19% Increase in headline earnings per share

18% Increase in dividend/distribution to ordinary shareholders

⬆ Strong balance sheet and cash flows

GRINDROD
LIMITED

Audited results and final dividend announcement
for the year ended 31 December 2007

working together to achieve great results

condensed income statement

	% Change	Year ended 31 December Audited 2007 R000	Audited 2006 R000
Revenue	37	**17 077 359**	12 507 237
Trading profit	21	**1 577 446**	1 307 731
Depreciation and amortisation		**(211 659)**	(182 645)
Operating profit before interest and taxation		**1 365 787**	1 125 086
Non-trading items		**3 508**	(39 434)
Interest received		**109 324**	66 377
Interest paid		**(239 849)**	(137 242)
Profit before share of associates' profit		**1 238 770**	1 014 787
Share of associates' profit before taxation		**62 953**	127 560
Profit before taxation		**1 301 723**	1 142 347
Taxation		**(15 803)**	(75 868)
Profit for the year		**1 285 920**	1 066 479
Attributable to			
Ordinary shareholders	19	**1 195 293**	1 008 113
Preference shareholders		**76 872**	64 238
Equity holders of Grindrod		**1 272 165**	1 072 351
Minority interest		**13 755**	(5 872)
		1 285 920	1 066 479
Exchange rates (R/US$)			
Opening exchange rate		**7,00**	6,31
Closing exchange rate		**6,89**	7,00
Average exchange rate		**7,07**	6,78

	% Change	Year ended 31 December Audited 2007 R000	 Audited 2006 R000
RECONCILIATION OF HEADLINE EARNINGS			
Profit attributable to ordinary shareholders		**1 195 293**	1 008 113
Adjusted for:		**(3 516)**	(1 945)
IAS 38 impairment of goodwill		**2 716**	2 120
IAS 38 impairment of intangible asset		**2 843**	3 100
IFRS 3 negative goodwill realised		**(7 026)**	(1 188)
IAS 16 impairment of plant and equipment		**3 420**	30 539
IFRS 3 net loss on disposal of investments		**2 058**	1 164
IAS 16 net (profit)/loss on sale of plant and equipment		**(7 519)**	4 213
Re-measurements included in equity – accounted earnings of associates		**–**	(49 386)
Other non-trading items		**–**	(514)
Total tax effects of adjustments		**(8)**	8 007
Headline earnings	18	**1 191 777**	1 006 168
ORDINARY SHARE PERFORMANCE			
Number of shares in issue less treasury shares (000's)		**455 459**	449 179
Weighted average number of shares on which earnings per share are based (000's)		**452 934**	455 719
Diluted weighted average number of shares on which diluted earnings per share are based (000's)		**462 417**	468 765
Earnings per share (cents)			
Basic		**263,9**	221,2
Diluted		**258,5**	215,1
Headline earnings per share (cents)			
Basic	19	**263,1**	220,8
Diluted		**257,7**	214,6
Distribution/dividends per share (cents)			
Interim		**34,0**	28,0
Final		**44,0**	38,0
Distribution/dividend cover (times)		**3,4**	3,4

	Year ended 31 December	
	Audited	Audited
	2007	2006
	R000	R000
Revenue		
Shipping	**3 683 812**	2 768 831
Trading	**11 334 072**	8 323 849
Freight Services	**1 984 647**	1 389 262
Freight Services before disposal adjustments	**1 901 471**	1 386 085
Disposal adjustments	**83 176**	3 177
Financial Services	**74 828**	25 295
	17 077 359	12 507 237
Trading profit (earnings before interest, taxation, depreciation and amortisation)		
Shipping	**1 128 882**	1 027 360
Trading	**119 223**	51 170
Freight Services	**290 544**	223 435
Freight Services before disposal adjustments	**343 481**	229 412
Disposal adjustments	**(52 937)**	(5 977)
Financial Services	**38 797**	5 766
	1 577 446	1 307 731
Operating profit before interest and taxation		
Shipping	**1 034 429**	937 507
Trading	**112 332**	45 216
Freight Services	**181 471**	136 651
Freight Services before disposal adjustments	**240 757**	144 451
Disposal adjustments	**(59 286)**	(7 800)
Financial Services	**37 555**	5 712
	1 365 787	1 125 086
Attributable income		
Shipping	**982 488**	866 723
Trading	**63 277**	24 614
Freight Services	**113 306**	53 969
Freight Services before disposal adjustments	**189 509**	93 103
Disposal adjustments	**(76 203)**	(39 134)
Financial Services	**36 222**	62 807
Financial Services before disposal adjustments	**36 222**	15 009
Disposal adjustments	**–**	47 798
	1 195 293	1 008 113

	Year ended 31 December	
	Audited	Audited
	2007	2006
	R000	R000
Ships, property, terminals, vehicles and equipment	**3 046 945**	2 340 821
Intangible assets	**521 063**	350 756
Investments in associates	**236 420**	243 370
Deferred taxation	**138 069**	70 254
Financial assets and other investments	**166 457**	111 138
Loans and advances to bank customers	**965 964**	506 434
Liquid assets and short-term negotiable assets	**228 938**	173 600
Bank balances and cash	**1 254 611**	1 065 283
Non-current assets held for sale	**293 547**	170 947
Other current assets	**3 080 253**	2 237 802
Total assets	**9 932 267**	7 270 405
Shareholders' equity	**3 378 332**	2 824 543
Minority interest	**60 643**	(1 755)
Total equity	**3 438 975**	2 822 788
Deferred taxation	**33 224**	24 324
Provision for post-retirement medical aid	**72 819**	62 834
Deposits from bank customers	**1 397 073**	710 904
Interest-bearing debt	**2 306 187**	1 828 711
	7 248 278	5 449 561
Non-current liabilities associated with assets held for sale	**90 573**	–
Other liabilities	**2 593 416**	1 820 844
Total funding	**9 932 267**	7 270 405
Net worth per ordinary share – at book value (cents)	**590**	461
Net debt:equity ratio	**0,23:1**	0,19:1
Capital expenditure	**1 822 793**	1 063 483
Capital commitments		
Authorised by directors and contracted for	**2 283 959**	1 604 066
Due within one year	**1 081 564**	901 375
Due thereafter	**1 202 395**	702 691
Authorised by directors not yet contracted for	**715 178**	172 655

statement of changes in equity

	Share capital, premium and equity compensation R000	Hedging reserve R000	Foreign currency translation reserve R000
Balance as at 31 December 2005	498 080	(57 446)	(100 005)
Share options exercised	6 400		
Shares repurchased	(255 980)		
Share-based payments	3 735		
Preference share issue	266 049		
Share issue expenses	(3 272)		
Financial instrument hedge		(16 868)	
Hedge reserve releases		1 394	
Foreign currency translation adjustments	(18)		156 392
Foreign currency translation realised			(3 307)
Transfer from accumulated profit			
Minority interest acquired			
Profit attributable to shareholders			
Dividends paid			
Balance as at 31 December 2006	514 994	(72 920)	53 080
Share options exercised	6 509		
Share-based payments	3 360		
Financial instrument hedge		(610 733)	
Hedge reserve releases		318 066	
Foreign currency translation adjustments			(23 219)
Foreign currency translation realised			(9 085)
Transfer from accumulated profit			
Minority interest acquired			
Profit attributable to shareholders			
Distribution of share premium	(325 923)		
Dividends paid			
Balance as at 31 December 2007	**198 940**	**(365 587)**	**27 776**

Grindrod Bank general risk reserve R000	Accumulated profit R000	Attributable to equity holders of Grindrod R000	Minority interest R000	Total equity R000
–	1 596 570	1 937 199	6 753	1 943 952
		6 400		6 400
		(255 980)		(255 980)
		3 735		3 735
		266 049		266 049
		(3 272)		(3 272)
		(16 868)		(16 868)
		1 394		1 394
		156 374		156 374
		(3 307)		(3 307)
100	(100)	–		–
		–	(2 636)	(2 636)
	1 072 351	1 072 351	(5 872)	1 066 479
	(339 532)	(339 532)		(339 532)
100	2 329 289	2 824 543	(1 755)	2 822 788
		6 509		**6 509**
		3 360		**3 360**
		(610 733)		**(610 733)**
		318 066		**318 066**
		(23 219)	18	**(23 201)**
		(9 085)		**(9 085)**
5 425	(5 425)	**–**		**–**
		–	48 625	**48 625**
	1 272 165	**1 272 165**	13 755	**1 285 920**
		(325 923)		**(325 923)**
	(77 351)	**(77 351)**		**(77 351)**
5 525	**3 518 678**	**3 378 332**	**60 643**	**3 438 975**

condensed cash flow statement

	Year ended 31 December	
	Audited	Audited
	2007	2006
	R000	R000
Cash generated from operations	**1 529 617**	1 286 839
Working capital movements	**(261 745)**	(295 267)
Net interest paid	**(130 525)**	(77 204)
Net dividends paid	**(330 707)**	(104 235)
Taxation paid	**(46 721)**	(105 045)
	759 919	705 088
Net bank deposits from/(advances to) customers and other short-term negotiables	**171 301**	(154 880)
Net cash flows from operating activities	**931 220**	550 208
Acquisition of ships, property, terminals, vehicles and equipment and investments	**(1 822 793)**	(1 063 483)
Proceeds from disposal of ships, property, terminals, vehicles and equipment and investments	**714 473**	659 111
Intangible assets acquired	**(5 491)**	(6 168)
Loans repaid by associate companies	**–**	(5 071)
Net cash flows used in investing activities	**(1 113 812)**	(415 611)
Repurchase of ordinary share capital	**–**	(237 679)
Proceeds from issue of ordinary share capital	**6 509**	6 400
Proceeds from issue of preference share capital	**–**	262 777
Long-term borrowings raised	**484 111**	276 274
Payment of capital portion of long-term borrowings	**(411 519)**	(548 685)
Short-term loans raised	**92 563**	459 841
Net cash flows from financing activities	**171 664**	218 928
Net (decrease)/increase in cash and cash equivalents	**(10 928)**	353 525
Cash and equivalents at beginning of the year	**732 055**	347 571
Difference arising on translation	**(9 388)**	30 959
Cash and cash equivalents at end of the year	**711 739**	732 055

The Board of Grindrod Limited is pleased to announce a 19% increase in earnings to R1,195 billion (2006: R1,008 billion) for the year ended 31 December 2007. Headline earnings per share also increased by 19% to 263,1 cents per share (2006: 220,8 cents). A final dividend of 44 cents per ordinary share has been declared, bringing the total dividend/distribution for the year to 78 cents (2006: 66 cents).

While Shipping continues to be the major profit contributor, Trading, Freight Services and Financial Services all recorded good growth in earnings for the year.

SHIPPING

Dry bulk shipping continued to benefit from the substantial demand for commodities, in particular in the second half of the year when demand reached record highs. Tanker markets were also at favourable levels during the year although not achieving the same levels as the dry sector.

Shipping revenue increased by 33% and earnings by 13% over the previous year.

The strategy of fixing out a portion of the fleet, whilst reducing earnings volatility in downturns, limits the benefit to be gained in buoyant cyclical markets such as those experienced over the past year. The same strategy has also ensured that the new contracts that have been entered into during the year in these high markets will substantially benefit the group well into the future. As at 31 December 2007, 75% of the owned and chartered fleet was contracted out for 2008, 45% for 2009 and 28% for 2010.

This result was achieved notwithstanding the South African shipping operations incurring losses which arose as a result of having to service fixed rate cargo contracts at higher spot market rates, lower ship sale profits of R193 million (2006: R239 million) and a foreign exchange loss of R10 million due to a stronger South African Rand (2006: R53 million profit).

The following sale, purchase and chartering transactions were entered into during the past year:

Ships ordered	Ships delivered	Ships sold/redelivered	Contracted sales
3 x handysize bulk carriers	2 x handysize bulk carriers (chartered with purchase options)	1 x 40 000 dwt products tanker (sold)	2 x 12 800 dwt products tankers for 2008 delivery
4 x 16 500 dwt products tankers	1 x 19 900 dwt chemical tanker (chartered with purchase options)	1 x 12 800 dwt products tanker (sold)	
1 x capesize bulk carrier (chartered for 5 years from 2010)	1 x 33 000 dwt chemical tanker (chartered with purchase options)	2 x 14 000 dwt chemical tankers (sold)	
	1 x 177 300 dwt capesize bulk carrier (chartered with purchase options)	1 x 177 493 dwt capesize bulk carrier (redelivered)	

The group's current core fleet of 39 ships will increase to 51 ships by the end of 2011. This is after the planned disposal of two non-core handysize bulk carriers.

Unicorn Shipping and Island View Shipping (IVS) have been merged into a single business covering both the tanker and dry bulk sectors. In addition, the division is in the process of expanding its ship operating capability in the handymax sector which will operate worldwide. This will also complement the South African-based IVS Parcel Service and make use of the substantial cargo base handled by the group's Trading division.

The IVS Parcel Service, which represents most of the local shipping operations, has renewed its cargo contracts for 2008 on a market linked basis where possible. This should ensure that this business will in future be less exposed to shipping markets.

TRADING

The Trading division performed well during the year with a 36% increase in revenue, improved margins and a 158% growth in earnings over 2006. This was mainly due to the contribution by Atlas Trading and Shipping which benefited from the substantial demand for agricultural commodities in sub-Saharan Africa, the West Coast of South America and the Mediterranean. The large increase in commodity prices, together with this strong demand increased the group's working capital requirements.

FREIGHT SERVICES

Freight Services reported good results for the year. After excluding the disposal adjustments as depicted in the divisional analysis, revenues increased by 37%, margins improved to 13% and earnings increased by 103%.

A decision was made to exit the electronics warehousing and distribution activities of our logistics business as it was not profitable and not core to the group. Operating losses in this business and closure costs incurred had a substantial impact on Freight Services' results.

The division continued the restructuring of its operations into distinct businesses of a more substantial size and this yielded improved results, particularly in the intermodal business.

Ports and Terminals had a satisfactory year, notwithstanding rail wagon capacity constraints and rail rehabilitation works, which reduced the throughput at the Maputo coal terminal.

Logistics operations were impacted by an illegal strike in its auto carrier operation. Rail achieved good results, which included a profit from the sale of eight locomotives.

Seafreight once again significantly improved on the previous year's results.

Ships Agency is a strong contributor to the division's results and has improved its market share and volumes during the year under review.

The group's South African tanker operations, together with the newly established bunker barge business, which are now incorporated in a BEE joint venture with Calulo Services (Pty) Limited, will in future be included in the Freight Services division given their regional focus. During the year an additional bunker barge was ordered, increasing the order book to three.

A major focus of the division has been the development of infrastructural opportunities, particularly centred in the area of Ports and Terminals, which included:

- doubling its interest in the Maputo Port Development Company to 24,7% and the construction of car and ferrochrome terminals at this port;
- further investment in the Richards Bay and Durban terminals; and
- acquisition of bulk liquid storage facilities.

These and other initiatives are in their infancy and should add considerably to the division's earnings as they become more established.

FINANCIAL SERVICES

Grindrod Bank substantially improved its results over the prior year. The results benefited from an increased stake in the business as well as the additional equity that was introduced. The Bank continued to improve on its good first half performance in 2007, growing its deposit and advances books and assets under management significantly over the year.

After adjusting for the impact of the sale of the property and asset management operations of Marriott in the prior year, revenue increased by 195% and earnings grew by 133% over 2006.

The Bank completed an empowerment transaction during the year and will look to further strengthen its empowerment credentials in the future.

CAPITAL EXPENDITURE AND COMMITMENTS

	Capital expenditure	Capital commitments				
R000	**2007**	2008	2009	2010	Thereafter	Total
Ships	**1 039 930**	960 915	414 454	486 737	301 204	2 163 247
Property, terminals, vehicles and equipment	**446 528**	512 730	20 126	13 971	–	546 890
	1 486 458	1 473 645	434 580	500 708	301 204	2 710 137
Investment in new businesses	**336 335**	289 000	–	–	–	289 000
Total	**1 822 793**	1 762 645	434 580	500 708	301 204	2 999 137

The capital commitments on owned ships covers a variety of new ships ordered and is made up as follows:

- 3 x 40 000 dwt products tankers
- 2 x 33 000 dwt handysize bulk carriers
- 50% interest in 1 x 32 000 dwt handysize bulk carrier
- 1 x 28 000 dwt handysize bulk carrier
- 9 x 16 500 dwt products/chemical tankers
- 50% interest in 1 x 16 500 dwt products/chemical tanker
- 2 x 12 800 dwt products tankers (both are under contract to sell)

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

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

- further terminal development in Maputo and Richards Bay
- development of an inland vehicle storage facility
- expansion of the bulk logistics fleet capacity
- the ordering of three bunker barges

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

GROUP BORROWINGS AND CASH FLOW

Grindrod invested R1,822 billion during the financial year, in ship acquisitions and the expansion of the Trading, Freight Services and Financial Services operations. Cash from operations reflected a growth of 19% over the prior year. Increased trading levels and commodity prices led to higher working capital requirements in the trading business. This resulted in net borrowings increasing from R763 million at 31 December 2006 to R1,051 billion at 31 December 2007. The group's net debt:equity ratio increased from 19% to 23% which is well within the group's benchmark. The group continues to seek investment opportunities.

SHAREHOLDERS' EQUITY

Shareholders' equity increased from R2,823 billion at 31 December 2006 to R3,439 billion. The adjustment to the hedging reserves was mainly as a result of mark-to-market valuations on hedges of shipping earnings. While this adjustment would be offset by the increase in the value of the ships as a result of the higher shipping rates, this is not recognised in the group's balance sheet as it is not the group's policy to revalue ships and ship charters.

BASIS OF PREPARATION

This abridged report complies with *IAS 34 – Interim Financial Reporting* as well as with Schedule 4 of the South African Companies Act and the disclosure requirements of the JSE Limited's Listings Requirements.

The abridged report has been prepared using accounting policies that comply with IFRS. The accounting policies are consistent with those applied in the financial statements for the year ended 31 December 2006, except for the following changes:

- the adoption of *IFRS 7, IAS 1, AC 502* and *IFRIC 7 – 10,* which had no impact on the financial results
- headline earnings per share was restated to reflect the changes in Circular 8/2007

DIVIDENDS TO SHAREHOLDERS

A final dividend of 44 cents per ordinary share (2006: 38 cents distribution) has been approved by the directors, representing an 18% growth in the total dividend/distribution over the previous year. A dividend of 550 cents per preference share was declared on 21 November 2007 and has been provided for in the group's results.

SUBSEQUENT EVENTS

No material change has taken place in the affairs of the group between the end of the financial year and the date of this report.

PROSPECTS

Shipping market fundamentals continue to be positive and consequently freight rates are expected to be at favourable levels for 2008. The group also has significant contracted income at higher levels in its Shipping division and continues to grow its fleet at low contracted costs. The weakening of the Rand/US Dollar exchange rate should also benefit the Shipping division.

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

Consequently, the group expects to achieve strong growth in earnings for the 2008 financial year.

For and on behalf of the Board

I A J Clark
Chairman

A K Olivier
Chief Executive Officer

AUDIT OPINION

The auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the year ended 31 December 2007. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. A copy of their audit report is available for inspection at the company's registered office. The condensed financial statements have been derived from the group financial statements and are consistent in all material respects with the group financial statements.

DECLARATION OF FINAL DIVIDENDS

PREFERENCE DIVIDEND

Notice is hereby given that a dividend of 550 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (2006: 470,3 cents) has been declared and is payable to preference shareholders in accordance with the timetable below.

ORDINARY DIVIDEND

Notice is hereby given that a final dividend of 44 cents per ordinary share (2006: 38 cent distribution) has been declared and is payable to ordinary shareholders in accordance with the timetable below.

TIMETABLE

Last day to trade *cum*-dividend	Friday, 7 March 2008
Shares commence trading *ex*-dividend	Monday, 10 March 2008
Record date	Friday, 14 March 2008
Dividend payment date	Monday, 17 March 2008

No dematerialisation or rematerialisation of shares will be allowed for the period from 10 March 2008 to 14 March 2008, both days inclusive.

The dividends are declared in the currency of the Republic of South Africa.

By order of the Board

C A S Robertson
Secretary

20 February 2008

DIRECTORS

I A J Clark* *(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
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