to outperform major rates indices. The division remains geared to benefit from increased demand, signs of which are evident in the dry-bulk market. The shipping policy of investing in next-generation, eco-friendly vessels manufactured by reputable Japanese and Korean Shipbuilders ensures that it remains in the global lower-cost quartile and meets increasingly stringent environmental regulations.

At year-end, Shipping owned, jointly owned and long-term chartered 26 dry-bulk (2015: 24) and 15 tanker vessels (2015: 14).

Seafreight continued to provide profitable feeder services between major ports in Mozambique, South Africa, Namibia and Angola. **Ship-operating** also performed well in a challenging market.

Cockett Marine Oil reported a loss on lower volumes, smaller margins, the impact of the cancellation of a lease contract and the provision for material doubtful debts.

Financial Services continued to grow profits and to generate a good return on capital, with strong growth in its balance sheet and third-party assets under management.

Expansion initiatives included finalising the establishment of the ETF CoreShares business as a separate entity and the merger of Asset Management and private equity house Infinitus Holdings Proprietary Limited to form Bridge Fund Managers. Retail will focus on ensuring that the interests of the 10.5 million SASSA grant beneficiaries are protected when the Net1 contract expires in March 2017.

Sustainability

A continued focus on the Grindrod sustainability pillar of safety and health is evidenced in the improvement in the group's safety record. Core to business sustainability is the safety of employees, contractors and visitors and we are saddened by the death of a Shipping employee in March during cargo-hold cleaning on a dry-bulk ship. The incident was reported to the relevant authorities and investigated, and management continues to enforce strict adherence to the safety procedures and in particular the procedure that was transgressed.

CAPITAL EXPENDITURE AND COMMITMENTS

	Capital expenditure	Capital commitments				Split as follows	
R million	2016	2017	2018	2019+	Total	Approved not contracted	Approved and contracted
Freight Services	**350**	**617**	**30**	**6**	**653**	**359**	**294**
Port and Terminals	120	178	6	–	184	54	130
Rail	53	73	–	–	73	36	37
Carrier Logistics	56	107	24	6	137	130	7
Integrated Logistics	115	259	–	–	259	139	120
Agricultural Logistics	6	–	–	–	-	–	–
Shipping	**770**	**68**	**–**	**–**	**68**	**–**	**68**
Dry bulk	357	68	–	–	68	–	68
Tankers	413	–	–	–	-	–	–
Financial Services	**7**	–	–	–	–	–	–
Group	**1**	–	–	–	–	–	–
	1 128	**685**	**30**	**6**	**721**	**359**	**362**
Split as follows:							
Subsidiaries	**677**	388	24	6	418	287	131
Joint venture	**451**	297	6	–	303	72	231

Total capital and investment expenditure was R1 128 million (2015: R1 354 million), of which 77 per cent was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised payments on the acquisition of dry-bulk ships and a product tanker acquired against long-term contracted employment.

CASH FLOW AND BORROWINGS

The financial position reflects net debt of R372.6 million (2015 net cash: R33.9 million). The group generated operating profit before working capital cash flows of R426.0 million (2015: R1 190.9 million) during the year. Working capital contributed to a net inflow of R65.7 million (2015: R221.7 million net inflow).

STATEMENTS OF FINANCIAL POSITION

With total assets of R36 176 million (2015: R36 457 million) and low gearing of two per cent, the group's financial position remains strong. Book net asset value per share is 2 007 cents (2015: 2 450 cents).

Shareholders' equity decreased to R15 752 million (2015: R19 146 million) mainly as a result of the strengthening year-end South African rand and current year losses. The decrease of R1 396.5 million to the foreign currency translation reserve was due to the strengthening of the Rand/US Dollar exchange rate from R15.60/US$ to R13.69/US$.

Ordinary shares in issue remained unchanged at 762 553 314 shares.

Following the board's decision to exit the locomotive assembly business, this business has been transferred to non-current assets and liabilities associated with assets held for sale. The net carrying value of R326 million represents management's best estimate of the proceeds to be received.

BASIS OF PREPARATION

The audited summarised consolidated financial statements have been prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (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, contains the information required by IAS 34: Interim Financial Reporting and comply with the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008.

The full consolidated annual financial statements from which these summarised consolidated financial statements were derived are electronically available on the group's website www.grindrod.com.

These summarised consolidated financial statements and the full consolidated annual financial statements have been prepared under the supervision of AG Waller, CA(SA) and were approved by the board of directors on 1 March 2017.

ACCOUNTING POLICIES

The accounting policies applied in the preparation of the full consolidated annual financial statements from which the summarised consolidated financial statements were derived are in accordance with IFRS and are consistent with those of the audited consolidated annual financial statements for the year ended 31 December 2015.

AUDIT OPINION

These summarised consolidated financial statements for the year ended 31 December 2016 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the full consolidated financial statements for the year ended 31 December 2016 from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements and the auditor's report on the full consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

Deloitte & Touche has not audited future financial performance and expectations expressed by management included in the commentary in the summarised consolidated financial statements and accordingly do not express an opinion thereon. The auditor's report does not necessarily report on all of the information contained in the summarised consolidated financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

POST BALANCE SHEET EVENTS

There are no material post balance sheet events to report.

PROSPECTS

There are signs that some markets are beginning to stabilise, although the supply and demand balance in Shipping remains fragile.

The group remains cash-generative at operating level and well positioned to capitalise on opportunities and investments outlined in its strategy and business plan.

For and on behalf of the board

MJ Hankinson
Chairman
1 March 2017

AK Olivier
Chief executive officer
1 March 2017

DECLARATION OF FINAL DIVIDEND

ORDINARY DIVIDEND

Notice is hereby given that no gross final dividend has been declared out of income reserves for the year ended 31 December 2016 (2015: 6.0 cents).

At 2 March 2017, there were 762 553 314 ordinary shares in issue.

PREFERENCE DIVIDEND

Notice is hereby given that a gross final dividend of 466.0 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (2015: 423.0 cents) has been declared out of income reserves for the year ended 31 December 2016, payable to preference shareholders in accordance with the timetable below.

At 2 March 2017, there are 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares in issue. The final net preference dividend is 372.80000 cents per share for preference shareholders who are not exempt from dividends tax.

With respect to the preference dividend, in terms of the dividends tax effective since 22 February 2017, the following additional information is disclosed:

- The local dividends tax rate is 20 per cent; and
- Grindrod Limited's tax reference number is 9435/490/71/0.

PREFERENCE DIVIDEND TIMETABLE

Declaration and finalisation dated	Thursday, 2 March 2017
Last day to trade cum-dividend	Tuesday, 28 March 2017
Shares commence trading ex-dividend	Wednesday, 29 March 2017
Record date	Friday, 31 March 2017
Dividend payment	Monday, 3 April 2017

No dematerialisation or rematerialisation of shares will be allowed for the period Wednesday, 29 March 2017 to Friday, 31 March 2017, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa.

By order of the board

Mrs CI Lewis
Group company secretary
1 March 2017

CORPORATE INFORMATION

DIRECTORS

MJ Hankinson (Chairman)*, AK Olivier (Chief executive officer), H Adams*, MR Faku*, WD Geach*, GG Gelink*, G Kotze (Alternate)*, Z Malinga*, RSM Ndlovu (Alternate)*, B Ntuli, DA Polkinghorne, NL Sowazi*, PJ Uys*, MR Wade (British), AG Waller (Group financial director), SDM Zungu*
* *Non-executive*

REGISTERED OFFICE

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

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196
PO Box 61051, Marshalltown, 2107, South Africa

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, South Africa

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

Share code: GND & GNDP

ISIN: ZAE000072328 and ZAE000071106

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