





2006 INTERIM REPORT AND DIVIDEND ANNOUNCEMENT

-  15,4% INCREASE IN HEADLINE EARNINGS PER SHARE
-  40,0% INCREASE IN INTERIM DIVIDEND TO ORDINARY SHAREHOLDERS



Effective strategies for sustained

performance and growth |

Consolidated income statement

	Six months ended			Year ended
	30 June (Unaudited) 2006 R000	30 June (Unaudited) 2005 R000	Change %	31 December (Audited) 2005 R000
Revenue	4 959 099	2 024 941	145	7 449 145
Trading profit	565 746	504 772	12	1 050 793
Depreciation	(73 863)	(52 412)		(121 705)
Operating profit before interest and taxation	491 883	452 360		929 088
Interest received	31 861	23 891		53 859
Interest paid	(61 596)	(72 009)		(140 639)
Profit before associate companies and taxation	462 148	404 242		842 308
Share of profits of associates	92 548	38 769		88 544
Profit before taxation	554 696	443 011		930 852
Taxation	(61 041)	(36 102)		(65 152)
Profit for the period	493 655	406 909		865 700
Attributable to				
Ordinary shareholders	465 022	407 670	14	851 224
Preference shareholders	28 866	–		15 206
Equity holders of the parent	493 888	407 670		866 430
Minority interest	(233)	(761)		(730)
	493 655	406 909		865 700
Reconciliation of headline earnings				
Profit attributable to ordinary shareholders	465 022	407 670		851 224
Adjusted for:	29	(2 474)		(1 799)
Impairment of goodwill	1 176	39		39
Share of associate company's impairment of goodwill	–	–		1 652
Impairment of vehicles and equipment	–	–		707
Net profit on disposal of investments	(621)	(115)		(115)
Profit on sale of property, terminals, vehicles and equipment	(526)	(2 398)		(4 082)
Headline earnings	465 051	405 196	15	849 425

Consolidated income statement (continued)

	Six months ended		Change %	Year ended
	30 June (Unaudited) 2006 R000	30 June (Unaudited) 2005 R000		31 December (Audited) 2005 R000
Number of shares in issue less treasury shares (000's)	450 000	458 200		461 626
Weighted average number of shares on which earnings per share are based (000's)	455 683	457 700		458 490
Diluted weighted average number of shares on which diluted earnings per share are based (000's)	471 296	480 300		476 577
Earnings per share (cents)				
Basic	102,0	89,1		185,5
Diluted	98,7	84,9		178,6
Headline earnings per share (cents)				
Basic	102,1	88,5	15	185,3
Diluted	98,7	84,4		178,2
Dividends per share (cents)				
Interim	28,0	20,0	40	20,0
Final	-	-		32,0
Dividend cover (times)	3,7	4,4		3,5
Exchange rates (R/US\$)				
Opening exchange rate	6,31	5,65		5,65
Closing exchange rate	7,17	6,67		6,31
Average exchange rate	6,31	6,22		6,38

Divisional analysis of earnings

	Six months ended		Year ended
	30 June (Unaudited) 2006 R000	30 June (Unaudited) 2005 R000	31 December (Audited) 2005 R000
Shipping Services	426 769	379 036	762 519
Trading, Freight and Financial Services	38 253	28 634	88 705
	465 022	407 670	851 224

Consolidated balance sheet

	30 June (Unaudited) 2006 R000	30 June (Unaudited) 2005 R000	31 December (Audited) 2005 R000
Ships, property, terminals, vehicles and equipment	1 958 039	1 984 248	2 069 178
Intangible assets	307 589	115 616	250 525
Investments in associates	103 878	150 069	125 339
Deferred taxation	57 724	41 345	69 330
Financial assets and other investments	171 106	52 895	53 758
Bank balances and cash	756 699	456 674	655 457
Non-current assets held for sale	502 339	157 245	184 338
Other current assets	2 033 147	878 636	1 570 692
Total assets	5 890 521	3 836 728	4 978 617
Shareholders' equity	2 639 660	1 228 458	1 937 199
Minority interest	1 770	8 983	6 753
Deferred taxation	27 147	12 903	20 340
Provision for post retirement medical aid	60 792	57 589	64 944
Interest bearing debt	1 605 081	1 537 006	1 533 900
	4 334 450	2 844 939	3 563 136
Other liabilities	1 556 071	991 789	1 415 481
Total funding	5 890 521	3 836 728	4 978 617
Net worth per ordinary share (cents)			
Book value	420	268	314
Market value	1 430	1 080	1 299
Net debt : equity ratio	0,10:1	0,70:1	0,33:1
Capital expenditure	251 551	234 398	648 135
Capital commitments			
Authorised by directors and contracted for	1 782 723	1 197 749	1 194 320
Due within one year	1 022 630	452 659	430 644
Due thereafter	760 093	745 090	763 676
Authorised by directors not yet contracted for	400 295	-	309 260

Consolidated cash flow

	30 June (Unaudited) 2006 R000	30 June (Unaudited) 2005 R000	31 December (Audited) 2005 R000
Cash generated from operations	597 153	366 716	1 009 769
Working capital movements	(75 756)	103 110	357 708
Net interest paid	(33 591)	(48 118)	(96 056)
Net dividends paid	(129 417)	(112 281)	(201 234)
Taxation paid	(58 122)	(18 569)	(32 251)
Net cash flows from operating activities	300 267	290 858	1 037 936
Acquisition of ships, property, terminals, vehicles and equipment and investments	(482 648)	(692 113)	(1 704 380)
Proceeds from disposal of ships, property, terminals, vehicles and equipment and investments	220 803	2 981	14 241
Loans repaid by associate companies	204	1 074	2 378
Net cash flows used in investing activities	(261 641)	(688 058)	(1 687 761)
Repurchase of ordinary share capital	(183 999)	-	(2 243)
Proceeds from issue of ordinary share capital	2 442	2 077	3 454
Proceeds from issue of preference share capital	262 801	-	487 780
Long-term borrowings raised	49 957	271 729	459 011
Payment of capital portion of long-term borrowings	(276 749)	(91 797)	(352 079)
Short-term loans raised	219 538	246 172	129 192
Net cash flows from financing activities	73 990	428 181	725 115
Net increase in cash and cash equivalents	112 616	30 981	75 290
Cash and cash equivalents at beginning of the period	347 571	257 297	257 297
Difference arising on translation	25 390	40 821	14 984
Cash and cash equivalents at end of the period	485 577	329 099	347 571

Statement of changes in equity

	Share capital, premium and equity compensation R000	Hedging reserve R000
Balance as at 31 December 2004	7 625	(49 725)
Share options exercised	3 454	
Shares repurchased and cancelled	(2 243)	
Share based payments	1 464	
Preference share issue	500 000	
Share issue expenses	(12 220)	
Foreign currency translation adjustments		
Financial instrument hedge		(7 721)
Minority interest acquired		
Profit attributable to shareholders		
Dividends paid		
Balance as at 31 December 2005	498 080	(57 446)
Share options exercised	2 442	
Shares repurchased	(183 999)	
Share based payments	1 859	
Preference share issue	266 049	
Share issue expenses	(3 248)	
Foreign currency translation adjustments		
Financial instrument hedge		103 976
Minority interest acquired		
Profit attributable to shareholders		
Dividends paid		
Balance as at 30 June 2006	581 183	46 530

Foreign currency translation reserve R000	Accumulated profit R000	Attributable to equity holders of Grindrod R000	Minority interest R000	Total R000
(91 740)	951 837	817 997	8 044	826 041
		3 454		3 454
		(2 243)		(2 243)
		1 464		1 464
		500 000		500 000
		(12 220)		(12 220)
(8 265)		(8 265)	59	(8 206)
		(7 721)		(7 721)
		-	(620)	(620)
	866 430	866 430	(730)	865 700
	(221 697)	(221 697)		(221 697)
(100 005)	1 596 570	1 937 199	6 753	1 943 952
		2 442		2 442
		(183 999)		(183 999)
		1 859		1 859
		266 049		266 049
		(3 248)		(3 248)
198 973		198 973		198 973
		103 976		103 976
		-	(4 750)	(4 750)
	493 888	493 888	(233)	493 655
	(177 479)	(177 479)		(177 479)
98 968	1 912 979	2 639 660	1 770	2 641 430

Comments

The board of directors is pleased to report interim profits of R465 million for the six months to 30 June 2006. This is a growth of 14,1% over the same period last year and equates to headline earnings per share of R1,02, a growth of 15,4%.

Shipping markets performed in line with expectations. The larger fleet, ship sales, contractual income and the weaker Rand/USD exchange rate contributed to a 13% earnings growth for Shipping Services. Trading, Freight and Financial Services had mixed results but still posted a 34% growth in earnings.

Shipping Services

The group owns, charters and operates a fleet of handysize, panamax and capesize bulk carriers through its subsidiary, Island View Shipping. The product tanker, chemical tanker and containership fleet is owned, chartered and operated by Unicorn Shipping.

The usual northern hemisphere summer market weakness ended earlier than anticipated with markets improving substantially over recent weeks. The outlook for the second half of the year is favourable due to stronger than anticipated demand for both dry bulk and petroleum products.

Shipping Services have had a busy period in respect of ship purchase and sale activities as summarised in the table below:

Ships ordered	Ships delivered	Ships sold	Contracted sales
Option to be exercised on 2 x 14 000 dwt chemical tankers	2 x long-term chartered 25 000 dwt chemical tankers	2 x handysize bulk carrier (50%)	2 x 12 800 dwt product/chemical tankers
2 x 16 500 dwt product/chemical tankers		45 000 dwt product tanker (50%)	2 x 14 000 dwt chemical tankers
2 x 4 250 dwt bunker barges		1 x long-term chartered handysize bulk carrier (50%) redelivered	2 x 40 000 dwt product tankers
			1 x 636 teu containership

The contracted sales will become effective over the next year. Trading profits on these sales will only be recognised on the effective date.

The group continues its strategy to ensure sustainable earnings through having contracted revenue and appropriate ship sales to lock in profits in high markets. 66% of the fleet is contracted for the remainder of 2006 and 57% for 2007.

Trading, Freight and Financial Services

The group's strategy is to increase the profit contribution from freight operations through the acquisition or development of complementary businesses aimed at providing a full range of transport, warehousing and logistics services to our customers.

The bulk product trading operations continue to be developed. Results were disappointing due to low trading margins in soft commodities (e.g. wheat, maize, soya) during the period. These markets have, however, normalised and the outlook for the second half of 2006 is for improved financial results.

Grindrod ships agencies continued to perform well as did Ocean Africa Container Lines, the group's seafreight logistics partnership with Safmarine.

The property and asset management operations held through the group's 50% interest in Marriott were disposed of during the period. The group has agreed to acquire the other 50% share in Marriott Bank, subject to SA Reserve Bank approval.

The landfreight logistics operations produced satisfactory results for the period but are still bearing the cost of infrastructure expansion in the operating profits of certain entities. The outlook for the second half of the year and for 2007 is favourable.

The following acquisitions were made during the period:

- 100% of Cross Country Containers (Pty) Limited – Container Logistics
- 50% interest in LCL Grindrod – Perishable Cargo Logistics
- 12,4% interest in Maputo Port Development Company
- The remaining 50% interest in Auto Carrier Transport (Pty) Limited
- The remaining 25% interest in Grindrod Perishable Cargo Agents (Pty) Limited
- 100% of Transsure Freight – Distribution

Capital expenditure and commitments

Capital expenditure and commitments of the group are:

Description	Capital expenditure		Capital commitments	
	6 months to June 2006	6 months to December 2006	2007	Thereafter
R000				
Ships	128 844	377 685	791 596	696 504
Property, terminals, vehicles and equipment	122 707	280 785	36 448	–
	251 551	658 470	828 044	696 504
Investment in new businesses	231 097	283 875	–	–
Total	482 648	942 345	828 044	696 504

The capital commitments on owned ships which will deliver over the next three years are made up as follows:

- 50% interest in handysize bulk carrier
- 4 x 40 000 dwt product tankers (one of which is contracted to be sold)
- 4 x 16 500 dwt product/chemical tankers
- 2 x 14 000 dwt chemical tankers (both contracted to be sold)
- 4 x 12 800 dwt product/chemical tankers (two of which are contracted to be sold)
- 2 x 4 250 dwt bunker barges

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

Capital commitments of property, terminals, vehicles and equipment include the expansion of the Auto Carrier Transport fleet, expansion of the Kusasa Bulk terminal facilities and the acquisition of ten locomotives.

Comments (continued)

Commitments under new businesses include the cost of restructuring the shareholders' agreement of Ocean Africa Container Lines and additional investment in Marriott Bank.

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

Group borrowings and cash flow

Investment of R483 million was made in ship acquisitions and landfreight expansion and R183 million was utilised to repurchase shares. Due to strong operating cash flows and the further issue of R263 million in preference shares, net borrowings reduced from R878 million at 31 December 2005 to R848 million despite the substantial capital expenditure. The group's net debt/equity ratio has reduced from 33% to 10% as a result of good earnings, the preference share issue discussed under Equity and contracted ship sales. The group continues to seek investment expansion opportunities.

Equity

Shareholders' equity increased from R1 937 million at 31 December 2005 to R2 640 million due to the good earnings, the issue of preference share capital and the effect of the weaker Rand/USD exchange rate.

During the period, the group repurchased 15,6 million ordinary shares at an average price of R11,75. The treasury shares are held by a subsidiary, Grindrod (South Africa) (Pty) Limited. The net asset value of the group, at market value of assets, is estimated to be R14,30 per ordinary share.

Grindrod shareholders will be requested to approve the creation of an additional 12 500 000 preference shares, and to place 7 500 000 of these shares under the control of the board of directors at a general meeting to be held on 15 August 2006.

Accounting policies and presentation

The report has been prepared in accordance with International Financial Reporting Standards (IFRS).

Dividends to shareholders

An interim dividend of 28 cents per ordinary share (2005: 20 cents) has been approved by the directors. The 40% increase over the prior year is partly to reduce the disparity between interim and final dividends. Dividends on preference shares amounting to 418,6 cents per share were declared on 24 May 2006 and have been provided for in the group's results.

Prospects

The group is confident of achieving earnings growth for the 2006 financial year.

For and on behalf of the board

W M Grindrod

Chairman

I A J Clark

Chief Executive Officer

Interim dividends to shareholders

Dividend to preference shareholders

Notice is hereby given that an interim preference dividend of 418,6 cents per share has been declared payable to preference shareholders in accordance with the undermentioned timetable.

Dividend to ordinary shareholders

Notice is hereby given that an interim dividend of 28 cents per share (2005: 20 cents) has been declared payable to ordinary shareholders in accordance with the undermentioned timetable.

Timetable

Last day to trade cum-dividend	Friday, 1 September 2006
Trading ex-dividend commences	Monday, 4 September 2006
Record date	Friday, 8 September 2006
Dividend payment date	Monday, 11 September 2006

No dematerialisation or rematerialisation of shares will be allowed for the period from 4 September 2006 to 8 September 2006, 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

15 August 2006

Directors

W M Grindrod* (*Chairman*), D R D White* (*Deputy Chairman*), I A J Clark (*Group CEO*), A K Olivier (*CEO Designate*), H Adams*, Dr S M Gounden*, I M Groves*, J G Jones, T J T McClure, N E Mtshotshisa*, R A Norton*, D A Rennie, A F Stewart, L R Stuart-Hill, R J H Whitley*

**Non-executive*

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