2017
Grindrod Limited Provisional Audited Results

for the year ended 31 December 2017

CONTENTS

KEY FINANCIAL INFORMATION

The group continues to position itself to become the preferred integrated freight and logistics services provider.

PERFORMANCE FROM CONTINUING OPERATIONS – FREIGHT AND FINANCIAL SERVICES

- Revenue inclusive of joint ventures up 14% to R21 275.9 million (2016: R18 660.1 million)
- EBITDA inclusive of joint ventures up 45% to R953.6 million (2016: R658.9 million)
- Headline earnings R570.8 million (headline earnings 2016: R208.8 million), a 173% improvement on prior year
- Headline earnings per share 76.0 cents (2016: 27.8 cents)
- Earnings per share 86.0 cents (2016: 19.2 cents)

PERFORMANCE OF SHIPPING – TO BE SEPERATELY LISTED

- Headline loss from shipping R202.6 million (headline loss 2016: R569.6 million)
- Net asset value of shipping business to be separately listed $320 million, approximates fair value

PERFORMANCE FROM TOTAL OPERATIONS

- Loss per share 77.6 cents (2016 loss per share: 254.2 cents)
- Headline loss per share 47.4 cents (2016 headline loss per share: 61.2 cents)
- Net asset value per share 1 790 cents (2016: 2 007 cents)
- Nil gearing (2016: 2%)
- No ordinary dividend was declared (2016: no ordinary dividend declared)

SUMMARISED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 *Re-presented R000
Continuing operations		
Revenue	**3 059 422**	3 287 820
Earnings before interest, taxation, depreciation and amortisation	**621 981**	687 849
Depreciation and amortisation	**(195 844)**	(231 135)
Operating profit before interest and taxation	**426 137**	456 714
Non-trading items	**129 272**	(59 672)
Interest received	**264 575**	283 035
Interest paid	**(97 850)**	(133 580)
Profit before share of joint venture and associate companies' profit	**722 134**	546 497
Share of joint venture companies' profit/(loss) after taxation	**111 475**	(159 058)
Share of associate companies' profit after taxation	**60 481**	20 604
Profit before taxation	**894 090**	408 043
Taxation	**(172 937)**	(195 345)
Profit for the year from continuing operations	**721 153**	212 698
Discontinued operations		
Loss after tax from discontinued operations	**(1 229 023)**	(2 052 203)
Loss for the year	**(507 870)**	(1 839 505)
Attributable to:		
Ordinary shareholders	**(582 695)**	(1 907 695)
From continuing operations	**646 275**	144 401
From discontinued operations	**(1 228 970)**	(2 052 096)
Preference shareholders	**67 645**	67 970
Owners of the parent	**(515 050)**	(1 839 725)
Non-controlling interest	**7 180**	220
From continuing operations	**7 233**	327
From discontinued operations	**(53)**	(107)
	(507 870)	(1 839 505)

**Re-presented for discontinued operations as detailed in the basis of preparation*

EARNINGS PER SHARE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

		Audited 31 December 2017 R000	Audited 31 December 2016 *Re-presented R000
Reconciliation of headline earnings from continuing operations			
Profit attributable to ordinary shareholders		**646 275**	144 401
Adjusted for:		**(75 474)**	64 378
Impairment of goodwill		**–**	7 632
Impairment of other investments		**126 479**	155 932
Impairment of intangibles, vehicles and equipment		**8 503**	2 946
Net (profit)/loss on disposal of investments		**(1 226)**	18 425
Net profit on disposal of plant and equipment		**(17 372)**	(5 002)
Foreign currency translation reserve release		**(245 656)**	(120 261)
Joint ventures and associates:			
Net profit on disposal of investments		**–**	(216)
Net loss/(profit) on disposal of plant and equipment		**121**	(72)
Impairment of ships, intangibles, vehicles and equipment		**16 735**	15 896
Impairment /(reversal of impairment) of other investments		**31 748**	(12 175)
Total non-controlling interest effects of adjustments		**–**	(2 962)
Total taxation effects of adjustments		**5 194**	4 235
Headline earnings from continuing operations		**570 801**	208 779
Ordinary share performance			
Number of shares in issue less treasury shares	(000s)	**751 640**	750 548
Weighted average number of shares (basic)	(000s)	**751 164**	750 539
Diluted weighted average number of shares	(000s)	**755 810**	753 712
Basic earnings/(loss) per share:	(cents)		
From continuing operations		**86.0**	19.2
From discontinued operations		**(163.6)**	(273.4)
Total		**(77.6)**	(254.2)
Diluted earnings/(loss) per share:	(cents)		
From continuing operations		**85.5**	19.2
From discontinued operations**		**(163.6)**	(273.4)
Total		**(78.1)**	(254.2)
Headline earnings per share from continuing operations:	(cents)		
Basic		**76.0**	27.8
Diluted		**75.5**	27.7
Dividends per share	(cents)	**–**	–
Dividend cover (headline)	(times)	**–**	–

**Re-presented for discontinued operations as detailed in the basis of preparation*

*** Diluted loss per share from discontinued operations was calculated on weighted average number of shares due to the anti-dilutive effect of the long-term incentive scheme shares*

SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Loss for the year	**(507 870)**	(1 839 505)
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(799 595)**	(1 387 904)
Net movement in cash flow hedges	**760**	54 636
Business combinations	**1 946**	3 469
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses)	**7 102**	(2 184)
Fair value loss arising on available-for-sale instruments	**(1 901)**	(2 420)
Total comprehensive loss for the year	**(1 299 558)**	(3 173 908)
Total comprehensive loss attributable to:		
Owners of the parent	**(1 304 522)**	(3 182 753)
Non-controlling interest	**4 964**	8 845
	(1 299 558)	(3 173 908)

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Audited 31 December 2017 R000	Audited 31 December 2016* R000
Ships, property, terminals, machinery, vehicles and equipment	**1 478 003**	5 610 562
Intangible assets	**710 909**	1 030 281
Investments in joint ventures	**2 453 230**	3 947 765
Investments in associates	**867 220**	852 225
Deferred taxation	**59 313**	87 062
Other investments and derivative financial assets	**2 389 218**	1 948 728
Total non-current assets	**7 957 893**	13 476 623
Loans and advances to bank customers	**7 149 198**	5 854 734
Liquid assets and short-term negotiable securities	**1 763 875**	1 801 065
Bank balances and cash	**8 970 274**	9 478 073
Other current assets	**2 466 331**	4 019 600
Non-current assets held for sale	**6 641 399**	1 549 072
Total assets	**34 948 970**	36 179 167
Shareholders' equity	**14 152 823**	15 752 437
Non-controlling interests	**44 659**	48 919
Total equity	**14 197 482**	15 801 356
Interest-bearing borrowings	**295 429**	1 423 339
Financial Services funding instruments	**720 137**	803 489
Deferred taxation	**244 655**	264 744
Other non-current liabilities	**66 199**	121 446
Non-current liabilities	**1 326 420**	2 613 018
Deposits from bank customers	**14 640 363**	13 610 140
Current interest-bearing borrowings	**349 881**	909 037
Financial Services funding instruments	**738 953**	191 187
Other liabilities	**1 300 360**	1 831 320
Non-current liabilities associated with assets held for sale	**2 395 511**	1 223 109
Total equity and liabilities	**34 948 970**	36 179 167

** Restated in accordance with provisional accounting related to the fair value on prior year acquisition and prior period error for ships held for sale, disclosed under inventory which has been reclassified to ships, property, terminals, machinery, vehicles and equipment in terms of IAS 16 Property, plant and equipment.*

Net worth per ordinary share − at book value (cents)	**1 790**	2 007
Net debt:equity ratio	**0.00:1**	0.02:1
Capital expenditure	**389 472**	676 627

	31 December 2017 R000	**31 December 2017 US$000**	31 December 2016 R000	31 December 2016 US$000
Capital commitments	**29 000**	**19 000**	154 315	17 582
Authorised by directors and contracted for	**29 000**	**19 000**	131 278	–
Due within one year	**29 000**	**19 000**	131 278	–
Due thereafter	**–**	**–**	–	–
Authorised by directors not yet contracted for	**–**	**–**	23 037	17 582

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Operating profit before working capital changes	**461 652**	425 960
Working capital changes	**97 566**	65 749
Cash generated from operations	**559 218**	491 709
Net interest received	**38 335**	16 888
Net dividends received	**55 570**	29 451
Taxation paid	**(169 616)**	(110 343)
	483 507	427 705
Net (advances to)/deposits from customers and other short-term negotiables	**(227 051)**	1 956 186
Deposits − Retail Banking	**120 876**	2 288 800
Other	**(347 927)**	(332 614)
Net cash flows generated from operating activities before ship sales and purchases	**256 456**	2 383 891
Proceeds on disposal of ships	**238 097**	180 843
Capital expenditure on ships	**(69 753)**	(368 145)
Net cash flows generated from operating activities	**424 800**	2 196 589
Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment	**(368 457)**	(339 257)
Net proceeds from disposal of property, terminals, vehicles, equipment and investments	**169 900**	266 482
Net receipt from finance lease receivables	**–**	11 160
Intangible assets acquired	**(4 110)**	(25 253)
Proceeds from disposal of intangible assets	**7 948**	602
Funds advanced to joint ventures and associate companies	**(22 144)**	(644 288)
Acquisition of preference share investment	**–**	(5 367)
Acquisition of additional investments in subsidiaries, joint ventures and associates	**(82 448)**	(44 240)
Net cash flows utilised in investing activities	**(299 311)**	(780 161)
Acquisition of treasury shares	**(1 386)**	(8 671)
Proceeds from disposal of treasury shares	**–**	914
Long-term interest-bearing debt raised	**1 277 549**	821 780
Payment of capital portion of long-term interest-bearing debt	**(1 030 371)**	(952 600)
Short-term interest-bearing debt repaid	**–**	(132 726)
Net cash flows raised from/(utilised in) financing activities	**245 792**	(271 303)
Net increase in cash and cash equivalents	**371 281**	1 145 125
Cash and cash equivalents at beginning of the year	**9 294 457**	8 340 917
Difference arising on translation	**(107 356)**	(191 585)
Cash and cash equivalents at end of the year	**9 558 382**	9 294 457

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Share capital and share premium	**5 992 754**	5 971 719
Balance at beginning of the year	**5 971 719**	5 970 727
Share options vested	**22 421**	6 892
Treasury shares acquired	**(1 386)**	(8 671)
Treasury shares sold	**–**	2 771
Preference share capital	**2**	2
Balance at beginning of the year	**2**	2
Equity compensation reserve	**58 364**	68 513
Balance at beginning of the year	**68 513**	63 643
Share-based payments	**12 272**	11 762
Share options vested	**(22 421)**	(6 892)
Foreign currency translation reserve	**3 505 281**	4 546 313
Balance at beginning of the year	**4 546 313**	6 063 103
Foreign currency translation realised	**(243 653)**	(120 261)
Foreign currency translation adjustments	**(797 379)**	(1 396 529)
Other non-distributable statutory reserves	**(43 566)**	(51 592)
Balance at beginning of the year	**(51 592)**	(126 302)
Financial instrument hedge settlement	**3 005**	53 873
Foreign currency translation adjustments	**2 035**	6 006
Fair value adjustment on hedging reserve	**(202)**	4 641
Deferred tax effect on cash flow hedge	**(2 132)**	(6 415)
Net business combination acquisition	**5 320**	16 605
Accumulated profit	**4 639 988**	5 217 482
Balance at beginning of the year	**5 217 482**	7 174 992
Fair value gain arising on available-for-sale financial instruments	**(1 901)**	(2 420)
Actuarial gains/(losses) recognised	**7 102**	(2 184)
Loss for the year	**(515 050)**	(1 839 725)
Ordinary dividends paid	**–**	(45 211)
Preference dividends paid	**(67 645)**	(67 970)
Total interest of shareholders of the company	**14 152 823**	15 752 437
Equity attributable to non-controlling interests of the company	**44 659**	48 919
Balance at beginning of the year	**48 919**	(6 274)
Foreign currency translation adjustments	**(2 216)**	8 625
Non-controlling interest disposed	**244**	49 860
Profit for the year	**7 180**	220
Dividends paid	**(9 468)**	(3 512)
Total equity attributable to shareholders of the company	**14 197 482**	15 801 356

SEGMENTAL ANALYSIS FOR CONTINUING OPERATIONS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 **Re-presented R000
Revenue		
Port and Terminals	**874 607**	768 671
Logistics	**2 336 408**	2 540 740
Financial Services	**467 039**	492 216
Marine Fuels & Agricultural Logistics	**17 585 797**	14 806 358
Group	**12 045**	52 074
	21 275 896	18 660 059
*Segmental adjustments**	**(18 216 474)**	(15 372 239)
	3 059 422	3 287 820
Earnings/(loss) before interest, taxation, depreciation and amortisation		
Port and Terminals	**309 247**	168 909
Logistics	**339 738**	331 525
Financial Services	**362 952**	337 720
Marine Fuels & Agricultural Logistics	**65 061**	(176 812)
Group	**(123 392)**	(2 449)
	953 606	658 893
*Segmental adjustments**	**(331 625)**	28 956
	621 981	687 849
Operating profit/(loss) before interest and taxation		
Port and Terminals	**204 313**	49 981
Logistics	**165 275**	143 070
Financial Services	**357 707**	331 819
Marine Fuels & Agricultural Logistics	**50 740**	(196 724)
Group	**(124 525)**	(4 070)
	653 510	324 076
*Segmental adjustments**	**(227 373)**	132 638
	426 137	456 714
Share of associate companies' profit/(loss) after taxation		
Port and Terminals	**54 077**	71 526
Logistics	**(10 130)**	(18 899)
Marine Fuels & Agricultural Logistics	**55 093**	6 988
	99 040	59 615
*Segmental adjustments**	**(38 559)**	(39 011)
	60 481	20 604
Profit/(loss) attributable to ordinary shareholders (continuing operations)		
Port and Terminals	**182 137**	225 231
Logistics	**221 809**	(91 288)
Financial Services	**188 958**	171 006
Marine Fuels & Agricultural Logistics	**57 777**	(189 835)
Group	**23 032**	110 770
	673 713	225 884
*Segmental adjustments**	**(27 438)**	(81 483)
	646 275	144 401

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

*** Re-presented for discontinued operations as detailed in the basis of preparation*

INCOME STATEMENT – DISCONTINUED OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 *Re-presented R000
Revenue	**5 432 486**	5 743 891
Loss before interest, taxation, depreciation and amortisation	**(606 721)**	(218 527)
Shipping	**25 309**	(157 581)
Rail	**(632 030)**	(60 946)
Depreciation and amortisation	**(218 564)**	(352 926)
Shipping	**(204 450)**	(320 754)
Rail	**(14 114)**	(32 172)
Operating loss before interest and taxation	**(825 285)**	(571 453)
Non-trading items	**(587 770)**	(708 884)
Gain/(loss) on re-measurement of fair value less costs to sell	**483 180**	(650 686)
Interest received	**71 646**	70 127
Interest paid	**(117 382)**	(128 918)
Loss before share of joint venture and associate companies' loss	**(975 611)**	(1 989 814)
Share of joint venture companies' loss after taxation	**(162 356)**	(65 816)
Loss before taxation	**(1 137 967)**	(2 055 630)
Taxation (expense)/credit	**(91 056)**	3 427
Loss for the year	**(1 229 023)**	(2 052 203)
Attributable to:		
Owners of the parent	**(1 228 970)**	(2 052 096)
Non-controlling interests	**(53)**	(107)
	(1 229 023)	(2 052 203)

** Re-presented for discontinued operations as detailed in the basis of preparation*

BUSINESS COMBINATIONS
FOR THE YEAR ENDED 31 DECEMBER 2017

Acquisition of subsidiary:

During the year, the group acquired the following interest:

Company acquired	Nature of business	Percentage acquired	Interest acquired 2017	Purchase consideration R 000
New Limpopo Bridge Projects Ltd	Rail operations	50%	1 May 2017	33 400
Total purchase consideration				**33 400**

Reasons for acquisition:

The reason for the acquisition was to increase the group's shareholding in the North South corridor.

Impact of the acquisition on the results of the group:

From the date of acquisition, the acquired business contributed additional losses of R4.9 million.

Net assets acquired in the transaction and goodwill/intangible assets arising are as follows:

Net assets acquired	Acquirees' carrying amount before combination at fair value
Investment in joint venture	33 400
Total purchase consideration	33 400
Cash acquired	-
Net assets acquired	**33 400**

The above transaction has the following impact on the summarised consolidated income statement:	139 965
Impairment on investment	(123 275)
Foreign currency translation reserve release	263 240

RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED 31 DECEMBER 2017

During each year, the group, in the ordinary course of business, entered 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:

	Nature of relationship	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Goods and services sold to			
Vitol Shipping Singapore Pte Ltd	Joint Venture	**111 163**	331 705
Goods and services purchased from			
Cockett Marine Oil Pte Ltd	Joint Venture	**(702 945)**	(584 201)
Amounts due from related party			
Terminal De Carvo da Matola Ltda	Joint Venture	**313 132**	354 677
Cockett Marine Oil Pte Ltd	Joint Venture	**420 203**	655 174
GPR Leasing Africa	Joint Venture	**146 896**	178 053
Newshelf 1279 (Pty) Ltd	Influence holder of the group	**548 954**	492 855
IVS Bulk Pte Ltd	Joint Venture	**283 632**	279 098

LEASES AND SHIP CHARTERS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Operating leases and ship charters		
Continuing operations		
Income*	**116 234**	117 118
Expenditure	**(1 183 952)**	(1 295 481)
Discontinued operations		
Income*	**1 205 939**	1 251 519
Expenditure	**(1 918 015)**	(2 825 594)

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

FOREIGN CURRENCY DENOMINATED ITEMS
AS AT 31 DECEMBER 2017

Exchange rates (ZAR/US$)		
Opening exchange rate	**13.69**	15.60
Closing exchange rate	**12.39**	13.69
Average exchange rate	**13.36**	14.73

FAIR VALUE OF FINANCIAL INSTRUMENTS
AS AT 31 DECEMBER 2017

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

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

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

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

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

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

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

	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**	**1 426 302**	**2 237 719**
Total	**–**	**813 034**	**1 426 302**	**2 239 336**
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*

	Audited 31 December 2016 R000 Level 1	Audited 31 December 2016 R000 Level 2	Audited 31 December 2016 R000 Level 3	Audited 31 December 2016 R000 Total
Financial assets				
Derivative financial assets	–	3 255	–	3 255
Financial assets designated at fair value through profit or loss	–	753 752	1 084 948	1 838 700
Total	–	757 007	1 084 948	1 841 955
Financial liabilities				
Derivative financial instruments	–	(26 365)	–	(26 365)
Other liabilities *	–	(100 200)	–	(100 200)
Total	–	(126 565)	–	(126 565)

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

Fair value gains recognised in the summarised consolidated income statement and summarised consolidated statement of other comprehensive income for Level 3 financial instruments were R125.6 million (2016: R39.3 million).

Reconciliation of Level 3 fair value measurements of financial assets

	Audited 31 December 2017 R000	Audited 31 December 2016 R000
Opening balance	**1 084 948**	888 133
Additions	**236 750**	158 499
Disposals	**(21 018)**	(993)
Losses recognised - in summarised consolidated statement of other comprehensive income	**(1 221)**	(3 770)
Gains recognised - in summarised consolidated income statement	**126 843**	43 079
Closing balance	**1 426 302**	1 084 948

CONTINGENT ASSETS/LIABILITIES
AS AT 31 DECEMBER 2017

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R4 739.8 million (December 2016: R4 833.3 million) of which R1 731.7 million (December 2016: R1 841.6 million) had been utilised at the end of the year.

Grindrod placed R190.6 million (December 2016: R190.6 million) on deposit as security with the funders of the BEE consortium and provided a guarantee of 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.

Within discontinued operations, the company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R404.7 million (December 2016: R196.8 million) of which R404.4 million (December 2016: R191.3 million) had been utilised at the end of the year.

Within discontinued operations, the company guaranteed charter-hire payments of subsidiaries amounting to R403.5 million (December 2016: R665.8 million). The charter-hire payments are due by the subsidiaries in varying amounts from 2018 to 2022.

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

BUSINESS REVIEW

The Grindrod vision is to create sustainable returns and long-term value for its stakeholders. During the past few years, a prolonged period of low commodity demand and excess capacity has impacted the achievement of Freight businesses and Shipping targets. This required significant restructuring and the closure or sale of a number of Freight operations.

In the second half of 2016, markets started to turn. Dry-bulk shipping rates and terminal utilisation improved, translating into improved earnings in 2017.

Continuing operations

The continuing businesses, comprising Maputo Port and Terminals, Logistics, Marine Fuels and Agricultural Logistics, and Financial Services, posted headline earnings of R570.8 million, a marked improvement of R208.8 million achieved in 2016.

Maputo Port and Terminals

Maputo Port volumes increased to 18.2 million tonnes and the main driver being the completion of the 75-km access channel dredge project which opened the port to, fully laden post panamax vessels. Work on improving berth accessibility and loading turnaround is continuing.

Terminals utilisation increased by 22 per cent to 10.2 million tonnes (2016: 8.4 million tonnes). The Matola Terminal was the first Maputo Port sub-concessionaire to gear its facilities to service post panamax vessels through its berth rehabilitation and quay offset project, and upgrade its ship loaders to improve coal and magnetite loading times. For 2018, over 80 per cent terminal utilisation capacity has been contracted.

The BOOT agreement with TNPA was signed in April 2017, and the Oiltanking Grindrod Calulo joint-venture board agreed to initiate the Ngqura Liquid Bulk Terminal project, a concession from ports operator TNPA. Engagement with stakeholders in the initial phase of this project is progressing.

Logistics

Logistics returned to profit following consolidation and restructuring initiatives implemented in 2016 and 2017.

During the year, preparation to execute a long-term pit-to-port logistics contract for Syrah Resources in Mozambique commenced. The contract positions Grindrod as a key player in the region of Nacala, a growing port hub 500 km from Balama.

The carrier transportation businesses remained under pressure due to minimal growth in the new-vehicle sales as well as the impact of the Durban-Heidelberg petroleum pipeline ramping capacity during the year.

Strong competition in the ships agency, and clearing and forwarding markets continued to impact the agency business results. Röhlig-Grindrod moved from its four Johannesburg facilities into its new and modern 21 000m^2 warehouse during the year.

Continuing Rail businesses, comprising management and operational services for customers on the north-south corridor, continues to improve off a low base.

The OACL coastal shipping service, once again, reported solid results.

Marine Fuels and Agricultural Logistics

Improvements in agricultural yields saw the agricultural businesses return to profit following the adverse effect of the drought in 2016, while marine fuels supplier Cockett Marine Oil returned to profit as the bunker fuels market recovered.

Financial Services

Financial Services reported solid results, and businesses performed above expectation. The business continued to grow profitability despite negativity in markets due to political turmoil, credit-rating down-grades and pressure on corporate earnings.

Investment banking activities recorded solid growth in the UK property portfolio. Bridge Fund Managers and CoreShares, the two entities through which the asset-management business is conducted, continued to grow.

The retail division within Grindrod Bank focused on ensuring continuity in the on-time distribution of social-grant payments to ten million card holders following the extension of the contract with Cash Paymasters Services by the Constitutional Court to give SASSA opportunity to negotiate a new dispensation.

The division remains focused on positioning itself to expand its service offering and optimise value within its areas of business. This includes investigating ways in which further value can be created by introducing BEE shareholding, in order to propel Financial Services to the next level of growth.

Discontinued operations

The discontinued businesses comprise the Shipping division to be listed and the Locomotive Leasing and Assembly businesses.

Shipping

The change in the business cycle provided the stimulus for implementing the board-approved strategy to unlock shareholder value. In August 2017, the board decided to investigate the Spin-off of the Shipping division as a separately listed entity. The business had remained sustainable during a prolonged period of adverse conditions which saw the failure of several of its peers. This process is well progressed and engagement with shareholders will follow in due course. As a consequence, and ahead of the separate listing, specific ships and goodwill of R620 million have been impaired. On listing in 2018, shareholders will benefit from the release of the significant foreign-currency translation gain.

The Shipping division benefited from the rising dry-bulk rates and narrowed its headline loss for the year to R202.6 million from R569.6 million in 2016.

The division continued to outperform major rates indices through application of its intellectual capital. This, and its fleet renewal strategy to invest in modern vessels built by reputable shipbuilders, positions the business to remain in the global lower cost quartile. It is expected that the listing on an international stock exchange amongst peer groups will optimise the perception of the value of this well-managed shipping business serving blue-chip clients.

Rail Leasing and Assembly

The rail-leasing businesses are held for sale and are carried at management’s best estimate of the proceeds to be received. The rail-assembly businesses have been substantially closed.

CAPITAL EXPENDITURE AND COMMITMENTS

R million	Capital expenditure 2017*	Capital commitments 2018	2019	2020+	Total	Split as follows: Approved not contracted	Approved and contracted
Continuing operations	**469**	**329**	**–**	**–**	**329**	**–**	**329**
Port and Terminals	165	19	–	–	19	–	19
Logistics	295	310	–	–	310	–	310
Financial Services	8	–	–	–	–	–	–
Marine Fuels and Agricultural Logistics	1	–	–	–	–	–	–
Discontinued operations	**189**	**–**	**–**	**–**	**–**	**–**	**–**
Rail assembly and leasing	34	–	–	–	–	–	–
Dry bulk	111	–	–	–	–	–	–
Tankers	44	–	–	–	–	–	–
						–	
	658	**329**	**–**	**–**	**329**	**–**	**329**
Split as follows:						–	
Subsidiaries	**389**	311	–	–	311	–	311
Joint venture	**269**	18	–	–	18	–	18

* *Capital expenditure includes expenditure of R87.4 million relating to instalment sale arrangements to acquire trucks*

Total capital and investment expenditure was R658.0 million (2016: R1 128.0 million), of which 55 per cent was expansionary and the balance maintenance or replacement capital expenditure. The capital expenditure mainly comprised payments on the final payment on the acquisition of a dry-bulk ship, berth deepening and expenditure in Nacala.

CASH FLOW AND BORROWINGS

The financial position reflects net debt of R6.7 million (2016: R372.6 million). The group generated operating profit before working capital cash flows of R461.6 million (2016: R426.0 million) during the year. Working capital contributed to a net inflow of R97.6 million (2016: R65.7 million net inflow).

STATEMENTS OF FINANCIAL POSITION

With total assets of R34 949.0 million (2016: R36 179.2 million) and no gearing, the group's financial position remains strong. Book net asset value per share is 1 790 cents (2016: 2 007 cents).

Shareholders' equity decreased to R14 152.8 million (2016: R15 752.4 million) mainly as a result of the strengthening year-end South African rand and current year losses. The decrease of R797.4 million to the foreign currency translation reserve was due to the strengthening of the rand/US dollar exchange rate from R13.69/US$ to R12.39/US$.

Ordinary shares in issue remained unchanged at 762 553 314 shares.

The Shipping business to be separately listed and the Rail leasing businesses are classified as held for sale.

BASIS OF PREPARATION

The audited summarised consolidated financial statements have been prepared in accordance with the Framework concepts, recognition and measurement criteria of International Financial Reporting Standards (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 Johannesburg Stock Exchange Limited applicable to provisional reports and the Companies Act of South Africa requirements applicable to summarised financial statements.

The provisional accounting relating to the fair value on acquisition of a prior year business combination has been completed. Consequently the comparative figures have been adjusted retrospectively. The effect of the adjustment resulted in an increase in the value of leasehold land and buildings, intangible assets and related deferred tax liability offset by a decrease in goodwill.

In the prior year, ships held for sale was incorrectly disclosed as held for sale assets under inventory instead of remaining in ships, property, terminals, machinery, vehicles and equipment. This prior period error was due to an incorrect interpretation on the treatment of a change in intention relating to dual purpose assets under IAS 16 Property, plant and equipment. The effect of the adjustment resulted in an increase in the value of ships offset by a decrease in inventory. There is no impact on profit or loss.

As a result of the decision to separately list the Group's Shipping business and the decision to exit the Rail operations, the Group's prior year summarised consolidated income statement and summarised segmental analysis have been re-presented to take into account the requirements of IFRS 5 Non-current assets held for sale and discontinued operations. The Group's summarised consolidated statement of other comprehensive income, summarised consolidated statement of financial position and summarised consolidated statement of changes in equity are not required to be re-presented.

The full consolidated annual financial statements from which these summarised consolidated financial statements were derived are available at the company's registered office.

These summarised consolidated financial statements and the full set of consolidated financial statements have been prepared under the supervision of AG Waller, CA (SA) and were approved by the board of directors on 23 March 2018.

ACCOUNTING POLICIES

The accounting policies applied in the preparation of the full consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those of the previous full consolidated financial statements.

AUDIT OPINION

These summarised consolidated financial statements for the year ended 31 December 2017 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 2017 from which these summarised consolidated financial statements were derived. The copies of the auditor's report on the summarised consolidated financial statements 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, except for the impact of the separate listing of the shipping business.

VOTE OF THANKS

The contributions of the board and executive management are integral to the implementation of Grindrod's strategies, which is why the board decided on an interim arrangement when the CEO retired during 2017. I thank the board for its trust in electing me to oversee the period of transition as Executive Chairman. Nkululeko Sowazi was appointed a lead independent director to maintain the balance between executive and independent directors and I thank him for his support.

Alan Olivier retired after serving as CEO for eleven years and contributing to Grindrod's growth and success over three decades. We thank him for his dedication to the company.

PROSPECTS

Global markets continue to show signs of improvement and its businesses are set to benefit in coming years from the foundation that has been laid to optimise value creation. The strategy to unlock value should be largely completed in the second half of 2018.

NL Sowazi
Lead independent non-executive director
23 March 2018

MJ Hankinson
Executive Chairman
23 March 2018

CORPORATE INFORMATION

DIRECTORS
MJ Hankinson (Executive chairman), H Adams*, MR Faku*, WD Geach*, GG Gelink*, G Kotze (Alternate)*, Z Malinga*, RSM Ndlovu (Alternate)*, B Ntuli, DA Polkinghorne, NL Sowazi (Lead independent non-executive), PJ Uys*, AG Waller (Group financial director), SDM Zungu*
* *Non-executive*

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Incorporated in the Republic of South Africa

Share code: GND & GNDP

ISIN: ZAE000072328 and ZAE000071106

Statements contained in this announcement regarding the prospects of the group, have not been reviewed or audited by the group's external auditors.

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