GRINDROD
LIMITED

UNAUDITED INTERIM RESULTS AND DIVIDEND ANNOUNCEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2012

CONTENTS

FEATURES

Group

- Attributable income increased 119% to R608,4 million (H1 2011: R277,4 million)
- Headline earnings per share up 25% to 69,4 cents (H1 2011: 55,7 cents)
- Cash generated from operations R890,6 million (H1 2011: utilised R115,8 million)
- Net debt to equity decreased to 5% (December 2011: 10%)
- Interim ordinary dividend maintained at 17,5 cents per share despite 134 million more shares in issue

Freight Services

- Earnings up 278% to R580,2 million
- Terminals volume of 5,5 million tonnes, up 30% on prior half-year despite coal product shortages during the first half of 2012
- Port of Maputo volume of 6,9 million tonnes, up 31% on H1 2011

Trading

- Earnings up 32% to R96,2 million (H1 2011: R72,7 million)
- Operating margin per tonne up 30% from US$3,80 per tonne to US$4,95 per tonne

Shipping

- Earnings before ship impairments remained positive despite declining rates
- Average earnings per day outperformed average spot market rates for the period across all sectors
- Impairment of ship values due to weaker shipping markets

Financial Services

- Assets under management of R10,5 billion, up from R6,1 billion in December 2011
- Rollout of South African Social Security Agency (SASSA) bank cards commenced in April 2012 with 2,5 million in issue

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2012

	Change %	**Unaudited 30 June 2012 R000**	Unaudited 30 June* 2011 R000	Audited 31 December 2011 R000
Revenue	9	**18 785 950**	17 264 123	35 885 258
Earnings before interest, taxation, depreciation and amortisation	8	**546 705**	504 113	1 005 537
Depreciation and amortisation		**(196 714)**	(162 249)	(362 979)
Operating profit before interest and taxation	2	**349 991**	341 864	642 558
Non-trading items		**239 318**	23 505	60 152
Interest received		**100 816**	70 484	169 709
Interest paid		**(119 425)**	(109 219)	(218 647)
Profit before share of joint venture and associate companies' profit		**570 700**	326 634	653 772
Share of joint venture companies' profit after taxation		**189 263**	57 941	114 024
Share of associate companies' profit after taxation		**5 843**	8 424	4 291
Profit before taxation		**765 806**	392 999	772 087
Taxation		**(124 833)**	(79 511)	(175 363)
Profit for the period		**640 973**	313 488	596 724
Attributable to:				
Ordinary shareholders	119	**608 439**	277 353	530 905
Preference shareholders		**29 223**	26 413	53 271
Owners of the parent		**637 662**	303 766	584 176
Non-controlling interests		**3 311**	9 722	12 548
		640 973	313 488	596 724
Exchange rates (R/US$)				
Opening exchange rate		**8,11**	6,62	6,62
Closing exchange rate		**8,34**	6,76	8,11
Average exchange rate		**7,95**	6,91	7,27

		Change %	Unaudited 30 June 2012 R000	Unaudited 30 June* 2011 R000	Audited 31 December 2011 R000
Reconciliation of headline earnings					
Profit attributable to ordinary shareholders			**608 439**	277 353	530 905
Adjusted for:			**(198 790)**	(23 505)	(54 543)
IAS 38 – Impairment of goodwill			**–**	–	9 168
IAS 38 – Impairment of other investments			**8 274**	–	5 849
IAS 16 – Impairment/(reversal of impairment) of ships, plant and equipment			**116 686**	331	(18 067)
IFRS 3 – Net profit on disposal of investments			**(289 517)**	(22 775)	(48 180)
IAS 16 – Net loss/(profit) on sale of plant and equipment			**1 012**	(1 061)	(8 922)
IAS 21 – FCTR adjustment on disposal of investment			**(13 853)**	–	–
Joint ventures:					
IFRS 3 – Negative goodwill realised			**(35 232)**	–	–
IAS 16 – Impairment of ships, plant and equipment			**13 840**	–	–
Total taxation effects of adjustments			**–**	–	5 609
Headline earnings		61	**409 649**	253 848	476 362
Ordinary share performance					
Number of shares in issue less treasury shares	(000's)	29	**590 336**	455 953	589 536
Weighted average number of shares on which earnings per share are based	(000's)	29	**590 081**	455 930	478 234
Diluted weighted average number of shares on which diluted earnings per share are based	(000's)	29	**590 465**	457 055	479 192
Earnings per share	(cents)				
Basic		70	**103,1**	60,8	111,0
Diluted		70	**103,0**	60,7	110,8
Headline earnings per share	(cents)				
Basic		25	**69,4**	55,7	99,6
Diluted		25	**69,4**	55,5	99,4
Dividends per share	(cents)		**17,5**	17,5	29,5
Interim			**17,5**	17,5	17,5
Final					12,0
Dividend cover	(times)		**5,9**	3,5	3,8

* *Restated due to the early adoption of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 (as revised in 2011) Separate Financial Statements, IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures and IFRS 12 Disclosure of Interests in Other Entities.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	Unaudited 30 June 2012 R000	Unaudited 30 June* 2011 R000	Audited 31 December 2011 R000
Ships, property, terminals, vehicles and equipment	**5 396 345**	5 220 602	5 267 565
Investment property	**26 526**	–	22 096
Intangible assets	**651 922**	627 420	547 931
Investments in joint ventures	**1 537 893**	613 680	719 528
Investments in associates	**69 319**	252 119	266 081
Deferred taxation	**61 007**	143 064	89 472
Other investments and derivative financial assets	**367 566**	364 234	129 478
Recoverables on cancelled ships	**374 267**	–	380 566
Total non-current assets	**8 484 845**	7 221 119	7 422 717
Loans and advances to bank customers	**2 413 115**	2 059 514	2 073 903
Liquid assets and short-term negotiable securities	**200 971**	105 359	190 259
Short-term loans	**872 301**	382 103	771 658
Bank balances and cash	**3 810 059**	1 128 061	2 979 172
Other current assets	**4 065 097**	4 745 917	3 525 376
Non-current assets held for sale	**72 607**	–	3 467 286
Total assets	**19 918 995**	15 642 073	20 430 371
Shareholders' equity	**9 913 596**	6 108 875	9 216 769
Non-controlling interests	**99 668**	95 632	94 336
Total equity	**10 013 264**	6 204 507	9 311 105
Deferred taxation	**153 098**	127 668	124 796
Interest-bearing borrowings	**2 387 108**	1 522 438	2 226 575
Other non-current liabilities	**87 477**	49 265	86 005
Non-current liabilities	**2 627 683**	1 699 371	2 437 376
Deposits from bank customers	**3 901 667**	2 623 823	2 910 945
Current interest-bearing borrowings	**1 834 915**	2 320 698	2 147 704
Other liabilities	**1 541 466**	2 793 674	1 206 290
Non-current liabilities associated with assets held for sale	**–**	–	2 416 951
Total equity and liabilities	**19 918 995**	15 642 073	20 430 371
Net worth per ordinary share – at book value (cents)	**1 554**	1 177	1 454
Net debt:equity ratio	**0,05:1**	0,45:1	0,10:1
Capital expenditure	**322 018**	551 978	1 166 228
Capital commitments	**1 755 000**	1 826 113	472 423
Authorised by directors and contracted for	**1 574 000**	1 064 751	247 016
Due within one year	**1 469 000**	543 753	199 190
Due thereafter	**105 000**	520 998	47 826
Authorised by directors not yet contracted for	**181 000**	761 362	225 407

CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2012

	Unaudited 30 June 2012 R000	Unaudited 30 June* 2011 R000	Audited 31 December 2011 R000
Operating profit before changes in working capital	**451 654**	422 123	1 069 342
Working capital changes	**438 976**	(537 950)	(1 264 377)
Cash generated from/(utilised in) operations	**890 630**	(115 827)	(195 035)
Net interest received/(paid)	**25 108**	(38 735)	(125 180)
Net dividends paid	**(62 355)**	(150 999)	(230 115)
Taxation paid	**(43 079)**	(27 228)	(63 004)
	810 304	(332 789)	(613 334)
Net bank deposits from customers and other short-term negotiables	**555 896**	281 974	453 489
Net cash flows generated from/(utilised in) operating activities before ships sales and purchases	**1 366 200**	(50 815)	(159 845)
Cash receipts on cancelled ships	**16 290**	–	–
Capital expenditure on ships and locomotives	**(148 686)**	(498 917)	(842 831)
Net cash flows generated from/(utilised in) operating activities	**1 233 804**	(549 732)	(1 002 676)
Acquisition of property, terminals, vehicles and equipment and investments	**(167 298)**	(52 532)	(296 837)
Net proceeds on acquisition of investments	**149 152**	–	–
Proceeds from disposal of property, terminals, vehicles and equipment and investments	**419 296**	14 341	80 872
Acquisition of other investments	**(143 120)**	(21 476)	(23 657)
Proceeds from repayment of share capital by joint venture	**–**	–	262 235
Intangible assets acquired	**(6 035)**	(529)	(2 903)
Proceeds from disposal of intangible assets	**3 180**	–	–
Acquisition of joint ventures	**(321 492)**	–	–
Loans repaid by/(advanced to) joint venture and associate companies	**–**	484	(13 249)
Net cash flows (utilised in)/generated from investing activities	**(66 317)**	(59 712)	6 461
Proceeds from issue of ordinary share capital	**5 900**	358	1 983 803
Proceeds from disposal of treasury shares	**–**	–	1 945
Long-term interest-bearing debt raised	**542 448**	407 555	1 548 382
Payment of capital portion of long-term interest-bearing debt	**(521 161)**	(443 579)	(708 718)
Short-term interest-bearing debt (issued)/raised	**(362 046)**	475 819	179 130
Net cash flows (utilised in)/generated from financing activities	**(334 859)**	440 153	3 004 542
Net increase/(decrease) in cash and cash equivalents	**832 628**	(169 291)	2 008 327
Cash and equivalents at beginning of the period	**2 901 050**	903 846	903 846
Difference arising on translation	**(15 731)**	(1 045)	(11 123)
Cash and cash equivalents at end of the period	**3 717 947**	733 510	2 901 050

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2012

	Ordinary share capital R000	Preference share capital R000	Share premium R000	Equity compen-sation reserve R000
Balance at 31 December 2010	9	2	28 671	37 300
Share options exercised			2 612	
Share-based payments				647
Share issue	3		1 999 997	
Share issue expenses			(18 810)	
Treasury shares sold			1 945	
Non-controlling interest acquired				
Profit for the year				
Other comprehensive income				
Total comprehensive income	–	–	–	–
Ordinary dividends paid				
Preference dividends paid				
Balance at 31 December 2011	12	2	2 014 415	37 947
Share options exercised			5 960	
Share-based payments				140
Profit for the period				
Other comprehensive income				
Total comprehensive income	–	–	–	–
Ordinary dividends paid				
Preference dividends paid				
Balance at 30 June 2012	**12**	**2**	**2 020 375**	**38 087**

Foreign currency translation reserve R000	Business combination reserve R000	Hedging reserve R000	Accu-mulated profit R000	Interest of the owners of the parent R000	Non-controlling interests R000	Interest of all shareholders R000
(160 461)		(152 706)	6 104 046	5 856 861	113 854	5 970 715
				2 612		2 612
				647		647
				2 000 000		2 000 000
				(18 810)		(18 810)
				1 945		1 945
	(18 718)			(18 718)	(26 277)	(44 995)
			584 176	584 176	12 548	596 724
904 559		159 665		1 064 224	(2 585)	1 061 639
904 559	–	159 665	584 176	1 648 400	9 963	1 658 363
			(202 897)	(202 897)	(3 204)	(206 101)
			(53 271)	(53 271)		(53 271)
744 098	(18 718)	6 959	6 432 054	9 216 769	94 336	9 311 105
				5 960		**5 960**
				140		**140**
			637 662	**637 662**	3 311	**640 973**
156 457		(3 375)		**153 082**	6 479	**159 561**
156 457	–	(3 375)	637 662	**790 744**	9 790	**800 534**
			(70 794)	**(70 794)**	(4 458)	**(75 252)**
			(29 223)	**(29 223)**		**(29 223)**
900 555	**(18 718)**	**3 584**	**6 969 699**	**9 913 596**	**99 668**	**10 013 264**

SEGMENTAL ANALYSIS

for the six months ended 30 June 2012

	Unaudited 30 June 2012 R000	Unaudited 30 June* 2011 R000	Audited 31 December** 2011 R000
Revenue			
Freight Services	**1 853 166**	1 510 709	3 190 083
Trading	**15 496 462**	14 251 855	29 756 780
Shipping	**2 213 782**	1 942 859	3 914 926
Financial Services	**94 331**	67 279	193 558
Group	**322**	3 793	433
	19 658 063	17 776 495	37 055 780
Segmental adjustments***	**(872 113)**	(512 372)	(1 170 522)
	18 785 950	17 264 123	35 885 258
Earnings before interest, taxation, depreciation and amortisation			
Freight Services	**358 112**	284 703	680 726
Trading	**197 380**	109 776	218 474
Shipping	**158 289**	177 801	245 322
Financial Services	**43 998**	29 866	81 512
Group	**6 101**	(13 046)	(1 312)
	763 880	589 100	1 224 722
Segmental adjustments***	**(217 175)**	(84 987)	(219 185)
	546 705	504 113	1 005 537
Operating profit before interest and taxation			
Freight Services	**252 613**	191 087	480 689
Trading	**188 699**	102 036	202 866
Shipping	**46 951**	98 978	53 729
Financial Services	**43 432**	29 345	80 462
Group	**4 596**	(14 844)	(4 623)
	536 291	406 602	813 123
Segmental adjustments***	**(186 300)**	(64 738)	(170 565)
	349 991	341 864	642 558
Share of associate companies' profit after taxation			
Freight Services	**21 621**	8 424	4 291
Segmental adjustments***	**(15 778)**	–	–
	5 843	8 424	4 291

	Unaudited 30 June 2012 R000	Unaudited 30 June* 2011 R000	Audited 31 December** 2011 R000
Share of joint venture companies' profit after taxation			
Freight Services	**90 730**	30 367	66 638
Trading	**89 850**	18 439	32 973
Shipping	**8 683**	9 135	14 413
	189 263	57 941	114 024
Segmental adjustments***	**(189 263)**	(57 941)	(114 024)
	–	–	–
Attributable income to ordinary shareholders			
Freight Services	**580 225**	153 588	317 831
Trading	**96 172**	72 741	143 989
Shipping	**(121 061)**	46 239	6 801
Financial Services	**21 727**	21 084	58 398
Group	**31 376**	(16 299)	3 886
	608 439	277 353	530 905

* *Restated due to the early adoption of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 (as revised in 2011) Separate Financial Statements, IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures and IFRS 12 Disclosure of Interests in Other Entities.*

** *Restated due to segmental adjustments in relation to IFRS 8 Operating Segments.*

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2012

	Unaudited 30 June 2012 R000	Unaudited 30 June 2011 R000	Audited 31 December 2011 R000
Profit for the period	**640 973**	313 488	596 724
Other comprehensive income			
Exchange differences on translating foreign operations	**162 936**	84 470	901 974
Cash flow hedges	**(3 375)**	10 462	159 665
Total comprehensive income for the period	**800 534**	408 420	1 658 363
Total comprehensive income attributable to:			
Owners of the parent	**790 744**	400 893	1 648 400
Non-controlling interest	**9 790**	7 527	9 963
	800 534	408 420	1 658 363

COMMENTS

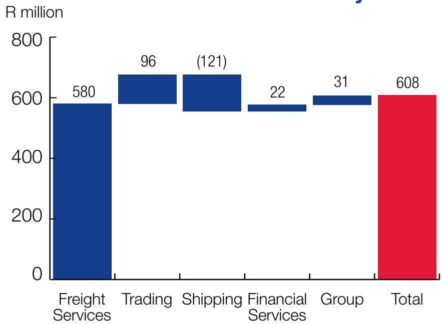
Overview

During the six months, Grindrod executed a number of transactions and made substantial progress on projects aimed at realising its strategy of becoming an integrated freight and logistics service provider, whilst retaining its position in shipping.

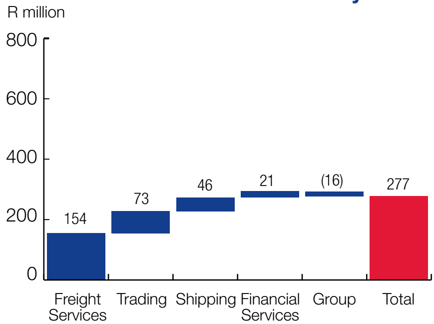
A notable transaction includes the introduction of Vitol as a partner in the coal, oil and tanker businesses. Good progress has been made towards completing the feasibility study to expand the Maputo coal terminal by 20 million tonnes.

The group's terminal and marine fuel volumes were strong during the period despite the current environment. Shipping rates continued to fall during the six-month period. However, the division remained profitable before the required ship impairment.

H1 2012 Attributable income by division



H1 2011 Attributable income by division

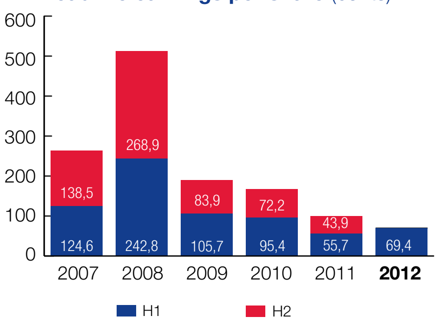


The group generated earnings of R608,4 million (H1 2011: R277,4 million), representing a 119% increase.

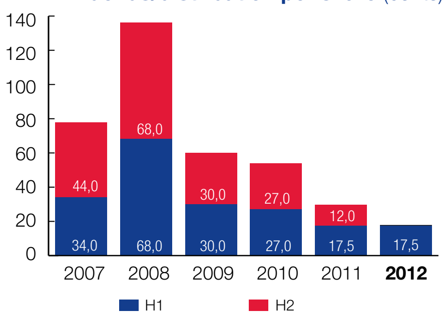
Headline earnings per share increased by 25% to 69,4 cents per share (H1 2011: 55,7 cents per share). The non-trading items include the profit on sale of the Maputo coal terminal and the impairment of ship values.

An interim ordinary dividend of 17,5 cents per share (H1 2011: 17,5 cents per share) has been declared.

Headline earnings per share (cents)



Dividends/distribution per share (cents)



The group's balance sheet remains sound with total assets of R20 billion. The net debt:equity ratio has reduced to 5% at 30 June 2012 on the back of the cash-on-hand at the commencement of the year and cash generated in the period. Net book asset value per share is R15,54.

Capital expenditure and commitments

Capital expenditure for the six months to 30 June 2012 amounted to R787 million, of which 70% was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure comprised payments on two drybulk ships, two tankers, the Maputo coal terminal Phase 3,5 expansion project, locomotives and coal marketing contracts.

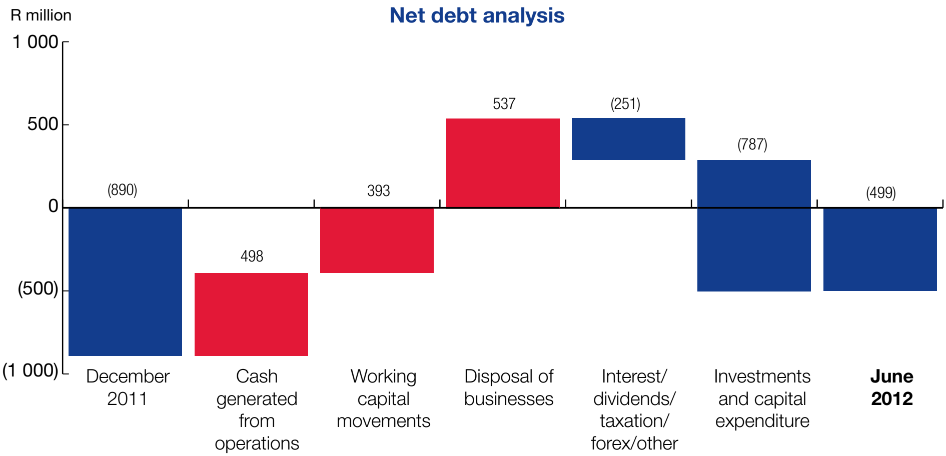
Future capital is committed to the expansion of terminal capacity, rail infrastructure, locomotives and ships. The commitments exclude any planned expansions of terminal capacity in Maputo (20 million tonnes) and Richards Bay as well as development of a bulk liquid storage facility at Coega, each of which is subject to final board consideration.

	Capital expenditure	Capital commitments					Split as follows	
R million	H1 2012	H2 2012	2013	2014	2015+	Total	Approved not contracted	Approved and contracted
Freight Services	**269**	864	157	27	–	1 048	176	872
Logistics	**110**	105	130	27	–	262	42	220
Ports, Terminals and Rail	**159**	759	27	–	–	786	134	652
Trading	**90**	48	1	1	4	54	5	49
Shipping	**423**	161	439	–	–	600	–	600
Drybulk	**256**	73	103	–	–	176	–	176
Tankers	**167**	88	336	–	–	424	–	424
Financial Services	**–**	53	–	–	–	53	–	53
Group	**5**	–	–	–	–	–	–	–
	787	1 126	597	28	4	1 755	181	1 574
Split as follows:								
Subsidiaries	**322**	913	234	28	4	1 179	63	1 116
Joint ventures	**465**	213	363	–	–	576	118	458

Cash flow and borrowings

Operating profit before working capital adjustments reflected R451,7 million (H1 2011: R422,1 million). The group's working capital position reflects a net inflow for the period of R438,9 million largely due to the disposal of a 50% interest in Cockett Marine Oil. Capital expenditure on ships, locomotives and terminals was offset by proceeds from the sale of a 35% interest in the Maputo coal terminal. These movements resulted in the net debt position reducing to R499 million as at 30 June 2012.

The group is confident that it has adequate funding for all capital commitments through its cash resources and bank facilities.



Shareholders' equity

The total number of ordinary shares in issue is 599 515 314. The 9 179 348 ordinary shares repurchased in prior years, continue to be held in treasury. 2 150 000 of these shares have been allocated to the group forfeitable share plan, as approved by shareholders at the Annual General Meeting on 30 May 2012.

Divisional operating reviews

Freight Services

Revenue generated was R1,9 billion, a growth of 23% on the first half of 2011.

The division contributed earnings of R580,2 million, of which R414,9 million relates to the profit on disposal of 35% in the Maputo coal terminal. Trading profit of R171,7 million reflects a 31% growth on the prior period's trading performance.

Ports, Terminals and Rail

Ports, Terminals and Rail earnings of R138,8 million from trading activities grew 40% despite product shortages at the Maputo coal terminal during the first half of 2012.

Following board approval to increase capacity by a further 1,3 million tonnes, Maputo coal terminal Phase 3,5 expansion project commenced during April 2012 and is scheduled for commissioning in 2013. This will increase the terminals' throughput capacity to 7,3 million tonnes per annum which is fully supported by current rail capacity.

Phase 4 of the Maputo coal terminal project to expand terminal capacity to 20 million tonnes of coal and 10 million tonnes of magnetite is progressing, with the feasibility due to be completed in the final quarter of 2012. The expansion project will involve excavation and land reclamation resulting in a footprint growth of 120 hectares, construction of two additional berths, a stockyard and railway infrastructure. To support the completion of the project, Grindrod introduced Vitol, one of the world's largest energy trading businesses, as a 35% partner in the concession.

The rail resource utilisation on the Maputo corridor has improved and Grindrod continues to actively pursue further initiatives to increase the Maputo port utilisation. The Port of Maputo handled 6,9 million tonnes of cargo, 31% ahead of the prior period.

The Rail business conducted by RRL Grindrod continues to perform to expectations. The final locomotives of the initial 20 locomotive order for African Minerals Limited in Sierra Leone were commissioned and a lease for an additional 14 locomotives was concluded. The total rail fleet as at 30 June 2012 was comprised of 46 locomotives. A number of concession opportunities are being explored, which could positively impact performance over the next few years.

Port, Terminal and Rail operations are expected to continue to show improving performance due to increasing utilisation and improving operating efficiencies and are well positioned to benefit from increased demand for commodities.

Logistics

Logistics earnings of R32,9 million were 3% ahead of prior period earnings from trading activities due to improved volumes in the clearing and forwarding and intermodal businesses. The prior period earnings included R22,8 million profit from the disposal of the perishable cargo business.

The road transport operations were impacted by lower commodity volumes, the commissioning of the Transnet pipeline between Durban and Gauteng during the first quarter of 2012 and a reduction in automotive volumes. The business benefited from improving operating efficiencies during the latter part of the first half of 2012.

During June 2012, Logistics finalised the transaction to purchase the shares not already owned, of the Botswana based fuel logistics company, Petrologistics Botswana (Proprietary) Limited.

Röhlig-Grindrod merged with Calulo's clearing and forwarding business.

Performance of the Logistics business segment is expected to strengthen during the second half of 2012 as volumes improve and greater benefits are extracted from the successful optimisation of the operations. The South African petrochemical sector is expected to experience some instability during the second half of the year as the impact of the new pipeline is fully absorbed by the sector.

Trading

The Trading division generated revenue of R15,5 billion, a growth of 9% on the first half of 2011. Volumes decreased from 3,9 million tonnes (H1 2011) to 3,3 million tonnes (H1 2012) and operating margin per tonne improved from US$3,80/tonne (H1 2011) to US$4,95/tonne (H1 2012).

Earnings were R96,2 million, growing 32% on the first half of 2011 (H1 2011: R72,7 million).

Marine fuels performed exceptionally well, achieving a 130% increase in earnings, through improved volumes and margins. The business continues to grow its global presence with new offices opening in Copenhagen and Dubai. The Vitol joint venture provides the business with additional opportunities for growth and a number of initiatives are already underway.

The agricultural commodity business had a challenging first half. However, a crop financing programme should contribute towards an improved result in the second half. Investment in storage and processing operations is in progress.

The industrial raw materials business had a mixed first half with coal and steel performing well and chrome and stainless steel performing below expectation. The coal trading joint venture with Vitol, a combination of the respective sub-Saharan coal trading businesses, had a good half-year.

The shortage of agricultural commodity has resulted in prices rising and pressure on working capital. An improved performance from the agricultural commodity business is expected in the second half.

Physical demand for industrial raw material commodities continues to increase despite the slowdown in China's growth.

The joint venture with Vitol will achieve further growth in volume in marine fuels.

Shipping

The Shipping division earnings, at R9,4 million before impairments, were lower than the first half of 2011 due to reduced rates across all sectors.

Whilst commodity demand increased, there continues to be an oversupply of ships. The drybulk business remains profitable whilst the tanker revenue was below cost. Ship operating results increased with both the Handymax and Parcel Service operations improving profitability. The South African based tanker operating joint venture with Calulo Shipping performed well, as did the local bunker tanker business.

Due to further weakness in ship charter rates, ship impairments were deemed necessary. Some 50% (weighted by revenue) of the ships are contracted out for the second half of 2012 and about 19% (weighted by revenue) for 2013. The value of profit contracted is US$9,6 million for the second half of 2012 and US$16,9 million for 2013.

Rates in all sectors are expected to remain under pressure in the near term as tonnage continues to deliver into an oversupplied market.

The lack of global bank financing is positively curtailing newbuilding supply.

Financial Services

The Financial Services division earnings of R21,7 million are up 3% on H1 2011. The first half performance was driven by good earnings from the Banking division, with both net interest margin and fee income ahead of expectations and a growing contribution of annuity revenue from the Asset Management division.

The Bank's credit and liquidity positions remain strong with no bad debts for the period and a healthy cash liquidity surplus. In the first half of the year deposits increased 34% to R3,9 billion and advances increased 16% to R2,4 billion.

In March the Bank launched its first Exchange Traded Fund (ETF), Prefex, a preference share ETF which has grown to over R200 million. Total assets under management increased 72% in the first half of the year to R10,5 billion, following the purchase of Plexus Asset Management. The performance of the core underlying portfolios and products was particularly pleasing.

The project to rollout the South African Social Security Agency (SASSA) bank cards to all government pension and social grant recipients commenced in April 2012, with 2,5 million account holders issued with bank cards.

Financial Services is currently positioned for a strong second half performance as it is relatively well insulated from the continuing problems in global financial markets. Increasing regulatory requirements, particularly with respect to liquidity, will increase the cost pressures in the sector and inevitably reduce overall net interest margins. The growing level of annuity based income will, however, counter these costs to some extent and also reduce the historic volatility in earnings from this division. The SASSA beneficiaries project should result in over nine million new accounts with a resultant growth in fees to be realised from 2013.

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), the Companies Act, No 71 of 2008 and the JSE Listings Requirements. These accounting policies are consistent with those applied in the previous half-year, except for the adoption of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 (as revised in 2011) Separate Financial Statements, IAS 28 (as revised in 2011) Investments in Associates and IFRS 12 Disclosure of Interests in Other Entities. These statements have been retrospectively applied.

The accounting for the acquisitions and disposals made by the group has been provisionally determined as at 30 June 2012. The group disposed of net assets of R613,8 million during the period. At the date of finalisation of these results, the necessary market values and other calculations had not been finalised and they have therefore been provisionally determined based on the directors' best estimates of the likely values.

These unaudited interim results have been prepared under the supervision of AG Waller, CA(SA).

Directorate/executive

Mr MH Visser passed away tragically on 26 April 2012. His contribution will be missed. Messrs JJ Durand and PJ Liddiard (as alternate) were appointed to the board with effect from 9 May 2012.

Mr AF Stewart resigned from the board on 31 May 2012. The board of directors express appreciation for his contribution. Mr WP Hartmann, responsible for the Trading division, was appointed to the executive committee on 1 June 2012.

Prospects

The group anticipates an increase in full year earnings in 2012.

Statements contained throughout this announcement regarding the prospects of the group have not been reviewed or reported on by the group's external auditors.

For and on behalf of the board

IAJ Clark
Chairman

A K Olivier
Chief Executive Officer

DECLARATION OF INTERIM DIVIDENDS

Preference dividend

Notice is hereby given that an interim gross dividend of 395 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (H1 2011: 357 cents) has been declared for the six month period ending 30 June 2012, payable to preference shareholders in accordance with the timetable below.

In terms of the dividend tax effective 1 April 2012, the following additional information is disclosed:

- The local dividend tax rate is 15%;
- No STC credits will be utilised for the interim preference dividend;
- 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares are in issue;
- The net preference dividend is 335,750 cents per share for preference shareholders who are not exempt from dividends tax; and
- Grindrod Limited's tax reference number is 9435/490/71/0.

Ordinary dividend

Notice is hereby given that an interim gross dividend of 17,5 cents per ordinary share (H1 2011: 17,5 cents) has been declared for the six month period ending 30 June 2012, payable to ordinary shareholders in accordance with the timetable below.

In terms of the dividend tax effective 1 April 2012, the following additional information is disclosed:

- The local dividend tax rate is 15%;
- No STC credits will be utilised for the interim ordinary dividend;
- 599 515 314 ordinary shares are in issue;
- The net ordinary dividend is 14,875 cents per share for ordinary shareholders who are not exempt from dividends tax; and
- Grindrod Limited's tax reference number is 9435/490/71/0.

Timetable

Last day to trade cum-dividend	Friday, 7 September 2012
Shares commence trading ex-dividend	Monday, 10 September 2012
Record date	Friday, 14 September 2012
Dividend payment date	Monday, 17 September 2012

No dematerialisation or rematerialisation of shares will be allowed for the period Monday, 10 September 2012 to Friday, 14 September 2012, both days inclusive.

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

By order of the board

CAS Robertson
Secretary

21 August 2012

CORPORATE INFORMATION

Directors

IAJ Clark* *(Chairman)*, AK Olivier *(Group CEO)*, H Adams*, JJ Durand*, MR Faku*, WD Geach*, IM Groves*, MJ Hankinson*, PJ Liddiard *(Alternate)**, DA Polkinghorne, DA Rennie, MR Wade, AG Waller, SDM Zungu* **Non-executive*

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Registration number: 1966/009846/06

Incorporated in the Republic of South Africa

Share code: GND and GNDP

ISIN: ZAE000072328 and ZAE000071106

For more information, please refer to our website at **www.grindrod.co.za**

GRINDROD LIMITED

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