

2006 AUDITED RESULTS AND FINAL DISTRIBUTION ANNOUNCEMENT

- 19% INCREASE IN HEADLINE EARNINGS PER SHARE
- 27% INCREASE IN CASH GENERATED FROM OPERATIONS
- 27% INCREASE IN DISTRIBUTION TO ORDINARY SHAREHOLDERS



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CONSOLIDATED INCOME STATEMENT

	Change %	Year ended 31 December	
		Audited 2006 R000	Audited 2005 R000
Revenue	68	12 507 237	7 449 145
Trading profit	22	1 279 295	1 047 342
Depreciation		(154 209)	(121 705)
Operating profit before interest and taxation		1 125 086	925 637
Non-trading items		(39 434)	3 451
Interest received		66 377	53 859
Interest paid		(137 242)	(140 639)
Profit before share of associate profit		1 014 787	842 308
Share of associate profit before taxation		127 560	88 544
Profit before taxation		1 142 347	930 852
Taxation		(75 868)	(65 152)
Profit for the year		1 066 479	865 700
Attributable to			
Ordinary shareholders	18	1 008 113	851 224
Preference shareholders		64 238	15 206
Equity holders of the parent		1 072 351	866 430
Minority Interest		(5 872)	(730)
		1 066 479	865 700
Exchange rates (R/US\$)			
Opening exchange rate		6,31	5,65
Closing exchange rate		7,00	6,31
Average exchange rate		6,78	6,38
RECONCILIATION OF HEADLINE EARNINGS			
Profit attributable to ordinary shareholders		1 008 113	851 224
Adjusted for:		(1 945)	(1 799)
Impairment of goodwill		932	1 691
Impairment of intangible asset		3 100	-
Impairment of property, terminals, vehicles and equipment		1 752	707
Net profit on disposal of investments		(11 428)	(115)
Loss/(profit) on sale of property, terminals, vehicles and equipment		4 213	(4 082)
Other non-trading items		(514)	-
Headline earnings	18	1 006 168	849 425

	Change %	Year ended 31 December	
		Audited 2006	Audited 2005
ORDINARY SHARE PERFORMANCE			
Number of shares in issue less treasury shares (000's)		449 179	461 626
Weighted average number of shares on which earnings per share are based (000's)		455 719	458 490
Diluted weighted average number of shares on which diluted earnings per share are based (000's)		468 765	476 577
Earnings per share (cents)			
Basic		221,2	185,7
Diluted		215,1	178,6
Headline earnings per share (cents)			
Basic	19	220,8	185,3
Diluted		214,6	178,2
Distribution/dividends per share (cents)			
Interim		28,0	20,0
Final		38,0	32,0
Distribution/dividend cover (times)		3,4	3,5

DIVISIONAL ANALYSIS

	Year ended 31 December	
	Audited 2006 R000	Audited 2005 R000
Revenue		
Shipping Services	2 768 831	2 867 560
Trading, Freight and Financial Services	9 738 406	4 581 585
	12 507 237	7 449 145
Earnings		
Shipping Services		
- International	783 701	685 834
- Local	83 022	76 685
	866 723	762 519
Trading, Freight and Financial Services		
- Trading	24 614	21 872
- Freight	127 001	65 469
- Financial Services	15 009	6 426
	166 624	93 767
Overheads and disposal adjustments	(25 234)	(5 062)
	141 390	88 705
	1 008 113	851 224

CONSOLIDATED BALANCE SHEET

	Year ended 31 December	
	Audited	Audited
	2006	2005
	R000	R000
Ships, property, terminals, vehicles and equipment	2 336 905	2 069 178
Intangible assets	350 756	250 525
Investments in associates	243 370	125 339
Deferred taxation	70 254	69 330
Financial assets, advances and other investments	621 488	53 758
Bank balances and cash	1 065 283	655 457
Non-current asset held for sale	170 947	184 338
Other current assets	2 411 403	1 570 692
Total assets	7 270 406	4 978 617
Shareholders' equity	2 824 543	1 937 199
Minority interest	(1 755)	6 753
Total equity	2 822 788	1 943 952
Deferred taxation	24 324	20 340
Provision for post-retirement medical aid	62 834	64 944
Interest bearing debt	1 828 711	1 533 900
	4 738 657	3 563 136
Other liabilities	2 531 749	1 415 481
Total funding	7 270 406	4 978 617
Net worth per ordinary share – at book value (cents)	461	314
Net debt:equity ratio	0,19:1	0,33:1
Capital expenditure	1 063 483	648 135
Capital commitments		
Authorised by directors and contracted for	1 604 066	1 194 320
Due within one year	901 375	430 644
Due thereafter	702 691	763 676
Authorised by directors not yet contracted for	231 405	309 260

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December	
	Audited	Audited
	2006	2005
	R000	R000
Cash generated from operations	1 286 839	1 009 769
Working capital movements	(295 267)	357 708
Net interest paid	(77 204)	(96 056)
Net dividends paid	(104 235)	(201 234)
Taxation paid	(105 045)	(32 251)
	705 088	1 037 936
Net bank deposits and other short-term negotiables	(154 880)	–
Net cash flows from operating activities	550 208	1 037 936
Acquisition of ships, property, terminals, vehicles and equipment and investments	(1 063 483)	(1 704 380)
Proceeds from disposal of ships, property, terminals, vehicles and equipment and investments	659 111	14 241
Intangible assets acquired	(6 168)	–
Loans (advanced to)/repaid by associates	(5 071)	2 378
Net cash flows used in investing activities	(415 611)	(1 687 761)
Repurchase of ordinary share capital	(237 679)	(2 243)
Proceeds from issue of ordinary share capital	6 400	3 454
Proceeds from issue of preference share capital	262 777	487 780
Long-term borrowings raised	276 274	459 011
Payment of capital portion of long-term borrowings	(548 685)	(352 079)
Short-term loan raised	459 841	129 192
Net cash flows from financing activities	218 928	725 115
Net increase in cash and cash equivalents	353 525	75 290
Cash and equivalents at beginning of the year	347 571	257 297
Difference arising on translation	30 959	14 984
Cash and cash equivalents at end of the year	732 055	347 571

STATEMENT OF CHANGES IN EQUITY

	Share capital, premium and equity compensation R000	Hedging reserve R000	Foreign currency translation reserve R000	General risk reserve R000	Accumulated profit R000	Attributable to equity holders of Grindrod R000	Minority interest R000	Total equity R000
Balance at 31 December 2004	7 625	(49 725)	(91 740)	–	951 837	817 997	8 044	826 041
Share options exercised	3 454					3 454		3 454
Shares repurchased and cancelled	(2 243)					(2 243)		(2 243)
Share-based payments	1 464					1 464		1 464
Preference share issue	500 000					500 000		500 000
Share issue expenses	(12 220)					(12 220)		(12 220)
Foreign currency translation adjustments			(8 265)			(8 265)	59	(8 206)
Financial instrument hedge		(7 721)				(7 721)		(7 721)
Minority interest acquired						–	(620)	(620)
Profit attributable to shareholders					866 430	866 430	(730)	865 700
Dividends paid					(221 697)	(221 697)		(221 697)
Balance at 31 December 2005	498 080	(57 446)	(100 005)	–	1 596 570	1 937 199	6 753	1 943 952
Share options exercised	6 400					6 400		6 400
Shares repurchased	(255 980)					(255 980)		(255 980)
Share-based payments	3 735					3 735		3 735
Preference share issue	266 049					266 049		266 049
Share issue expenses	(3 272)					(3 272)		(3 272)
Financial instrument hedge		(16 868)				(16 868)		(16 868)
Hedge reserve releases		1 394				1 394		1 394
Foreign currency translation adjustments	(18)		156 392			156 374		156 374
Foreign currency translation realised			(3 307)			(3 307)		(3 307)
Transfer from accumulated profit				100	(100)	–		–
Minority interest acquired						–	(2 636)	(2 636)
Profit attributable to shareholders					1 072 351	1 072 351	(5 872)	1 066 479
Dividends paid					(339 532)	(339 532)		(339 532)
Balance at 31 December 2006	514 994	(72 920)	53 080	100	2 329 289	2 824 543	(1 755)	2 822 788

COMMENTS

The Board of Grindrod Limited is pleased to announce an 18% increase in earnings to R1 008 million for the year ended 31 December 2006. This equates to headline earnings of R2,21 per share, an increase of 19% over 2005.

Shipping markets in general were in line with expectations during the year. The markets were strong in the first quarter, weakening in the second quarter and then recovering through the second half of the year. Shipping markets are still at high levels, in particular the dry bulk market where the favourable long-term outlook has ensured high spot and period rates. Consequently, the strong markets together with the benefits from a growing fleet and a weaker Rand/US Dollar exchange rate resulted in Shipping Services performing extremely well in the second half of the year.

Trading, Freight and Financial Services increased earnings in the second half of the year through improved performances in the trading division and certain terminal and logistics operations. These improved results have increased the contribution by the division to 14% of group earnings.

SHIPPING SERVICES

The continued high demand for commodities from China and the effect of an improving world economy maintained the favourable dry bulk market fundamentals in spite of the significant delivery of new ships during the year. Product and chemical tanker markets followed a similar pattern with pressure on fleet capacity due to regulatory changes and increased demand for long haul product deliveries. There was however, still some volatility in spot rates during the year in both sectors. Long-term charter rates, newbuildings and second hand prices of vessels remained firm and are currently close to their all time highs.

The following ship acquisitions and disposal activities reflect the high level of business activity within Shipping Services during the past year.

Ships ordered	Ships delivered	Ships sold	Contracted sales
2 x 47 350 dwt product tankers (chartered)	1 x 12 800 dwt products tanker	1 x 12 800 dwt products tanker	1 x 12 800 dwt products tanker
1 x 25 000 dwt chemical tanker (chartered)	2 x 25 000 dwt chemical tankers (chartered)	1 x 40 000 dwt products tanker	1 x 40 000 dwt products tanker
4 x 16 500 dwt product tanker		1 x 45 000 dwt products tanker	2 x 14 000 dwt chemical tankers
1 x 32 000 dwt bulk carrier (51%)		1 x 636 teu containership	
2 x 4 250 dwt bunker barges		1 x handysize bulk carrier	

Subsequent to year end, the division disposed of the 40 000 dwt products tanker and the 12 800 dwt products tanker referred to above as contracted sales.

Ships ordered in the current year, in addition to those already on order, will result in a further 20 ships being added to the current fleet of 37 owned and long-term chartered ships. In addition, 74% of the fleet by deadweight tonnes is fixed out for 2007 with 54% in 2008 and 36% in 2009. Contracted profits from these fixtures and from contracted ship sales amount to US\$84,2 million in 2007, US\$40,2 million in 2008 and US\$18,9 million in 2009.

TRADING, FREIGHT AND FINANCIAL SERVICES

As anticipated the division experienced a positive second half of 2006. Earnings for the year increased by 59% over the previous year.

As a result of a solid performance in the second half of the year by Atlas Trading and Shipping due to improved margins and continued positive results from Cockett Marine and Oreport. Trading Services contributed significantly to non-shipping profit. Earnings were up 12,5% over the prior year.

Similarly, the Grindrod Freight Services division showed a favourable turnaround in the second half of the year. In particular, the group's terminal operations and certain of the more established logistics operations performed well. Grindrod Ships Agencies grew its market share and expanded its operations to achieve record profits. Grindrod Freight Services' contribution was 94% up over last year.

Grindrod Freight Services division had an active year with the following significant acquisitions and major capital expenditure projects being concluded:

- The restructure of the Ocean Africa Container Lines (Pty) Limited shareholding
- The business of Transsure Freight CC by PicPack Grindrod (Pty) Limited
- The remaining 50% interest in Auto Carrier Transport (Pty) Limited, the expansion of the fleet and the acquisition of car storage facilities
- A 50% interest in Lauritzen Cool Logistics SA
- 100% of Cross Country Containers (Pty) Limited
- A 12,25% interest in Maputo Port Development Company
- 10 locomotives for Sheltam Grindrod Leasing (Pty) Limited
- Expansion of terminal/warehousing facilities

The Star Biomass Pellet manufacturing operation was discontinued during the year under review and has been fully provided for.

In the latter half of the year, in conjunction with the consolidation of certain operations, the group also commenced a restructure of its Grindrod Freight Services division into distinct operations namely:

- Grindrod Terminals
- Grindrod Intermodal
- Grindrod Logistics
- Grindrod Rail
- Grindrod Port Holdings
- Grindrod Seafreight
- Grindrod Ships Agencies

It is anticipated that these focused operating businesses will, as a result of improved efficiencies, contribute significantly to the growth of the division.

There were significant changes in the Financial Services division during the year. The property and asset management operations of Marriott were sold and the remaining 50% of Marriott Corporate Property Bank was acquired. The latter transaction was approved by the South African Reserve Bank on 16 October 2006 and the Bank has been re-branded as Grindrod Bank and recapitalised with the introduction of additional equity. The Bank performed favourably in the latter part of the year growing its advances book and expanding its operations. The Bank acquired a wealth management business and in early 2007 entered into an agreement with Net 1 to provide a card based payment system to the retail market.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure and commitments of the group are:

Description	Capital expenditure		Capital commitments	
	2006	2007	2008	Thereafter
R000				
Ships	518 467	854 532	566 482	136 209
Property, terminals, vehicles and equipment	356 888	186 810	2 375	2 813
	875 355	1 041 342	568 857	139 022
Investment in new businesses	188 128	86 250	-	-
Total	1 063 483	1 127 592	568 857	139 022

The capital commitments on owned ships are made up as follows:

- 4 x 40 000 dwt product tankers (1 of which is under contract to sell)
- 6 x 16 500 dwt product/chemical tankers
- 2 x 14 000 dwt chemical tankers (both are under contract to sell)
- 3 x 12 800 dwt product/chemical tankers (1 of which has been sold in 2007)
- 2 x 4 250 dwt bunker barges
- 51% interest in a 32 000 dwt bulk carrier

In addition, two product tankers, three chemical tankers, three handysize and a capesize bulk carrier are still to deliver on long-term charter.

The significant capital commitments in the Grindrod Freight Services division are as follows:

- The remaining 50% interest in CMC Grindrod (Pty) Limited
- The construction of a fertiliser terminal in Durban
- Further terminal development in Maputo and Richards Bay
- A further 10 locomotives for Sheltam Grindrod Leasing (Pty) Limited

Capital commitments will be funded by cash reserves, cash generated from operations and bank financing facilities.

GROUP BORROWINGS AND CASH FLOW

Investment of R1 063 million was made in ship acquisitions and expansion of Freight and Financial Services operations. Furthermore there were increased working capital requirements in the bulk product trading business which was due to higher commodity prices in conjunction with a significantly improved trading environment towards the end of the year. However, due to strong operating cash flows and the further issue of R263 million in preference shares, net borrowings reduced from R878 million at 31 December 2005 to R848 million. The group's debt:equity ratio has reduced from 33% to 19% as a result of strong earnings, the preference share issue and ship sales. The group continues to seek investment expansion opportunities.

EQUITY

Shareholders' equity increased from R1 937 million at 31 December 2005 to R2 825 million due to the strong earnings, the issue of preference share capital and the effect of the weaker Rand/US Dollar exchange rate.

During the year, the group repurchased 19.4 million ordinary shares at an average price of R12,22. The treasury shares are held by a subsidiary company, Grindrod (South Africa) (Pty) Limited.

At a general meeting held on 15 August 2006 Grindrod shareholders approved the creation of an additional 12,5 million cumulative, non-redeemable, non-participating, non-convertible preference shares.

AUDITED RESULTS

The group financial statements for the year ended 31 December 2006, from which these results have been derived, have been audited by Deloitte & Touche. Their unmodified audit opinion is available for inspection at the registered office of the company.

BASIS OF PREPARATION

These condensed results have been prepared in terms of IAS34 Interim Financial Reporting and are in accordance with the group's accounting policies which fully comply with International Financial Reporting Standards (IFRS) and are consistent with those applied in the previous year.

DISTRIBUTIONS TO SHAREHOLDERS

A distribution out of share premium in the amount of 38 cents per ordinary share, in terms of the resolution approved by shareholders at the annual general meeting held on 24 May 2006, (2005: 32 cents) has been approved by the directors in lieu of a final dividend. A dividend of 470,3 cents per preference share was declared on 1 December 2006 and has been provided for in the group's results.

PROSPECTS

The current high level of ship values and long-term charter rates indicate an expectation of continued firm shipping markets in the foreseeable future. The group also has a significant level of contracted income in its shipping division and continues to grow its fleet at favourable contracted costs. In addition, the anticipated moderate weakening of the Rand/US Dollar exchange rate will further benefit the shipping division.

Further improvement is expected in the performance of Trading, Freight and Financial Services which are being expanded further through acquisition and infrastructural development opportunities.

Consequently the group is expected to achieve growth in earnings for the 2007 financial year.

For and on behalf of the Board

W M Grindrod
Chairman

A K Olivier
Chief Executive Officer

FINAL DISTRIBUTIONS TO SHAREHOLDERS

PREFERENCE DIVIDEND

Notice is hereby given that a dividend of 470,3 cents per preference share has been declared payable to preference shareholders in accordance with the undermentioned timetable.

DISTRIBUTION TO ORDINARY SHAREHOLDERS

Notice is hereby given that a distribution out of share premium, in lieu of a final dividend of 38 cents per ordinary share (2005: 32 cents) has been declared payable to ordinary shareholders in accordance with the undermentioned timetable.

TIMETABLE

Last day to trade cum-dividend/distribution	Friday, 9 March 2007
Trading ex-dividend/distribution commences	Monday, 12 March 2007
Record date	Friday, 16 March 2007
Dividend/distribution payment date	Monday, 19 March 2007

No dematerialisation or rematerialisation of shares will be allowed for the period from 12 March 2007 to 16 March 2007, both days inclusive.

The dividend and distribution out of share premium are declared in the currency of the Republic of South Africa.

By order of the Board

C A S Robertson
Secretary

21 February 2007

REGISTERED OFFICE	POSTAL ADDRESS	TRANSFER SECRETARIES	POSTAL ADDRESS
Quadrant House	PO Box 1	Computershare Investor	PO Box 61051
115 Victoria	Durban	Services 2004 (Pty) Limited	Marshalltown
Embankment	4000	70 Marshall Street	2107
Durban 4001		Johannesburg 2001	

DIRECTORS

W M Grindrod* (*Chairman*), I A J Clark* (*Deputy Chairman*), A K Olivier (*Group CEO*), H Adams*

Dr S M Gounden*, I M Groves*, J G Jones, T J T McClure, N E Mtshotshisa*, R A Norton*

D A Polkinghorne, D A Rennie, A F Stewart, L R Stuart-Hill, D R D White*, R J H Whitley* *Non-executive

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