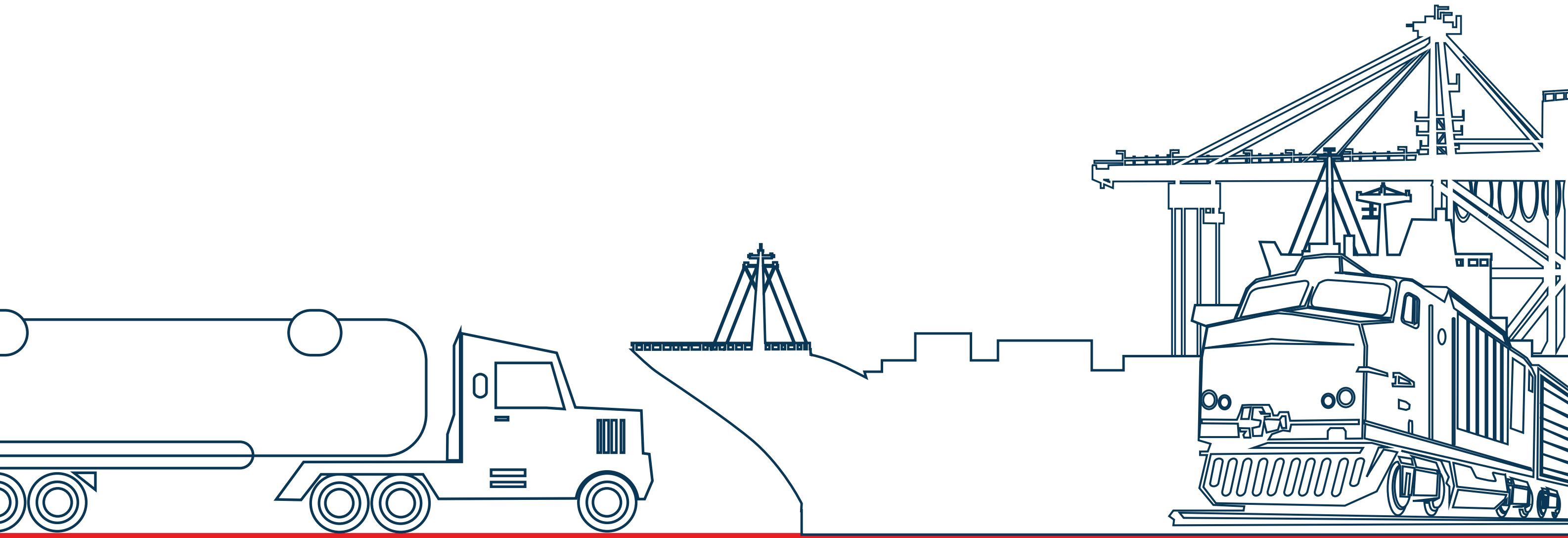
Audited Annual Financial Statements

for the year ended 31 December 2015

GRINDROD



an integrated business

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AUDITED ANNUAL FINANCIAL STATEMENTS

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2015

The preparation of annual financial statements that fairly represent the results of the group and company in accordance with the Companies Act and International Financial Reporting Standards (IFRS) is ultimately the responsibility of the board of directors. The board also ensures an independent audit of the financial statements by the external auditors in accordance with International Standards on Auditing. The board is of the opinion that the internal accounting control systems assure the adequate verification and maintenance of accountability for Grindrod's assets, and assure the integrity of the financial statements. No major breakdown in controls that could influence the reliability of the financial statements was experienced during 2015.

Based on the financial results of Grindrod and the cash flow forecast for the year ended 31 December 2016, and the application of solvency and liquidity tests, the board is further of the opinion that the Grindrod group has adequate resources to continue in operation for the foreseeable future. The annual financial statements were consequently prepared on a going concern basis.

At the board meeting held on 23 February 2016 the board of directors approved the annual financial statements and further authorised Mr MJ Hankinson and Mr AK Olivier, in their respective capacities as chairman and chief executive officer, to sign off the annual financial statements. The annual financial statements which appear on pages 9 to 91 are therefore signed on its behalf by:

MJ Hankinson
Chairman

Durban
23 February 2016

AK Olivier
Chief executive officer

Durban
23 February 2016

COMPLIANCE STATEMENT BY THE COMPANY SECRETARY

for the year ended 31 December 2015

The group company secretary of Grindrod Limited certifies that in terms of section 88 (2) of the Companies Act No.71 of 2008, as amended, that the company has lodged with the Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of this Act and that all such returns are true, correct and up to date in respect of the financial year ended 31 December 2015.

CI Lewis
Group company secretary

Durban
23 February 2016

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2015

The preparation of the consolidated annual financial statements for the year ended 31 December 2015, which appear on pages 9 to 91, has been supervised by the group financial director of Grindrod Limited, Mr AG Waller.

Andrew Waller

AG Waller CA(SA)
Group financial director

23 February 2016

AUDIT COMMITTEE REPORT

The audit committee is a formal, statutory board sub-committee, appointed by the shareholders to assist the board in its corporate governance supervision responsibilities. The committee operates independently of management, is free of any organisational restraint or pressure and acts in accordance with its statutory duties and the delegated authority of the board, within formally approved terms of reference, reviewed and approved annually.

Role of the committee

The audit committee ensures that accurate financial reporting and adequate systems, controls and financial risk-management policies, procedures and standards are in place. The committee is responsible to ensure appropriate corporate governance and compliance within the scope of its mandate, with a specific focus on the potential risks to the company, and for IT governance and the strategic alignment of IT with the performance and sustainability objectives of the company.

The committee is also, subject to board approval, authorised to investigate any activity within the scope of its terms of reference and to interact with the directors, management, employees and assurance providers and to obtain independent professional advice to ensure effective governance. The committee has decision-making authority regarding its statutory duties and is accountable to the board and the company's shareholders.

During 2016, the committee approved the company's tax policy and amplified its terms of reference to include corporate tax policy and payment oversight.

Composition and committee meetings

The committee composition adheres to the requirements of the Companies Act, the JSE Listings Requirements and King III. The chairman of the board may not serve as chairman of the committee. The committee comprises three independent non-executive directors, all of whom are financially literate. During the year under review, directors serving on the committee included Grant Gelink (re-appointed 28 May 2014 and appointed as chairperson 26 November 2014), Walter Geach (re-appointed 28 May 2014) and Tantaswa Nyoka (appointed 27 November 2014). More details of these directors are given on pages 62 to 67 of the integrated annual report.

The committee invites the chairman, the CEO, the group financial director, internal audit manager and representatives of the external auditors to attend its meetings as required.

Committee members meet at scheduled meetings three times a year and at unscheduled meetings when required to address urgent matters in its scope of responsibility. No unscheduled meetings were held in 2015.

Attendance of committee members at the meetings of the committee during the year is listed on page 68 of the integrated annual report.

Fees paid to the committee members are reflected on page 82 in the remuneration committee report and the proposed fees for 2016 are detailed on page 113 of the integrated annual report.

Key activities

During 2015 and in terms of its mandate, the audit committee gave consideration to, inter alia, the:

- evaluation of the independence, effectiveness and performance of the internal audit function and review and approval of the internal audit charter, annual work plan and internal audit fees;
- assessment of the suitability, expertise and experience of the group financial director and the expertise, experience and resources of the company's finance function;
- review of the combined assurance model and the effectiveness of the process for identifying, assessing and reporting on significant internal financial-control and fraud risks as related to financial reporting;
- review of the group IT governance report and IT risks;
- nomination of the independent external auditor and designated audit partner and the approval of their terms of engagement and fees for audit and non-audit services;
- review of the external auditors' work plan, staffing, independence, effectiveness, audit findings, key audit risks and external audit and limited assurance reports;
- legislative and regulatory compliance within the scope of its mandate;
- review and recommendation to the board for publicly disclosed financial information, including the interim results for the six months ended 30 June 2015;
- review of the annual financial statements and results for the year ended 31 December 2015 and the 2015 integrated annual report in line with applicable legislative and regulatory compliance and recommendation thereof for approval by the board of directors;
- evaluation of the performance of the audit committee; and
- approval of the annual work plan for 2016.

The chairman of the committee met with the internal and external auditors during the year. During these meetings no matters of concern were raised.

Information technology

The board's responsibility for IT governance is delegated to the audit committee.

The maintenance of appropriate IT governance structures and risks associated with IT were enhanced through the development, in 2015, of a three-year IT governance road map, providing for IT strategy, governance and policies and legal and other compliance as key focus areas.

The audit committee reviews and evaluates audit assessments of IT-related controls performed by the internal and external auditors together with the appropriateness of actions taken by management to address key issues identified.

More information on IT governance is set out on page 73 of the integrated annual report.

Group financial director

Following its assessment the committee confirms that, based on his qualifications, levels of experience, continuing professional education and knowledge, the group financial director, Andrew Geard Waller, has the necessary expertise and experience to carry out his duties. The group financial director has unrestricted access to the chairman of the committee.

The committee also confirms that the finance function has appropriate levels of expertise, resources and experience to support company business.

Internal audit

Internal audit is an independent, objective consultation and assurance function which is central to Grindrod's governance processes, internal control framework and risk management. The effectiveness of the internal audit function and scope restrictions are monitored and reviewed by the audit committee, as is the internal audit manager's appointment and performance. He reports functionally to the committee and administratively to the group financial director and has unrestricted access to the chairman of the committee.

The role of internal audit is contained in the internal audit charter. The internal audit function reviews significant business, strategic and control risks to assist management to develop and embed internal financial control frameworks to identify financial reporting risks and ensure the adequacy of controls to address the risk of material misstatements of financial results and provide the audit committee with an assessment on the level of assurance that can be placed on governance and control across Grindrod. The charter makes provision for a risk-based approach to align the audit methodology to internal and external risks facing the company.

Material findings and matters of significance are formally reported to the audit committee, with reports indicating the appropriate management and control of actual or potential risks.

External audit

Deloitte & Touche served as the company's registered external auditors for the 2015 financial year. The independence, expertise, objectivity and appropriateness of rotation of key partners in Deloitte & Touche as the external auditor were appraised by the audit committee, as were the terms of engagement and fees paid. The external auditors have unrestricted access to the chairman of the committee.

Annual report

Annual financial statements

Following the committee's review of the annual financial statements for the year ended 31 December 2015, it is of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and IFRS as issued by the International Accounting Standards Board (IASB), and fairly present the results of operations, cash flows and the financial position of Grindrod. On this basis, the committee recommended that the board of directors approve the annual financial statements of Grindrod for the year ended 31 December 2015.

Integrated annual report

The committee reviewed this report, taking cognisance of material factors and risks that may impact the integrity thereof and recommended that the board of directors approve the integrated annual report of Grindrod for the year ended 31 December 2015.

On behalf of the audit committee

Grant Gelink
Chairman

23 February 2016

DIRECTORS' REPORT

for the year ended 31 December 2015

The directors have pleasure in presenting their annual report which forms part of the annual financial statements of the company and of the group for the year ended 31 December 2015.

Nature of business

The nature of the group's business is set out under the divisional reviews on pages 22 to 33 of the integrated annual report 2015.

Review of operations

The financial results for the year ended 31 December 2015, including the results of operations, are dealt with in the consolidated income statements, statements of comprehensive income, segmental analysis and operational review on pages 22 to 61 and 94 to 107 of the integrated annual report.

The year under review is fully covered in the reviews of the chairman, the chief executive and the financial director.

Acquisitions and disposals

The primary reasons for the acquisitions were to introduce strategic partners to facilitate long-term operational goals and to acquire the outstanding non-controlling interests to consolidate Grindrod's position.

- 33.3% in Grindrod Logistics Africa Proprietary Limited; and
- 49.9% in RBT Grindrod Proprietary Limited.

The group also undertook a number of smaller acquisitions and disposals during the year. Details of all acquisition and disposal transactions are contained in note 39 to these annual financial statements.

Share capital

Details of the authorised and issued shares are shown in note 20 and the share analysis is shown on pages 108 to 109 of the integrated annual report.

The directors propose that the general authority granted to them to repurchase ordinary shares as opportunities present themselves, be renewed at the forthcoming annual general meeting.

The directors propose that a general authority be granted to them to allot and issue ordinary shares up to 10% of the number of ordinary shares in issue and that a general authority be granted to issue shares for cash.

The issued share capital increased by 500 000 ordinary shares on 20 February 2015 following the listing of the shares in the estate of the late Captain Dave Rennie.

Dividends

The directors have declared a final dividend of 6.0 cents per ordinary share (2014: 20.0 cents). Dividends paid or payable in respect of the year were as follows:

	Date of declaration	Last day to trade cum-dividend	Trading ex-dividend commences	Record date	Payment date	Amount per share (cents)
Interim	21.08.2015	11.09.2015	14.09.2015	18.09.2015	21.09.2015	13.6
Final	25.02.2016	16.03.2016	17.03.2016	24.03.2016	29.03.2016	6.0

The directors have also declared a dividend of 423.0 (2014: 409.0) cents per preference share which will be paid on the same day as the final dividend to ordinary shareholders.

Special resolutions

Apart from special resolutions approved at the company's annual general meeting, no other special resolutions were approved.

Special resolutions were passed by certain subsidiaries within the group to accommodate the acquisition of various businesses and to amend their memorandum of incorporation.

Subsidiary companies

Information on subsidiary and associated companies is contained in notes 5, 6 and 7 respectively on pages 42 to 45. Reviews of the businesses and performance of the main operating subsidiary companies are covered in the divisional reviews on pages 22 to 33 of the integrated annual report.

Directorate and company secretary

Brief curricula vitae of the current directors are disclosed on pages 62 to 67 of the integrated annual report. Details of directors' remuneration and the incentive schemes appear on pages 80 to 89 of the integrated annual report.

Ms B Ntuli was appointed as an executive director on 20 August 2015.

According to the company's Memorandum of Incorporation, at the forthcoming annual general meeting, Messrs H Adams, WD Geach, PJ Uys and NL Sowazi retire by rotation. All are eligible and have offered themselves for re-election.

The registered office of the company is as follows:

Business address
Quadrant House
115 Margaret Mncadi Avenue
Durban 4001
South Africa

Postal address
PO Box 1
Durban 4000
South Africa

Employee retirement benefit plans

Details of the group's employee retirement benefit plans are separately disclosed in note 23 on pages 60 to 62.

Audit committee

At the forthcoming annual general meeting, pursuant to the requirements of section 94(2) of the Companies Act, shareholders will be requested to pass an ordinary resolution appointing the chairman and members of the audit committee.

Major shareholders

Shareholders holding beneficially, directly or indirectly, in excess of 5% of the issued share capital of the company are detailed on pages 108 to 109 of the integrated annual report.

Auditors

At the forthcoming annual general meeting, pursuant to the requirements of section 90(1), read with section 61(8)(c) of the Companies Act, shareholders will be requested to pass an ordinary resolution re-appointing Deloitte & Touche as the company's independent registered auditors and Mr C Sagar as designated audit partner.

Subsequent events

No material change has taken place in the affairs of the group between the end of the financial year and the date of this report.

Going concern

The directors consider that the company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the company's financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Grindrod Limited

We have audited the consolidated and separate financial statements of Grindrod Limited set out on pages 9 to 91, which comprise the statements of financial position as at 31 December 2015, and the statements of comprehensive income, income statements, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated and separate financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Grindrod Limited as at 31 December 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Deloitte & Touche has been the auditor of Grindrod Limited for 12 years. We are independent of the company in accordance with the IRBA Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

Deloitte + Touche

Deloitte & Touche
Registered Auditors

Per: **CA Sagar**
Partner

23 February 2016

2 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia
4051

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

		Group		Company	
	Notes	**2015 R000**	2014* R000	**2015 R000**	2014 R000
Assets					
Non-current assets					
Ships, property, terminals, vehicles and equipment	3	**7 632 489**	7 328 376		
Intangible assets	4	**1 604 159**	1 609 646		
Investments in subsidiaries	5	**–**	–	**10 250 605**	9 576 757
Investments in joint ventures	6	**4 806 687**	3 883 263		
Investments in associates	7	**922 350**	849 303		
Investment property	8	**111 925**	115 235		
Other investments	9	**1 604 043**	1 027 291	**454 020**	419 797
Deferred taxation	10	**205 705**	191 704	**2 461**	2 079
Derivative financial assets	11	**3 427**	–		
Finance lease receivables	12	**37 912**	32 854		
Recoverables on cancelled ships	13	**–**	300 723		
Total non-current assets		**16 928 697**	15 338 395	**10 707 086**	9 998 633
Loans and advances to bank customers	14	**4 915 854**	4 306 693		
Current assets					
Liquid assets and short-term negotiable securities	15	**1 065 730**	990 024		
Inventories	16	**729 063**	628 511		
Trade and other receivables	17	**4 093 587**	3 481 633	**3 373 509**	3 846 048
Taxation		**48 686**	43 917		
Short-term loans	18	**–**	149 556		
Cash and cash equivalents		**8 393 256**	7 404 912	**5 677**	2 807
		14 330 322	12 698 553	**3 379 186**	3 848 855
Non-current assets classified as held for sale	19	**281 892**	513 586		
Total current assets		**14 612 214**	13 212 139	**3 379 186**	3 848 855
Total assets		**36 456 765**	32 857 227	**14 086 272**	13 847 488
Equity and liabilities					
Capital and reserves					
Share capital and premium	20	**5 970 729**	5 982 926	**6 407 374**	6 401 119
Equity compensation reserve		**63 643**	57 566	**16 771**	16 885
Non-distributable reserves		**5 936 801**	2 538 250		
Accumulated profit		**7 174 992**	8 853 554	**7 575 253**	7 328 796
Equity attributable to owners of the company		**19 146 165**	17 432 296	**13 999 398**	13 746 800
Non-controlling interests		**(6 274)**	48 185		
Total equity		**19 139 891**	17 480 481	**13 999 398**	13 746 800
Non-current liabilities					
Long-term borrowings	21	**2 061 818**	2 263 292		
Financial services funding instruments	22	**798 288**	362 717		
Derivative financial liabilities	11	**–**	30 516		
Deferred taxation	10	**224 675**	188 850		
Provision for post-retirement medical aid	23	**61 099**	60 019		
Provisions	24	**28 092**	66 130		
Total non-current liabilities		**3 173 972**	2 971 524	**–**	–
Deposits from bank customers	25	**9 979 739**	7 809 523		
Current liabilities					
Trade and other payables	26	**2 441 288**	2 190 591	**85 126**	96 200
Provisions	24	**47 666**	44 875		
Current portion of long-term borrowings	21	**849 088**	651 669		
Current portion of financial services funding instruments	22	**173 005**	922 550		
Short-term borrowings and overdraft	21	**477 330**	580 752		
Taxation		**84 936**	87 527	**1 748**	4 488
		4 073 313	4 477 964	**86 874**	100 688
Non-current liabilities associated with assets classified as held for sale	19	**89 850**	117 735		
Total current liabilities		**4 163 163**	4 595 699	**86 874**	100 688
Total equity and liabilities		**36 456 765**	32 857 227	**14 086 272**	13 847 488

* *Restated in accordance with provisional accounting relating to fair value on acquisition of B-BBEE businesses. Refer to note 2.*

INCOME STATEMENTS

for the year ended 31 December 2015

	Notes	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
Revenue	27	**10 192 369**	13 912 482	**568 923**	284 376
Other income	28	**1 851 226**	737 707	**5**	86
Operating expenses	28	**(10 944 695)**	(13 484 178)	**(33 346)**	(35 583)
Earnings before interest, taxation, depreciation and amortisation		**1 098 900**	1 166 011	**535 582**	248 879
Depreciation and amortisation	28	**(675 482)**	(547 143)	**–**	–
Operating profit before interest and taxation		**423 418**	618 868	**535 582**	248 879
Non-trading items	29	**(1 587 631)**	235 256	**(2 009)**	–
Interest received	30	**254 063**	234 687	**34 473**	13 979
Interest paid	30	**(220 731)**	(216 621)	**–**	(884)
(Loss)/profit before share of associate and joint venture companies' profit		**(1 130 881)**	872 190	**568 046**	261 974
Share of joint venture companies' (loss)/profit after taxation	6	**(120 097)**	314 265		
Share of associate companies' profit after taxation	7	**72 660**	83 145		
(Loss)/profit before taxation		**(1 178 318)**	1 269 600	**568 046**	261 974
Taxation	31	**(190 255)**	(193 623)	**(4 229)**	(6 010)
Net (loss)/profit for the year		**(1 368 573)**	1 075 977	**563 817**	255 964
Attributable to:					
Owners of the parent/company		**(1 365 332)**	1 060 285	**563 817**	255 964
Non-controlling interests		**(3 241)**	15 692		
		(1 368 573)	1 075 977	**563 817**	255 964
(Loss)/earnings per share (cents)	32				
Basic		**(189.8)**	147.6		
Diluted		**(189.8)**	146.9		
Dividends per share (cents)		**19.6**	33.6		
	Interim	**13.6**	13.6		
	Final	**6.0**	20.0		

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Group		Company	
	2015 R000	2014 R000	**2015 R000**	2014 R000
(Loss)/profit for the year	**(1 368 573)**	1 075 977	**563 817**	255 964
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations				
Exchange differences arising during the year	**3 396 262**	844 873		
Net movement in cash flow hedges	**21 045**	(77 368)		
Business combination	**(6 906)**	(1 455)		
Items that will not be reclassified subsequently to profit or loss				
Actuarial (losses)/gains	**(45)**	1 147		
Fair value gain arising on available-for-sale investments	**1 493**	–		
Total comprehensive income for the year	**2 043 276**	1 843 174	**563 817**	255 964
Total comprehensive income attributable to:				
Owners of the parent	**2 054 339**	1 827 181	**563 817**	255 964
Non-controlling interests	**(11 063)**	15 993		
	2 043 276	1 843 174	**563 817**	255 964

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2015

	Notes	Group 2015 R000	Group 2014* R000	Company 2015 R000	Company 2014 R000
Operating activities					
Cash receipts from charter hire		**721 692**	1 080 076		
Cash receipts from freight		**4 458 766**	3 704 090		
Cash receipts from commodity sales		**480 235**	4 639 865		
Interest income from financial institution		**582 849**	494 716		
Interest expense from financial institution		**(460 822)**	(412 034)		
Dividend income from financial institution		**81 989**	60 428		
Corporate and structured finance fee income and other income		**255 436**	233 836		
Handling revenue		**3 370 954**	3 896 581		
Other revenue		**401 379**	91 260	**568 923**	33 899
Cash receipts from customers		**9 892 478**	13 788 818	**568 923**	33 899
Cash payments to suppliers and employees		**(8 479 859)**	(11 946 794)	**(586 477)**	(34 090)
Cash generated from/(absorbed by) operations	38.1	**1 412 619**	1 842 024	**(17 554)**	(191)
Interest received		**210 319**	182 837	**546**	1 082
Interest paid		**(219 722)**	(217 400)	**–**	(884)
Dividends received		**204 585**	95 298	**541 911**	250 477
Dividends paid	38.2	**(355 581)**	(265 405)	**(317 360)**	(263 962)
Taxation paid	38.3	**(188 251)**	(223 789)	**(7 351)**	10 633
		1 063 969	1 413 565	**200 192**	(2 845)
Net proceeds on disposal of ships		**478 252**	118 096		
Proceeds on disposal of ships		**158 414**	234 317		
Cash payments of ship options exercised		**–**	(116 221)		
Refund on ships under construction cancelled		**319 838**	–		
Capital expenditure on ships	38.4	**(198 980)**	(192 694)		
Cash flows from operating activities of financial institutions					
Advances to customers		**(609 161)**	(632 126)		
Liquid assets and short-term negotiable securities		**(75 706)**	54 408		
Deposits from/(to) customers		**2 170 216**	(205 367)		
Net cash flows generated/(absorbed) from operating activities		**2 828 590**	555 882	**200 192**	(2 845)
Investing activities					
Property, terminals, vehicles and equipment acquired	38.4	**(365 039)**	(379 929)		
Acquisition of other investments		**(243 688)**	(91 124)		
Acquisition of subsidiaries, joint ventures and associates	38.5	**(20 071)**	(484 901)	**(676 153)**	(1 357 321)
Acquisition of additional investments in subsidiaries, joint ventures and associates		**(287 652)**	(183 634)		
Proceeds on disposal of property, terminals, vehicles and equipment		**68 301**	93 068		
Proceeds from disposal of non-current assets and liabilities held for sale		**–**	267 764		
Proceeds from disposal of investments	38.6	**(7 542)**	22 441		
Intangible assets acquired		**(26 035)**	(58 248)		
Proceeds on disposal of intangible assets		**1 027**	–		
Loans advanced to joint ventures and associate companies		**(264 028)**	(327 486)		
Acquisition of preference share capital		**(14 650)**	(400 000)		
Net receipt from/(payments made to acquire) finance lease receivable		**19 931**	(4 834)		
Net advances from/(to) subsidiaries				**472 576**	(2 618 138)
Net cash flows utilised in investing activities		**(1 139 446)**	(1 546 883)	**(203 577)**	(3 975 459)
Financing activities					
Net proceeds from issue of ordinary share capital		**6 255**	3 978 573	**6 255**	3 978 573
Repurchase of ordinary share capital		**(25 710)**	(37 563)		
Proceeds from disposal of treasury shares		**366**	144		
Long-term interest-bearing debt raised		**499 225**	726 945		
Payment of capital portion of long-term interest-bearing debt		**(1 459 032)**	(1 080 843)		
Short-term interest-bearing debt raised/(repaid)		**51 443**	(1 588 273)		
Net cash flows (utilised in)/from financing activities		**(927 453)**	1 998 983	**6 255**	3 978 573
Net increase in cash and cash equivalents		**761 691**	1 007 982	**2 870**	269
Cash and cash equivalents at beginning of year		**7 188 626**	6 131 503	**2 807**	2 538
Difference arising on translation		**390 600**	49 141		
Cash and cash equivalents at end of year	38.7	**8 340 917**	7 188 626	**5 677**	2 807

* *The comparative consolidated statement of cash flows has been restated to disclose funds provided to joint ventures as investing activities in terms of IAS 7: Statement of Cash Flows*

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Group		Company	
	2015 R000	2014 R000	**2015 R000**	2014 R000
Share capital and share premium	**5 970 727**	5 982 924	**6 407 372**	6 401 117
Balance at beginning of the year	**5 982 924**	2 036 992	**6 401 117**	2 422 544
Share options vested	**6 892**	4 778		
Treasury shares sold	**366**	144		
Share issue	**6 255**	3 978 573	**6 255**	3 978 573
Treasury shares acquired	**(25 710)**	(37 563)		
Preference share capital	**2**	2	**2**	2
Balance at beginning of the year	**2**	2	**2**	2
Equity compensation reserve	**63 643**	57 566	**16 771**	16 885
Balance at beginning of the year	**57 566**	50 551	**16 885**	18 472
Share-based payments	**12 969**	11 793	**(114)**	(1 587)
Share options vested	**(6 892)**	(4 778)		
Foreign currency translation reserve	**6 063 103**	2 661 342	**–**	–
Balance at beginning of the year	**2 661 342**	1 916 514		
Foreign currency translation realised	**(2 323)**	(99 744)		
Foreign currency translation adjustments	**3 404 084**	844 572		
Other non-distributable reserves	**(126 302)**	(123 092)	**–**	–
Balance at beginning of the year	**(123 092)**	(23 151)		
Financial instrument hedge settlement	**65 483**	–		
Foreign currency translation adjustments	**(22 540)**	(1 455)		
Net business combination acquisition	**(17 350)**	(21 118)		
Deferred tax effect on cash flow hedge	**5 804**	(393)		
Fair value adjustment on hedging reserve	**(34 607)**	(76 975)		
Movement in accumulated profit	**7 174 992**	8 853 554	**7 575 253**	7 328 796
Balance at beginning of the year	**8 853 554**	8 055 520	**7 328 796**	7 338 296
Fair value gain arising on available-for-sale financial instruments	**1 493**	–	**–**	–
Actuarial (losses)/gains recognised	**(45)**	1 147	**–**	–
Comprehensive (loss)/income for the year	**(1 365 332)**	1 060 285	**563 817**	255 964
Ordinary dividends paid	**(253 537)**	(204 304)	**(256 219)**	(206 370)
Preference dividends paid	**(61 141)**	(59 094)	**(61 141)**	(59 094)
Total interest of shareholders of the company	**19 146 165**	17 432 296	**13 999 398**	13 746 800
Equity attributable to non-controlling interests of the company	**(6 274)**	48 185	**–**	–
Balance at beginning of the year	**48 185**	96 239		
Foreign currency translation adjustments	**(7 822)**	301		
Business acquisitions	**–**	21 548		
Non-controlling interests acquired	**(1 494)**	(78 685)		
(Loss)/profit for the year	**(3 241)**	15 692		
Dividends paid	**(41 902)**	(6 910)		
Total equity attributable to all shareholders of the company	**19 139 891**	17 480 481	**13 999 398**	13 746 800

SEGMENTAL ANALYSIS

for the year ended 31 December 2015

The information reported to the chief operating decision maker has been provided in the following segments, namely Shipping, Freight Services, Financial Services and Group. These divisions are the basis on which the group reports its primary segment information. The principal services of each of these segments are described on pages 12 to 13 of the integrated annual report.

	Freight Services	
Business segments	**2015 R000**	2014 R000
Revenue – External	**5 059 813**	5 653 512
Revenue – Internal	**128 876**	50 490
Trading profit (excluding amortisation)	**837 685**	1 053 611
Depreciation and amortisation	**(399 157)**	(321 538)
Operating profit	**438 528**	732 073
Non-trading items	**(339 937)**	78 977
Share of associate companies' profit after taxation	**71 879**	79 538
Segment result excluding net interest and taxation	**170 470**	890 588
Interest received	**89 055**	81 445
Interest paid	**(191 601)**	(140 145)
Taxation	**(147 429)**	(171 096)
(Loss)/profit for the year	**(79 505)**	660 792
Non-controlling interest shareholders	**(7 264)**	(23 630)
(Loss)/profit attributable to shareholders	**(86 769)**	637 162
Preference dividends	**(22 225)**	(23 893)
(Loss)/profit attributable to ordinary shareholders	**(108 994)**	613 269
Capital expenditure	**506 918**	1 354 502
Total segment assets^	**11 474 159**	11 528 326
Segment assets excluding investments in associates^	**9 711 190**	9 841 409
Investments in associates	**1 762 969**	1 686 917
Segment liabilities^	**(4 829 506)**	(5 283 846)

	Group	
Business segments	**2015 R000**	2014 R000
Revenue – External	**424 499**	4 580 465
Revenue – Internal	**-**	334 834
Trading (loss)/profit (excluding amortisation)	**(7 415)**	(42 750)
Depreciation and amortisation	**(4 744)**	(15 847)
Operating (loss)/profit	**(12 159)**	(58 597)
Non-trading items	**(99 563)**	103 548
Share of associate companies' profit/(loss) after taxation	**–**	3 607
Segment result excluding net interest and taxation	**(111 722)**	48 558
Interest received	**168 862**	100 300
Interest paid	**(19 125)**	(59 951)
Taxation	**(25 012)**	(33 004)
(Loss)/profit for the year	**13 003**	55 903
Non-controlling interest shareholders	**8 504**	11 448
Profit/(loss) attributable to shareholders	**21 507**	67 351
Preference dividends	**(7 974)**	(15 173)
Profit/(loss) attributable to ordinary shareholders	**13 533**	52 178
Capital expenditure	**19 811**	97 418
Total segment assets^	**4 222 799**	3 658 807
Segment assets excluding investments in associates^	**4 222 799**	3 658 807
Investments in associates	**–**	–
Segment liabilities^ **	**425 167**	1 096 514

^ Restated in accordance with provisional accounting relating to fair value on acquisition of B-BBEE businesses. Refer to note 2.
*** Adjustments relate to amounts lent to divisions by Group but are treated as external debt for segmental purposes.*

	Shipping		Financial Services	
	2015 R000	2014 R000	**2015 R000**	2014 R000
	22 058 351	22 106 063	**452 756**	376 912
	4 835	253 286	**8 542**	6 712
	662 177	638 913	**255 011**	175 210
	(492 704)	(411 492)	**(4 693)**	(3 809)
	169 473	227 421	**250 318**	171 401
	(1 549 787)	48 872	**–**	–
	–	–	**–**	–
	(1 380 314)	276 293	**250 318**	171 401
	24 813	66 053	**–**	–
	(111 275)	(93 720)	**(14 143)**	–
	(28 898)	(23 581)	**(34 968)**	(30 247)
	(1 495 674)	225 045	**201 207**	141 154
	–	(1 280)	**(5 603)**	(9 147)
	(1 495 674)	223 765	**195 604**	132 007
	–	–	**(30 942)**	(20 028)
	(1 495 674)	223 765	**164 662**	111 979
	804 575	980 940	**22 238**	15 208
	12 430 884	11 768 771	**12 400 803**	10 407 921
	12 430 884	11 768 771	**12 400 803**	10 407 921
	–	–	**–**	–
	(5 810 067)	(6 276 299)	**(11 164 756)**	(9 409 886)

	Total Group					
	2015			2014		
	Total R000	**Adjustments R000**	**Total R000**	Total R000	Adjustments R000	Total R000
	27 995 419	**(17 803 050)**	**10 192 369**	32 716 952	(18 804 470)	13 912 482
	142 253	**–**	**142 253**	645 322	–	645 322
	1 747 458	**(648 558)**	**1 098 900**	1 824 984	(658 973)	1 166 011
	(901 298)	**225 816**	**(675 482)**	(752 686)	205 543	(547 143)
	846 160	**(422 742)**	**423 418**	1 072 298	(453 430)	618 868
	(1 989 287)	**401 656**	**(1 587 631)**	231 397	3 859	235 256
	71 879	**(119 316)**	**(47 437)**	83 145	314 265	397 410
	(1 071 248)	**(140 402)**	**(1 211 650)**	1 386 840	(135 306)	1 251 534
	282 730	**(28 667)**	**254 063**	247 798	(13 111)	234 687
	(336 144)	**115 413**	**(220 731)**	(293 816)	77 195	(216 621)
	(236 307)	**46 052**	**(190 255)**	(257 928)	64 305	(193 623)
	(1 360 969)	**(7 604)**	**(1 368 573)**	1 082 894	(6 917)	1 075 977
	(4 363)	**7 604**	**3 241**	(22 609)	6 917	(15 692)
	(1 365 332)	**–**	**(1 365 332)**	1 060 285	–	1 060 285
	(61 141)	**–**	**(61 141)**	(59 094)	–	(59 094)
	(1 426 473)	**–**	**(1 426 473)**	1 001 191	–	1 001 191
	1 353 542	**(440 500)**	**913 042**	2 448 068	(802 542)	1 645 526
	40 528 645	**(4 071 880)**	**36 456 765**	37 363 825	(4 506 598)	32 857 227
	38 765 676	**(3 231 261)**	**35 534 415**	35 676 908	(3 668 984)	32 007 924
	1 762 969	**(840 619)**	**922 350**	1 686 917	(837 614)	849 303
	(21 379 162)	**4 062 288**	**(17 316 874)**	(19 873 517)	4 496 771	(15 376 746)

SEGMENTAL ANALYSIS continued

for the year ended 31 December 2015

The group's four divisions operate in seven principal geographical areas – North America/Bermuda, South America, the Middle East, United Kingdom/Europe/Isle of Man, Singapore/Asia/Far East/Australia and Africa (rest of Africa and South Africa). Refer to divisional report for detail on the various regions.

	North America /Bermuda	
Geographic segments	**2015 R000**	2014 R000
Revenue – External	**554 391**	688 055
Profit/(loss) attributable to ordinary shareholders	**8 024**	(6 878)
Capital expenditure	**–**	–
Segment assets	**259 745**	47 439

	Singapore/Asia/Far East/ Australia	
Geographic segments	**2015 R000**	2014 R000
Revenue – External	**16 349 724**	14 118 844
(Loss)/profit attributable to ordinary shareholders	**(1 802 966)**	(132 763)
Capital expenditure	**782 356**	821 331
Segment assets	**7 741 728**	6 865 780

	Total Group	
Geographic segments	**2015 R000**	2014 R000
Revenue – External	**27 995 419**	32 716 952
Profit attributable to ordinary shareholders	**(1 426 473)**	1 001 191
Capital expenditure	**1 353 542**	2 448 068
Segment assets	**40 528 645**	37 363 825

	South America		Middle East		United Kingdom/Europe/ Isle of Man	
	2015 R000	2014 R000	**2015 R000**	2014 R000	**2015 R000**	2014 R000
	840 394	983 902	**277 451**	149 869	**2 178 381**	5 134 152
	(7 319)	(513)	**(45 487)**	99 716	**25 196**	(72 593)
	–	–	**–**	–	**–**	–
	81 999	151 964	**1 076 494**	282 423	**1 507 890**	1 658 115

	Rest of Africa		South Africa	
	2015 R000	2014 R000	**2015 R000**	2014 R000
	2 219 438	2 827 627	**5 575 640**	8 814 503
	(99 436)	354 027	**495 515**	760 195
	184 322	430 255	**386 864**	1 196 482
	6 655 432	4 914 336	**23 205 357**	23 443 768

Basis of preparation

Accounting framework

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) using the historical cost basis except for certain financial instruments and investment properties that are stated at fair value.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted per note 1 to the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventory* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Underlying concepts

The financial statements are prepared on the going concern basis using accrual accounting.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standards. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss. Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

Recognition of assets and liabilities

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the group and the cost or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the entity and the cost or fair value can be measured reliably.

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has been discharged, cancelled or expired.

Foreign currencies

The functional currency of each entity is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction.

Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising on exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

The financial statements of entities within the group whose functional currencies are different to the group's presentation currency, which is South African Rand, are translated as follows:

- assets, including goodwill, and liabilities at exchange rates ruling on the statement of financial position date;
- income items, expense items and cash flows at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the material transactions are used; and
- equity items at the exchange rate ruling when they arose.

Resulting exchange differences are recognised in other comprehensive income and accumulated in equity. On disposal of such a business unit, this reserve is recognised in profit or loss.

In the case of a partial disposal that does not result in the group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. reductions in the group's ownership interest in associates or jointly controlled entities that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

Segmental reporting

Segment accounting policies are consistent with those adopted for the preparation of the group financial statements. The principal segments of the group have been identified on a primary basis by business segment which is representative of the internal reporting used for management purposes, including the chief operating decision maker, as well as the source and nature of business risks and returns.

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment, and consist principally of ships, property, terminals, vehicles and equipment, intangible assets, as well as current assets. Segment liabilities include all operating liabilities. These assets and liabilities are all directly attributable to the segments. All intra-segment transactions are eliminated on consolidation.

Events after the reporting period date

Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting period date that provide additional evidence of conditions that existed at such date. Events after the reporting period date that are indicative of conditions that arose after the reporting period date are dealt with by way of a note.

Comparative figures

Comparative figures are restated in the event of a change in accounting policy, a prior period error or a requirement of a relevant accounting standard.

Company financial statements

Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate financial statements presented by the company are recognised at cost less impairments.

Consolidated financial statements

Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the company and all entities controlled by the company (its subsidiaries) as if they were a single economic entity. Control is obtained by a company if it has power over the acquired entity, it has exposure or rights to variable returns from its involvement with the acquired entity and it has the ability to use its power over the acquired entity to affect the amount of the entity's returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All material inter-company balances and transactions are eliminated. Foreign currency transaction reserves are not reversed against the carrying amount of the respective asset relating to inter-company transactions with entities of differing functional currencies.

Non-controlling interests in the net assets of consolidated subsidiaries are shown separately from the group equity therein. It consists of the amount of those interests at acquisition plus the non-controlling interests' subsequent share of changes in equity of the subsidiary. On acquisition, the non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Non-controlling interests are considered to be equity participants and all transactions with non-controlling interests' are recorded directly within equity.

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company. Any subsequent changes to the group's ownership interests in subsidiaries are released directly to accumulated profit.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

When a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The group accounting policy relating to the treatment of Restructure Reserves and Business Combination Reserves where a partial disposal of an investment occurs is that such reserves will be proportionally transferred.

Upon loss of control of a subsidiary, a parent derecognises the assets and liabilities of the subsidiary in full and measures any investment retained in the former subsidiary at its fair value. A remeasurement gain or loss that forms part of the total gain or loss on the disposal of the subsidiary is recognised in profit or loss. Group policy is that recognition of the gain or loss is to the extent of the unrelated investors' interests in the associate or joint venture.

Interests in associate companies

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture or joint operation. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The consolidated financial statements incorporate the assets, liabilities, income and expenses of associates using the equity method of accounting from the acquisition date to the disposal date, except when the investment is classified as held for sale, in which case it is accounted for as non-current assets held for sale. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments. Losses of associates in excess of the group's interest are only recognised to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Goodwill arising on the acquisition of associates is accounted for in accordance with the accounting policy for goodwill as set out below but is included in the carrying amount of the associate.

Interests in joint ventures

A joint arrangement is either a joint operation or a joint venture, with a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint ventures are accounted for using the equity method of accounting.

Where a group entity transacts with an associate or a joint venture of the group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the group.

The requirements of IAS 39 *Financial Instruments; Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture has directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Insurance cell captive

The group has determined that it does not have control of its insurance cell captive arrangement as the current insurance legislative framework regards all the assets and liabilities in the cell as that of the insurer. Therefore the cell captive is not considered to be a silo in accordance with IFRS 10 *Consolidated Financial Statements*. The group has therefore not consolidated the cell captive. The group is exposed to financial risk rather than insurance risk and has therefore accounted for its investment in the cell captive as an available-for-sale financial asset in accordance with IAS 39.

Financial statement items

Statement of financial position

Ships, property, terminals, vehicles and equipment

Ships are measured at cost less accumulated depreciation and any impairment losses. Cost comprising acquisition costs and costs directly related to the acquisition up until the time when the asset is ready for use, include interest expense incurred during the period.

ACCOUNTING POLICIES continued

year ended 31 December 2015

The market average useful life of a ship is estimated to range from 25 to 30 years at which point it would usually be scrapped. The group maintains a young fleet compared to the market average and estimates useful life as 15 years from date of delivery for new ships. Ships are depreciated on the straight-line basis to an estimated residual value over their useful lives to the group. Borrowing costs incurred in the financing of the acquisition of ships prior to their delivery are capitalised to the cost of the ships.

From time to time the group's vessels are required to be dry-docked for inspection and re-licensing at which time major repairs and maintenance that cannot be performed while the vessels are in operation are generally performed. The group capitalises the costs associated with dry-docking as they occur by adding them to the cost of the vessel and amortises these costs on the straight-line basis over three to five years, which is generally the period until the next scheduled dry-docking.

In cases where dry-docking takes place earlier than three to five years since the previous one, the carrying amount of the previous dry-docking is derecognised. In the event of a vessel sale, the respective carrying values of dry-docking costs are derecognised together with the vessel's carrying amount at the time of sale. At the date of acquisition of a vessel, management estimates the component of the cost that corresponds to the economic benefit to be derived until the next scheduled dry-docking of the vessel under the ownership of the group, and this component is depreciated on the straight-line basis over the remaining period to the estimated dry-docking date.

Terminals, machinery, vehicles and equipment are reflected at cost and are depreciated over their estimated useful lives to estimated residual values, on the straight-line basis as follows:

Locomotives	15 years
Terminals and machinery	5 – 20 years
Information technology equipment	3 – 5 years
Vehicles	3 – 10 years

Depreciation commences when the assets are ready for their intended use. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

Assets that are held for rental are initially classified as ships, property, terminals, vehicles and equipment. When these assets cease to be rented and a decision is made to sell these assets, the carrying amount is transferred to current assets (inventories) as 'held-for-sale'. Upon sale of the 'held-for-sale' assets, the sales value is recorded in gross revenue and the related carrying value of these assets recorded in cost of sales.

Freehold land is reflected at cost and not depreciated. Buildings are reflected at cost and depreciated to estimated residual value over their useful life to the group, currently estimated at 50 years from the date of acquisition. Where the estimated residual value exceeds the cost, depreciation is not provided.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Expenditure relating to leasehold properties is capitalised and depreciated over the period of the lease, or 25 years, whichever is the lesser period.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous SA GAAP amounts subject to being tested for impairment at that date.

If, on a business combination, the fair value of the group's interest in the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, this excess is recognised in profit or loss immediately.

Other intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It includes purchased long-term contracts, and certain costs of purchase and installation of major information systems (including packaged software).

Intangible assets acquired separately are initially recognised at cost or at fair value if acquired as part of a business combination. If assessed as having an indefinite useful life, they are not amortised but tested for impairment annually and impaired, if necessary. If assessed as having a finite useful life, they are amortised over the useful life using the straight-line basis, and tested for impairment if there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Deferred taxation assets and liabilities

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

Loans and advances

Advances designated as loans and receivables are recognised at amortised cost using the effective interest method less any impairment. Fixed rate advances which have been hedged are held at fair value through profit or loss and are remeasured to fair value through profit or loss at each subsequent reporting date.

Exposures are considered past due where the facility has expired and the Bank is not considering renewal of the facility or where expected cash flows on the facility are more than one month in arrears. Past due exposures are considered impaired and a specific provision/impairment amount is raised based on the carrying amount less the expected realisable value of the security held, but as a minimum the amount should be equivalent to the regulatory requirement.

Advances are assessed for indicators of impairment and impairments are accounted for when there is objective evidence that the estimated future cash flows from the assets/advances have been negatively impaired by events occurring subsequent to initial recognition. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Advances considered to be irrecoverable are written off to the extent that the loss can be reliably measured.

Minimum funding requirements are recognised as an asset in the form of prepaid minimum funding contributions.

Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets or disposal group are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Immediately prior to being classified as held for sale, the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held for sale, an asset is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Non-current assets or disposal groups that are classified as held for sale are not depreciated.

Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories which include merchandise, bunkers on board ships and other consumable stores are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined on a weighted average or first-in, first-out basis. Spares on board ships are charged against income when issued to the ships.

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

Agricultural and other commodities are valued at fair value less costs to sell. When such inventories are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in profit or loss in the period of the change.

Financial assets

A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial assets designated as held at fair value through profit or loss are expensed.

Investments classified as held-to-maturity financial assets are measured at amortised cost, using the effective interest method, less any impairment losses recognised to reflect irrecoverable amounts.

Financial assets are accounted for at fair value through profit or loss where the financial asset is either classified as held for trading or is designated as held at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity.

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Listed redeemable notes held by the group that are traded in an active market are classified as held for trading and are stated at fair value at the end of each reporting period. The group also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on available-for-sale financial assets are recognised in other comprehensive income and accumulated in equity.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive the dividends is established.

The fair value of available-for-sale monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Investment banking portfolio assets are classified as held for trading and are recognised on a settlement basis. These investments are initially measured at cost, including transaction costs, and are remeasured to fair value at each subsequent reporting date. Changes in fair value are recognised in profit or loss when they arise.

Trade and other receivables are classified as loans and receivables and are measured at amortised cost, using the effective interest method, less provision for doubtful debts, which is determined as set out under impairment of assets below. Items with extended terms are initially recorded at the present value of future cash flows and interest income is accounted for over the term until payment is received. Write-downs of these assets are expensed in profit or loss.

Other investments are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised through the statement of comprehensive income and accumulated in equity. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Derivatives that are assets are measured at fair value, with changes in fair value being included in profit or loss other than derivatives designated as cash flow hedges. Derivative assets at fair value are classified as non-current assets if the remaining maturities of the instruments are more than, and they are not expected to be realised within, 12 months.

Cash and cash equivalents are measured at fair value.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

A financial liability is a liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liabilities are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial liabilities designated as held at fair value through profit or loss are expensed.

Financial liabilities are accounted for at fair value through profit or loss where the financial liability is either held for trading or it is designated as held at fair value through profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item.

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities held at fair value through profit or loss or classified as held for trading are measured at amortised cost, using the effective interest method. Items with extended terms are initially recorded at the present value of future cash flows. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the accounting policy for borrowing costs.

Non-derivative financial liabilities that are designated on initial recognition as financial liabilities held at fair value through profit or loss or classified as held for trading are measured at fair value, with changes in fair value being included in profit or loss.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not designated as held at fair value through profit or loss.

Financial liabilities extinguished with equity instruments will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss.

Post-employment benefit obligations

The group operates a defined benefit pension plan as well as two defined contribution provident funds.

Current contributions to the group's defined contribution funds are charged against income when incurred. The cost of providing benefits to the group's defined benefit plan and the obligation in respect of post-retirement medical aid are determined and provided using the projected unit credit actuarial valuation method. Contribution rates to the defined benefit plan are adjusted for any unfavourable experience adjustments. Favourable experience adjustments are retained within the fund. Actuarial surpluses are brought to account in the group's financial statements only when it is clear that economic benefits will be available to the group.

The group's estimated liability in respect of post-retirement medical benefits has been fully provided in the statement of financial position.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Full provision is made for the present obligations of the unavoidable future costs of fulfilling the terms of onerous ship charter contracts or contracts of affreightment to which the group is committed.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are recognised if the present obligation from past events and fair value can be reliably measured. After initial recognition and until the liability is settled, cancelled or expires the acquirer shall measure the contingent liability recognised in a business combination at the higher of the amount that would be recognised in terms of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, if appropriate, cumulative amortisation recognised in accordance with IAS 18 *Revenue*.

Equity

Debt and equity instruments are classified as either financial liabilities or as equity based on the substance of the contractual arrangement. Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments.

Income statement

Revenue

Revenue represents the gross inflow of economic benefits during the period arising in the course of the ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Included in revenue are net invoiced sales to customers for goods and services, ship sales, freight, charter hire, handling fee revenue, commission and financial institution interest and fee income.

Revenue is measured at the fair value of the consideration received or receivable. Cash and settlement discounts, rebates, value added taxation and other indirect taxes are excluded from revenue. Where extended terms are granted, interest income is accounted for over the term until payment is received.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Charter hire is recognised on a daily accrual basis. Freight revenue is recognised on completion of the voyage and for uncompleted voyages at year-end on the percentage of completion basis. Results of uncompleted voyages are included based on the estimated voyage result and the voyage time elapsed. Anticipated losses for contracts arising on uncompleted voyages are provided in full.

Where the group acts as agent and is remunerated on a commission basis, only the commission is included in revenue. Where the group acts as principal, the total value of business handled is included in revenue.

Fee income earned on origination of advances is deferred and recognised on a yield to maturity basis over the average life of the relevant advances. Where the receipt of knowledge based fee income is deferred by contractual agreement the present value of the fee income is recognised upfront and the accretion is recognised over the duration of the contractual receipt.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income is recognised on a time proportion basis which takes into account the effective yield on the asset. Interest income includes the amount of amortisation of any discount or premium.

Ship sales are recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Cost of sales

When inventories and 'held for sale' inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The group operates a share option scheme. The proceeds on share options are credited to share capital when exercised.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service costs, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The group presents service cost and net interest expense or income in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The employee benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Borrowing costs

Borrowing costs (net of investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets) directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Non-trading items

Non-trading items cover those amounts that are not considered to be of an operating/trading nature, and generally include remeasurements due to:

- impairments of goodwill and non-current assets;
- gains and losses on the measurement to fair value less costs to sell (or on the disposal) of assets or disposal groups constituting discontinued operations;
- gains and losses on the measurement to fair value less costs to sell of non-current assets or disposal groups classified as held for sale;
- gains and losses on the disposal of property, terminals, vehicles and equipment;
- recycling through profit or loss of foreign currency translation reserves upon disposal of entities whose functional currencies are different to the group's presentation currency;
- recycling through profit or loss of fair value gains and losses previously recognised directly in equity upon the disposal of available-for-sale financial assets and the realisation of hedges of a net investment in a foreign operation; and
- the group's proportionate share of exceptional items (determined on the same basis) of associates and joint ventures.

Remeasurements to fair value of other financial instruments (including amounts recycled through profit or loss under cash flow hedges that were previously recognised directly in equity) are not included in non-trading items.

Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to taxable income.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity.

Transactions and events

Hedge accounting

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognised in profit or loss.

If a cash flow hedge meets the conditions for hedge accounting the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in the statement of other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses accumulated in equity are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses accumulated in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

If a hedge of a net investment in a foreign entity meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. On disposal of a foreign entity, the gain or loss accumulated in equity is transferred to profit or loss.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised, when for cash flow hedges the forecast transaction is no longer expected to occur or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in equity until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

Derivatives

The group enters into derivative financial instruments in order to manage its exposure to interest rate and foreign exchange rate risk which have a cash flow impact. This includes forward exchange contracts, cross currency and interest rate swaps, futures, options and forward freight swap agreements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at each reporting date. The resultant gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

Impairment of assets

At each reporting date the carrying amount of tangible and intangible assets is assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use, included in the calculation of the recoverable amount, is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. The impairment loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on financial assets as well as trade and other receivables are determined based on specific and objective evidence that assets are impaired and are measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

Goodwill and intangible assets with indefinite useful lives or not available for use and the cash-generating units to which these assets have been allocated, are tested for impairment annually even if there is no indication of impairment. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the combination at inception of the combination. Impairment losses recognised on goodwill are not subsequently reversed. The attributable amount of goodwill is included in the profit or loss on disposal when the related business is sold.

Leasing

Classification

Leases are classified as finance leases, whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, or operating leases at the inception of the lease.

In the capacity of a lessor

Amounts due from lessees under a finance lease are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on the straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

In the capacity of a lessee

Finance leases are recognised as assets and liabilities of the group at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of acquisition. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit or loss over the term of the lease and at interest rates applicable to the lease on the remaining balance of the obligations, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on the straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Benefits received and receivable as an incentive to enter into an operating lease are also spread on the straight-line basis over the lease term.

Government grants

Government grants towards staff retraining costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Discontinued operations

The results of discontinued operations are presented separately in the income statement and the assets and liabilities associated with these operations are included with non-current assets held for sale in the statement of financial position.

Share-based payments

Equity settled share options

Executive directors, senior executives and other employees have been granted equity settled share options in terms of the Grindrod Limited Share Option Scheme and the Grindrod Limited Forfeitable Share Plan (FSP).

Equity settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant and recognised in profit or loss on the straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using a binomial pricing model.

Cash settled share-based payments

Share appreciation rights granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is remeasured annually until settled and any changes in value are recognised in profit or loss. Fair value is measured using a binomial pricing model.

Treasury shares

Treasury shares are equity instruments of the company, held by other entities of the consolidated group.

All costs relating to the acquisition of treasury shares as well as gains or losses on disposal or cancellation of treasury shares are recognised directly in equity.

Financial guarantee contracts

Financial guarantee contracts are accounted for in terms of IFRS 4 *Insurance Contracts* and are measured initially at cost and thereafter, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Judgements made by management and key sources of estimation uncertainty

Preparing financial statements in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates. Key assumptions concerning the future, and other key sources of estimation uncertainty have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Certain accounting policies and key sources of estimation uncertainty have been identified as involving particularly complex or subjective judgements or assessments, as follows:

Asset lives and residual values

Property, terminals, vehicles and equipment are depreciated over their estimated useful life taking into account estimated residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Shipping maintains a young fleet of ships and generally aims to replace vessels that are 15 years or older. As a result vessels are depreciated over 15 years to the expected residual value of a vessel of a similar age and specification. Management reassess the depreciation period of vessels that surpass this limit with special consideration of the condition of the vessel and the purpose for which the vessel was retained in the fleet. The estimated life is considered at each reporting date.

Residual values of the ships are reassessed by management at each reporting date based on the current shipping markets and the movement of the markets over the previous five years, the age of the vessel, the specifications and the condition of the vessel. The current market related scrap values for demolitions in the Far East and India are used for older vessels.

Deferred taxation assets

Deferred taxation assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Three year business plans are prepared annually and approved by the boards of the company and its major operating subsidiaries. These plans include estimates and assumptions regarding economic growth, interest rates, inflation and competitive forces.

The plans contain profit forecasts and cash flows which are utilised in the assessment of the recoverability of deferred taxation assets.

Management also exercises judgement in assessing the likelihood that business plans will be achieved and that the deferred taxation assets are recoverable.

Impairment of assets

Intangible assets and investments

Goodwill and intangible assets with indefinite useful lives are considered for impairment at least annually.

The recoverable amount of the assets reviewed for impairment is determined based on value in use calculations. Projected cash flows for these calculations are extracted from formal three-year business plans which are updated annually and approved by the board of directors.

Key assumptions used include expected revenue, working capital changes, future capital expenditure, economic growth, interest rates, inflation, and current and future market conditions. The discount rate calculations are derived using the relevant cash generating units weighted average cost of capital and takes into account both the cost of equity and cost of debt. The cost of equity is determined based a risk free rate adjusted for an equity risk premium and an industry specific beta. The cost of debt is based on target gearing ratios. The present value of these cash flows is compared to the current net asset value and, if lower, the assets are impaired to the present value. The impairment loss is first allocated to goodwill and then to the other assets of a cash-generating unit.

Where necessary, cash flow projections are revised to reflect changes in assumptions or market conditions identified subsequent to the finalisation of the budget process. Management performs a sensitivity analysis on various inputs in the valuation models to assess whether any changes in inputs result in any impairment of assets.

In the current year the group impaired investments in joint ventures by R461.0 million. The carrying value of intangible asset, investments in joint venture and associate is disclosed in note 4, 6 and 7 respectively.

Impairment of property, terminals, vehicles and equipment

Property, terminals, vehicles and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself, past performance and current market conditions. The carrying value of property, terminals, vehicles and equipment is disclosed in note 3.

Impairment of ships

Ships (owned and leased) and ships under construction are considered for impairment annually.

Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. Recoverable amount is the higher of the fair value less costs to sell and value in use, which is the future cash flows that the ships are expected to generate from charter hire of the ships and the expected running costs thereof over its remaining useful life, with a cash inflow in the final year equal to the residual value of the ships. The future cash flows are discounted to their present value using an appropriate discount rate to reflect the time value of money. If the ship is considered to be impaired, an impairment loss is recognised to an amount in excess of the carrying value of the asset over its recoverable amount. A 10% change in the forecast ship earnings rates used in the impairment calculation at 31 December 2015 would result in a US$43.6 million change in the carrying amount. The carrying value of ships is disclosed in note 3.

Significant joint arrangements

Refer to note 6 for list of significant joint arrangements.

Management assesses contractual agreements in determining the classification of its joint arrangements. Under contractual agreements, where neither party has the right to unilaterally control the company or unanimous consent is required for all decisions made with regards to the relevant activities of the company, such entities are classified as joint ventures.

Associates

Associates are those entities in which the group has a significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting power of another entity and where decisions about the relevant activities do not require unanimous consent of the parties.

Fair value measurements and valuation processes

Some of the group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or liability, the group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 8, 11, 23, 33 and 41.

Onerous contract provisions

Full provision is made for the present obligations of the unavoidable future costs of fulfilling the terms of onerous ship charter contracts or contracts of affreightment to which the group is committed. Note 24 provides more detail on these provisions.

Management has estimated the onerous contract provisions based on the present value of the future charter payments that the group is expected to make under non-cancellable onerous operating charter agreements and contracts of affreightment, less charter revenue expected to be earned on the charter. The estimate is very sensitive to changes in the freight rates.

A 10% decrease in the forecast ship earnings rates used in the onerous contract provision at 31 December 2015 would result in a US$4 million change in the carrying amount.

Post-employment benefit obligations

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, discount rates, expected long-term rate of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs.

Judgment is exercised by management, assisted by advisors, in adjusting mortality rates to take account of actual mortality rates within the schemes.

Percentage completion of voyages

The stage of completion of a voyage is determined by calculating the total number of actual days from the loading of the cargo at the commencement of a voyage to the period end, divided by the total estimated number of days from loading to discharging the cargo.

The duration of a voyage depends on the size of the vessel being loaded, cargo type and quantity, vessel speed as well as delays occasioned by weather or due to congestion at load or discharge ports.

Valuations of forward freight agreements (FFAs)

The FFAs are valued by comparing the strike price of the instrument against the estimated market spot earnings for the period that the instrument has been contracted. Management makes use of projected market earnings from reliable shipping brokers in order to assess the expected profits or losses from the transaction. Note 41 provides more detail.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

1. New and revised standards and interpretations affecting amounts reported in the current year

The following new and revised IFRSs have been applied in the current year and have affected the amounts reported in these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material effect on the financial statements are set out in section 1.2.

1.1 New and revised IFRSs affecting the reported financial performance and/or financial position

The group early adopted the following new and revised IFRSs in the current year:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interest in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments to IFRS 10 and IAS 28 have been applied prospectively in the group's consolidated financial statements.

Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operation*[1]

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 have been applied prospectively in the group's consolidated financial statements.

1.2 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs have also been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*

Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle

1.3 New and revised IFRSs in issue but not yet effective

The group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	*Financial Instruments*[2]
IFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendment to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IFRSs	*Annual Improvements to IFRSs 2012 – 2014 Cycle*[1]

[1] *Effective for annual periods beginning on or after 1 January 2016*
[2] *Effective for annual periods beginning on or after 1 January 2018*

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013, to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the group undertakes a detailed review.

IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a five-step approach to revenue recognition:

Step 1: Identify the contract with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the group performs a detailed review.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the group's consolidated financial statements.

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or
b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently the group uses the straight-line method for depreciation and amortisation for its ships, property, terminals, vehicles and equipment, and intangible assets respectively. The directors of the company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the group's consolidated financial statements.

Annual Improvements to IFRSs 2012 – 2014 Cycle

The annual improvements make amendments to the following standards:

- IFRS 5 — the amendments introduce specific guidance for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendment also clarifies the guidance for when held-for-distribution accounting is discontinued.
- IFRS 7 — the amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.
- IAS 19 — the amendments clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level. For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the company do not anticipate that the application of these amendments will have a significant impact on the group's consolidated financial statements.

2. Changes in accounting policies and disclosures

Measurement period adjustment

The provisional accounting relating to the fair value on acquisition of a prior year B-BBEE 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 intangible assets and the related deferred tax liability offset by a decrease in goodwill. There is no impact on profit/loss.

Restatement

Funds provided to joint ventures were previously disclosed as operating cash flows as they were utilised for working capital by the joint ventures. The consolidated statement of cash flows has been restated to disclose funds provided to joint ventures as investing activities in terms of IAS 7 *Statement of Cash Flows* as it better reflects the nature of funds provided from a group perspective. The comparative information has been restated. There is no impact on profit/loss and statement of financial position.

Statements of financial position

for the year ended 31 December 2014

	Group 2014		
	As previously stated R000	Adjustment R000	Restated R000
Assets			
Non-current assets			
Ships, property, terminals, vehicles and equipment	7 328 376		7 328 376
Intangible assets	1 552 439	57 207	1 609 646
Investments in subsidiaries	–		–
Investments in joint ventures	3 883 263		3 883 263
Investments in associates	849 303		849 303
Investment property	115 235		115 235
Other investments	1 027 291		1 027 291
Deferred taxation	191 704		191 704
Derivative financial assets	–		–
Finance lease receivables	32 854		32 854
Recoverables on cancelled ships	300 723		300 723
Total non-current assets	15 281 188	57 207	15 338 395
Loans and advances to bank customers	4 306 693		4 306 693
Current assets			
Liquid assets and short-term negotiable securities	990 024		990 024
Inventories	628 511		628 511
Trade and other receivables	3 481 633		3 481 633
Taxation	43 917		43 917
Short-term loans	149 556		149 556
Cash and cash equivalents	7 404 912		7 404 912
Non-current assets classified as held for sale	513 586		513 586
Total current assets	13 212 139		13 212 139
Total assets	32 800 020	57 207	32 857 227
Equity and liabilities			
Capital and reserves			
Share capital and premium	5 982 926		5 982 926
Equity compensation reserve	57 566		57 566
Non-distributable reserves	2 538 250		2 538 250
Accumulated profit	8 853 554		8 853 554
Equity attributable to owners of the company	17 432 296		17 432 296
Non-controlling interests	48 185		48 185
Total equity	17 480 481		17 480 481

2. Changes in accounting policies and disclosures continued

Statements of financial position continued

for the year ended 31 December 2014

	Group 2014 As previously stated R000	Adjustment R000	Restated R000
Non-current liabilities			
Long-term borrowings	2 263 292		2 263 292
Financial services funding instruments	362 717		362 717
Derivative financial liabilities	30 516		30 516
Deferred taxation	131 643	57 207	188 850
Provision for post-retirement medical aid	60 019		60 019
Provisions	66 130		66 130
Total non-current liabilities	2 914 317	57 207	2 971 524
Deposits from bank customers	7 809 523		7 809 523
Current liabilities			
Trade and other payables	2 190 591		2 190 591
Provisions	44 875		44 875
Current portion of long-term borrowings	651 669		651 669
Current portion of financial services funding instruments	922 550		922 550
Short-term borrowings and overdraft	580 752		580 752
Taxation	87 527		87 527
Non-current liabilities associated with assets classified as held for sale	117 735		117 735
Total current liabilities	4 595 699		4 595 699
Total equity and liabilities	32 800 020	57 207	32 857 227

2. Changes in accounting policies and disclosures continued

Statements of cash flows

for the year ended 31 December 2014

	Group 2014 As previously stated R000	Group 2014 Adjustment R000	Group 2014 Restated R000
Operating activities			
Cash receipts from charter hire	1 080 076		1 080 076
Cash receipts from freight	3 704 090		3 704 090
Cash receipts from commodity sales	4 639 865		4 639 865
Interest income from financial institution	494 716		494 716
Interest expense from financial institution	(412 034)		(412 034)
Dividend income from financial institution	60 428		60 428
Corporate and structured finance fee income and other income	233 836		233 836
Handling revenue	3 896 581		3 896 581
Other revenue	91 260		91 260
Cash receipts on sale of ships	234 335		234 335
Cash receipts from customers	14 023 153		14 023 153
Cash payments to suppliers and employees	(12 537 388)	356 259	(12 181 129)
Cash generated from/(absorbed by) operations	1 485 765	356 259	1 842 024
Interest received	182 837		182 837
Interest paid	(217 400)		(217 400)
Dividends received	95 298		95 298
Dividends paid	(265 405)		(265 405)
Taxation paid	(223 789)		(223 789)
	1 057 306	356 259	1 413 565
Net proceeds on disposal of ships	118 096		118 096
Proceeds on disposal of ships	234 317		234 317
Cash payments of ships options exercised	(116 221)		(116 221)
Refund on ships under construction cancelled	–		–
Capital expenditure on ships and locomotives	(192 694)		(192 694)
Cash flows from operating activities of financial institutions			
Advances to customers	(632 126)		(632 126)
Liquid assets and short-term negotiable securities	54 408		54 408
Deposits (to)/from customers	(205 367)		(205 367)
Net cash flows generated from operating activities	199 623	356 259	555 882
Investing activities			
Property, terminals, vehicles and equipment acquired	(379 929)		(379 929)
Acquisition of other investments	(91 124)		(91 124)
Acquisition of subsidiaries, joint ventures, associates	(484 901)		(484 901)
Acquisition of additional investments in subsidiaries, joint ventures and associates	(183 634)		(183 634)
Proceeds on disposal of property, terminals, vehicles and equipment	93 068		93 068
Proceeds from disposal of non-current assets and liabilities held for sale	267 764		267 764
Proceeds from disposal of investments	22 441		22 441
Intangible assets acquired	(58 248)		(58 248)
Loans advanced from joint ventures and associate companies	28 773	(356 259)	(327 486)
Acquisition of preference share capital	(400 000)		(400 000)
Acquisition of finance lease receivable	(4 834)		(4 834)
Net cash flows utilised in investing activities	(1 190 624)	(356 259)	(1 546 883)
Financing activities			
Net proceeds from issue of ordinary share capital	3 978 573		3 978 573
Repurchase of preference share capital	(37 563)		(37 563)
Proceeds from disposal of treasury shares	144		144
Long-term interest-bearing debt raised	726 945		726 945
Payment of capital portion of long-term interest-bearing debt	(1 080 843)		(1 080 843)
Short-term interest-bearing debt (repaid)/raised	(1 588 273)		(1 588 273)
Net cash flows from financing activities	1 998 983		1 998 983
Net increase in cash and cash equivalents	1 007 982	–	1 007 982
Cash and cash equivalents at beginning of year	6 131 503		6 131 503
Difference arising on translation	49 141		49 141
Cash and cash equivalents at end of year	7 188 626	–	7 188 626

	Cost/ valuation	Accumulated depreciation, amortisation and impairment	Group 2015 R000 Carrying value	Group 2014 R000 Carrying value
3. Ships, property, terminals, vehicles and equipment				
Freehold and leasehold properties				
Opening balance	900 374	(198 640)	**701 734**	718 607
Translation gain	60 199	(11 359)	**48 840**	13 103
Reclassification	130 638	5 709	**136 347**	28 914
Additions and improvements	14 028	–	**14 028**	55 230
Acquisition of businesses	–	–	**–**	11 022
Disposal of business	(61 288)	21 990	**(39 298)**	–
Disposals	(4 049)	3 127	**(922)**	(10 334)
Depreciation and amortisation	–	(29 901)	**(29 901)**	(24 118)
Transferred to investment property	–	–	**–**	(90 690)
Closing balance	1 039 902	(209 074)	**830 828**	701 734
Ships				
Opening balance	6 464 845	(1 657 304)	**4 807 541**	4 574 380
Translation gain	2 022 089	(473 863)	**1 548 226**	421 848
Additions	80 006	–	**80 006**	192 694
Depreciation and amortisation	–	(340 777)	**(340 777)**	(295 102)
Impairment	–	(1 178 447)	**(1 178 447)**	(86 279)
Reclassification	(298 432)	141 662	**(156 770)**	–
Closing balance	8 268 508	(3 508 729)	**4 759 779**	4 807 541
Ships under construction				
Opening balance	–	–	**–**	–
Translation gain	42 842	–	**42 842**	–
Additions	194 159	–	**194 159**	–
Closing balance	237 001	–	**237 001**	–
Property under construction				
Opening balance	200 922	–	**200 922**	106 371
Translation gain	9 765	(4 693)	**5 072**	743
Additions	106 196	–	**106 196**	116 267
Acquisition of businesses	–	–	**–**	3 111
Impairment	–	(21 266)	**(21 266)**	–
Transferred from non-current assets classified as held for sale	–	–	**–**	1 539
Disposals	(27 851)	–	**(27 851)**	–
Reclassification	(201 095)	–	**(201 095)**	(27 109)
Closing balance	87 937	(25 959)	**61 978**	200 922

	Cost/ valuation	Accumulated depreciation, amortisation and impairment	Group 2015 R000 Carrying value	Group 2014 R000 Carrying value
3. Ships, property, terminals, vehicles and equipment continued				
Terminals, vehicles and equipment				
Opening balance	2 667 157	(1 112 922)	**1 554 235**	1 201 221
Translation gain	318 257	(69 263)	**248 994**	71 569
Reclassification	14 622	33 787	**48 409**	31 311
Additions	169 630	–	**169 630**	206 133
Acquisition of businesses	–	–	**–**	473 945
Impairment	–	(6 278)	**(6 278)**	(145 357)
Disposals	(147 998)	117 690	**(30 308)**	(86 974)
Disposal of business	(117 188)	64 534	**(52 654)**	–
Depreciation	–	(226 959)	**(226 959)**	(197 287)
Transferred from/(to) non-current assets classified as held for sale	–	–	**–**	(326)
Closing balance	2 904 480	(1 199 411)	**1 705 069**	1 554 235
Leased terminals, vehicles and equipment				
Opening balance	125 709	(61 765)	**63 944**	98 292
Translation loss	(1 651)	667	**(984)**	(1 197)
Reclassification	159	(1 805)	**(1 646)**	(18 327)
Disposals	(19 675)	10 931	**(8 744)**	(1 783)
Depreciation	–	(14 736)	**(14 736)**	(13 041)
Closing balance	104 542	(66 708)	**37 834**	63 944
Aggregate	12 642 370	(5 009 881)	**7 632 489**	7 328 376

2014 Group	Cost/ valuation	Accumulated depreciation, amortisation and impairment	Carrying value
Freehold and leasehold properties	900 374	(198 640)	701 734
Ships	6 464 845	(1 657 304)	4 807 541
Property under construction	200 922	–	200 922
Terminals, vehicles and equipment	2 667 157	(1 112 922)	1 554 235
Leased terminals, vehicles and equipment	125 709	(61 765)	63 944
	10 359 007	(3 030 631)	7 328 376

Details of the freehold and leasehold properties are recorded in a register available for inspection at the registered office of the company or its subsidiaries.

Certain assets are encumbered in respect of capitalised lease and loan liabilities, details of which are shown under loan funds on page 90.

Hull and machinery insurance in respect of loss or damage to owned and bareboat chartered ships is insured at replacement value and the sum insured is US$679 600 000 (2014:US$520 800 000).

It is the policy of Grindrod and its subsidiaries to insure their property, terminals, vehicles and equipment at replacement value, however in certain circumstances asset cover is limited to market value. The sum insured is R10 559 343 000 (2014: R9 766 083 000).

Impairment

A R21 266 000 impairment was recorded against rail assets in the Freight segment. This was based on the value in use determined on a discounted cash flow basis.

Assets acquired as part of the Empangeni Milling disposal were impaired by R5 369 000 to market value. This is categorised as Level 2 in terms of IFRS 13, being the fair value less costs to sell for similar assets.

Management assessed the recoverable value of the vessels using value in use which has been calculated based on estimated future cash flows. This assessment led to an impairment of R1 178 447 000 which is largely due to the continued depressed charter rates.

In the prior year, the Shipping segment impaired a venture bulker and small tankers by R86 279 000 to its market value. Market value is based on the estimated sale price as the intention is to recover the value through sale.

In the prior year, the Freight segment impaired carrier logistics assets of R145 357 000 based on market value. This is categorised as Level 2 in terms of IFRS 13, being the fair value less costs to sell for similar assets. The fair value for similar assets was determined with reference to the current selling price of trucks of similar location, age and condition.

			Group	
			2015	2014*
			R000	R000
	Cost/valuation	Accumulated amortisation and impairment losses	**Carrying value**	Carrying value
4. Intangible assets				
4.1 Goodwill				
Opening balance	1 486 463	(206 447)	**1 280 016**	481 540
Translation gain	19 487	–	**19 487**	8 624
Recognised on acquisition of businesses	–	–	**–**	891 965
Acquired	–	-	**–**	132 998
Disposal of business	–	–	**–**	(629)
Prior period measurement adjustment	–	–	**–**	(147 105)
Impairment	–	–	**–**	(20 000)
Transferred to non-current assets classified as held for sale	–	–	**–**	(67 377)
Closing balance	1 505 950	(206 447)	**1 299 503**	1 280 016
4.2 Other intangible assets				
Opening balance	436 113	(106 483)	**329 630**	78 223
Translation gain	1 957	(988)	**969**	192
Reclassification	44 182	(32 024)	**12 158**	(17 744)
Additions	26 035	–	**26 035**	58 248
Prior period measurement adjustment	–	–	**–**	204 312
Disposals	(15 414)	14 387	**(1 027)**	–
Impairment	–	–	**–**	(1 759)
Amortisation	–	(63 109)	**(63 109)**	(17 595)
Transferred from non-current assets classified as held for sale	–	–	**–**	25 753
Closing balance	492 873	(188 217)	**304 656**	329 630
Total	1 998 823	(394 664)	**1 604 159**	1 609 646

Impairment of goodwill

In the prior year, an impairment of R20 000 000 was recognised in the group's mineral logistics business based on the market value of the business which was classified as non-current assets held for sale.

Impairment testing of goodwill

The recoverable amounts of the cash-generating units was determined using the value in use calculation. The value in use calculation uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of between 10% and 12% per annum. Cash flow projections during the budget period are based on the same expected gross margins and inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a rate of between 5% to 5.58% per annum. The directors believe that any reasonably possible change in key assumptions on which recoverable amounts are based would not cause the aggregate carrying value to exceed the aggregate recoverable amount of the cash-generating unit.

Impairment of intangible assets

In the prior year, an impairment of R1 759 000 was recognised for software as a result of the re-evaluation of business requirements that resulted in a change of how the software was expected to be utilised.

* *Restated in accordance with provisional accounting relating to fair value on acquisition of B-BBEE businesses. Refer to note 2.*

4. Intangible assets continued

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the underlying discrete businesses as they represent separately identifiable cash-generating units. The following cash-generating units, being the lowest level of asset for which there are separately identifiable cash flows, have carrying amounts of goodwill that are considered significant in comparison with the group's total goodwill balance:

	Group	
	2015 R000	2014* R000
Shipping	**218 833**	207 445
Grindrod Seafreight	**108 505**	108 505
Freight Services		
Grindrod Integrated Logistics	**308 463**	306 081
Grindrod Carrier Logistics	**157 651**	155 625
Grindrod Ports, Terminals and Rail	**451 443**	447 752
Financial Services	**54 608**	54 608
	1 299 503	1 280 016
Significant other intangible assets		
Included in other intangible assets above are:		
Leases	**81 758**	98 434
Intangible asset raised on acquisition of businesses in respect of the inherent value attached to beneficial lease agreements		
SAP systems	**69 011**	62 452
Financial systems implemented for processing		
Software	**31 926**	15 288
Contractual and non-contractual customer contracts	**116 932**	134 690

Write-off periods of other intangible assets

Intangible assets are written off over periods ranging from two (2014: two) to 20 (2014: 20) years.

* *Restated in accordance with provisional accounting relating to fair value on acquisition of B-BBEE businesses. Refer to note 2.*

	Company	
	2015 R000	2014 R000
5. Investments in subsidiaries		
Investments in subsidiaries	**10 233 656**	9 559 808
Share-based payments	**16 949**	16 949
	10 250 605	9 576 757

Details of the investments in subsidiaries are shown on the schedule of interest in subsidiaries on page 88.

Details of share-based payments are shown in note 33.

Information about the composition of the group at the end of the reporting period has been included in the integrated annual report pages 12 to 15.

		Group	
		2015 %	2014 %

6. Investments in joint ventures

The group has joint venture interests in the following companies, which have the same year-end as the company unless otherwise stated:

Handyventure Singapore Pte Ltd	Shipowning and operating	**50.0**	50.0
Petrochemical Shipping Limited	Shipowning and operating	**50.0**	50.0
Rohlig-Grindrod (Pty) Ltd	Clearing and forwarding	**42.5**	42.5
Chromtech Holdings (Pty) Ltd	Minerals trading	**50.0**	50.0
Tri-View Shipping Pte Ltd	Shipowning and operating	**51.0**	51.0
Vanguard Rigging (Pty) Ltd	Machine handling, rigging and transport services	**50.0**	50.0
IM Shipping Pte Ltd	Shipowning and operating	**51.0**	51.0
Portus Indico-Sociedade de Servicos Portuarios SA	Port operations	**48.5**	48.5
New Limpopo Bridge Projects Limited	Rail	**50.0**	50.0
GPR Leasing Africa Ltd	Rail leasing	**55.0**	55.0
Jacobs Bulk Milling (Pty) Ltd	Milling and blending of agricultural commodity	**50.0**	50.0
Island Bulk Carriers Pte Ltd	Shipowning and operating	**65.0**	65.0
Maputo Intermodal Container Depot SA	Storage and logistics	**50.0**	50.0
Leopard Tankers Pte Ltd	Shipowning and operating	**50.0**	50.0
Cockett Marine Oil Pte Ltd	Marine fuel and lubricants	**50.0**	50.0
Cockett Marine South Africa (Pty) Ltd	Marine fuel and lubricants	**50.0**	50.0
Vitol Coal South Africa BV	Coal trading	**35.0**	35.0
Terminal De Carvo da Matola Limitada	Terminals	**65.0**	65.0
Oiltanking Grindrod Calulo Holdings (Pty) Ltd	Liquid bulk storage and trading	**30.5**	30.5
Oreport (Pty) Ltd	Minerals trading	**25.0**	25.0
RBT Grindrod Terminals (Pty) Ltd	Terminals	**49.9**	–

Information about the composition of the group at the end of the reporting period has been included the integrated annual report pages 12 to 15.

6. Investments in joint ventures continued

The proportionate interest in the joint ventures has been incorporated into the investment in joint venture line item as follows:

	Freight Services		Shipping		Group		Total	
	2015 R000	2014 R000	**2015 R000**	2014 R000	**2015 R000**	2014 R000	**2015 R000**	2014 R000
Statement of profit/(loss)								
Revenue	**1 158 888**	1 754 496	**16 372 045**	17 049 552	**–**	422	**17 530 933**	18 804 470
Operating income before interest and taxation and after non-trading items and non-controlling interests	**214 882**	291 150	**(203 780)**	152 349	**–**	(845)	**11 102**	442 654
Net interest paid	**(26 125)**	(20 014)	**(59 955)**	(44 070)	**–**	–	**(86 080)**	(64 084)
Taxation	**(36 811)**	(64 752)	**(8 308)**	447	**–**	–	**(45 119)**	(64 305)
Net income after taxation	**151 946**	206 384	**(272 043)**	108 726	**–**	(845)	**(120 097)**	314 265
Statement of financial position at 100%								
Non-current assets	**4 467 787**	3 129 533	**7 012 082**	4 598 612	**–**	5 232	**11 479 869**	7 733 377
Current assets	**2 110 475**	2 437 930	**4 744 484**	6 151 033	**–**	250	**6 854 959**	8 589 213
Non-current liabilities	**(767 339)**	(570 345)	**(3 891 742)**	(2 795 776)	**–**	–	**(4 659 081)**	(3 366 121)
Current liabilities	**(2 722 215)**	(2 476 867)	**(3 976 001)**	(5 205 111)	**–**	(7 729)	**(6 698 216)**	(7 689 707)
Net assets	**3 088 708**	2 520 251	**3 888 823**	2 748 758	**–**	(2 247)	**6 977 531**	5 266 762
Proportion of Group's ownership in joint venture	**1 806 243**	1 295 817	**1 579 716**	1 275 115	**–**	(1 123)	**3 385 959**	2 569 809
Goodwill	**176 964**	751 496	**36 348**	–	**–**	–	**213 312**	751 496
Loans	**622 001**	220 263	**567 518**	417 235	**–**	–	**1 189 519**	637 498
Other	**17 897**	(4 122)	**–**	–	**–**	–	**17 897**	(4 122)
Transferred to non-current assets associated with assets classified as held for sale (note 19)	**–**	(72 541)	**–**	–	**–**	1 123	**–**	(71 418)
Group's share of net assets of joint ventures	**2 623 105**	2 190 913	**2 183 582**	1 692 350	**–**	–	**4 806 687**	3 883 263

The proportionate share of the capital commitments of the joint ventures is as follows:

	Group			
	2015 R000	**2015 US$000**	2014 R000	2014 US$000
Authorised and contracted for	**15 676**	**31 955**	4 072	67 160
Due within one year	**5 926**	**31 955**	1 367	41 109
Due between years one and two	**5 323**	**–**	1 313	25 814
Due between years two and three	**4 427**	**–**	1 392	237
Authorised and not contracted for	**–**	**9 354**	–	–
Total	**15 676**	**41 309**	4 072	67 160

Disposal of joint ventures

Refer to note 39 for disposals.

	Group 2015 %	Group 2014 %
7. Investments in associates		
The group has associate interests in the following companies:		
Moneyline 992 (Pty) Ltd	**47.4**	47.4
Erundu Stevedoring (Pty) Ltd	**49.0**	49.0
Empresa De Dragagem Do Porto de Mozambique S.A.	**25.5**	25.5
Senwes Limited	**20.4**	20.0
NWK Limited	**20.3**	20.0
Sturrock Flex Shipping Ltd	**49.0**	49.0
Sturrock Shipping Ghana Ltd	**–**	50.0

Information about the composition of the group at the end of the reporting period has been included in the integrated annual report pages 12 to 15.

The proportionate interest in the associates has been incorporated into the investment in associates line item as follows:

	Freight Services 2015 R000	Freight Services 2014 R000
Statement of profit/(loss)		
Revenue	**2 654 727**	2 153 754
Operating income before interest and taxation	**138 229**	138 966
Net interest paid	**(35 781)**	(28 129)
Taxation	**(29 788)**	(27 692)
Net income after taxation	**72 660**	83 145
Statement of financial position at 100%		
Non-current assets	**3 045 886**	2 645 042
Current assets	**6 438 508**	5 677 975
Non-current liabilities	**(1 398 821)**	(1 116 404)
Current liabilities	**(4 368 479)**	(3 812 819)
Net assets	**3 717 094**	3 393 794
Proportion of group's ownership in associate	**806 148**	719 097
Loans	**32 688**	26 558
Goodwill and other	**83 514**	103 648
Group's share of net assets of associates	**922 350**	849 303

Disposal of associates

Refer to note 39 for disposals.

The financial year end for Senwes Limited and NWK Limited is 30 April. For purposes of applying the equity method, at year end, for associates with differing year ends, reporting is based on management's best estimates.

	Group 2015 R000	Group 2014 R000
8. Investment property		
Balance at beginning of year	**115 235**	–
Reclassification from ships, property, terminals, vehicles and equipment	**–**	90 690
Additions	**–**	1 719
Fair value (loss)/gain on revaluation	**(3 310)**	22 826
Balance at end of year	**111 925**	115 235

The investment properties are categorised as Level 3 in the fair value hierarchy. The investment properties were independently valued as at 31 December 2015 by a professional valuer registered with the South African Council for the Property Valuers Profession based on net rentals and a suitable market capitalisation rate.

	Group 2015 %	Group 2014 %
Market capitalisation rate	**9**	8
	R000	R000
If the market capitalisation rate was 2% higher then:		
balance sheet effect	**(20 350)**	(19 566)
income statement effect	**(20 350)**	(19 566)

Rental income of R5 937 704 was received for 2015 (2014: R5 139 077).

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
9. Other investments				
Held for trading				
Listed equities at fair value	**23 759**	23 762		
Unlisted equities at fair value *	**754 757**	435 392	**7 196**	6 900
Other financial assets				
Pension fund surplus recognised**	**123 477**	117 002		
Financial assets at amortised cost	**687 796**	449 433	**446 824**	412 897
Financial assets at fair value	**14 254**	1 702		
	1 604 043	1 027 291	**454 020**	419 797
Directors' valuation	**1 604 043**	1 027 291	**454 020**	419 797

* *Included in unlisted equities at fair value is Group Risk Holdings.*
** *Details of the pension fund are included in note 23.*

Refer to note 41 for fair value hierarchy.

Group Risk Holdings (GRH) is a South African-based holding company which wholly owns an offshore captive insurance company, being Group Risk Mutual Limited in the Isle of Man. GRH has a number of shareholders of varying proportions. The directors' fair value of the investment equals the carrying amount. Other loans are interest free and have no fixed repayment terms. The group does not consider there to be any significant credit risk regarding the loans.

	Group		Company	
	2015 R000	2014* R000	**2015 R000**	2014 R000

10. Deferred taxation

	Group 2015 R000	Group 2014* R000	Company 2015 R000	Company 2014 R000
Deferred taxation analysed by major category:				
Capital allowances	**(413 501)**	(373 841)		
Other timing differences	**52 016**	60 023	**2 461**	2 079
Estimated taxation losses	**342 515**	316 672		
	(18 970)	2 854	**2 461**	2 079
Reconciliation of deferred taxation:				
Opening balance	**2 854**	(44 654)	**2 079**	1 516
Income statement effect	**(32 939)**	1 185	**382**	563
Prior period measurement adjustment	**–**	(57 207)		
Translation adjustment	**1 521**	(3 242)		
Acquisition of businesses	**3 179**	19 293		
Deferred tax on cash flow hedge transferred to hedging reserve	**6 415**	(393)		
Transferred from non-current assets classified as held for sale (note 19)	**–**	87 872		
Closing balance	**(18 970)**	2 854	**2 461**	2 079
Comprising:				
Deferred taxation assets	**205 705**	191 704	**2 461**	2 079
Deferred taxation liabilities	**(224 675)**	(188 850)		
	(18 970)	2 854	**2 461**	2 079

Deferred taxation assets have been recognised on assessed losses in the relevant entities which the group believes it is probable will generate a taxable profit in the foreseeable future. The assessments are performed on a continuous basis.

* *Restated in accordance with provisional accounting relating to fair value on acquisition of B-BBEE businesses. Refer to note 2.*

11. Financial instruments

The group's financial instruments consist mainly of cash deposits with banks, investments, trade and other receivables and payables, bank borrowings and loans to and from subsidiaries. Derivative instruments are used by the group for hedging purposes. Such instruments include forward exchange contracts, cross currency swaps, forward freight agreements, bunker swaps and currency futures contracts, options and interest rate swap agreements.

Financial instruments by category

The carrying value of the group's financial instruments by category is as follows:

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**17 382 022**	16 946 912	**3 379 185**	3 848 855
Held for trading	**1 086 473**	596 918		
Derivative financial assets	**3 427**	–		
Derivative financial instruments designated as cash flow hedges	**4 863**	–		
Total financial assets	**18 476 785**	17 543 830	**3 379 185**	3 848 855
Total non-financial assets	**17 979 980**	15 313 397	**10 707 087**	9 998 633
Total assets	**36 456 765**	32 857 227	**14 086 272**	13 847 488
Financial liabilities				
Held at amortised cost	**16 814 640**	14 894 094	**86 874**	100 688
Derivative financial liabilities	**37 855**	10 281		
Derivative financial instruments designated as cash flow hedges	**64 918**	78 259		
Total financial liabilities	**16 917 413**	14 982 634	**86 874**	100 688
Total non-financial liabilities and equity	**19 539 352**	17 874 593	**13 999 398**	13 746 800
Total liabilities and equity	**36 456 765**	32 857 227	**14 086 272**	13 847 488

The carrying values of the group financial instruments approximate their fair value.

11. Financial instruments continued

Derivative financial instruments

11.1 Forward exchange contracts

The group has entered into the following forward exchange contracts which are accounted for as cash flow hedges. The amounts represent the net Rand equivalents of commitments to purchase and sell foreign currencies. The average rates shown include the cost of forward cover.

Valuation technique

Quoted forward points to the contract date are allocated to the spot rate at year-end and this rate is applied to the foreign currency amount in order to determine the fair value of the derivative.

	Group	
	2015 R000	2014 R000
Total change in fair value recognised in profit/loss	**3 793**	12 873

Details of these forward exchange contracts are as follows:

	2015				2014			
		Contract value		**Asset/ (liability)**		Contract value		Asset/ (liability)
Foreign currency	**Average rate**	**US$000**	**R000**	**R000**	Average rate	US$000	R000	R000
Sell US Dollars	**13,46**	**10 000**	**134 161**	**(25 182)**	–	–	–	–
	–	**10 000**	**134 161**	**(25 182)**	–	–	–	–

11.2 Cross currency swaps

In the prior year, the group had entered into cross currency swaps to manage currency risk.

			Nominal value		**2015**	2014
Maturity date	Currency	Currency swapped with	Nominal currency amount '000	Nominal swapped currency amount '000	**Asset/ (liability) R000**	Asset/ (liability) R000
05 November 2015	USD	ZAR	8 500	103 659	**–**	(2 832)
					–	(2 832)

	Group	
	2015 R000	2014 R000
Total change in fair value recognised in profit/loss	**–**	5 939

11. Financial instruments continued

11.3 Forward freight agreements

The group has entered into a number of forward freight agreements which are designated as cash flow hedges, covering the handysize ships to hedge against shipping market price risk. These are entered into in the normal course of business in order to hedge against open positions in the fleet from contracts of affreightment (these FFAs hedge sales based on volumes shipped) and exposure on earnings for the handysize ships trading in a pool on the spot market. The basis for valuation of the FFAs is set out in management's critical judgements. At 31 December 2015, there were 10 (2014: nil) open forward freight agreements, designated as cash flow hedges, maturing as follows:

Settlement periods	Hedged item	Strike price US$	Quantity/ duration	Nominal value US$000	**2015 Asset/ (liability) R000**	2014 Asset/ (liability) R000
January 2016 – March 2016	Handysize	7 100	30 days	213	**889**	–
January 2016 – March 2016	Handysize	6 700	30 days	201	**702**	–
January 2016 – June 2016	Handysize	6 100	90 days	549	**733**	–
January 2016 – June 2016	Handysize	6 000	90 days	1 080	**1 170**	–
January 2016 – June 2016	Handysize	6 000	180 days	1 080	**1 166**	–
				3 123	**4 660**	–

At 31 December 2015, the sensitivity of the forward freight agreements to a 10% (2014: 10%) movement in the shipping market prices would have the following effect:

	Group	
	2015 R000	2014 R000
10% increase		
Decrease in FFA asset	**(4 415)**	–
Decrease in hedging reserve deficit	**4 415**	–
Decrease in profit	**–**	–
10% decrease		
Increase in FFA asset	**4 415**	–
Increase in hedging reserve deficit	**(4 415)**	–
Decrease in profit	**–**	–

11.4 Futures

The group entered into certain futures and options in order to commercially hedge the price risk in respect of currency exposure during the year. There were nil open futures or options at 31 December 2014.

These contracts were not accounted for using hedge accounting and all fair value gains/(losses) are recognised in the statement of comprehensive income.

Details of the group's dealings in open futures and options and forward contracts at year-end are as follows:

	Currency	Nominal value	Contract value R000	**2015 Asset/ (liability) R000**	2014 Asset/ (liability) R000
	USD	8 500	31 164	**(31 164)**	–
				(31 164)	–
Mark to market settled through margin account – asset				**–**	–
				(31 164)	–

	Group	
	2015 R000	2014 R000
Total change in fair value recognised in profit/loss	**31 164**	(38 533)

11. Financial instruments continued

11.5 Forward contracts

In the prior year, the group had entered into purchase and sale forward contracts with respect to commodities such as wheat, soya bean meal, corn, white and yellow maize and sunflower. There were nil open forward contracts as at 31 December 2015.

	Group	
	2015 R000	2014 R000
Total change in fair value recognised in profit/loss	**–**	(30 295)

11.6 Interest rate swaps

The group has entered into the following interest rate swaps on Rand-denominated loans, whereby variable interest rates have been fixed as indicated below. Various subsidiaries enter into various interest rate swaps in the normal course of business.

Maturity date	Interest rate	Nominal value R000	**2015 Asset/ (liability) R000**	2014 Asset/ (liability) R000
Between August 2015 and February 2023	JIBAR	131 520	**3 427**	(5 413)
31 December 2016	Libor + 3.78	38 505	**–**	(2 036)
			3 427	(7 449)

11.7 Bunker swaps

The group has entered into the following bunker swaps in the shipping segment. Certain bunker swaps are classified as cash flow hedges as detailed below:

Settlement period	**Quantity Mt**	**Strike price USD**	**2015 Liability R000**	**2015 Income statement R000**	**2015 Equity R000**	2014 Liability R000	2014 Income statement R000	2014 Equity R000
February 2016	**400**	**188**	**(172)**	**172**	**–**	–	–	–
March 2016	**400**	**193**	**(172)**	**172**	**–**	–	–	–
January 2013 – July 2014	**3 500**	**571**	**–**	**–**	**–**	–	1 319	–
January 2013 – July 2014	**3 500**	**581**	**–**	**–**	**–**	–	1 213	–
January 2013 – July 2014	**3 500**	**545**	**–**	**–**	**–**	–	1 466	–
January 2015 – December 2015	**10 800**	**561**	**–**	**38 454**	**–**	(34 814)	–	34 814
January 2015 – August 2016	**2 400**	**561**	**(15 210)**	**-**	**(5 075)**	(6 687)	–	6 687
January 2015 – August 2016	**12 000**	**583**	**(30 670)**	**25 917**	**(10 443)**	(36 758)	–	36 758
			(46 224)	**64 715**	**(15 518)**	(78 259)	3 998	78 259

Cash flow hedges

Outstanding contracts	**Strike price**	**Currency**	**2015 Nominal value R000**	**2015 Liability R000**	2014 Nominal value R000	2014 Liability R000
January 2015 – December 2015	**561**	**USD**	**–**	**–**	6 059	(3 009)
January 2016 – August 2016	**583**	**USD**	**2 798**	**(1 966)**	6 996	(3 177)
January 2016 – August 2016	**561**	**USD**	**1 346**	**(975)**	1 351	(578)

11.8 Hedging details

The above mentioned derivative's hedging details are as follows:

	Group	
	2015 R000	2014 R000
Ineffectiveness recognised in profit or loss:		
– cash flow hedge	**3 793**	–

Details of cash flow hedges:

	2015 < 3 months	**2015 3-6 months**	**2015 6-12 months**	**2015 >12 months**	2014 < 3 months	2014 3-6 months	2014 6-12 months	2014 >12 months
Financial asset	**–**	**–**	**–**	**–**	–	–	–	–
Financial liability	**(24 571)**	**(23 210)**	**(14 825)**	**-**	(15 099)	(14 694)	(28 231)	(20 236)

11. Financial instruments continued

11.8 Hedging details continued

Reconciliation of cash flow hedge accumulated in equity	2015 Amount accumulated in equity Hedging reserve R000	2015 Amount recycled from equity into Income statement R000	2015 Amount recycled from equity into Liability R000	2014 Amount accumulated in equity Hedging reserve R000	2014 Amount recycled from equity into Income statement R000	2014 Amount recycled from equity into Liability R000
Opening balance	**76 627**	**–**	**–**	–	–	–
Amount recognised through other comprehensive income in the current year	**34 607**	**–**	**(34 607)**	78 259	–	(78 259)
Amount removed from equity to income statement	**(65 483)**	**65 483**	**–**	–	–	–
Deferred tax	**(5 804)**	**–**	**–**	393	–	–
Translation adjustments	**15 635**	**–**	**–**	(2 025)	–	–
Closing balance	**55 582**	**65 483**	**(34 607)**	76 627	–	(78 259)
Comprised of:						
Financial instruments	**64 475**			76 234		
Deferred tax	**(8 893)**			393		
	55 582			76 627		

11.9 The derivative financial instruments have been disclosed in the statement of financial position as follows:

	Hedging reserve 2015 R000	Financial assets 2015 R000	Financial liabilities 2015 R000	Hedging reserve 2014 R000	Financial assets 2014 R000	Financial liabilities 2014 R000
Forward currency exchange contracts on ships and other trading commitments	**(22 911)**	**–**	**(25 182)**	–	–	–
Cross currency swap	**–**	**–**	**–**	–	–	(2 832)
Forward freight agreements	**4 660**	**4 863**	**(203)**	–	–	–
Futures	**–**	**–**	**(31 164)**	–	–	–
Interest rate swaps	**–**	**3 427**	**–**	–	–	(7 449)
Bunker swaps	**(46 224)**	**–**	**(46 224)**	(76 627)	–	(78 259)
	(64 475)	**8 290**	**(102 773)**	(76 627)	–	(88 540)
Less portion due within one year included in trade and other payables (refer to notes 17 and 26)	**–**	**(4 863)**	**102 773**	–	–	58 024
Long-term portion	**(64 475)**	**3 427**	**–**	(76 627)	–	(30 516)

	Group 2015 R000	2014 R000
12. Finance lease receivables		
Current finance lease receivables (note 17)	**40 105**	25 563
Non-current finance lease receivables	**37 912**	32 854
	78 017	58 417

Leasing arrangements

The group entered into finance lease arrangements for 12 locomotives. The terms of finance leases range from three to five years.

Amounts receivable under finance leases

	1 year R000	2 – 5 years R000	>5 years R000	Total R000
2015				
Minimum lease payments receivable	**41 642**	**38 329**	**–**	**79 971**
Unearned finance income	**(1 537)**	**(417)**	**–**	**(1 954)**
Total present value/capital value	**40 105**	**37 912**	**–**	**78 017**
2014				
Minimum lease payments receivable	29 540	33 946	–	63 486
Unearned finance income	(3 977)	(1 092)	–	(5 069)
Total present value/capital value	25 563	32 854	–	58 417

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rate contracted ranges from 3% to 10%.

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

	Group 2015 R000	2014 R000
13. Recoverables on cancelled ships		
Opening balance	**300 723**	236 440
Interest accrued	**4 676**	38 953
Cash receipt	**(319 838)**	–
Translation gain	**14 439**	25 330
	–	300 723

In 2011, the group cancelled two ships due to non-performance of certain contracted conditions by the ship yard. One matter was settled in 2013 and the other matter was settled during 2015.

	Group 2015 R000	2014 R000
14. Loans and advances to Bank customers		
Loans and receivables	**4 607 897**	4 168 929
Held at fair value through profit or loss using year-end market related interest rate yield curves to discount expected future cash flows	**307 957**	137 764
	4 915 854	4 306 693
Loans and advances – companies and close corporations	**3 876 608**	3 368 986
Loans and advances – unincorporated businesses	**228 335**	288 330
Loans and advances – individuals	**110 790**	118 911
Preference shares	**719 017**	536 685
Interest accrued	**39 632**	32 691
Revaluation of loans held at fair value through profit or loss	**(3 012)**	5 188
Less: Impairments against advances	**(55 516)**	(44 098)
	4 915 854	4 306 693

	Group	
	2015 R000	2014 R000

14. Loans and advances to Bank customers continued

Advances are made at market-related rates of interest and are secured with various types of collateral such as cash, mortgage bonds, shares, discounted invoices, guarantees and suretyships. This book is considered to be well secured and impairments have been raised where impairment indicators exist.

	2015 R000	2014 R000
Contractual maturity analysis:		
Maturity on demand	**699 167**	621 383
Maturing within one month	**420 689**	308 582
Maturing after one month but within three months	**47 752**	655 351
Maturing after three months but within six months	**547 123**	355 291
Maturing after six months but within one year	**210 230**	232 198
Maturing after one year but within three years	**1 220 700**	887 494
Maturing after three years but within five years	**966 656**	661 280
Maturing after five years but within ten years	**775 987**	562 402
Maturing after ten years	**46 446**	28 931
Interest accrued	**39 632**	32 691
Revaluation of loans held at fair value through profit or loss	**(3 012)**	5 188
Less: Impairments against advances	**(55 516)**	(44 098)
	4 915 854	4 306 693
Maximum exposure to credit risk before impairments	**4 971 370**	4 350 791
Exposures with renegotiated terms	**–**	–

The maturity analysis of advances is based on the remaining contractual periods to maturity from the reporting date and does not take repayment profiles into account.

	2015 R000	2014 R000
Sectoral analysis:		
Agriculture, hunting, forestry and fishing	**29 117**	42 441
Mining and quarrying	**29 136**	29 124
Manufacturing	**201 149**	281 308
Construction	**39 419**	–
Wholesale and retail trade, repair of specified items, hotels and restaurants	**91 114**	96 230
Transport, storage and communication	**169 090**	152 838
Financial intermediation and insurance	**377 658**	301 409
Real estate	**2 305 693**	1 843 159
Business services	**89 753**	119 925
Community, social and personal services	**13 104**	16 122
Private households	**101 153**	98 960
Other	**1 469 468**	1 325 177
	4 915 854	4 306 693
Geographical analysis:		
South Africa	**4 915 854**	4 306 693

	Group 2015 R000	Group 2014 R000
14. Loans and advances to Bank customers continued		
Included in loans and advances are fixed rate loans designated as held at fair value through profit or loss:		
Net book value of loans and advances held at fair value through profit or loss	**310 969**	132 576
Revaluation of loans and advances held at fair value through profit or loss	**–**	5 188
Less: Impairment of loans and advances held at fair value through profit or loss	**(3 012)**	–
Fair value of loans and advances held at fair value through profit or loss	**307 957**	137 764
Analysis of impairments:		
Impairments at the beginning of the year	**(44 098)**	(20 206)
Net increase in impairments	**(11 418)**	(23 892)
Impairments at the end of the year	**(55 516)**	(44 098)
Analysis of impaired loans and advances:		
Loans and advances classified as special mention	**81 002**	56 518
Loans and advances displaying significant weakness	**17 576**	22 328
Carrying amount of impaired loans and advances	**98 578**	78 846
Collateral held against impaired loans and advances	**87 961**	73 216
Sectoral analysis of impaired loans and advances:		
Agriculture, hunting, forestry and fishing	**502**	452
Mining and quarry	**–**	10 625
Manufacturing	**22 001**	–
Community, social and personal services	**5 988**	5 042
Real estate	**30 852**	25 519
Wholesale and retail trade, repair of specified items, hotels and restaurants	**–**	481
Private households	**273**	2 075
Other	**38 962**	34 652
	98 578	78 846
15. Liquid assets and short-term negotiable securities		
Measured at amortised cost		
Preference shares	**27 528**	192 863
Statutory liquid assets		
Negotiable certificates of deposit	**460 476**	284 669
Money market investments and debentures	**577 726**	512 492
	1 065 730	990 024
16. Inventories		
Bunkers and other consumables	**119 567**	156 550
Commodities		
Agricultural	**–**	134 350
Merchandise and containers	**609 496**	471 961
Included as non-current assets as held for sale (note 19)	**–**	(134 350)
	729 063	628 511

The fair value less costs to sell of the commodities inventory amounts to Rnil (2014: R134 350 000).

Agricultural and other commodities, amounting to Rnil (2014: R45 896 000), were ceded to financial institutions in order to secure available borrowing facilities of Rnil (2014: R39 210 000).

The cost of inventories recognised as an expense includes R18 249 000 in respect of write-downs of inventory to net realisable value.

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
17. Trade and other receivables				
Trade debtors	**1 510 442**	1 368 965		
Less: Allowances for doubtful debts	**(279 565)**	(195 510)		
Net trade debtors	**1 230 877**	1 173 455	**–**	–
Prepayments	**126 488**	108 372	**–**	77
Amounts due from group subsidiaries			**3 353 395**	3 825 971
Receivables from joint ventures	**1 421 277**	852 795		
Current portion of finance lease receivable (note 12)	**40 105**	25 563		
Current portion of derivative financial assets (note 11.9)	**4 863**	–		
Other receivables	**1 269 977**	1 412 250	**20 114**	20 000
Included in non-current assets classified as held for sale (note 19)	**–**	(90 802)		
	4 093 587	3 481 633	**3 373 509**	3 846 048

Trade and other receivables, other than the current portion of financial assets, are classified as loans and receivables at amortised cost and their carrying amount approximates fair value. Trade and other receivables are predominately non-interest bearing. For long outstanding debtors, interest is charged at a fixed rate.

	Group 2015 R000	Group 2014 R000
Included in the current portion of financial assets are:		
Forward freight agreements	**4 863**	–
Reconciliation of allowances for doubtful debts		
Opening balance	**193 042**	30 150
Increase in allowance	**125 487**	85 873
Allowance utilised	**(38 964)**	(15 542)
Transferred from non-current assets classified as held for sale	**–**	95 029
	279 565	195 510
Included in non-current assets classified as held for sale	**–**	(2 468)
	279 565	193 042

Concentrations of credit risk are limited due to the group's customer base being large and unrelated. Due to this, the directors believe there is no further credit risk provision required in excess of the allowance for doubtful debts.

	Group 2015 R000	Group 2014 R000
Trade debtors have been ceded to financial institutions in order to secure overdraft facilities as follows:		
Group	**4 299**	–

	Group 2015 R000	Group 2014 R000
18. Short-term loans		
Loan to Fincrop Risk Management (Pty) Ltd	**97 878**	112 532
Loan to Blue Ribbon Foods Limited	**46 800**	37 024
Reclassified to trade and other receivables	**(144 678)**	–
	–	149 556

Short-term loans relating to Fincrop Risk Management (Pty) Ltd and Blue Ribbon Foods Limited have been reclassified to trade and other receivables.

	Group 2015 R000	Group 2014 R000
19. Non-current assets classified as held for sale		
Ships, property, terminals, vehicles and equipment		
Freehold and leasehold properties	**–**	16 500
Terminals, vehicles and equipment	**51 623**	45 954
Goodwill	**–**	126 716
Intangible assets	**–**	215
Investment in joint venture and associates	**95 000**	72 541
Inventory	**74 665**	134 350
Bank and cash	**9 460**	18 279
Deferred taxation	**–**	8 229
Trade and other receivables	**51 144**	90 802
	281 892	513 586
Non-current liabilities associated with assets classified as held for sale		
Short-term borrowings and bank overdraft	**11 105**	24 001
Investment in joint venture	**1 387**	1 123
Interest-bearing debt	**–**	19 110
Trade and other liabilities	**77 358**	73 501
	89 850	117 735

Business disposals

The group plans to dispose of United Refineries Limited, Jacobs Bulk Milling and Chromtech Proprietary Limited within the next year.

Current year movement in non-current assets and non-current liabilities associated with assets held for sale

	Opening balance	Movement	Disposal	**Closing balance**
Ships, property, terminals, vehicles and equipment				
Freehold and leasehold properties	16 500	–	(16 500)	**–**
Terminals, vehicles and equipment	45 954	10 826	(5 157)	**51 623**
Goodwill	126 716	(124 726)	(1 990)	**–**
Intangible assets	215	(215)	–	**–**
Investment in joint venture and associates	72 541	22 459	–	**95 000**
Inventory	134 350	(47 046)	(12 639)	**74 665**
Bank and cash	18 279	(8 066)	(753)	**9 460**
Deferred taxation	8 229	–	(8 229)	**–**
Trade and other receivables	90 802	(14 981)	(24 677)	**51 144**
Short-term borrowings and bank overdraft	(24 001)	12 035	861	**(11 105)**
Investment in joint venture	(1 123)	(264)	–	**(1 387)**
Interest-bearing debt	(19 110)	17 505	1 605	**–**
Trade and other liabilities	(73 501)	(31 266)	27 409	**(77 358)**
	395 851	(163 739)	(40 070)	**192 042**

	Group		Company	
	2015 R000	2014 R000	**2015 R000**	2014 R000
20. Share capital and premium				
Authorised				
2 750 000 000 ordinary shares of 0.002 cents each (2014: 2 750 000 000 ordinary shares of 0.002 cents each)	**55**	55	**55**	55
20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each (2014: 20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each)	**6**	6	**6**	6
	61	61	**61**	61
Issued				
762 553 314 ordinary shares of 0.002 cents each (2014: 762 053 314 shares of 0.002 cents each)	**15**	15	**15**	15
7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each (2014: 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each)	**2**	2	**2**	2
Share premium	**5 970 712**	5 982 909	**6 407 357**	6 401 102
Balance at beginning of year	**5 982 909**	2 036 980	**6 401 102**	2 422 532
Premium on shares issued	**6 255**	4 036 975	**6 255**	4 032 197
Share options vested	**6 892**	–	**–**	–
Shares repurchased	**(25 710)**	(37 563)	**–**	–
Treasury shares sold	**366**	144	**–**	–
Share issue expenses	**–**	(53 627)	**–**	(53 627)
Total issued share capital and premium	**5 970 729**	5 982 926	**6 407 374**	6 401 119

500 961 ordinary shares relating to the Grindrod Forfeitable Share Plan vested during the current year (2014: 327 477).

In the current year 1 661 435 (2014: 1 582 000) ordinary shares were repurchased by a subsidiary for R25 709 804 (2014: R37 562 275).

During the current year, 4 796 (2014: 1 564) treasury cumulative, non-redeemable, non-participating and non-convertible preference shares were sold for R366 000 (2014: R144 000).

At 31 December 2015, 12 187 (2014: 16 983) cumulative, non-redeemable, non-participating and non-convertible preference shares with a nominal value of R75.00 (2014: R91.55) are held by a subsidiary of the group.

At 31 December 2015, 11 594 345 (2014: 10 438 871) ordinary shares are held by subsidiaries of the group. Of these shares 2 613 311 (2014: 2 528 872) have been allocated to the group forfeitable share plan.

During the prior year, the group had a specific issue of 161 288 000 ordinary shares at R25.00 per share which were issued for R4 032 197 000. R53 627 460 share issue costs were incurred in respect of the issue and were written off against share premium.

The unissued shares, to the extent of a maximum of 10% of the issued shares, are under the control of the directors until the forthcoming annual general meeting.

	Group 2015 R000	Group 2014 R000
21. Interest-bearing borrowings		
Unsecured		
Long- and medium-term financing	**–**	882
Financial services funding instruments (note 22)	**355 936**	346 956
Secured		
Long- and medium-term financing	**2 910 906**	2 929 439
Financial services funding instruments (note 22)	**615 357**	938 311
Total amounts repayable within one year	**(1 022 093)**	(1 574 219)
Long-term loans	**2 860 106**	2 641 369
Current portion of long-term loans	**1 022 093**	1 558 859
	3 882 199	4 200 228
Long-term loans	**3 882 199**	4 219 338
Transferred to non-current assets held for sale (note 19)	**–**	(19 110)
	477 330	580 752
Short-term borrowings and overdraft	**477 330**	604 753
Transferred to non-current assets held for sale (note 19)	**–**	(24 001)
	4 359 529	4 780 980
Interest-bearing borrowings are classified as financial liabilities measured at amortised cost and their carrying value approximates fair values.	**4 359 529**	4 780 980
Long-term borrowings	**2 061 818**	2 263 292
Financial services funding instruments	**798 288**	362 717
Current portion of long-term borrowings	**849 088**	651 669
Current portion of financial services funding instruments	**173 005**	922 550
Short-term borrowings and overdraft	**477 330**	580 752

Group assets of R6 423 862 000 (2014: R5 178 709 000) are pledged as security for loans of R2 529 482 000 (2014: R2 302 502 000).

21. Interest-bearing borrowings continued

The group determines its availability of funds and assesses its cash requirements on a weekly basis. Consideration is given to the most appropriate form of funding prior to any acquisitions. Group treasury determines the amount of unutilised facilities in assessing the funds available to the group. The net cash balances included in current assets and current liabilities are included in the determination of the headroom available.

Full details of the long- and medium-term financing, their fair values and interest rate profiles are detailed in the schedule of loan funds on page 90.

Available facilities

Interest-bearing debt is raised to fund ships, locomotives, property, terminals, vehicles, equipment and inventory. The facilities are fixed based on specific loan agreements and the specific assets against which the loans are secured.

The group has undrawn committed facilities as at 31 December 2015, as follows:

	Expiry date	Currency	2015 R000	2014 R000
Long-term debt facilities	12/2016	USD	**29 172**	21 636
	07/2018	USD	**546 000**	347 100
	05/2020	USD	**156 000**	115 700
Short-term borrowing facilities	12/2016	ZAR	**150 000**	–
	05/2016	ZAR	**320 000**	–
	06/2016	ZAR	**300 000**	–
	03/2014	ZAR	**–**	71 097
	06/2014	ZAR	**–**	143 111
	06/2014	ZAR	**–**	22 717
	12/2014	ZAR	**–**	56 800
			1 501 172	778 161

The maturity profile of the group's borrowings is as follows:

	1 year R000	2 – 5 years R000	> 5 years R000	Group R000
2015				
Interest-bearing debt repayable as follows before transfer to non-current assets held for sale	**1 499 424**	**2 526 622**	**333 483**	**4 359 529**
2014				
Interest-bearing debt repayable as follows before transfer to non-current assets held for sale	2 194 333	2 330 268	299 489	4 824 090

Security

Agricultural and other commodities, amounting to Rnil (2014: R45 896 000) were ceded to financial institutions in order to secure available borrowing facilities of Rnil (2014: R39 210 000).

Trading trade debtors of R4 299 469 (2014: Rnil) have been ceded to financial institutions in order to secure overdraft facilities.

	Group 2015 R000	Group 2014 R000
22. Financial services funding instruments		
Loans secured by guarantee	**361 012**	336 171
Listed corporate bond secured by guarantee	**162 909**	508 414
Loans secured by property	**91 436**	93 726
Total secured funding	**615 357**	938 311
Redeemable preference shares	**355 936**	346 956
Aggregate funding	**971 293**	1 285 267
Amount repayable within one year	**(173 005)**	(922 550)
	798 288	362 717

23. Employee benefit obligations

23.1 Provision for post-retirement medical aid

The group subsidises the medical aid contributions of certain retired employees and has an obligation to subsidise contributions of certain current employees when they reach retirement.

In prior periods, the group undertook to offer pensioners a voluntary benefit in lieu of their current medical subsidy in order to close out the liability on the statement of financial position. The proposed offer had three options, namely an annuity offer, a cash offer or to remain in the scheme. A number of employees chose the annuity and cash offer. The provision has been calculated on the remaining individuals in the scheme.

The risks typically faced by the group as a result of the post-retirement medical aid are risks relating to inflation, longevity, future changes in legislation, future changes in tax environment, perceived inequality by non-eligible employee, administration of fund and enforcement of eligibility criteria and rules.

During December 2015 an actuarial valuation was performed by Alexander Forbes.

Apart from paying costs of entitlement, the Group is not liable to pay additional contributions in the case the fund does not hold sufficient assets. In that case, the fund would take other measures to restore solvency.

		Group	
		2015 R000	2014 R000
The amounts recognised in the financial statements in this respect are as follows:			
Recognised liability at beginning of the year		**60 019**	48 175
Recognised in other comprehensive income in the current year		**3 391**	14 385
Interest on obligation		**4 972**	4 227
Current service cost		**237**	(656)
Actuarial loss arising from changes in experience assumptions		**(59)**	12 366
Other		**(1 759)**	(1 552)
Contributions paid		**(2 311)**	(2 541)
Long-term portion of provision for post-retirement medical aid		**61 099**	60 019
There are no unrecognised actuarial gains or losses.			
The principal actuarial assumptions applied in the determination of fair values include:			
Health care cost inflation	(%)	**9.3**	8.4
Discount rate	(%)	**9.5**	8.6
Continuation at retirement	(%)	**84.0**	84.0

The effect of an increase or decrease of 1% in the assumed medical cost trend rates is as follows:

	2015 Effect of a 1%		2014 Effect of a 1%	
	Increase %	**(Decrease) %**	Increase %	(Decrease) %
Aggregate of the current service cost and interest cost	**12.6**	**(10.6)**	14.2	(11.7)
Accrued liability at year-end	**12.0**	**(10.1)**	13.1	(10.9)
The effect of an increase or decrease of 1% in the assumed discount rates is as follows:				
Accrued liability at year-end	**(10.4)**	**12.5**	(11.2)	13.7
The effect of an increase or decrease of 1% in the assumed expected retirement age is as follows:				
Accrued liability at year-end	**0.5**	**(0.5)**	1.0	(1.0)

23. Employee benefit obligations continued

23.1 Provision for post-retirement medical aid continued

The history of experience adjustments is as follows:

	2015	2014	2013	2012	2011
Present value of obligations	**61 099**	75 823	60 230	51 405	53 649
Fair value of plan assets	**–**	–	–	–	–
Present value of obligations in excess of plan assets	**61 099**	75 823	60 230	51 405	53 649
Experience adjustments on obligations	**815**	(9 642)	(13 707)	(933)	–

The sensitivity analysis presented above may not be representative of the actual change in the obligation as it is unlikely that the above change in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior year.

The average duration of the benefit obligation as at 31 December 2015 is 13 years.

The group expects to make a contribution of R3 637 000 (2014: R4 067 000) to the post-retirement medical aid fund during the next financial year.

23.2 Retirement benefit plans

The group provides privately administered pension and provident funds for all permanent employees except those who belong to an external fund, industry pension fund or provident scheme. All eligible employees are members of either defined benefit or defined contribution plans which are governed by the South African Pension Funds Act, 1956.

The risks faced by the group as a result of the retirement benefit plan are actuarial risks relating to:

- longevity risk;
- investment risk;
- market risk;
- liquidity risk;
- salary risk; and
- foreign exchange rate risk.

Longevity risk

The pensioners have been outsourced in the name of the Fund (GN12), thus presently the Fund is exposed to the risk that the insurer might default on pension payments. The outsource removes the longevity risk from the Fund, i.e. the risk that pensioners live longer than expected, and passes this risk on to the insurer.

Investment risk

The plan assets are primarily invested in equities and bonds (with a majority in equities). This exposes the Fund to a slight concentration of market risk. If the plan assets are not adequate or suitable to fund the liabilities of the Fund (and the nature thereof) the entity will be required to fund the balance, hence exposing it to risks on the investment return.

Market risk

In order to reduce market risk, the investment portfolio is diversified by investing in equities of different companies and in different issues of bonds and deposits. Cash deposits are also invested with different institutions as well as in different geographical markets. The risk is further reduced by investing in well-researched companies and by investing in bonds with high credit ratings.

Liquidity risk

Liquidity risk, the risk of not having liquid assets to meet liabilities as they fall due, is reduced by investing in liquid assets and highly tradeable assets.

Salary risk

Salaries are assumed to depend on inflation, which means the active member liability is also exposed to inflation risk.

Foreign exchange risk

The great majority of members' retirement fund liabilities are denominated in Rands. A currency mismatch is therefore introduced when investing in foreign investments. The risk is due to the fact that the currency invested could weaken against the Rand. However, since inflation in South Africa is likely to be higher than in most developed countries, it is expected that the Rand would weaken against the major investment currencies in the long term.

The volatility risk associated with foreign investments is reduced when only a limited portion of the portfolio's assets is invested offshore as is currently required in terms of Regulation 28 and the South African Reserve Bank requirements.

		Group 2015 R000	2014 R000
23. Employee benefit obligations continued			
23.2 Retirement benefit plans continued			
The funded status of the pension fund is as follows:			
Actuarial value of assets		**181 537**	183 480
Present value of liabilities		**(58 060)**	(66 478)
Actuarial surplus (note 9)		**123 477**	117 002
The amounts recognised in the financial statements in this respect are as follows:			
Recognised asset at beginning of the year		**117 002**	95 845
Recognised in comprehensive income in the current year		**6 579**	7 644
Interest on obligation		**(4 349)**	(5 679)
Current service cost		**(1 755)**	(1 463)
Expected return on plan assets		**12 683**	14 786
Recognised in other comprehensive income in the current year		**(104)**	13 513
Actuarial loss arising from changes in financial assumptions		**(3 717)**	(3 242)
Actuarial gain arising from changes in experience assumptions		**3 613**	16 755
		123 477	117 002
The assets of the fund were invested as follows:			
Cash and cash equivalents	(%)	**4.1**	8.5
Equity instruments	(%)	**51.3**	49.9
Debt instruments	(%)	**6.7**	8.4
Real estate	(%)	**17.8**	13.2
International instruments	(%)	**20.1**	19.9
Other	(%)	**0.0**	0.1
The fair value of the above equity and debt instruments are determined based on quoted market prices in active markets.			
An actuarial valuation was performed on 31 December 2015. The employer's contributions to all retirement benefit plans are charged against income when incurred.			
The principal actuarial assumptions applied in the determination of fair values include:			
Discount rate	(%)	**8.3**	7.2
Salary increase	(%)	**7.1**	6.1
Pension increase	(%)	**6.1**	3.8
Inflation increase	(%)	**6.1**	5.1

The effect of an increase or decrease of 1% in the assumed discount rates is as follows:

	2015 Effect of a 1%		2014 Effect of a 1%	
	Increase %	**(Decrease) %**	Increase %	(Decrease) %
	(8.3)	**10.6**	(6.9)	7.2
The effect of an increase or decrease of 1% in the assumed inflation rates is as follows:				
	10.1	**(8.1)**	5.4	(5.9)

The sensitivity analysis presented above may not be representative of the actual change in the obligation as it is unlikely that the above changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from the prior year.

Description of risk management

There has been no change in the process used by the group to manage its risks from prior periods.

	Group 2015 R000	Group 2014 R000
24. Provisions		
Provision for onerous contracts		
Opening balance	**6 873**	14 738
Charged to income statement	**20 638**	–
Foreign exchange gain	**12 219**	873
Utilisation of provision	**–**	(8 738)
Onerous contract provisions	**39 730**	6 873
Current portion included under current liabilities	**(39 730)**	(6 873)
Non-current portion of onerous contract provisions	**–**	–
Provision for share price linked option scheme		
Opening balance	**104 132**	85 836
(Released)/charged to income statement	**(49 445)**	42 108
Foreign exchange gain	**883**	43
Utilisation of provision	**(19 542)**	(23 855)
Balance at 31 December	**36 028**	104 132
Current portion included under current liabilities	**(7 936)**	(38 002)
Non-current portion of share price linked option scheme	**28 092**	66 130
Total	**28 092**	66 130

Onerous contracts

The provision for onerous contracts relates to the expected cash outflows expected to arise over the course of the relevant contracts based on current estimates of the loss arising from these contracts.

Provision for share price linked option scheme

The share price linked option provision relates to a remuneration scheme whereby certain employees of Grindrod Limited are entitled to receive a cash settlement based on the excess of the market price of shares over an agreed upon strike price. Refer to note 33.

Cash settled share-based payment scheme

The Financial Services division has offered share appreciation rights linked to the growth in value of Grindrod Financial Holdings Limited and GFS Holdings Proprietary Limited. In terms of the plan participants are allocated notional shares at an approved allocation price and the division is required to pay a share appreciation bonus equal to the difference between the fair market value and the allocation price of the shares to the participant at each vesting date. The share appreciation rights vest in equal tranches after three, four and five years. An employee's right to participate in the scheme terminates upon leaving the employment of the division.

	Group 2015 R000	Group 2014 R000
Current portion of provisions included under current liabilities		
Onerous contract provisions	**(39 730)**	(6 873)
Provision for share price linked option scheme	**(7 936)**	(38 002)
	(47 666)	(44 875)

	Group 2015 R000	Group 2014 R000
25. Deposits from Bank customers		
Measured at amortised cost		
Call deposits	**6 964 781**	5 036 513
Notice and fixed deposits	**2 969 992**	2 739 252
Interest accrued	**44 966**	33 758
	9 979 739	7 809 523
Amounts owed to corporate banking depositors	**5 349 315**	4 437 824
Amounts owed to retail banking depositors	**4 389 636**	3 136 630
Amounts owed to banks	**240 788**	235 069
	9 979 739	7 809 523
Contractual maturity analysis		
Withdrawable on demand	**6 964 781**	5 036 513
Maturing within one month	**542 664**	599 739
Maturing after one month but within six months	**2 074 227**	1 929 494
Maturing after six months	**353 101**	210 019
Interest accrued	**44 966**	33 758
	9 979 739	7 809 523
The maturity analysis of deposits is based on their remaining contractual periods to maturity from the reporting date.		
Sectoral analysis:		
Banks	**240 788**	235 069
Government and public sector	**62 952**	107 123
Individuals	**5 364 511**	3 912 777
Business sector	**4 311 488**	3 554 554
	9 979 739	7 809 523
Geographical analysis:		
South Africa	**9 979 739**	7 809 523
Included in deposits are funds from related parties earning interest at market related rates:		
Directors (directly or indirectly)	**8 208**	11 172

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
26. Trade and other payables				
Trade creditors	**555 461**	560 239		
Accrued expenses	**1 126 398**	1 103 548	**13 014**	**5 775**
Operating lease accrual	**14 850**	13 813		
Shareholder loans	**16**	5 629		
Other payables	**610 519**	492 569	**647**	**22 106**
Shareholders for dividends	**31 271**	30 270	**31 245**	**30 270**
Amounts due to subsidiaries			**40 220**	**38 049**
Current portion of derivative financial liabilities (note 11.9)	**102 773**	58 024		
Included in non-current liabilities associated with assets classified as held for sale (note 19)	**–**	(73 501)		
	2 441 288	2 190 591	**85 126**	**96 200**

Trade and other payables, other than the current portion of derivative financial liabilities, are measured at amortised cost and their carrying amount approximates fair value. Trade and other payables are predominately non-interest bearing.

	Group 2015 R000	Group 2014 R000
Included in the current portion of financial liabilities are the following:		
Forward exchange contracts on ships and other trading commitments	**25 182**	–
Futures and options	**31 164**	–
Bunker swaps	**46 224**	58 024
Forward freight agreements	**203**	–
	102 773	58 024

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
27. Revenue				
Revenue comprises the net invoiced value of clearing and forwarding, shipping and transport services, gross revenue earned from ship and locomotive sales, sea freight, chartering, warehousing, depot operations, net interest and fee income of the financial institution, ancillary services, investment income and revenue from sale of commodities and is analysed as follows:				
Charter hire	**863 169**	969 405		
Freight revenue	**4 458 766**	3 704 090		
Sale of commodities	**480 235**	4 639 865		
Net interest income of the financial institution	**122 027**	82 682		
Fee income of the financial institution	**255 436**	233 836		
Dividends received	**81 989**	60 428	**541 911**	250 477
Handling revenue	**3 370 954**	3 896 581		
Other revenue	**401 379**	91 260	**27 012**	33 899
Ship sales	**158 414**	234 335		
	10 192 369	13 912 482	**568 923**	284 376
Analysis of the financial institution's net interest income included above:				
Interest income	**582 849**	494 716		
Advances	**380 359**	346 634		
Preference share dividends, advances portfolio	**57 754**	33 170		
Balances at banks and short-term funds	**112 166**	93 877		
Preference share dividends, negotiable securities portfolio	**6 788**	8 950		
Other short-term securities	**29 728**	17 950		
Paid on derivative instruments	**(3 946)**	(5 865)		
Interest expense	**460 822**	412 034		
Call deposits	**175 035**	123 697		
Notice and fixed deposits	**72 156**	54 887		
Other interest expense	**91 406**	101 970		
Prime linked notice deposits	**122 225**	131 480		
Net interest income	**122 027**	82 682		
Interest income calculated using the effective interest method	**122 027**	82 682		
Interest income at fair value through profit or loss	**–**	–		
	122 027	82 682		

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
28. Operating profit before interest and taxation				
Other income				
Foreign exchange gains	**1 666 961**	378 820	**5**	86
Pension fund surplus recognised	**6 579**	7 644		
Other sundry income	**177 686**	241 044		
Net gain on financial instruments	**–**	110 199		
	1 851 226	737 707	**5**	86
Operating expenses				
Voyage expenses	**4 295 055**	4 054 454		
Charter hire	**2 084 727**	1 837 886		
Fuel	**891 395**	1 097 431		
Port expenses	**374 254**	316 642		
Other voyage expenses	**944 679**	802 495		
Cost of sales	**2 028 572**	6 007 413		
Agricultural commodities	**28 042**	4 027 601		
Bunker fuels	**82 385**	85 855		
Container handling and logistics	**798 746**	644 415		
Merchandise	**366 172**	234 314		
Ships	**158 062**	192 151		
Other commodities	**595 165**	823 077		
Distribution and selling costs	**183 856**	118 600	**606**	2 814
Staff costs	**1 466 069**	1 557 412	**17 202**	15 061
Foreign exchange losses	**1 627 047**	382 337	**–**	–
Other operating expenses	**1 341 502**	1 363 962	**15 538**	17 708
Net loss on financial instruments	**2 594**	–		
	10 944 695	13 484 178	**33 346**	35 583
Depreciation and amortisation				
Amortisation				
Leasehold properties	**10 972**	12 158		
Ships	**48 940**	27 258		
Depreciation – owned assets				
Ships	**291 837**	267 844		
Other	**245 888**	209 247		
Depreciation – capitalised leased assets				
Other	**14 736**	13 041		
Amortisation of intangible assets	**63 109**	17 595		
	675 482	547 143		
The above costs are arrived at after including:				
Auditors' remuneration				
Audit fees – current year provision	**38 524**	36 674	**2 800**	3 333
Prior year over provision	**(2 493)**	(236)	**(16)**	(291)
Fees for other services	**2 202**	4 792	**300**	250
Expenses	**156**	39		
	38 389	41 269	**3 084**	3 292
Operating lease rentals				
Land and buildings	**179 071**	246 727		
Ships	**2 249 764**	1 935 870		
Other	**29 910**	91 152		
	2 458 745	2 273 749		
Professional fees				
Administrative and managerial	**21 438**	40 019		
Technical/projects	**34 492**	15 968		
	55 930	55 987		
Share-based expenses	**12 969**	11 793		

	Group		Company	
	2015 R000	2014 R000	**2015 R000**	2014 R000
29. Non-trading items				
Impairment of intangibles, ships, property, terminals, vehicles and equipment	**(1 205 990)**	(233 396)		
Impairment of goodwill	**–**	(20 000)		
Negative goodwill released	**13 233**	23 521		
Profit on disposal of investments	**216 919**	436 169		
Impairment of other financial assets/investments	**(612 365)**	(64 759)	**(2 009)**	–
Profit/(loss) on disposal of property, terminals, vehicles and equipment	**448**	(6 023)		
Foreign currency translation reserve recycled on cessation of operations following restructure	**124**	99 744		
	(1 587 631)	235 256	**(2 009)**	–
30. Net finance costs				
Interest received	**254 063**	234 687	**34 473**	13 979
Interest paid	**(220 731)**	(216 621)	**–**	(884)
	33 332	18 066	**34 473**	13 095
Interest received on loans and receivables at amortised cost				
Interest paid is classified as follows:				
Financial liabilities held at amortised cost	**(220 731)**	(211 936)	**–**	(884)
Finance leases	**–**	(4 685)		
	(220 731)	(216 621)	**–**	(884)
Net finance costs excludes interest from the financial institution of the group which is shown as revenue in note 27.				
31. Taxation				
South African normal taxation				
Current				
On income for the year	**(87 456)**	(77 552)	**(4 525)**	(2 539)
Capital gains taxation	**(33)**	(3 395)		
Prior year	**(7 033)**	(3 631)	**(86)**	(4 034)
Withholding taxes	**(2 464)**	(3 600)		
Deferred				
On (income)/loss for the year	**(4 972)**	16 710	**382**	(111)
Prior year	**4 952**	3 110	**–**	674
Foreign				
Current				
On income for the year	**(47 574)**	(110 020)		
Prior year	**(474)**	3 390		
Withholding taxes	**(12 282)**	–		
Deferred				
On loss/(income) for the year	**(37 305)**	(20 230)		
Prior year	**4 386**	1 595		
	(190 255)	(193 623)	**(4 229)**	(6 010)

	Group 2015 %	Group 2014 %	Company 2015 %	Company 2014 %
31. Taxation continued				
Effective rate of taxation*				
Normal rate of taxation	**(28.0)**	28.0	**28.0**	28.0
Adjusted for:				
Current year taxation losses not utilised/(utilised)	**2.4**	0.4	**–**	(1.2)
Exempt income	**(13.8)**	(16.6)	**(28.4)**	(28.1)
Non-taxable foreign items	**12.6**	6.2		
Non-allowable items	**43.4**	4.0	**1.1**	2.3
Capital gains taxation	**(0.6)**	0.3		
Prior year	**(0.1)**	(0.4)	**–**	1.3
Withholding taxation and investment tax credit	**0.9**	0.3		
Effective rate of taxation	**16.8**	22.2	**0.7**	2.3

* *Effective rate of taxation is based on profit before taxation, share of associate companies' profit and share of joint venture companies' profit.*

	Group 2015 %	Group 2014 %
Effective rate of taxation on profit including joint ventures and associates	**(21.0)**	19.2

Subsidiary companies have estimated taxation losses of R1 698 720 000 (2014: R1 442 941 000) of which R1 220 217 000 (2014: R1 074 449 000) has been utilised in the calculation of deferred taxation.

The Shipping and Trading entities within the group operate under the Singapore Approved International Shipping Enterprise Incentive ("AIS") rules, for corporate taxation purposes. The Singapore AIS regime exempts from corporate income taxes the profits of qualifying activities. Non-qualifying activities are taxed at normal corporate income taxation rates.

The tax rate used in the effective rate of taxation reconciled above is the corporate tax rate of 28% payable by corporate entities in South Africa in terms of the law in South Africa. Non-allowable items mainly relate to impairments.

		Group 2015 R000	Group 2014 R000
32. Earnings per share			
Basic earnings reconciliation			
(Loss)/profit attributable to Grindrod Limited shareholders		**(1 365 332)**	1 060 285
Less preference dividends		**(61 141)**	(59 094)
(Loss)/profit attributable to ordinary shareholders		**(1 426 473)**	1 001 191
Basic (loss)/earnings per share is based on earnings of		**(1 426 473)**	1 001 191
and on the weighted average number of shares in issue for the year	(000s)	**751 452**	678 348
Diluted (loss)/earnings per share is based on earnings of		**(1 426 473)**	1 001 191
and on the diluted weighted average number of shares in issue for the year	(000s)	**754 146**	681 330
Reconciliation of weighted average number of shares	(000s)		
Basic average number of shares in issue		**751 452**	678 348
Shares that will be issued for no value in terms of share option scheme		**2 694**	2 982
Diluted average number of shares in issue		**754 146**	681 330
(Loss)/earnings per share	(cents)		
Basic		**(189.8)**	147.6
Diluted*		**(189.8)**	146.9
Headline earnings per share is based on headline earnings of		**558 823**	729 387
and on the weighted average number of shares in issue for the year	(000s)	**751 452**	678 348
Diluted headline earnings per share is based on headline earnings of		**558 823**	729 387
and on the weighted average number of shares in issue for the year	(000s)	**754 146**	681 330
Headline earnings per share	(cents)		
Basic		**74.4**	107.5
Diluted		**74.1**	107.1

* *Limited to basic loss per share due to antidilutive effect.*

	2015 Gross R000	2015 Net R000
32. Earnings per share continued		
Headline earnings reconciliation:		
Earnings attributable to ordinary shareholders		**(1 426 473)**
Adjusted for:		
Impairment of intangibles, ships, property, terminals, vehicles and equipment	**1 205 990**	**1 201 999**
Net profit on disposal of investments	**(216 919)**	**(216 919)**
Net loss on disposal of property, terminals, vehicles and equipment	**(448)**	**(448)**
Impairment of other financial assets/investments	**612 365**	**612 365**
Foreign currency translation reserve recycled on cessation of operations following restructure	**(124)**	**(124)**
Negative goodwill released	**(13 233)**	**(13 233)**
Joint ventures:		
Net profit on disposal of ships, plant and equipment	**(471)**	**(471)**
Impairment of other financial assets/investments	**17 252**	**17 252**
NDR release/other non-trading items	**2 447**	**2 447**
Impairment of ships, property, terminals, vehicles and equipment	**382 428**	**382 428**
Headline earnings	**1 989 287**	**558 823**

	2014 Gross R000	2014 Net R000
Headline earnings reconciliation:		
Earnings attributable to ordinary shareholders		1 001 191
Adjusted for:		
Impairment of intangibles, ships, property, terminals, vehicles and equipment	233 396	192 988
Impairment of goodwill	20 000	20 000
Net profit on disposal of investments	(436 169)	(436 169)
Net loss on disposal of property, terminals, vehicles and equipment	6 023	6 023
Impairment of other financial assets/investments	64 759	64 759
Foreign currency translation reserve recycled on cessation of operations following restructure	(99 744)	(99 744)
Negative goodwill released	(23 521)	(23 521)
Joint ventures:		
Negative goodwill released	3 698	3 698
Impairment of ships, property, terminals, vehicles and equipment	162	162
Headline earnings	(231 396)	729 387

33. Share-based payments

Equity-settled share option plan

The company has a share option scheme for certain employees of the group. The options vest over a total period of seven years from the option date as follows:

- a fifth of the options granted vests after three years;
- a further fifth of the options vests after four years;
- a further fifth of the options vests after five years;
- a further fifth of the options vests after six years; and
- a further fifth of the options vests after seven years.

Options are exercisable at a price equal to the average quoted market price of the company's shares on the date of grant. All options expire ten years after grant.

Options are forfeited if the employee leaves the group before the options vest.

	Group			
	2015		2014	
	Number of share options	**Weighted average exercise price (cents)**	Number of share options	Weighted average exercise price (cents)
Outstanding at the beginning of the year	**900 000**	**1 251**	900 000	1 251
Lapsed during the year	**–**	**–**	–	–
Exercised during the year	**(500 000)**	**1 251**	–	–
Outstanding at the end of the year	**400 000**	**1 251**	900 000	1 251
Exercisable at the end of the year	**400 000**		900 000	

500 000 share options (2014: nil) were exercised in 2015. The weighted average share price at the date of exercise for the share options exercised during the current year was R12.51 (2014: Rnil). Details of the options outstanding at the end of the year are disclosed in the remuneration report on page 89 of the integrated annual report.

The fair values were calculated using a stochastic model based on the standard binomial options pricing model. This model has been modified to take into account early exercise opportunities and expected employee exercise behaviour.

The valuation was performed by independent actuaries. The inputs into the model were as follows:

		Group	
		2015	2014
Weighted average share price		**1 253**	1 253
Weighted average exercise price		**1 253**	1 253
Expected rolling volatility			
Five-year expected option lifetime	(%)	**43.64**	43.64
Six-year expected option lifetime	(%)	**39.45**	39.45
Seven-year expected option lifetime	(%)	**34.82**	34.82
Expected option lifetime			
Vesting periods three and four	(years)	**5**	5
Vesting periods five and six	(years)	**6**	6
Vesting period seven	(years)	**7**	7
Risk-free rate based on zero-coupon government bond yield			
Five-year expected option lifetime	(%)	**7.41**	7.41
Six-year expected option lifetime	(%)	**7.47**	7.47
Seven-year expected option lifetime	(%)	**7.52**	7.52
Expected dividend yield	(%)	**3.38**	3.38
Forfeiture rate per annum compound	(%)	**10.00**	10.00

Expected volatility was determined by calculating an annualised standard deviation of the continuously compounded rates of return of the company's share. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of employee turnover and exercise behaviour.

The group recognised expenses related to these equity-settled share-based payment transactions during the year, details of which have been disclosed in note 28.

33. **Share-based payments** continued

Equity-settled forfeitable share plan

During 2012 the group introduced the Grindrod Forfeitable Share Plan (FSP). The scheme allows executive directors and senior employees to earn a long-term incentive to assist with the retention and reward of selected employees.

Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date.

The vesting of the shares is subject to continued employment for a period of three, four and five years or the employee will forfeit the shares.

On resignation, the employee will forfeit any unvested shares. On death or retirement only a portion of the shares will vest, calculated based on the number of months worked over the total vesting period.

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value takes into account that the employees are entitled to dividends from the grant date.

The fair value of the equity-settled shares subject to non-market conditions is the average share price at grant date.

	2015	2014
Date of grant	**23/02/2015**	24/02/2014
Number of shares granted and remaining at year-end	**650 000**	918 000
Share price at grant date	**17.98**	27.15
Estimated fair value per share at grant date	**17.98**	27.15

Cash-settled share based payments

The group issues to certain employees share appreciation rights (SAR) that require the group to pay the intrinsic value of the SAR to the employee at the date of exercise. The group has recorded liabilities of Rnil (2014: R71 464 000).

The group recorded total current year reversal of expenses of R49 445 000 (2014 expenses: R42 108 000).

The fair values were calculated using a stochastic model based on the standard binomial options pricing model.

This model has been modified to take into account early exercise opportunities and expected employee exercise behaviour.

The valuation was performed by independent actuaries. The inputs into the model were as follows:

		Group	
		2015	2014
Share price	(cents)	**1 129**	2 240
Expected rolling volatility			
Three-year expected option lifetime	(%)	**38.26**	27.53
Four-year expected option lifetime	(%)	**36.36**	26.67
Five-year expected option lifetime	(%)	**34.52**	26.15
Expected option lifetime			
Vesting periods three	(years)	**3**	3
Vesting periods four	(years)	**4**	4
Vesting periods five	(years)	**5**	5
Risk-free rate based on zero-coupon government bond yield			
Three-year expected option lifetime	(%)	**7.39**	6.41
Four-year expected option lifetime	(%)	**7.68**	6.57
Five-year expected option lifetime	(%)	**7.91**	6.70
Expected dividend yield	(%)	**2.11**	2.26
Forfeiture rate per annum compound	(%)	**10.00**	10.00

	Group			
	2015 R000	**2015 US$000**	2014 R000	2014 US$000
34. Capital commitments				
Authorised and contracted for	**122 723**	**25 304**	81 290	15 561
Due within one year	**11 020**	**25 146**	79 974	517
Due between years one and two	**110 884**	**82**	1 316	15 044
Due thereafter	**819**	**76**	–	–
Authorised and not contracted for	**–**	**16 541**	1 210	–
Total	**122 723**	**41 845**	82 500	15 561
Financing guarantees	**47 467**		14 784	
Financing guarantees are provided where lending facilities have been approved and all the terms and conditions of the loan have been met.				
Irrevocable unutilised facilities to be advanced to Grindrod Bank customers	**149 611**		146 076	

Irrevocable unutilised facilities are approved lending facilities which cannot be unconditionally withdrawn, prior to facility expiry, by the Bank.

The group's total capital commitments per category of significant assets are as follows:

2015	**2016 R000**	**2017 R000**	**Thereafter R000**	**Total R000**
Property, terminals, vehicles and equipment	**2 980**	**384**	**819**	**4 183**
Intangible assets	**8 040**	**500**	**–**	**8 540**
Total	**11 020**	**884**	**819**	**12 723**

2015	**2016 US$000**	**2017 US$000**	**Thereafter US$000**	**Total US$000**
Ships	**24 737**	**–**	**–**	**24 737**
Property, terminals, vehicles and equipment	**409**	**58**	**47**	**514**
Intangible assets	**–**	**23**	**29**	**52**
Total	**25 146**	**81**	**76**	**25 303**

2014	2015 R000	2016 R000	Thereafter R000	Total R000
Property, terminals, vehicles and equipment	68 185	964	352	69 501
Intangible assets	12 999	–	–	12 999
Total	81 184	964	352	82 500

2014	2015 US$000	2016 US$000	Thereafter US$000	Total US$000
Ships	–	1 500	11 500	13 000
Property, terminals, vehicles and equipment	517	1 745	275	2 537
Intangible assets	–	11	13	24
Total	517	3 256	11 788	15 561

These commitments will be funded by cash resources, cash generated from operations and bank financing facilities. The group has carried out a detailed liquidity planning exercise and is confident that it has the necessary resources to meet its capital and other commitments.

35. Contingent assets/liabilities

The company has guaranteed loans and facilities of subsidiaries and joint ventures amounting to R5 895 868 000 (2014: R6 263 550 000) of which R2 714 947 000 (2014: R2 231 427 000) had been utilised at year-end.

The company has guaranteed charter hire payments of subsidiaries amounting to R1 082 546 000 (2014: R1 137 690 000). The charter hire payments are due by the subsidiaries in varying amounts from years 2016 to 2021.

During the establishment of the BEE consortium, the shareholders and Grindrod have agreed various funding options with regard to the preference share investment raised within the consortium. This gives Grindrod the ability, but no obligation, to increase its funding within the structure should the current lenders wish to exit. During the year, as a result of the decline in the share price, Grindrod placed R190 618 106 on deposit as security with the funders of the BEE consortium to secure the structure.

36. Foreign currency denominated items

All foreign currency denominated items are translated in terms of the group's policies.

At 31 December exchange rates used on conversion were:

	Group			
	2015		2014	
	Year-end rates	**Average rates**	Year-end rates	Average rates
United States Dollar	**15.60**	**12.78**	11.57	10.88
Euro	**17.01**	**14.18**	14.03	14.44
Pound Sterling	**23.07**	**19.54**	18.03	17.90
Singapore Dollar	**10.98**	**9.23**	8.75	8.57
Japanese Yen	**0.13**	**0.10**	0.10	0.10
Botswana Pula	**1.38**	**1.25**	1.22	1.21
Tanzanian Shilling	**0.01**	**0.01**	0.01	0.01
New Metical	**0.32**	**0.32**	0.34	0.35

37. Leases and ship charters

37.1 Operating leases and ship charters

37.1.1 Income

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

	1 year R000	**2 – 5 years R000**	**> 5 years R000**	**Group R000**
2015				
Ships	**95 128**	**–**	**–**	**95 128**
Locomotives	**297 245**	**812 602**	**122 193**	**1 232 040**
Properties	**9 109**	**9 714**	**–**	**18 823**
	401 482	**822 316**	**122 193**	**1 345 991**
2014				
Ships	66 282	–	–	66 282
Locomotives	377 848	617 426	–	995 274
Properties	28 413	40 056	–	68 469
Other	4 908	–	–	4 908
	477 451	657 482	–	1 134 933

37.1.2 Expenditure

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

	1 year R000	**2 – 5 years R000**	**> 5 years R000**	**Group R000**
2015				
Ships	**1 269 628**	**2 703 046**	**484 146**	**4 456 820**
Properties	**207 076**	**401 159**	**229 296**	**837 531**
Terminals, vehicles and equipment	**8 012**	**1 553**	**–**	**9 565**
	1 484 716	**3 105 758**	**713 442**	**5 303 916**
2014				
Ships	997 111	2 261 606	501 860	3 760 577
Properties	181 405	470 962	100 642	753 009
Terminals, vehicles and equipment	5 959	2 612	–	8 571
	1 184 475	2 735 180	602 502	4 522 157

The group has the option to extend the ship charters at predetermined rates in respect of certain ships. In addition the group has the option to acquire certain ships at predetermined prices.

37. Leases and ship charters continued
37.2 Finance leases
37.2.1 Liabilities
Included in interest bearing borrowings are capitalised finance lease liabilities in respect of property, terminals, vehicles and equipment in favour of various local finance institutions, details of which are as follows:

	1 year R000	**2 – 5 years R000**	**> 5 years R000**	**Group R000**
2015				
Future minimum lease payments	**–**	**–**	**–**	**–**
Future interest	**–**	**–**	**–**	**–**
Present value of future minimum lease payments	**–**	**–**	**–**	**–**
2014				
Future minimum lease payments	25 247	20 585	–	45 832
Future interest	(1 327)	(2 536)	–	(3 863)
Present value of future minimum lease payments	23 920	18 049	–	41 969

Details relating to redemption dates, interest rates and assets encumbered are set out in the schedule of loan funds on page 90.

	Group		**Company**	
	2015 R000	2014 R000	**2015 R000**	2014 R000
38. Cash flow				
38.1 Reconciliation of operating profit before interest and taxation to cash generated from operations				
Operating profit before interest and taxation	**423 418**	618 868	**535 582**	248 879
Adjustments for:				
Depreciation	**612 373**	529 548		
Share option expense	**12 969**	11 793		
Dividends received			**(541 911)**	(250 477)
Amortisation of intangible assets and drydocking	**63 109**	17 595		
Non-cash financial instruments and foreign exchange losses/(gains)	**(50 213)**	9 875		
Profit on sale of ships and locomotives	**(352)**	(42 185)		
Fair value adjustment on forfeitable share plan	**–**	–	**–**	1 671
Fair value adjustment on financial services instruments	**129 593**	77 366		
Operating profit before working capital changes	**1 190 897**	1 222 860	**(6 329)**	73
Working capital changes				
(Increase)/decrease in inventories	**(69 933)**	472 652		
Decrease/(increase) in trade and other receivables	**203 763**	639 687	**(2 193)**	(20 077)
Increase/(decrease) in trade and other payables	**87 892**	(493 175)	**(9 032)**	19 813
Cash generated from/(absorbed by) operations	**1 412 619**	1 842 024	**(17 554)**	(191)
38.2 Dividends paid				
Dividends paid by group and company	**(355 581)**	(265 405)	**(317 360)**	(263 962)
38.3 Taxation paid				
Balance at the beginning of the year	**(43 610)**	(46 889)	**(4 488)**	12 718
Current year	**(157 316)**	(194 808)	**(4 611)**	(6 573)
Foreign exchange translation	**(17 690)**	(4 031)		
Businesses acquired/disposed	**(5 885)**	(21 671)		
Balance at the end of the year	**36 250**	43 610	**1 748**	4 488
Taxation paid	**(188 251)**	(223 789)	**(7 351)**	10 633
38.4 Property, plant and equipment acquired				
Additions – ships	**(198 980)**	(192 694)		
Additions – property, terminals, vehicles and equipment	**(365 039)**	(379 929)		
Cash flow on acquisition of property, terminals, vehicles and equipment	**(564 019)**	(572 623)	**–**	–

	Group 2015 R000	Group 2014 R000	Company 2015 R000	Company 2014 R000
38. Cash flow continued				
38.5 Acquisition of subsidiaries, joint ventures and associates				
During the year the group acquired interests in subsidiaries and joint ventures as follows:				
Property, plant and equipment	**91 952**	(487 498)		
Investments	**480**	213	**(676 153)**	(1 357 321)
Working capital	**102 294**	(83 824)		
Cash and bank	**(616)**	(230 982)		
Long-term liabilities	**(23 779)**	333 053		
Business combination reserve	**(19 193)**	(13 186)		
Interest in preference share investment and joint venture companies acquired	**(378 751)**	–		
Non-controlling interest	**(1 494)**	(47 249)		
Short-term borrowings	**–**	122 595		
Deferred taxation	**(3 179)**	(19 891)		
Taxation	**–**	21 671		
Bank overdraft	**–**	1 082		
Post-retirement medical aid	**–**	1 979		
Intangibles	**–**	(132 998)		
Total	**(232 286)**	(535 035)	**(676 153)**	(1 357 321)
Earnout	**–**	71 300		
Less: disposal of investment in joint ventures	**–**	219 621		
Less: profit on sale of disposal of investment in joint ventures	**211 599**	421 278		
Goodwill and intangible assets arising on acquisition	**–**	(891 965)		
Total purchase consideration	**(20 687)**	(714 801)		
Less cash and cash equivalents	**616**	229 900		
Cash acquired	**(20 071)**	(484 901)	**(676 153)**	(1 357 321)
38.6 Disposal of businesses				
The group disposed of its interests in subsidiaries and joint ventures as follows:				
Investments and interest in joint venture companies	**–**	14 885		
Working capital	**(60 983)**	–		
Cash and bank	**8 405**	–		
Taxation	**6 527**	–		
Non-current assets held for sale	**40 071**	–		
Business combination reserve	**1 523**	–		
	(4 457)	14 885		
Profit on disposal	**5 320**	7 556		
Total purchase price	**863**	22 441		
Less cash and cash equivalents	**(8 405)**	–		
Cash flow on disposal net of cash disposed of	**(7 542)**	22 441		
38.7 Cash and cash equivalents				
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:	**8 393 256**	7 404 912	**5 677**	2 807
Deposits with the SA Reserve Bank	**173 400**	150 334		
Interbank call deposits	**4 944 636**	3 829 216		
Bank balances and cash	**3 275 220**	3 425 362	**5 677**	2 807
Bank and cash balances included in non-current assets held for sale (note 19)	**3 360**	17 418		
Bank overdrafts	**(55 699)**	(233 704)		
	8 340 917	7 188 626	**5 677**	2 807
Amounts included in cash and cash equivalents relating to financial services subsidiaries where the balances form part of the reserving requirements as required by the Banks Act. Reserving requirements do not include all liquidity with SARB.	**5 118 036**	3 979 550		

39. Business combinations

Acquisition of subsidiaries, joint ventures and associates

During the year the group acquired the following interests:

Company acquired	Nature of business	Percentage acquired	Interest acquired 2015	Purchase consideration R000
Grindrod Asset Management Holdings Proprietary Limited	Financial services	5	15 April	16 995
Grindrod Logistics Africa Proprietary Limited	Integrated logistics	33	24 February	3 692
RBT Grindrod Terminals Proprietary Limited	Terminals	50	1 October	378 751
Sturrock Shipping Ghana Limited	Integrated logistics	50	1 January	–
Total purchase consideration				**399 438**

Reasons for acquisitions

The reason for the RBT Grindrod Terminals Proprietary Limited acquisition was to introduce a strategic partner to facilitate long-term operational goals within the coal business. The remaining acquisitions were to acquire the non-controlling interests thus giving Grindrod full control.

Impact of the acquisitions on the results of the group

From the dates of their acquisition, the acquired businesses contributed additional losses of R7.3 million.

Net assets acquired in the subsidiaries transactions and the goodwill/intangible assets arising, are as follows:

Net assets acquired/(disposed)	Acquirees' carrying amount before combination at fair value R000
Property, plant and equipment	**(91 952)**
Interest in associate companies	**(480)**
Working capital	**(102 294)**
Cash and bank	**616**
Long-term liabilities	**23 779**
Interest in preference share investment and joint venture companies acquired	**378 751**
Non-controlling interest	**1 494**
Deferred taxation	**3 179**
Total	**213 093**
Less: profit on sale on disposal of operations	**(211 599)**
Business combination reserve	**19 193**
Total purchase consideration	**20 687**
Cash acquired	**(616)**
Net assets acquired	**20 071**

40. Related party transactions

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

	Group R000			
	Influence holders in the group	**Associates**	**Joint ventures**	**Amounts due by/(to) related party**
2015				
Goods and services sold to:				
Beitbridge Bulawayo Railway BEI001			924	
Chromtech Holdings Proprietary Limited			6 750	
Corr-Line Steel & Roof Proprietary Limited			638	10 280
Cockett Marine Oil Pte Limited			16 200	485 543
IM Shipping (Pte) Limited			94 994	163 753
Jacobs Bulk Milling Proprietary Limited				3 633
Kapele Freight & Logistics Proprietary Limited			1 736	4 138
Gear Africa Limited			754	31 737
GPR Leasing Africa Proprietary Limited			7 037	193 060
Grindrod Namibia Stevedoring Proprietary Limited				48
Moneyline 992 Proprietary Limited		958		5 085
Maputo Port Development Company			40 525	
Maputo Intermodal Container Depot, S.A			360	69 444
Newshelf 1279 Proprietary Limited	33 927			446 823
New Limpopo Bridge Projects Limited			24 483	8 124
NWK Limited		4 611		
Oreport Proprietary Limited			12 540	198 381
OTGC Holdings Proprietary Limited Group			646	299
Petrochemical Shipping Limited			5 171	(2 860)
Petromoc – Petroleos de Mocambique S.A.R.L	67 683			16 754
RBT Grindrod Terminals Proprietary Limited			30 419	66 910
Rohlig Grindrod Proprietary Limited			45 476	148 503
Senwes Limited		18 756		
Shakespeare Masiza	1 826			17 234
Sturrock Flex Shipping SARL		801		
Terminal De Carvo da Matola Limitada			7 233	375 536
Tri-view Shipping Pte Limited			39 171	46 098
Vanguard Rigging Proprietary Limited			21 534	125 944
Vitol Coal SA South Africa BV			554 179	
	103 436	**25 126**	**910 770**	**2 414 467**
Goods and services purchased from:				
AAS Logistics Proprietary Limited				20 000
Beitbridge Bulawayo Railway BEI001			(7 108)	
Chromtech Holdings Proprietary Limited			(2 670)	(72 952)
Cockett Marine Oil Pte Limited			(704 357)	
GPR Leasing Africa Proprietary Limited			(4 252)	
Island Bulk Carriers Pte Limited			(1 585)	(12 870)
IVS Bulk Pte Limited			(11 119)	6 380
Kapele Freight & Logistics Proprietary Limited			(4 718)	
Maputo Port Development Company			(153 513)	(3 245)
Petromoc – Petroleos de Mocambique S.A.R.L	(895)			
Rohlig Grindrod Proprietary Limited			(28 141)	
Rohlig-Grindrod, Limitada			(128)	(530)
Vitol Coal SA South Africa BV			(192)	(437)
	(895)	**–**	**(917 783)**	**(63 654)**

40. Related party transactions continued

	Group R000			
	Influence holders in the group	Associates	Joint ventures	Amounts due by/(to) related party
2014				
Goods and services sold to:				
Corr-Line Steel & Roof Proprietary Limited			609	5 629
IM Shipping (Pte) Limited			84 320	121 508
Kapele Freight & Logistics Proprietary Limited			8 058	490
GPR Leasing Africa Proprietary Limited			117 230	
Moneyline 992 Proprietary Limited		792		
Maputo Port Development Company			40 125	(1 134)
Newshelf 1279 Proprietary Limited	12 897			412 897
New Limpopo Bridge Projects Limited			29 691	32 633
Oreport Proprietary Limited			2	
OTGC Holdings Proprietary Limited			7	69
Petromoc – Petroleos de Mocambique S.A.R.L	56 647			
Rohlig Grindrod Proprietary Limited			47 952	3 107
Terminal De Carvo da Matola Limitada			8 933	47 268
Tri-view Shipping Pte Limited			42 029	30 452
Vanguard Rigging Proprietary Limited			145	90
Vitol Coal SA Proprietary Limited			243 039	
	69 544	792	622 140	653 009
Goods and services purchased from:				
AAS Logistics Proprietary Limited				20 000
Beitbridge Bulowayo Railway BEI001			(6 584)	6 398
Calulo Investments Proprietary Limited				940
Cavok				5 040
Chromtech Holdings Proprietary Limited			(1 068)	(46 324)
Cockett Marine Oil Pte Limited			(81 221)	(8 993)
GPR Leasing Africa Proprietary Limited			(2 594)	(28 219)
Island Bulk Carriers Pte Limited			(1 001)	278
IVS Bulk Pte Limited			(3 352)	6 387
Maputo Intermodal Container Depot, S.A				10 282
Maputo Port Development Company			(116 990)	(586)
New Limpopo Bridge Projects Limited			(14 220)	10 200
Petromoc – Petroleos de Mocambique S.A.R.L	(18 646)			
Rohlig Grindrod Proprietary Limited			(57 959)	116 333
Solethu Investments Proprietary Limited				71
Vitol Mauritius Limited				1 277
	(18 646)	–	(284 989)	93 084

Associates

Details of material investments in associates are set out in note 7.

Joint ventures

Details of interests in joint ventures are set out in note 6.

Subsidiaries

Details of investments in subsidiaries are set out in note 5 and in the schedule of interest in subsidiaries on page 88.

Directors

Details of directors' interests in the company and directors' emoluments are set out in the remuneration report on pages 80 to 89 of the integrated annual report.

Shareholders

The principal shareholders of the company are detailed in the share analysis schedule on pages 108 to 109 of the integrated annual report.

41. Financial instruments risk management objectives and policies

The principal risks to which the group is exposed through financial instruments are:

- foreign currency risk;
- commodity risk;
- shipping market risk:
- interest rate risk;
- credit risk;
- counterparty risk;
- liquidity risk; and
- solvency risk.

The group's overall strategy with regard to liquidity and financial risk is guided by the corporate objective to maximise the group's cash flow, actively manage its risk and reduce earnings volatility in a cost effective manner.

Divisional and group treasury aim to negotiate finer rates for borrowings and avoid restrictive covenants, which limit the board's flexibility to act. The group also aims to minimise transaction charges from the company's banks, maximise interest income and minimise interest cost through efficient cash management practices.

Commodity price exposure is managed by senior management. Main risk exposures are thermal coal, iron ore and copper.

Treasury function

The treasury function incorporates the following main sections:

- foreign exchange management;
- cash management;
- funding and liquidity management;
- counterparty and credit risk management;
- interest rate exposure management; and
- bank relationship management.

Treasury risk management

Treasury risks are managed through the implementation of effective policies and regular interactions between the Group and Divisional Treasuries. In addition Group Treasury performs the following functions:

- forecast liquidity and funding requirements;
- foreign exchange cover levels based on the exchange rate views;
- performance of market risk management;
- interest rate exposure and cover levels; and
- reporting on divisional treasury positions.

Financial director

The group financial director, together with the divisional executives, is responsible for the ultimate approval of day-to-day treasury activities, and reporting on treasury matters.

Executive committee

The executive committee reviews all treasury related proposals and strategies that require board approval prior to submission.

Board of directors

The board of directors is the highest approval authority for all treasury matters. A formal treasury review performed by the treasury department is tabled biannually. Material changes to the policies and urgent treasury matters as determined by the group's limits of authority are required to be submitted to the board.

41. Financial instruments risk management objectives and policies continued

41.1 Foreign currency risk

The objective of the foreign exchange exposure management policy is to ensure that all foreign exchange exposures are identified as early as possible and that the identified exposures are actively managed to reduce risk. All exposures are to reflect underlying foreign currency commitments arising from trade and/or foreign currency finance. Under no circumstances are speculative positions, not supported by normal trade flows, permitted.

The group is subject to economic exposure, transaction exposure and translation exposure.

- Economic exposure consists of planned net foreign currency trade in goods and services not yet manifested in the form of actual invoices and orders. Economic exposure is initially identified at the time of budget preparation and is progressively reviewed on a quarterly basis at the time of each budget revision.
- Transaction exposure consists of all transactions entered into which will result in a flow of cash in foreign currency at a future time, such as payments under foreign currency, long and short-term loan liabilities, purchases and sales of goods and services (from invoice date to cash payment or receipt), capital expenditure (from approval date until cash payment) and dividends (from declaration date to payment date). Commercial transactions shall only be entered in currencies that are readily convertible by means of formal external forward contracts.
- Translation exposure relates to the group's investments and earnings in non-ZAR currencies which are translated in the ZAR reporting currency. Translation exposure is not hedged.

Transaction and translation exposures are identified as they occur and are reported by the various entities to the respective treasury divisions and the group treasury management committee.

In terms of group policy, foreign loan liabilities are not covered using forward exchange contracts as these are covered by a natural hedge against the underlying assets.

The group's policy is to forward cover all trade commitments that are not hedged by a foreign currency revenue stream and to cover the Rand funded element of capital commitments.

Monetary items are converted to Rands at the rate of exchange ruling at the financial reporting date. Derivative instruments are valued with reference to forward exchange rates from the year end to settlement date, as provided by independent financial institutions.

Foreign currency balances

The uncovered foreign currency denominated balances at 31 December were as follows:

	Group			
	2015 US$000	**2015 R000**	2014 US$000	2014 R000
Loans	**(176 614)**	**(2 755 179)**	(216 099)	(2 500 266)
Trade and other receivables	**152 096**	**2 372 692**	187 544	2 169 890
Trade and other payables	**(53 932)**	**(841 334)**	(65 044)	(752 558)
Bank balances	**149 624**	**2 334 139**	115 567	1 337 106
Bank overdraft	**(865)**	**(13 494)**	–	–
Subtotal	**70 309**	**1 096 824**	21 968	254 172
Less: Non-current liabilities held for sale	**(1 465)**	**(22 855)**	(267)	(3 095)
	68 844	**1 073 969**	21 701	251 077

Sensitivity analysis

At year-end the sensitivity of the net open exposure on the operating profit is as follows:

	Group	
Net exposure	**2015 R000**	2014 R000
+10%	**238 904**	(152 034)
-10%	**(238 904)**	152 034

41. Financial instruments risk management objectives and policies continued

41.2 Commodity risk

The group uses commodity futures and options to manage exposure to commodity price risk where the positions are not naturally economically hedged through the combination of holding inventory, forward sales contracts and forward purchase contracts. In instances where the commodity prices are traded in foreign currency, the foreign exchange exposure is covered by forward exchange contracts.

Sensitivity analysis

At year-end the sensitivity of the net open exposure on the operating profit is as follows:

	Group	
Net exposure	**2015 R000**	2014 R000
+10%	**(4 156)**	(8 828)
-10%	**4 156**	8 828

41.3 Shipping market risk

The group is exposed to the fluctuations in market conditions in the shipping industry. Management continually assesses shipping markets through the use of a detailed shipping model using their experience and detailed research. Risks are managed by fixing tonnage on longer term charters, contracts of affreightment and entering into forward freight agreements. Refer to the risk management policies in the sustainability report for further details.

41.4 Interest rate risk

41.4.1 Interest rate risk of the group (excluding Financial Institution)

The group monitors its exposure to fluctuating interest rates and generally enters into contracts that are linked to market rates relative to the currency of the asset or liability. The group makes use of derivative instruments, such as interest rate swaps to manage this exposure, from time to time.

The interest rate profile of the group is summarised as follows:

	2015 R000	2014 R000
Loans linked to LIBOR	**2 263 048**	2 122 947
Loans linked to SA prime rate	**983 977**	1 070 403
Loans linked to Jibar	**590 369**	950 050
Loans linked to Mozambique FPC	**43 895**	69 047
Short-term borrowings linked to LIBOR	**434 031**	347 047
Short-term borrowings linked to SA prime rate	**48 304**	233 704
Loans with a fixed interest rate	**909**	49 142
Subtotal	**4 364 533**	4 842 340
Less: Non-current liabilities held for sale	**(5 005)**	(42 250)
Total	**4 359 528**	4 800 090

Full details of the interest rate profile of long-term borrowings is set out in the schedule of loan funds on page 90.

The range of interest rates in respect of all non-current borrowings comprising both fixed and floating rate obligations at 31 December 2015 is as follows: local rates are between 7% and 11% (2014: 7% and 11.3%), foreign rates are between 1.4% and 15% (2014: 1.4% and 15%). Floating rates of interest are based on LIBOR (London inter-bank offered rate – for USD borrowings) and on JIBAR (Johannesburg inter-bank agreed rate – for SA borrowings). Fixed rates of interest are based on contract rates. Interest rate swaps are taken in order to fix interest rates on certain loans.

Sensitivity analysis

At year-end the sensitivity of the net open exposure of floating interest rates on the operating profit is as follows:

	Group	
Net exposure	**2015 R000**	2014 R000
+50 BPS (2014: +50 BPS)	**4 430**	2 707
-50 BPS (2014: -50 BPS)	**(4 430)**	(2 707)

The interest rate sensitivity results in higher cost as there was a greater impact in interest paid compared to interest received.

41. Financial instruments risk management objectives and policies continued

41.4 Interest rate risk continued

41.4.2 Interest rate risk of the Financial Institution

There is a risk that fluctuating interest rates will unfavourably affect a financial institution's earnings and the value of its assets, liabilities and capital. The risk is due to assets and liabilities maturing or repricing at different times, or against different base rates. The amount at risk is a function of the magnitude and direction of interest rate changes, and the size and maturity structure of the mismatch position.

Interest rate risk management

Traditional gap analysis is used to measure interest rate exposure. The Bank has a conservative policy on interest rate risk arising from gapping and the duration of this exposure is limited to three months for material aggregated positions or hedged using derivative instruments. The static interest rate gap report is prepared monthly for review by the Asset and Liability Committee and the model assumes each asset class will reprice in full in the relevant repricing timeband.

Interest rate repricing gap		< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year < 5 years	> 5 years	Non-rate sensitive	Total
2015								
Assets		**10 594 428**	**–**	**–**	**235 884**	**74 944**	**325 523**	**11 230 779**
Equity and liabilities		**(9 811 970)**	**(320 037)**	**(124 854)**	**(43 696)**	**–**	**(930 222)**	**(11 230 779)**
Interest rate hedging activities		**309 383**	**–**	**–**	**(264 791)**	**(44 592)**	**–**	**–**
Repricing profile		**1 091 841**	**(320 037)**	**(124 854)**	**(72 603)**	**30 352**	**(604 699)**	**–**
Cumulative repricing profile		**1 091 841**	**771 804**	**646 950**	**574 347**	**604 699**	**–**	**–**
Expressed as a percentage of total assets of the financial institution	(%)	**9.7**	**6.9**	**5.8**	**5.1**	**5.4**		
2014								
Assets		8 846 418	–	43 978	48 028	40 570	277 161	9 256 155
Equity and liabilities		(7 227 387)	(433 846)	(742 549)	(58 920)	–	(793 453)	(9 256 155)
Interest rate hedging activities		131 520	–	(43 466)	(48 152)	(39 902)	–	–
Repricing profile		1 750 551	(433 846)	(742 037)	(59 044)	668	(516 292)	–
Cumulative repricing profile		1 750 551	1 316 705	574 668	515 624	516 292	–	–
Expressed as a percentage of total assets of the financial institution	(%)	18.9	14.2	6.2	5.6	5.6		

Interest income sensitivity	< 3 months	> 3 months < 6 months	> 6 months < 1 year	Total
2015				
2% interest rate increase	**6 265**	**7 329**	**15 805**	**29 399**
2% interest rate decrease	**(6 227)**	**(7 272)**	**(15 348)**	**(28 847)**
2014				
2% interest rate increase	5 714	6 442	14 960	27 116
2% interest rate decrease	(5 681)	(6 348)	(14 465)	(26 494)

Hedging

Hedging is a technique used to reduce risk by simultaneously entering into a transaction to be hedged and a transaction with equivalent characteristics in terms of size, duration and interest rate but with opposite financial effect.

All fixed rate transactions are required to be hedged, either within the book or synthetically with derivative instruments, whenever a 1% parallel shift in the yield curve could result in a loss exceeding the amounts specified in the policy matrix (maximum loss tolerance R200 000).

41. Financial instruments risk management objectives and policies continued

41.5 Credit risk

Credit risk refers to the risk of financial loss resulting from failure of a counterparty to an asset, for any reason, to fully honour its financial and contractual obligations. Potential areas of credit risk consist of cash and cash equivalents, bank advances, trade debtors and other receivables. The group limits its exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standing. Credit risk management applied by the group involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security. These procedures help to ensure the credit quality of the group's financial assets. The spread of risk in relation to trade and other debtors is summarised as follows:

	Shipping		Freight Services		Group		Total	
2015	**Number of debtors**	**R000**	**Number of debtors**	**R000**	**Number of debtors**	**R000**	**Number of debtors**	**R000**
Trade debtors	**215**	**330 028**	**1 877**	**821 087**	**77**	**429 508**	**2 169**	**1 580 623**
Transfer to non-current assets held for sale	**–**	**–**	**–**	**–**	**(60)**	**(70 181)**	**(60)**	**(70 181)**
	215	**330 028**	**1 877**	**821 087**	**17**	**359 327**	**2 109**	**1 510 442**
2014								
Trade debtors	191	237 309	2 082	1 024 351	53	409	2 326	1 262 069
Transfer to non-current assets held for sale	–	–	(277)	(15 295)	–	–	(277)	(15 295)
	191	237 309	1 805	1 009 056	53	409	2 049	1 246 774

Credit risk management

Trade debtors

The group aims to minimise loss caused by default of our customers through specific group-wide policies and procedures. Compliance with these policies and procedures is the responsibility of the divisional and other financial managers. Monitoring of compliance with these policies is done by internal audit. All known risks are required to be fully disclosed and accounted for and are provided against as doubtful debts. Certain divisions have obtained Credit Guarantee Insurance Cover to manage the risk of default by debtors.

Granting credit

The group assesses the creditworthiness of potential and existing customers by obtaining trade references, credit references and evaluating the business acumen of the client. Once this review has been performed, the applied credit limit is reviewed and approved.

Credit risk management

Sound credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security. The credit committee is responsible for ensuring that credit approval processes are stringent and for monitoring large exposures, associated exposures, sectoral exposure and any irregular or problem loans.

Credit risk mitigation

The Bank does not have material netting arrangements.

The Bank actively manages and monitors risk concentrations resulting from credit mitigation activities and these tend to arise where guarantees have been taken in addition to other classes of security. The Bank tends to deal with small to medium size corporates and guarantees and suretyships tend to come from similar types of entities.

41. Financial instruments risk management objectives and policies continued

41.5 Credit risk continued

Monitoring exposure

The group monitors exposures on an ongoing basis utilising the various reporting tools and flagging potential risks. The following reports are used to monitor credit risk: overdue report, age analysis and late payment history.

	Group 2015 R000	Group 2014 R000
Carrying amount of financial assets impaired during the year	**313 753**	27 345
Maximum credit risk exposure to the group is:		
Other investments	**1 480 566**	910 289
Finance lease receivables	**37 912**	32 854
Recoverables on cancelled ships	**–**	300 723
Loans and advances	**4 915 854**	4 306 693
Trade and other receivables before allowance for doubtful debts	**2 911 771**	3 767 945
Liquid assets and short-term negotiable securities	**1 065 730**	990 024
Short-term loan	**–**	149 556
Cash and cash equivalents	**8 393 256**	7 404 912
	18 805 089	17 862 996
Analysis of the ageing of financial assets which are past due but have not been impaired:		
Current	**118 278**	90 497
30 days	**109 223**	93 920
60 days	**54 850**	74 162
90 days	**42 969**	25 825
120+ days	**321 260**	258 026
Total	**646 580**	542 430

Refer to note 14 for analysis of ageing of loans and advances.

41.6 Counterparty risk

The risk that a counterparty to a transaction fails to perform in terms of the contract resulting in a potential cost to replace the cash flows or the risk that a counterparty fails to honour an undertaking for payment or delivery in terms of unsettled transactions.

The group is extremely cautious when selecting counterparties to transactions and formal limits are established for counterparties to asset or hedging transactions.

41.7 Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The directors may from time to time at their discretion raise or borrow monies for the purpose of the group as they deem fit. There are no borrowing limits in the memorandum of incorporation of the company or its subsidiaries.

Daily cash management systems are in place with the three local banks in order to optimise the group's short-term net cash position. The divisions maintain rolling liquidity forecasts including operational and divisional capital expenditure and operating expenditure budgets. These forecasts are regularly updated so as to identify future funding requirements and assess the adequacy of existing and committed funding facilities. Different scenarios are built into the rolling forecasts in order to stress test the divisional and group liquidity positions. The rolling liquidity forecasts are consolidated and reviewed at a board level on a quarterly basis. Each quarter a five-year balance sheet liquidity gap analysis is performed on the forecast balance sheet and reported to the board. This exercise highlights any potential liquidity gaps that may arise over the next five-year period.

To ensure access to additional funding and hedging facilities, Grindrod maintains relationships with a number of existing and potential funding banks and procures additional facilities where required. Negotiations of facilities are considered carefully to limit the potential restrictions imposed as a result of financial covenants and margining requirements. Contingency funding capacity in the form of committed but undrawn on-demand facilities is maintained.

In the banking environment liquidity risk may be defined as the risk of a bank not being able to repay its maturing deposits or meet its obligations under a loan agreement. Liquidity risk in a bank includes the risk of incurring excessively high interest costs or being forced to sell assets at a loss in order to meet its obligations.

Grindrod Bank has a prudent liquidity management policy and the Asset and Liability Committee is responsible for monitoring the stability of funding, surplus cash or near cash assets, anticipated cash outflows, exposure to large depositors and exposure to connected parties. The Bank is exposed to a maturity mismatch due to the duration of the lending book when compared against the duration of the funding book. To date the Bank has been well served by its prudent liquidity management policy, the stability of its deposit base and the high quality of the advances book. The Bank intends to continue to adopt a conservative liquidity policy in the future.

41. Financial instruments risk management objectives and policies continued

41.7 Liquidity risk continued

Group liquidity analysis

The contractual maturities of the group's (including the Bank) financial liabilities are as follows:

2015	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year < 5 years	> 5 years	Non-contractual	Total
Liabilities							
Provisions	**–**	**–**	**–**	**28 092**	**–**	**–**	**28 092**
Trade and other payables	**2 272 414**	**7 394**	**3 848**	**–**	**–**	**157 632**	**2 441 288**
Post-retirement medical aid	**–**	**–**	**–**	**61 099**	**–**	**–**	**61 099**
Financial liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Deposits	**9 220 086**	**242 190**	**454 633**	**62 830**	**–**	**–**	**9 979 739**
	11 492 500	**249 584**	**458 481**	**152 021**	**–**	**157 632**	**12 510 218**
2014							
Liabilities							
Provisions	–	–	–	66 130	–	–	66 130
Trade and other payables	2 083 597	–	13 000	3 213	–	90 781	2 190 591
Post-retirement medical aid	–	–	922	59 097	–	–	60 019
Financial liabilities	5 428	–	1 344	22 188	1 556	–	30 516
Deposits	7 157 134	410 307	182 762	22 440	36 880	–	7 809 523
	9 246 159	410 307	198 028	173 068	38 436	90 781	10 156 779

Bank liquidity analysis

2015	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year < 5 years	> 5 years	Non-contractual	Total
Liabilities							
Financial liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Deposits	**9 220 086**	**242 190**	**454 633**	**62 830**	**–**	**–**	**9 979 739**
	9 220 086	**242 190**	**454 633**	**62 830**	**–**	**–**	**9 979 739**
2014							
Liabilities							
Financial liabilities	–	–	1 551	2 160	1 702	–	5 413
Deposits	7 157 134	410 307	182 762	22 440	36 880	–	7 809 523
	7 157 134	410 307	184 313	24 600	38 582	–	7 814 936

The holding company has guaranteed a facility of R654 300 000 (2014: R1 099 000 000) to the bank as additional liquidity.

41.8 Solvency risk

Capital adequacy refers to the risk that a bank will not have adequate capital and reserve funds to absorb losses, resulting in depositors having to absorb these losses and losing confidence in the bank and/or the banking sector.

The capital adequacy risk asset ratio of the bank at 31 December 2015 was 13.54% (2014: 13.03%*). The bank will raise additional capital as and when capital is required to support asset growth and to ensure that a prudent risk asset ratio is maintained.

* *Restated due to revised ratio calculated.*

41. Financial instruments risk management objectives and policies continued

41.9 Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt to equity balance. The group's overall strategy remains unchanged from the prior year.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of Grindrod, comprising ordinary and preference share capital, reserves and accumulated profit as disclosed in the statement of changes in equity.

Gearing ratio

The group reviews the capital structure on a quarterly basis. As part of the review the group considers the cost of capital and the risks associated with each class of capital. The group has a target gearing ratio of 75% determined as the proportion of net debt to equity.

The group defines net debt as being comprised of borrowings, less cash and cash equivalents and assets classified as held for sale. The gearing ratio at year-end was:

		Group	
		2015 R000	2014 R000
Debt		**4 359 529**	4 780 980
Deposits from bank customers		**9 979 739**	7 809 523
Cash and cash equivalents		**(8 393 256)**	(7 404 912)
Recoverables on cancelled ships		**–**	(300 723)
Loans and advances to bank customers		**(4 915 854)**	(4 306 693)
Liquid assets and short-term negotiable securities		**(1 065 730)**	(990 024)
Short-term loan		**–**	(149 556)
Net non-current assets classified as held for sale		**1 645**	24 832
Net debt		**(33 927)**	(536 573)
Equity (including minority interest)		**19 139 891**	17 480 481
Net debt to equity ratio	(%)	**(0.2)**	(3.1)

41. Financial instruments risk management objectives and policies continued

41.10 Fair value measurement recognised in the consolidated statement of financial position

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).

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
2015				
Financial assets				
Derivative financial assets	**–**	**8 290**	**–**	**8 290**
Financial assets designated at fair value through profit or loss	**23 758**	**483 602**	**880 936**	**1 388 296**
Total	**23 758**	**491 892**	**880 936**	**1 396 586**
Financial liabilities				
Derivative financial instruments	**–**	**(102 773)**	**–**	**(102 773)**
Financial liabilities designated at fair value through profit or loss	**–**	**(97 127)**	**–**	**(97 127)**
Total	**–**	**(199 900)**	**–**	**(199 900)**
2014*				
Financial assets				
Financial assets designated at fair value through profit or loss	23 762	254 766	552 329	830 857
Total	23 762	254 766	552 329	830 857
Financial liabilities				
Derivative financial instruments	–	(88 540)	–	(88 540)
Financial liabilities designated at fair value through profit or loss	–	(134 241)	–	(134 241)
Total	–	(222 781)	–	(222 781)

Reconciliation of Level 3 fair value measurements of financial assets

	2015 Level 3 R000	2014* Level 3 R000
Opening balance	**552 329**	344 911
Additions	**276 757**	143 811
Disposals	**(25 815)**	(20 511)
Total gains recognised		
– in other comprehensive income	**2 206**	–
Profit and loss	**75 459**	84 118
Closing balance	**880 936**	552 329

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

INTERESTS IN SUBSIDIARIES

year ended 31 December 2015

At 31 December 2015, the company had the following subsidiaries carrying on business which principally affected the profits and assets of the group.

They have the same year-end date as the company and have been included in the consolidated financial statements.

		Share capital		Effective holding		Investments Shares at original cost		Share-based payments to employees		Loans to subsidiary	
	*	**2015 R000**	2014 R000	**2015 %**	2014 %	**2015 R000**	2014 R000	**2015 R000**	2014 R000	**2015 R000**	2014 R000
Incorporated in South Africa											
Grindrod Freight Investments (Pty) Ltd	F	**1 495**	1 495	**100**	100	**203 500**	203 500	**610**	610		
Grindrod Management Services (Pty) Ltd	G			**100**	100			**3 585**	3 585	**3 068 073**	3 069 933
Grincor Shipping Holdings Ltd	D	**53**	53	**100**	100	**1**	1				
Grindrod Shipping South Africa (Pty) Ltd	S	**5**	5	**100**	100	**506 308**	230 308	**1 090**	1 090		
Unilog (Pty) Ltd	F			**100**	100						
Unicorn Shipping Holdings Limited	D	**15 020**	15 020	**100**	100						
Unicorn Shipping Operations (Pty) Ltd	D			**100**	100						
Grindrod Financial Holdings Limited	B	**1 923**	1 923	**96**	96	**787 764**	692 764			**–**	2 542
Grindrod Trading Holdings (Pty) Ltd	G			**100**	100	**1 408 343**	1 408 343			**–**	211
Grindrod Freight Services (Pty) Ltd	F	**1**	1	**100**	100	**3 186 014**	2 724 344	**10 753**	10 753	**726 084**	726 084
AAS Logistics (Pty) Ltd	F			**100**	100	**–**	12 009			**20 000**	–
Calulo Logistics Holdings (Pty) Ltd	F			**100**	100	**–**	18 013				
RRL Grindrod Locomotives (Pty) Ltd	F			**100**	100	**–**	128 800				
Incorporated in British Virgin Islands											
Swallow Enterprises Incorporated	G	**415**	415	**100**	100	**415**	415			**4 576**	4 576
Canosa Holdings Limited	G			**100**	100	**23 290**	23 290				
Incorporated in Isle of Man											
Grindrod Shipping Limited	S			**100**	100	**–**	–				
Grindrod Property Holdings Limited	G			**100**	100	**34 344**	34 344			**617**	1 175
Singapore											
Grindrod Shipping Pte Limited	S	**4 405 677**	4 405 677	**100**	100	**4 083 677**	4 083 677	**911**	911		
Interest in subsidiaries (note 5)						**10 233 656**	9 559 808	**16 949**	16 949	**3 819 350**	3 804 521

** Nature of Business*
B – Bank
D – Dormant
F – Freight and Property Services
G – Group Services
S – Shipping Services

VALUE ADDED STATEMENT

year ended 31 December 2015

	Group			
	2015		2014	
	R000	**%**	R000	%
Revenue	**10 192 369**		13 912 482	
Net cost of services	**(7 370 349)**		(10 515 312)	
Value added by operations	**2 822 020**		3 397 170	
Non-trading items	**(1 587 631)**		235 256	
Total value added	**1 234 389**		3 632 426	
Applied as follows:				
Employees' remuneration and service benefits	**1 466 069**	**118.8**	1 557 412	42.9
Taxation on income	**177 307**	**14.4**	191 092	5.3
Providers of share capital	**61 141**	**5.0**	59 094	1.6
Providers of loan capital	**219 722**	**17.8**	217 400	6.0
Reinvested in the business				
Depreciation and amortisation	**675 482**	**54.6**	547 143	15.0
Retained income	**(1 365 332)**	**(110.6)**	1 060 285	29.2
Total	**1 234 389**	**100.0**	3 632 426	100.0

This statement represents the wealth created by adding value to the group's cost of services and shows how this wealth has been distributed.

LOAN FUNDS
at 31 December 2015

	Date of redemption	Current rate of interest per annum (%)	31 December 2015 Carrying value R000	31 December 2015 Carrying value US$000	31 December 2014 Carrying value R000	31 December 2014 Carrying value US$000
Secured						
Foreign currency funding						
Financial liabilities measured at amortised cost						
Loans secured by mortgage bonds over ships	12/2016 – 05/2020	1.44 – 3.47	**1 586 077**	**101 672**	1 477 408	127 693
Loans secured by guarantee	07/2016 – 11/2018	3.00 – 13.00	**381 423**	**24 450**	363 658	31 431
Asset finance and capitalised finance leases secured by vehicles and equipment	07/2016 – 06/2022	2.00 – 15.00	**360 989**	**23 140**	406 325	35 119
Local currency funding						
Financial liabilities measured at amortised cost						
Loans secured by mortgage bond over property, terminals and locomotives	10/2019 – 04/2024	8.00 – 9.00	**332 085**		348 932	
Asset finance and capitalised finance leases secured by vehicles and equipment	01/2016 – 11/2020	7.00 – 11.00	**214 133**		300 667	
Loans secured by property			**36 199**		36 199	
Aggregate secured long-term borrowings			**2 910 906**		2 933 189	
Unsecured foreign currency funding			**–**		882	
Transferred to non-current assets held for sale			**–**		(19 110)	
Amount repayable within one year			**(849 088)**		(651 669)	
Net long-term borrowings			**2 061 818**		2 263 292	
Closing Rand/USD exchange rate at 31 December			**15.60**		11.57	
Security						
Net book values of assets encumbered to secure long-term loans are as follows:			**6 419 563**		5 132 813	
Ships			**4 748 513**		3 713 026	
Land and buildings			**335 232**		199 656	
Equipment, plant and vehicles			**1 335 818**		1 220 131	

FINANCIAL SERVICES FUNDING INSTRUMENTS
at 31 December 2015

	Date of redemption	Current rate of interest per annum (%)	**31 December 2015 Carrying value R000**	**US$000**	31 December 2014 Carrying value R000	US$000
Secured						
Local funding						
Financial liabilities measured at amortised cost						
Loans secured by guarantee	02/2016 – 12/2018	8.33 – 9.23	**361 012**		336 171	
Listed corporate bond secured by guarantee	10/2018	8.83	**162 909**		508 414	
Loans secured by mortgage bond over property	12/2023	8.75	**91 436**		93 726	
Aggregate secured financial services funding instruments			**615 357**		938 311	
Redeemable preference shares	07/2018 – 09/2018	7.31	**355 936**		346 956	
Aggregate financial services funding instruments			**971 293**		1 285 267	
Amount repayable within one year			**(173 005)**		(922 550)	
Net financial services funding instruments			**798 288**		362 717	

* *Rates linked to published South African market rates.*