

Grindrod Limited  
Registration number: 1966/009846/06  
Incorporated in the Republic of South Africa  
Share code: GND and GNDP  
ISIN: ZAE000072328 and ZAE000071106

Grindrod Limited  
2018 Provisional Audited Results and Dividend Announcement  
for the year ended 31 December 2018

#### Key financial information

##### Performance from continuing operations

- Revenue inclusive of joint ventures up 16% to R24 655.3 million (2017: R21 275.9 million)
- EBITDA inclusive of joint ventures up 25% to R1 177.7 million (2017: R943.7 million)
- Headline earnings up 26% to R716.6 million (2017: R570.8 million)
- Headline earnings per share 95.3 cents (2017: 76.0 cents)
- Earnings per share 106.9 cents (2017: 86.0 cents)

##### Performance from discontinued operations

- Includes:
  - Release of foreign currency translation gain of R2.8 billion on Shipping spin-off
  - R568.2 million impairment of locomotive leasing business in Sierra Leone

##### Performance from total operations

- Earnings per share 378.5 cents (2017: loss per share 77.6 cents)
- Headline earnings per share 62.0 cents (2017: headline loss per share 47.4 cents)
- Net asset value per share 1 314 cents (2017: 1 790 cents, inclusive of the Shipping business)
- Net cash of R353.3 million (2017: R7.0 million net debt)
- Final ordinary dividend of 14.6 cents declared (2017: no final ordinary dividend declared)

##### Return to shareholders

- Resumed dividend at 4 times cover based on second half headline earnings
- Nominal share buyback of 1.1% of issued shares at an average price of R6.65 per share

#### Summarised consolidated income statement for the year ended 31 December 2018

	Audited 31 December 2018 R000	Audited 31 December 2017 R000
Continuing operations		
Revenue	3 423 534	3 059 422
Earnings before interest, taxation, depreciation and amortisation	645 394	621 981
Depreciation and amortisation	(193 277)	(195 844)
Operating profit before interest and taxation	452 117	426 137
Non-trading items	81 726	129 272
Interest received	245 454	264 575
Interest paid	(85 451)	(97 850)
Profit before share of joint venture and associate companies' profit	693 846	722 134
Share of joint venture companies' profit after taxation	204 405	111 475
Share of associate companies' profit after taxation	130 948	60 481
Profit before taxation	1 029 199	894 090
Taxation	(153 951)	(172 937)
Profit for the year from continuing operations	875 248	721 153
Discontinued operations		
Profit/(loss) after taxation from discontinued operations	2 044 836	(1 229 023)
Profit/(loss) for the year	2 920 084	(507 870)
Attributable to:		
Ordinary shareholders	2 845 281	(582 695)
From continuing operations	803 411	646 275
From discontinued operations	2 041 870	(1 228 970)
Preference shareholders	65 682	67 645
Owners of the parent	2 910 963	(515 050)
Non-controlling interests	9 121	7 180
From continuing operations	6 155	7 233
From discontinued operations	2 966	(53)
	2 920 084	(507 870)

#### Earnings per share information for the year ended 31 December 2018

	Audited 31 December 2018 R000	Audited 31 December 2017 R000
Reconciliation of headline earnings from continuing operations		
Profit attributable to ordinary shareholders	803 411	646 275
Adjusted for:		
Impairment of investments	(86 837)	(75 474)
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	18 958	8 503
Net profit on disposal of investments	(7 276)	(1 226)
Net profit on disposal of property, terminals, machinery, vehicles and equipment	(76 051)	(17 372)
Gain on bargain purchase	(17 357)	-
Foreign currency translation reserve release	-	(245 656)

Joint ventures and associates:			
Net profit on disposal of investments	(28 861)	-	
Net (gain)/loss on disposal of investment property, intangibles, ships, property, terminals, machinery, vehicles and equipment	(1 100)	121	
Impairment of intangibles, ships, property, terminals, machinery, vehicles and equipment	7 972	16 735	
(Reversal of impairment)/impairment of investments	(2 675)	31 748	
Impairment of goodwill	832	-	
Total taxation effects of adjustments	18 721	5 194	
Headline earnings from continuing operations	716 574	570 801	
Ordinary share performance			
Number of shares in issue less treasury shares*	(000s)	680 268	751 640
Weighted average number of shares (basic)	(000s)	751 877	751 164
Diluted weighted average number of shares	(000s)	756 902	755 810
Basic earnings/(loss) per share:	(cents)		
From continuing operations		106.9	86.0
From discontinued operations		271.6	(163.6)
Total		378.5	(77.6)
Diluted earnings/(loss) per share:	(cents)		
From continuing operations		106.1	85.5
From discontinued operations**		269.8	(163.6)
Total		375.9	(78.1)
Headline earnings per share from continuing operations:	(cents)		
Basic		95.3	76.0
Diluted		94.7	75.5
Dividends per share	(cents)	14.6	-
Dividend cover (headline)***	(times)	4.0	-

\* In the current year, 8.7 million shares were bought back by the group and 64.0 million shares were included in treasury shares on consolidation of the broad-based black economic empowerment (B-BBEE) consortium. The consortium continues to have voting rights.

\*\* In the prior year, diluted loss per share from discontinued operations was calculated on the weighted average number of shares due to the anti-dilutive effect of the long-term incentive shares.

\*\*\* Dividend cover based on second-half headline earnings.

Summarised consolidated statement of other comprehensive income for the year ended 31 December 2018

	Audited 31 December 2018 R000	Audited 31 December 2017 R000
Profit/(loss) for the year	2 920 084	(507 870)
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	872 263	(797 649)
Net movement in cash flow hedges	186	760
Items that will not be reclassified subsequently to profit or loss		
Actuarial (losses)/gains	(17 850)	7 102
Fair value gain/(loss) arising on available-for-sale instruments	1 755	(1 901)
Total comprehensive income/(loss) for the year	3 776 438	(1 299 558)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	3 764 797	(1 304 522)
Non-controlling interest	11 641	4 964
	3 776 438	(1 299 558)

Summarised consolidated statement of financial position as at 31 December 2018

	Audited 31 December 2018 R000	Audited 31 December 2017 R000
Property, terminals, machinery, vehicles and equipment	1 752 225	1 478 003
Intangible assets	701 975	710 909
Investments in joint ventures	2 900 070	2 453 230
Investments in associates	970 919	867 220
Deferred taxation	60 945	59 313
Other investments and derivative financial assets	2 127 079	2 389 218
Total non-current assets	8 513 213	7 957 893
Loans and advances to bank customers	7 755 744	7 149 198
Liquid assets and short-term negotiable securities	2 843 541	1 763 875
Bank balances and cash	3 817 069	8 970 274
Other current assets	2 423 548	2 466 331
Non-current assets held for sale	298 349	6 641 399
Total assets	25 651 464	34 948 970
Shareholders' equity	9 618 529	14 152 823
Non-controlling interests	59 133	44 659
Total equity	9 677 662	14 197 482

Interest-bearing borrowings	455 223	295 429
Financial Services funding instruments	1 191 874	720 137
Deferred taxation	248 732	244 655
Other non-current liabilities	62 459	66 199
Total non-current liabilities	1 958 288	1 326 420
Deposits from bank customers	10 506 404	14 640 363
Current interest-bearing borrowings	1 571 109	349 881
Financial Services funding instruments	368 895	738 953
Other liabilities	1 500 486	1 300 360
Non-current liabilities associated with assets held for sale	68 620	2 395 511
Total equity and liabilities	25 651 464	34 948 970
Net worth per ordinary share - at book value (cents)	1 314	1 790
Net (cash)/debt : equity ratio	(0.04):1	0.00:1
Capital expenditure	678 683	389 472

	31 December 2018 R000	31 December 2018 USD000	31 December 2017 R000	31 December 2017 USD000
Capital commitments	447 264	-	29 000	19 000
Authorised by directors and contracted for	19 202	-	29 000	19 000
Due within one year	19 202	-	29 000	19 000
Due thereafter	-	-	-	-
Authorised by directors not yet contracted for	428 062	-	-	-

Summarised consolidated statement of cash flows for the year ended 31 December 2018

	Audited 31 December 2018 R000	Audited 31 December 2017 R000
Operating profit from continuing operations	452 117	426 142
Operating loss from discontinued operations	(195 803)	(825 287)
Non-cash adjustments	(6 945)	860 797
Operating profit before working capital changes	249 369	461 652
Working capital changes	(90 166)	97 566
Cash generated from operations	159 203	559 218
Net interest received	30 689	38 335
Net dividends received	30 624	55 570
Taxation paid	(204 223)	(169 616)
Net (advances to)/deposits from customers and other short-term negotiables	16 293	483 507
Deposits - Retail Banking	(5 855 567)	(227 051)
Other	(5 185 788)	120 876
	(669 779)	(347 927)
Net cash flows (utilised in)/generated from operating activities before ship sales and purchases	(5 839 274)	256 456
Proceeds on disposal of ships	-	238 097
Capital expenditure on ships	(242 244)	(69 753)
Net cash flows (utilised in)/generated from operating activities	(6 081 518)	424 800
Acquisition of investments, property, terminals, machinery, vehicles and equipment	(325 135)	(368 457)
Net (outflow)/proceeds on disposal of non-current assets held for sale, property, terminals, machinery, vehicles and equipment	(338 554)	169 900
Goodwill/intangible assets acquired	(2 010)	(4 110)
Proceeds from disposal of intangible assets	353	7 948
Funds repaid by/(advanced to) joint ventures and associate companies	216 815	(22 144)
Acquisition of additional investments in subsidiaries, joint ventures and associates	(33)	(82 448)
Net cash flows utilised in investing activities	(448 564)	(299 311)
Acquisition of treasury shares	(57 953)	(1 386)
Long-term interest-bearing debt raised	1 848 108	1 277 549
Payment of capital portion of long-term interest-bearing debt	(1 610 613)	(1 030 371)
Short-term interest-bearing debt raised	18 016	-
Net cash flows generated from financing activities	197 558	245 792
Net (decrease)/increase in cash and cash equivalents	(6 332 524)	371 281
Cash and cash equivalents at beginning of the year	9 558 382	9 294 457
Difference arising on translation	153 391	(107 356)
Cash and cash equivalents at end of the year	3 379 249	9 558 382
Consisting of:		
Cash and cash equivalents	1 765 726	2 759 071
Retail deposits	1 613 523	6 799 311

Summarised consolidated statement of changes in equity for the year ended 31 December 2018

	Audited 31 December 2018 R000	Audited 31 December 2017 R000
Ordinary and preference share capital and share premium	3 977 456	5 992 756
Balance at beginning of the year	5 992 756	5 971 721
Share options vested	20 615	22 421
Return of share capital	(1 584 362)	-
Adjustment arising on consolidation of B-BBEE structure	(393 600)	-
Treasury shares acquired	(57 953)	(1 386)
Equity compensation reserve	54 991	58 364
Balance at beginning of the year	58 364	68 513
Share-based payments	18 990	12 272

Share options vested	(20 615)	(22 421)
Balance disposed on Shipping spin-off	(1 748)	-
Foreign currency translation reserve	1 547 498	3 505 281
Balance at beginning of the year	3 505 281	4 546 313
Foreign currency translation realised	(2 830 505)	(243 653)
Foreign currency translation adjustments	872 722	(797 379)
Other non-distributable statutory reserves	(43 637)	(43 566)
Balance at beginning of the year	(43 566)	(51 592)
Financial instrument hedge settlement	186	3 005
Foreign currency translation adjustments	(1 355)	2 035
Fair value adjustment on hedging reserve	14 068	(202)
Deferred tax effect on cash flow hedge	-	(2 132)
Net business combination	-	5 320
Balance disposed on Shipping spin-off	(12 970)	-
Accumulated profit	4 082 221	4 639 988
Balance at beginning of the year	4 639 988	5 217 482
Transitional provision - implementation of IFRS 9 and IFRS 15	(33 217)	-
Other comprehensive income/(loss) arising from available for sale financial assets	1 755	(1 901)
Adjustment arising on consolidation of B-BBEE structure	(696 650)	-
Actuarial (losses)/gains recognised	(17 850)	7 102
Profit/(loss) for the year	2 910 963	(515 050)
Ordinary dividends paid*	(2 657 086)	-
Preference dividends paid**	(65 682)	(67 645)
Total interest of shareholders of the company	9 618 529	14 152 823
Equity attributable to non-controlling interests of the company	59 133	44 659
Balance at beginning of the year	44 659	48 919
Foreign currency translation adjustments	2 520	(2 216)
Non-controlling interest disposed	7 505	244
Profit for the year	9 121	7 180
Dividends paid	(4 672)	(9 468)
Total equity attributable to all shareholders of the company	9 677 662	14 197 482

\* Ordinary dividends relate to the Shipping spin-off.

\*\* Preference dividends paid relate to cumulative non-redeemable preference shares which are required to be paid and are linked to the prime interest rate.

Segmental analysis for continuing operations for the year ended 31 December 2018

	Audited 31 December 2018 R000	Audited 31 December 2017 R000 Re-presented**
Revenue		
Port and Terminals	922 859	863 939
Logistics	2 687 031	2 307 907
Marine Fuel and Agricultural Logistics	20 444 417	17 585 797
Financial Services	536 563	467 039
Group	64 472	51 214
	24 655 342	21 275 896
Segmental adjustments*	(21 231 808)	(18 216 474)
	3 423 534	3 059 422
Earnings/(loss) before interest, taxation, depreciation and amortisation		
Port and Terminals	251 208	281 763
Logistics	499 281	307 445
Marine Fuel and Agricultural Logistics	89 692	65 061
Financial Services	395 624	362 952
Group	(58 119)	(73 524)
	1 177 686	943 697
Segmental adjustments*	(532 292)	(321 716)
	645 394	621 981
Operating profit/(loss) before interest and taxation		
Port and Terminals	159 438	193 263
Logistics	325 613	165 351
Marine Fuel and Agricultural Logistics	80 528	50 740
Financial Services	390 261	357 707
Group	(100 776)	(123 460)
	855 064	643 601
Segmental adjustments*	(402 947)	(217 464)
	452 117	426 137
Share of associate companies' profit/(loss) after taxation		
Port and Terminals	62 361	53 820
Logistics	1 331	(10 130)
Marine Fuel and Agricultural Logistics	122 641	55 093
Group	-	257
	186 333	99 040
Segmental adjustments*	(55 385)	(38 559)
	130 948	60 481
Profit attributable to ordinary shareholders		
Port and Terminals	145 565	165 684
Logistics	160 805	216 750
Marine Fuel and Agricultural Logistics	148 689	57 777
Financial Services	209 647	188 958
Group	138 705	17 106
	803 411	646 275
Segmental adjustments*	-	-
	803 411	646 275

\* For segment reporting, investments in joint ventures are accounted for using proportionate consolidation where an effective share of the group's ownership is applied

to each line item above. In the consolidated annual financial statements (International Financial Reporting Standards (IFRS) presentation), investments in joint ventures are equity accounted. Segmental adjustments relate to effects of proportionate consolidation to reconcile to IFRS presentation.  
 \*\* Re-presented for segmental changes as detailed in the basis of preparation.

Income statement - discontinued operations for the year ended 31 December 2018

	Audited 31 December 2018 R000	Audited 31 December 2017 R000
Revenue	1 950 514	5 432 486
Loss before interest, taxation, depreciation and amortisation	(195 803)	(606 721)
Shipping	(195 710)	25 309
Rail	(93)	(632 030)
Depreciation and amortisation	-	(218 564)
Shipping	-	(204 450)
Rail	-	(14 114)
Operating loss before interest and taxation	(195 803)	(825 285)
Non-trading items	3 008 897	(587 770)
(Loss)/gain on remeasurement of fair value less costs to sell	(701 399)	483 180
Interest received	25 807	71 646
Interest paid	(60 027)	(117 382)
Profit/(loss) before share of joint venture companies' profit/(loss)	2 077 475	(975 611)
Share of joint venture companies' profit/(loss) after taxation	39 719	(162 356)
Profit/(loss) before taxation	2 117 194	(1 137 967)
Taxation	(72 358)	(91 056)
Profit/(loss) for the year	2 044 836	(1 229 023)
Attributable to:		
Owners of the parent	2 041 870	(1 228 970)
Non-controlling interests	2 966	(53)
	2 044 836	(1 229 023)

Business combinations for the year ended 31 December 2018

Acquisition of subsidiaries:

During the year, the group acquired the following entities:

Company acquired	Nature of business	Percentage acquired	Date acquired	Purchase consideration R000
Novagroup	Ships Agencies	100%	1 October 2018	(123 794)
Newshef 1279	B-BBEE consortium	100%	31 December 2018	-

Reasons for the acquisition:

In the current year, the group acquired a controlling interest in the Novagroup entities to strengthen the group's position in the marine technical market and to provide a more comprehensive service offering. The transaction was accounted for in terms of IFRS 3: Business Combinations. Intangible assets relating to customer contracts were identified and recognised which resulted in a gain on bargain purchase.

In addition, during the current year, the group assisted Newshef 1279, a B-BBEE consortium. The consortium continues to have voting rights, however, due to the additional funding, the group's rights have changed from protective to substantive and the consortium is now controlled by the group in terms of IFRS 10 Consolidated Financial Statements, effective 31 December 2018.

Impact of the acquisition on the results of the group:

From the dates of their acquisition, the acquired businesses contributed losses of R4.8 million.

	Acquiree's carrying amount before combination at fair value R000
Net assets acquired	
Property, terminals, machinery, vehicles and equipment	(127 942)
Intangible assets	(28 890)
Other investments	489 607
Working capital	(18 905)
Taxation	(738)
Long-term borrowings	609 582
Deferred taxation	18 880
Non-controlling interests	7 505
Cash and bank	(38)
Bank overdraft	37 832
Total	986 893
Treasury shares acquired on consolidation of B-BBEE structure	(393 600)
Adjustments on consolidation of B-BBEE structure	(696 650)
Less: gain on bargain purchase	17 357
Total purchase consideration	(86 000)
Cash acquired	(37 794)
Net assets acquired	(123 794)

Related party transactions for the year ended 31 December 2018

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

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

Audited      Audited

	Nature of relationship	31 December 2018 R000	31 December 2017 R000
Goods and services sold to:			
Vitol Shipping Singapore Pte Limited	Joint venture	58 282	111 163
Goods and services purchased from:			
Cockett Marine Oil Pte Limited	Joint venture	(318 368)	(702 945)
Amounts due from related party:			
Terminal De Carvo da Matola Limitada	Joint venture	2 632	313 132
Cockett Marine Oil Pte Limited	Joint venture	512 888	420 203
GPR Leasing Africa Limited	Joint venture	153 517	146 896
Newsheff 1279 Proprietary Limited*	Other related party	-	548 954
IVS Bulk Pte Limited	Joint venture	-	283 632
Loans to associates	Associates	2 245 360	1 919 048
Directors (directly or indirectly)**	Directors and key officers	4 797	178 842

\* No balance for the current year due to the consolidation of the B-BBEE consortium.

\*\* Reduction due to the resignation of certain non-executive directors during 2018.

Foreign currency denominated items as at 31 December 2018

Exchange rates (ZAR/USD)	Audited 31 December 2018	Audited 31 December 2017
Opening exchange rate	12.39	13.69
Closing exchange rate	14.38	12.39
Average exchange rate	13.23	13.36

Leases and ship charters

The minimum future lease and ship charters receivable/(payable) under non-cancellable operating leases and charter party agreements are as follows:

	Audited 31 December 2018 R000	Audited 31 December 2017 R000
Continuing operations		
Income	77 425	116 234
Expenditure	1 400 819	1 183 952
Discontinued operations		
Income*	1 128	1 205 939
Expenditure	-	1 918 015

\* Relates only to future committed income under non-cancellable operating leases and will not include revenue earned through the spot market.

Fair value of financial instruments as at 31 December 2018

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

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

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

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

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

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

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

	Audited 31 December 2018 R000	Audited 31 December 2018 R000	Audited 31 December 2018 R000	Audited 31 December 2018 R000
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets designated at fair value through profit or loss	138 629	931 148	3 347 780	4 417 557
Total	138 629	931 148	3 347 780	4 417 557
Financial liabilities				
Derivative financial instruments	-	(7 911)	-	(7 911)
Other liabilities*	-	(54 548)	-	(54 548)
Total	-	(62 459)	-	(62 459)
	Audited 31 December 2017 R000	Audited 31 December 2017 R000	Audited 31 December 2017** R000	Audited 31 December 2017 R000
	Level 1	Level 2	Level 3	Total
Financial assets				

Derivative financial assets	-	1 617	-	1 617
Financial assets designated at fair value through profit or loss	-	811 417	1 427 617	2 239 034
Total	-	813 034	1 427 617	2 240 651
Financial liabilities	-			
Derivative financial instruments	-	(20 744)	-	(20 744)
Other liabilities*	-	(92 132)	-	(92 132)
Total	-	(112 876)	-	(112 876)

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

Fair value gains recognised in the summarised consolidated statement of other comprehensive income for Level 3 financial instruments were R374.8 million (December 2017: R125.8 million).

Reconciliation of Level 3 fair value measurements of financial assets

	Audited 31 December 2018 R000	Audited 31 December 2017** R000
Opening balance	1 427 617	1 084 948
IFRS 9 Financial instruments 1 January 2018		
- Loans and receivables at fair value	1 388 959	-
Purchases	427 694	236 750
Settlements	(271 290)	(19 900)
Total gains recognised in		
- Summarised consolidated statement of other comprehensive income	(2 734)	(1 221)
- Summarised consolidated income statement	377 534	127 040
Closing balance	3 347 780	1 427 617

\*\* Comparative figures have been revised to reflect more appropriate disclosures of financial instruments.

Contingent assets/liabilities as at 31 December 2018

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R3 920.9 million (December 2017: R4 739.8 million) of which R1 223.4 million (December 2017: R1 731.7 million) had been utilised at the end of the year.

Grindrod placed R249.8 million (December 2017: R190.6 million) on deposit as security with the funders of the B-BBEE consortium and provided a guarantee of R130.0 million (December 2017: R130.0 million) to secure the structure. Grindrod continues to have the ability, but no obligation, to increase its funding within the structure should the current lenders wish to exit.

In the prior year the company guaranteed loans and facilities of subsidiaries and joint ventures within discontinued operations amounting to R404.7 million of which R404.4 million had been utilised at the end of the year. In the current year, no guarantees or facilities were made or utilised.

Included in the prior year the company guaranteed charter-hire payments of subsidiaries within discontinued operations amounting to R403.5 million. The charter-hire payments were due by the subsidiaries in varying amounts from 2018 to 2022. In the current year, there were no guarantees of charter-hire payments.

Due to the significant restructuring, sale and disposal processes over the last few years, there are potential legal, tax and compliance risks, which may result in potential exposures. The board continues to monitor and will raise provisions where appropriate.

Business review

The continuing businesses of Freight and Financial Services ended the year on a positive note generating earnings of R803.4 million, up 24% on 2017 and headline earnings of R716.6 million, an increase of 26% on 2017. In June 2018 Grindrod concluded the separate primary listing of its Shipping division on the National Association of Securities Dealers Automated Questions (NASDAQ) and a secondary listing on the Johannesburg Stock Exchange (JSE).

Continuing operations

Continuing businesses comprise Port and Terminals, Logistics, Marine Fuel and Agricultural Logistics, and Financial Services.

Maputo Port and Terminals

Maputo Port achieved record volumes of 19.6 million tonnes (2017: 18.2 million tonnes), up 7% on 2017. The last record achieved was in 2014 (19.3 million tonnes). The Maputo Port access channel dredge, completed in January 2017, and a strong chrome and ferrochrome market underpinned this volume growth. Going forward, the rehabilitation of berths, construction of an additional chrome slab, and the procurement of additional equipment are all underway and should support further growth and port efficiencies.

The Matola Terminal volume performance in the second half recovered from the slow start in the first half to close the year at 5.2 million tonnes, on par with 2017. First-half performance was impacted by operational and safety-related issues at a key customer site, poor weather condition and a derailment, resulting in overall drybulk volumes across all terminals at 10.0 million tonnes, down 2% on 2017.

The Oiltanking Grindrod Calulo joint venture for the construction and development of the Ngqura Liquid Bulk Terminal in respect of a build-own-operate-transfer (BOOT) agreement with Transnet is progressing. Funding arrangements are in progress and bulk earthworks have commenced.

Despite solid volume performance at Maputo Port indicated above, headline earnings for Maputo Port and Terminals at R145.6 million (2017: R179.8 million) were undermined by relatively lower iron ore prices which impacted Matola Terminals earnings performance. Lower prices resulted in the commodity price participation benefit dropping to R4.6 million (2017: R25.8 million).

Logistics

The construction of the cross-dock facility in Nacala was completed in the first half of the year and the logistics contract for a graphite customer from the mine in Balama to the Port of Nacala commenced in June 2018. A steady volume ramp-up resulted in 79 600 tonnes handled for the year with expectations of further increases by the end of 2019.

Volume improvements in the Road transportation, Containerised cargo and warehousing businesses resulted in positive earnings, albeit marginal, from the losses incurred in 2017. An operational review of the business and increased focus on cost containment and property asset utilisation is ongoing and should result in further earnings improvements.

The Seafreight business achieved a strong growth in volumes driven by increases in bulk handling and additional feeder demand between South Africa and Namibia.

Increased pressure on margins in the Ships Agency and Clearing and Forwarding businesses resulted in lower earnings compared to 2017. However, the utilisation in the recently completed Meadowview facility increased to 55% from 26% in 2017. Further utilisation improvements are expected in 2019 as contracts logistics are secured.

Continuing Rail businesses, comprising management and operational services for customers on the North-South Corridor, achieved a positive result with volumes up 11% on 2017. Results,

however, include USD36.2 million (pre-tax and at 100% shareholding) received from the government of Zimbabwe in the form of Real Time Gross Settlement (RTGS) relating to a 1997 agreement with the government of Zimbabwe for the provision of fuel transportation services. Deteriorating liquidity issues in Zimbabwe resulted in the devaluation of the RTGS received resulting in a foreign exchange devaluation of USD15.0 million.

The Logistics segment generated headline earnings of R155.4 million, up on 2017 headline earnings of R79.7 million.

#### Marine Fuel and Agricultural Logistics

The Marine Fuel business benefitted from increased focus on margin optimisation. Agricultural Logistics businesses reported substantial improvements in earnings supported by carry-over grain stock and the profit on disposal of an operating unit at NWK.

This segment reported strong headline earnings growth of 32% to R124.8 million (2017: R94.6 million).

#### Financial Services

Financial Services reported pleasing results for the year despite the South African Social Security Agency (SASSA) business exit in the last quarter.

Core Advances grew 8% demonstrating stability in the traditional banking businesses. The Retail division focused on ensuring continuity in the on-time distribution of social grant payments. The transition from the previous SASSA accounts to a new "open choice" dispensation commenced in earnest in April 2018 and was largely completed by September 2018.

A significant portion of the fair value gain on the UK property portfolio (from inception) was realised in 2018 when the bulk of the portfolio was sold. Total proceeds of GBP36.8 million were realised of which GBP11.0 million was repatriated into South Africa and a portion of the balance reinvested in a new UK property vehicle.

Headline earnings grew 11% to R209.6 million (2017: R189.0 million).

#### Discontinued operations

The discontinued businesses comprise the Shipping division and the Rail Leasing businesses.

#### Shipping

Results include the release of a R2.8 billion foreign-currency translation gain following the spin-off of the Shipping business in the first half. The business benefitted from its exposure to the drybulk spot market which improved on the prior year comparative period, while tanker market rates were under pressure; reporting a headline loss of R112.1 million (excluding listing transaction costs), 27% lower than the prior year loss of R152.7 million (excluding listing transaction costs).

#### Rail leasing

The held-for-sale Rail leasing business comprises of the locomotives and wagon leasing joint venture, Grindrod Pembani Remgro (GPR), held 55% by Grindrod, and the wholly owned Locomotives Leasing business in Sierra Leone. GPR achieved 85% fleet deployment rate on its 27 leased locomotives and 100 wagons, consistent with the prior year. The Tonkolili mine in Sierra Leone has been placed under care and maintenance. This resulted in the board concluding that an impairment of R568.2 million be recorded with respect to the locomotive leasing business providing services to the mine.

The Rail Leasing business reported headline loss of R46.5 million (2017: R741.7 million headline loss).

#### Capital expenditure and commitments

	Capital expenditure	Capital commitments			Split as follows	
R million	2018	2019	2020	2021	Approved not contracted	Approved and contracted
Continuing operations	483	236	211	-	428	19
Port and Terminals	93	142	211	-	333	19
Logistics	384	92	-	-	93	-
Financial Services	2	-	-	-	-	-
Group	4	2	-	-	2	-
Discontinued operations	273	-	-	-	-	-
Rail Leasing	7	-	-	-	-	-
Drybulk	242	-	-	-	-	-
Tankers	24	-	-	-	-	-
	756	236	211	-	428	19
Split as follows:						
Subsidiaries	678	161	-	-	160	1
Joint ventures	78	75	211	-	268	18

Total capital and investment expenditure was R756.0 million (2017: R658.0 million), of which 69% was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised expenditure on the Nacala logistics project and purchase of Novagroup. Discontinued operations expenditure consists of payments on two Supramax ships on order.

#### Cash flow and borrowings

The financial position reflects net cash of R353.3 million (December 2017: R7.0 million net debt). The group generated operating profit before working capital cash flows of R249.4 million (December 2017: R461.7 million) during the year. Working capital contributed to a net outflow of R90.2 million (December 2017: R97.6 million net inflow).

#### Statement of financial position

With total assets of R25 651.5 million (December 2017: R34 949.0 million) and nil net gearing, the group's financial position remains good. Book net asset value per share is 1 314 cents, exclusive of the Shipping business (December 2017: 1 790 cents, inclusive of the Shipping business).

Shareholders' equity decreased to R9 618.5 million (December 2017: R14 152.8 million) mainly as a result of a R1 584.4 million return of share capital and an ordinary dividend of R2 657.1 million, all related to the spin-off of the Shipping division. The increase of R872.7 million to the foreign currency translation reserve was due to the weakening of the ZAR/USD exchange rate from R12.39/USD in December 2017 to R14.38/USD in December 2018. Ordinary shares in issue remained unchanged at 762 553 314 shares.

#### Basis of preparation

The summarised consolidated 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 and also as a minimum contain



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 of South Africa requirements applicable to summarised financial statements.

The audited consolidated annual financial statements are available at the company's registered office for inspection.

Following the successful spin-off of the Shipping division, the group cost allocation methodology across operating segments was revised. Comparative income statement information has been restated to reflect the change in methodology and to provide a more meaningful comparison to current year figures.

The summarised consolidated financial statements and the full set of consolidated financial statements have been prepared under the supervision of Xolani Mbambo CA (SA) and were approved by the board of directors on 5 March 2019. The directors take full responsibility for the preparation of the dividend announcement and the financial information has been correctly extracted from the underlying annual financial statements.

#### Accounting policies

The accounting policies applied in the preparation of the full consolidated financial statements from which the audited summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those of the previous full consolidated financial statements except for the adoption of the new IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers.

The group adopted IFRS 9: Financial Instruments and IFRS 15: Revenue from Contracts with Customers with a date of initial application of 1 January 2018. As a result, the group has changed its accounting policy for revenue recognition and financial instruments. The group has elected not to restate comparative information and has recorded the cumulative effect of initially applying the new standards as an adjustment to the opening balance of equity at the date of initial application. Therefore the comparative information has not been restated and is reported under the previous standards.

#### Audit opinion

These summarised consolidated financial statements for the year ended 31 December 2018 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the full consolidated financial statements for the year ended 31 December 2018 from which these summarised consolidated financial statements were derived. A copy of the auditor's report on the summarised consolidated financial statements and on the full consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

Deloitte & Touche has not audited future financial performance and expectations expressed by the directors included in the commentary in the summarised consolidated financial statements and accordingly do not express an opinion thereon. The auditor's report does not necessarily report on all of the information contained in the summarised consolidated financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

#### Post-balance sheet events

There are no material post balance sheet events to report.

#### Directorate and vote of thanks

Bongiwe Ntuli, the chief executive officer of Freight Services decided to embark on a new opportunity effective from 31 December 2018. Grindrod thanks Bongiwe for her dedication, contribution and commitment to the company.

Gerhard Kotze, alternative to Mkhusele Faku, resigned from the board on 31 August 2018 and Hassen Adams and Walter Geach retired with effect from 30 November 2018. The board expresses its appreciation for their contribution and wishes them well with their future endeavours.

Andrew Waller was appointed as chief executive officer and Xolani Mbambo as chief financial officer of Grindrod Limited with effect from 1 September 2018. The board congratulates them on their new appointments and looks forward to their continued commitment.

#### Prospects

Grindrod continues to implement the strategies of the Freight Services and Financial Services divisions. Significant initiatives to improve capacity and drive more efficient utilisation of resources are positioning the remaining businesses to increase market share and to capitalise on any global market improvements.

Michael Hankinson  
Chairman  
5 March 2019

Andrew Waller  
Chief executive officer  
5 March 2019

#### Declaration of final dividend

##### Ordinary dividend

Notice is hereby given that a final dividend of 14.6 cents has been declared out of income reserves for the year ended 31 December 2018 (2017: no final dividend declared). The final net dividend is 11.68 cents per share for ordinary shareholders who are not exempt from dividends tax.

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

##### Preference dividend

Notice is hereby given that a gross final dividend of 446.0 cents per cumulative, non-redeemable, non-participating and non-convertible preference share (2017: 456.0 cents) has been declared out of income reserves for the year ended 31 December 2018, payable to preference shareholders in accordance with the timetable below.

At the date of this announcement, there were 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares in issue. The final net preference dividend is 356.8 cents per share for preference shareholders who are not exempt from dividends tax.

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

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

#### Preference and ordinary dividend timetable

Dividend declaration and finalisation date	wednesday, 6 March 2019
Last date to trade cum-dividend	Tuesday, 26 March 2019
Securities start trading ex-dividend	wednesday, 27 March 2019
Record date	Friday, 29 March 2019
Payment date	Monday, 1 April 2019

No dematerialisation or rematerialisation of shares will be allowed for the period Wednesday, 27 March 2019 to Friday, 29 March 2019, both days inclusive.

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

By order of the board

Mrs Catherina Lewis  
Group company secretary  
5 March 2019

Corporate information

Directors

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

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Designated Audit Partner: Kim Peddie CA(SA)

Sponsor

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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

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

Information from the registered office and for additional analyst information, please refer to [www.grindrod.com](http://www.grindrod.com). Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the annual report with the financial information.

Date of announcement: 6 March 2019