GRINDROD
LIMITED

Shipping • Freight • Trading • Financial

2011 INTERIM RESULTS PRESENTATION

Contents

Highlights


Grindrod's business involves the moving of cargo by road, rail, sea and air, providing integrated logistical and specialised services

Financial highlights

Revenue	↑	19% to R17 776 million
Volumes handled	↑	Up across most sectors of the business
Rates	↓	Shipping rates significantly lower
Net profit	↓	36% to R277 million
Capital expenditure	↑	R600 million
Net asset value	↑	4% to R6 205 million
Growth in total assets	↑	14%
Net debt to equity	↑	48%

Strategic highlights

GRINDROD LIMITED

Diversification

Freight Services and Trading up 30% and now represent 82% of attributable income

Infrastructure

Maputo Coal Terminal capacity increased to 6 million tonnes
Dredged Port of Maputo to a depth of 11m

Positioning

End to end supply chain capability further developed

Grindrod Tank Terminals

Results H1 2011

New stacker/reclaimer
Maputo Coal Terminal

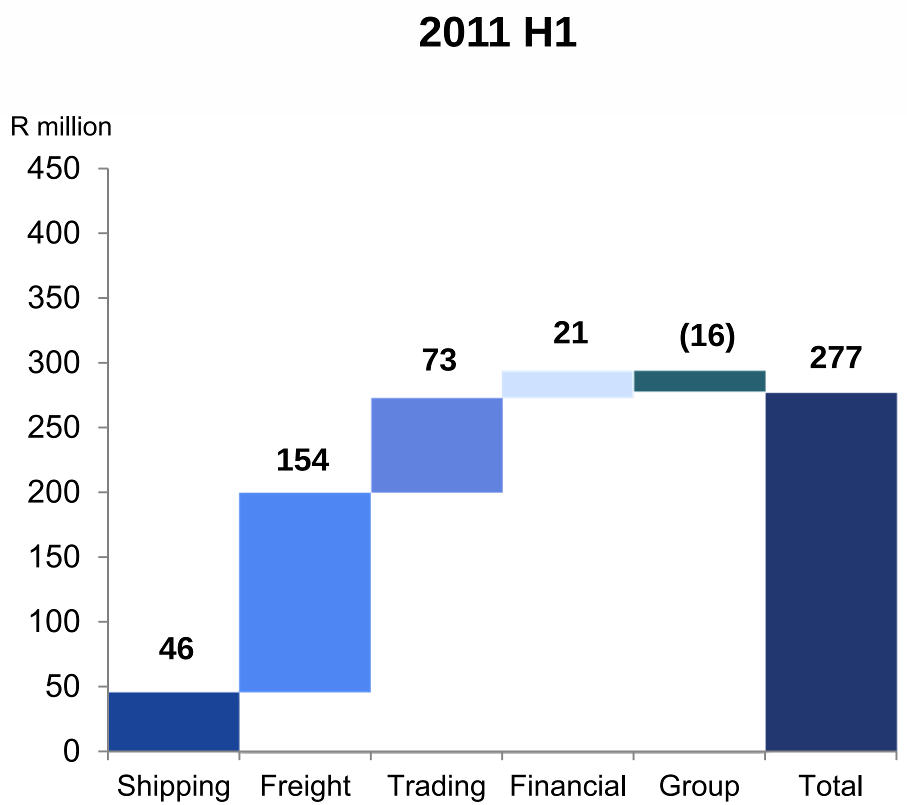
Business environment

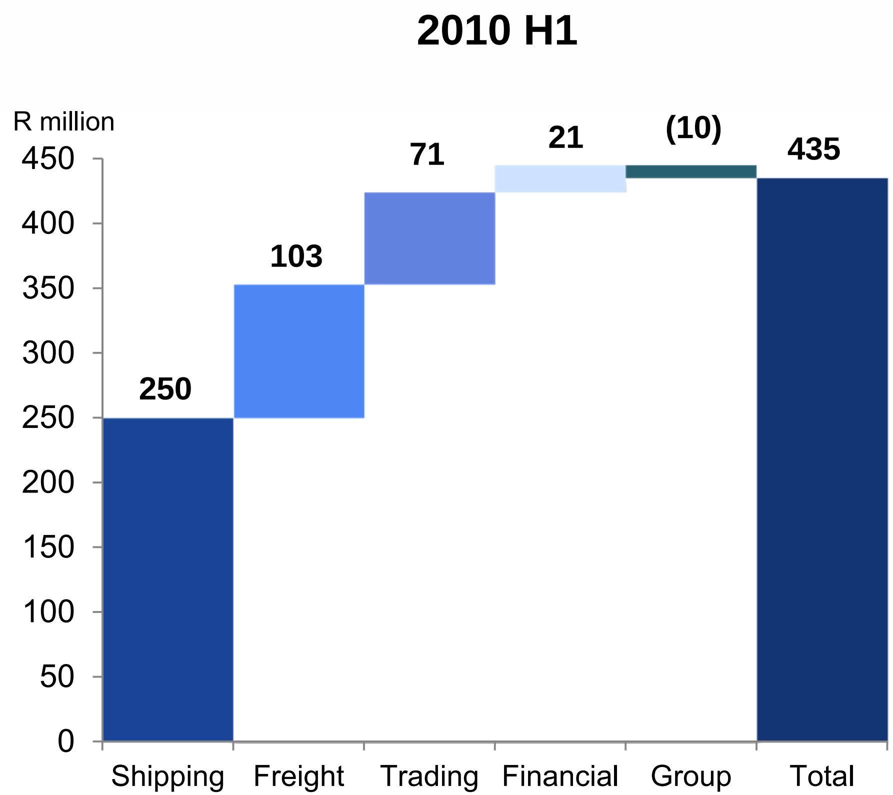
- High commodity prices
- Improved coal volumes
- Maputo Coal Terminal commissioning disruption
- Rail delivery improvements on Maputo corridor
- Industrial action
- Improved logistics/transport volumes
- Shipping markets down
- Piracy impact
- Strong Rand

Income statement – H1 2011

(R million)	H1 2011	H1 2010	Growth %	Comments
Revenue	**17 776**	14 884	19	Increased volumes in terminals and increased commodity prices
Trading profit	**589**	686	(14)	Reduced Shipping earnings and exchange rate
Depreciation and amortisation	**(182)**	(158)	15	Increased capital expenditure
Operating profit before interest and taxation	**407**	528		
Non-trading items	**24**	1		Profit on disposal of Perishable Cargo Agents
Interest received	**73**	93	(22)	Decreased interest rates
Interest paid	**(123)**	(88)	40	Increased borrowings
Profit before share of associates' profit	**381**	534		
Share of associate companies' profit before taxation	**28**	37	(24)	Good returns in MPDC offset by reduced volumes in Seafreight
Profit before taxation	**409**	571		
Taxation	**(96)**	(97)		Lower Shipping earnings
Profit for the period	**313**	474	(34)	
Non-controlling interests	**(10)**	(9)		
	303	465		
Preference dividends	**(26)**	(30)		
Profit attributable to ordinary shareholders	**277**	435	(36)	
Average rate of exchange ZAR/USD	**6,91**	7,54	(8,4)	

Attributable income by division

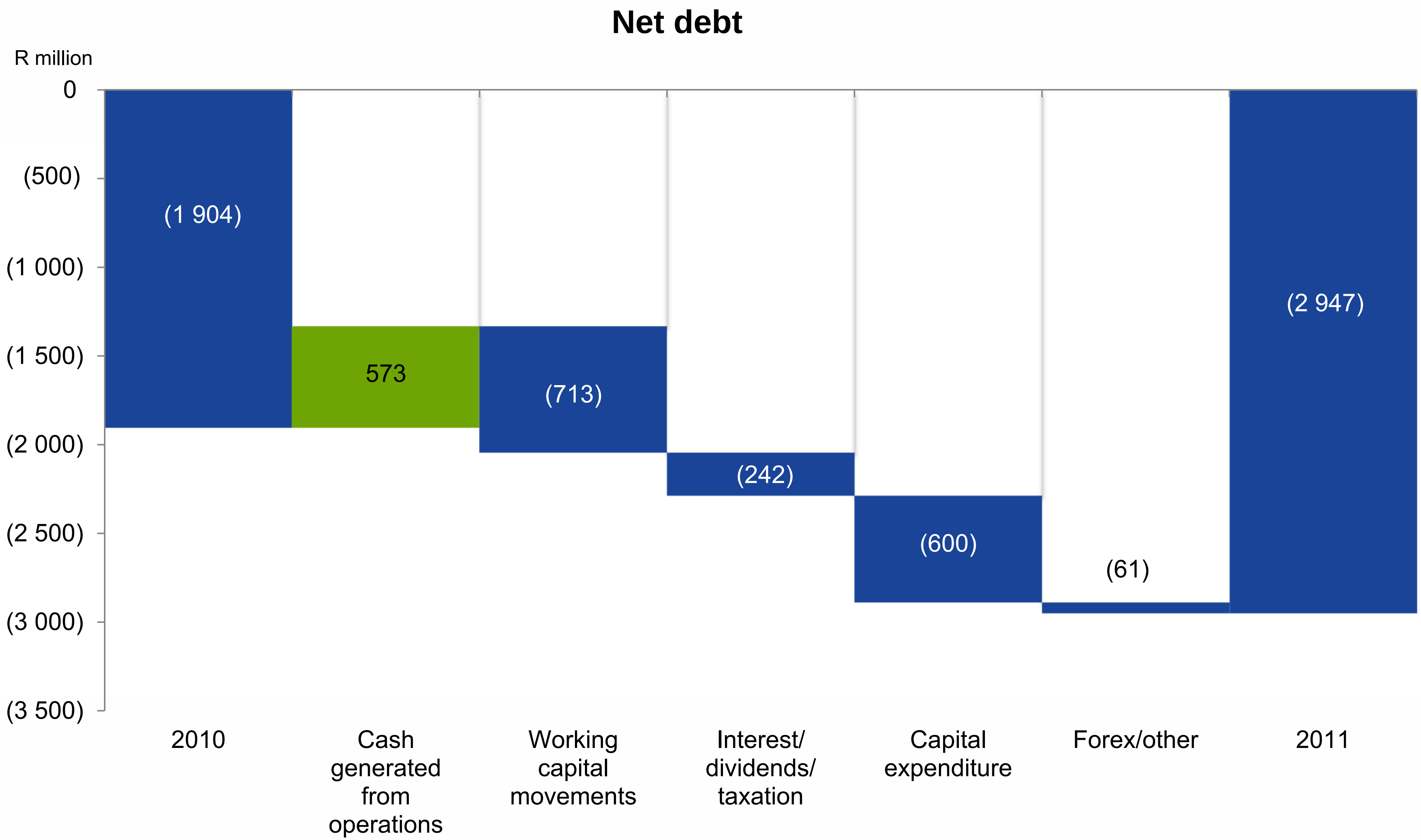




Balance sheet

(R million)	H1 2011	Dec 2010	Growth %	Comments
Ships	**3 841**	3 266	18	Increased capital expenditure in handysize bulk carriers
Properties	**780**	754	3	Construction of Intermodal facility
Terminal infrastructure, vehicles and equipment	**1 101**	1 101	-	Expansion of coal terminal offset by depreciation
Intangible assets	**854**	869	(2)	
Investments in associates	**373**	343	9	Good earnings in MPDC
Other assets	**2 586**	1 981	31	Increased advances to bank customers
Current assets	**6 658**	5 938	12	Increased receivables and inventory due to increased commodity prices
Total assets	**16 193**	14 252		
Shareholders' equity	**6 205**	5 971		
Interest-bearing borrowings	**4 154**	3 525	18	Increased long and short-term borrowings due to increased capital commitments and working capital requirements
Deposits from bank customers	**2 624**	2 016	30	Increased deposits from customers in correlation with increased advances to customers
Other liabilities	**3 210**	2 740	17	Increased working capital requirements due to increased commodity prices
Total equity and liabilities	**16 193**	14 252		
Net debt:equity (%)	**48%**	32%		
Closing rate of exchange ZAR/USD	**6,76**	6,62	(2,1)	

Cash flow


Net debt
R million
0
(500)
(1 000)
(1 500)
(2 000)
(2 500)
(3 000)
(3 500)
(1 904)
573
(713)
(242)
(600)
(61)
(2 947)
2010
Cash generated from operations
Working capital movements
Interest/ dividends/ taxation
Capital expenditure
Forex/other
2011

Capital expenditure and commitments

(R million)	**2011 (H1)**	2011 (H2)	2012	2013	2014	Total commitments
Ships	**499**	507	521	41	-	1 069
Property	**14**	57	208	83	-	348
Terminals	**35**	144	16	1	1	162
Vehicles, locomotives and equipment	**47**	196	9	4	4	213
	595	904	754	129	5	1 792
Acquisition of businesses	**4**	21	-	-	-	21
Intangible assets	**1**	13	-	-	-	13
	600	938	754	129	5	1 826

In addition to the capital committed above, a number of major projects including the significant additional coal expansion at Maputo are being developed

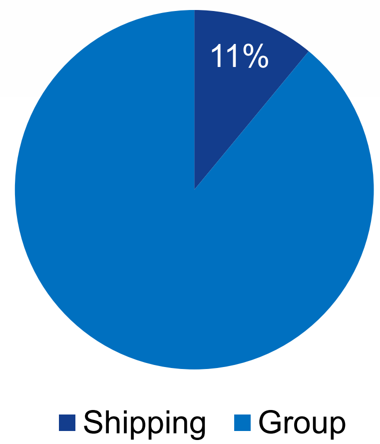
Operational review

Shipping

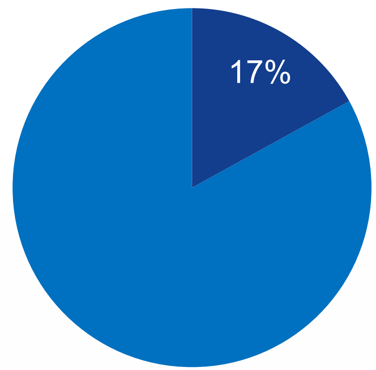
- Earnings declined 81% compared with the prior period
- Average earnings per day outperformed average spot market rates for the period
- Bulk carriers continue to earn well in excess of cost
- Small product and chemical tankers' rates below cost
- Parcel Service and capesize ships' results were impacted by increased voyage costs to avoid pirates

Shipping	R million	Change from H1 2010 %
Revenue	1 943	(5)
EBITDA	178	(47)
Operating income	99	(65)
Operating margin	5%	(63)

Contribution to group revenue



Contribution to attributable income



Operational highlights – Shipping

- Tanker contract cover continued to support rates earned above spot
- Local tanker and bunker tanker businesses performed well
- Tanker operation relocated from London to Singapore to consolidate drybulk and tanker operations

- Handysize earnings per day increased (contract cover and IVS/Lauritzen pool outperformed index)
- Good panamax annuity income due to fixed income charters
- The Handymax/Islands Service grew market presence and improved profitability

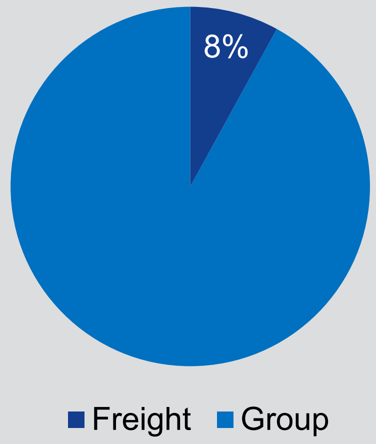
Freight Services

- Earnings increased by 49% to R153,6 million (H1 2010: R103,3 million)
- Good growth in volumes for the terminal operations
- Freight Services continues to focus on key growth corridors and on optimising existing operations

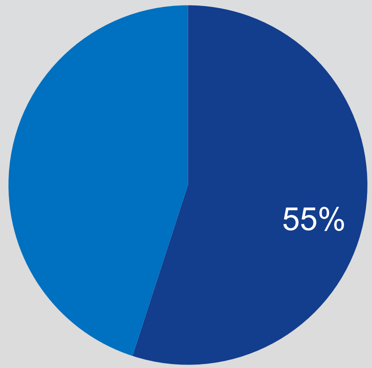
Freight Services	R million	Change from H1 2010 %
Revenue	1 511	24
EBITDA	285	47
Operating income	191	90
Operating margin	13%	53

GRINDROD FREIGHT SERVICES

Contribution to group revenue



Contribution to attributable income



Operational highlights – Ports and Terminals

Maputo

- Port of Maputo volumes up 30% on prior period
- Concluded Maputo Coal Terminal expansion to 6 million tonnes
- Significant improvement in coal rail service to Maputo after phase 3 commissioning
- Concluded the dredging of the Port of Maputo to a depth of 11m

Rail

- Contracted to manufacture and lease a further 25 locomotives

Liquid Bulk

- Conclusion of bulk liquid terminal joint venture with Oiltanking and Calulo

Operational highlights – terminal capacity

Terminals	Annual utilisation 2010	H1 utilisation 2011	Annual capacity 2011
Drybulk (tonnes)	**6 917 577**	**4 231 322**	**14 250 000**
Maputo Coal Terminal	1 941 165	1 605 728	6 000 000
Richards Bay	3 518 112	1 820 377	6 100 000
Maydon Wharf (Durban)	678 667	248 724	700 000
Walvis Bay (Namibia)	304 005	157 470	550 000
Maputo Sized Coal	475 628	399 023	900 000
Liquid Bulk (m^3)	**171 340**	**188 674**	**340 000**
Durban	114 675	135 450	260 000
Cape Town	56 665	53 224	80 000
Automotive (number of vehicles)	**18 298**	**14 941**	**52 000**
Maputo	18 298	14 941	52 000

GRINDROD FREIGHT SERVICES

Operational highlights – Logistics

GRINDROD FREIGHT SERVICES

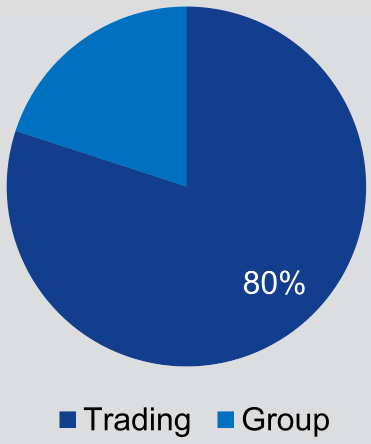
- Growth in road transport volumes
- First half performance impacted by industrial action and disaster in Japan
- Completed development of Bluff Road freight facility
  - 8 800 m^2 warehouse
  - 24 000 m^2 container yard
- Establishment of intermodal container development in Maputo port in partnership with Dubai Ports World
- New CEO appointed with effect from 1 June 2011

Trading

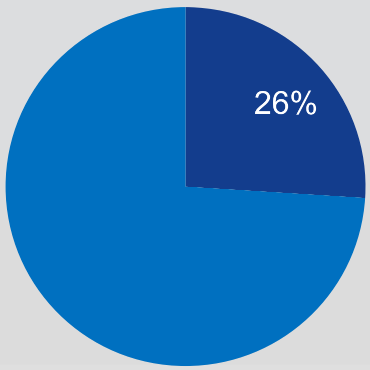
- Earnings growth of 2% vs 2010 H1
- Operating margin per tonne of US$3,80 (2010:US$3,45)
- Good performance by agricultural business
- Bunker trading reflected lower margins due to increased competition
- Improved performance by industrial commodities although impacted by mining strike action
- High commodity prices increased working capital requirement

Trading	**R million**	**Change from H1 2010 %**
Revenue	14 252	24
EBITDA	110	5
Operating income	102	0
Operating margin	1%	(19)

Contribution to group revenue



Contribution to attributable income



Operational highlights – Trading

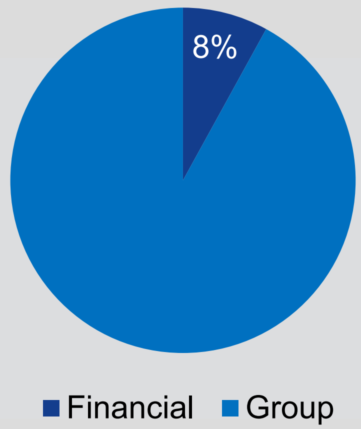
Progress on strategy implementation – supply chain participation

- Concluded transaction to construct grain silo’s in Beira in a joint venture with customer
- Successful implementation of crop finance program to secure commodity supply in South Africa
- Niche investments in processing capability
- New coal off-take agreement
- Additional chrome ore recovery plant commissioned
- Contracted tank storage to support physical supply of marine fuels

Financial Services

- Earnings of R21 million (0,9% decrease H1 2010)
- Net interest margin comprised 38% of total income
- Fee income comprised 50% of total income
- Liquidity as at 30 June of R840 million (Dec 2010: R521 million)
- The Bank's cost to income ratio is at 59%

Contribution to attributable income



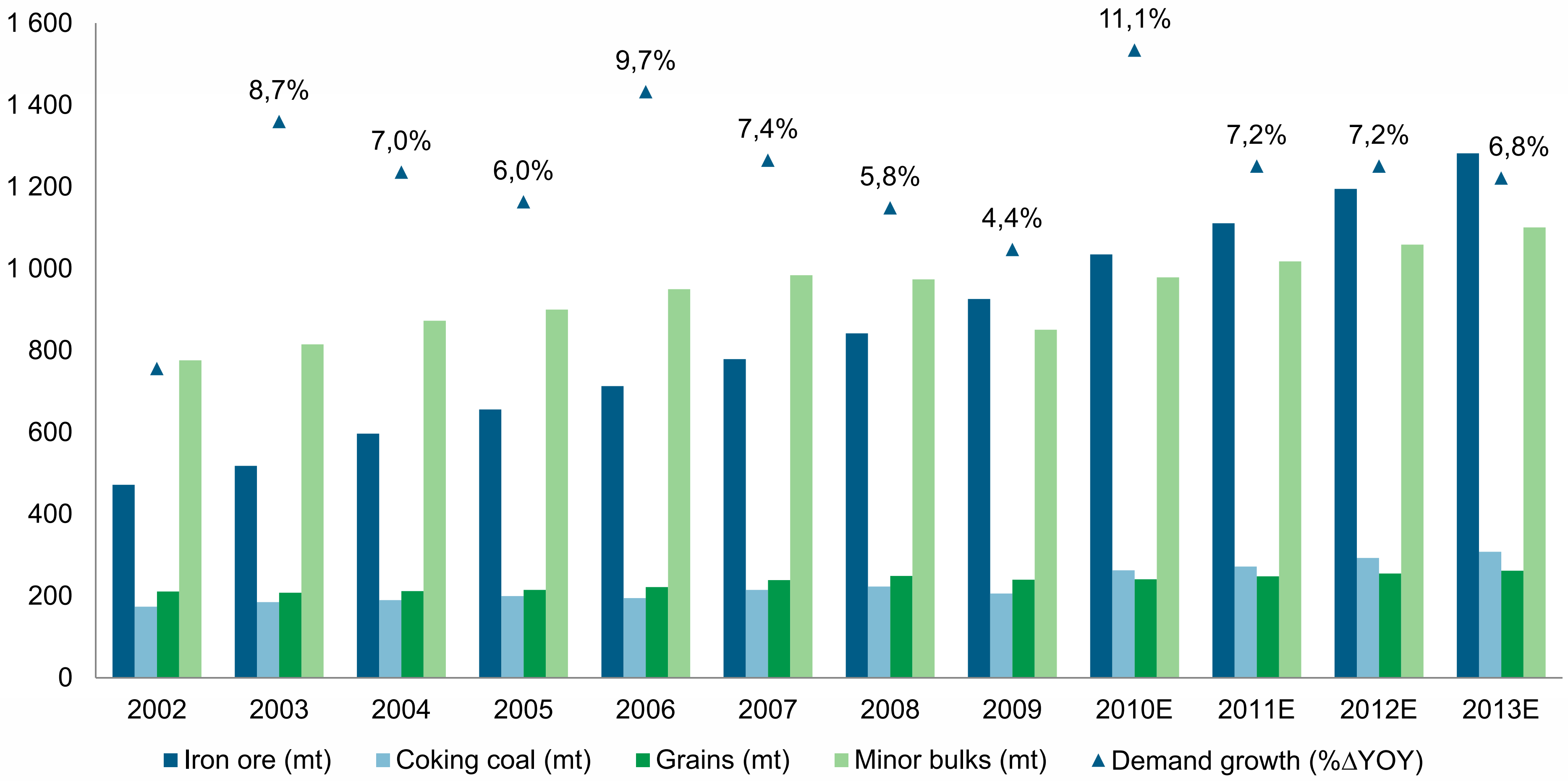
GRINDROD BANK

Operational highlights – Financial Services

- Bank deposits are at a record level of R2,6 billion
- Advances grew 20% to R2,1 billion
- Quality of lending book has been retained with no impairments for the six month period
- Significant fees earned by the Corporate Finance division for the period
- Assets under management grew by 10% to R5 billion
- Successfully registered collective investments management company in June 2011
  - will enable Grindrod Asset Management to expand range of unit trust funds
- The Grindrod Global Property Income Fund has attracted investments of over R500 million

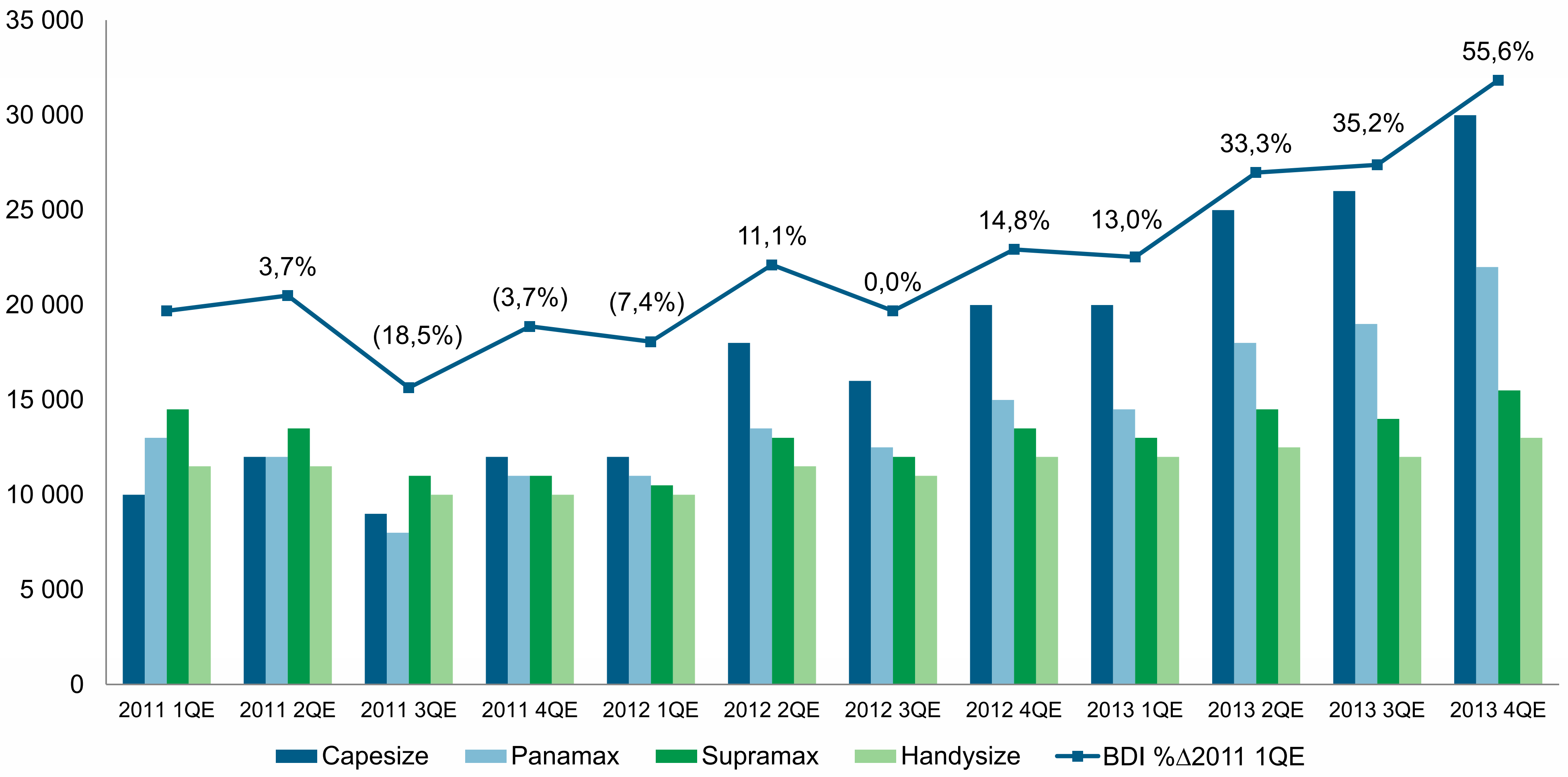
Markets

Seaborne drybulk demand forecasts



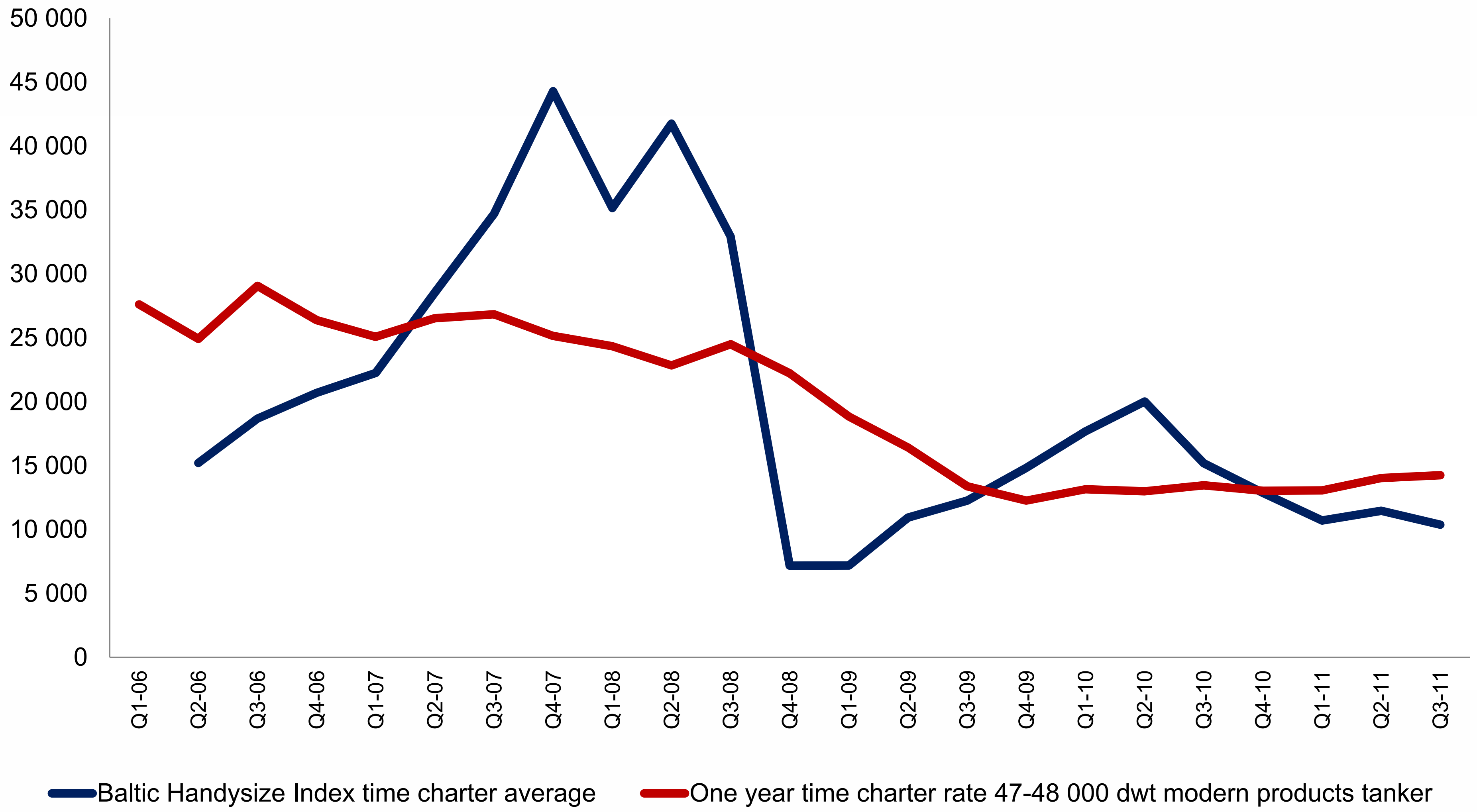
Graph source: Standard Chartered Bank/Macquarie/Clarksons Research Services Limited

Forecast daily spot rates Baltic Dry Index



Graph source: Standard Chartered Bank/Macquarie/Clarksons Research Services Limited

Handysize bulk carrier and products tanker time charter rates (US$/day)



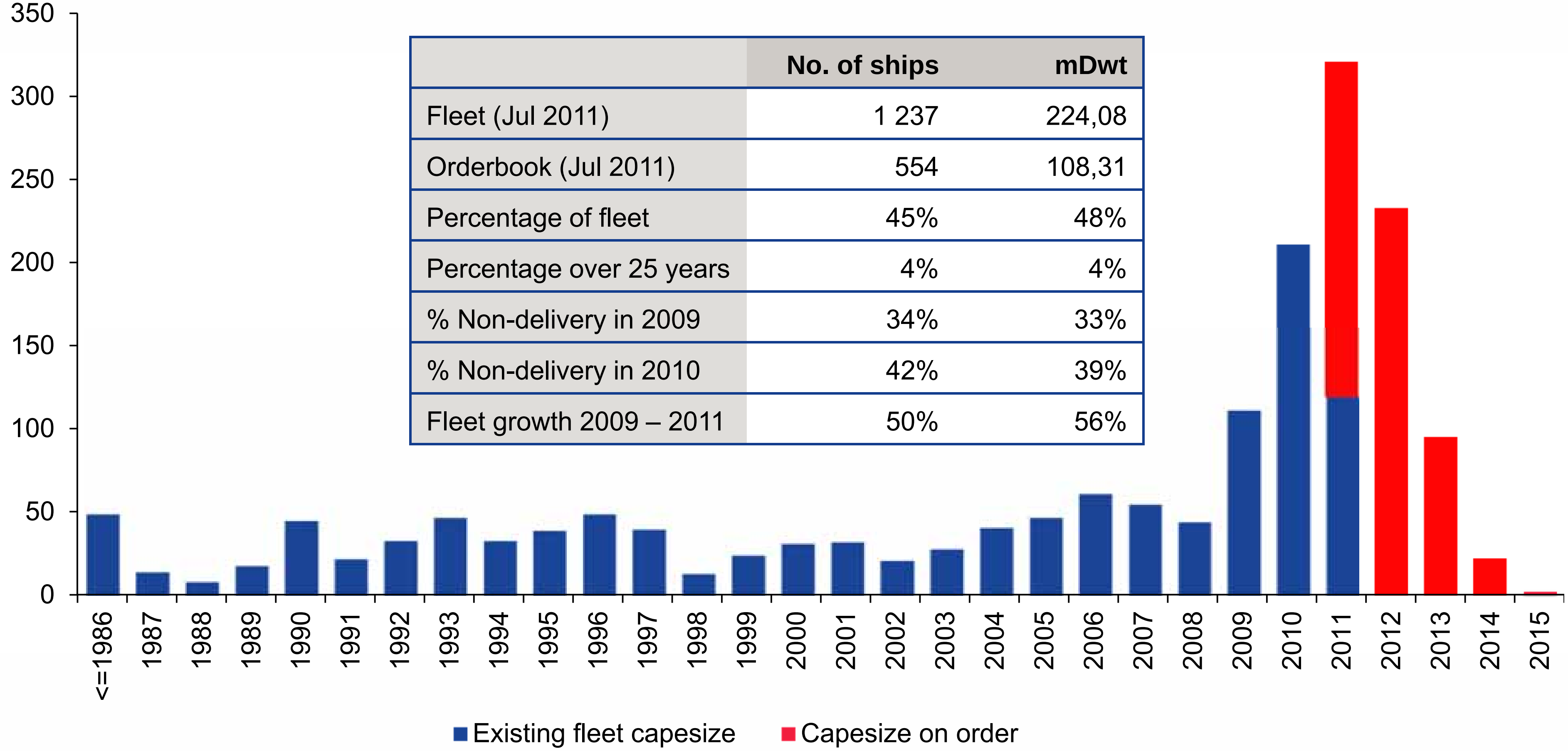
Graph source: Clarksons Research Services Limited

Shipping markets

GRINDROD LIMITED

Capesize bulk carriers

	No. of ships	mDwt
Fleet (Jul 2011)	1 237	224,08
Orderbook (Jul 2011)	554	108,31
Percentage of fleet	45%	48%
Percentage over 25 years	4%	4%
% Non-delivery in 2009	34%	33%
% Non-delivery in 2010	42%	39%
Fleet growth 2009 – 2011	50%	56%



Graph source: Clarksons Research Services Limited

Shipping markets

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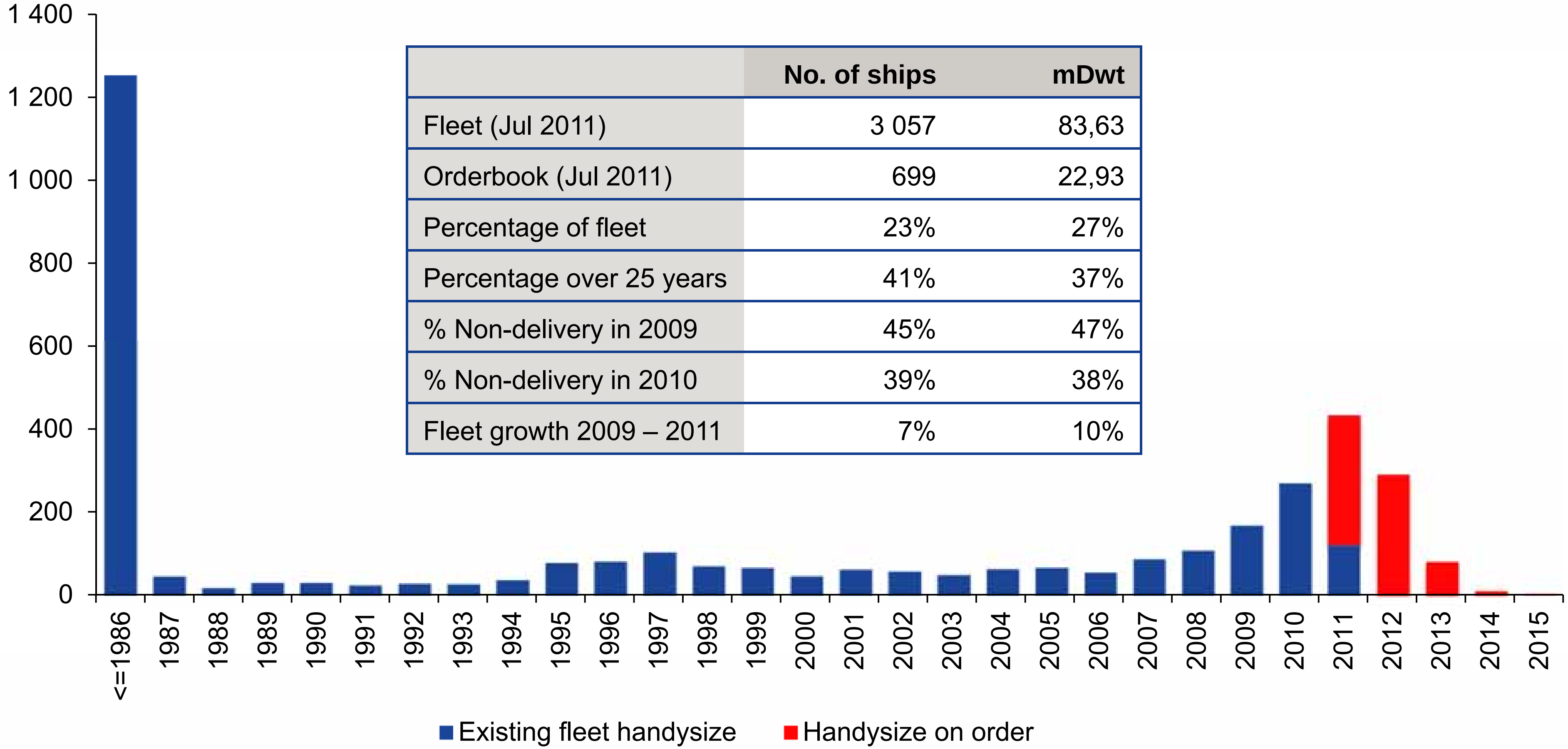
Handysize bulk carriers



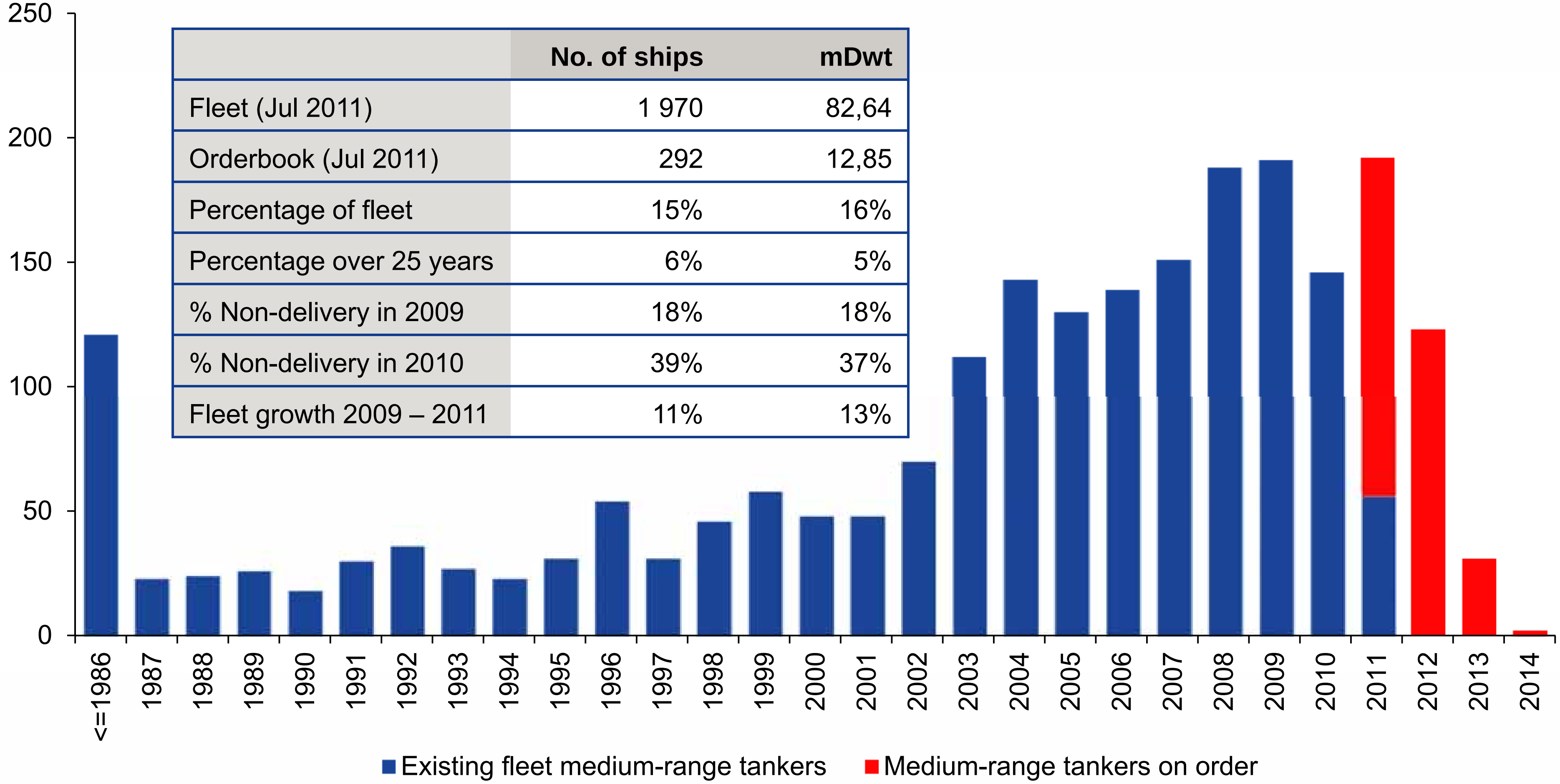
	No. of ships	mDwt
Fleet (Jul 2011)	3 057	83,63
Orderbook (Jul 2011)	699	22,93
Percentage of fleet	23%	27%
Percentage over 25 years	41%	37%
% Non-delivery in 2009	45%	47%
% Non-delivery in 2010	39%	38%
Fleet growth 2009 – 2011	7%	10%

Graph source: Clarksons Research Services Limited

Shipping markets

GRINDROD LIMITED

Medium-range tankers



	No. of ships	mDwt
Fleet (Jul 2011)	1 970	82,64
Orderbook (Jul 2011)	292	12,85
Percentage of fleet	15%	16%
Percentage over 25 years	6%	5%
% Non-delivery in 2009	18%	18%
% Non-delivery in 2010	39%	37%
Fleet growth 2009 – 2011	11%	13%

Graph source: Clarksons Research Services Limited

Strategy

New ship loader at Grindrod's Maputo Coal Terminal

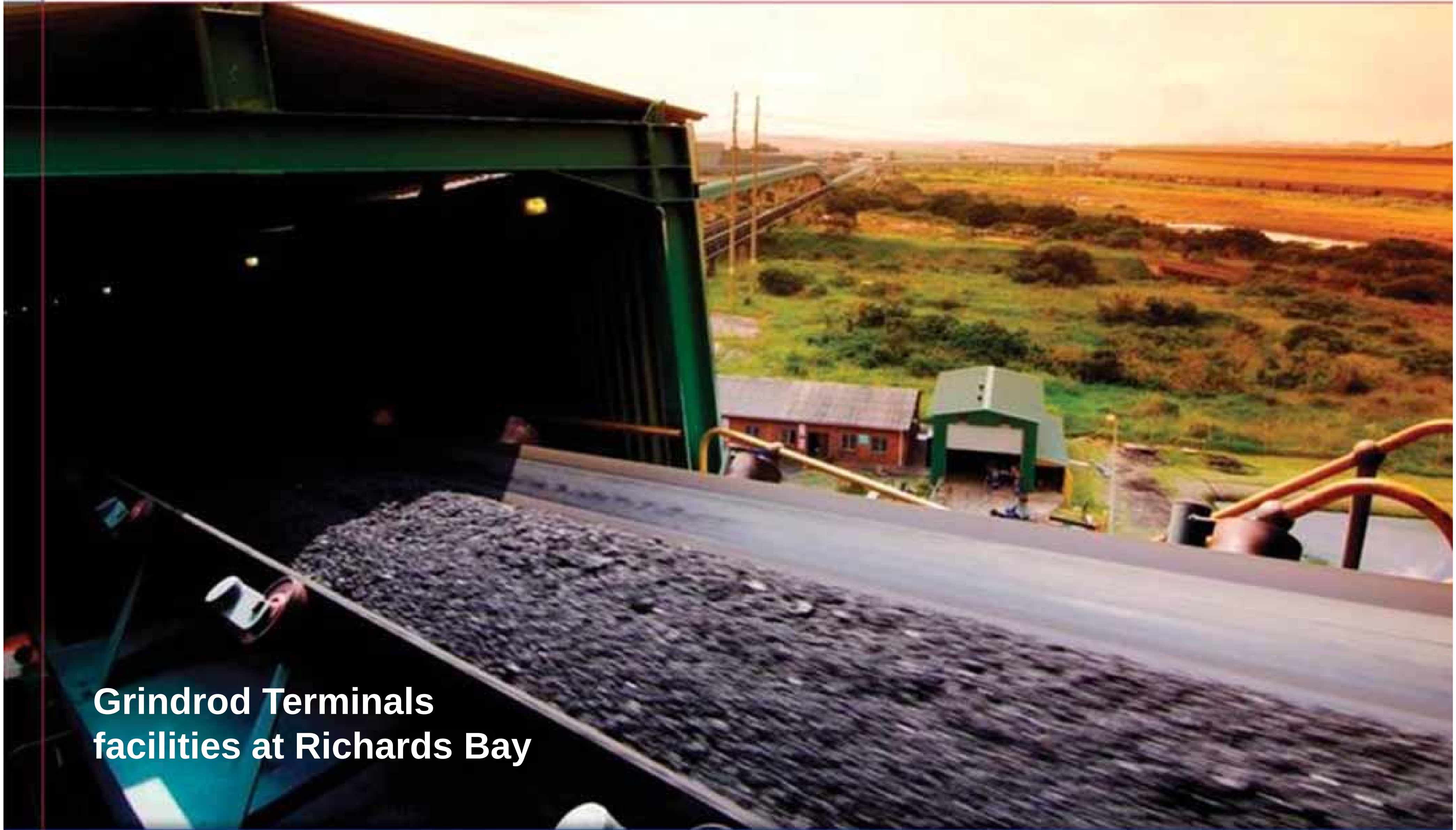
Supply chain participation

Grindrod seeks to provide services throughout the complete commodity supply chain

Producer | Procurement | Rail/Ports | Shipping | Terminals/ Storage | Logistics | Customer

- **Increasing capacity**
  - Ongoing investment in strategic infrastructure – specifically Ports and Terminals
  - Investment in shipping acquisitions at the appropriate time
- **Maximising utilisation**
  - Retain suitable levels of contracted commitments for ships and terminals
  - Continued capacity utilisation improvements through continued effective engagement with Transnet
- **Improving margins**
  - Integration of businesses to further enhance margins

Outlook



Outlook

- Growth from Ports and Terminals on back of new capacity and rail delivery
- Logistics revenue growth without disruptions should see a return to profit
- Oversupply of ships, particularly in drybulk sector, will continue to impact shipping earnings
- Group results remain sensitive to Rand/US Dollar exchange rate
- Positive medium and long-term global commodity demand outlook
  - expected to benefit both Freight Services and Trading businesses
  - provide significant future opportunity for growth in Ports and Terminals businesses
  - restore the equilibrium in shipping markets

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(viii) shipping is a variable and cyclical business and any forecasting concerning it cannot be very accurate

Annexures

Maputo Coal Terminal – Discharging coal from a railwagon for export from Grindrod's Coal Terminal facility

Fleet overview (owned and long-term chartered ships)

Contracted in at 30.06.2011		Bulk carriers				Tankers			Total
		Handysize	Handymax	Panamax	Capesize	Medium range	Small	Chemical	
H2 2011	Number (average)	16,6	1,0	2,0	3,0	7,0	4,5	4,0	38,1
	Cost (US$/day)	9 200	15 000	9 500	24 900	15 200	12 200	14 500	12 600
2012	Number (average)	17,6	1,0	2,0	3,0	6,8	6,5	4,0	40,9
	Cost (US$/day)	9 200	15 000	9 900	23 700	14 500	11 900	14 500	12 300
2013	Number (average)	19,4	1,0	2,0	3,0	8,0	6,5	4,0	43,9
	Cost (US$/day)	8 700	15 000	10 100	23 700	14 800	12 200	14 500	12 100
2014	Number (average)	19,5	1,0	2,0	2,4	8,5	6,5	4,0	43,9
	Cost (US$/day)	8 800	15 000	10 300	23 000	14 900	12 300	14 500	12 000
Current fleet		**16,0**	**1,0**	**2,0**	**3,0**	**7,0**	**2,5**	**4,0**	**35,5***
Net number of ships to deliver									
H2 2011		1,0	-	-	-	-	4,0	-	5,0
2012		1,5	-		-	-	-	-	1,5
2013		1,0	-	-	-	1,5	-	-	2,5
2014		-	-	-	(1,0)	-	-	-	(1,0)
Fleet at end of 2014		**19,5**	**1,0**	**2,0**	**2,0**	**8,5**	**6,5**	**4,0**	**43,5****

*(owned fleet 15; chartered fleet 20,5); **(owned fleet 28,5; chartered fleet 15)

Market net asset value adjustment – Shipping

Market value adjustments to fleet book value as at 30 June 2011	Rm
Excess of market value of owned fleet and charters with purchase options over book value	(21)
Market value of other long-term charters and contracts	70
	49

Indicative ship values obtained in consultation with reputable ship brokers
Book value of charters = PV@6,5% of capital element (i.e. excluding running costs) of charter commitments and purchase option price
Yen options converted at closing rate

Differential between market rates on Grindrod charter/contract rates. PV@6,5%

Assumptions used in respect of the group's fleet in the market value adjustment calculation above are as follows:

		Average ship market value US$ million	Average market long-term charter rates US$ per day
Bulkers	Handysize	23 482	11 895
	Handymax	34 500	14 500
	Panamax	31 500	13 887
	Capesize	47 500	17 442
Tankers	Medium-range	27 481	13 559
	Small	15 712	9 000
	Chemical	33 625	18 000

Note: variable volume contracts have been included at forecast volumes

Contract cover

GRINDROD LIMITED

Contracted out at 30.06.2011		Bulk carriers				Tankers			Total
		Handysize	Handymax	Panamax	Capesize	Medium range	Small	Chemical	
H2 2011	Number (average)	10,5	0,9	2,0	2,7	2,0	1,5	3,0	22,6
	Revenue (US$/day)	12 400	13 700	23 900	26 000	15 200	10 100	15 000	15 500
2012	Number (average)	3,3	-	2,0	2,1	1,2	0,7	2,2	11,5
	Revenue (US$/day)	13 000	-	23 900	32 300	15 500	10 100	17 100	19 400
2013	Number (average)	0,5	-	1,1	1,0	-	-	0,8	3,4
	Revenue (US$/day)	20 100	-	26 500	42 500	-	-	18 100	28 400
2014	Number (average)	0,3	-	1,0	1,0	-	-	-	2,3
	Revenue (US$/day)	20 100	-	27 200	42 500	-	-	-	32 800

Contract profits	% of fleet fixed	Charters (US$m)	Ship sales (US$m)	Total (US$m)
2011	57	10,7	-	10,7
2012	27	23,0	-	23,0
2013	7	16,1	-	16,1
2014	5	13,8	-	13,8

Note: variable volume contracts have been included at forecast volumes

Analysis of H1 2011 earnings: Shipping

EBITDA from owned and long-term chartered ships	Bulk carriers				Tankers			H1 2011	H1 2010	Growth %
	Handysize	Handymax	Panamax	Capesize	Medium range	Small	Chemical	Total	Total	
Average number of owned/ long-term chartered ships	15,4	1,0	2,0	3,2	7,1	2,5	4,0	**35,2**	33,7	4,5
Average daily revenue (US$)	13 400	14 700	23 900	30 600	16 100	10 100	12 800	**15 900**	17 800	(10,7)
Average daily cost (US$)	9 900	12 400	9 200	25 300	15 600	13 900	14 100	**13 300**	12 600	(5,6)
Profit (US$ million)	**9,7**	**0,4**	**5,3**	**3,1**	**0,6**	**(1,7)**	**(0,9)**	**16,5**	**31,2**	**(47,1)**
(US$ million)										
Profit from ship operating activities								**5,6**	14,4	(61,1)
Overheads								**(12,2)**	(11,7)	(4,3)
Funding costs/preference dividends/taxation								**(3,4)**	(2,6)	(30,8)
Foreign exchange								**0,2**	1,8	(88,9)
								6,7	**33,1**	**(79,8)**

Average daily cost includes interest/depreciation on owned ships