



GRINDROD
LIMITED

2010
INTERIM RESULTS

August 2010



OF GLOBAL SHIPPING
AND FREIGHT LOGISTICS



H1 2010 Business environment

Divisional reviews

Interim results

Strategy update

Conclusion

Annexures



H1 2010 Business environment

- China, India and Brazil continue to drive global economic growth
- Western economies showing slow economic recovery
- Demand for commodities still at high levels
- High volatility in shipping, commodity and financial markets
- South African industrial action
- Average Rand/US Dollar exchange rate 18% stronger than H1 2009



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Divisional reviews



100 years

OF GLOBAL SHIPPING
AND FREIGHT LOGISTICS

Shipping

- Earnings -9% in US Dollar/-26% in Rand
- Average earnings per day marginally outperformed average spot rates
- Relatively strong drybulk shipping markets
- Weak product and chemical tanker markets
- Improved values of newbuild and secondhand ships
- Increased contract cover of fleet
- Current contracted fleet of 34,5 to grow to 36,5 by 2013
 - Took delivery of 4 ships and exercised a purchase option on a chartered ship
 - Contracted to purchase a 40 000 dwt products tanker
 - Cancelled 4 x 16 500 dwt products tanker newbuildings and 1 x capesize bulk carrier charter
 - Contracted sale of 50% share in products tanker
 - Concluded acquisition of a Rotterdam based bunker supply business
- Fleet market value R1,4 billion > book value



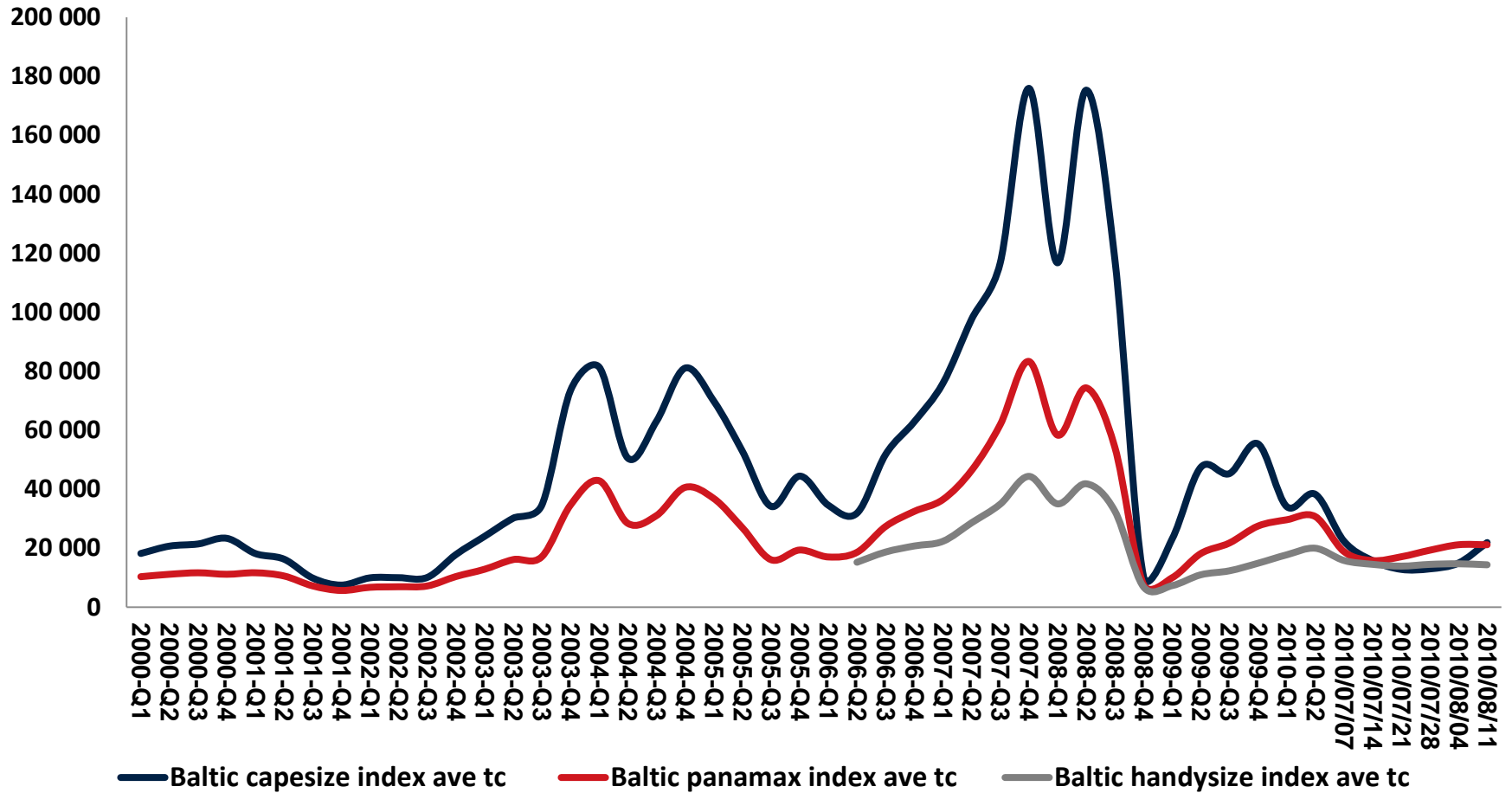
Analysis of results

Shipping

Profit from owned and long-term chartered ships	Bulk carriers				Tankers		2010	2009	Growth
	Handysize	Panamax	Capesize	Medium range	Small	Chemical	H1 Total	H1 Total	%
Average number of owned/long-term chartered ships	14,2	2,0	3,3	8,9	1,3	4,0	33,7	35,6	(5)
Average daily revenue (US\$)	13 400	21 800	39 200	17 700	10 800	15 900	17 800	16 500	8
Average daily cost (US\$)	7 800	9 400	26 600	15 000	11 700	12 600	12 600	11 800	(7)
Profit/(loss) (US\$ million)	14,2	4,4	7,5	4,4	(0,2)	0,9	31,2	30,1	4
<i>(US\$ million)</i>									
Profit from ship operating activities							14,4	15,6	(8)
Profit from ship sales							-	16,4	(100)
Overheads/other							(11,7)	(14,0)	16
Funding costs/preference dividends/taxation							(2,6)	(9,7)	73
Foreign exchange							1,8	(1,9)	194
							33,1	36,5	(9)

Shipping markets

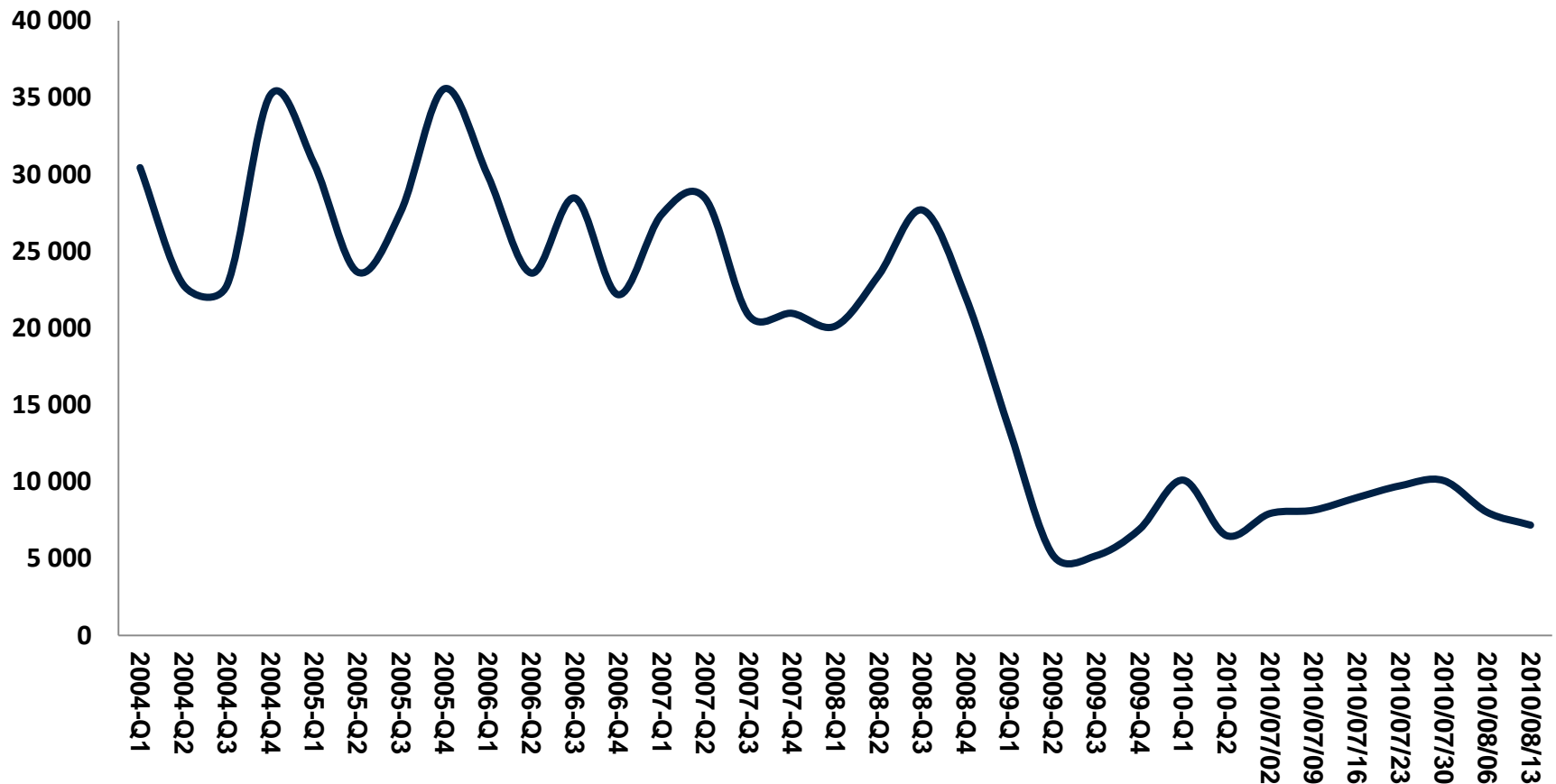
Bulk carrier spot earnings (US\$/day)



Source: Clarksons Research Services Limited; copyright: Baltic Exchange

Shipping markets

Clean products tanker 30-38 000 dwt spot earnings for selected routes (US\$/day)

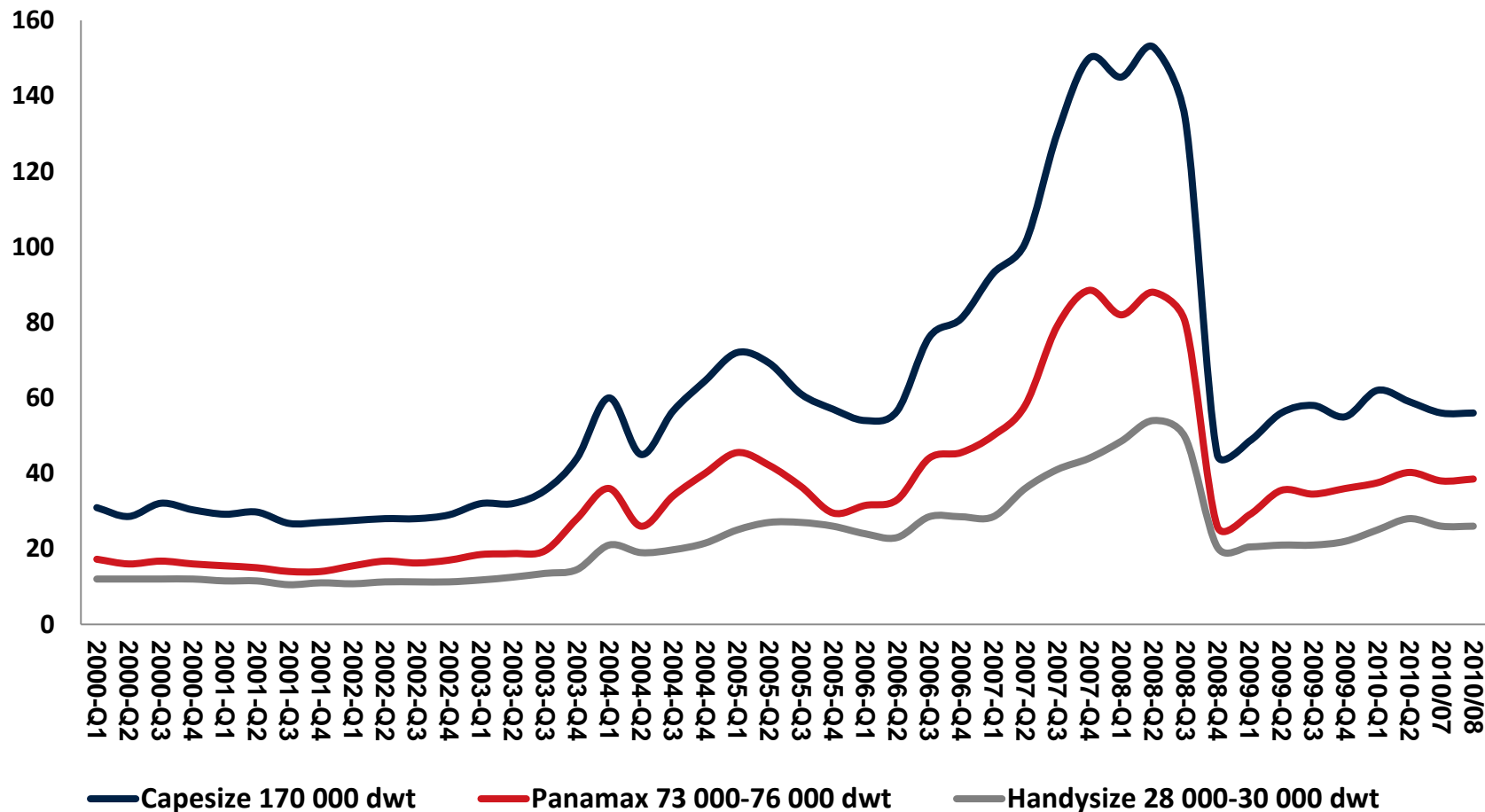


Routes: 35 000 Gulf/Japan; 35 000 Gulf/E Africa; 37 000 UKC/USAC; 38 000 Carribs/USAC; 30 000 Sing/Japan

Source: Clarksons Research Services Limited

Shipping markets

Bulk carrier second hand prices 5 year old (US\$ million)

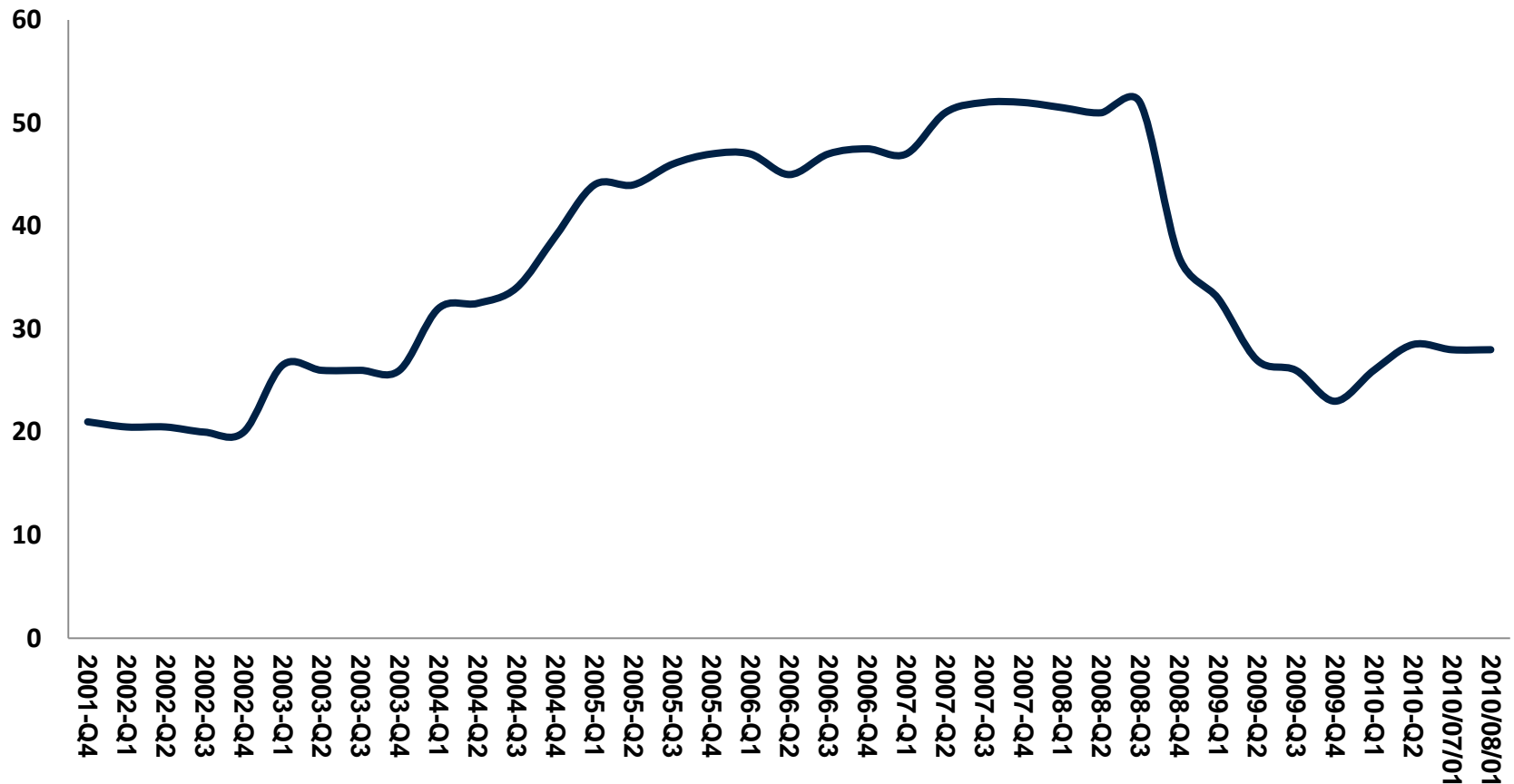


Source: Clarksons Research Services Limited

Note: Between October 2008 and January 2009 Clarksons Research Services did not publish benchmark values as this was a period of transition in the sale and purchase markets. Indicated values for that period should be used with caution

Shipping markets

47 000 dwt double hulled tanker second hand prices 5 year old (US\$ million)

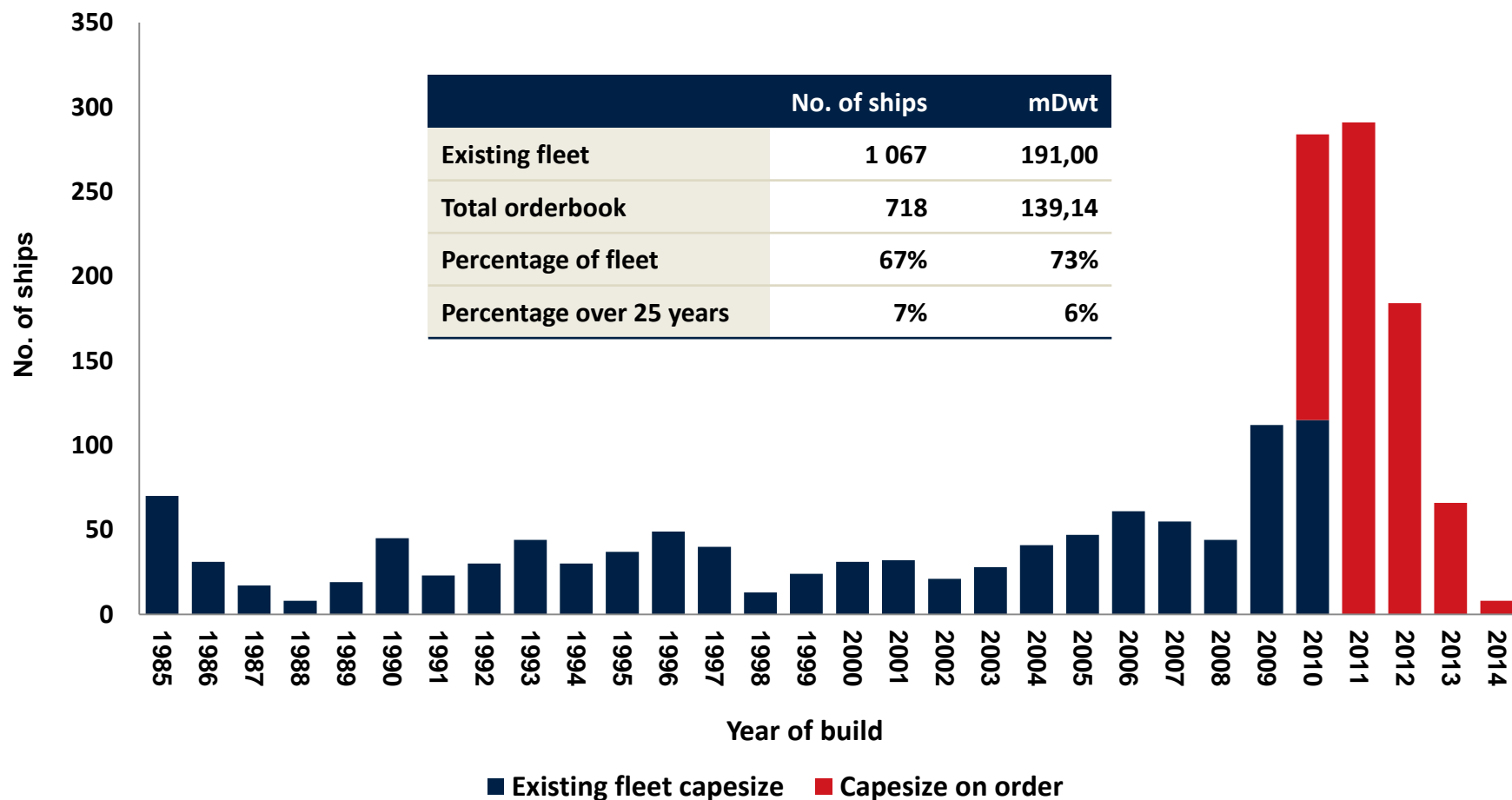


Source: Clarksons Research Services Limited

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Shipping markets

Fleet profiles – capesize bulk carriers



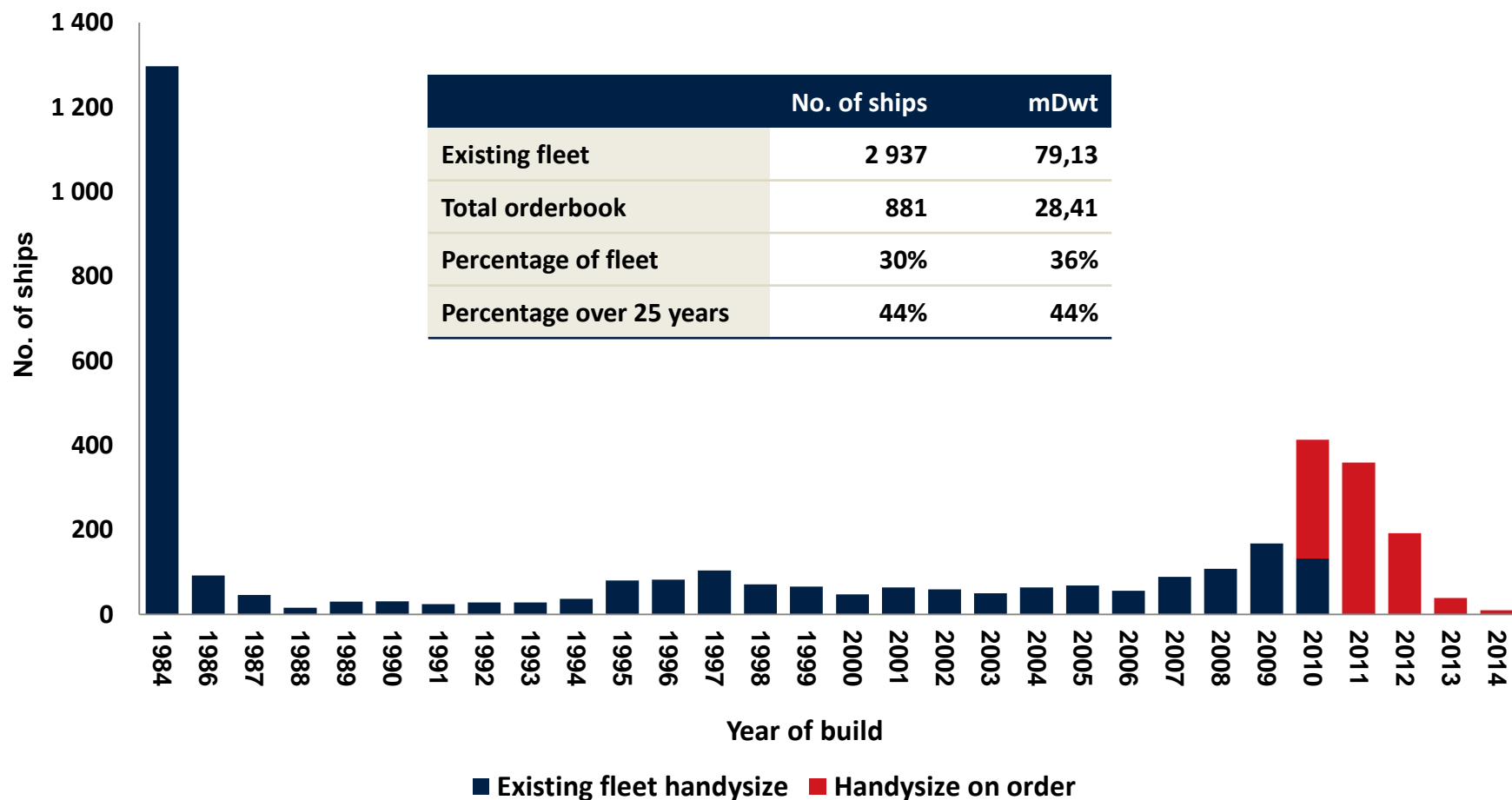
Source: Clarkson Research Services Limited, August 2010

Grindrod management comment:

- 65% of orderbook likely to deliver for 2010 & 2011
- Projected net fleet deadweight growth 18,5% 2010, 19,5% 2011

Shipping markets

Fleet profiles – handysize bulk carriers



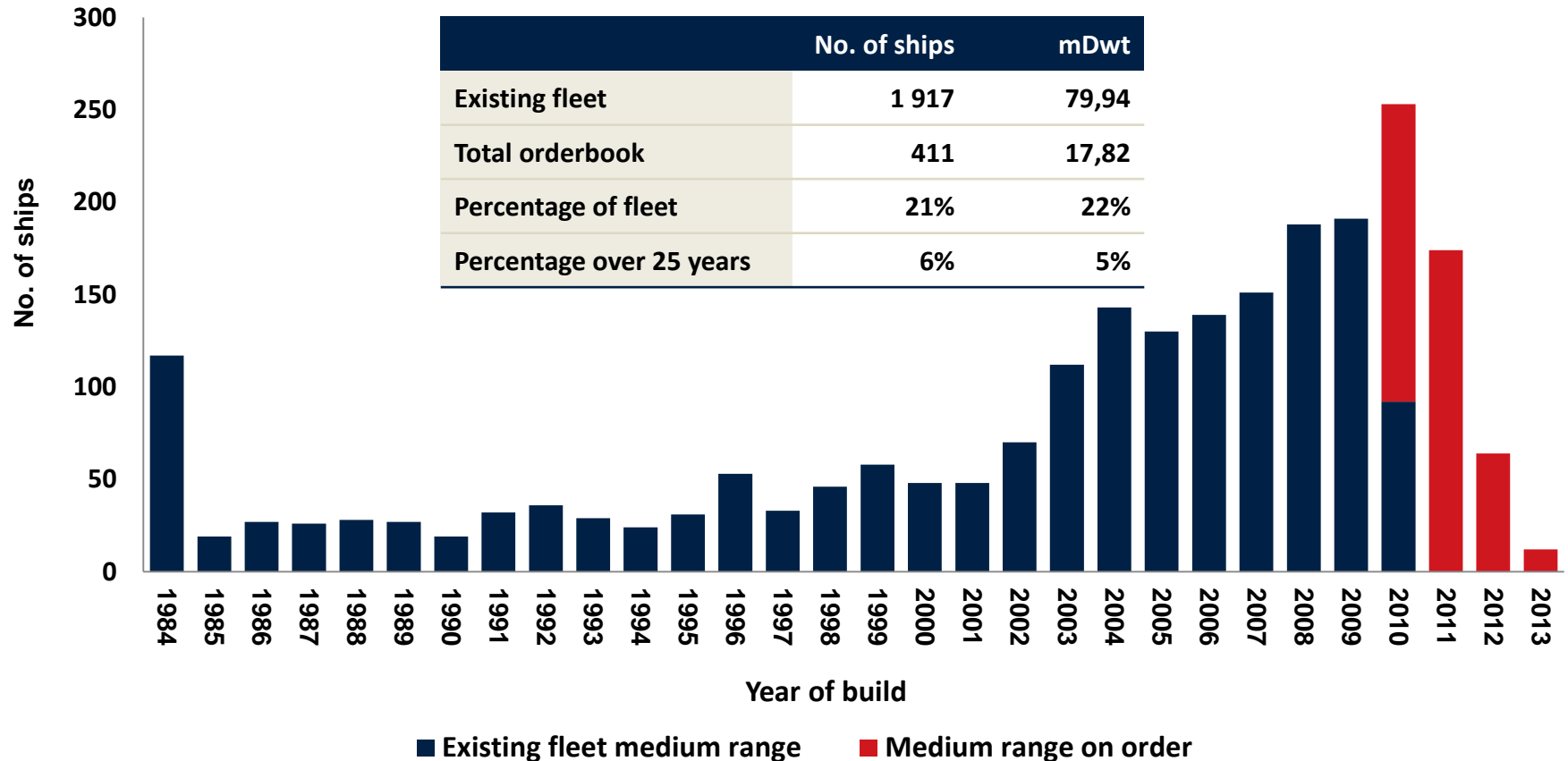
Source: Clarkson Research Services Limited, August 2010

Grindrod management comment:

- 59% of orderbook likely to deliver for 2010 & 2011
- Projected net fleet deadweight growth 8,0% 2010, 8,5% 2011

Shipping markets

Fleet profiles – medium range tankers (25 – 55 000 dwt)

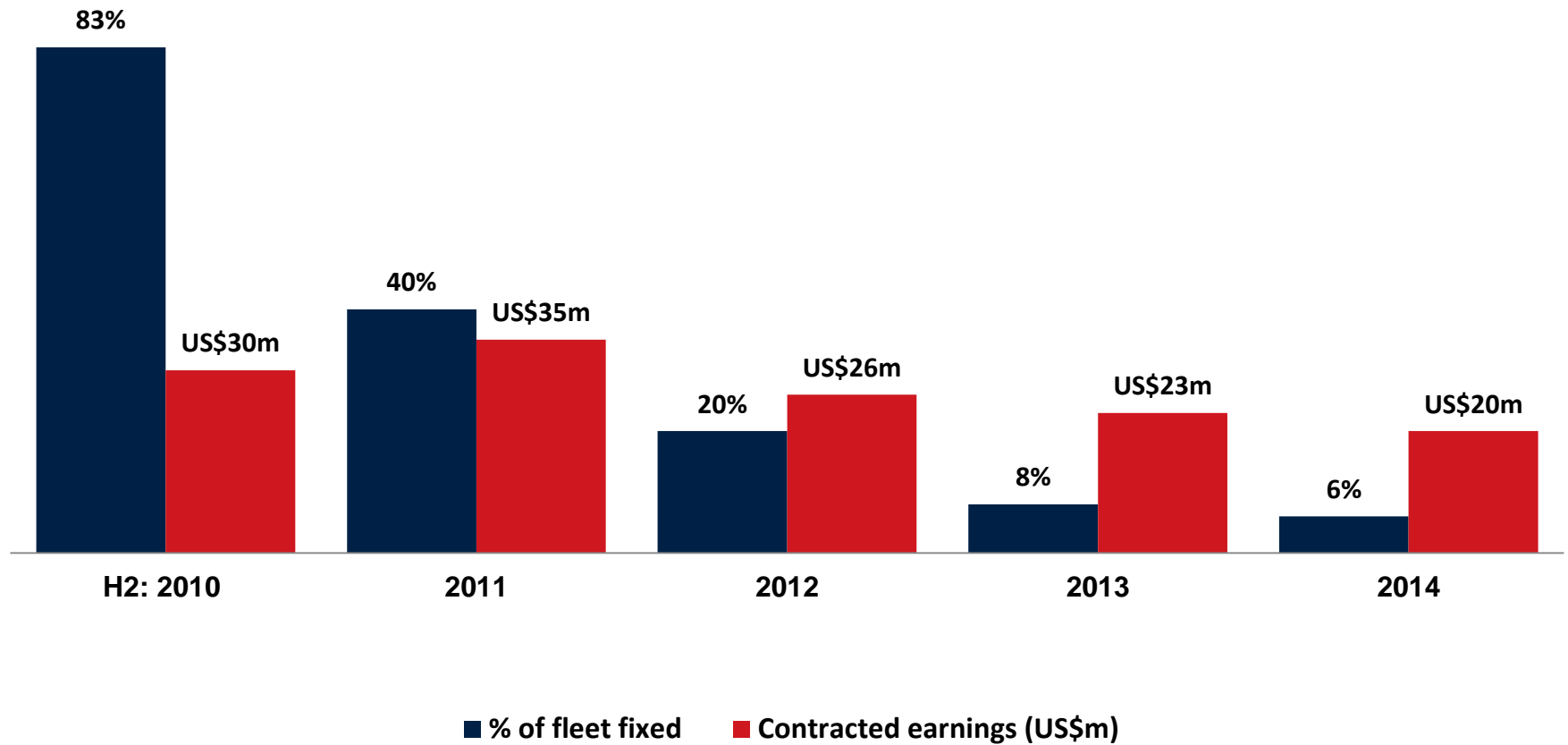


Source: Clarkson Research Services Limited, August 2010

Grindrod management comment:

- 60% of orderbook likely to deliver for 2010
- Projected net fleet deadweight growth 5,9% 2010, 6,7% 2011 (10 – 60 000 dwt)

Fleet contract cover



Market outlook

Shipping

- Drybulk: correction expected but likely to be impacted by capesize newbuilding delivery
- Tanker: stable but improvement expected with improved economic activity and northern hemisphere winter
- Ship values: stable
- Ship operating: good volumes expected from continued demand for commodities

Trading

- US Dollar earnings growth +2% but -16% in Rand
- Revenue increased by 23%
 - Volume growth 6%
 - Higher commodity prices/change in product mix offset exchange rate impact
- Strong performance by marine fuels
- Margin per ton slightly lower due to product mix
- Interest savings
- Singapore office expanded to develop Asian markets
- Further development of marine fuels physical supply: Thames/Rotterdam

Freight Services

- Profit for the period of R103,3 million – increase of 16,1% (H1 2009)
 - Challenging trading conditions
 - Earnings growth contributed to by:
 - Intermodal - improved container volumes/rationalisation benefits
 - Logistics - rationalisation benefits/improved volumes
 - Maputo port - recognition of earnings and increasing volumes
 - Results impacted by:
 - Third party industrial action
 - Limited availability of rail wagons to service drybulk volumes
 - Low container freight rates
 - Port congestion raising operating costs
 - Stronger average Rand/US Dollar exchange rate
- Affected Terminals, Seafreight and Ships Agencies

H1 2010 highlights

- Rationalisation of Logistics operations completed/expected to yield further improvements in H2 2010
- Acquisition of Fuelogic concluded
- Maputo port concession extended to 2033, with ten year extension option
- Maputo Coal Terminal sub-concession extended to 2043
- Progress made on expanding rail capacity
- Consolidation and development of owned Intermodal sites continues
- Growth in non-liner ships agency business

Current and future projects

- Dredging of Port of Maputo to allow panamax vessels to be completed Q1 2011
- Maputo Coal Terminal capacity expansion to 6 million tonnes per annum to be concluded Q4 2010
- Additional land secured to expand Maputo Coal Terminal capacity to between 16 and 25 million tonnes (completion 2013)
- CFM and DP World JV – develop intermodal container depot adjacent to Maputo Port (completion Q2 2011)
- Development of rail capacity – Maputo and Richards Bay

Financial Services

- Good profit growth in challenging environment
 - 19% increase in attributable earnings
 - Significant fee income
 - Maintained net margin and advances level
- Strong liquidity
- Capital adequacy = 14,05%
- Well managed lending book
- Growth in Asset Management division
 - Grindrod Asset Management appointed manager of Nedgroup Investment's South African listed property unit trust launched 30 July 2010
- Grindrod Global Property Fund rated second best performing South African unit trust fund for the year
 - Total return of 42,6%



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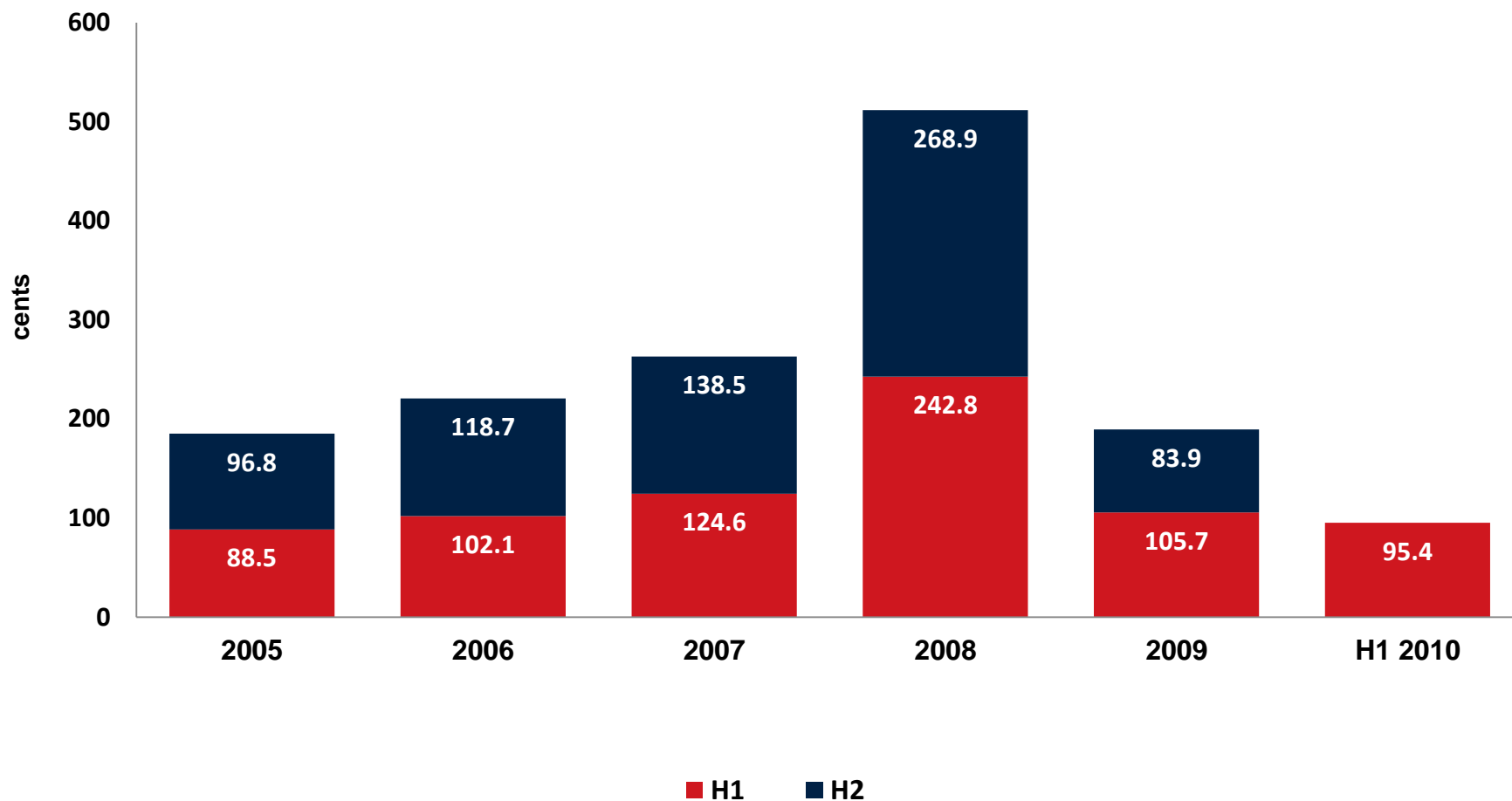
Interim results



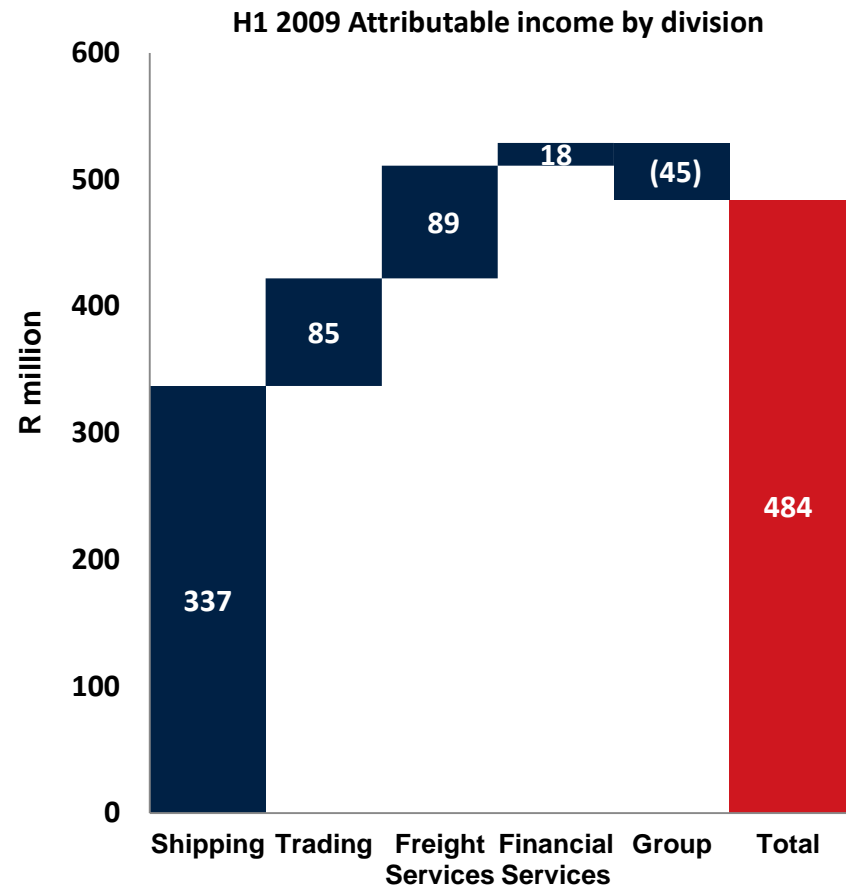
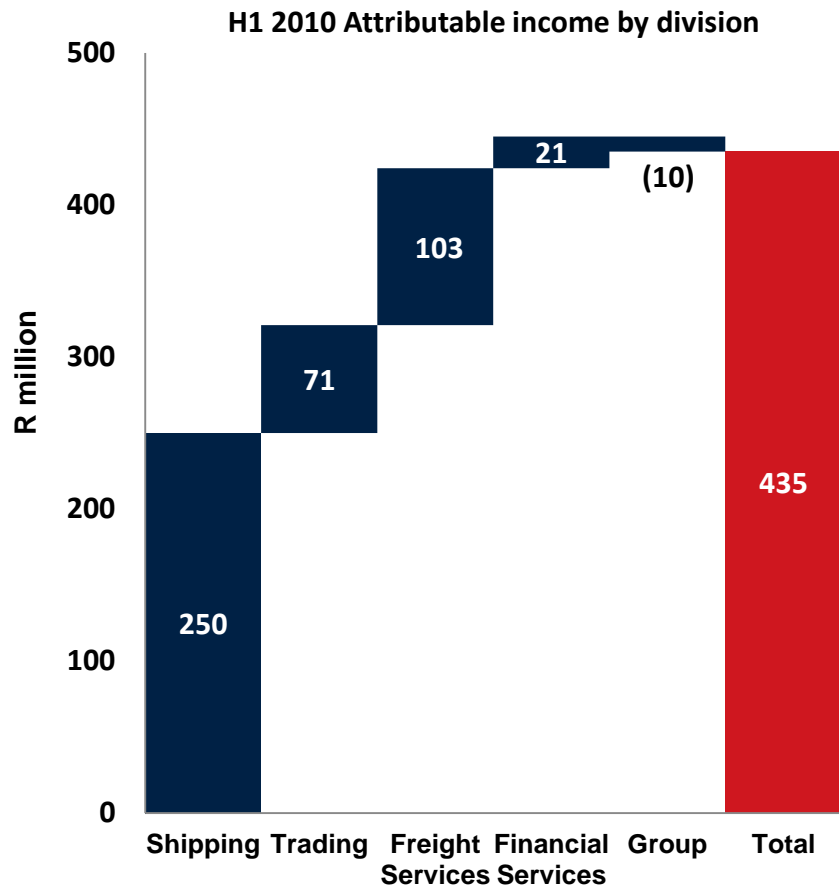
100 years

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Headline earnings per share



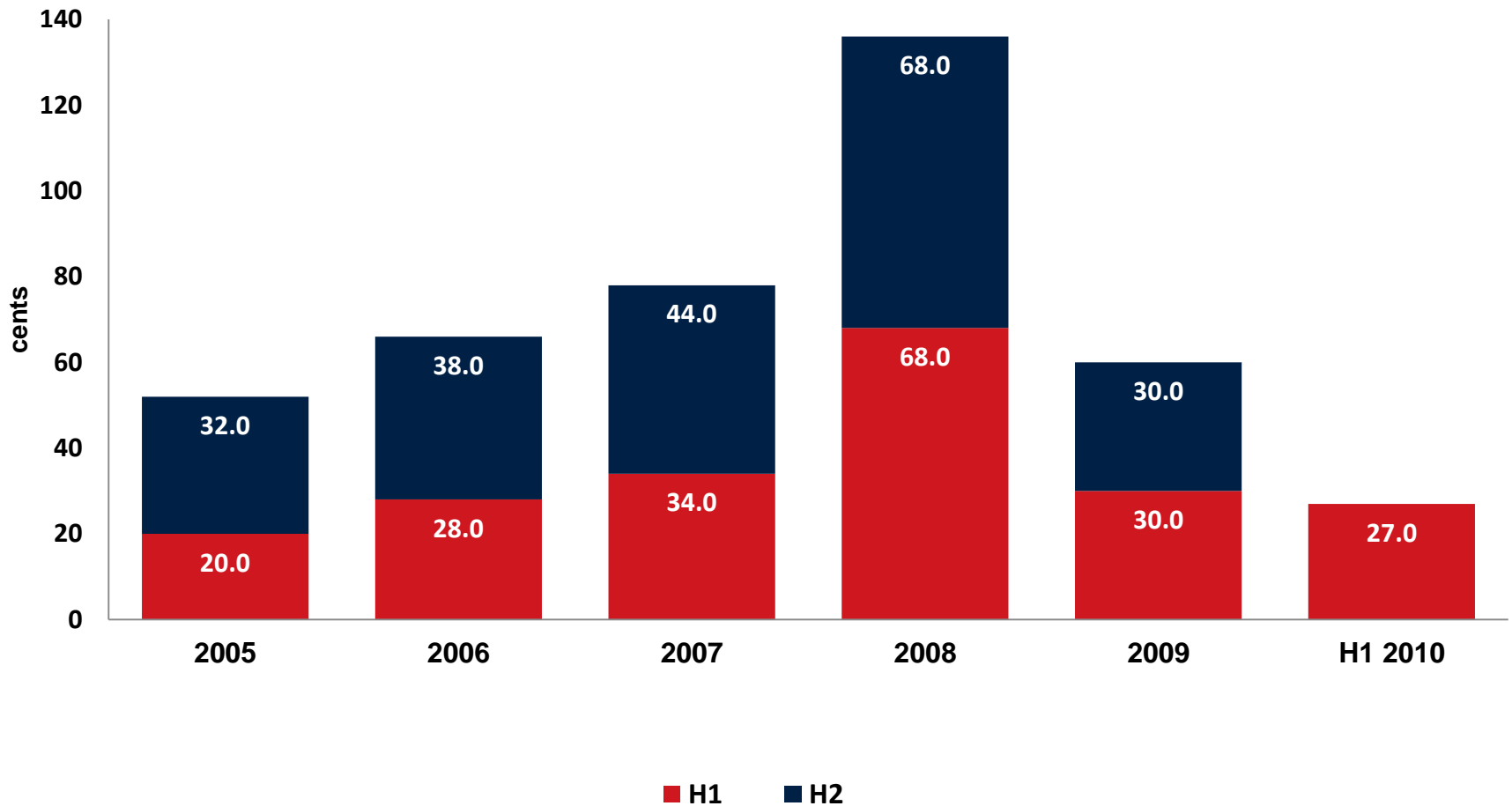
Segmental contribution



Income statement

<i>(R million)</i>	2010 (H1)	2009 (H1)	Growth %	
Revenue	14 884	12 420	20	Freight Services volume/trading commodity price mix
Trading profit (EBITDA)	686	801	(14)	No ship sale profits/average exchange rate
Depreciation and amortisation	(158)	(147)	(7)	
Operating profit before interest and taxation	528	654	(19)	
Net interest received/(paid)	6	(73)	108	Repayment of Rand borrowings and interest on cancelled ships
Associates' profit/non-trading items	37	41	(10)	Seafreight Logistics/MPDC
Taxation/minority interest/preference dividends	(136)	(138)	1	
	435	484	(10)	

Dividends/distribution per share



Balance sheet

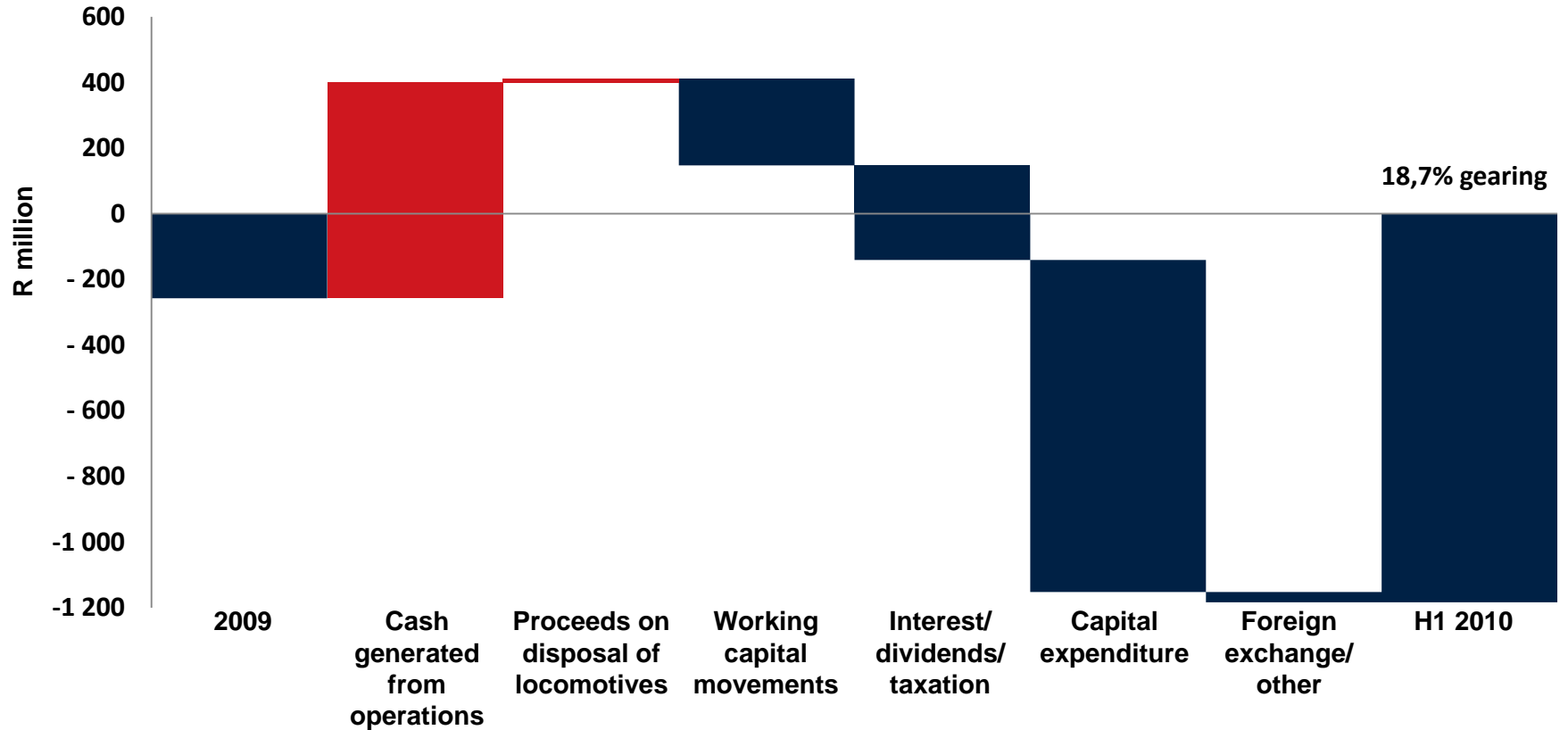
<i>(R million)</i>	2010 (H1)	2009 (H1)	
Ships	2 938	2 991	Capex offset by Rand/US Dollar exchange rate/ship sales in H2 2009/ship cancellations
Other fixed assets/investments	3 620	2 493	Acquisitions of businesses and terminal expansion
Current assets	4 040	3 510	Acquisitions of businesses/working capital increase
Total assets	10 598	8 994	
Equity	6 337	5 951	
Net debt	1 183	37	Capital expenditure and working capital increase
Other liabilities	3 078	3 006	
Total equity and liabilities	10 598	8 994	
Net debt:equity	18.7%	0.6%	

Capital expenditure and commitments

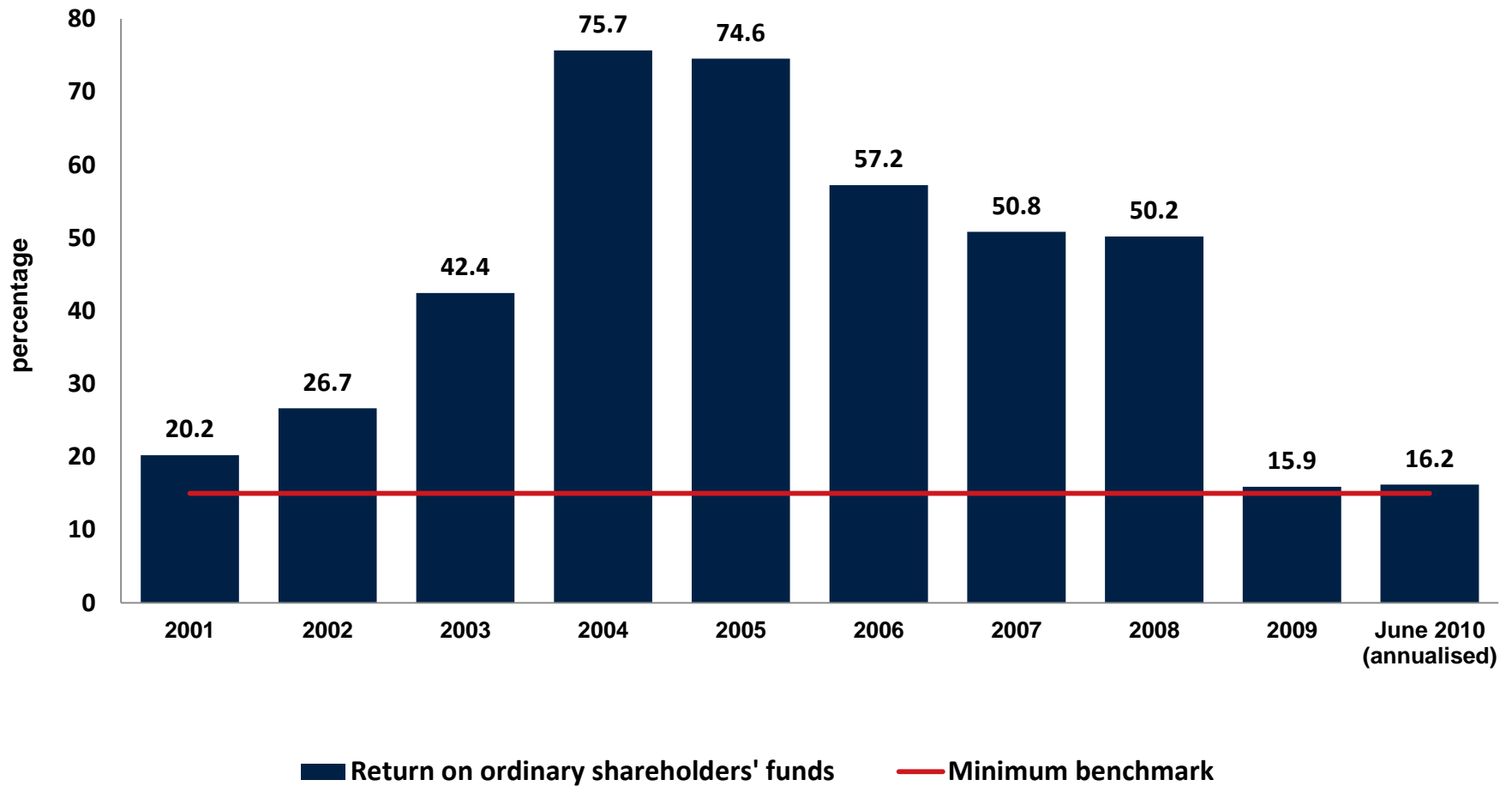
<i>(R million)</i>	2010 (H1)	2010 (H2)	2011	2012	Total commitments
Ships	604	505	640	92	1 237
Property and terminals	48	240	152	-	392
Vehicles, equipment and software	82	71	2	1	74
	734	816	794	93	1 703
Acquisition of businesses	278	53	17	-	70
Total	1 012	869	811	93	1 773

Capacity for up to R5 billion over next three years

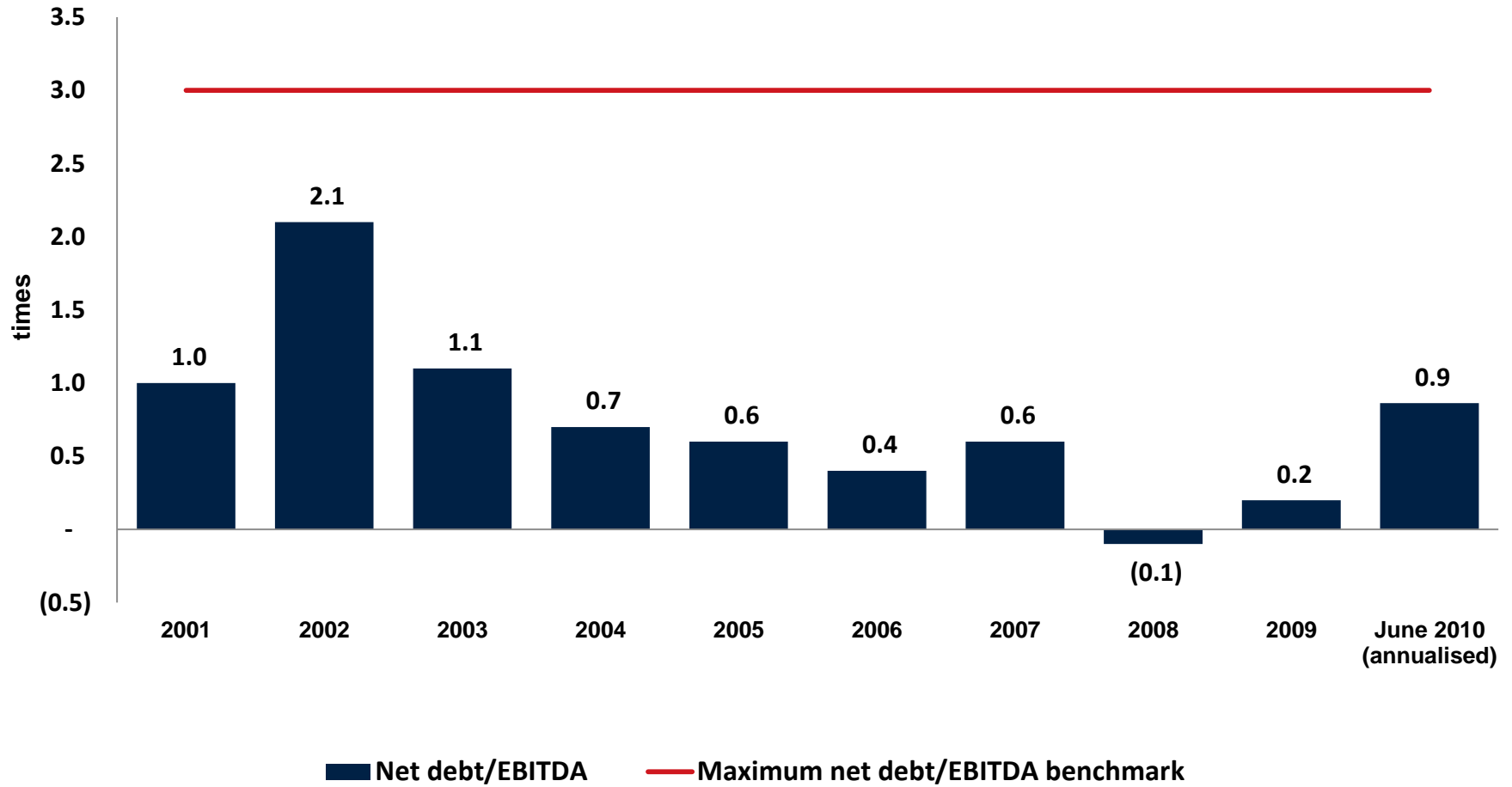
Net debt analysis



Return on ordinary shareholders' funds



Net debt/EBITDA





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Strategy update



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Extract from 2009 year end results presentation:

Shipping

- Alert to opportunities. Timing is key!
- Continue to grow ship operating capabilities

Trading

- Strategic origination projects
- Expand products/markets

Freight Services

- Focus on Ports and Terminals
- Take advantage of infrastructural opportunities supported by a sound contract base

Financial Services

- Conservative liquidity/credit and asset management policies

Will continue to focus more on integrating businesses and extracting synergies

No changes in strategy

Substantial progress made

Continue to look for opportunities



Conclusion



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Conclusion

Shipping

- Well placed for remainder of 2010
 - Low fleet cost
 - High contract cover in wet and dry markets
 - Favourable outlook for shipping markets but some supply side pressure
 - Strong commodity demand positive for ship operating business
 - Stable asset pricing anticipated

Trading

- Long-term outlook very positive across whole range of products
- Market conditions continue to be volatile and competitive
- Short-term outlook for balance of 2010 remains challenging

Conclusion

Freight Services

- Port and Terminal operations – strong demand for capacity
- Throughput increases expected – more rail wagons being committed
- Improved profitability in Logistics expected
- Other operations expected to benefit from historically stronger H2 trading period

Financial Services

- Expect sound earnings growth for 2010

Acceptable returns on shareholders' funds are expected for 2010

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Annexures



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Fleet overview (owned and long-term chartered ships)

Contracted in at 30.06.2010		Bulk carriers				Tankers		Total
		Handysize	Panamax	Capesize	Medium range	Small	Chemical	
2010 (H2)	Number (average)	15,8	2,0	3,0	9,0	2,0	4,0	35,8
	Cost (US\$/day)	9 900	9 400	19 800	14 800	11 700	14 700	12 600
2011	Number (average)	16,9	2,0	2,5	7,2	3,0	4,0	35,6
	Cost (US\$/day)	10 000	9 400	21 400	14 600	11 400	14 700	12 300
2012	Number (average)	18,3	2,0	2,0	6,5	4,5	4,0	37,3
	Cost (US\$/day)	9 900	9 600	22 700	14 400	11 700	14 700	12 100
2013	Number (average)	18,5	2,0	2,0	6,5	4,5	4,0	37,5
	Cost (US\$/day)	10 000	9 700	22 700	14 600	11 800	14 800	12 200
2014	Number (average)	18,5	2,0	1,6	6,5	4,5	4,0	37,1
	Cost (US\$/day)	10 100	9 800	21 700	14 700	12 000	15 000	12 100
Current fleet		15,0	2,0	3,0	9,0	1,5	4,0	34,5*
Net number of ships to deliver								
2010 (H2)		1,0	-	-	(0,5)	1,0	-	1,5
2011		2,0	-	(1,0)	(2,0)	2,0	-	1,0
2012		0,5	-	-	-	-	-	0,5
2013		-	-	-	-	-	-	-
2014		-	-	(1,0)	-	-	-	(1,0)
Fleet at end of 2014		18,5	2,0	1,0	6,5	4,5	4,0	36,5**

* (owned fleet 10,5; chartered fleet 24); ** (owned fleet 23,5; chartered fleet 13)

Contract cover

Contracted out at 30.06.2010		Bulk carriers				Tankers		Total
		Handysize	Panamax	Capesize	Medium range	Small	Chemical	
2010 (H2)	Number (average)	14,5	2,0	2,6	7,5	1,5	2,0	30,1
	Revenue (US\$/day)	12 100	24 000	37 300	18 500	10 660	16 100	16 900
2011	Number (average)	4,5	2,0	2,5	2,8	1,1	1,7	14,6
	Revenue (US\$/day)	11 700	24 000	36 600	18 000	10 400	17 200	19 400
2012	Number (average)	1,6	2,0	2,1	1,0	0,1	0,6	7,4
	Revenue (US\$/day)	13 100	24 000	37 200	16 000	10 400	17 100	23 600
2013	Number (average)	0,5	1,4	1,0	-	-	-	2,9
	Revenue (US\$/day)	20 000	25 300	52 300	-	-	-	33 700
2014	Number (average)	0,4	1,0	1,0	-	-	-	2,4
	Revenue (US\$/day)	20 000	27 200	52 300	-	-	-	36 500
Contract profits		% of fleet fixed		Charters (US\$m)	Ship sales (US\$m)		Total (US\$m)	
2010 (H2)		83		30	1		31	
2011		40		35	-		35	
2012		20		26	-		26	
2013		8		23	-		23	
2014		6		20	-		20	

Note: variable volume contracts have been included at forecast volumes

Market net asset value adjustment - Shipping

Market value adjustments to fleet book value Rm

Excess of market value of owned fleet and charters with purchase options over book value **1 053**

Market value of other long-term charters and contracts **343**

1 396

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 valued 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	28 137	14 663
	Handymax	35 250	15 930
	Panamax	40 250	18 539
	Capesize	64 250	25 928
Tankers	Medium range	25 815	13 236
	Small	15 917	9 250
	Chemical	30 750	17 000

Note: variable volume contracts have been included at forecast volumes



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