



Unaudited interim results and dividend announcement  
for the six months ended 30 June 2016





Key financial information	1
Condensed consolidated income statement	2
Condensed consolidated statement of other comprehensive income	4
Condensed consolidated statement of financial position	5
Condensed consolidated statement of cash flows	6
Condensed consolidated statement of changes in equity	7
Segmental analysis	8
Fair value of financial instruments	9
Contingent assets/liabilities	10
Business review	11
Declaration of interim dividend	15
Corporate information	16



# KEY FINANCIAL INFORMATION

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

- EBITDA R299.2 million inclusive of joint ventures (H1 2015: R943.0 million)
- Headline loss per share of 50.8 cents (Headline earnings per share H1 2015: 43.6 cents)
- Headline loss of R381.1 million (Headline earnings H1 2015: R327.9 million)
- Rail carrying value impairment of R675.3 million
- Loss per share 149.2 cents (Earnings per share H1 2015: 40.3 cents)
- Net asset value per share 2 228 cents (H1 2015: 2 316 cents)
- Cash generated by operations R216.7 million (H1 2015: R677.5 million)
- Low gearing of 4% (H1 2015: net cash)
- The group declared no interim ordinary dividend (H1 2015: 13.6 cents)

# CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Unaudited 30 June 2016 R000	Unaudited 30 June 2015 R000	Audited 31 December 2015 R000
<b>Revenue</b>	<b>4 649 789</b>	5 066 427	10 192 369
Earnings before interest, taxation, depreciation and amortisation	<b>197 161</b>	605 932	1 098 900
Depreciation and amortisation	<b>(332 193)</b>	(321 472)	(675 482)
Operating (loss)/profit before interest and taxation	<b>(135 032)</b>	284 460	423 418
Non-trading items	<b>(760 112)</b>	(23 528)	(1 587 631)
Interest received	<b>163 270</b>	127 256	254 063
Interest paid	<b>(123 161)</b>	(118 547)	(220 731)
(Loss)/profit before share of joint venture and associate companies' profit	<b>(855 035)</b>	269 641	(1 130 881)
Share of joint venture companies' (loss)/profit after taxation	<b>(135 314)</b>	151 615	(120 097)
Share of associate companies' (loss)/profit after taxation	<b>(7 165)</b>	17 806	72 660
(Loss)/profit before taxation	<b>(997 514)</b>	439 062	(1 178 318)
Taxation	<b>(76 026)</b>	(107 890)	(190 255)
<b>Net (loss)/profit for the period</b>	<b>(1 073 540)</b>	331 172	(1 368 573)
Attributable to:			
Ordinary shareholders	<b>(1 120 044)</b>	303 216	(1 426 473)
Preference shareholders	<b>33 501</b>	29 870	61 141
Owners of the parent	<b>(1 086 543)</b>	333 086	(1 365 332)
Non-controlling interests	<b>13 003</b>	(1 914)	(3 241)
	<b>(1 073 540)</b>	331 172	(1 368 573)
Exchange rates (ZAR/US\$)			
Opening exchange rate	<b>15.60</b>	11.57	11.57
Closing exchange rate	<b>14.73</b>	12.17	15.60
Average exchange rate	<b>15.38</b>	11.92	12.78

	Unaudited 30 June 2016 R000	Unaudited 30 June 2015 R000	Audited 31 December 2015 R000	
<b>Reconciliation of headline earnings</b>				
(Loss)/profit attributable to ordinary shareholders	<b>(1 120 044)</b>	303 216	(1 426 473)	
Adjusted for:	<b>738 948</b>	24 650	1 985 296	
Impairment of other investments	<b>257 090</b>	25 000	612 365	
Impairment of ships, intangibles, vehicles, terminals and equipment	<b>131 959</b>	4 004	1 205 990	
Net loss/(profit) on disposal of investments	<b>18 945</b>	(2 389)	(216 919)	
Net loss/(profit) on disposal of plant and equipment	<b>1 832</b>	(318)	(448)	
Negative goodwill realised	-	(2 645)	(13 233)	
Impairment of goodwill	<b>350 146</b>	-	-	
Foreign currency translation reserve release	-	(124)	(124)	
Joint ventures and associates:				
Foreign currency translation reserve release	-	2 254	2 447	
Net loss/(profit) on disposal of plant and equipment	<b>287</b>	(11)	(471)	
Impairment of ships and plant and equipment	<b>9 340</b>	-	382 428	
Impairment of other investments	-	-	17 252	
Total non-controlling interest effects of adjustments	<b>(2 962)</b>	-	(2 233)	
Total taxation effects of adjustments	<b>(27 689)</b>	(1 121)	(1 758)	
<b>Headline (loss)/earnings</b>	<b>(381 096)</b>	327 866	558 823	
<b>Ordinary share performance</b>				
Number of shares in issue less treasury shares	(000s)	<b>750 648</b>	751 479	750 959
Weighted average number of shares (basic)	(000s)	<b>750 565</b>	751 585	751 452
Diluted weighted average number of shares	(000s)	<b>753 691</b>	754 375	754 146
(Loss)/earnings per share:	(cents)			
Basic		<b>(149.2)</b>	40.3	(189.8)
Diluted		<b>(149.2)</b>	40.2	(189.8)
Headline (loss)/earnings per share:	(cents)			
Basic		<b>(50.8)</b>	43.6	74.4
Diluted		<b>(50.8)</b>	43.5	74.1
Dividends per share:	(cents)		13.6	19.6
Interim		-	13.6	13.6
Final		-	-	6.0
Dividend cover (headline)	(times)		3.2	3.8

# CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Unaudited 30 June 2016 R000	Unaudited 30 June 2015 R000	Audited 31 December 2015 R000
<b>(Loss)/profit for the period</b>	<b>(1 073 540)</b>	331 172	(1 368 573)
<b>Other comprehensive (loss)/income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations	<b>(611 054)</b>	516 701	3 396 262
Net movement in cash flow hedges	<b>41 170</b>	33 045	21 045
Business combination	<b>2 207</b>	(901)	(6 906)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial losses	-	-	(45)
Fair value gain arising on available-for-sale instruments	-	-	1 493
<b>Total comprehensive (loss)/income for the period</b>	<b>(1 641 217)</b>	880 017	2 043 276
Total comprehensive (loss)/income attributable to:			
Owners of the parent	<b>(1 663 005)</b>	881 939	2 054 339
Non-controlling interest	<b>21 788</b>	(1 922)	(11 063)
	<b>(1 641 217)</b>	880 017	2 043 276

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Unaudited 30 June 2016 R000	Unaudited 30 June 2015 R000	Audited 31 December 2015 R000			
Ships, property, terminals, vehicles and equipment	6 543 623	7 340 814	7 632 489			
Intangible assets	1 156 512	1 532 342	1 604 159			
Investments in joint ventures	4 365 163	4 072 215	4 806 687			
Investments in associates	893 948	871 047	922 350			
Deferred taxation	149 054	208 986	205 705			
Other investments and derivative financial assets	1 828 338	1 334 925	1 757 307			
<b>Total non-current assets</b>	<b>14 936 638</b>	15 360 329	16 928 697			
Loans and advances to bank customers	5 222 504	4 678 322	4 915 854			
Liquid assets and short-term negotiable securities	1 664 651	1 237 986	1 065 730			
Bank balances and cash	5 928 574	5 164 120	8 393 256			
Other current assets	4 756 584	4 947 656	4 871 336			
Non-current assets held for sale	1 407 141	308 225	281 892			
<b>Total assets</b>	<b>33 916 092</b>	31 696 638	36 456 765			
Shareholders' equity	17 405 936	18 107 901	19 146 165			
Non-controlling interests	61 733	41 052	(6 274)			
<b>Total equity</b>	<b>17 467 669</b>	18 148 953	19 139 891			
Interest-bearing borrowings	1 978 308	1 912 946	2 061 818			
Financial Services funding instruments	741 192	324 408	798 288			
Deferred taxation	263 641	187 842	224 675			
Other non-current liabilities	96 438	107 018	89 191			
<b>Non-current liabilities</b>	<b>3 079 579</b>	2 532 214	3 173 972			
Deposits from bank customers	9 352 593	6 486 472	9 979 739			
Current interest-bearing borrowings	1 043 186	1 322 142	1 326 418			
Financial Services funding instruments	222 968	941 729	173 005			
Other liabilities	2 043 552	2 174 368	2 573 890			
Non-current liabilities associated with assets held for sale	706 545	90 760	89 850			
<b>Total equity and liabilities</b>	<b>33 916 092</b>	31 696 638	36 456 765			
Net worth per ordinary share - at book value (cents)	2 228	2 316	2 450			
Net debt:equity ratio	0.04:1	(0.01):1	(0.00):1			
Capital expenditure	515 799	232 966	913 042			
	30 June 2016 R000	30 June 2016 US\$000	30 June 2015 R000	30 June 2015 US\$000	31 December 2015 R000	31 December 2015 US\$000
Capital commitments Authorised by directors and contracted for	458 250	1 700	132 055	57 735	122 723	41 845
Due within one year	323 769	1 379	70 330	52 241	11 020	25 146
Due thereafter	112 000	-	16 725	1 508	111 703	158
Authorised by directors not yet contracted for	22 481	321	45 000	3 986	-	16 541

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Unaudited 30 June 2016 R000	Unaudited 30 June 2015 R000	Audited 31 December 2015 R000
Operating profit before working capital changes	271 966	673 901	1 190 897
Working capital changes	(55 222)	3 600	221 723
Cash generated from operations	216 744	677 501	1 412 620
Net interest received/(paid)	32 264	(8 933)	(9 403)
Net dividends paid	(12 721)	(49 126)	(150 996)
Taxation paid	(46 335)	(114 851)	(188 251)
	189 952	504 591	1 063 970
Net (advances to)/deposits from customers and other short-term negotiables	(1 532 717)	(1 942 642)	1 485 349
Deposits - Retail Banking	(1 320 057)	(1 785 324)	1 253 006
Other	(212 660)	(157 318)	232 343
Net cash flows (utilised in)/generated from operating activities before ship sales and purchases	(1 342 765)	(1 438 051)	2 549 319
Refund on ships under construction cancelled	-	315 477	319 838
Proceeds on disposal of ships	-	158 414	158 414
Capital expenditure on ships	(402 200)	(7 773)	(198 980)
Net cash flows (utilised in)/generated from operating activities	(1 744 965)	(971 933)	2 828 591
Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment	(168 218)	(274 325)	(616 269)
Net proceeds from disposal of property, terminals, vehicles, equipment and investments	200 229	(8 358)	68 301
Net receipt from finance lease receivables	-	1 559	19 931
Intangible assets acquired	(793)	(2 035)	(26 035)
Proceeds from disposal of intangible assets	-	957	1 027
Funds advanced to joint ventures and associate companies	(614 194)	(530 104)	(264 028)
Acquisition of preference share investment	-	-	(14 650)
Acquisition of additional investments in subsidiaries, joint ventures and associates	(32 255)	(64 066)	(307 723)
Net cash flows utilised in investing activities	(615 231)	(876 372)	(1 139 446)
Net proceeds from issue of ordinary share capital	-	6 255	6 255
Acquisition of treasury shares	(7 471)	(19 027)	(25 710)
Proceeds from disposal of treasury shares	914	-	366
Long-term interest-bearing debt raised	512 934	67 075	499 225
Payment of capital portion of long-term interest-bearing debt	(430 953)	(617 201)	(1 459 032)
Short-term interest-bearing debt (repaid)/raised	(72 370)	40 063	51 443
Net cash flows generated from/(utilised in) financing activities	3 054	(522 835)	(927 453)
Net (decrease)/increase in cash and cash equivalents	(2 357 142)	(2 371 140)	761 692
Cash and cash equivalents at beginning of the period	8 340 917	7 188 626	7 188 626
Difference arising on translation	(89 923)	46 461	390 599
<b>Cash and cash equivalents at end of the period</b>	<b>5 893 852</b>	<b>4 863 947</b>	<b>8 340 917</b>



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Unaudited 30 June 2016 R000	Unaudited 30 June 2015 R000	Audited 31 December 2015 R000
<b>Share capital and share premium</b>	<b>5 972 919</b>	5 977 044	5 970 727
Balance at beginning of the period	5 970 727	5 982 924	5 982 924
Share options vested	6 892	6 892	6 892
Share issue	-	6 255	6 255
Treasury shares acquired	(7 471)	(19 027)	(25 710)
Treasury shares sold	2 771	-	366
<b>Preference share capital</b>	<b>2</b>	2	2
Balance at beginning of the period	2	2	2
<b>Equity compensation reserve</b>	<b>62 939</b>	57 802	63 643
Balance at beginning of the period	63 643	57 566	57 566
Share-based payments	6 188	7 128	12 969
Share options vested	(6 892)	(6 892)	(6 892)
<b>Foreign currency translation reserve</b>	<b>5 443 264</b>	3 175 921	6 063 103
Balance at beginning of the period	6 063 103	2 661 342	2 661 342
Foreign currency translation realised	-	(2 130)	(2 323)
Foreign currency translation adjustments	(619 839)	516 709	3 404 084
<b>Other non-distributable statutory reserves</b>	<b>(82 925)</b>	(108 618)	(126 302)
Balance at beginning of the period	(126 302)	(123 092)	(123 092)
Financial instrument hedge settlement	42 536	27 589	65 483
Foreign currency translation adjustments	3 234	(5 053)	(22 540)
Fair value adjustment on hedging reserve	1 515	9 608	(34 607)
Deferred tax effect on cash flow hedge	(3 908)	-	5 804
Net business combination acquisition	-	(17 670)	(17 350)
<b>Movement in accumulated profit</b>	<b>6 009 737</b>	9 005 750	7 174 992
Balance at beginning of the period	7 174 992	8 853 554	8 853 554
Fair value gain arising on available-for-sale financial instruments	-	-	1 493
Actuarial losses recognised	-	-	(45)
(Loss)/profit for the period	(1 086 543)	333 086	(1 365 332)
Ordinary dividends paid	(45 211)	(151 020)	(253 537)
Preference dividends paid	(33 501)	(29 870)	(61 141)
<b>Total interest of shareholders of the company</b>	<b>17 405 936</b>	18 107 901	19 146 165
<b>Equity attributable to non-controlling interests of the company</b>	<b>61 733</b>	41 052	(6 274)
Balance at beginning of the period	(6 274)	48 185	48 185
Foreign currency translation adjustments	8 785	(8)	(7 822)
Non-controlling interest disposed	48 373	(1 494)	(1 494)
Profit/(loss) for the period	13 003	(1 914)	(3 241)
Dividends paid	(2 154)	(3 717)	(41 902)
<b>Total equity attributable to shareholders of the company</b>	<b>17 467 669</b>	18 148 953	19 139 891

# SEGMENTAL ANALYSIS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Unaudited 30 June 2016 R000	Unaudited 30 June 2015 R000	Audited 31 December 2015 R000
<b>Revenue</b>			
Freight Services	2 266 251	2 603 574	5 059 813
Shipping	8 574 232	11 382 230	22 058 351
Financial Services	226 139	238 308	452 756
Group	4 546	216 426	424 499
	<b>11 071 168</b>	<b>14 440 538</b>	<b>27 995 419</b>
Segmental adjustments *	<b>(6 421 379)</b>	<b>(9 374 111)</b>	<b>(17 803 050)</b>
	<b>4 649 789</b>	<b>5 066 427</b>	<b>10 192 369</b>
<b>Earnings/(loss) before interest, taxation, depreciation and amortisation</b>			
Freight Services	245 849	561 616	837 685
Shipping	(26 823)	376 031	662 177
Financial Services	131 617	109 530	255 011
Group	(51 411)	(104 188)	(7 415)
	<b>299 232</b>	<b>942 989</b>	<b>1 747 458</b>
Segmental adjustments *	<b>(102 071)</b>	<b>(337 057)</b>	<b>(648 558)</b>
	<b>197 161</b>	<b>605 932</b>	<b>1 098 900</b>
<b>Operating profit/(loss) before interest and taxation</b>			
Freight Services	31 830	367 020	438 528
Shipping	(274 079)	153 063	169 473
Financial Services	128 663	107 276	250 318
Group	(51 519)	(106 839)	(12 159)
	<b>(165 105)</b>	<b>520 520</b>	<b>846 160</b>
Segmental adjustments *	<b>30 073</b>	<b>(236 060)</b>	<b>(422 742)</b>
	<b>(135 032)</b>	<b>284 460</b>	<b>423 418</b>
<b>Share of associate companies' (loss)/profit after taxation</b>			
Freight Services	(7 165)	17 806	71 879
	<b>(7 165)</b>	<b>17 806</b>	<b>71 879</b>
Segmental adjustments*	-	-	781
	<b>(7 165)</b>	<b>17 806</b>	<b>72 660</b>
<b>(Loss)/profit attributable to ordinary shareholders</b>			
Freight Services	(732 222)	177 536	(108 994)
Shipping	(417 903)	97 258	(1 495 674)
Financial Services	77 071	73 877	164 662
Group	(46 990)	(45 455)	13 533
	<b>(1 120 044)</b>	<b>303 216</b>	<b>(1 426 473)</b>

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

## FAIR VALUE OF FINANCIAL INSTRUMENTS

AS AT 30 JUNE 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).

	Unaudited 30 June 2016 R000	Unaudited 30 June 2016 R000	Unaudited 30 June 2016 R000	Unaudited 30 June 2016 R000
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative financial assets	-	2 975	-	2 975
Financial assets designated at fair value through profit or loss	41 303	602 705	986 878	1 630 886
<b>Total</b>	<b>41 303</b>	<b>605 680</b>	<b>986 878</b>	<b>1 633 861</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	(43 711)	-	(43 711)
Financial liabilities designated at fair value through profit or loss	-	(87 522)	-	(87 522)
<b>Total</b>	<b>-</b>	<b>(131 233)</b>	<b>-</b>	<b>(131 233)</b>

	Unaudited 30 June 2015 R000	Unaudited 30 June 2015 * R000	Unaudited 30 June 2015 * R000	Unaudited 30 June 2015 * R000
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative financial assets	-	318	-	318
Financial assets designated at fair value through profit or loss	29 252	291 226	692 067	1 012 545
<b>Total</b>	<b>29 252</b>	<b>291 544</b>	<b>692 067</b>	<b>1 012 863</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	(54 833)	-	(54 833)
Financial liabilities designated at fair value through profit or loss	-	(100 981)	-	(100 981)
<b>Total</b>	<b>-</b>	<b>(155 814)</b>	<b>-</b>	<b>(155 814)</b>

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

	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
<b>Financial assets</b>				
Derivative financial instruments	-	8 290	-	8 290
Financial assets designated at fair value through profit or loss	23 758	483 602	880 936	1 388 296
<b>Total</b>	<b>23 758</b>	<b>491 892</b>	<b>880 936</b>	<b>1 396 586</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	(102 773)	-	(102 773)
Financial liabilities designated at fair value through profit or loss	-	(97 127)	-	(97 127)
<b>Total</b>	<b>-</b>	<b>(199 900)</b>	<b>-</b>	<b>(199 900)</b>

#### Reconciliation of Level 3 fair value measurements of financial assets

	Unaudited 30 June 2016 R000	Unaudited 30 June 2015* R000	Audited 31 December 2015* R000
Opening balance	880 936	552 329	552 329
Additions	70 280	131 335	276 757
Disposals	-	(5 757)	(25 815)
Total gains recognised			
- in other comprehensive income	35 662	-	2 206
Profit and loss	-	14 160	75 459
<b>Closing balance</b>	<b>986 878</b>	<b>692 067</b>	<b>880 936</b>

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

## CONTINGENT ASSETS/LIABILITIES

### AS AT 30 JUNE 2016

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R6 168 713 000 (December 2015: R5 895 868 000) of which R2 970 358 000 (December 2015: R2 714 947 000) had been utilised at the end of the period.

The company guaranteed charter-hire payments of subsidiaries amounting to R885 327 000 (December 2015: R1 082 546 000). The charter-hire payments are due by the subsidiaries in varying amounts from 2016 to 2022.

During the prior year, as a result of the decline in the share price, Grindrod placed R190 618 106 on deposit as security with the funders of the BEE consortium to secure the structure. Grindrod continues to have the ability, but no obligation, to increase its funding within the structure should the current lenders wish to exit.

# BUSINESS REVIEW

## Overview

Low global growth continued in the first half of 2016 resulting in low commodity prices and shipping rates. The board and management remain focused on mitigating the adverse impacts of subdued market conditions on business performance and retaining shareholder value.

The Board has reviewed the group's strategy and decided to sell the locomotive assembly business. Due to the continued depressed state of the market, it has been necessary to raise an impairment of R675.3 million in the Rail businesses. The impairment includes R379.1 million in goodwill and intangible that arose on the BEE transaction concluded in 2014.

The persistent decline in dry-bulk shipping rates continued through the first quarter reaching unprecedented levels. The subsequent recovery of the market continues to be weak despite increased Chinese iron ore imports and higher coal prices. All dry-bulk ship-owning sectors have been loss-making in the current period, despite good employment and the inclusion of 17 third-party owned ships in the IVS handysize commercial pool.

The tanker shipping rates slid in the second quarter following weaker demand and delivery of newbuildings. A positive result, despite the fall in rates, was affected by the US\$4.7 million impairment of a 13 year old tanker being held for sale.

Ship-Operating businesses including the coastal tanker and bunker barges performed well. The Marine-Fuels business recorded a loss which included a UK£2.8 million charge for the discontinuation of the supply-base operation on the Thames River.

Despite a 23 per cent drop in volumes on prior year, Port earnings held well, falling only five per cent due to volume improvement on high margin own volumes.

First quarter Terminal volumes were down on an already poor 2015 fourth quarter. Improvements in the coal price and reduced margins in the logistics services saw volumes improve in the second quarter. The improvements were unable to recover the first quarter loss by the half year.

With the renewal of customer contracts, the Maputo Port channel dredge and Matola terminal quay offset projects commenced in the second quarter.

The Rail operating and leasing businesses made good profits in the first half of the year but the lack of contracts for locomotive and rail construction resulted in this segment recording a loss before the impairment referred to above.

The Integrated Logistics business showed good earnings in the clearing and forwarding and ships agency businesses. The Intermodal business which is undergoing significant restructuring remained loss-making.

Carrier Logistics business, impacted by subdued car volumes and tight margins, remained profitable in the first half. The business continues to benefit from rightsizing and productivity improvement initiatives made in the prior year.

Agricultural Logistics business reported significantly lower earnings due to reduced handling revenues and higher debtor provisioning as a consequence of the drought.

Financial Services business continued to grow and increased its earnings for the first half of the year as a result of an increase in interest income and private equity income.

Net foreign exchange losses of R76.5 million impacted earnings in the first half of the year.

A headline loss of R381.1 million (Headline earnings H1 2015: R327.9 million), with headline loss per share of 50.8 cents (Headline earnings per share H1 2015: 43.6 cents). Attributable loss of R1 120.0 million is below prior period earnings of R303.2 million, largely as a result of lower trading income and impairments in the rail businesses.

Loss per share is calculated on a weighted average of 750.6 million shares (Earnings per share H1 2015: 751.6 million shares).

## Capital expenditure and commitments

R million	Capital expenditure		Capital commitments			Split as follows	
	H1 2016	H2 2016	2017	2018+	Total	Approved not contracted	Approved and contracted
<b>Freight Services</b>	<b>98</b>	<b>612</b>	<b>114</b>	-	<b>726</b>	<b>27</b>	<b>699</b>
Port and Terminals	31	207	2	-	209	5	204
Rail	23	83	-	-	83	-	83
Carrier Logistics	25	30	2	-	32	9	23
Integrated Logistics	18	14	110	-	124	13	111
Agricultural Logistics	1	278	-	-	278	-	278
<b>Shipping</b>	<b>711</b>	<b>74</b>	-	-	<b>74</b>	-	<b>74</b>
Dry-bulk	317	57	-	-	57	-	57
Tankers	394	17	-	-	17	-	17
<b>Financial Services</b>	<b>3</b>	<b>2</b>	-	-	<b>2</b>	-	<b>2</b>
<b>Group</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>812</b>	<b>688</b>	<b>114</b>	-	<b>802</b>	<b>27</b>	<b>775</b>
Split as follows:							
Subsidiaries	<b>516</b>	371	114	-	485	27	458
Joint venture	<b>296</b>	317	-	-	317	-	317

Total capital and investment expenditure was R812.0 million (H1 2015: R369.0 million), of which 90 per cent was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised payments on the acquisition of dry-bulk vessels and a product tanker acquired against long-term contracted employment.

## Cash flow and borrowings

The financial position reflects net debt of R732.7 million (H1 2015 net cash: R88.8 million). The group generated operating profit before working capital cash flows of R272.0 million (H1 2015: R673.9 million) during the half year. Working capital contributed to a net outflow of R55.2 million (H1 2015: R3.6 million net inflow).

## Statement of financial position

With total assets of R33 916 million (December 2015: R36 457 million) and low gearing of four per cent, the group's financial position remains strong. Book net asset value per share is 2 228 cents (H1 2015: 2 316 cents).

Shareholders' equity decreased to R17 406 million (December 2015: R19 146 million) mainly as a result of losses, the asset impairment and strengthening of the Rand. The decrease of R619.8 million to the foreign currency translation reserve was due to the weakening of the Rand/US Dollar exchange rate from R15.60/US\$ to R14.73/US\$.

Ordinary shares in issue remained unchanged at 762 553 314 shares (December 2015: 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.

## Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its Interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the Group at 30 June 2016 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. The results are presented in accordance with IAS 34 - Interim Financial Reporting and comply with the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008.

These unaudited summarised consolidated interim results have been prepared under the supervision of AG Waller, CA (SA) and were approved by the board of directors on 24 August 2016 and has not been audited by the group's external auditors.

## Accounting policies

The accounting policies adopted and methods of computation used in the preparation of these unaudited condensed interim financial statements are in terms of IFRS and are consistent with those of the previous consolidated annual financial statements for the year ended 31 December 2015.

## Post balance sheet events

There are no material post balance sheet events to report.

## Change in directorate

Mrs Tantaswa Nyoka (previously Fubu) resigned from the Board in April 2016 due to her appointment to another financial institution. The board thanks Mrs Nyoka for her contributions and wish her well with her future endeavours.

Mr Gerhard Kotze was appointed as non-executive alternate director to Mr Mkhuseleli Faku effective 1 August 2016. Mr Kotze is a managing executive of Brimstone Investment Corporation. The board congratulates Mr Kotze on his appointment.

## Prospects

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

For and on behalf of the board

**MJ Hankinson**  
*Chairman*  
24 August 2016

**AK Olivier**  
*Chief Executive Officer*  
24 August 2016



# DECLARATION OF INTERIM DIVIDEND

## Preference dividend

Notice is hereby given that a gross interim dividend of 453.0 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (H1 2015: 404.0 cents) has been declared out of income reserves for the six-month period ended 30 June 2016, payable to preference shareholders in accordance with the timetable below.

At 25 August 2016, there are 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares in issue. The interim net preference dividend is 385.05000 cents per share for preference shareholders who are not exempt from dividends tax.

## Ordinary dividend

Notice is hereby given that no interim dividend has been declared out of income reserves for the six-month period ended 30 June 2016 (H1 2015: 13.6 cents).

At 25 August 2016, there were 762 553 314 ordinary shares in issue.

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

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

## Timetable

Declaration and finalisation date	Thursday, 25 August 2016
Last day to trade cum-dividend	Tuesday, 13 September 2016
Shares commence trading ex-dividend	Wednesday, 14 September 2016
Record date	Friday, 16 September 2016
Dividend payment date	Monday, 19 September 2016

No dematerialisation or rematerialisation of shares will be allowed for the period Wednesday 14 September 2016, to Friday, 16<sup>th</sup> September 2016, 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*

24 August 2016

# CORPORATE INFORMATION

## Directors

MJ Hankinson (Chairman) \*, AK Olivier (Chief Executive Officer), H Adams\*, MR Faku\*, WD Geach\*, GG Gelink\*, G Kotze (Alternate)\*, 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

## Transfer secretaries

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

## Auditors

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

## Sponsor

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

**Registration number:** 1966/009846/06

Incorporated in the Republic of South Africa

**Share code:** GND & GNDP

**ISIN:** ZAE000072328 and ZAE000071106

For more information and additional analyst information, please refer to [www.grindrod.com](http://www.grindrod.com)



an integrated business

[www.grindrod.com](http://www.grindrod.com)