



**UNAUDITED INTERIM RESULTS AND  
DIVIDEND ANNOUNCEMENT**  
for the six months ended 30 June 2017



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## KEY FINANCIAL INFORMATION

- Revenue R13 404.3 million inclusive of joint ventures (H1 2016: R11 071.2 million)
- EBITDA R640.4 million inclusive of joint ventures and excluding rail assembly businesses (H1 2016: R246.4 million)
- Headline earnings excluding rail assembly businesses R126.2 million (H1 2016 headline loss: R367.0 million)
- Headline earnings per share excluding rail assembly businesses 16.8 cents (H1 2016 headline loss: 48.9 cents)
- Rail assembly headline loss of R255 million (H1 2016: R14 million)
- Headline loss per share 17.2 cents (H1 2016: 50.8 cents)
- Loss per share 11.5 cents (H1 2016: 149.2 cents)
- Net asset value per share 1 909 cents (H1 2016: 2 228 cents)
- Low gearing of 5% (H1 2016: 4%)
- No interim ordinary dividend was declared (H1 2016: no interim ordinary dividend declared)



**CONDENSED CONSOLIDATED INCOME STATEMENT**

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited 30 June 2017 R000	Unaudited 30 June 2016 R000	Audited 31 December 2016 R000
<b>Revenue</b>	<b>4 105 746</b>	4 649 789	9 031 783
Earnings before interest, taxation, depreciation and amortisation	<b>148 456*</b>	197 161	469 323
Depreciation and amortisation	<b>(240 909)</b>	(332 193)	(584 061)
Operating loss before interest and taxation	<b>(92 453)</b>	(135 032)	(114 738)
Non-trading items	<b>52 038</b>	(760 112)	(1 419 242)
Interest received	<b>113 554</b>	163 270	348 528
Interest paid	<b>(110 261)</b>	(123 161)	(257 864)
Loss before share of joint venture and associate companies' profit	<b>(37 122)</b>	(855 035)	(1 443 316)
Share of joint venture companies' profit/(loss) after taxation	<b>49 851</b>	(135 314)	(224 874)
Share of associate companies' profit/(loss) after taxation	<b>20 793</b>	(7 165)	20 604
Profit/(loss) before taxation	<b>33 522</b>	(997 514)	(1 647 586)
Taxation	<b>(82 339)</b>	(76 026)	(191 919)
<b>Net loss for the period</b>	<b>(48 817)</b>	(1 073 540)	(1 839 505)
Attributable to:			
Ordinary shareholders	<b>(86 623)</b>	(1 120 044)	(1 907 695)
Preference shareholders	<b>33 907</b>	33 501	67 970
Owners of the parent	<b>(52 716)</b>	(1 086 543)	(1 839 725)
Non-controlling interests	<b>3 899</b>	13 003	220
	<b>(48 817)</b>	(1 073 540)	(1 839 505)
Exchange rates (ZAR/US\$)			
Opening exchange rate	<b>13.69</b>	15.60	15.60
Closing exchange rate	<b>13.06</b>	14.73	13.69
Average exchange rate	<b>13.32</b>	15.38	14.73

\* Included in earnings before interest, taxation, depreciation and amortisation is a loss of R206.7 million relating to rail assembly businesses held for sale



## EARNINGS PER SHARE INFORMATION

### FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited 30 June 2017 R000	Unaudited 30 June 2016 R000	Audited 31 December 2016 R000	
<b>Reconciliation of headline loss</b>				
Loss attributable to ordinary shareholders	<b>(86 623)</b>	(1 120 044)	(1 907 695)	
<i>Adjusted for:</i>	<b>(42 314)</b>	738 948	1 448 180	
Impairment of goodwill	–	350 146	445 982	
Impairment of other investments	<b>151 425</b>	257 090	806 619	
Impairment of ships, intangibles, vehicles and equipment	–	131 959	271 483	
Net loss on disposal of investments	<b>34 069</b>	18 945	18 799	
Net loss/(profit) on disposal of plant and equipment	<b>1 382</b>	1 832	(3 380)	
Foreign currency translation reserve release	<b>(238 915)</b>	–	(120 261)	
Joint ventures and associates:				
Net profit on disposal of investments	–	–	(216)	
Net loss/(profit) on disposal of plant and equipment	<b>68</b>	287	(253)	
Impairment of ships, intangibles, vehicles and equipment	<b>7 281</b>	9 340	49 649	
Impairment/(reversal of impairment) of other investments	<b>2 376</b>	–	(12 175)	
Total non-controlling interest effects of adjustments	–	(2 962)	(2 962)	
Total taxation effects of adjustments	–	(27 689)	(5 105)	
<b>Headline loss</b>	<b>(128 937)</b>	(381 096)	(459 515)	
<b>Ordinary share performance</b>				
Number of shares in issue less treasury shares	(000s)	<b>751 257</b>	750 648	750 548
Weighted average number of shares (basic)	(000s)	<b>751 004</b>	750 565	750 539
Diluted weighted average number of shares	(000s)	<b>756 391</b>	753 691	753 712
Loss per share:	(cents)			
Basic		<b>(11.5)</b>	(149.2)	(254.2)
Diluted*		<b>(11.5)</b>	(149.2)	(254.2)
Headline loss per share:	(cents)			
Basic		<b>(17.2)</b>	(50.8)	(61.2)
Diluted*		<b>(17.2)</b>	(50.8)	(61.2)
Dividends per share:	(cents)			
Interim		–	–	–
Final		–	–	–
Dividend cover (headline)	(times)	–	–	–

\* 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

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited 30 June 2017 R000	Unaudited 30 June 2016 R000	Audited 31 December 2016 R000
<b>Loss for the period</b>	<b>(48 817)</b>	(1 073 540)	(1 839 505)
<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>(402 012)</b>	(611 054)	(1 387 904)
Net movement in cash flow hedges	<b>253</b>	41 170	54 636
Business combination	<b>943</b>	2 207	3 469
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial losses	-	-	(2 184)
Fair value loss arising on available-for-sale instruments	-	-	(2 420)
<b>Total comprehensive loss for the period</b>	<b>(449 633)</b>	(1 641 217)	(3 173 908)
Total comprehensive (loss)/income attributable to:			
Owners of the parent	<b>(452 535)</b>	(1 663 005)	(3 182 753)
Non-controlling interest	<b>2 902</b>	21 788	8 845
	<b>(449 633)</b>	(1 641 217)	(3 173 908)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2017

	Unaudited 30 June 2017 R000	Unaudited 30 June 2016 R000	Audited 31 December 2016 R000
Ships, property, terminals, machinery, vehicles and equipment	5 072 775	6 543 623	5 351 224
Intangible assets	1 032 254	1 156 512	1 060 807
Investments in joint ventures	3 650 865	4 365 163	3 947 765
Investments in associates	917 385	893 948	852 225
Deferred taxation	91 253	149 054	87 062
Financial Services investments and other investments	2 252 373	1 828 338	1 948 728
<b>Total non-current assets</b>	<b>13 016 905</b>	<b>14 936 638</b>	<b>13 247 811</b>
Loans and advances to bank customers	6 313 277	5 222 504	5 854 734
Liquid assets and short-term negotiable securities	1 937 342	1 664 651	1 801 065
Bank balances and cash	6 601 649	5 928 574	9 478 073
Other current assets	4 200 316	4 756 584	4 245 485
Non-current assets held for sale	1 140 866	1 407 141	1 549 072
<b>Total assets</b>	<b>33 210 355</b>	<b>33 916 092</b>	<b>36 176 240</b>
Shareholders' equity	15 036 526	17 405 936	15 752 437
Non-controlling interests	48 928	61 733	48 919
<b>Total equity</b>	<b>15 085 454</b>	<b>17 467 669</b>	<b>15 801 356</b>
Interest-bearing borrowings	1 727 396	1 978 308	1 423 339
Financial Services funding instruments	1 157 184	741 192	803 489
Deferred taxation	265 350	263 641	261 817
Other non-current liabilities	113 826	96 438	121 446
<b>Non-current liabilities</b>	<b>3 263 756</b>	<b>3 079 579</b>	<b>2 610 091</b>
Deposits from bank customers	11 239 939	9 352 593	13 610 140
Current interest-bearing borrowings	884 745	1 043 186	909 037
Financial Services funding instruments	257 971	222 968	191 187
Other current liabilities	1 771 667	2 043 552	1 831 320
Non-current liabilities associated with assets held for sale	706 823	706 545	1 223 109
<b>Total equity and liabilities</b>	<b>33 210 355</b>	<b>33 916 092</b>	<b>36 176 240</b>
Net worth per ordinary share – at book value (cents)	1 909	2 228	2 007
Net debt:equity ratio	0.05:1	0.04:1	0.02:1
Capital expenditure	181 331	515 799	676 627

	30 June 2017 R000	30 June 2017 US\$000	30 June 2016 R000	30 June 2016 US\$000	31 December 2016 R000	31 December 2016 US\$000
Capital commitments	192 406	23 358	458 250	1 700	154 315	17 582
Authorised by directors and contracted for	26 749	10 787	435 769	1 379	131 278	-
Due within one year	22 749	6 210	323 769	1 379	131 278	-
Due thereafter	4 000	4 577	112 000	-	-	-
Authorised by directors not yet contracted for	165 657	12 571	22 481	321	23 037	17 582



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited 30 June 2017 R000	Unaudited 30 June 2016 R000	Audited 31 December 2016 R000
Operating profit before working capital changes	229 778	271 966	425 960
Working capital changes	(228 164)	(55 222)	65 749
Cash generated from operations	1 614*	216 744	491 709
Net interest (paid)/received	(9 675)	32 264	16 888
Net dividends received/(paid)	59 360	(12 721)	29 451
Taxation paid	(45 835)	(46 335)	(110 343)
	5 464	189 952	427 705
Net (advances to)/deposits from customers and other short-term negotiables	(2 965 021)	(1 532 717)	1 956 186
Deposits – Retail Banking	(2 900 263)	(1 320 057)	2 288 800
Other	(64 758)	(212 660)	(332 614)
Net cash flows (utilised in)/generated from operating activities before ship sales and purchases	(2 959 557)	(1 342 765)	2 383 891
Proceeds on disposal of ships	–	–	180 843
Capital expenditure on ships	(21 911)	(402 200)	(368 145)
<b>Net cash flows (utilised in)/generated from operating activities</b>	<b>(2 981 468)</b>	<b>(1 744 965)</b>	<b>2 196 589</b>
Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment	(326 943)	(168 218)	(339 257)
Net proceeds from disposal of property, terminals, vehicles, equipment and investments	15 356	200 229	266 482
Net receipt from finance lease receivables	–	–	11 160
Intangible assets acquired	(435)	(793)	(25 253)
Proceeds from disposal of intangible assets	88	–	602
Funds advanced to joint ventures and associate companies	(11 618)	(614 194)	(644 288)
Acquisition of preference share investment	–	–	(5 367)
Acquisition of additional investments in subsidiaries, joint ventures and associates	(53 849)	(32 255)	(44 240)
<b>Net cash flows utilised in investing activities</b>	<b>(377 401)</b>	<b>(615 231)</b>	<b>(780 161)</b>
Acquisition of treasury shares	(1 386)	(7 471)	(8 671)
Proceeds from disposal of treasury shares	–	914	914
Long-term interest-bearing debt raised	1 166 179	512 934	821 780
Payment of capital portion of long-term interest-bearing debt	(576 675)	(430 953)	(952 600)
Short-term interest-bearing debt (repaid)/raised	–	(72 370)	(132 726)
<b>Net cash flows generated from/(utilised in) financing activities</b>	<b>588 118</b>	<b>3 054</b>	<b>(271 303)</b>
Net (decrease)/increase in cash and cash equivalents	(2 770 751)	(2 357 142)	1 145 125
Cash and cash equivalents at beginning of the period	9 294 457	8 340 917	8 340 917
Difference arising on translation	(47 928)	(89 923)	(191 585)
<b>Cash and cash equivalents at end of the period</b>	<b>6 475 778</b>	<b>5 893 852</b>	<b>9 294 457</b>

\* Included in cash generated from operations is cash utilised of R244.4 million relating to rail assembly businesses held for sale





## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited 30 June 2017 R000	Unaudited 30 June 2016 R000	Audited 31 December 2016 R000
<b>Share capital and share premium</b>	<b>5 985 504</b>	5 972 919	5 971 719
Balance at beginning of the period	5 971 719	5 970 727	5 970 727
Share options vested	15 171	6 892	6 892
Treasury shares acquired	(1 386)	(7 471)	(8 671)
Treasury shares sold	–	2 771	2 771
<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>58 854</b>	62 939	68 513
Balance at beginning of the period	68 513	63 643	63 643
Share-based payments	5 512	6 188	11 762
Share options vested	(15 171)	(6 892)	(6 892)
<b>Foreign currency translation reserve</b>	<b>3 906 383</b>	5 443 264	4 546 313
Balance at beginning of the period	4 546 313	6 063 103	6 063 103
Foreign currency translation realised	(238 915)	–	(120 261)
Foreign currency translation adjustments	(401 015)	(619 839)	(1 396 529)
<b>Other non-distributable statutory reserves</b>	<b>(45 076)</b>	(82 925)	(51 592)
Balance at beginning of the period	(51 592)	(126 302)	(126 302)
Financial instrument hedge settlement	864	42 536	53 873
Foreign currency translation adjustments	1 040	3 234	6 006
Fair value adjustment on hedging reserve	(708)	1 515	4 641
Deferred tax effect on cash flow hedge	–	(3 908)	(6 415)
Net business combination	5 320	–	16 605
<b>Accumulated profit</b>	<b>5 130 859</b>	6 009 737	5 217 482
Balance at beginning of the period	5 217 482	7 174 992	7 174 992
Fair value gain arising on available-for-sale financial instruments	–	–	(2 420)
Actuarial losses recognised	–	–	(2 184)
Loss for the period	(52 716)	(1 086 543)	(1 839 725)
Ordinary dividends paid	–	(45 211)	(45 211)
Preference dividends paid	(33 907)	(33 501)	(67 970)
<b>Total interest of shareholders of the company</b>	<b>15 036 526</b>	17 405 936	15 752 437
<b>Equity attributable to non-controlling interests of the company</b>	<b>48 928</b>	61 733	48 919
Balance at beginning of the period	48 919	(6 274)	(6 274)
Foreign currency translation adjustments	(997)	8 785	8 625
Non-controlling interest disposed	244	48 373	49 860
Profit for the period	3 899	13 003	220
Dividends paid	(3 137)	(2 154)	(3 512)
<b>Total equity attributable to shareholders of the company</b>	<b>15 085 454</b>	17 467 669	15 801 356

## SEGMENTAL ANALYSIS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited 30 June 2017 R000	Unaudited 30 June 2016 R000	Audited 31 December 2016 R000
<b>Revenue</b>			
Freight Services**	1 650 766	2 266 251	3 846 303
Shipping	11 509 615	8 574 232	20 585 634
Financial Services	224 993	226 139	492 216
Group	18 945	4 546	6 389
	<b>13 404 319</b>	11 071 168	24 930 542
Segmental adjustments*	<b>(9 298 573)</b>	(6 421 379)	(15 898 759)
	<b>4 105 746</b>	4 649 789	9 031 783
<b>Earnings/(loss) before interest, taxation, depreciation and amortisation</b>			
Freight Services**	62 690	245 849	458 356
Shipping	196 264	(26 823)	(82 999)
Financial Services	164 302	131 617	303 213
Group	10 412	(51 411)	11 851
	<b>433 668</b>	299 232	690 421
Segmental adjustments*	<b>(285 212)</b>	(102 071)	(221 098)
	<b>148 456</b>	197 161	469 323
<b>Operating (loss)/profit before interest and taxation</b>			
Freight Services**	(76 726)	31 830	89 891
Shipping	(8 817)	(274 079)	(559 619)
Financial Services	161 594	128 663	297 312
Group	(2 288)	(51 519)	11 675
	<b>73 763</b>	(165 105)	(160 741)
Segmental adjustments*	<b>(166 216)</b>	30 073	46 003
	<b>(92 453)</b>	(135 032)	(114 738)
<b>Share of associate companies' profit after taxation</b>			
Freight Services**	20 591	(7 165)	20 604
Group	202	-	-
	<b>20 793</b>	(7 165)	20 604
<b>(Loss)/profit attributable to ordinary shareholders</b>			
Freight Services**	(81 932)	(732 222)	(1 239 856)
Shipping	(124 039)	(417 903)	(928 411)
Financial Services	80 256	77 071	171 006
Group	39 092	(46 990)	89 566
	<b>(86 623)</b>	(1 120 044)	(1 907 695)

\* 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.

\*\* A further split of the rail assembly business is included in the Additional Information for Analysts slides. This document can be found on [www.grindrod.com](http://www.grindrod.com).

## RELATED PARTY TRANSACTIONS

AS AT 30 JUNE 2017

During each period the group, in the ordinary course of business, enters into various transactions with related parties. Parties are considered to be 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 occurred under terms that are no more, or less favourable than those arranged with third parties.

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

	Unaudited 30 June 2017 R000	Unaudited 30 June 2016 R000	Audited 31 December 2016 R000
<b>Goods and services sold to:</b>			
Vitol Shipping Singapore Pte Ltd	<b>66 176</b>	213 213	331 705
<b>Goods and services purchased from:</b>			
Cockett Marine Oil Pte Ltd	<b>(338 288)</b>	(234 360)	(584 201)
<b>Amounts due from related party:</b>			
Terminal De Carvo da Matola Ltda	<b>344 305</b>	385 575	354 677
Cockett Marine Oil Pte Ltd	<b>623 504</b>	701 140	655 174
GPR Leasing Africa (Pty) Ltd	<b>168 970</b>	175 651	178 053
Newshelf 1279 (Pty) Ltd	<b>492 855</b>	446 824	492 855
IVS Bulk Pte Ltd	<b>262 219</b>	157 876	279 098

## FAIR VALUE OF FINANCIAL INSTRUMENTS

AS AT 30 JUNE 2017

The table below 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).

Levels 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.

	Unaudited 30 June 2017 R000	Unaudited 30 June 2017 R000	Unaudited 30 June 2017 R000	Unaudited 30 June 2017 R000
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative financial assets	-	1 158	-	1 158
Financial assets designated at fair value through profit or loss	-	638 541	1 337 171	1 975 712
<b>Total</b>	-	639 699	1 337 171	1 976 870
<b>Financial liabilities</b>				
Derivative financial instruments	-	(17 788)	-	(17 788)
Financial liabilities designated at fair value through profit or loss	-	(104 391)	-	(104 391)
<b>Total</b>	-	(122 179)	-	(122 179)
	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	994 392	1 638 400
<b>Total</b>	41 303	605 680	994 392	1 641 375
<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>	-	(131 233)	-	(131 233)
	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
<b>Financial assets</b>				
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
<b>Total</b>	-	757 007	1 084 948	1 841 955
<b>Financial liabilities</b>				
Derivative financial instruments	-	(26 365)	-	(26 365)
Financial liabilities designated at fair value through profit or loss	-	(100 200)	-	(100 200)
<b>Total</b>	-	(126 565)	-	(126 565)

Fair value gains recognised in the statement of comprehensive income for Level 3 financial instruments were R41.4 million (H1 2016: R35.7 million).

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

	Unaudited 30 June 2017 R000	Unaudited 30 June 2016 R000	Audited 31 December 2016 R000
Opening balance	1 084 948	888 133	888 133
Additions	227 007	70 597	158 499
Disposals	(16 200)	-	(993)
Total gains recognised:			
In other comprehensive income	674	35 662	(3 770)
Profit and loss	40 742	-	43 079
<b>Closing balance</b>	<b>1 337 171</b>	<b>994 392</b>	<b>1 084 948</b>

**CONTINGENT ASSETS/LIABILITIES****AS AT 30 JUNE 2017**

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R5 463 039 000 (December 2016: R5 030 118 000) of which R2 281 692 000 (2016: R2 032 903 000) had been utilised at the end of the period.

The company guaranteed charter-hire payments of subsidiaries amounting to R505 356 700 (2016: R665 767 000). The charter-hire payments are due by the subsidiaries in varying amounts from 2017 to 2022.

The group placed R190 618 106 (2016: 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

### STRATEGIC POSITIONING

The Grindrod board has for many years reiterated the intention to separate the Shipping business from the balance of the group as it does not believe that the value of the Shipping business is fairly reflected in the Grindrod share price. In order to achieve such a separation, the board has resolved to investigate a separate listing, including all the relevant regulatory requirements locally and offshore, of the Shipping business, on a recognised international stock exchange. The board expects to make a final determination regarding a separate listing before the end of the year.

The Grindrod management will continue its strategic focus on the Freight and Financial Services businesses. The executive chairman will remain in his role to oversee the above processes. There will be further communication and engagement with shareholders once the board has reached its decision.

### OVERVIEW

Grindrod experienced continued improved trading conditions in the first half of 2017 following the recovery in the second half of the prior year. The headline profit of R126.2 million was recorded prior to the loss of R255.1 million arising from the rail assembly businesses held for sale.

Maputo Port experienced strong volume improvement following the completion of the 75-km dredging project to make the port accessible to fully laden panamax vessels, which was completed in January 2017. The project to deepen and offset the Grindrod TCM berth to accommodate the larger vessels was completed successfully. Fully laden post-panamax vessels are being handled by the Port of Maputo and TCM following the projects.

The increased volume is supported by improved commodity prices. This is reflected in Grindrod's dry-bulk terminal utilisation, which is 65 per cent in the first half (H1 2016: 40 per cent). Capacity in the Matola and Richards Bay dry-bulk terminals is fully contracted for the remainder of the year.

Progress with the development of a petroleum-products terminal in the Port of Ngqura (Coega) by OTGC is delayed following the decision to revise the new tariffing structure by NERSA. The long-term concession agreement between Transnet National Ports Authority and OTGC was signed in December 2016 and customer engagement continues.

The warehousing and transportation businesses of Intermodal and Carrier continue their turnaround and are well positioned for any market improvements. The Ships Agency and Clearing and Forwarding businesses traded well during the period. These businesses are all dependent on the South African economy improving.

The sale of the rail assembly businesses has been extremely difficult given the lack of demand for locomotives, continued uncertainty in the mining sector, and low levels of economic activity in southern Africa. The sale of the rail construction business was concluded during the first half of 2017 while the sale of the signaling business is progressing well.

The agricultural logistics businesses first half earnings improved significantly following the end of the drought. The full impact of the higher maize volumes within the silos will support the businesses result into next year.

Grindrod dry-bulk fleet is operating above daily ship running costs with average indices for the first half of the year for handysize US\$6 937 and supramax US\$8 436 (H1 2016 average indices: handysize US\$4 107, supramax US\$4 787, 2016 H2 average indices: handysize US\$6 324, supramax US\$7 540). The rates reflect the increased dry-bulk commodity demand, continued vessel scrapping and a slow-down in newbuilding deliveries.

Rates in the tanker market remained depressed in the first half of the year, with average medium-range product tanker

rates at US\$11 556 (H1 2016: US\$16 138; and H2 2016: US\$11 102), reflecting the effects of the high product stock levels and the newbuilding deliveries.

The coastal seafreight profitability has come under pressure as the significant volumes of sugar transported around the coast have reduced significantly. The improvement in rates reflect increased dry-bulk commodity demand despite the level of ships being scrapped declining sharply and a high volume of newbuilding deliveries. Cockett Marine Oil remained in a loss position, although trading results are now much improved.

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

Despite ongoing engagement with the relevant parties on the SASSA grant payment contract, there is still no clarity on the plans to transition the contract to a new service provider. We will continue to ensure we do all within our power to protect the grant beneficiaries when the CPS contract expires in March 2018.

## CAPITAL EXPENDITURE AND COMMITMENTS

R million	Capital expenditure		Capital commitments			Split as follows	
	H1 2017	H2 2017	2018	2019+	Total	Approved not contracted	Approved and contracted
<b>Freight Services</b>	<b>247</b>	<b>237</b>	<b>387</b>	<b>11</b>	<b>635</b>	<b>375</b>	<b>260</b>
Port and Terminals	93	104	13	-	117	39	78
Rail	69	-	-	-	-	-	-
Logistics	85	133	374	11	518	336	182
<b>Shipping</b>	<b>105</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>6</b>
Dry bulk	87	2	-	-	2	-	2
Tankers	18	-	4	-	4	-	4
<b>Financial Services</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Group</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>355</b>	<b>239</b>	<b>391</b>	<b>11</b>	<b>641</b>	<b>375</b>	<b>266</b>
Split as follows:							
Subsidiaries	181	156	377	10	543	353	190
Joint venture	174	83	14	1	98	22	76

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

Total capital and investment expenditure was R355 million (H1 2016: R812 million), of which 81 per cent was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised the final payment on the last dry-bulk ship ordered, trucks and the expenditure incurred on the Matola terminal berth deepening.

## CASH FLOW AND BORROWINGS

The financial position reflects net debt of R727.1 million (December 2016: R372.6 million). The group generated operating profit before working capital cash flows of R229.8 million (H1 2016: R272.0 million) during the period. Working capital contributed to a net outflow of R228.2 million (H1 2016: R55.2 million net outflow).

## STATEMENT OF FINANCIAL POSITION

With total assets of R33 210 million (December 2016: R36 176 million) and low gearing of 4.8 per cent, the group's financial position remains strong. Book net asset value per share is 1 909 cents (December 2016: 2 007 cents).

Shareholders' equity decreased to R15 037 million (December 2016: R15 752 million) mainly as a result of the strengthening South African rand and current year losses. The decrease of R401 million to the foreign currency translation reserve was due to the strengthening of the Rand/US Dollar exchange rate from R13.69/US\$ to R13.06/US\$.

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

The rail assembly businesses continue to be held for sale. The net carrying value of R434 million represents management's best estimate of the proceeds to be received.

## BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the information required by IAS 34: Interim Financial Reporting, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and comply with the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008.

These unaudited summarised consolidated interim financial statements have been prepared under the supervision of AG Waller, CA(SA) were approved by the board of directors on 23 August 2017 and have not been audited by the group's external auditors.

## ACCOUNTING POLICIES

The accounting policies applied in the preparation of these unaudited condensed interim financial statements from which the condensed consolidated financial statements were derived are in accordance with IFRS and are consistent with those of the previous consolidated annual financial statements for the year ended 31 December 2016.

## POST BALANCE SHEET EVENTS

There are no material post balance sheet events to report.

## VOTE OF THANKS AND CHANGE IN DIRECTORATE

After 31 years at Grindrod and over 10 years as chief executive officer, Alan Olivier retired at the end of July 2017. The board would like to thank Alan for his significant contribution to the business throughout his tenure and wish him well in his retirement. The board has appointed the chairman, Mike Hankinson to perform an executive role to oversee the strategic positioning process as mentioned above, and Nkululeko Sowazi as lead independent non-executive.



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**PROSPECTS**

The stronger volumes have continued for several quarters and commodity pricing remains at profitable levels. The recovery of the South African market is now needed to improve the returns of the South Africa-based logistics businesses.

The group remains cash-generative with a strong balance sheet and well positioned to execute its strategic plan. Shareholder engagement on a proposal for unbundling will take place in due course.

For and on behalf of the board

**NL Sowazi**

Lead independent non-executive director  
23 August 2017

**MJ Hankinson**

Executive chairman  
23 August 2017



## DECLARATION OF INTERIM DIVIDEND

### 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 2017 (H1 2016: no interim dividend declared).

At 23 August 2017, there were 762 553 314 ordinary shares in issue.

### PREFERENCE DIVIDEND

Notice is hereby given that a gross interim dividend of 458.0 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (H1 2016: 453.0 cents) has been declared out of income reserves for the six-month period ended 30 June 2017, payable to preference shareholders in accordance with the timetable below.

At 23 August 2017, there are 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares in issue. The interim net preference dividend is 366.40000 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 date	Wednesday, 23 August 2017
Last day to trade cum-dividend	Tuesday, 12 September 2017
Shares commence trading ex-dividend	Wednesday, 13 September 2017
Record date	Friday, 15 September 2017
Dividend payment	Monday, 18 September 2017

No dematerialisation or rematerialisation of shares will be allowed for the period Wednesday, 13 September 2017 to Friday, 15 September 2017, both days inclusive.

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

By order of the board

#### **Mrs Cl Lewis**

Group company secretary  
23 August 2017



## CORPORATE INFORMATION

### DIRECTORS

MJ Hankinson (Executive chairman), H Adams\*, MR Faku\*, WD Geach\*, GG Gelink\*, G Kotze (Alternate)\*, Z Malinga\*, RSM Ndlovu (Alternate)\*, B Ntuli, DA Polkinghorne, NL Sowazi (Lead independent non-executive), 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

### As of 1 September 2017

Link Market Services South Africa Proprietary Limited  
13<sup>th</sup> Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2017  
PO Box 4844, Johannesburg, 2000  
Telephone: +27 11 713 0800  
Facsimile: 086 674 4381  
Email: info@linkmarketservices.co.za

### AUDITORS

Deloitte & Touche  
Designated Audit Partner: Kim Peddie 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

*Statements contained in this announcement regarding the prospects of the group, have not been reviewed or audited by the group's external auditors.*

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