

GRINDROD LIMITED UNAUDITED INTERIM RESULTS AND DIVIDEND ANNOUNCEMENT

for the six months ended 30 June 2024



KEY FEATURES

for the six months ended 30 June 2024

OPERATIONAL

Port volumes

⬆️ **18%**

6.9 million tonnes

Drybulk terminal volumes

⬆️ **3%**

8.4 million tonnes

FINANCIAL

Core EBITDA *

R1.0 billion

Core headline earnings *

R562 million

CAPITAL ALLOCATION

Cash generated from operations

⬆️ **13%**

R425 million

Interim ordinary dividend

23.0 cents per share

SUSTAINABILITY

Fatality

1 fatality reported

Regrettably, Mr ZV Mathenjwa tragically passed away following an accident at the multi-purpose terminal in Durban on 22 April 2024. Our sincere condolences are extended to his family.

LTIFR

0.45

* Core operations include Port and Terminals, Logistics and Group and is inclusive of joint ventures.

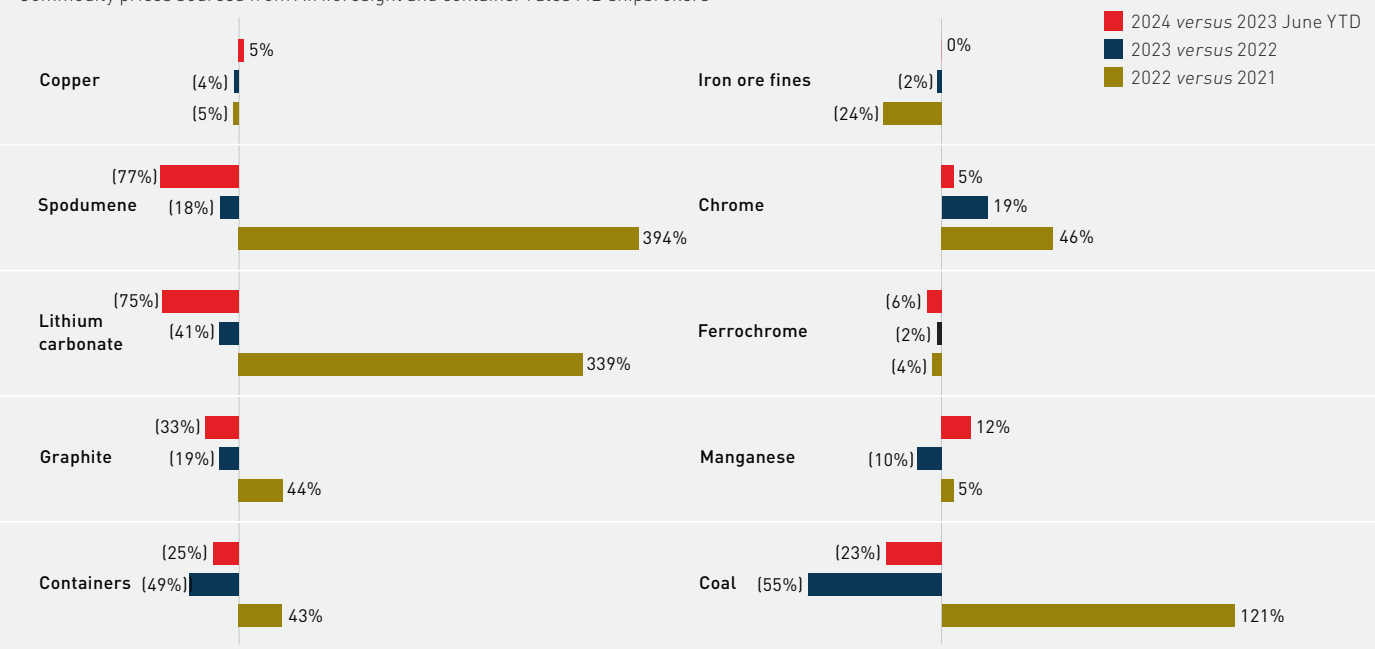
All percentages reflected above are based on unrounded amounts.



MARKET OVERVIEW

COMMODITY PRICE AND CONTAINER RATES

Commodity prices sourced from Afriforesight and container rates MB shipbrokers



After a tempered start to 2024, global economic growth prospects improved, mainly led by upward revisions to expected economic performances for the US, Europe and India.

With respect to Grindrod's key commodities, chrome and iron ore have demonstrated some resilience in prices despite weak Chinese steel-making demand and elevated iron ore port inventories. The average benchmark API4 Richards Bay Coal Terminal export price for the first half was US\$102 (H1 2023: US\$132) per tonne, a decline of 23% from the prior period.

New energy commodities, lithium and graphite prices have declined in the first half, reflecting weaker demand for electric vehicles. Copper price impacted by Chinese demand amid supply concerns.

OPERATIONAL PERFORMANCE

Port and Terminals

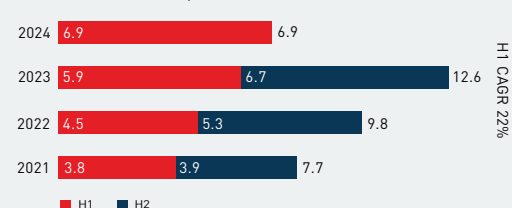
Port of Maputo grew its own handled volumes by 18% to 6.9 million tonnes underpinned by strong demand for chrome. By prioritising its technology enabled visualisation projects, the Port continued to deliver on its strategic objectives and will continue to build momentum on key customer initiatives. Grindrod's drybulk terminals handled 8.4 million tonnes. Richards Bay volumes rebounded to 1.6 million tonnes for the period, reflecting a 20% growth on prior period. This growth mitigated a drop in Grindrod's Maputo terminal volumes.

Logistics

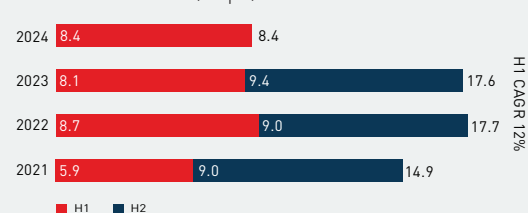
Ships agency and clearing and forwarding businesses achieved strong headline earnings growth of 38% on the back of a higher customer base and port calls. This growth was, however, dampened by the continuing negative impact of logistics constraints on the container handling depot throughput and transport resulting in the overall logistics segment's earnings growth of 3%.

Structural reorganisation of the rail business is complete, and the focus on the rail strategy is underway. Following the mutual termination of the rail operation contract in Sierra Leone, 13 Grindrod locomotives will be returning to South Africa in quarter three. By building an effective rail solution, Grindrod is building scale and efficiency on key corridors in which it operates, accelerating growth in volumes and enabling integrated pit-to-port solutions.

Port volumes (mtpa)



Terminal volumes (mtpa)



CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2024

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Revenue	2 480 102	2 470 255	4 845 572
Trading profit before expected credit losses and depreciation and amortisation *^	438 603	507 334	1 015 055
Reversal/(raising of) expected credit losses ^	1 814	(20 278)	(92 030)
Depreciation and amortisation	(182 472)	(191 316)	(391 631)
Profit before interest, taxation and non-trading items	257 945	295 740	531 394
Non-trading items	13 489	(34 595)	(15 175)
Interest income	117 101	129 884	240 642
Interest expense	(134 673)	(97 800)	(219 967)
Profit before share of joint venture and associate companies' profit	253 862	293 229	536 894
Share of joint venture companies' profit after taxation	356 683	349 968	805 237
Share of associate companies' profit after taxation	16 876	7 602	19 228
Profit before taxation	627 421	650 799	1 361 359
Taxation	(101 030)	(173 985)	(301 606)
Profit for the period	526 391	476 814	1 059 753
Attributable to:			
Owners of the parent	485 930	444 135	987 776
Preference shareholders	38 153	35 806	74 378
Non-controlling interests	2 308	(3 127)	(2 401)
	526 391	476 814	1 059 753
Basic earnings per share (cents)	72.8	66.6	148.0
Diluted earnings per share (cents)	72.7	66.5	147.9

* Current year trading profit includes R55.7 million net fair value losses (June 2023: R92.9 million, December 2023: R348.7 million) relating to the private equity and property segment.

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



HEADLINE EARNINGS RECONCILIATION

for the six months ended 30 June 2024

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Reconciliation of headline earnings			
Profit attributable to ordinary shareholders	485 930	444 135	987 776
Adjusted for:	(4 541)	43 210	24 649
Impairment of goodwill *	-	137 330	137 330
Net profit on disposal of investments	-	(9 918)	(34 226)
Net loss on disposal of business	19 547	257	257
Foreign currency translation reserve release	(34 360)	-	6 549
Profit on disposal of non-current assets held for sale and liabilities associated with assets held for sale	-	(92 758)	(92 758)
Impairment of intangibles, property, terminals, machinery, ship, vehicles and equipment	2 361	26 102	27 608
Net profit on disposal of plant, terminals, machinery, ship, vehicles and equipment	(1 037)	(4 798)	(7 965)
Insurance compensation on property, terminals, machinery, ship, vehicles and equipment impaired and scrapped due to KZN floods	-	(21 620)	(21 620)
Total taxation effects of adjustments	12 653	9 394	7 783
Joint ventures and associates:			
Net profit on disposal of intangibles, property, terminals, machinery, ship, vehicles and equipment **	(3 517)	(779)	(3 829)
(Reversal of impairment)/impairment of intangibles, property, terminals, machinery, ship, vehicles and equipment **	(188)	-	5 520
Headline earnings	481 389	487 345	1 012 425

* In the prior period, the goodwill applicable to the Richards Bay Terminals cash generating unit was impaired down to its recoverable amount of Rnil which was assessed based on value-in-use.

** Net of taxation.

		Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Number of shares in issue less treasury shares	(000s)	667 900	667 760	667 760
Weighted average number of shares (basic)	(000s)	667 339	667 223	667 223
Diluted weighted average number of shares	(000s)	668 004	667 719	667 750
Basic headline earnings per share	(cents)	72.1	73.0	151.7
Diluted headline earnings per share	(cents)	72.1	73.0	151.6
Ordinary dividends				
Dividends per share – interim	(cents)	23.0	34.4	34.4
Dividends per share – final	(cents)	-	-	38.0
Dividend cover (headline)	(times)	3.1	2.1	2.1
Preference dividends				
Dividends per share – interim	(cents)	516.0	483.0	483.0
Dividends per share – final	(cents)	-	-	521.0



CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Profit for the period	526 391	476 814	1 059 753
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(95 854)	519 068	436 655
Items that will not be subsequently reclassified to profit or loss			
Actuarial losses *	-	-	(5 229)
Fair value gain/(loss) arising on financial instruments *	2 079	-	(1 234)
Total comprehensive income for the period	432 616	995 882	1 489 945
Total comprehensive income/(loss) attributable to:			
Owners of the parent	392 380	** 962 978	1 417 267
Preference shareholders	38 153	** 35 806	74 378
Non-controlling interests	2 083	(2 902)	(1 700)
	432 616	995 882	1 489 945

* Net of taxation.

** The total comprehensive income attributable to both owners of the parent and the preference shareholders was previously disclosed in aggregate in June 2023. This has now been disclosed separately.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the six months ended 30 June 2024

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Property, terminals, machinery, ship, vehicles and equipment	2 126 459	1 683 772	1 773 131
Right-of-use assets	414 078	720 182	481 727
Investment property	714 208	569 069	668 051
Goodwill and intangible assets	344 324	349 312	350 437
Investments in joint ventures	4 633 513	4 472 755	4 695 899
Investments in associates	233 566	212 742	221 385
Other investments	186 827	430 810	203 620
Deferred taxation assets	113 064	109 781	121 824
Finance lease receivables	440 085	267 629	429 477
Loans and advances	980 788	1 029 831	1 014 288
Long-term receivable	-	124 062	-
Total non-current assets	10 186 912	9 969 945	9 959 839
Inventories	58 198	137 436	54 442
Trade and other receivables	1 912 150	1 768 936	1 660 150
Current portion of finance lease receivables	47 902	33 252	82 959
Current portion of long-term receivable	254 257	123 818	253 589
Taxation receivable	60 018	66 823	38 848
Money market funds	182	-	416 336
Cash and cash equivalents	2 397 954	2 455 154	2 105 909
Total current assets	4 730 661	4 585 419	4 612 233
Total assets	14 917 573	14 555 364	14 572 072



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

for the six months ended 30 June 2024

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Capital and reserves			
Share capital and premium	3 936 891	3 936 323	3 936 323
Non-distributable reserves	2 478 132	2 682 545	2 607 411
Accumulated profit	3 621 382	3 080 798	3 387 863
Equity attributable to owners of the Company	10 036 405	9 699 666	9 931 597
Non-controlling interests	(51 417)	(58 408)	(53 500)
Total equity	9 984 988	9 641 258	9 878 097
Long-term borrowings	1 700 210	1 311 136	1 443 595
Lease liabilities	497 731	565 275	523 368
Long-term private equity funding	-	114 416	120 653
Deferred taxation liabilities	41 587	50 106	55 309
Provision for post-retirement medical aid	19 023	19 384	19 891
Provisions and other liabilities	219 491	163 311	185 077
Total non-current liabilities	2 478 042	2 223 628	2 347 893
Current portion of long-term borrowings	41 889	173 974	154 518
Current portion of lease liabilities	66 108	183 837	114 450
Current portion of private equity funding	127 156	66 782	-
Trade and other payables	1 645 231	1 791 665	1 677 816
Taxation payable	58 658	167 013	92 893
Current portion of provisions and other liabilities	48 709	26 240	40 126
Short-term borrowings and bank overdraft	466 792	280 967	266 279
Total current liabilities	2 454 543	2 690 478	2 346 082
Total equity and liabilities	14 917 573	14 555 364	14 572 072

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2024

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Profit before interest, taxation and non-trading items	257 945	295 740	531 394
Non-cash adjustments	308 008	258 618	923 899
Operating profit before working capital changes	565 953	554 358	1 455 293
Working capital changes	(141 143)	(179 443)	(305 048)
Cash generated from operations	424 810	374 915	1 150 245
Net interest paid	(47 163)	16 007	(18 945)
Net dividends paid	(208 337)	(147 245)	(230 406)
Net taxation paid	(166 300)	(285 964)	(468 017)
	3 010	(42 287)	432 877
Other operating cash flows from private equity			
Net advances	-	(2 388)	(2 388)
Net cash flows from operating activities	3 010	(44 675)	430 489
Net movement in acquisition of property, terminals, machinery, ship, vehicles and equipment	(328 565)	(326 924)	(616 669)
Net movement on disposal of investments, subsidiaries and businesses	2 000	(12 714)	(23 570)
Net proceeds on disposal of non-current assets held for sale	-	272 413	272 413
Acquisition of money market funds	(119 962)	-	(405 617)
Realisation of money market funds	554 954	-	-
Net cash flows from investing activities	108 427	(67 225)	(773 443)
Borrowings raised	229 228	502 743	1 204 062
Borrowings repaid	(187 552)	(492 744)	(1 288 442)
Net cash flows from financing activities	41 676	9 999	(84 380)
Net increase/(decrease) in cash and cash equivalents	153 113	(101 901)	(427 334)
Cash and cash equivalents at the beginning of the period	1 839 630	2 194 553	2 194 553
Difference arising on translation	(31 786)	81 535	72 411
Cash and cash equivalents at the end of the period *^	1 960 957	2 174 187	1 839 630

* Cash and cash equivalents comprise the net of bank and cash balances of R2.4 billion (December 2023: R2.1 billion) and the overdraft balance of R437.0 million (December 2023: R266.3 million).

^ The period end cash and cash equivalents and money market funds of R2.0 billion (December 2023: R2.3 billion) are the total funds available to the Group.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Ordinary and preference share capital and share premium	3 936 891	3 936 323	3 936 323
Balance at the beginning of the period	3 936 323	3 934 557	3 934 557
Share options vested	568	1 766	1 766
Equity compensation reserve	41 048	39 132	40 338
Balance at the beginning of the period	40 338	39 075	39 075
Share-based payments	1 278	1 823	3 029
Share options vested	(568)	(1 766)	(1 766)
Foreign currency translation reserve	2 514 627	2 715 607	2 644 622
Balance at the beginning of the period	2 644 622	2 196 770	2 196 770
Foreign currency translation realised	(34 360)	-	6 549
Foreign currency translation adjustments	(95 635)	518 837	441 303
Other non-distributable reserves	(77 543)	(72 194)	(77 549)
Balance at the beginning of the period	(77 549)	(72 200)	(72 200)
Foreign currency translation adjustments	6	6	(5 349)
Accumulated profit	3 621 382	3 080 798	3 387 863
Balance at the beginning of the period	3 387 863	2 785 174	2 785 174
Other comprehensive income/(loss) from financial instruments	2 079	-	(1 234)
Actuarial losses recognised	-	-	(5 229)
Profit for the period	524 083	479 941	1 062 154
Ordinary dividends declared	(254 490)	(148 511)	(378 624)
Preference dividends declared	(38 153)	(35 806)	(74 378)
Total interest of shareholders of the Company	10 036 405	9 699 666	9 931 597
Equity attributable to non-controlling interests of the Company	(51 417)	(58 408)	(53 500)
Balance at the beginning of the period	(53 500)	(61 914)	(61 914)
Foreign currency translation adjustments	(225)	225	701
Non-controlling interest acquired	-	-	4 547
Non-controlling interest disposed	-	6 408	6 408
Profit/(loss) for the period	2 308	(3 127)	(2 401)
Ordinary dividends declared	-	-	(841)
Total equity attributable to all shareholders of the Company	9 984 988	9 641 258	9 878 097

SEGMENTAL INFORMATION

for the six months ended 30 June 2024

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Revenue			
Port and Terminals	1 453 304	1 483 097	3 070 277
Logistics	2 214 246	1 668 393	3 727 595
Group	104 899	643 599	692 604
Total core operations	3 772 449	3 795 089	7 490 476
Marine Fuels	10 312 057	7 236 260	16 042 942
Private equity and property	-	-	372
Total operations	14 084 506	11 031 349	23 533 790
Segmental adjustments *	(11 604 404)	(8 561 094)	(18 688 218)
	2 480 102	2 470 255	4 845 572
Trading profit/(loss) net of expected credit losses/EBITDA			
Port and Terminals	482 000	576 273	1 335 904
Logistics	535 690	497 140	1 173 608
Group	21 514	47 034	3 395
Total core operations	1 039 204	1 120 447	2 512 907
Marine Fuels	16 776	27 664	47 621
Private equity and property	(89 885)	(76 810)	(364 529)
Total operations	966 095	1 071 301	2 195 999
Segmental adjustments *	(525 678)	(584 245)	(1 272 974)
	440 417	487 056	923 025
Profit/(loss) before interest, taxation and non-trading items			
Port and Terminals	351 935	444 617	1 041 579
Logistics	309 080	291 860	743 214
Group	358	23 361	(36 027)
Total core operations	661 373	759 838	1 748 766
Marine Fuels	14 306	27 324	46 941
Private equity and property	(89 885)	(76 809)	(364 529)
Total operations	585 794	710 353	1 431 178
Segmental adjustments *	(327 849)	(414 613)	(899 784)
	257 945	295 740	531 394

* 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 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 financial statements.

SEGMENTAL INFORMATION continued

for the six months ended 30 June 2024

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Share of associate companies' profit after taxation			
Port and Terminals	171 293	105 751	252 560
Logistics	2 276	996	2 824
Total core operations	173 569	106 747	255 384
Segmental adjustments *	(156 693)	(99 145)	(236 156)
	16 876	7 602	19 228
Profit/(loss) attributable to ordinary shareholders			
Port and Terminals	398 855	247 340	785 149
Logistics	184 028	274 591	615 296
Group	(16 459)	(1 755)	(66 074)
Total core operations	566 424	520 176	1 334 371
Marine Fuels	12 970	25 543	53 473
Private equity and property	(93 464)	(101 584)	(400 068)
	485 930	444 135	987 776
Geographical revenue			
North America	31 432	51 329	89 220
Middle East	4 599 950	3 296 833	7 360 250
Singapore/Asia/Far East	5 741 776	3 939 296	8 702 531
Australia	26 900	27 304	56 556
South Africa	2 179 077	1 433 172	3 211 457
Rest of Africa	1 505 371	2 283 415	4 113 776
	14 084 506	11 031 349	23 533 790

* 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 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 financial statements.



NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2024

1. FOREIGN CURRENCY DENOMINATED ITEMS

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 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Opening exchange rate	18.56	16.98	16.98
Closing exchange rate	18.20	18.84	18.56
Average exchange rate	18.83	18.23	18.44

2. REVENUE

Revenue category	Segment	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Bulk terminals recognised at a point in time		807 148	1 302 744	2 250 014
Handling	Port and Terminals	807 148	722 670	1 566 010
Value added services – commodity export sales	Group	–	580 074	684 004
Container handling		315 769	336 447	711 224
Recognised at a point in time	Logistics	256 416	256 817	555 204
Recognised over time	Logistics	59 353	79 630	156 020
Logistics recognised at a point in time	Logistics	793 752	341 127	760 241
Sale of project cargo handling equipment recognised at a point in time	Logistics	–	59 228	114 398
Ships agency income recognised at a point in time	Logistics	339 863	241 961	593 241
Stevedoring recognised at a point in time	Port and Terminals	48 219	* 50 138	110 668
Rental income recognised over time	Port and Terminals, Logistics and Group	55 846	* 65 375	129 382
Interest income recognised over time	Logistics	20 929	–	27 808
Other services ^	Port and Terminals, Logistics and Group	98 576	* 73 235	148 596
		2 480 102	2 470 255	4 845 572

* Revenue earned from stevedoring services and rental income were previously included in other services has now been disaggregated and reported separately.

^ Other services include revenue earned from various ancillary services including but not limited to management fee income and training. The performance obligation is the provision of the relevant service and is satisfied at a point in time and over time.

NOTES TO THE FINANCIAL STATEMENTS continued

for the six months ended 30 June 2024

3. RECONCILIATION OF REVENUE TO TRADING PROFIT BEFORE EXPECTED CREDIT LOSSES AND DEPRECIATION AND AMORTISATION

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Revenue	2 480 102	2 470 255	4 845 572
Less: Expenses	(2 053 774)	(1 988 901)	(3 893 019)
Staff costs	(423 989)	(445 783)	(925 860)
Subcontractor handling, plant hire, transport and other related costs	(935 154)	^ (456 005)	(1 108 181)
Value added services – cost of commodities for export sales	–	(401 535)	(386 730)
Agent commission on commodity export sales	(708)	(47 869)	(52 844)
Bunker costs	–	(75)	(75)
Other container and bulk handling expenses	(123 556)	(101 489)	(242 544)
Cost of project cargo handling equipment sold	–	(59 228)	(109 451)
Property and infrastructure related costs	(285 312)	^ (242 641)	(472 655)
Audit fees	(11 764)	(14 105)	(29 181)
Other operating expenses *	(205 641)	(159 374)	(235 692)
Net foreign exchange (loss)/gain	(11 236)	41 828	28 028
Net loss on financial instruments	(56 414)	(102 625)	(357 834)
Add: Other income	12 275	25 980	62 502
Insurance income	–	21 620	9 243
Other income	12 275	4 360	53 259
Trading profit before expected credit losses and depreciation and amortisation	438 603	507 334	1 015 055

* Other operating expenses comprises mainly motor vehicle expenses, communication expenses, computer expenses, professional fees and administrative expenses.

^ Certain property and infrastructure related costs were erroneously included in "Subcontractor handling, plant hire, transport and other related costs". This has now been correctly reclassified.



4. LONG-TERM RECEIVABLE

The long-term receivable relates to 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 which was to be received on 04 May 2024 was extended to 15 September 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.

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Carrying value of the receivable is converted at a closing exchange rate of R23.01/£ (December 2023: R23.64/£) *	254 257	247 880	253 589
Split as follows:			
Non-current ^	-	124 062	-
Current ^	254 257	123 818	253 589

* The impact of a R1 change in the exchange rate would result in a change in the receivable carrying value of R11.0 million (June 2023: R10.4 million, December 2023: R10.7 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, hence reducing the quantum of the loan, as well as 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 (December 2023: R1.6 million) have been raised relating to the abovementioned receivable.

5. FINANCIAL INSTRUMENTS DISCLOSURE

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.

5. FINANCIAL INSTRUMENTS DISCLOSURE continued

R'000	30 June 2024					Amortised cost *	Other non-financial instruments
	Carrying value	Fair value instruments			Level 3		
		Level 1	Level 2	Level 3			
Financial instruments							
Cash and cash equivalents	2 397 954	-	-	-	2 397 954	-	-
Money market funds	182	-	-	-	182	-	-
Other investments	186 827	42 837	96 378	30 440	17 172	-	-
Finance lease receivables	487 987	-	-	-	487 987	-	-
Loans and advances	980 788	-	-	800 500	180 288	-	-
Long-term receivable	254 257	-	-	-	254 257	-	-
Trade and other receivables	1 912 150	-	-	-	1 504 192	407 958	-
Borrowings	(2 899 885)	-	-	-	(2 899 885)	-	-
Trade and other payables	(1 645 231)	-	-	-	(1 465 031)	(180 200)	-
Provisions and other liabilities	(268 200)	-	-	-	(160 000)	(108 200)	-
Total		42 837	96 378	830 940	317 116	119 558	

* Carrying value approximates fair value.

R'000	30 June 2023					Amortised cost *	Other non-financial instruments
	Carrying value	Fair value instruments			Level 3		
		Level 1	Level 2	Level 3			
Financial instruments							
Cash and cash equivalents	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)	-	-	-	^ (1 463 243)	^ (328 422)	-
Provisions and other liabilities	(189 551)	-	-	-	(118 000)	(71 551)	-
Total		58 241	92 982	1 131 067	^ 390 295	^ (116 696)	

* Carrying value approximates fair value.

^ The trade and other payables "other non-financial instruments" amount erroneously included provisions and other liabilities which is separately reflected. This has now been corrected.

5. FINANCIAL INSTRUMENTS DISCLOSURE continued

R'000	31 December 2023					Amortised non-financial cost * instruments	Other non-financial instruments
	Fair value instruments						
	Carrying value	Level 1	Level 2	Level 3			
Financial instruments							
Cash and cash equivalents	2 105 909	-	-	-	2 105 909	-	
Money market funds	416 336	-	-	-	416 336	-	
Other investments	203 620	52 089	96 378	38 199	16 954	-	
Finance lease receivables	512 436	-	-	-	512 436	-	
Loans and advances	1 014 288	-	-	842 500	171 788	-	
Long-term receivable	253 589	-	-	-	253 589	-	
Trade and other receivables	1 660 150	-	-	-	1 361 031	299 119	
Borrowings	(2 622 863)	-	-	-	(2 622 863)	-	
Trade and other payables	(1 677 816)	-	-	-	(1 318 348)	(359 468)	
Provisions and other liabilities	(225 203)	-	-	-	(135 400)	(89 803)	
Total		52 089	96 378	880 699	761 432	(150 152)	

* Carrying value approximates fair value.

Reconciliation of Level 3 fair value measurement of financial instruments

	Unaudited 30 June 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Opening balance	880 699	* 1 235 141	1 235 141
Settlements	(2 000)	(3 848)	(5 540)
Disposal of subsidiary/business	-	(6 430)	(6 430)
Total (losses)/gains recognised in:			
Condensed consolidated statement of other comprehensive income	(500)	2 972	3 353
Condensed consolidated income statement	(47 259)	* (96 768)	(345 825)
Closing balance	830 940	1 131 067	880 699

* In 2023, the Group changed the accounting policy for investment property from the fair value model to the cost model. As at 30 June 2023, investment property was included in the opening balance and removed as a "transfer out". This has now been correctly disclosed by reducing the opening balance and removing the transfer out.

Fair value losses recognised in the condensed consolidated statement of other comprehensive income for Level 3 financial instruments were R47.8 million (June 2023: R93.8 million, December 2023: R342.5 million).

5. FINANCIAL INSTRUMENTS DISCLOSURE continued

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:

Material investment	Fair value at 30 June 2024 R'000	Fair value at 31 December 2023 R'000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value ("FV")
North Coast property loan	* 800 500	* 842 500	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)	<p>The total value of the two properties held as security for the loan ranges from R2.7 billion to R3.0 billion based on independent valuations*</p> <p>These valuations together with the Group's mortgage bonds were inputs into a Monte Carlo simulation to determine an independent valuation range between R0.5 billion and R1.2 billion on the loans</p> <p>Increase of rate per hectare by 10% would increase the FV by R184.9 million</p> <p>Decrease of rate per hectare by 10% would decrease the FV by R157.7 million</p>
				Discount rate	10.5% – 16.5%	<p>Decrease of 2% on the discount rate to a range of 8.5% to 14.5% would increase the FV by R89.4 million</p> <p>Increase of 2% on the discount rate to a range of 12.5% to 18.5% would decrease the FV by R67.1 million</p>
				Time to Maturity ("TTM")	2 – 3 years	<p>Decrease of 6 months to a range of 1.5 to 2.5 years would increase the FV by R119.7 million</p> <p>Increase of 6 months to a range of 2.5 to 3.5 years would decrease the FV by R92.6 million</p>

* The two properties are held as security for the fair value loan of R800.5 million (December 2023: R842.5 million) per the table above, as well as amortised cost loans of R161.4 million (December 2023: R153.0 million).

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 prior to approval. Any resulting adjustments to the carrying value will follow the internal approval process.

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

6. RELATED PARTY TRANSACTIONS

The Group, in the ordinary course of business, enters into various transactions with related parties. Parties are related if one party can exercise joint 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 2024 R'000	Unaudited 30 June 2023 R'000	Audited 31 December 2023 R'000
Goods and services sold to:				
Portus Indico	Joint venture	50 732	–	159 785
Terminal De Carvão da Matola Limitada	Joint venture	40 928	37 357	124 380
Grindrod Rail Consultancy Services Proprietary Limited	Joint venture	1 241	1 184	25 102
Röhlig-Grindrod Proprietary Limited	Joint venture	46 347	41 002	88 148
Grindrod Logistics Proprietary Limited	Joint venture	110 902	122 125	210 437
France Rail Industry South Africa Proprietary Limited	Other related party *	1 921	–	761
Goods and services purchased from:				
Cockett Marine Oil Pte Limited	Joint venture	4 462	2 189	1 766
Amounts due from related party:				
Maputo Intermodal Container Depot SA	Joint venture	62 664	77 404	78 119
Railco Africa Limited ^	Joint venture	–	44 824	1 052
GPR Leasing Africa ^	Joint venture	–	161 440	89 256
Grindrod Logistics Proprietary Limited	Joint venture	330 039	138 638	316 558
France Rail Industry South Africa Proprietary Limited	Other related party *	17 493	11 982	18 772

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

^ The Group exited the joint venture arrangement during April 2024. Railco Africa Limited bought back Grindrod's 42.3% shareholding for US\$14.2 million, which was settled via a distribution of assets. GPR Leasing Africa is a subsidiary of Railco Africa Limited.

7. CONTINGENT LIABILITIES

The Company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R3 141.3 million (December 2023: R3 401.4 million) of which R1 539.3 million (December 2023: R1 696.6 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 and tax advisors, 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 the Cockett Group, the Cockett Group was 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 four years. The other affected a small subsidiary of the Cockett Group and is now closed. 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 customs duties amounting to R350.0 million (at 100%), on fuel exports. Management have repudiated the claims as Cockett Marine South Africa was neither the exporter on record nor did the company ever claim any rebates or refunds for customs duties from SARS, and as such, SARS need to look to the customer for recovery. Supported by legal advice, the directors are of the view that the probability of a material liability arising is low.

8. CAPITAL EXPENDITURE AND COMMITMENTS

R'million	Capital expenditure	Capital commitments		Split as follows	
	H1 2024	H2 2024	2025	Approved not contracted	Approved and contracted
	460.3	166.9	735.5	735.5	166.9
Port and Terminals	84.8	49.7	435.5	435.5	49.7
Logistics	372.3	117.2	300.0	300.0	117.2
Group	3.2	–	–	–	–
Split as follows:					
Subsidiaries	383.3	135.1	447.5	447.5	135.1
Joint ventures	77.0	31.8	288.0	288.0	31.8

Total capital expenditure was R460.3 million (December 2023: R1 106.6 million), of which 69% (December 2023: 46%) was expansionary and the balance maintenance or replacement capital expenditure.

9. CASH FLOW AND BORROWINGS

The financial position reflects net debt of R501.8 million (December 2023: R100.6 million). The Group generated operating profit before working capital cash flows of R566.0 million (June 2023: R554.4 million) during the period. Working capital contributed to a net outflow of R141.1 million (June 2023: R179.4 million).

10. STATEMENT OF FINANCIAL POSITION

With total assets of R14 917.6 million (December 2023: R14 572.1 million) and low gearing, the Group's financial position remains sustainable. Book net asset value per share is 1 384 cents (December 2023: 1 368 cents).

Shareholders' equity increased to R9 985.0 million (December 2023: R9 878.1 million) in the period mainly due to profits. The decrease of R95.6 million in the foreign currency translation reserve was due to the stronger closing Rand against the US dollar from R18.56/US\$ in December 2023 to R18.20/US\$ in June 2024.

Ordinary shares in issue remain unchanged from December 2023 at 698 031 586.

11. 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 Accounting Standards, 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 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.

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 22 August 2024, 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 Accounting Standards and are consistent with those of the annual financial statements for the year ended 31 December 2023.

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 is disclosed before expected credit losses, depreciation and amortisation, non-trading items, interest income, interest expense 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 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.

12. POST BALANCE SHEET EVENTS

In July 2024, the Group acquired the remaining 57.7% interest in its joint venture, Grindrod Rail Consultancy Services Proprietary Limited, for R65.0 million. There are no other material post balance sheet events to report.

CHANGE IN DIRECTORATE

There has been no change in the directorate of Grindrod Limited.

PROSPECTS

Grindrod is resolute in driving its growth agenda through pursuit of its customer solutions focused strategy to deliver efficient and cost-effective integrated logistics solutions. As a strategic imperative to support its terminals and in readiness for private rail operator access, Grindrod is focusing on a systematic increase of its rolling stock capacity over the coming years.

XF Mbambo
Chief Executive Officer
22 August 2024

CA Carolus
Chair
22 August 2024



DECLARATION OF DIVIDEND

ORDINARY DIVIDEND

Notice is hereby given that a gross interim ordinary dividend of 23.0 cents per share (2023 H1: 34.4 cents per share) has been declared out of income reserves for the six months ended 30 June 2024. The interim net ordinary dividend is 18.4 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 preference dividend of 516.0 cents (2023 H1: 483.0 cents) per cumulative, non-redeemable, non-participating and non-convertible preference share has been declared out of income reserves for the six months ended 30 June 2024. The interim net preference dividend is 412.8 cents per share for preference shareholders who are not exempt from dividends tax.

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, 23 August 2024
Last date to trade cum-dividend	Tuesday, 17 September 2024
Ordinary shares and preference shares start trading ex-dividend	Wednesday, 18 September 2024
Record date	Friday, 20 September 2024
Payment date	Monday, 23 September 2024

No dematerialisation or rematerialisation of ordinary shares and preference shares will be allowed during the period Wednesday, 18 September 2024 to Friday, 20 September 2024, 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 Commaille

Group company secretary

22 August 2024

CORPORATE INFORMATION

DIRECTORS

Non-executive directors:

CA Carolus (Chair)
NL Sowazi (Lead Independent Director)
WJ Grindrod
B Magara
D Malik
ZP Zatu Moloji

Executive directors:

XF Mbambo (Chief Executive Officer)
FB Ally (Financial Director)

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South Africa

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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 and reported on by the Group's external auditors.

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