



Grindrod Limited

Unaudited Interim Results and Dividend Announcement

for the six months ended 30 June 2019

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Business review

With the Freight Services business focus firmly on “trade corridors supported by key infrastructure” the businesses have used the first half to re-establish the basics and focus on the customers’ need for efficient and effective freight logistics services. All the businesses have displayed good progress and continue to add scale and diversification to the core business.

The core Bank has been further capitalised following good growth in deposits and advances and is re-establishing the retail business. The private equity businesses have been split out and are now driven as a separate focused business.

The Marine Fuel and Agricultural investments do not form part of the strategic focus and are therefore held for sale.

Continuing operations

Continuing operations generated earnings of R136.7 million for the first half of 2019 against a loss of R418.2 million in 2018. Headline earnings grew by 118% to R136.7 million compared to R62.6 million in 2018.

Maputo Port and Terminals

Port and Terminals earnings of R102.3 million were up 66% on 2018.

Maputo Port achieved a 9% growth in earnings, as it benefitted from a weaker rand against the US Dollar offsetting a 4% drop in its volume from 9.7 million tonnes in 2018 to 9.3 million tonnes.

The **Matola Terminal** benefitted from a continued buoyant iron ore price driven by global supply concerns. Volumes of 2.3 million tonnes fell marginally short of June 2018 volumes of 2.4 million, a 4% drop, due to weaker coal exports and some logistics challenges.

The **Oiltanking Grindrod Calulo** commenced the construction and development of the Ngqura Liquid Bulk Terminal with bulk earthworks in early 2019. Construction is estimated for completion in quarter four of 2020.

Logistics

The Logistics segment showed improved earnings of R47.3 million recovering from a headline loss of R61.1 million in June 2018.

The **Seafreight** business and its landside operation achieved earnings growth which was underpinned by additional Mozambique voyages and improved volumes in cement, steel and mill shipments despite the impact of cyclone Idai in Beira.

The operational ramp-up in **Nacala contract logistics and container depot** which handles overflow port containers and the graphite business assisted the comparison as there was only a small presence in the previous year.

Road transportation, containerised cargo and warehousing businesses continued to be impacted by a highly competitive and declining volume market, and exposure to declining economic growth in South Africa.

Clearing and Forwarding recorded healthy earnings growth against 2018 following extensive work on both existing and new contracts. Ships Agency, which is bedding down the merger with Nova Logistics, had a decrease in earnings but expect a better second half as the engineering business earnings starts to come through.

The **Rail leasing** businesses returned to profitability in the current year following significant efforts to exit the non-performing contract. Twenty-four locomotives were extracted from the Tonkilili mine in Sierra Leone following the closure of the mine. The locomotives arrived in South Africa in July and will be deployed in sub-Saharan Africa on leasing contracts. The locomotives and wagon leasing joint venture, Grindrod Pembani Remgro (GPR), continued to operate well and improved its deployment rate with additional locomotives leased to Zimbabwe on short term contracts.

Rail Logistics continues to work well on throughput traffic on the North-South corridor but have been severely impacted on the in-country contract due to the deterioration of the Zimbabwean economy. Key input costs such as fuel and locomotive leases are US dollar based while revenues are settled in Zimbabwean currency. Prior year results include \$15.8 million (pre-tax and at 100% shareholding) received from the government of Zimbabwe in the form of Real Time Gross Settlement (“RTGS”) for the provision of fuel transportation services.

Bank

The **Bank** reported headline earnings of R54.8 million (2018: R73.7 million). Deposits and advances grew seven and five % respectively, compared to the prior period. A further equity investment of R100.0 million was made to ensure the Bank is well capitalised. Significant resources have been redeployed to re-establish the retail business.

Group

Costs relating to group increased in the current year following consolidation of the group's broad-based black economic empowerment (B-BBEE) structure as of December 2018. This consolidation has a positive effect on the earnings per share with an increase in treasury shares. The private equity and property private equity businesses, previously included in the Financial Services segment are now reflected in the group segment as these investments have matured and are now in the process of being realised. With fair valuations of these private equity investments nominal in the first half of the current year, costs exceeded earnings.

Discontinued operations

The discontinued businesses comprise the **Marine Fuel and Agricultural Investments** businesses (prior year included Shipping results). This segment reported a headline loss of R257.5 million (2018: headline earnings of R286.2 million) due to an impairment in the Marine Fuel UAE business. Several employees have been dismissed and legal proceedings instituted. The business has notified the insurers of a potential claim. The Agricultural investments have returned good results despite the late planting season in South Africa which has resulted in a timing delay in the earnings from storage in comparison to the prior year. As the discontinued businesses are now held for sale an impairment provision has been raised against the investment carrying values to reflect management's estimate of the recoverable value.

Condensed consolidated income statement

for the six months ended 30 June 2019

	Unaudited 30 June 2019 R000	Unaudited 30 June 2018 R000 Restated*	Unaudited 31 December 2018 R000 Restated*
Continuing operations			
Revenue	1 857 141	1 622 351	3 492 500
Earnings before interest, taxation, depreciation and amortisation	443 292	235 784	873 035
Depreciation and amortisation	(237 089)	(212 285)	(437 033)
Operating profit before interest and taxation	206 203	23 499	436 002
Non-trading items	(637)	(486 090)	(484 372)
Interest received	113 624	123 910	246 420
Interest paid	(164 261)	(80 265)	(174 877)
Profit/ (loss) before share of joint venture and associate companies' profit	154 929	(418 946)	23 173
Share of joint venture companies' profit after taxation	79 108	143 999	203 510
Share of associate companies' profit after taxation	4 367	3 816	8 269
Profit/ (loss) before taxation	238 404	(271 131)	234 952
Taxation	(65 853)	(109 850)	(180 595)
Profit/ (loss) for the period from continuing operations	172 551	(380 981)	54 357
Discontinued operations			
(Loss)/ profit for the period from discontinued operations	(649 306)	2 836 703	2 893 165
(Loss)/ profit for the period	(476 755)	2 455 722	2 947 522
Attributable to:			
Ordinary shareholders	(512 591)	2 418 511	2 873 457
From continuing operations	136 715	(418 192)	(19 708)
From discontinued operations	(649 306)	2 836 703	2 893 165
Preference shareholders	33 100	32 680	65 682
Owners of the parent	(479 491)	2 451 191	2 939 139
Non-controlling interests	2 736	4 531	8 383
From continuing operations	2 736	4 531	8 383
	(476 755)	2 455 722	2 947 522

* Restated for the impact of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and IFRS 16 *Leases*. Refer to the basis of preparation.

Earnings per share information

for the six months ended 30 June 2019

	Unaudited 30 June 2019 R000	Unaudited 30 June 2018 R000 Restated*	Unaudited 31 December 2018 R000 Restated*
Reconciliation of headline earnings from continuing operations			
Profit/ (loss) attributable to ordinary shareholders	136 715	(418 192)	(19 708)
Adjusted for:	(65)	480 838	500 498
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	2 694	546 501	585 813
Net loss/ (profit) on disposal of investments	-	376	(7 900)
Net profit on disposal of property, terminals, machinery, vehicles and equipment	(2 056)	(81 144)	(75 849)
Gain on bargain purchase	-	-	(17 357)
Foreign currency translation reserve release	-	(173)	(173)
Joint ventures and associates:			
Net profit on disposal of plant and equipment	(69)	(2 603)	(2 758)
Total taxation effects of adjustments	(634)	17 881	18 722
Headline earnings from continuing operations	136 650	62 646	480 790
Ordinary share performance			
Number of shares in issue less treasury shares** (000s)	680 414	753 084	680 268
Weighted average number of shares (basic) (000s)	680 483	752 504	751 877
Diluted weighted average number of shares (000s)	684 707	758 205	756 902
Basic earnings/ (loss) per share: (cents)			
From continuing operations	20.1	(55.6)	(2.6)
From discontinued operations	(95.4)	377.0	384.8
Total	(75.3)	321.4	382.2
Diluted earnings/ (loss) per share: (cents)			
From continuing operations	20.0	(55.2)	(2.6)
From discontinued operations	(95.4)	374.1	382.2
Total	(75.4)	318.9	379.6
Headline earnings per share from continuing operations: (cents)			
Basic	20.1	8.3	63.9
Diluted	20.0	8.3	63.5
Dividends per share (cents)	5.0	-	14.6
Dividend cover (headline)*** (times)	4.0	-	4.0

* Restated for the impact of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and IFRS 16 *Leases*. Refer to the basis of preparation.

** In the prior year, 8.7 million shares were bought back by the group and 64.0 million shares were treated as treasury shares following consolidation of the B-BBEE structure.

*** In the prior year, dividend cover was based on second-half headline earnings.

Condensed consolidated statement of other comprehensive income

for the six months ended 30 June 2019

	Unaudited 30 June 2019 R000	Unaudited 30 June 2018 R000 Restated*	Unaudited 31 December 2018 R000 Restated*
(Loss)/ profit for the period	(476 755)	2 455 722	2 947 522
Other comprehensive loss/ (income):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	(118 916)	693 523	853 953
Net movement in cash flow hedges	-	186	186
Business combinations	-	(2 006)	-
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses	-	-	(17 850)
Fair value gain arising on available-for-sale instruments	1 249	690	1 755
Total comprehensive (loss)/ income for the period	(594 422)	3 148 115	3 785 566
Total comprehensive (loss)/ income attributable to:			
Owners of the parent	(594 710)	3 142 987	3 775 216
Non-controlling interests	288	5 128	10 350
	(594 422)	3 148 115	3 785 566

* Restated for the impact of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and IFRS 16 *Leases*. Refer to the basis of preparation.

Condensed consolidated statement of financial position

as at 30 June 2019

	Unaudited 30 June 2019 R000	Unaudited 30 June 2018 R000 Restated*	Unaudited 31 December 2018 R000 Restated*			
Property, terminals, machinery, vehicles, equipment and right-of-use assets	2 709 837	2 491 635	2 741 103			
Intangible assets	699 652	706 145	701 975			
Investments in joint ventures	2 410 683	2 677 694	2 776 264			
Investments in associates	90 068	916 423	970 815			
Deferred taxation	53 817	54 865	60 945			
Other investments and derivative financial assets	2 033 774	2 582 640	2 127 079			
Total non-current assets	7 997 831	9 429 402	9 378 181			
Loans and advances to bank customers	8 280 808	7 524 148	7 755 744			
Liquid assets and short-term negotiable securities	987 176	2 209 999	2 843 541			
Bank balances and cash	5 576 893	11 105 598	3 817 069			
Other current assets	2 192 590	2 301 558	2 423 548			
Non-current assets held for sale	743 434	253 834	298 349			
Total assets	25 778 732	32 824 539	26 516 432			
Shareholders' equity	8 675 748	9 979 286	9 432 278			
Non-controlling interests	72 330	43 132	52 277			
Total equity	8 748 078	10 022 418	9 484 555			
Interest-bearing borrowings	1 124 938	1 085 608	1 304 664			
Financial Services funding instruments	967 952	1 024 678	1 191 874			
Deferred taxation	220 822	231 978	222 116			
Other non-current liabilities	47 790	52 691	62 459			
Total non-current liabilities	2 361 502	2 394 955	2 781 113			
Deposits from bank customers	10 505 485	17 183 473	10 506 404			
Current interest-bearing borrowings	1 914 055	787 672	1 821 627			
Current Financial Services funding instruments	880 073	550 844	368 895			
Other liabilities	1 369 539	1 447 431	1 485 218			
Non-current liabilities associated with assets held for sale	-	437 746	68 620			
Total equity and liabilities	25 778 732	32 824 539	26 516 432			
Net worth per ordinary share – at book value (cents)	1 177	1 232	1 285			
Net debt/ (cash) : equity ratio	0.06:1	(0.02):1	0.08:1			
Capital expenditure	143 968	433 327	678 638			
	30 June 2019 R000	30 June 2019 US\$000	30 June 2018 R000	30 June 2018 US\$000	31 December 2018 R000	31 December 2018 US\$000
Capital commitments	156 515	5 287	143 345	7 769	447 264	-
Authorised by directors and contracted for	21 161	5 287	30 685	-	19 202	-
Due within one year	21 161	5 287	30 685	-	19 202	-
Due thereafter	-	-	-	-	-	-
Authorised by directors not yet contracted for	135 354	-	112 660	7 769	428 062	-

* Restated for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and IFRS 16 Leases. Refer to the basis of preparation.



Condensed consolidated statement of cash flows

for the six months ended 30 June 2019

	Unaudited 30 June 2019 R000	Unaudited 30 June 2018 R000 Restated*	Unaudited 31 December 2018 R000 Restated*
Operating profit from continuing operations	206 203	23 499	436 002
Operating profit from discontinued operations	-	272 933	225 975
Non-cash adjustments	197 729	267 713	237 407
Operating profit before working capital changes	403 932	564 145	899 384
Working capital changes	74 904	(166 668)	(97 408)
Cash generated from operations	478 836	397 477	801 976
Net interest paid	(65 778)	(45 345)	(67 675)
Net dividends (paid)/ received	(139 358)	(29 350)	30 624
Taxation paid	(70 298)	(73 785)	(204 223)
	203 402	248 997	560 702
Net deposits from/ (advances to) customers and other short-term negotiables	1 330 382	1 716 281	(5 855 567)
Deposits – Retail Banking	(666 758)	2 081 492	(5 185 788)
Other	1 997 140	(365 211)	(669 779)
Net cash flows generated/ (utilised in) from operating activities before ship sales and purchases	1 533 784	1 965 278	(5 294 865)
Capital expenditure on ships	-	(242 244)	(242 244)
Net cash flows generated from/ (utilised in) operating activities	1 533 784	1 723 034	(5 537 109)
Acquisition of investments, property, terminals, machinery, vehicles and equipment	(26 842)	(208 481)	(325 135)
Net proceeds/ (outflow) from disposal of property, terminals, machinery, vehicles, equipment and investments	48 397	(461 301)	(338 554)
Goodwill/ intangible assets acquired	(10 173)	(44)	(2 010)
Proceeds from disposal of intangible assets	70	353	353
Funds (advanced to)/ repaid by joint venture and associate companies	(3 995)	261 707	216 815
Acquisition of additional investments in subsidiaries, joint ventures and associates	-	(406)	(33)
Net cash flows generated from/ (utilised in) investing activities	7 457	(408 172)	(448 564)
Acquisition of treasury shares	(2 155)	-	(57 953)
Long-term interest-bearing debt raised	387 482	1 353 906	1 848 108
Payment of capital portion of long-term interest-bearing debt	(234 452)	(1 489 975)	(2 155 022)
Short-term interest-bearing debt raised	230	93	18 016
Net cash flows generated from/ (utilised in) financing activities	151 105	(135 976)	(346 851)
Net increase/ (decrease) in cash and cash equivalents	1 692 346	1 178 886	(6 332 524)
Cash and cash equivalents at the beginning of the period	3 379 249	9 558 382	9 558 382
Difference arising on translation	(15 823)	125 319	153 391
Cash and cash equivalents at the end of the period	5 055 772	10 862 587	3 379 249

* Restated for the impact of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and IFRS 16 *Leases*. Refer to the basis of preparation.

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2019

	Unaudited 30 June 2019 R000	Unaudited 30 June 2018 R000 Restated*	Unaudited 31 December 2018 R000 Restated*
Ordinary and preference share capital and share premium	3 982 637	4 430 050	3 977 456
Balance at the beginning of the period	3 977 456	5 992 756	5 992 756
Share options vested	7 336	21 656	20 615
Return of share capital	-	(1 584 362)	(1 584 362)
Adjustment arising on consolidated of B-BBEE structure	-	-	(393 600)
Treasury shares acquired	(2 155)	-	(57 953)
Equity compensation reserve	52 642	51 928	54 991
Balance at beginning of the period	54 991	58 364	58 364
Share-based payments	4 987	16 968	18 990
Share options vested	(7 336)	(21 656)	(20 615)
Balance disposed on Shipping spin-off	-	(1 748)	(1 748)
Foreign currency translation reserve	1 412 715	1 367 758	1 529 741
Balance at the beginning of the period	1 529 741	3 505 281	3 505 281
Foreign currency translation realised	-	(2 830 449)	(2 830 505)
Foreign currency translation adjustments	(117 026)	692 926	854 965
Other non-distributable statutory reserves	(65 344)	(42 664)	(43 637)
Balance at the beginning of the period	(43 637)	(43 566)	(43 566)
Foreign currency translation adjustments	558	186	186
Financial instrument hedge settlement	-	(382)	(1 355)
Fair value adjustment on hedging reserve	-	14 068	14 068
Net business combination	(22 265)	-	-
Balance disposed on Shipping spin-off	-	(12 970)	(12 970)
Accumulated profit	3 293 098	4 172 214	3 913 727
Balance at the beginning of the period	3 913 727	4 443 318	4 443 318
Transitional provision – implementation of IFRS 9 and 15	-	(33 217)	(33 217)
Other comprehensive income arising from available for sale financial instruments	1 249	690	1 755
Adjustment arising on consolidation of B-BBEE structure	-	-	(696 650)
Actuarial losses recognised	-	-	(17 850)
(Loss)/ profit for the period	(479 491)	2 451 191	2 939 139
Ordinary dividends paid**	(109 287)	(2 657 088)	(2 657 086)
Preference dividends paid***	(33 100)	(32 680)	(65 682)
Total interest of shareholders of the company	8 675 748	9 979 286	9 432 278
Equity attributable to non-controlling interests of the company	72 330	43 132	52 277
Balance at the beginning of the period	52 277	39 094	39 094
Foreign currency translation adjustments	(2 448)	597	1 967
Non-controlling interest acquired	22 265	-	7 505
Profit for the period	2 736	4 531	8 383
Ordinary dividends paid	(2 500)	(1 090)	(4 672)
Total equity attributable to all shareholders of the company	8 748 078	10 022 418	9 484 555

* Restated for the impact of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and IFRS 16 *Leases*. Refer to the basis of preparation.

** Ordinary dividends in the prior year related to the Shipping spin-off.

*** Preference dividends paid relate to cumulative non-redeemable preference shares, which are required to be paid, and is based on the prime interest rate.

Segmental analysis for continuing operations

for the six months ended 30 June 2019

	Unaudited 30 June 2019 R000	Unaudited 30 June 2018 R000 Restated*	Unaudited 31 December 2018 R000 Restated*
Revenue			
Port and Terminals	512 767	401 005	925 479
Logistics	1 586 481	1 307 427	2 858 613
Bank	211 479	243 527	554 123
Group	39 736	71 963	203 788
	2 350 463	2 023 922	4 542 003
Segmental adjustments**	(493 322)	(401 571)	(1 049 503)
	1 857 141	1 622 351	3 492 500
Earnings/ (loss) before interest, taxation, depreciation and amortisation			
Port and Terminals	214 612	144 294	305 748
Logistics	377 331	278 550	792 975
Bank	91 357	115 958	233 463
Group	(5 006)	17 335	116 893
	678 294	556 137	1 449 079
Segmental adjustments**	(235 002)	(320 353)	(576 044)
	443 292	235 784	873 035
Operating profit/ (loss) before interest and taxation			
Port and Terminals	151 362	84 052	182 558
Logistics	142 092	43 182	346 231
Bank	81 876	108 602	218 596
Group	(23 153)	(4 605)	73 691
	352 177	231 231	821 076
Segmental adjustments**	(145 974)	(207 732)	(385 074)
	206 203	23 499	436 002
Share of associate companies' profit after taxation			
Port and Terminals	29 230	26 888	62 059
Logistics	1 049	294	1 331
Group	-	25	-
	30 279	27 207	63 390
Segmental adjustments**	(25 912)	(23 391)	(55 121)
	4 367	3 816	8 269
Profit/ (loss) attributable to ordinary shareholders			
Port and Terminals	102 258	61 759	139 562
Logistics	47 290	(597 660)	(507 621)
Bank	54 809	73 703	156 363
Group	(67 642)	44 006	191 988
	136 715	(418 192)	(19 708)
Segmental adjustments**	-	-	-
	136 715	(418 192)	(19 708)

* Restated for the impact of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and IFRS 16 *Leases*. Refer to the basis of preparation.

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

Income statement for discontinued operations

for the six months ended 30 June 2019

	Unaudited 30 June 2019 R000	Unaudited 30 June 2018 R000 Restated*	Unaudited 31 December 2018 R000 Restated*
Revenue	-	1 882 126	1 881 548
Profit before interest, taxation, depreciation and amortisation	-	272 933	225 975
Depreciation and amortisation	-	-	-
Operating profit before interest and taxation	-	272 933	225 975
Non-trading items	-	2 574 731	2 709 089
Loss on re-measurement to fair value less costs to sell	(391 841)	-	(134 169)
Interest received	-	24 864	24 841
Interest paid	-	(68 992)	(68 965)
(Loss)/ profit before share of joint venture and associate companies' (loss)/ profit	(391 841)	2 803 536	2 756 771
Share of joint venture companies' (loss)/ profit after taxation	(271 930)	39 456	37 657
Share of associate companies' profit after taxation	14 465	17 730	122 641
(Loss)/ profit before taxation	(649 306)	2 860 722	2 917 069
Taxation	-	(24 019)	(23 904)
(Loss)/ profit for the period	(649 306)	2 836 703	2 893 165
Attributable to:			
Owners of the parent	(649 306)	2 836 703	2 893 165
Non-controlling interests	-	-	-
	(649 306)	2 836 703	2 893 165

* Restated for the impact of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and IFRS 16 *Leases*. Refer to the basis of preparation.

Related party transactions

for the six months ended 30 June 2019

During each period, the group, in the ordinary course of business, enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

Below is a list of significant related party transactions and balances for each period:

	Nature of relationship	Unaudited 30 June 2019 R000	Unaudited 30 June 2018 R000	Unaudited 31 December 2018 R000
Goods and services sold to:				
Vitol Shipping Singapore Private Limited	Joint venture	-	54 073	58 282
Goods and services purchased from:				
Cockett Marine Oil Private Limited	Joint venture	59 329	268 797	318 368
Amounts due from related party:				
Terminal De Carvo da Matola Limitada	Joint venture	-	75 721	2 632
Cockett Marine Oil Private Limited	Joint venture	502 563	438 830	512 888
GPR Leasing Africa	Joint venture	138 750	168 316	153 517
Newshelf 1279 Proprietary Limited	Influence holder of the group	-	579 963	-
Loans to associates	Associates	1 927 532	1 718 436	2 245 360
Directors (directly or indirectly)	Directors and key officers	4 460	173 222	4 797

Foreign currency denominated items

as at 30 June 2019

Exchange rates (ZAR/US\$)	Unaudited 30 June 2019	Unaudited 30 June 2018	Unaudited 31 December 2018
Opening exchange rate	14.38	12.39	12.39
Closing exchange rate	14.09	13.73	14.38
Average exchange rate	14.17	12.31	13.23

Revenue

for the six months ended 30 June 2019

Revenue category	Unaudited 30 June 2019	Unaudited 30 June 2018 Restated*	Unaudited 31 December 2018 Restated*
Bulk terminals	226 544	167 333	400 528
Container handling	652 895	500 312	1 195 215
Logistics	450 374	454 865	850 070
Net interest income of Financial Services	150 829	147 702	278 954
Fee income of Financial Services	56 494	74 185	196 773
Ship agency income	203 187	145 482	301 901
Other services	116 818	132 272	269 059
	1 857 141	1 622 351	3 492 500

* Restated for the impact of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. Refer to the basis of preparation.

Fair value of financial instruments

as at 30 June 2019

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Levels 2 and 3 fair values were determined by applying either a combination of, or one of the following, valuation techniques:

- Market-related interest rate yield curves to discount expected future cash flows; and/or
- Projected unit method; and/or
- Market value; and/or
- The net asset value of the underlying investments; and/ or
- A price earnings multiple or a discounted projected income/present value approach.

The fair value measurement for income approach valuation is based on significant inputs that are not observable in the market. Key inputs used in the valuation include discount rates and future profit assumptions based on historical performance but adjusted for expected growth. Management reassesses the earnings or yield multiples at least annually based on their assessment of the macro- and micro-economic environments.

	Unaudited 30 June 2019 R000	Unaudited 30 June 2019 R000	Unaudited 30 June 2019 R000	Unaudited 30 June 2019 R000
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets designated at fair value through profit or loss	133 733	988 443	3 288 375	4 410 551
Total	133 733	988 443	3 288 375	4 410 551
Financial liabilities				
Derivative financial instruments	-	(23 428)	-	(23 428)
Other liabilities*	-	(31 428)	-	(31 428)
Total	-	(54 856)	-	(54 856)

	Unaudited 30 June 2018 R000	Unaudited 30 June 2018 R000	Unaudited 30 June 2018 R000	Unaudited 30 June 2018 R000
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets designated at fair value through profit or loss	34 378	881 098	3 186 527	4 102 003
Total	34 378	881 098	3 186 527	4 102 003
Financial liabilities				
Derivative financial instruments	–	(7 140)	–	(7 140)
Other liabilities*	–	(91 816)	–	(91 816)
Total	–	(98 956)	–	(98 956)

	Unaudited 31 December 2018 R000	Unaudited 31 December 2018 R000	Unaudited 31 December 2018 R000	Unaudited 31 December 2018 R000
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets designated at fair value through profit or loss	138 629	931 148	3 347 780	4 417 557
Total	138 629	931 148	3 347 780	4 417 557
Financial liabilities				
Derivative financial instruments	–	(7 911)	–	(7 911)
Other liabilities*	–	(54 548)	–	(54 548)
Total	–	(62 459)	–	(62 459)

* Other liabilities include provisions for the post-retirement medical aid and cash-settled share-based payment scheme.

Fair value gains recognised in the condensed consolidated statement of other comprehensive income for Level 3 financial instruments were R140.9 million (June 2018: R185.6 million).

Reconciliation of level 3 fair value measurements of financial assets

	Unaudited 30 June 2019 R000	Unaudited 30 June 2018* R000	Unaudited 31 December 2018 R000
Opening balance	3 347 780	1 427 617	1 427 617
IFRS 9	–	1 388 959	1 388 959
Purchases	40 693	238 094	427 694
Settlements	(241 000)	(53 755)	(271 290)
Total gains recognised in			
– Condensed consolidated statement of other comprehensive income	140 802	133 550	(2 734)
– Condensed consolidated income statement	100	52 062	377 534
Closing balance	3 288 375	3 186 527	3 347 780

* Comparative figures have been revised to reflect more appropriate disclosure of financial instruments

Contingent assets/ liabilities

as at 30 June 2019

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R3 987.8 million (December 2018: R3 920.8 million) of which R1 452.8 million (December 2018: R1 223.4 million) had been utilised at the end of the period.

Due to the significant restructuring, sale and disposal processes over the last few years, there are potential legal and compliance risks, which may result in potential exposures.



Other information

Capital expenditure and commitments

R million	Capital expenditure		Capital commitments		Split as follows	
	H1 2019	H2 2019	2020	2021	Approved not contracted	Approved and contracted
Continuing operations	176	321	199	-	393	127
Port and Terminals	49	96	169	-	258	7
Logistics	120	225	30	-	135	120
Financial Services	7	-	-	-	-	-
Split as follows:						
Subsidiaries	144	201	30	-	135	95
Joint ventures	32	120	169	-	258	32

Total capital and investment expenditure was R176.0 million (H1 2018: R476.0 million), of which 42% was expansionary and the balance maintenance or replacement capital expenditure.

Cash flow and borrowings

The financial position reflects net debt of R547.6 million (December 2018: R746.7million). The group generated operating profit before working capital cash flows of R403.9 million (December 2018: R899.4 million) during the period. Working capital contributed to a net inflow of R74.9 million (December 2018: R97.4 million net outflow).

Statement of financial position

With total assets of R25 778.7 million (December 2018: R26 516.4 million) and low gearing, the group's financial position remains good. Book net asset value per share is 1 177 cents (December 2018: 1 285 cents).

Shareholders' equity decreased to R8 748.1 million (December 2018: R9 484.6 million) mainly as a result of losses incurred in the current year and dividends paid for the second half of 2018. The decrease of R117.0 million to the foreign currency translation reserve was due to the strengthening of the ZAR/US\$ exchange rate from R14.38/US\$ in December 2018 to R14.09/US\$ in June 2019. Ordinary shares in issue remained unchanged at 762 553 314 shares.

Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the information required by IAS 34 *Interim Financial Reporting*, the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and comply with the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008.

Financial results for 2018 have been restated to reflect the exit of the Marine Fuel and Agricultural investments, and continuation of the Rail leasing business in accordance with the provisions of the IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Notwithstanding the offers received for the Rail leasing business, opportunities to deploy the extracted 24 Sierra Leone locomotives were more commercially attractive, supporting management's decision to continue with this business and reflects the revised strategy of the group.

In addition, the group adopted IFRS 16 *Leases* in the current year using a retrospective approach. Under this approach, the 2018 results were restated. The standard resulted in the recognition of right of use assets and corresponding lease liabilities for all open leases in 2018 and 2019 which are longer than a year. The major make-up of the right of use assets for the group is port concessions, vessel charters and leased facilities.

Continuing Operations	Earnings R000	Headline earnings R000	EPS (cents)	HEPS (cents)
June 2018 results previously reported	351 346	284 790	46.7	37.8
IFRS 5 – Rail Leasing business continuing	(662 091)	(118 127)	(88.0)	(15.6)
IFRS 5 – Marine Fuel and Agricultural investments now held for sale	(45 513)	(42 083)	(6.0)	(5.6)
IFRS 16 – Effect of lease rental reversal, depreciation and interest expense	(61 934)	(61 934)	(8.3)	(8.3)
June 2018 restated results	(418 192)	62 646	(55.6)	8.3

Continuing Operations	Earnings R000	Headline earnings R000	EPS (cents)	HEPS (cents)
December 2018 results previously reported	803 411	716 574	106.9	95.3
IFRS 5 – Rail Leasing business continuing	(609 992)	(46 533)	(81.1)	(6.2)
IFRS 5 – Marine Fuel and Agricultural investments now held for sale	(148 689)	(124 813)	(19.9)	(16.6)
IFRS 16 – Effect of lease rental reversal, depreciation and interest expense	(64 438)	(64 438)	(10.5)	(10.5)
December 2018 restated results	(19 708)	480 790	(4.6)	62.0

Discontinued Operations	Earnings R000	Headline earnings R000	EPS (cents)	HEPS (cents)
June 2018 results previously reported	2 036 421	(263 505)	270.6	(35.0)
IFRS 5 – Rail Leasing business continuing	662 091	118 127	88.0	15.6
IFRS 5 – Marine Fuel and Agricultural investments now held for sale	45 513	42 083	6.0	5.6
IFRS 16 – Effect of lease rental reversal, depreciation and interest expense	92 678	389 540	12.4	51.8
June 2018 restated results	2 836 703	286 245	377.0	38.0

Discontinued Operations	Earnings R000	Headline earnings R000	EPS (cents)	HEPS (cents)
December 2018 results previously reported	2 041 870	(250 371)	271.6	(33.3)
IFRS 5 – Rail Leasing business continuing	609 992	46 533	81.1	6.2
IFRS 5 – Marine Fuel and Agricultural investments now held for sale	148 689	124 813	19.9	16.6
IFRS 16 – Effect of lease rental reversal, depreciation and interest expense	92 614	389 478	12.3	51.8
December 2018 restated results	2 893 165	310 453	384.8	41.3

EPS – Earnings per share
HEPS – Headline earnings per share

IFRS 16 amended the existing accounting standards to require lessees to recognise, on a discounted basis, the rights and obligations created by the commitment to lease assets on the statement of financial position, unless the term of the lease is less than 12 months or of low value. Accordingly, the standard resulted in the recognition of right of use assets and corresponding liabilities on the basis of the discounted remaining future minimum lease payments relating to existing and new time chartered-in vessel commitments; and rental agreements relating to office and residential properties that were previously reported as operating leases adjusting for prepayments and accrued lease payments.

The group transitioned to IFRS 16 in accordance with the full retrospective approach on 1 January 2018 as detailed below. Comparatives for the 2018 financial year have been restated. Lease expenses will no longer be recorded in operating profits but have been replaced by depreciation and interest expenses.

The weighted average incremental borrowing rate applied was based on the US dollar London Inter-bank Offered Rate (LIBOR) or prime rates of interest adjusted for risk factors. All right of use assets will be depreciated on a straight-line basis over the term of each lease.

The effects of adopting IFRS 16 are presented and explained below.

Impact on the Statement of Financial Position as at 1 January 2018 (date of initial application)

	Previously reported as at 31 December 2017 R000	Adoption of IFRS 16 R000	Adjusted balance as at 1 January 2018 R000
Property, terminals, machinery, vehicles, equipment and right-of-use assets	1 478 003	1 008 865	2 486 868
Investment in joint ventures and associates	3 320 450	(105 317)	3 215 133
Non-current assets held for sale	6 641 399	1 803 984	8 445 383
Total equity	(14 197 482)	202 234	(13 995 248)
Long-term liabilities	(1 015 566)	(1 024 484)	(2 040 050)
Deferred taxation	(244 655)	3 354	(241 301)
Non-current liabilities associated with assets held for sale	(2 395 511)	(1 896 701)	(4 292 212)
Other liabilities	(1 300 360)	8 065	(1 292 295)

The unaudited condensed consolidated financial statements have been prepared under the supervision of Mr XF Mbambo CA(SA) and were approved by the board of directors on 22 August 2019.

Accounting policies

The accounting policies applied in the preparation of the full consolidated financial statements from which the unaudited condensed consolidated financial statements were derived are in terms of IFRS and are consistent with those of the previous full consolidated financial statements except for the adoption of IFRS 16.

Post balance sheet events

There are no material post balance sheet events to report.

Change in directorate

Mr S Zungu resigned effective 23 August 2019, following nine and a half years on the board. The board thanks Mr Zungu for his valuable contributions over the many years of dedicated service. The board welcomes Mr W Grindrod as a non-executive director effective immediately.

Prospects

With the core business firmly focused along key trade corridors, Grindrod is well positioned to serve customers with efficient and effective freight services in sub-Saharan Africa. The recapitalised Bank will focus on the its core lending book and the development of its small, medium and micro-enterprises (SMME) and retail offering.

Mr AG Waller
Chief Executive Officer
22 August 2019

Mr MJ Hankinson
Chairman
22 August 2019

Declaration of interim dividend

Ordinary dividend

Notice is hereby given that an interim dividend of 5.0 cents has been declared out of income reserves for the six-month period ended 30 June 2019 (H1 2018: no interim dividend declared). The interim net dividend is 4.0 cents per share for ordinary shareholders who are not exempt from dividends tax.

At the date of this announcement, there were 762 553 314 ordinary shares.

Preference dividend

Notice is hereby given that a gross interim dividend of 447.0 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (H1 2018: 442.0 cents) has been declared out of income reserves for the six-month period ended 30 June 2019, payable to preference shareholders in accordance with the timetable below.

At the date of this announcement, there were 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares in issue. The interim net preference dividend is 357.6 cents per share for preference shareholders who are not exempt from dividends tax.

With respect to the preference dividend, in terms of the dividends tax effective since 22 February 2017, the following additional information is disclosed:

- The local dividends tax rate is 20%; and
- Grindrod Limited's tax reference number is 9435/490/71/0.

Preference and ordinary dividend timetable

Declaration and finalisation date	Friday, 23 August 2019
Last date to trade cum-dividend	Tuesday, 10 September 2019
Securities start trading ex-dividend	Wednesday, 11 September 2019
Record date	Friday, 13 September 2019
Payment date	Monday, 16 September 2019

No dematerialisation or rematerialisation of shares will be allowed for the period Wednesday, 11 September 2019 to Friday, 13 September 2019, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa.

By order of the board

Mrs CI Lewis
Group company secretary
22 August 2019

Corporate information

Directors

MJ Hankinson (chairman*), MR Faku*, GG Gelink*, Z Malinga*, XF Mbambo (group chief financial officer), RSM Ndlovu (alternate director)*, DA Polkinghorne, NL Sowazi* (lead independent director), PJ Uys*, AG Waller (group chief executive officer) and SDM Zungu*

* Non-executive

Registered office

Grindrod Mews
106 Margaret Mncadi Avenue
Durban, 4001

PO Box 1
Durban, 4000
South Africa

Transfer secretaries

Link Market Services South Africa Proprietary Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, 2017

PO Box 4844
Johannesburg, 2000
South Africa

P +27 11 713 0800
F +27 86 674 4381
info@linkmarketservices.co.za

Auditors

Deloitte & Touche

Sponsor

Grindrod Bank Limited
4th Floor, Grindrod Tower, 8A Protea Place
Sandton, 2196

PO Box 78011
Sandton, 2146
South Africa

Registration number: 1966/009846/06
Incorporated in the Republic of South Africa

Share code: GND and GNDP

ISIN: ZAE000072328 and ZAE000071106

Statements contained in this announcement regarding the prospects of the group, have not been reviewed nor audited by the group's external auditors.

For more information and additional analyst information, please refer to www.grindrod.com