

GRINDROD LIMITED UNAUDITED INTERIM RESULTS AND DIVIDEND ANNOUNCEMENT

for the six months ended 30 June 2023



Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

OPERATIONAL HIGHLIGHTS

LTIFR

▼ **0.36**
versus 0.5 target
(2022 H1: 0.40)

Port volumes

^ **30%**
5.9 million tonnes
(2022 H1: 4.5
million tonnes)

Mozambique terminal volumes

^ **17%**
6.0 million tonnes
(2022 H1: 5.1
million tonnes)

FINANCIAL HIGHLIGHTS

Revenue from core operations *

^ **32%**
R3.8 billion
(2022 H1: R2.9
billion **)

EBITDA from core operations *

^ **16%**
R1.1 billion
(2022 H1: R1.0
billion **)

Headline earnings from core operations *

^ **26%**
R563.4 million
(2022 H1: R445.7
million **)

Interim ordinary dividend

^ **100%**
34.4 cents per share
(2022 H1: 17.2
cents per share)

Net asset value

^ **10%**
R13.33 per shares
(2022 H2: R12.11
per share)

Capital expenditure *

^ **77%**
R509.9 million
(2022 H1: R287.6
million)

* Inclusive of joint ventures.

** Prior period figures have been re-presented to exclude the Bank segment as it is a discontinued operation following the disposal in the 2022 financial year.

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BUSINESS OVERVIEW

Grindrod achieved core headline earnings growth of 26% for the six months ended 30 June 2023 ("period"), supported by continued strong demand for Grindrod's logistics solutions through its cargo terminals infrastructure footprint and complementary logistics service offerings.

Port and Terminals

Port and Terminals headline earnings grew 31% on the prior period underpinned by strong export volumes.

Maputo port volumes increased by 30% compared to the prior period, resulting in record performance of 5.9 million tonnes exported during the period. The port also achieved a notable monthly volume performance of one million tonnes in April and May as it drove efficiencies on its quayside operations. Two mobile harbour cranes at a cost of R391.9 million (at 100% shareholding) were delivered and commissioned during the period, adding to the port's vessel loading capacity.

Grindrod's Mozambique drybulk terminals in Maputo and Matola handled 6.0 million tonnes, up 17% on the prior period as the strong demand for its export terminal footprint persisted. The first phase of the Matola drybulk export terminal upgrade is progressing well with debt raising to fund the project underway and a bankable feasibility study well advanced. Detailed design work on key plant components has also commenced.

The Richards Bay back-of-port drybulk terminals performance was impacted by operational constraints in and out of the port due to trucking, resulting in volume contraction of 39% compared to the prior period. Reconstruction of the conveyor belt linking Grindrod's Navitrade and Transnet's Richards Bay export drybulk port is progressing.

Logistics

The Eswatini multimodal corridor operation which provides customers in the Mpumalanga area with an alternative route to Maputo and Matola export terminals performed well, enabling export drybulk volume growth of 143% through this route.

The northern Mozambique operations delivered solid results for the period with headline earnings up 15% on the prior period. The Pemba port warehouse, a 3 000m² facility costing R28.7 million, constructed to enable the new route-to-market solution (through the Pemba port) for the graphite cargo (currently exported through Nacala) has been completed. The solution will also form the basis for other strategic collaboration with the Pemba Port Authority.

Grindrod's East Africa expansion is progressing well, with capital expenditure of R58.3 million made during the period for the purchase of a landing craft vessel to facilitate a frequent marine freight service between the various commercial ports on the East Africa seaboard. A further expenditure of R120.1 million for the project cargo handling equipment and vehicles deployed in Uganda, for the crude oil pipeline logistics solution, was made during the period.

Grindrod's ships agency and clearing and forwarding headline earnings were strong, up 149% on the prior period, due to new customer contracts and growing port calls. Integration of Grindrod's and Maersk's South African container handling businesses, following the merger transaction implemented at the start of the year, is progressing well and the operations are ramping up in line with expectations. The outcome of the recapitalisation of Grindrod's United Container Depot business is in line with the plan and the additional 26 626 m² of container handling footprint development in Denver, Johannesburg

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has been completed at a cost of R21.6 million.

Grindrod has made several strides in its rail business. Grindrod is collaborating with Transnet Freight Rail and Mozambique Port and Railways (“CFM”) on the ongoing initiative to move cargo on trains running seamlessly between South Africa and Mozambique. Grindrod’s strategic relationship and co-operation with Zambia Railways, eSwatini Rail and CFM has resulted in the re-establishment of Grindrod’s rail activities in Zambia and an increase in traffic flow between eSwatini and Mozambique through seamless train operations. Grindrod’s strategic relationship with the National Railway of Zimbabwe has been strengthened. Grindrod’s rail leasing business in Sierra Leone continues to deliver, having exceeded the 10 million tonne-mark since its inception in February 2021. The rail leasing business was also recently awarded a contract for the operation of a manganese rail siding in the Northern Cape. Grindrod is focusing on a systematic increase of its rolling stock capacity over the coming years in response to the anticipated demand increase and to reduce logistics costs for customers.

Group

The Group segment results benefited from the interest earned on the proceeds from the disposal of Grindrod Bank in 2022 and ongoing cost control measures to contain group overheads.

Non-core operations

Private equity portfolio

The private equity investment portfolio has a carrying value of R290.5 million at the end of June 2023, with one material investment relating to the asset financing business remaining. Results include net fair value loss of R24.9 million on the portfolio.

KwaZulu-Natal north coast property loans

Results include net impairment and fair value losses of R53.8 million relating to the KwaZulu-Natal north coast property loans and advances, mainly due to the increase in interest rates. The carrying value of the loans and advances as at 30 June 2023 amounted to R1.0 billion.

Marine Fuels

Marine Fuels achieved positive headline earnings albeit down 40% from the prior period due to the softer oil prices. Grindrod continues to actively engage its co-shareholders in this business on the way forward.

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CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 * R'000	Audited 31 December 2022 R'000
Continuing operations			
Revenue	2 470 255	2 221 577	5 883 735
Trading profit ** ^	507 334	514 915	1 372 265
Expected credit losses ^	(20 278)	(2 470)	(267 114)
Depreciation and amortisation	(191 316)	(235 015)	(486 338)
Profit before interest and non-trading items	295 740	277 430	618 813
Non-trading items	(34 595)	(22 383)	61 002
Interest income	129 884	53 076	141 487
Interest expense	(97 800)	(88 610)	(218 024)
Profit before share of joint venture and associate companies' profit	293 229	219 513	603 278
Share of joint venture companies' profit after taxation	349 968	240 623	543 041
Share of associate companies' profit after taxation	7 602	6 689	31 563
Profit before taxation	650 799	466 825	1 177 882
Taxation	(173 985)	(131 744)	(347 864)
Profit for the period from continuing operations	476 814	335 081	830 018
Discontinued operations			
Profit / (loss) after taxation from discontinued operations	-	83 437	(175 153)
Profit for the period	476 814	418 518	654 865
Attributable to:			
Owners of the parent	444 135	385 214	601 081
From continuing operations	444 135	301 777	776 234
From discontinued operations	-	83 437	(175 153)
Preference shareholders	35 806	25 022	56 396
Non-controlling interests ^^	(3 127)	8 282	(2 612)
	476 814	418 518	654 865
Basic earnings / (loss) per share (cents)			
From continuing operations	66.6	45.3	116.4
From discontinued operations	-	12.5	(26.3)
Total	66.6	57.8	90.1
Diluted earnings / (loss) per share (cents)			
From continuing operations	66.5	45.2	116.3
From discontinued operations	-	12.5	(26.3)
Total	66.5	57.7	90.0

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

** Current period trading profit includes R92.9 million net fair value losses (2022 H1: R100.2 million) relating to the private equity and property segment.

^ These items combined constitutes earnings before interest, taxation, depreciation and amortisation (EBITDA).

^^ Non-controlling interests relate to continuing operations only.

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HEADLINE EARNINGS RECONCILIATION

for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 * R'000	Audited 31 December 2022 R'000
Reconciliation of headline earnings			
Profit / (loss) attributable to ordinary shareholders	444 135	385 214	601 081
From continuing operations	444 135	301 777	776 234
From discontinued operations	-	83 437	(175 153)
Adjusted for:	43 210	19 197	258 633
Impairment of goodwill **	137 330	-	-
Profit on disposal of investments	(9 918)	-	(7 376)
Loss on disposal of business	257	-	-
Profit on disposal of non-current assets held for sale and liabilities associated with assets held for sale	(92 758)	-	-
Impairment / (reversal of impairment) of intangibles, property, terminals, machinery, vehicles and equipment	26 102	-	(15 225)
Net profit on disposal of plant, terminals, machinery, vehicles and equipment	(4 798)	(28 287)	(43 120)
Loss on scrapping of intangibles, property, terminals, machinery, vehicles and equipment due to KZN floods	-	41 670	45 211
Impairment of intangibles, property, terminals, machinery, vehicles and equipment due to KZN floods	-	9 000	5 349
Insurance compensation on property, terminals, machinery, vehicles and equipment impaired and scrapped due to KZN floods	(21 620)	-	(54 115)
Total taxation effects of adjustments	9 394	(9 712)	31 814
Joint ventures and associates:			
Net profit on disposal of intangibles, property, terminals, machinery, vehicles and equipment	(779)	(26)	(54)
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	-	6 574	4 512
Discontinued operations:			
Loss on disposal of investments	-	-	265 616
Net profit on disposal of plant, terminals, machinery, vehicles and equipment	-	(22)	(99)
Total taxation effects of adjustments	-	-	26 120
Headline earnings	487 345	404 411	859 714
Continuing operations	487 345	320 996	743 230
Discontinued operations	-	83 415	116 484

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

** The goodwill applicable to the Richards Bay Terminals cash generating unit was impaired down to its recoverable amount of Rnil which was assessed using value-in-use.

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		Unaudited 30 June 2023	Unaudited 30 June 2022 *	Audited 31 December 2022
Ordinary share performance				
Number of shares in issue less treasury shares	(000s)	667 760	667 199	667 296
Weighted average number of shares (basic)	(000s)	667 223	666 844	666 860
Diluted weighted average number of shares	(000s)	667 719	667 295	667 656
Basic headline earnings per share:				
	(cents)			
From continuing operations		73.0	48.1	111.5
From discontinued operations		-	12.5	17.4
Total		73.0	60.6	128.9
Diluted headline earnings per share				
	(cents)			
From continuing operations		73.0	48.1	111.4
From discontinued operations		-	12.5	17.4
Total		73.0	60.6	128.8
Ordinary dividends				
Dividends per share - interim	(cents)	34.4	17.2	17.2
Dividends per share - final	(cents)	-	-	22.2
Dividend cover (headline)	(times)	2.1	3.5	3.3
Dividends per share - special		-	-	55.9

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

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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 December 2022 R'000
Profit for the period	476 814	418 518	654 865
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	519 068	116 690	266 083
Items that will not be subsequently reclassified to profit or loss			
Actuarial losses *	-	-	(1 382)
Fair value (loss) / gain arising on financial instruments *	-	(1 761)	403
Total comprehensive income for the period	995 882	533 447	919 969
Total comprehensive income / (loss) attributable to:			
Owners of the parent	998 784	525 019	922 551
Non-controlling interests	(2 902)	8 428	(2 582)
	995 882	533 447	919 969

* Net of taxation.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 December 2022 R'000
Property, ship, terminals, machinery, vehicles and equipment	1 683 772	1 800 533	1 681 084
Right-of-use assets	720 182	999 054	636 853
Investment property	569 069	81 168	113 252
Goodwill and intangible assets	349 312	495 746	356 678
Investments in joint ventures	4 472 755	3 270 065	3 440 943
Investments in associates	212 742	156 069	187 590
Other investments	430 810	909 585	567 770
Deferred taxation	109 781	184 440	124 722
Finance lease receivables	267 629	-	111 023
Long-term negotiable securities	-	205 439	-
Loans and advances	1 029 831	7 104 378	1 072 958
Long-term receivable	124 062	192 451	204 950
Derivative financial assets	-	3 132	-
Total non-current assets	9 969 945	15 402 060	8 497 823
Liquid assets and short-term negotiable securities	-	4 744 061	-
Current portion of loans and advances	-	2 396 834	-
Current portion of long-term receivable	123 818	39 680	-
Inventories	137 436	70 732	38 827
Trade and other receivables	1 768 936	1 765 108	1 670 186
Current portion of finance lease receivables	33 252	-	22 338
Taxation receivable	66 823	4 998	20 005
Cash and cash equivalents	2 455 154	2 296 649	2 605 514
Total current assets	4 585 419	11 318 062	4 356 870
Non-current assets classified as held for sale	-	-	974 805
Total assets	14 555 364	26 720 122	13 829 498

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 December 2022 R'000
Share capital and premium	3 936 323	3 933 730	3 934 557
Non-distributable reserves	2 682 545	1 970 187	2 163 645
Accumulated profit	3 080 798	3 057 357	2 785 174
Equity attributable to owners of the Company	9 699 666	8 961 274	8 883 376
Non-controlling interests	(58 408)	(9 136)	(61 914)
Total equity	9 641 258	8 952 138	8 821 462
Long-term borrowings	1 311 136	1 090 661	1 087 767
Lease liabilities	565 275	787 146	446 344
Long-term Bank and private equity funding	114 416	492 142	108 924
Deferred taxation	50 106	52 020	14 132
Provision for post-retirement medical aid	19 384	21 011	20 202
Deposits from Bank customers	-	174 223	-
Provisions and other liabilities	163 311	57 393	140 325
Total non-current liabilities	2 223 628	2 674 596	1 817 694
Trade and other payables	1 791 665	1 747 623	1 662 610
Current portion of long-term borrowings	173 974	135 580	235 820
Current portion of lease liabilities	183 837	210 761	161 829
Current portion of provisions and other liabilities	26 240	-	40 350
Current portion of Bank and private equity funding	66 782	705 689	63 444
Current portion of deposits from Bank customers	-	11 537 409	-
Short-term borrowings and bank overdraft	280 967	664 199	410 967
Taxation payable	167 013	92 127	251 518
Total current liabilities	2 690 478	15 093 388	2 826 538
Non-current liabilities associated with non-current assets held for sale	-	-	363 804
Total equity and liabilities	14 555 364	26 720 122	13 829 498

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 * R'000	Audited 31 December 2022 R'000
Profit before interest and non-trading items	295 740	372 360	724 762
From continuing operations	295 740	277 430	618 813
From discontinued operations	-	94 930	105 949
Non-cash adjustments	258 618	430 740	1 228 044
Operating profit before working capital changes	554 358	803 100	1 952 806
Working capital changes	(179 443)	(62 603)	(265 058)
Cash generated from operations	374 915	740 497	1 687 748
Net interest received / (paid)	16 007	(68 096)	(122 887)
Net dividends paid	(147 245)	(47 530)	(300 222)
Taxation paid	(285 964)	(114 284)	(253 610)
	(42 287)	510 587	1 011 029
Other operating cash flows from Private Equity and Bank			
Net advances to customers and other liquid assets and negotiable securities	(2 388)	(579 671)	(487 236)
Net cash flows from operating activities	(44 675)	(69 084)	523 793
Net movement in acquisition of property, terminals, machinery, vehicles and equipment	(326 924)	(176 667)	(454 245)
Net movement on disposal of investments, subsidiaries, and businesses	(12 714)	245 308	450 055
Net proceeds on disposal of non-current assets held for sale	272 413	65 000	65 000
Funds received from joint ventures and associate companies	-	5 457	21 607
Net cash flows from investing activities	(67 225)	139 098	82 417
Acquisition of treasury shares	-	(715)	(715)
Borrowings raised	502 743	1 049 271	1 365 852
Borrowings repaid	(492 744)	(930 772)	(1 329 199)
Net cash flows from financing activities	9 999	117 784	35 938
Net (decrease) / increase in cash and cash equivalents	(101 901)	187 798	642 148
Cash and cash equivalents at the beginning of the period	2 194 553	1 518 020	1 518 020
Difference arising on translation	81 535	16 512	34 385
Cash and cash equivalents at the end of the period **	2 174 187	1 722 330	2 194 553

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

** Cash and cash equivalents comprise the net of bank and cash balances of R2.5 billion (June 2022: R2.3 billion, Dec 2022: R2.6 billion) and the overdraft balance of R281.0 million (June 2022: R574.3 million, Dec 2022: R411.0 million).

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 December 2022 R'000
Ordinary and preference share capital and share premium	3 936 323	3 933 730	3 934 557
Balance at the beginning of the period	3 934 557	3 928 711	3 928 711
Share options vested	1 766	5 734	6 561
Treasury shares acquired	-	(715)	(715)
Equity compensation reserve	39 132	38 833	39 075
Balance at the beginning of the period	39 075	43 597	43 597
Share-based payments	1 823	970	2 039
Share options vested	(1 766)	(5 734)	(6 561)
Foreign currency translation reserve	2 715 607	2 039 224	2 196 770
Balance at the beginning of the period	2 196 770	1 927 156	1 927 156
Foreign currency translation adjustments	518 837	112 068	269 614
Other non-distributable statutory reserves	(72 194)	(107 870)	(72 200)
Balance at the beginning of the period	(72 200)	(85 206)	(85 206)
Foreign currency translation adjustments	6	4 476	(3 561)
Net business combination acquisition	-	(27 140)	(27 140)
Disposal of business	-	-	43 707
Accumulated profit	3 080 798	3 057 357	2 785 174
Balance at the beginning of the period	2 785 174	2 808 394	2 808 394
Other comprehensive (loss) / income from financial instruments	-	(1 761)	403
Actuarial gains recognised	-	-	(1 382)
Profit for the period	479 941	410 236	657 477
Ordinary dividends declared	(148 511)	(134 490)	(623 322)
Preference dividends declared	(35 806)	(25 022)	(56 396)
Total interest of shareholders of the Company	9 699 666	8 961 274	8 883 376
Equity attributable to non-controlling interests of the Company	(58 408)	(9 136)	(61 914)
Balance at the beginning of the period	(61 914)	(44 704)	(44 704)
Foreign currency translation adjustments	225	146	30
Non-controlling interest acquired	-	27 140	27 140
Non-controlling interest disposed	6 408	-	(40 844)
(Loss) / profit for the period	(3 127)	8 282	(2 612)
Ordinary dividends declared	-	-	(924)
Total equity attributable to all shareholders of the Company	9 641 258	8 952 138	8 821 462

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SEGMENTAL INFORMATION

for the six months ended 30 June 2023

Following onboarding of the new Grindrod Terminals CEO and implementation of the Grindrod/Maersk transaction during the period, the composition of the segments was revised in line with areas of responsibility. Grindrod's value added services business, which is Grindrod's profit participation initiative, now forms part of the Group segment (it was previously part of the Port and Terminals segment). In addition, Grindrod's Multi-Purpose Terminal ("GMPT") is a bulk, break-bulk and container operation which now forms part of the Port and Terminals segment (previously the Logistics segment). GMPT did not form part of the transaction between Grindrod and Maersk. In view of this, the prior periods have been re-presented for comparability.

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 * R'000	Audited 31 December 2022 * R'000
Revenue			
Port and Terminals	1 483 097	1 138 801	2 589 669
Logistics	1 668 393	1 489 124	3 271 633
Group	643 599	247 860	1 543 518
Total core operations	3 795 089	2 875 785	7 404 820
Marine Fuels	7 236 260	8 095 684	16 954 683
Private equity and property	-	-	399
Total continuing operations	11 031 349	10 971 469	24 359 902
Segmental adjustments **	(8 561 094)	(8 749 892)	(18 476 167)
	2 470 255	2 221 577	5 883 735
Trading profit / (loss) net of expected credit losses / EBITDA			
Port and Terminals	576 273	451 250	1 037 903
Logistics	497 140	547 419	1 245 372
Group	47 034	(35 546)	(109 506)
Total core operations	1 120 447	963 123	2 173 769
Marine Fuels	27 664	54 881	102 148
Private equity and property	(76 810)	(133 038)	(359 232)
Total continuing operations	1 071 301	884 966	1 916 685
Segmental adjustments **	(584 245)	(372 521)	(811 534)
	487 056	512 445	1 105 151
Profit / (loss) before interest and non-trading items			
Port and Terminals	444 617	373 182	849 738
Logistics	291 860	345 386	832 813
Group	23 361	(61 633)	(152 754)
Total core operations	759 838	656 935	1 529 797
Marine Fuels	27 324	54 489	101 272
Private equity and property	(76 809)	(133 038)	(359 232)
Total continuing operations	710 353	578 386	1 271 837
Segmental adjustments **	(414 613)	(300 956)	(653 024)
	295 740	277 430	618 813

* June 2022 figures have been re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations. Refer to basis of preparation. In addition, June 2022 and December 2022 figures have also been re-presented for changes in the composition of the segments as indicated above.

** For segment reporting, investments in joint ventures are accounted for using proportionate consolidation whereby the effective share of the Group's ownership is applied to each line item above. In the unaudited condensed consolidated interim financial statements, investments in joint ventures are equity accounted. Segmental adjustments relate to the effects of reversing proportionate consolidation to reconcile to the unaudited condensed consolidated interim financial statements.

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SEGMENTAL INFORMATION (CONTINUED)

for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 * R'000	Audited 31 December 2022 * R'000
Share of associate companies' profit after taxation			
Port and Terminals	105 751	57 980	161 510
Logistics	996	142	1 017
Total core operations	106 747	58 122	162 527
Segmental adjustments **	(99 145)	(51 433)	(130 964)
	7 602	6 689	31 563
Profit / (loss) attributable to ordinary shareholders			
Port and Terminals	247 340	294 795	691 670
Logistics	274 591	204 645	600 636
Group	(1 755)	(72 952)	(202 394)
Total core operations	520 176	426 488	1 089 912
Marine Fuels	25 543	42 420	87 421
Private equity and property	(101 584)	(167 131)	(401 099)
	444 135	301 777	776 234
Geographical revenue			
North America	51 329	59 258	137 094
Middle East	3 296 833	2 929 294	7 711 245
United Kingdom / Europe / Isle of Man	-	137 215	-
Singapore / Asia / Far East	3 939 296	4 998 841	9 121 379
Australia ^	27 304	22 051	48 130
South Africa	1 433 172	1 489 615	3 178 287
Rest of Africa	2 283 415	1 335 195	4 163 767
	11 031 349	10 971 469	24 359 902

* June 2022 figures have been re-presented for the impact of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations. Refer to basis of preparation. In addition, June 2022 and December 2022 figures have also been re-presented for changes in the composition of the segments as indicated above.

** For segment reporting, investments in joint ventures are accounted for using proportionate consolidation whereby the effective share of the Group's ownership is applied to each line item above. In the unaudited condensed consolidated interim financial statements, investments in joint ventures are equity accounted. Segmental adjustments relate to the effects of reversing proportionate consolidation to reconcile to the unaudited condensed consolidated interim financial statements.

^ Revenue from Australia was previously aggregated with Singapore / Asia / Far East but has been separately disclosed due to the different economic factors that influence this jurisdiction.

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CONDENSED CONSOLIDATED INCOME STATEMENT FOR DISCONTINUED OPERATIONS

for the six months ended 30 June 2023

The Grindrod Bank disposal was effective on 01 November 2022 and consequently the Bank segment has been presented as discontinued operations in terms of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, for all prior period comparatives, as it constituted a separate major line of business.

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 December 2022 R'000
Revenue *	-	257 904	448 329
Trading profit	-	124 259	142 527
Expected credit losses	-	(21 279)	(23 316)
Depreciation and amortisation	-	(8 050)	(13 262)
Profit before interest and non-trading items	-	94 930	105 949
Non-trading items	-	22	(265 517)
Interest income	-	4 389	7 949
Profit / (loss) before taxation	-	99 341	(151 619)
Taxation	-	(15 904)	(23 534)
Profit / (loss) for the period	-	83 437	(175 153)
Attributable to:			
Owners of the parent	-	83 437	(175 153)

* Revenue includes interest earned on loans and advances using effective interest rates.

Cash flows from discontinued operations

Net cash outflows from operating activities	-	(536 095)	(411 430)
Net cash (outflows) / inflows from investing activities	-	(3 769)	8 597
Net cash inflows from financing activities	-	441 616	692 022
Net cash (outflows) / inflows	-	(98 248)	289 189

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NOTES TO FINANCIAL STATEMENTS

1. FOREIGN CURRENCY DENOMINATED ITEMS

for the six months ended 30 June 2023

The statement of financial position is translated at the closing rate of exchange indicated below and the income statement is translated at the average exchange rate.

Exchange rates (ZAR / US\$)

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 December 2022 R'000
Opening exchange rate	16.98	15.93	15.93
Closing exchange rate	18.84	16.29	16.98
Average exchange rate	18.23	15.46	16.40

2. REVENUE

for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 * R'000	Audited 31 December 2022 R'000
Revenue category			
Bulk terminals recognised at a point in time	1 302 744	# 836 929	2 859 996
Handling **	722 670	# 618 773	1 373 106
Commodity export sales ***	580 074	218 156	1 486 890
Container handling ^	336 447	## 851 411	## 1 882 480
Recognised at a point in time	256 817	## 614 725	## 1 336 573
Recognised over time	79 630	236 686	545 907
Logistics recognised at a point in time ^	341 127	# 165 717	443 327
Sale of project cargo handling equipment recognised at a point in time ^	59 228	-	-
Ships agency income recognised at a point in time ^	241 961	## 215 316	## 400 974
Other services ^^	188 748	152 204	296 958
	2 470 255	2 221 577	5 883 735

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

** Reflected in Port and Terminals segment.

*** Reflected in Group segment.

^ Reflected in Logistics segment.

^^ Reflected in Port and Terminals, Logistics and Group segments. Other services include revenue earned from various ancillary services including but not limited to training, stevedoring and rentals. The performance obligation is the provision of the relevant service and is satisfied at a point in time and over time.

In June 2022 bulk terminals handling revenue of R174.8 million was incorrectly disclosed in logistics revenue. This has now been corrected.

In June 2022 container handling revenue of R31.1 million (December 2022: R61.5 million) was incorrectly disclosed in ships agency income. This has now been corrected.

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

3. RECONCILIATION OF REVENUE TO TRADING PROFIT

for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 * R'000	Audited 31 December 2022 R'000
Revenue	2 470 255	2 221 577	5 883 735
Less: Expenses	(1 988 901)	(1 807 363)	(4 718 838)
Staff costs	(445 783)	(512 837)	(1 143 577)
Subcontractor handling, plant hire, transport and other related costs	(539 146)	(476 353)	(1 010 771)
Cost of commodities for export sales	(401 535)	(93 861)	(803 835)
Agent commission on commodity export sales	(47 869)	(88 317)	(377 858)
Bunker costs	(75)	(64 098)	(110 046)
Other container and bulk handling expenses	(101 489)	(125 001)	(282 258)
Cost of project cargo handling equipment sold	(59 228)	-	-
Property and infrastructure related costs	(159 500)	(173 930)	(414 879)
Audit fees	(14 105)	(13 986)	(27 130)
Other operating expenses	(159 374)	(133 941)	(217 976)
Net foreign exchange gain / (loss)	41 828	(24 815)	(19 151)
Net loss on financial instruments	(102 625)	(100 224)	(311 357)
Add: Other income	25 980	100 701	207 368
Insurance income	21 620	98 690	150 983
Other income	4 360	2 011	56 385
Trading profit	507 334	514 915	1 372 265

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

4. LONG-TERM RECEIVABLE

for the six months ended 30 June 2023

The long-term receivable comprises of the deferred interest-bearing proceeds from the disposal of the investment in Select Industrial Real Estate UK Fund Limited ("SIRE").

On 04 November 2021, the Group disposed of its entire shareholding in SIRE for a cash consideration of £17.4 million to Gripon Limited, the other shareholder in the underlying structure. £6.5 million (R131.5 million) has been received to date with the below tranches still to be received as follows:

- £5.2 million is to be received on 04 May 2024; and
- £5.7 million is to be received on 04 November 2024.

Since inception, the outstanding proceeds were discounted at a rate of 5.4% based on a market related borrowing rate in the United Kingdom, for borrowing with a similar collateral profile, factoring in the credit risk of the buyer. In addition, interest at 1.5% on the outstanding proceeds commenced 13 months from the date of disposal.

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 December 2022 R'000
Carrying value of the receivable for the period converted at a closing exchange rate of R23.94 / £ (2022 December: 20.47 / £) *	247 880	232 131	204 950

Split as follows:

Non-current ^	124 062	192 451	204 950
Current ^	123 818	39 680	-

* The impact of a R1 change in the exchange rate would result in a change in the receivable carrying value of R10.4 million (June 2022: R11.7 million, Dec 2022: R10.0 million). In addition, the impact of a 1% change in the discount rate at inception would have resulted in a change in the receivable carrying value of R5.8 million.

^ On 01 July 2023, a long-term debt funding arrangement was restructured to facilitate a repayment, reducing the quantum of the loan as well to revise the underlying securities provided to the funder. This long-term receivable now forms part of the revised security under the new arrangement.

Expected credit losses of R1.6 million (June 2022: R0.4 million, December 2022: R1.6 million) have been raised relating to the abovementioned receivable.

5. FINANCIAL INSTRUMENTS DISCLOSURE

for the six months ended 30 June 2023

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 or based on observable inputs:

Level 1 Unadjusted quoted prices 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:

- Projected unit method; and / or
 - Independently observable market prices; and / or
 - The net asset value of the underlying investments; and / or
 - A price earnings multiple or a discounted projected income / present value approach; and / or
 - Market-related interest rate yield curves to discount expected future cash flows; and / or
 - Any additional revenue arrangements valued per the specified arrangement based on the specified underlying asset.
- The specified underlying assets include property and unlisted investments supported by management valuation.

The fair value measurement based on the income approach uses key 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 its assessment of the macro and microeconomic environments.

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

R'000	Carrying value	30 June 2023 Fair value instruments			Amortised cost *	Other non-financial instruments
		Level 1	Level 2	Level 3		
Financial instruments						
Bank balances and cash	2 455 154	-	-	-	2 455 154	-
Other investments	430 810	58 241	92 982	264 567	15 020	-
Finance lease receivables	300 881	-	-	-	300 881	-
Loans and advances	1 029 831	-	-	866 500	163 331	-
Long-term receivable	247 880	-	-	-	247 880	-
Trade and other receivables	1 768 936	-	-	-	1 485 659	283 277
Borrowings	(2 696 387)	-	-	-	(2 696 387)	-
Trade and other payables	(1 791 665)	-	-	-	(1 273 692)	(517 973)
Provisions and other liabilities	(189 551)	-	-	-	(118 000)	(71 551)
Total		58 241	92 982	1 131 067	579 846	(306 247)

* Carrying value approximates fair value.

R'000	Carrying value	Level 1	30 June 2022 Fair value instruments		Amortised cost *	Other non-financial instruments
			Level 2	Level 3		
Financial instruments						
Bank balances and cash	2 296 649	-	-	-	2 296 649	-
Other investments	909 585	71 293	87 911	417 898	332 483	-
Loans and advances	9 501 212	-	611 361	2 705 272	6 184 579	-
Liquid assets and negotiable securities	4 949 500	-	-	-	4 949 500	-
Long-term receivable	232 131	-	-	-	232 131	-
Derivative financial assets	3 132	-	3 132	-	-	-
Trade and other receivables	1 765 108	-	-	-	1 491 213	273 895
Borrowings	(4 086 178)	-	-	-	(4 086 178)	-
Trade and other payables	(1 747 623)	-	-	-	(1 380 754)	(366 869)
Deposits from Bank customers	(11 711 632)	-	-	-	(11 711 632)	-
Non-financial instruments						
Investment property	81 168	-	-	81 168	-	-
Total		71 293	702 404	3 204 338	(1 692 009)	(92 974)

* Carrying value approximates fair value.

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

R'000	Carrying value	31 December 2022 Fair value instruments			Amortised cost *	Other non-financial instruments
		Level 1	Level 2	Level 3		
Financial instruments						
Bank balances and cash **	2 605 520	-	-	-	2 605 520	-
Other investments **	574 200	58 554	92 982	299 641	123 023	-
Finance lease receivables	133 361	-	-	-	133 361	-
Loans and advances	1 072 958	-	-	935 500	137 458	-
Long-term receivable	204 950	-	-	-	204 950	-
Trade and other receivables **	1 891 624	-	-	-	1 593 265	298 359
Borrowings **	(2 787 202)	-	-	-	(2 787 202)	-
Trade and other payables **	(1 754 307)	-	-	-	(1 262 621)	(491 686)
Provisions and other liabilities	(180 675)	-	-	-	(85 000)	(95 675)
Non-financial instruments						
Investment property	113 252	-	-	113 252	-	-
Total		58 554	92 982	1 348 393	662 754	(289 002)

* Carrying value approximates fair value.

** Includes balances disclosed as held for sale. Refer to note 7.

Reconciliation of Level 3 fair value measurement of financial instruments

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 December 2022 R'000
Opening balance	1 348 393	3 306 467	3 306 467
Purchases	-	218 888	341 334
Transfers *	(106 719)	-	-
Settlements	(3 848)	(250 384)	(371 461)
Disposal of subsidiary / business	(6 430)	-	(1 699 208)
Total gains / (losses) recognised in:			
Condensed consolidated statement of other comprehensive income	2 972	(1 338)	(1 504)
Condensed consolidated income statement	(103 301)	(69 295)	(227 235)
Closing balance	1 131 067	3 204 338	1 348 393

* Relates to investment property which is now accounted for under the cost model. Refer to Basis of Preparation.

Fair value losses recognised in the condensed consolidated statement of other comprehensive income for Level 3 financial instruments were R100.3 million (June 2022: R70.6 million, Dec 2022: R228.7 million).

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements for material investments:

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

Material investment	Fair value at 30 June 2023 R'000	Fair value at 31 December 2022 R'000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
North coast property loans **	* 866 500	* 935 500	Monte Carlo simulation	Combined property valuation determining rate per hectare, discount rate and time to maturity	Rate per hectare determined per expert valuation (commercial / residential)	The value of the two combined properties held as security for the loans ranges from R2.6 billion to R3.0 billion based on independent valuations * These valuations together with the Group's mortgage bonds were inputs into a Monte Carlo simulation to determine an independent valuation range between R0.4 billion and R1.1 billion on the loans Increase of rate per hectare by 10% would increase the FV by R151.8 million Decrease of rate per hectare by 10% would decrease the FV by R164.4 million Discount rate 10.5% - 16.5% Decrease of 2% on the discount rate to a range of 8.5% to 14.5% would increase the FV by R78.3 million Increase of 2% on the discount rate to a range of 12.5% to 18.5% would decrease the FV by R68.5 million Time to Maturity ("TTM") 2 - 3 years Decrease of 6 months to a range of 1.5 to 2.5 years would increase the FV by R107.3 million Increase of 6 months to a range of 2.5 to 3.5 years would decrease the FV by R92.8 million

* The two combined properties are held as security for the fair value loans of R866.5 million (Dec 2022: R935.5 million) per the table above, as well as amortised cost loans of R163.5 million (Dec 2022: R137.5 million).

** Subsequent to period end, a cross default arose on the fair value loan. The borrower provided guarantees to another lender for a loan that was in default and the lender called on the guarantee, which was not settled. Accordingly, the lender issued a letter of demand. Due to the cross-default Grindrod has also issued a letter of demand on the fair value loan. This is a non-adjusting post balance sheet event.

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

Material investment	Fair value at 30 June 2023 R'000	Fair value at 31 December 2022 R'000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Asset financing *	218 000	241 000	Price multiple approach	Price multiple approach	7.29x ^	Increased PE multiple to 8.29 x would increase the FV to R248.0 million Decreased PE multiple to 6.29 x would decrease the FV to R188.0 million

* On 01 July 2023, a long-term debt funding arrangement was restructured to facilitate a repayment, reducing the quantum of the loan as well to revise the underlying securities provided to the funder. Any proceeds on realising this investment now forms part of the revised security under the new arrangement.

^ Based on the financial services historic PE index multiple as the previously used forward industry benchmark multiple, due to negative industry factors not entirely prevalent in the investment being valued, is no longer considered the most appropriate benchmark.

Valuation process

The Group's finance and corporate finance teams perform valuations on certain assets for financial reporting purposes.

The valuation input, assumptions, methodology and outputs are then challenged and debated with the Group Financial Director (FD) prior to approval. Teams present their valuations for significant investments to the FD who interrogates the methodology used and the assumptions applied in the valuations. Discussions of valuation processes and results are held between the FD and the respective teams at least once every six months, in line with the Group's half-yearly reporting periods. Any resulting adjustments to the carrying value will follow the internal approval process.

North coast properties, being security on the lending, are assessed by an independent valuation professional and the option pricing model for the assessment of fair value is performed by an independent expert.

The main four inputs used by the Group in measuring the fair value of financial instruments are:

- Discount rates: these are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset;
- Risk adjustments: these are specific to the counterparties (including assumptions about credit default rates) and are derived from the market assumptions on the operational environment and other factors affecting the investment;
- Earnings growth factor for unlisted investments: these are estimated based on market information for similar types of companies or historical growth patterns; and
- Independent expert valuations: valuations were conducted by registered independent experts using both the market approach and investment method.

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

6. ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND BUSINESSES

for the six months ended 30 June 2023

During the period, the Group acquired the following:

Company	Nature of business	Nature of acquisition	Interest acquired	Date acquired	Cash consideration R'000
RBT Grindrod Terminals Proprietary Limited	Terminals	Purchase of remaining shareholding *	40.3%	01 January 2023	60 000

* The entity is now 100% owned by the Group.

Reason for the acquisition

The acquisition is in line with Grindrod's strategic intent to consolidate its bulk terminals operations in Richards Bay and to exit the joint venture partner.

Net assets acquired in the current period

The net assets acquired are as follows:

	R'000
Property, terminals, machinery, vehicles and equipment	192 301
Right-of-use assets	30 835
Intangible assets	54 820
Inventory	6 756
Trade and other receivables	38 501
Cash and cash equivalents	24 767
Trade and other payables	(114 737)
Long-term borrowings	(109 485)
Lease liabilities	(31 352)
Deferred tax liability	(15 485)
Taxation payable	(2 476)
Goodwill arising on acquisition *	125 235
Fair value of business acquired **	199 680

Settled as follows:

Disposal of investment in joint venture and associated receivable	129 762
Add: profit on disposal of investment in joint venture	9 918
Cash purchase price	60 000

* As at 30 June 2023, the goodwill was impaired down to its recoverable amount of Rnil which was assessed using value-in-use.

** The acquisition is subject to provisional accounting in terms of IFRS 3: Business Combinations as the valuations of the separately identifiable assets are still under review.

Net cash outflow on acquisition

Cash purchase price paid	60 000
Less: cash acquired	(24 767)
	35 233

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

During the prior period, the Group disposed of the following:

Company	Nature of business	Nature of disposal	Interest disposed	Date disposed	Cash consideration R'000
Grindrod Financial Holdings Limited	Banking services	Sales of ordinary shares - disposal of subsidiary	100%	01 November 2022	1 264 195
Grindrod Bank Limited	Banking services	Sales of preference shares - disposal of subsidiary	100%	01 November 2022	292 699
Total cash consideration					1 556 894

Reason for prior period disposal

The disposal was in line with Grindrod's strategic intent to separate its Freight Services and Banking services businesses.

Net assets disposed in the prior period

The net assets disposed are as follows:

	R'000
Property, terminals, machinery, vehicles and equipment	5 326
Right-of-use assets	3 830
Other investments	5 727
Financial assets	5 808
Loans and advances	7 992 789
Deferred taxation	65 106
Trade and other receivables	78 282
Taxation	16 219
Liquid assets and short-term negotiables	5 249 782
Bank balances and cash	1 395 554
Business combination reserve	(28 574)
Long-term borrowings	(1 141 641)
Lease liabilities	(6 771)
Financial liabilities	(504)
Current liabilities	(96 098)
Deposits from Bank Customers	(11 807 325)
Total	1 737 510
Loss on disposal	(265 616)
Less: financial guarantees raised on disposal	
Advances warranty provision *	70 000
Other warranty provision **	15 000
Proceeds on disposal	1 556 894
Less: Cash disposed	(1 395 554)
Net cash inflow on disposal of subsidiaries	161 340

* The Group provided warranties for a maximum of R300 million on specific loans and advances relating to KZN North Coast properties. This was fair valued at disposal date and a provision of R70.0 million was raised.

** The Group provided other warranties for a maximum of R100 million. Exposure was assessed to be R15.0 million and a provision was raised.

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

7. RECONCILIATION OF NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE TO PROCEEDS ON DISPOSAL IN THE CASH FLOW STATEMENT

for the six months ended 30 June 2023

The joint venture transaction between Maersk logistics and services operations with certain of the Group's container depots and its coastal shipping business was completed with all conditions precedent fulfilled on 01 January 2023.

The assets and liabilities, subject to disposal, were classified as held for sale as at 31 December 2022.

The disposal group is not a discontinued operation as it did not constitute a separate major line of business to the Group, therefore, earnings in prior period are presented in continuing operations.

Reconciliation of non-current assets held for sale and liabilities associated with non-current assets held for sale

	Opening carrying values R'000	Transfers in R'000	Transfers out R'000	Revised carrying values R'000
Non-current assets held for sale	974 805	38 537	(23 561)	989 781
Freehold and leasehold properties	115 406	-	-	115 406
Assets under construction	13 152	-	(478)	12 674
Terminals, machinery, vehicles and equipment	197 477	-	-	197 477
Right-of-use assets	231 968	-	(23 083)	208 885
Goodwill	133 584	-	-	133 584
Intangible assets	13 743	-	-	13 743
Inventory	41 601	-	-	41 601
Bank and cash	6	-	-	6
Unlisted investments	6 430	-	-	6 430
Trade and other receivables	221 438	38 537	-	259 975
Non-current liabilities associated with non-current assets held for sale	(363 804)	(25 608)	37 006	(352 406)
Lease liabilities	(272 108)	-	37 006	(235 102)
Trade and other payables	(91 696)	(25 608)	-	(117 304)
Revised net carrying value of assets held for sale and liabilities associated with assets held for sale	611 001	12 929	13 445	637 375

Reconciliation of held for sale balances to proceeds on disposal in the cash flow statement

	R'000
Revised net carrying value of disposal group	637 375
Add: profit on disposal	92 758
Proceeds on sale	730 133
Recovered as follows:	
Investment in 49% joint venture acquired *	457 720
Cash proceeds on disposal of non-current assets held for sale per cash flow statement	272 413

* The joint venture merger accounting is subject to provisional accounting in terms of IFRS 3: Business Combinations as the valuation of the separately identifiable assets is still underway.

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

8. RELATED PARTY TRANSACTIONS

for the six months ended 30 June 2023

During each period, the Group, in the ordinary course of business, enters into various transactions with related parties. Parties are 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 are entered into under terms that are no more or less favourable than those entered into with external third parties.

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

		Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 December 2022 R'000
Goods and services sold to:				
Portus Indico	Joint venture	-	-	134 693
Terminal De Carvão da Matola Limitada	Joint venture	37 357	117 391	284 933
Grindrod Rail Consultancy Services Proprietary Limited	Joint venture	1 184	-	47 208
Röhligh-Grindrod Proprietary Limited	Joint venture	41 002	26 771	40 642
Grindrod Logistics Operations Proprietary Limited	Joint venture	122 125	-	-
France Rail Industry South Africa Proprietary Limited	Other related party *	-	740	751
WJ Grindrod and C Grindrod	Other related party **	-	32 736	32 736
Interest earned on loans to associates	Associates	-	44 446	77 269
Goods and services purchased from:				
Cockett Marine Oil Private Limited	Joint venture	2 189	46 809	52 234
Amounts due from related party:				
Maputo Intermodal Container Depot, S. A	Joint venture	77 404	65 784	86 494
Railco Africa Limited	Joint venture	44 824	67 408	74 644
RBT Grindrod Terminals Proprietary Limited	Joint venture	-	153 315	185 901
RBT Resources Proprietary Limited	Other related party ^	-	212 159	-
GPR Leasing Africa Proprietary Limited	Joint venture	161 440	-	97 817
Grindrod Logistics Operations Proprietary Limited	Joint venture	138 638	-	-

* ZP Zatu Moloi, a non-executive director of Grindrod Limited, is a shareholder and director of this entity.

** WJ Grindrod, a non-executive director of Grindrod, and C Grindrod, purchased a UK residential property from the Group. The purchase price agreed was within the range of two valuations performed by independent valuers. The transaction was reviewed by the Group's lead independent non-executive director. The gross purchase price amounted to £1 650 000 (R35 564 265). The Company has finalised the regulatory requirements of this transaction, as announced on SENS on 03 April 2023.

^ RBT Resources Proprietary Limited was the co-shareholder at 40.3% in RBT Grindrod Terminals Proprietary Limited. The Group acquired this shareholding on 01 January 2023. Refer to note 6.

Grindrod Limited

Unaudited condensed consolidated interim results for the six months ended 30 June 2023

	Nature of relationship	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 December 2022 R'000
Loans to associates	Associates	-	1 148 113	-
Property-owning entities		-	836 263	-
Private equity portfolio		-	311 850	-
Directors (directly or indirectly)	Directors and key officers	-	5 297	-
Beneficial direct interests held by directors:	Equity investment in:	% held	% held	% held
Various directors	Grindrod Limited ordinary and preference shares	0.15	0.20	0.26

9. CONTINGENT LIABILITIES

for the six months ended 30 June 2023

The Company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R3 511.6 million (December 2022: R3 626.0 million) of which R1 643.3 million (December 2022: R1 589.2 million) had been utilised at period end.

Management is currently in an appeal process with South African Revenue Services around customs VAT on a leased vessel linked to its flagging. Supported by legal opinion, the directors are of the view that the probability of a material liability arising is low.

Cockett is a 50% joint venture to the Group and have the below matters pending:

- Despite settlement in December 2020 of an investigation by Brazilian authorities into Cockett Group, the Cockett Group is still under investigation by two other authorities. The settlement is still possibly subject to review by the Brazilian Federal General Controlling Office. It is not possible to estimate if or when this will happen, but no changes are expected even if such a review would occur. External legal counsel has been engaged to assist the Cockett Group in responding to such investigations in an open and transparent way and are proactively co-operating with the authorities concerned. One investigation has been dormant for more than two years and the other only affects a small subsidiary of the Cockett Group. Due to the abovementioned circumstances, any potential exposures (such as fines, penalties or legal costs) are not possible to determine and estimate at this stage.
- Cockett Marine South Africa is currently in legal proceedings with SARS in respect of penalties and custom VAT on fuel exports amounting to R350.0 million. Management have repudiated the claims as Cockett Marine South Africa was neither the exporter nor did the company present any documents to SARS in respect of any customs duties and as such, SARS need to look to the customer for recovery. Supported by legal opinion, the directors are of the view that the probability of a material liability arising is low.

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10. CAPITAL EXPENDITURE AND COMMITMENTS

for the six months ended 30 June 2023

Rmillion	Capital expenditure		Capital commitments		Split as follows	
	H1 2023	H2 2023	2024	2025	Approved not contracted	Approved and contracted
	509.9	406.2	184.7	47.1	433.1	204.9
Port and Terminals	203.3	201.3	184.7	47.1	433.1	-
Logistics	302.1	204.9	-	-	-	204.9
Group	4.5	-	-	-	-	-
Split as follows:						
Subsidiaries	430.5	310.9	-	-	148.0	162.9
Joint ventures	79.4	95.3	184.7	47.1	285.1	42.0

Total capital expenditure was R509.9 million (2022 H1: R287.6 million), of which 61% (2022 H1: 49%) was expansionary and the balance maintenance or replacement capital expenditure.

11. CASH FLOW AND BORROWINGS

The financial position reflects net debt of R241.2 million (December 2022: R181.7 million). The Group generated operating profit before working capital cash flows of R554.4 million (December 2022: R1 952.8 million) during the period. Working capital contributed to a net outflow of R179.4 million (December 2022: R265.1 million).

12. STATEMENT OF FINANCIAL POSITION

With total assets of R14 555.4 million (December 2022: R13 829.5 million) and low gearing, the Group's financial position remains solid. Book net asset value per share is 1 333 cents (December 2022: 1 211 cents).

Shareholders' equity increased to R9 641.3 million (December 2022: R8 821.5 million) in the period mainly due to profits and gains in the foreign currency translation reserve. The increase of R518.8 million in the foreign currency translation reserve was due to the weaker closing Rand against the US dollar from R16.98 / US\$ in December 2022 to R18.84 / US\$ in June 2023.

Share buy backs of Rnil (December 2022: R0.7 million) were completed. Ordinary shares in issue remain unchanged from December 2022 at 698 031 586.

13. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Framework concepts, recognition and measurement criteria of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, contain the information required by IAS 34 Interim Financial Reporting, and comply with the Listings

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Requirements of the JSE Limited, applicable to provisional reports, and the Companies Act No. 71 of 2008 of South Africa requirements applicable to condensed financial statements.

The Grindrod Bank disposal was effective on 01 November 2022 and consequently the Bank segment has been presented as discontinued operations in terms of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, for all prior period comparatives, as it constituted a separate major line of business.

These unaudited condensed consolidated interim financial statements have been prepared under the supervision of Fathima Ally, CA(SA) and were approved by the Board of directors on 25 August 2023, on recommendation from the audit committee.

Accounting policies

The accounting policies adopted, and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 31 December 2022 except for *IAS 40: Investment property* and *IFRS 17: Insurance contracts*. Refer below for further details.

- *IAS 40: Investment property*

In the past, the Bank, via the Private Equity and Property structures, invested in properties / property related investments to benefit from capital appreciation. With the disposal of Grindrod Bank on 01 November 2022 and the significant wind-down of the Private Equity and Property segment, in line with Grindrod's revised Freight Services strategy, the accounting policy for investment properties was revised. Effective 01 January 2023, the group has changed its accounting policy for subsequent measurement of investment property from the fair value model to the cost model as this reflects more relevant and understandable information for users of the financial statements. The effect of the change in accounting policy resulted in the reversal of the cumulative fair value gains of R6.5 million and the recognition of accumulated depreciation of R5.4 million. The effect of the change was not material and hence recognised in the period.

- *IFRS 17: Insurance contracts* ("IFRS 17")

IFRS 17 and amendments thereto as issued by the IASB became effective for annual periods beginning 01 January 2023. The standard aims to scope in contracts where a transference of risk from a third party to the Group has occurred.

After completing a detailed impact analysis, the Group determined that there were no material impacts arising from the adoption of IFRS 17. With respect to financial guarantees, the Group will continue to account for these contracts in accordance with IFRS 9: Financial Instruments as per its existing policy, and as permitted by IFRS 17.

Trading profit is generated by the Group's operating activities and comprises revenue net of directly attributable costs and fair value gains and losses on financial instruments. Trading profit does not include finance related income and expenses. Trading profit is disclosed before expected credit losses, depreciation and amortisation, non-trading items and joint venture and associate equity accounted earnings.

Non-trading items are a non-IFRS measure and consist of items that are usually capital in nature or not of an operational

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nature. Non-trading items are those items excluded from headline earnings in accordance with the South African Institute of Chartered Accountants (SAICA) Circular 1 / 2023.

14. POST BALANCE SHEET EVENTS

Aside from the cross-default on the fair value loan disclosed in note 5, there are no material post balance sheet events to report.

CHANGE IN DIRECTORATE

Grant Gelink retired at the 25 May 2023 annual general meeting. The Board extends its sincere appreciation to Grant for his valued contribution and service during his ten-year tenure as a non-executive director and eight years as Chair of the Audit committee and wish him well in his future endeavours.

PROSPECTS

Grindrod is resolute in driving its growth agenda through pursuit of its customer solutions focused strategy to deliver efficient and cost-effective logistics solutions. Growth will be achieved through project execution and / or bolt-on acquisitions in the Southern African Development Countries and East Africa regions. Within Grindrod's logistics service offering, rail remains a key enabler. As a strategic imperative, Grindrod is focusing on a systematic increase of its rolling stock capacity over the coming years and participating in key rail operator concession opportunities.

XF Mbambo
Chief Executive Officer
24 August 2023

CA Carolus
Chair
24 August 2023

DECLARATION OF INTERIM DIVIDEND

Ordinary dividend

Notice is hereby given that an interim ordinary dividend of 34.40 cents per share (2022 H1: 17.20 cents per share) has been declared out of income reserves for the six months ended 30 June 2023. The interim net ordinary dividend is 27.52 cents per share for ordinary shareholders who are not exempt from dividends tax.

As at the date of this announcement, there were 698 031 586 ordinary shares in issue.

Preference dividend

Notice is hereby given that a gross interim dividend of 483.0 cents (2022 H1: 337.0 cents) per cumulative, non-redeemable, non-participating and non-convertible preference share has been declared out of income reserves for the six-month period ended 30 June 2023. The interim net preference dividend is 386.4 cents per share for preference shareholders who are not exempt from dividends tax.

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As at the date of this announcement, there were 7 400 000 preference shares in issue.

Salient dates

The salient dates for the ordinary dividend and preference dividend are as follows:

Dividends' declaration date	Friday, 25 August 2023
Last date to trade cum-dividend	Tuesday, 19 September 2023
Ordinary shares and preference shares start trading ex-dividend	Wednesday, 20 September 2023
Record date	Friday, 22 September 2023
Payment date	Tuesday, 26 September 2023

No dematerialisation or rematerialisation of ordinary shares and preference shares will be allowed during the period Wednesday, 20 September 2023 to Friday, 22 September 2023, both days inclusive.

The local dividend tax rate is 20% and Grindrod's tax reference number is 9435/490/71/0. Both the ordinary dividend and preference dividend are declared in the currency of the Republic of South Africa.

By order of the Board

VB Commaile
Group company secretary
24 August 2023

CORPORATE INFORMATION

Directors

CA Carolus (Chair *), NL Sowazi * (Lead independent director), FB Ally (Group financial director), WJ Grindrod *, B Magara *, D Malik *, XF Mbambo (Group chief executive officer) and ZP Zatu Moloi *

* Non-executive

Registered office

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South Africa

Grindrod Limited

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Designated Audit Partner: Mark Holme CA(SA) RA

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

Share code: GND and GNDP ISIN: ZAE000072328 and ZAE000071106

("Grindrod" or "the Company" or "the Group")

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.