



2007 INTERIM RESULTS AND DISTRIBUTION ANNOUNCEMENT

- **23% INCREASE IN PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS**
- **22% INCREASE IN HEADLINE EARNINGS PER SHARE**
- **21% INCREASE IN DISTRIBUTION TO ORDINARY SHAREHOLDERS**



Consolidated income statement

	Change %	30 June (Unaudited) 2007 R000	30 June (Unaudited) 2006 R000	31 December (Audited) 2006 R000
Revenue	41	7 003 294	4 959 099	12 507 237
Trading profit	22	749 083	615 090	1 279 295
Depreciation		(80 232)	(73 863)	(154 209)
Operating profit before interest and taxation		668 851	541 227	1 125 086
Non-trading items		6 570	(49 344)	(39 434)
Interest received		46 241	31 861	66 377
Interest paid		(104 665)	(61 596)	(137 242)
Profit before share of associates' profit		616 997	462 148	1 014 787
Share of associates' profit before taxation		32 663	92 548	127 560
Profit before taxation		649 660	554 696	1 142 347
Taxation		(36 739)	(61 041)	(75 868)
Profit for the year		612 921	493 655	1 066 479
Attributable to				
Ordinary shareholders	23	570 507	465 022	1 008 113
Preference shareholders		36 535	28 866	64 238
Equity holders of the parent		607 042	493 888	1 072 351
Minority interest		5 879	(233)	(5 872)
		612 921	493 655	1 066 479
Exchange rates (R/US\$)				
Opening exchange rate		7,00	6,31	6,31
Closing exchange rate		7,06	7,17	7,00
Average exchange rate		7,18	6,31	6,78
RECONCILIATION OF HEADLINE EARNINGS				
Profit attributable to ordinary shareholders		570 507	465 022	1 008 113
Adjusted for:		(6 570)	29	(1 945)
Impairment of goodwill		-	1 176	932
Negative goodwill released to the income statement		(144)	-	-
Impairment of intangible asset		-	-	3 100
Impairment of plant and equipment		-	-	1 752
Net profit on disposal of investments		-	(621)	(11 428)
Loss on sale of investments		399	-	-
(Profit)/loss on sale of plant and equipment		(6 802)	(526)	4 213
Other non-trading items		(23)	-	(514)
Headline earnings	21	563 937	465 051	1 006 168

Ordinary share performance

	Change %	30 June (Unaudited) 2007	30 June (Unaudited) 2006	31 December (Audited) 2006
Number of shares in issue less treasury shares (000's)		453 449	450 000	449 179
Weighted average number of shares on which earnings per share are based (000's)		452 604	455 683	455 719
Diluted weighted average number of shares on which diluted earnings per share are based (000's)		463 546	471 296	468 765
Earnings per share (cents)				
Basic		126,1	102,0	221,2
Diluted		123,1	98,7	215,1
Headline earnings per share (cents)				
Basic	22	124,6	102,1	220,8
Diluted		121,7	98,7	214,6
Distribution/dividends per share (cents)				
Interim	21	34,0	28,0	28,0
Final		–	–	38,0
Distribution/dividend cover (times)		3,7	3,7	3,4

Divisional analysis of earnings

	30 June (Unaudited) 2007 R000	30 June (Unaudited) 2006 R000	31 December (Audited) 2006 R000
Revenue			
Shipping Services	1 804 836	1 038 314	2 768 831
Trading, Freight and Financial Services	5 198 458	3 920 785	9 738 406
	7 003 294	4 959 099	12 507 237
Earnings			
Shipping Services			
Local	(59 322)	67 388	83 022
International	537 861	359 381	783 701
	478 539	426 769	866 723
Trading, Freight and Financial Services			
Trading	29 338	(3 651)	24 614
Freight	61 699	42 972	127 001
Financial Services	13 701	3 481	15 009
	104 738	42 802	166 624
Overheads and disposal adjustments	(12 770)	(4 549)	(25 234)
	91 968	38 253	141 390
	570 507	465 022	1 008 113

Consolidated balance sheet

	30 June (Unaudited) 2007 R000	30 June (Unaudited) 2006 R000	31 December (Audited) 2006 R000
Ships, property, terminals, vehicles and equipment	2 577 406	1 958 039	2 336 905
Intangible assets	409 860	307 589	350 756
Investments in associates	237 114	103 878	243 370
Deferred taxation	97 485	57 724	70 254
Financial assets and other investments	190 052	171 106	115 054
Loans and advances to bank customers	766 313	–	506 434
Liquid assets and short-term negotiable assets	72 715	–	173 600
Bank balances and cash	1 223 269	756 699	1 065 283
Non-current asset held for sale	179 439	502 339	170 947
Other current assets	2 233 323	2 033 147	2 237 802
Total assets	7 986 976	5 890 521	7 270 405
Shareholders' equity	3 103 526	2 639 660	2 824 543
Minority interest	5 139	1 770	(1 755)
Total equity	3 108 665	2 641 430	2 822 788
Deferred taxation	49 305	27 147	24 324
Provision for post-retirement medical aid	65 976	60 792	62 834
Deposits from bank customers	783 856	–	710 904
Interest-bearing debt	2 244 742	1 605 081	1 828 711
	6 252 544	4 334 450	5 449 561
Other liabilities	1 734 432	1 556 071	1 820 844
Total funding	7 986 976	5 890 521	7 270 405
Net worth per ordinary share – at book value (cents)	520	420	461
Net debt:equity ratio	0,25:1	0,10:1	0,19:1
Capital expenditure	737 172	251 551	1 063 483
Capital commitments			
Authorised by directors and contracted for	2 633 364	1 782 723	1 604 066
Due within one year	1 501 695	1 022 630	901 375
Due thereafter	1 131 668	760 093	702 691
Authorised by directors not yet contracted for	229 358	400 295	172 655

Consolidated cash flow statement

	30 June (Unaudited) 2007 R000	30 June (Unaudited) 2006 R000	31 December (Audited) 2006 R000
Cash generated from operations	731 830	597 153	1 286 839
Working capital movements	(191 291)	(75 756)	(295 267)
Net interest paid	(40 137)	(33 591)	(77 204)
Net dividends paid	(206 519)	(129 417)	(104 235)
Taxation paid	(26 309)	(58 122)	(105 045)
	267 574	300 267	705 088
Net bank advances to customers and other short-term negotiables	(125 161)	–	(154 880)
Net cash flows from operating activities	142 413	300 267	550 208
Acquisition of ships, property, terminals, vehicles and equipment and investments	(737 172)	(482 648)	(1 063 483)
Proceeds from disposal of ships, property, terminals, vehicles and equipment and investments	441 862	220 803	659 111
Intangible assets acquired	(5 141)	–	(6 168)
Loans repaid by/(advanced to) associate companies	–	204	(5 071)
Net cash flows used in investing activities	(300 451)	(261 641)	(415 611)
Repurchase of ordinary share capital	–	(183 999)	(237 679)
Proceeds from issue of ordinary share capital	3 033	2 442	6 400
Proceeds from issue of preference share capital	–	262 801	262 777
Long-term borrowings raised	62 203	49 957	276 274
Payment of capital portion of long-term borrowings	(249 799)	(276 749)	(548 685)
Short-term loans raised	128 467	219 538	459 841
Net cash flows (used in)/from financing activities	(56 096)	73 990	218 928
Net (decrease)/increase in cash and cash equivalents	(214 134)	112 616	353 525
Cash and cash equivalents at beginning of the year	732 055	347 571	347 571
Difference arising on translation	3 306	25 390	30 959
Cash and cash equivalents at end of the year	521 227	485 577	732 055

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	3 033		
Share-based payments	1 671		
Financial instrument hedge		(139 036)	
Foreign currency translation adjustments			14 916
Transfer from accumulated profit			
Minority interest acquired			
Profit attributable to shareholders			
Distribution of share premium	(171 908)		
Dividends paid			
Balance as at 30 June 2007	347 790	(211 956)	67 996

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
		3 033		3 033
		1 671		1 671
		(139 036)		(139 036)
		14 916		14 916
1 955	(1 955)	–		–
		–	1 015	1 015
	607 042	607 042	5 879	612 921
		(171 908)		(171 908)
	(36 735)	(36 735)		(36 735)
2 055	2 897 641	3 103 526	5 139	3 108 665

Comments

The Board of directors is pleased to announce a profit attributable to ordinary shareholders of R571 million for the six months ended 30 June 2007, a 23% increase over the prior year comparative period. This represents headline earnings per share of 125 cents, a growth of 22%.

Shipping Services continue to perform well on the back of continued strong dry bulk shipping markets which reached all time highs in recent months. The impact of these high markets did not, however, fully benefit the division due to the high level of contract cover.

Trading, Freight and Financial Services had a much improved first half of the year compared to the prior year and is continuing to grow off the base established in the second half of 2006.

SHIPPING SERVICES

The demand for commodities together with the impact of port delays, changes in trade patterns and a shortfall in new buildings resulted in the extremely high markets experienced in the first half of the year. Although record spot rates were achieved in the dry bulk sector, all markets continued to show a high level of confidence in their long-term sustainability as new and secondhand ship prices also reached record highs. Long-term charters are currently being concluded at rates substantially above their historical highs.

The group continued its policy of maintaining a significant level of contract cover and concluded a number of contracts during the first six months of the year. Consequently, as at 30 June 2007, 89% of the fleet (weighted by revenue) has been contracted for the remainder of the year, 58% of 2008 and 32% of 2009.

There was also significant sale and purchase activity within the operations which is summarised in the table below:

Ships ordered	Ships delivered	Ships sold	Contracted sales
3 x handysize bulk carriers	2 x handysize bulk carriers (chartered)	1 x 40 000 dwt product tanker	2 x 12 800 dwt product tankers
2 x 16 500 dwt product tankers	1 x 19 900 dwt chemical tanker (chartered)	1 x 12 800 dwt product tanker	

The net effect of these transactions and those contracted in prior years is that the group's current core fleet of 40 ships will increase to 54 ships by the end of 2011.

The South African based dry bulk parcel service operation had a difficult start to the year as a result of the increased cost of ships required to service freight contracts. Contracted losses relating to the second half of 2007 have been provided for.

TRADING, FREIGHT AND FINANCIAL SERVICES

The operations continued to improve on the strong performance of the second half of 2006 and have reported earnings of R92 million which is a growth of 140% over the comparative period.

The trading operations reported improved results despite pressure on margins as a result of strong competition in the market and changes to its customer base. The impact of these was offset through improved volumes.

The Freight Services operations improved their performance substantially. Grindrod Rail's earnings included a profit from the on-sale of newly acquired locomotives. Grindrod Intermodal had a very good six months, along with certain of the terminal operations. The group's logistics operations were materially impacted by an illegal strike and some loss-making contracts and Grindrod Terminals was negatively impacted by rail supply issues to Maputo. These matters are being addressed by management.

The Freight Services operations have been consolidated into more focused business entities with particular attention being given to operational efficiencies, the bedding down of new operations and where possible the acquisition of partners' interests in joint venture operations.

The following significant acquisitions and capital expenditure projects reflect the high level of business activity in the period:

- Acquisition of remaining 50% interest in CMC Grindrod (Pty) Limited
- Expansion of bulk transport fleet
- Further terminal development in Maputo, Richards Bay and Durban
- Acquisition of 100% of Tate & Lyle Molasses South Africa (Pty) Limited
- Increased shareholding in Sheltam Grindrod Leasing (Pty) Limited to 75% (locomotive ownership)
- Increased shareholding in Grindrod J&J Holdings (Pty) Limited to 100% (to facilitate expanded empowerment ownership structure mentioned below)

The group continues to work on finalising its expanded empowerment ownership structures within these businesses and will look to conclude these transactions in the second half of the year.

Financial Services performed satisfactorily as a standalone entity within the group. There have been significant increases in the advances book and the Bank's advisory and wealth management divisions have also performed well in the first half of the year. They are favourably positioned for the second half of the year.

With effect from 1 July 2007 18% of the Bank has been sold to black empowered entities and a further 6,9% has been sold to certain directors and management of the Bank.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure and commitments of the group are:

Description	Capital expenditure	Capital commitments				
	6 months to June 2007	6 months to December 2007	2008	2009	Thereafter	Total
R000						
Ships	557 889	595 354	762 357	349 781	557 817	2 265 309
Property, terminals, vehicles and equipment	74 170	445 258	41 195	5 847	4 895	497 195
	632 059	1 040 612	803 552	355 628	562 712	2 762 504
Investment in new businesses	105 113	100 218	–	–	–	100 218
Total	737 172	1 140 830	803 552	355 628	562 712	2 862 722

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

- 3 x 40 000 dwt product tankers
- 2 x 14 000 dwt chemical tankers (both are under contract to sell)
- 2 x 4 250 dwt bunker barges
- 2 x 33 000 dwt handysize bulk carriers
- 8 x 16 500 dwt product/chemical tankers
- 2 x 12 800 dwt product tankers (both are under contract to sell)
- 51% interest in a 32 000 dwt handysize bulk carrier
- 50% interest in 2 x 28 000 dwt handysize bulk carriers

In addition, two product tankers, two chemical tankers, 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:

- Acquisition of remaining 50% share in Boltt Grindrod (Pty) Limited
- Acquisition of 50% interest in Vanguard Rigging (Pty) Limited (heavy logistics)
- Purchase of a further 10 locomotives in Sheltam Grindrod Leasing (Pty) Limited
- Further terminal development in Maputo, Richards Bay and Durban

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

GROUP BORROWINGS AND CASH FLOW

Investment of R737 million was made in ship acquisitions and expansion of Freight and Financial Services operations. Furthermore there were increased working capital requirements in the trading business which was due to increased trading levels and prices. This resulted in net borrowings increasing from R763 million at 31 December 2006 to R1 022 million at 30 June 2007. The group's net debt:equity ratio has increased from 19% to 25%. The group continues to seek investment opportunities.

EQUITY

Shareholders' equity increased from R2 823 million at 31 December 2006 to R3 109 million. The adjustment to the hedging reserves was mainly as a result of the mark-to-market valuations on hedges of shipping rates taken on certain handysize and capesize ships. The increase in the value of the vessel being hedged is however not recognised in the group's balance sheet.

BASIS OF PREPARATION

The results have been prepared in terms of IAS 34 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 34 cents per ordinary share, in terms of the resolution approved by shareholders at the annual general meeting held on 23 May 2007, (2006: 28 cent dividend) has been approved by the directors in lieu of an interim dividend. This equates to a 21% growth in interim distribution. A dividend of 498 cents per preference share was declared on 23 May 2007 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. The group has significant 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.

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

Consequently, the group expects 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

Interim distributions to shareholders

PREFERENCE DIVIDEND

Notice is hereby given that a dividend of 498 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 of share premium, in lieu of an interim dividend of 34 cents per ordinary share (2006: 28 cent dividend) has been declared payable to ordinary shareholders in accordance with the undermentioned timetable.

TIMETABLE

Last day to trade cum-dividend/distribution	Friday, 31 August 2007
Trading ex-dividend/distribution commences	Monday, 3 September 2007
Record date	Friday, 7 September 2007
Dividend/distribution payment date	Monday, 10 September 2007

No dematerialisation or rematerialisation of shares will be allowed for the period from 3 September 2007 to 7 September 2007, both days inclusive.

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

By order of the Board

C A S Robertson
Secretary

15 August 2007

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. *Non-executive

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