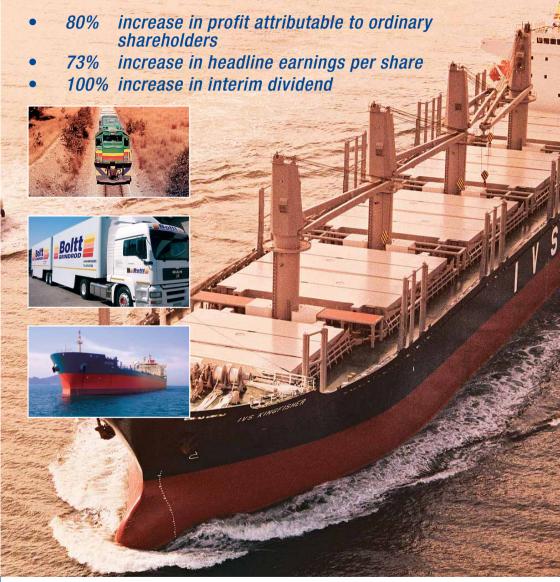
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# **GROUP INCOME STATEMENT**

Revenue   2 024 941   1 409 446   44   3 012	1ted) 004 000 454 485 643) 842 337) 129 106) 528 661) 867 735
Revenue         2 024 941         1 409 446         44         3 012           Trading profit         503 633         308 874         694           Depreciation         (52 412)         (32 268)         (77           Operating profit before interest and taxation         451 221         276 606         616           Non-trading items         1 139         (2 834)         (4           Interest received         23 891         15 983         38           Interest paid         (72 009)         (51 013)         (100           Profit before taxation         404 242         238 742         550           Taxation         (25 950)         (26 552)         (42           Profit after taxation         378 292         212 190         507           Share of associate companies' profit after taxation         28 617         15 032         42           Profit for the period         406 909         227 222         550           Attributable to         (761)         271         271           Reconciliation of headline earnings         (761)         271         549           Profit attributable to Grindrod shareholders         407 670         226 951         549           Adjusted for non-trading items	004 000 454 485 643) 842 337) 129 106) 528 661) 867 735
Revenue         2 024 941         1 409 446         44         3 012           Trading profit         503 633         308 874         694           Depreciation         (52 412)         (32 268)         (77           Operating profit before interest and taxation         451 221         276 606         616           Non-trading items         1 139         (2 834)         (4           Interest received         23 891         15 983         38           Interest paid         (72 009)         (51 013)         (100           Profit before taxation         404 242         238 742         550           Taxation         (25 950)         (26 552)         (42           Profit after taxation         378 292         212 190         507           Share of associate companies' profit after taxation         28 617         15 032         42           Profit for the period         406 909         227 222         550           Attributable to         (761)         271         271           Reconciliation of headline earnings         (761)         271         549           Profit attributable to Grindrod shareholders         407 670         226 951         549           Adjusted for non-trading items	000 454 485 643) 842 337) 129 106) 528 661) 867 735
Revenue   2 024 941	454 485 643) 842 337) 129 106) 528 661) 867 735
Depreciation   (52 412) (32 268) (77	643) 842 337) 129 106) 528 661) 867 735
Operating profit before interest and taxation   A51 221   276 606   616	842 337) 129 106) 528 661) 867 735
Non-trading items	337) 129 106) 528 661) 867 735
Non-trading items	129 106) 528 661) 867 735
Interest paid	106) 528 661) 867 735
Profit before taxation	528 661) 867 735
Taxation         (25 950)         (26 552)         (42           Profit after taxation         378 292         212 190         507           Share of associate companies' profit after taxation         28 617         15 032         42           Profit for the period         406 909         227 222         550           Attributable to         407 670         226 951         80         549           Outside shareholders         (761)         271         271           Reconciliation of headline earnings         407 670         226 951         549           Adjusted for non-trading items         407 670         226 951         549           Amortisation of goodwill and intangible assets         1 139)         2 834         6           Amortisation of goodwill         39         -         1           Share of associate company's impairment of goodwill         -         -         -           Profit on sale of investments         (115)         -         (3	661) 867 735
Profit after taxation Share of associate companies' profit after taxation Profit for the period  Attributable to Shareholders of Grindrod Limited Outside shareholders  Profit attributable to Grindrod shareholders  Adjusted for non-trading items Amortisation of goodwill Share of associate company's impairment of goodwill Profit on sale of investments  378 292 212 190 507 507 406 909 227 222 550  Attributable to 407 670 226 951 80 549 607 611 271  406 909 227 222 550  Attributable to 611 271  612 226 951 613 34 613 35 613 3240 71 335 613 3240 71 335 71 335 71 335 72 3240 73 336 3240 74 337 75 32 3240 75 32 32 32 32 32 32 32 32 32 32 32 32 32	867 735
Share of associate companies' profit after taxation   28 617   15 032   42	735
Profit for the period	
Attributable to Shareholders of Grindrod Limited Outside shareholders  (761)  407 670 (761)  226 951 80 549  (761)  271  406 909 227 222 550  Reconciliation of headline earnings Profit attributable to Grindrod shareholders Adjusted for non-trading items (1 139) 2 834 6  Amortisation of goodwill and intangible assets Impairment of goodwill Share of associate company's impairment of goodwill Profit on sale of investments (135 3 240 7 3 240 7 3 240 7 3 39 - 1 355 3 240 7 3 39 - 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	602
Shareholders of Grindrod Limited         407 670 (761)         226 951 271         80 549           Outside shareholders         406 909         227 222         550           Reconciliation of headline earnings           Profit attributable to Grindrod shareholders         407 670         226 951         549           Adjusted for non-trading items         (1 139)         2 834         6           Amortisation of goodwill and intangible assets Impairment of goodwill Share of associate company's impairment of goodwill Profit on sale of investments         39         -         1           1 2 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	
Outside shareholders         (761)         271           406 909         227 222         550           Reconciliation of headline earnings         407 670         226 951         549           Adjusted for non-trading items         (1 139)         2 834         6           Amortisation of goodwill and intangible assets Impairment of goodwill Share of associate company's impairment of goodwill Profit on sale of investments         1 335         3 240         7           1         39         -         1           2         2         1         2           3         -         2         2           4         -         -         2           4         -         -         -           4         -         -         -           4         -         -         -           5         -         -         -           6         -         -         -           7         -         -         -           8         -         -         -           8         -         -         -           9         -         -         -           1         -         -         -	
Ad6 909   227 222   550	
Reconciliation of headline earnings Profit attributable to Grindrod shareholders Adjusted for non-trading items Amortisation of goodwill and intangible assets Impairment of goodwill Share of associate company's impairment of goodwill Profit on sale of investments  407 670 226 951 549 407 670 2 834 6 7 1 335 3 240 7 2 9 1 1 335 3 240 7 2 1 1 335 3 240 7 (115)	705
Profit attributable to Grindrod shareholders Adjusted for non-trading items  Amortisation of goodwill and intangible assets Impairment of goodwill Share of associate company's impairment of goodwill Profit on sale of investments  407 670 (1 139) 2 26 951 549 (1 139) 2 834 6  7 39 - 1 549 (1 139) 2 834 6  7 7 10 11 11 11 11 11 11 11 11 11 11 11 11	602
Adjusted for non-trading items  Amortisation of goodwill and intangible assets Impairment of goodwill Share of associate company's impairment of goodwill Profit on sale of investments  (1 139) 2 834 6  1 335 3 240 7  1 39 - 1  1 (115) - (3	
Amortisation of goodwill and intangible assets Impairment of goodwill Share of associate company's impairment of goodwill Profit on sale of investments  1 335 3 240 7 1 39 - 1 2 (315)	897
Impairment of goodwill  Share of associate company's impairment of goodwill  Profit on sale of investments  39  - 2  (115)  (3	905
Share of associate company's impairment of goodwill – – 2 Profit on sale of investments (115) – (3	328
Profit on sale of investments (115) – (3	014
	568
Profit on sale of plant and equipment (2 398) (406)	499)
	506)
Headline earnings         406 531         229 785         556	
	922
Weighted average number of shares on which earnings per share are based (000's)  91 540  89 702  90	044
which earnings per share are based (000's)  Diluted weighted average number of shares on  91 540  89 702  90	044
	630
Earnings per share (cents)	
	10,7
Diluted <b>424,4</b> 237,6 5	31,1
Headline earnings per share (cents)	
	18,4
Dividends per share (cents) Interim  100,0 50,0 100	18,4 38,4
	38,4
Dividend cover (times) 5,1	38,4 50,0
Exchange rates (R/US\$)	38,4 50,0 25,0
	38,4 50,0
	38,4 50,0 25,0
Average exchange rate 6,22 6,70	38,4 50,0 25,0 3,5

## **GROUP BALANCE SHEET**

	30 June	30 June	31 December
	(Unaudited)	(Unaudited)	(Audited)
	2005	2004	2004
	R000	R000	R000
Ships, property, plant and equipment	1 984 248	1 344 522	1 529 363
Intangible assets	115 616	33 838	42 355
Investments in associates	150 069	128 872	144 253
Deferred taxation	41 345	3 164	30 456
Other investments and financial assets	52 895	78 910	81 648
Non-current asset held for sale	157 245	_	124 876
Bank balances and cash	456 674	328 702	345 655
Other current assets	878 636	418 282	319 138
Total assets	3 836 728	2 336 290	2 617 744
Ordinary shareholders' equity	1 228 458	646 084	842 800
Outside shareholders' interest	8 983	7 699	8` 100
Deferred taxation	12 903	_	8 362
Provision for post-retirement medical aid	57 589	51 266	52 355
Interest-bearing debt	1 537 006	910 047	970 963
Other liabilities	991 789	721 194	735 164
Total equity and liabilities	3 836 728	2 336 290	2 617 744
Net debt: equity ratio	0,70:1	0,77:1	0,49:1
Capital expenditure	234 398	283 206	558 963
Capital commitments			
Authorised by directors and contracted for	1 197 749	1 013 563	813 238
Due within one year	452 659	368 594	249 338
Due thereafter	745 090	644 969	563 900
Authorised by directors not yet contracted for	_	226 663	428 939

## **DIVISIONAL ANALYSIS OF EARNINGS**

	Year ended	Year ended	Year ended
	30 June	30 June	31 December
	(Unaudited)	(Unaudited)	(Audited)
	2005	2004	2004
	R000	R000	R000
Shipping services	379 036	209 173	501 487
Freight and financial services	28 634	17 778	48 410
	407 670	226 951	549 897

# STATEMENT OF CHANGES IN EQUITY

S	hare capital,		Foreign		Attributable		
	premium		currency	Accum-	to equity		
	and equity	Hedging	translation	ulated	holders of	Minority	Total
CC	mpensation	reserve	reserve	profit	Grindrod	interest	equity
	R000	R000	R000	R000	R000	R000	R000
Balance at 31 December 2003	83 527	_	(22 271)	547 696	608 952	7 428	616 380
Share options exercised	6 146				6 146		6 146
Shares repurchased and cancelled	(83 375)			(22 771)	(106 146)		(106 146)
Foreign currency translation adjustment	is		(84 364)		(84 364)		(84 364)
Financial instrument hedge		(49 725)			(49 725)		(49 725)
Minority interest acquired					-	(33)	(33)
Profit attributable to ordinary shareholde	ers			549 897	549 897	705	550 602
Dividends paid				(81 960)	(81 960)		(81 960)
Balance at 31 December 2004	6 298	(49 725)	(106 635)	992 862	842 800	8 100	850 900
Adjustment on adoption of IFRS	1 327	_	9 342	(12 797)	(2 128)	791	(1 337)
As restated	7 625	(49 725)	(97 293)	980 065	840 672	8 891	849 563
Share options exercised	2 077	(.0.20)	(0. 200)	000 000	2 077	0 00 .	2 077
Foreign currency translation adjustment			72 383		72 383		72 383
Financial instrument hedge release	.0	19 965	. 2 000		19 965		19 965
Minority interest acquired					_	853	853
Profit attributable to ordinary shareholde	ers			407 670	407 670	(761)	406 909
Dividends paid				(114 309)	(114 309)	, ,	(114 309)
Balance as at 30 June 2005	9 702	(29 760)	(24 910)	1 273 426	1 228 458	8 983	1 237 441
		(== : : : )	(= : : : : )				
Adjustment to equity on adoption of IFRS							
IFRS 2 Share-based payments	1 327			(1 327)	_		_
IFRS 3 Business combinations	1 321			(1 321)			_
and IAS 36 Impairment of assets							
Impairment of goodwill				(3 018)	(3 018)		(3 018)
Reversal of goodwill previously				(3 0 10)	(3 0 10)		(3 010)
amortised				4 669	4 669		4 669
Negative goodwill realised				5 977	5 977		5 977
IAS 16 Property, plant and equipment				0 0			00.7
Depreciation adjustment due to change	nes						
in useful life and residual values	900			4 585	4 585		4 585
Share of associate company's							. 555
IFRS adjustment				831	831		831
<ul> <li>Capitalistion of dry docking expension</li> </ul>	ses			899	899		899
IAS 17 Leases							
- Reclassification of leases on land							
and buildings							
<ul> <li>Operating lease rentals</li> </ul>				2 291	2 291		2 291
- Interest				(1 220)	(1 220)		(1 220)
<ul> <li>Depreciation on buildings</li> </ul>				(2 263)	(2 263)		(2 263)
IAS 21 Effect of changes in foreign				, ,	, ,		, ,
exchange rates							
<ul> <li>Change in functional currency</li> </ul>			9 342	(7 884)	1 458		1 458
IAS 39 Financial instruments				(15 472)	(15 472)		(15 472)
	1 327	_	9 342	(11 932)	(1 263)	_	(1 263)
<ul> <li>Outside shareholders' interest</li> </ul>				(791)			_
<ul> <li>Deferred tax effect of IFRS adjustment</li> </ul>	ents			(74)		_	(74)
· · ·	1 327	_	9 342	(12 797)		791	(1 337)
				()	(2 .20)		(1.00.)

# **GROUP CASH FLOW STATEMENT**

				_
	30 June	30 June 3	1 December	
	(Unaudited)	(Unaudited)	(Audited)	
	2005	2004	2004	
	R000	R000	R000	
Cash generated from operations	469 826	376 702	763 417	
Net interest paid	(48 118)	(35 030)	(64 122)	
Net dividends paid	(112 281)	(18 770)	(60 616)	
Taxation paid	(18 569)	(1 467)	(3 766)	
Net cash inflow from operating activities	290 858	321 435	634 913	
Acquisition of ships, property, plant, equipment				
and investments in new businesses	(681 594)	(315 512)	(705 738)	
Proceeds from disposal of ships, property, plant,				
equipment and investments	2 981	87 156	100 898	
Intangible assets acquired	(10 519)	_	_	
Loans repaid by associate and joint venture companies	1 074	1 772	1 772	
Finance lease receipts	_	21 608	18 233	
Net cash outflow from investing activities	(688 058)	(204 976)	(584 835)	
Repurchase of ordinary share capital	_	(106 146)	(106 146)	
Proceeds from issue of ordinary share capital	2 077	3 529	6 146	
Proceeds from borrowings	271 729	322 836	485 194	
Payment of capital portion of long-term borrowings	(91 797)	(45 326)	(229 079)	
Short-term loan raised/(repaid)	246 172	(180 704)	(129 711)	
Net cash inflow/(outflow) from financing activities	428 181	(5 811)	26 404	
Net increase in cash and cash equivalents	30 981	110 648	76 482	
Cash and cash equivalents at beginning of period	257 297	189 150	189 150	
Difference arising on translation	40 821	(6 403)	(8 335)	
Cash and cash equivalents at end of period	329 099	293 395	257 297	

### **COMMENTS**

The board of directors is pleased to report an 80% increase in earnings to R407,7 million for the six months to June 2005. Headline earnings per share were 444,1 cents, 73% higher than the corresponding period of 2004. This is in line with the trading statement issued on 18 July 2005 which indicated earnings growth of between 65 - 75%.

The strong shipping markets of the second half of 2004 continued into the current year although the dry bulk sector weakened towards the end of the period. The combined effect of the earnings in favourable markets, the high level of contracted income, the increased fleet size and low fleet cost all helped contribute to the improved earnings. In addition, translation gains from the weakening Rand/Dollar exchange rate since yearend and improved earnings from the freight and financial services division contributed further to the strong earnings growth.

#### Shipping services

Shipping services continued to perform strongly in the first half of 2005 with earnings growth of 81% over the prior year.

Island View Shipping (IVS), the group's dry bulk owner and operator, has a substantial fleet of capesize, panamax and handysize bulk carriers purchased or chartered in at favourable rates. IVS continued to perform well through the contracted earnings of its capesize and panamax vessels and good earnings from the handysize ships employed in the Lauritzen/IVS pool and the IVS parcel service. Two chartered panamax and two handysize bulk carriers (one owned and one chartered) were added to the fleet during the period while seven chartered handysize ships and one chartered capesize ship will deliver in the future, all of which are at low contracted costs.

Unicorn Shipping, the group's product, chemical tanker and container ship owner and operator, achieved excellent results from both contracted and spot earnings in strong tanker markets and the translation gain from the weakening Rand against the Dollar since 31 December 2004. The product and chemical tanker markets have remained at good levels in spite of the seasonal slowdown for the northern hemisphere summer and the lower dry bulk markets, and the prognosis of continued firm markets is likely. During the period, Unicorn Shipping took delivery of a container ship and ordered two 12 800 dwt product/chemical tankers. It contracted the sale of a 50% interest in a product tanker for delivery in 2006 while the sale of another product tanker, contracted during the prior year, will be concluded in the second half of the year on delivery of the newbuilding vessel from the shipyard. It has seven newbuilding ships on order at favourable prices and four chartered ships contracted at good rates, all of which will deliver over the next three years.

The group's strategy to diversify risk through having a mix of ships out on long-term charter or with contracted revenue, and employed in the spot market remains a key focus and continued to be implemented during the period. Further diversification is also realised through the mix of dry bulk ships, tankers and containerships which make up the group's fleet. In addition, the group will look to lock in further profits by selling ships in certain circumstances.

#### Freight and financial services

The group's freight and financial services division performed satisfactorily and reported earnings growth of 65% over the prior year from a low base.

Grindrod ships agencies continued to increase volumes which flowed through to good earnings growth in spite of the strong Rand.

The group's landfreight businesses performed satisfactorily while Ocean Africa Container Lines, our seafreight logistics partnership with Safmarine servicing sub-Saharan shipping and logistics requirements, continued to perform well. The group's investment in Marriott showed good returns in the period as it continued to grow fee income from its property bank, property management and asset management divisions.

Significant progress was made in the acquisition and expansion of freight businesses during the period, which are detailed as follows:

- · Acquired African Portland Industries, a bulk terminal operator in Namibia and Mocambique.
- Acquired 50% of Sheltam Rail, a locomotive operator.
- Expanded Grindrod J&J Logistics through the takeover of warehousing facilities previously operated by Uniroute.
- Acquired Sea Munye's bulk product warehousing operations in Richards Bay.
- Acquired the external grain and soya trading and logistics business from Seaboard Corporation through a new operation, Atlas Trading and Shipping.
- Acquired 50% of Cockett Marine Oil, an international bunker fuel supplier.

## **COMMENTS** (continued)

- · Acquired 50% of Oreport, which trades in, and provides logistical services for mining products.
- Increased share in Röhlig-Grindrod from 42,5% to 50%.

The group's strategy is to increase the profit contribution from freight operations through the acquisition or development of complementary businesses to ensure that a full range of services is provided to our customers. To this end the group has employed a number of senior managers to ensure it has adequate skills to manage this expansion.

#### Capital expenditure and commitments

Capital expenditure and commit	ments of the group are:				
Description	Capital expenditure	Capital commitments			
	6 months to	6 months to			
R000	30 June 2005	31 December 2005	2006	Thereafter	
Ships	181 488	222 606	256 664	572 147	
Property, plant and equipment	52 910	6 089	137 393	2 850	
	234 398	228 695	394 057	574 997	
Investment in new businesses	447 196	202 579	_	_	
Total	681 594	431 274	394 057	574 997	

The Durban Bulker, a handysize bulk carrier and Range, a containership, were delivered during the period. The orders placed for the additional two product tankers bring the total number of newbuildings on order and still to deliver to seven.

Subsequent to the half year, the group contracted for the purchase of 10 locomotives through its 50% interest in Sheltam Grindrod

The group has contracted to sell a 40 000 dwt product tanker, as discussed above and a 50% interest in a 45 000 dwt tanker for delivery in 2006.

Capital commitments will be funded by cash generated from operations, bank financing facilities and from the proceeds of the issue of preference shares discussed below.

#### Group borrowings and cash flow

There have been strong operating cash flows during the period under review. However, group net borrowings increased from R971 million at 31 December 2004 to R1 537 million at 30 June 2005 as a result of the progress made in the group's expansion process. Consequently the debt: equity ratio increased from 49% to 70% which is still well within the 100% guideline set by the group.

#### Fauity

Ordinary shareholders' equity increased from R843 million at 31 December 2004 to R1 228 million due to the good earnings and the impact of the weaker Rand/Dollar exchange rate on US Dollar-denominated assets.

Subsequent to 30 June 2005, the group raised R500 million through a preference share issue which will be utilised to accelerate the group's expansion process. The shares will be listed on Monday, 22 August 2005.

#### Accounting policies and presentation

The report has been prepared in accordance with Generally Accepted Accounting Practice. International Financial Reporting Standards (IFRS) and the revised IAS39, Accounting for Financial Instruments, were adopted with effect from 1 January 2005. The effect of the adoption of IFRS and IAS39 is set out in the Statement of Changes in Equity included in this report.

#### Dividend

An interim dividend of 100 cents per ordinary share (2004: 50 cents) has been declared.

#### **Prospects**

The group is confident of achieving good earnings growth for the year ending 31 December 2005 due to its low fleet cost and increased fleet size, the current favourable tanker markets, the high level of contracted income and the contribution from newly acquired freight operations.

For and on behalf of the Board

WM Grindrod

IAJ Clark

Chairman

Chief Executive Officer

17 August 2005

## **DECLARATION OF INTERIM DIVIDEND**

Notice is hereby given that an interim dividend of 100 cents per ordinary share (2004: 50 cents per share) has been declared payable to shareholders in accordance with the undermentioned timetable. The dividend is declared in the currency of the Republic of South Africa.

Last day to trade cum-dividend Trading ex-dividend commences Record date Dividend payment date Friday, 2 September 2005 Monday, 5 September 2005 Friday, 9 September 2005 Monday, 12 September 2005

No dematerialisation or rematerialisation of shares will be allowed for the period from 5 September 2005 to 9 September 2005, both days inclusive.

By order of the Board

#### **CAS Robertson**

Secretary

#### 17 August 2005

#### **Directors**

WM Grindrod\* (Chairman), DRD White\* (Deputy Chairman), IAJ Clark (Chief Executive Officer), H Adams\*, Dr SM Gounden\*, IM Groves\*, JG Jones, TJT McClure, N Mtshotshisa\*, RA Norton\*, AK Olivier, DA Rennie, AF Stewart, LR Stuart-Hill, RJH Whitley\*

\*Non-executive

Registration number 1966/009846/06 Share code: GND

Incorporated in the Republic of South Africa ISIN: ZAE000052247



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REGISTERED OFFICE

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