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GRINDROD LIMITED Audited Annual Financial Statements

for the year ended 31 December 2021

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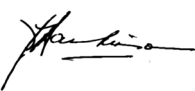
APPROVAL OF THE
ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

The preparation of the consolidated and Separate Annual Financial Statements that fairly represent the results of the Group in accordance with the Companies Act, International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), the Financial Reporting Pronouncement (as issued by the Financial Reporting Standards Council) and JSE Listings Requirements and is ultimately the responsibility of the directors.

The Board also ensures an independent audit of the Annual Financial Statements by the external auditors. The Board confirms that the internal accounting control systems have adequate verification and maintenance of accountability for Grindrod’s assets, and assure the integrity of the Annual Financial Statements. There was no major breakdown in controls experienced during 2021 that could undermine the reliability of the Annual Financial Statements. Based on the financial performance of the Grindrod Group, its cash flow projection to the end of March 2023, secured funding lines, and positive solvency and liquidity tests, the directors confirm their view that the Grindrod Group will remain operational for the foreseeable future. The Annual Financial Statements were consequently prepared on a going concern basis.

At the Board meeting held on 08 April 2022, the Board of directors approved the Annual Financial Statements and further authorised Mr Mike Hankinson and Mr Andrew Waller 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 17 to 129, are therefore signed on its behalf by:



Mike Hankinson
Chairman

Durban
08 April 2022



Andrew Waller
Chief Executive Officer (CEO)

Durban
08 April 2022

CEO AND CFO RESPONSIBILITY STATEMENT

for the year ended 31 December 2021

The directors, whose names are stated below, hereby confirm that:

- a) the Annual Financial Statements set out on pages 17 to 129, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- b) no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- d) the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.



Fathima Ally CA (SA)
Chief Financial Officer

Durban
08 April 2022



Andrew Waller
Chief Executive Officer

Durban
08 April 2022

COMPLIANCE STATEMENT BY THE GROUP COMPANY SECRETARY

for the year ended 31 December 2021

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, 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 2021.



Vicky Commaile
Group Company Secretary

Durban
08 April 2022

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

The consolidated and separate Annual Financial Statements, which appear on pages 17 to 129 have been prepared under the supervision of Fathima Ally, CA (SA) and were approved by the Board of directors on 08 April 2022.



Fathima Ally CA (SA)
Chief Financial Officer

Durban
08 April 2022

REPORT OF THE AUDIT COMMITTEE

AUDIT COMMITTEE

The Audit committee is a 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 committee:

- ensures the integrity of integrated and financial reporting, and that adequate systems, controls and financial risk management policies, procedures and standards are in place;
- has access to all financial information of Grindrod allowing for effective preparation and reporting of the financial statements;
- oversees the qualification, independence and effectiveness of the internal and external audit;
- investigates any activity within the scope of its terms of reference; and
- obtains independent professional advice to ensure effective governance.

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 Grindrod, and for IT governance and the strategic alignment of IT with the performance and sustainability objectives of Grindrod. 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 Grindrod's shareholders.

COMPOSITION AND COMMITTEE MEETINGS

The committee composition adheres to the requirements of the Companies Act, the JSE Listings Requirements and King IV. The chair of the Board may not serve as chair or as a member 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 26 May 2021 and appointed as chair 26 November 2014), Willem van Wyk (appointed 30 January 2020) and Zimkhitha Zatu Moloi (appointed 30 January 2020). Deepak Malik was appointed to the Audit committee with effect from 1 December 2021, replacing Willem van Wyk. More details of these directors are given on page 6 of the integrated annual report.

The independence of the Audit committee and performance of its members were evaluated by the Nomination committee during March 2022. Based on the recommendation of the committee, the Board proposes the election of the Grant Gelink, Zimkhitha Zatu Moloi and Deepak Malik as Audit committee members to the shareholders at the forthcoming Annual General Meeting.

The committee invites the Chair, the CEO, the CFO, internal audit manager and representatives of the external auditors to attend its meetings.

Committee members meet at scheduled meetings twice a year and at unscheduled meetings when required to address urgent matters in its scope of responsibility. Three special Audit committee meetings were held in 2021 to approve, *inter alia*, the 2020 Annual Financial Statements and integrated annual report, and proactive monitoring of key audit matters. Attendance of committee members at the meetings of the committee during the year is listed on page 7 of the integrated annual report.

Fees paid to the committee members are reflected on page 68 in the remuneration report and the proposed fees for 2022 are detailed on page 79 of the integrated annual report.

The Group Company Secretary serves as secretary to the committee. The internal and external auditors have unrestricted access to the Chair and members of the committee. In 2021, the Chair of the committee had five meetings with the internal auditors and five with the external auditors without management being present. During these meetings no material issues were raised.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Audit committee based on its annual work plan for 2021 included:

- ensuring that appropriate financial reporting procedures exist and are working, including the consideration of all entities forming part of the consolidated Group financial statements;
- ensuring access to all financial information required to effectively report on the financial statements of the Group;
- reviewing and confirming the going concern status;
- reviewing the Annual Financial Statements and results and dividend announcement for the year ended 31 December 2021 and the 2021 integrated annual report in line with applicable legislative and regulatory compliance and recommendation thereof for approval by the Board of directors, and ensuring the integrity and effectiveness of reporting in the integrated annual report, and assess the internal financial controls attestation;
- requesting and receiving all decision letters, findings and reports from the external auditors per S22.15(h) of the JSE Listings Requirements;
- assessing the suitability, expertise and experience of the Financial Director and the expertise, experience and resources of Grindrod's finance function; and following assessment, resolved that the Group Financial Director had the necessary expertise and experience to carry out her duties, and that the Finance function was adequately experienced and resourced;
- assessing the performance of the internal audit manager, and evaluating the independence, effectiveness and performance of the internal audit function; and following assessment resolved that the performance of the internal audit manager and of the internal audit function to be satisfactory;
- evaluating the performance of the Audit committee;
- reviewing and approving the internal audit charter, annual work plan and internal audit fees;
- reviewing 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;
- reviewing the internal auditors' limited assurance report;
- reviewing the Group IT governance report and IT risks, and evaluation of 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;
- reviewing the external auditors' work plan, staffing, independence, effectiveness, audit findings, key audit risks and external audit report;
- nominating the independent external auditor and rotation of the designated audit partner and the approval of their terms of engagement and fees for audit services, for approval by shareholders at the Annual General Meeting;
- reviewing the extent of non-audit services provided by the independent external auditor and approval of the related fees; approving the new non-audit services policy;
- oversight of the mandatory audit firm rotation (MAFR) per IRBA rules which become effective 1 April 2023; and
- noting a briefing document on audit matters prepared by the external auditors.

Deloitte & Touche served as Grindrod's registered external auditors for the 2021 financial year. The committee meets with the external auditors at least twice a year. In assessing the auditor's independence, the committee considered guidance contained in King IV as well as Independent Regulatory Board for Auditors (IRBA) publications and the related commentary thereon. Deloitte & Touche have been auditors of the Grindrod Group for 18 years, and audit partner Mark Holme for three years, and have demonstrated an institutional knowledge, deep expertise and experience of the Group in all the related countries in which the Group operates. The committee is satisfied that in discharging its duties in terms of its mandate, together with the robust internal Deloitte independence processes that Deloitte & Touche's independence is maintained and has not been impacted by tenure.

REPORT OF THE
AUDIT COMMITTEE continued

Following its assessment and review the committee accepted the Audit committee pack submitted by the external auditor as required in terms of the JSE Listings Requirements, paragraph 22.15(h) and confirmed that the external auditor and designated audit partner met the required standards prescribed by the JSE Listings Requirements.

The committee is satisfied that the auditors do not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from Grindrod. External audit fees approved for the 2021 financial year to Deloitte & Touche amounted to R27.1 million (2020: R27.3 million); which includes foreign denominated fees of US\$267 387 (2020: US\$255 379) and BWP654 100 (2020: BWP620 000).

The total non-audit services for the 2021 financial year performed by and paid to Deloitte & Touche amounted to R4.6 million (2020: R1.5 million), of which 44.1% relates to taxation advisory services (2020: 76.9% relates to permitted consulting advisory services).

Following review, the committee satisfied itself that the auditors' independence was not prejudiced by any consultancy, advisory or other work undertaken or as a result of any previous appointment as auditor.

SIGNIFICANT AREAS OF JUDGEMENT

Many areas within the financial statements require judgement, which are set out in the accounting policies of the Annual Financial Statements.

KEY AUDIT MATTERS

The Committee applied its mind to the key audit matters identified by the external auditors and is comfortable that these have been adequately addressed and disclosed.

These items, which required significant judgment, were:

- **Material property-backed loan**
Included in the Group's "Loans and Advances", are material loans carried at fair value of R1.5 billion (2020: R1.4 billion) secured by the borrower's property holdings. The valuation of the properties securing the interest-bearing loans and the related profit shares is a Key Audit Matter due to the material amount outstanding, the significant judgements associated with determining the fair value of the security and the considerable length of time since the loans were originally granted.
- **Measurement of loans and advances by the Bank**
Loans and advances by Grindrod Bank are either measured at amortised cost less impairments in terms of an expected credit loss model, or at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. Significant judgement is exercised by the directors in assessing these impairments and fair value measurements which, in aggregate, are considered to be a Key Audit Matter.

For impairments, this includes estimating whether there was a significant increase in credit risk since inception of a loan or advance which determines whether it is classified as Stage 1, 2 or 3; the probability that a loan or advance will default either over a 12 month period or over the lifetime of the loan or advance depending on staging; and the loss given default with a key input being the expected realisable value of the collateral securing the loan or advance.

For fair value, this includes changes in interest rates since inception of the loan or advance (in the case of fixed rate loans and advances); changes in credit risk of the counterparty since inception as well as changes in general market credit spread levels for a given credit rating; changes in general market liquidity spread levels since inception; and the current and projected future value of the asset being financed, in the case of loans and advances where the total payoff depends on the value of such underlying asset.

- **Significant disposal transactions**
In the current financial year, multiple material transactions were successfully executed to dispose assets and businesses. Certain of these material disposal transactions required judgment in determining the effective dates of derecognition. The complexity of determining the dates of derecognition arose primarily due to the nature of the financing arrangements in respect of the unpaid portions of the selling prices. Significant judgment was associated with concluding that control and risks and rewards had been transferred to the buyers and this was considered to be a Key Audit Matter.

More detail on these matters is set out in the independent auditors' report on page 11.

INTERNAL FINANCIAL CONTROLS ATTESTATION

In 2019, paragraph 3.84(k) of the JSE Listings Requirements was introduced, requiring the CEO and CFO to make positive statements around their responsibilities to ensure the establishment and maintenance of internal financial controls over the Annual Financial Statement preparation. This was first effective for Grindrod's 31 December 2020 year-end.

The committee has overseen a process guided by principle 15 of the King Code, by which Grindrod's management and internal audit performed an assessment of the effectiveness of the Company and its consolidated subsidiaries internal financial controls, and that these functions support the integrity of information for Grindrod's Annual Financial Statement preparation.

The following was assessed to substantiate the CEO and CFO's attestation of financial controls:

- the determination of materiality, the identification of risks associated with significant subsidiaries;
- testing the design and implementation of financial controls and utilising internal audit as well as management self-assessments to test the operating effectiveness of financial controls; and
- obtaining assurance letters including control attestations from divisional heads.

The CEO, CFO and the internal auditor reviewed the internal financial controls and reported their findings to the Audit committee. The Audit committee considered the identified deficiencies as well as management's responses (and mitigations) and agreed action plans to remediate in the short term, where not already reported as remediated by management and/or internal audit.

The Audit committee was satisfied that none of the deficiencies identified were pervasive to all subsidiaries nor resulted in any loss to the Group. They also did not arise because of fraud by senior management or prior period errors.

As a result, the Audit committee was satisfied with the CEO and CFO internal financial control attestation for the year ended 31 December 2021.

ANNUAL FINANCIAL STATEMENTS

Following the committee's review of the Annual Financial Statements for the year ended 31 December 2021, 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 IASB, and the JSE Listings Requirements 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 2021.

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 2021.

MANDATORY EXTERNAL AUDITOR ROTATION

The mandatory rotation of the external auditors, Deloitte & Touche, as mandated by the amended Independent Regulator Board for Auditors Code of Professional Conduct for Registered Auditors, will be required for Grindrod’s 2024 financial year. A tender process will commence during the latter part of 2022.



Grant Gelink
Chair

08 April 2022

DIRECTORS’ REPORT

for the year ended 31 December 2021

The directors have pleasure in presenting the consolidated and separate Annual Financial Statements of Grindrod Limited for the year ended 31 December 2021.

NATURE OF BUSINESS

Grindrod is a logistics and financial services Company with significant investments in the marine fuel trading, private equity and property sector. Its key operations consist of Port and Terminals which provide dry-bulk commodities handling services along key trade corridors in South Africa, Mozambique and Namibia. The Logistics segment operates a container cargo feeder services integrated with landside operations for container handling, ships agency, clearing and forwarding, and rail services. Grindrod Bank provides bespoke bank and related services to its private, corporate and institutional clients particularly in property lending, SMME banking, capital markets and retail banking.

REVIEW OF OPERATIONS

The financial results for the year ended 31 December 2021 and the results of operations are covered in the consolidated and separate statements of financial position, income statements, statements of comprehensive income and segmental analysis on pages 17 to 29 and pages 120 to 123.

ACQUISITION

In the current year there were no significant acquisitions.

DISPOSALS

LOGISTICS

In line with the strategy to exit poor performing businesses, the Group disposed of its South African and Namibian fuel carrier businesses as well as its Automotive business. The assets and liabilities, subject to disposal, were classified as non-current assets held for sale as at 30 June 2021. The disposals were subsequently completed on 31 August 2021. The remaining asset relates to the disposal of property which was not transferred as at year end. However, the transfer was completed in January 2022.

AGRICULTURAL LOGISTICS

The sale of shares held in Senwes was executed for R376.0 million on 30 March 2021.

PRIVATE EQUITY PORTFOLIO

The Private Equity portfolio now consists of only two significant investments. The disposal of the offshore real estate investment was concluded during November 2021 for £17.4 million in addition to several smaller investments. The strategy is to exit the remaining two investments at the right valuations. Disposal proceeds of R311.7 million have been received in the current year.

GRINDROD SHIPPING SHARES

Grindrod successfully sold its Grindrod Shipping shares, generating proceeds of R338.1 million. A fair value gain of R238.2 million has been recorded in the current year.

SHARE CAPITAL

Details of the authorised and issued shares are shown in note 13 on page 64 and the share analysis on pages 131 to 133. The directors propose that the general authority granted to them to repurchase ordinary shares as opportunities present themselves be renewed at the forthcoming AGM. The directors propose that a general authority be granted to them to allot and issue ordinary shares up to 5% of the number of ordinary shares in issue and that a general authority be granted to issue shares for cash.

ORDINARY AND PREFERENCE DIVIDENDS

Notice is hereby given that a final gross ordinary dividend of 20.1 cents per share has been declared out of income reserves for the year ended 31 December 2021 (2020: nil cents). The final net ordinary dividend is 16.08 cents per share for ordinary shareholders who are not exempt from dividends tax.

The directors declared a dividend of 313.0 cents (2020: 312.0) cents per preference share.

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 amend their memorandum of incorporation and to authorise, as a general approval, the directors of certain companies to provide financial assistance in terms of section 45 of the Companies Act No. 71 of 2008, as amended.

SUBSIDIARY COMPANIES

Information on subsidiary companies is contained on page 130, and in notes 4 and 5 of the consolidated Annual Financial Statements. The business review of the main operating segments is covered on pages 3 to 4 of the provisional results for the year ended 31 December 2021 published on 3 March 2022.

DIRECTORATE

Brief curricula vitae of the current directors are disclosed on page 6 of the integrated annual report. Details of directors’ remuneration and the incentive schemes appear in note 35 of the consolidated Annual Financial Statements.

Cheryl Carolus and Deepak Malik was appointed as independent non-executive directors effective on 1 October 2021 and 1 December 2021, respectively.

The registered office of the Company is as follows:

Business address:	Postal address:
Grindrod Mews	PO Box 1
106 Margaret Mncadi Avenue	Durban
Durban, 4001	4000
South Africa	South Africa

AUDIT COMMITTEE

At the forthcoming AGM, pursuant to the requirements of section 94(2) of the Companies Act of South Africa, 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 on the share analysis from pages 131 to 133.

AUDITORS

At the forthcoming AGM, pursuant to the requirements of section 90(1), read with section 61(8)(c) of the Companies Act of South Africa, shareholders will be requested to pass an ordinary resolution re-appointing Deloitte & Touche as the Company’s independent registered auditors and to confirm the appointment of Mark Holme as the designated audit partner.

SUBSEQUENT EVENTS

There are no adjusting post balance sheet events to report. There are no significant non-adjusting post balance sheet events to report.

GOING CONCERN

The directors consider that the Group and Company have adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis of accounting in preparing the Group and Company’s Annual Financial Statements.

INDEPENDENT AUDITOR’S REPORT

To the shareholders of Grindrod Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Grindrod Limited (the Group and Company) set out on pages 17 to 129, which comprise the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate income statements, the consolidated statement of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Grindrod Limited and its subsidiaries as at 31 December 2021, 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors’ 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 corresponding sections of the International Ethics Standards Board for Accountants’ (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters apply to the consolidated financial statements and there is no key audit matter for the separate financial statements.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Material property backed loan	
Included in the Group’s “Loans and advances”, are material loans carried at fair value, secured by the borrower’s property holdings.	In evaluating the fair value of the material property backed loans, we performed the following procedures:
The closely linked loans with a combined fair value of R1.5 billion, detailed in note 33, include a profit share arrangement, directly linked to the profit on the disposal or development of the underlying secured properties.	<ul style="list-style-type: none">Inspected the latest loan agreements and considered the terms of the loans including the related profit share element and the nature of the security held by the Group;Utilised internal accounting specialists and evaluated the directors’ conclusion that the closely linked loans, seen with the profit share element, are a financial instrument measured at fair value as they are not subject to the repayment solely or primarily of principal and interest;Utilised internal valuation specialists who concurred that the valuation of the loan is closely but not exclusively linked to the valuation of the underlying security;Benchmarked the key inputs, specifically the estimated selling prices per square metre and the highest and best use estimates, used in the directors’ valuation, to external evidence. This evidence included recent professional valuations of the underlying properties and our audit procedures included assessing key inputs for reasonability in relation to relevant market indicators and recent developments in the region;Considered how the directors’ valuation factored in the lack of liquidity of the undeveloped coastal properties and the uncertainty surrounding either the time to disposal or development by the owners. We considered that the land is currently zoned as “Agricultural” and that no development activities had yet commenced;Considered the value of securities held by other parties over the same properties and the respective rankings.
Fair value has been determined by the directors, in the absence of an observable market price. The valuation process is described in note 33 to the consolidated annual financial statements. This valuation is a level 3 valuation in accordance with IFRS 13: Fair Value Measurement, where the fair value is not based on observable market data.	We found that the directors’ calculated fair value of the underlying properties, which is critical in determining the fair value of the loan, was appropriate. The fair value of the loan and the disclosures relevant, included in note 33 to the “level 3” type valuation, included in note 33, are appropriate in all material respects.
The directors believe the recorded fair value of the loans to be appropriate within a reasonable range of possible outcomes. In determining the range, the directors obtained independent external valuations of the properties securing the loans. These underlying property valuations are a key input in determining the fair value of the loans. The property valuations are subject to judgement and estimation uncertainty.	
We identified the valuation of the properties securing the loans and related profit share element, as a Key Audit Matter due to the material amount outstanding and the significant judgements and estimates associated with determining the fair value of the loan.	
We also critically evaluated management’s disclosure of the long-outstanding material loan, as a non-current asset.	

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Measurement of loans and advances by the Bank	
The loans and advances of Grindrod Bank are either measured at amortised cost less impairments in terms of an expected credit loss (ECL) model, or at fair value through profit or loss (FVTPL). This is in accordance with IFRS 9: Financial Instruments (IFRS 9).	With the assistance of auditor’s specialists and by evaluating the work performed by management’s experts, the following audit procedures were performed on the ECL model:
The significant judgements exercised, and estimates made by the directors are summarised below.	<ul style="list-style-type: none">Assessed the design and implementation of key internal controls relating to the model.Assessed the appropriateness of assumptions and variables used in determining the ECL in relation to current market conditions and forward-looking economic information.Assessed the completeness, accuracy and validity of data inputs used during the development and application of the credit impairment model.Considered the methodologies and assumptions applied in assessing compliance with IFRS 9, including the determination of SICR, PD, EAD (exposure at default) and LGD.Assessed the appropriateness of management’s stage allocation.Evaluated the methodology used to incorporate forward-looking information in the calculation of expected credit losses.Performed substantive tests of details on a sample basis, relating to the estimated realisable value of the collateral securing loans and advances included in the ECL model.Considered and assessed the qualitative factors that influence the impairment, including the amount in arrears, period in arrears and the financial strength of the borrower.
Impairment judgements and estimates:	We assessed the material disclosures made by management against the requirements of IFRS 7: Financial Instruments – Disclosures and IFRS 9.
<ul style="list-style-type: none">whether there was a significant increase in credit risk (SICR) since inception, which determines whether a loan or advance is classified as Stage 1, 2 or 3. Many collateralised loans and advances have no scheduled repayments until the end of the loan term, making it highly judgmental to identify a SICR;the probability that a loan or advance will default (PD), either over a 12-month period or over the lifetime of the loan or advance, depending on staging; andthe loss given default (LGD). A key input into the LGD model is the expected realisable value of the collateral securing the loan or advance, which is often itself subject to valuation uncertainty.	With the assistance of auditor’s specialists and by evaluating the work performed by management’s experts, the following audit procedures were performed on the fair value models:
Fair value judgements and estimates:	<ul style="list-style-type: none">Assessed the valuation methodologies for compliance with IFRS 13: Fair Value Measurement (IFRS 13), financial instrument pricing theory and market practice.Evaluated the completeness, accuracy and validity of the contractual terms and conditions utilised as data inputs into the fair value models.Assessed the appropriateness of the models and the reasonableness of the assumptions and market data variables used in the fair value calculations, against current market conditions and relevant forward-looking economic information.
<ul style="list-style-type: none">changes in interest rates since inception (in the case of fixed rate loans and advances);changes in credit risk of the counterparty since inception, as well as changes in general market credit spread levels for a given credit rating;changes in general market liquidity spread levels since inception; andthe current and projected future value of the asset being financed, in the case of loans and advances where the total payoff depends on the value of the underlying asset.	We considered whether management has appropriately allowed for the increased risk introduced by the COVID-19 pandemic, to the loan book, in their estimation process for determining both the ECL and Fair Values.
Impairment of loans and advances is disclosed in note 9, and fair value is disclosed in note 33 to the consolidated financial statements.	
Due to the materiality of the total balance and the significant judgement and estimation applied by the directors, as disclosed in “Judgements made by management and key sources of estimation uncertainty” in note 1 to the consolidated financial statements, the credit impairments against loans and advances measured at amortised cost and the fair value of loans and advances measured at FVTPL, were in aggregate, considered to be a key audit matter.	

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Significant disposal transactions	
<p>The Group is in the process of implementing its short-to medium-term strategy of disposing non-core operations. In the current financial year, multiple material transactions were successfully executed to dispose assets and businesses.</p> <p>Certain of these material disposal transactions required judgement in determining the effective dates of derecognition. The complexity of determining the dates of derecognition arose primarily due to the nature of the financing arrangements in respect of the unpaid portions of the selling prices.</p> <ul style="list-style-type: none">• The disposal of the Group’s share in its offshore real estate investment, SIRE, is disclosed in note 7 to the financial statements. R245 million of the selling price of R336 million was outstanding at reporting date, in accordance with the deferred financing arrangement. The sale shares are held as security against the outstanding amount.• The sale of the Group’s Fuelogic business was effective 31 August 2021 and although all conditions precedent to making the Fuel carrier deal effective had been met or waived by the effective date and the business was being actively managed by the new owners, the proceeds of R127 million had not yet been received. The amount owing is disclosed in note 11 as a “deferred consideration on disposal of business” and is secured by the disposed assets.• The disposal of the Group’s 20% share in Senwes is disclosed in Note 12 to the financial statements. R323 million of the selling price of R367 million was financed by Grindrod Bank, partly secured by the sale shares. <p>Judgement had to be applied in concluding that control and risks and rewards had been transferred to the buyers. Amongst other things, the directors considered the legal terms of the sale agreements, the nature of the additional securities provided by the buyers and their lack of ongoing involvement with decision-making at the disposed entities.</p> <p>The outstanding loan balances were assessed for expected credit losses at year end.</p> <p>Due to the materiality of the disposals and the need for the use of internal specialists in assessing the judgement applied by the directors in concluding that the derecognition criteria had been met, the disposal transactions were in aggregate, considered to be a key audit matter.</p>	<p>In evaluating the effective dates of derecognition we performed the following procedures:</p> <ul style="list-style-type: none">• We engaged with relevant parties to understand the business rationale for the disposals and how they had been structured and inspected minutes of Board meetings to ensure that the transactions had been appropriately authorised.• Utilised internal accounting and for certain agreements, internal legal specialists, in order to evaluate the directors’ conclusion that the sales were contractually complete with all material conditions precedent having either been fulfilled or waived (in one case).• Inspected the interest-bearing loan agreements and considered the commercial terms of the loans and the nature of the securities held by the Group including its rights in the event of default.• We considered the nature and quantum of the securities held by the Group and whether the Group’s rights over the securities were primarily substantive or protective in nature.• We considered the level of ongoing involvement of the Group in the underlying business operations as well as Grindrod’s ability to participate in strategic decisions affecting the sold assets.• We considered subsequent receipts, if any, related to the receivables on the statement of financial position at year-end. We noted that none of the loans were in default and therefore none of the protective rights were enforceable.• With reference to the sale and financing agreements, we evaluated the directors’ conclusion that the Group was solely exposed to payments of principal and interest on the amounts outstanding. <p>In all instances, we found that the directors had appropriately concluded that substantially all of the risks and rewards associated with ownership had passed, that they no longer controlled the sale assets and that as a consequence, derecognition of the said assets was appropriate.</p> <p>We checked that relevant details regarding the disposal transactions and the remaining receivables, had been disclosed in accordance with IFRS in all material respects.</p>

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled “*Grindrod Limited Audited Annual Financial Statements for the year ended 31 December 2021*”, which includes the Directors’ Report, the Report of the Audit Committee, the Compliance Statement by the Group Company Secretary, as required by the Companies Act of South Africa, and the CEO and CFO Responsibility Statement all of which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group’s and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group’s and the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Grindrod Limited for 18 years.

DocuSigned by:

Per: 1A4C698024FC49D...

Deloitte & Touche
Registered Auditor

Per: MH Holme CA(SA), RA
Partner

8 April 2022

Deloitte Place, 2 Pencarrow Crescent,
Pencarrow Park, La Lucia Ridge Office Estate,
La Lucia 4051, Durban

STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	Consolidated	
		2021 R000	2020 R000
ASSETS			
Non-current assets			
Property, terminals, machinery, vehicles and equipment	2	1 738 159	1 951 368
Right-of-use assets	2	1 054 609	844 644
Goodwill and Intangible assets	3	507 793	677 057
Investments in joint ventures	4	3 058 527	2 771 627
Investments in associates	5	145 941	113 987
Investment property		86 168	91 617
Other investments	6	1 097 668	1 989 910
Long-term receivable	7	202 099	–
Deferred taxation asset	8	186 978	151 561
Loans and advances	9	7 029 849	4 804 042
Long-term negotiable securities	10	312 958	185 232
Total non-current assets		15 420 749	13 581 045
Current assets			
Liquid assets and short-term negotiable securities	10	3 623 026	2 284 018
Current portion of loans and advances	9	2 507 462	4 129 176
Current portion of long-term receivable	7	43 115	–
Inventories		66 639	93 092
Trade and other receivables	11	1 347 191	1 273 663
Taxation receivable		20 696	29 771
Cash and cash equivalents		2 057 642	1 846 811
		9 665 771	9 656 531
Non-current assets classified as held for sale	12	65 000	367 034
Total current assets		9 730 771	10 023 565
Total assets		25 151 520	23 604 610

STATEMENT OF
FINANCIAL POSITION continued
as at 31 December 2021

	Notes	Consolidated	
		2021 R000	2020 R000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	13	3 928 711	3 950 427
Non-distributable reserves		1 885 547	1 535 732
Accumulated profit		2 808 394	2 622 984
Equity attributable to owners of the Company		8 622 652	8 109 143
Non-controlling interests		(44 704)	(150 134)
Total equity		8 577 948	7 959 009
Non-current liabilities			
Long-term borrowings	14	610 853	341 490
Lease liabilities	14	797 026	703 071
Long-term Bank and private equity funding	15	543 361	386 764
Derivative financial liabilities		24 277	73 046
Deferred taxation liabilities	8	57 450	63 397
Provision for post-retirement medical aid		21 816	21 039
Deposits from Bank customers	17	239 720	234 276
Provisions		11 670	14 143
Total non-current liabilities		2 306 173	1 837 226
Current liabilities			
Trade and other payables	18	1 310 696	1 440 209
Current portion of long-term borrowings	14	146 366	103 901
Current portion of lease liabilities	14	249 284	264 792
Current portion of Bank and private equity funding	15	908 778	1 345 601
Deposits from Bank customers	17	10 981 413	9 199 405
Short-term borrowings and bank overdraft	14	603 491	1 352 764
Taxation payable		67 371	101 703
Total current liabilities		14 267 399	13 808 375
Total equity and liabilities		25 151 520	23 604 610

INCOME STATEMENT

for the year ended 31 December 2021

	Notes	Consolidated	
		2021 R000	2020 R000
Revenue	19	3 904 984	3 751 156
Trading profit before expected credit losses and depreciation and amortisation		1 073 778	546 868
Depreciation and amortisation		(488 109)	(526 299)
Expected credit losses	20	(12 060)	(213 283)
Operating profit/(loss) before interest, taxation and non-trading items	20	573 609	(192 714)
Non-trading items	21	(401 134)	(194 479)
Interest received	22	99 933	116 488
Interest paid	22	(226 432)	(326 292)
Profit/(loss) before share of associate and joint venture companies' profit		45 976	(596 997)
Share of joint venture companies' profit after taxation	4	287 719	285 303
Share of associate companies' profit after taxation	5	19 169	20 439
Profit/(loss) before taxation		352 864	(291 255)
Taxation	23	(101 711)	(119 828)
Profit/(loss) for the year		251 153	(411 083)
Attributable to:			
Ordinary shareholders		175 578	(415 219)
Preference shareholders		45 780	51 244
Owners of the parent		221 358	(363 975)
Non-controlling interests		29 795	(47 108)
		251 153	(411 083)
Basic earnings/(loss) per share	(cents) 24	26.2	(61.4)
Diluted earnings/(loss) per share	(cents)	26.2	(61.4)

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Consolidated	
	2021 R000	2020 R000
Profit/(loss) for the year	251 153	(411 083)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations arising during the year	377 761	151 413
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain/(losses)*	6 831	(25 896)
Fair value gain arising on financial instruments*	3 001	4 407
Total comprehensive profit/(loss) for the year	638 746	(281 159)
Total comprehensive profit/(loss) attributable to:		
Owners of the parent/Company	607 227	(238 553)
Non-controlling interests	31 519	(42 606)
	638 746	(281 159)

* Net of taxation. Refer to note 8 for taxation effects.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

		Consolidated	
	Notes	2021 R000	2020 R000
OPERATING ACTIVITIES			
Cash generated from operations	29.1	1 039 279	871 059
Interest received		54 666	92 045
Interest paid		(226 432)	(315 393)
Dividends received		244 365	377 009
Dividends paid		(46 583)	(159 219)
Taxation paid	29.2	(175 915)	(196 503)
		889 380	668 998
Other operating cash flows from Bank			
Net advances to customers		(214 031)	(707 725)
Net liquid assets and negotiable securities		(1 466 735)	139 822
Net redemption of participatory contributions from Bank		–	(129 101)
Net deposits received from/(repaid to) customers		1 787 452	(1 746 684)
Net cash flows from operating activities		996 066	(1 774 690)
INVESTING ACTIVITIES			
Property, terminals, machinery, vehicles and equipment acquired	29.3	(412 808)	(240 862)
Acquisition of other investments		(44 990)	(71 952)
Disposal of other investments		569 303	21 195
Acquisition of subsidiaries, joint ventures and associates	29.4	–	(2 329)
Disposal of subsidiaries, joint ventures and associates	29.5	70 539	6 056
Proceeds on disposal of property, terminals, machinery, vehicles and equipment		20 582	93 863
Net cash flows on disposal of non-current assets and liabilities held for sale	12	44 034	–
Intangible assets acquired		(1 145)	(2 204)
Proceeds on disposal of intangible assets		373	3 287
Funds advanced to joint ventures and associate companies		–	(91 908)
Funds repaid by joint ventures and associate companies		16 150	8 779
Net cash flows from investing activities		262 038	(276 075)
FINANCING ACTIVITIES			
Acquisition of treasury shares		(29 922)	(45 442)
Participatory contribution from Bank customers raised		–	26 700
Participatory contribution from Bank customers repaid		–	(26 700)
Acquisition of non-controlling interest		(25 224)	(74 161)
Long-term interest-bearing debt raised		518 819	104 937
Current portion of long-term interest-bearing debt repaid		(1 119 674)	(1 001 555)
Short-term interest-bearing debt repaid		(348 880)	(17 140)
Short-term interest-bearing debt raised		302 511	200 959
Net cash flows from financing activities		(702 370)	(832 402)
Net increase/(decrease) in cash and cash equivalents		555 734	(2 883 167)
Cash and cash equivalents at beginning of the year		943 955	3 758 759
Difference arising on foreign currency translation		18 331	68 363
Cash and cash equivalents at end of the year	29.6	1 518 020	943 955

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2021

		Consolidated	
		2021 R000	2020 R000
Ordinary and preference share capital and share premium		3 928 711	3 950 427
Balance at beginning of the year		3 950 427	3 982 066
Share options vested		8 206	13 803
Treasury shares acquired		(29 922)	(45 442)
Equity compensation reserve		43 597	47 857
Balance at beginning of the year		47 857	56 471
Share-based payments		3 946	5 189
Share options vested		(8 206)	(13 803)
Foreign currency translation reserve		1 927 156	1 598 738
Balance at beginning of the year		1 598 738	1 455 229
Foreign currency translation realised		(50 536)	(7 804)
Foreign currency translation adjustments		378 954	151 313
Other non-distributable reserves		(85 206)	(110 863)
Balance at beginning of the year		(110 863)	(43 068)
Foreign currency translation adjustments		(2 917)	3 402
Acquisition of non-controlling interest		28 574	(71 197)
Movement in accumulated profit		2 808 394	2 622 984
Balance at beginning of the year		2 622 984	3 156 208
Other comprehensive income from financial instrument		3 001	4 407
Actuarial profit/(loss) recognised		6 831	(25 896)
Profit/(loss) for the year		221 358	(363 975)
Ordinary dividends paid		–	(96 516)
Preference dividends paid*		(45 780)	(51 244)
Total interest of shareholders of the Company		8 622 652	8 109 143
Equity attributable to non-controlling interests of the Company		(44 704)	(150 134)
Balance at beginning of the year		(150 134)	(71 653)
Foreign currency translation adjustments		1 724	4 502
Non-controlling interest acquired		(53 801)	(33 675)
Non-controlling interest disposed		128 636	–
Profit/(loss) for the year		29 795	(47 108)
Ordinary dividends paid		(924)	(2 200)
Total equity attributable to all shareholders of the Company		8 577 948	7 959 009
Dividends per share		(cents)	–
Interim	(cents)	–	–
Final	(cents)	20.1	–

* Preference dividends paid relate to cumulative, non-redeemable, non-participating and non-convertible preference shares declared and are based on 88% of the prime interest rate.

SEGMENTAL ANALYSIS

for the year ended 31 December 2021

The Ports and Terminals segment provides bulk handling of commodities to major role-players in the industry together with managing and handling port activities in South Africa and Mozambique.

The Logistics segment is involved in providing holistic and complete freight services, from the handling and storage of containers, clearing and forwarding to road, rail and seaborne freight.

The Bank segment provides loan finance and retail services through Grindrod Bank.

The Group segment consist of the head office companies including property companies with external revenue comprising dividend and rental income.

The private equity and property segment consists investments in private and property equity portfolios and loans provided to KwaZulu-Natal North Coast property companies.

The Marine Fuels and Agricultural Logistics segment is primarily a supplier of marine fuels, bunkers and agricultural commodities worldwide.

The Agricultural Logistics business, which was classified as held for sale in the prior year, was disposed off in the current year.

SEGMENTAL ANALYSIS continued
for the year ended 31 December 2021

	Ports and Terminals		Logistics		Bank		Group		Total Core Operations	
Business segments	2021 R000	2020 R000	2021 R000	2020 R000	2021 R000	2020 R000	2021 R000	2020 R000	2021 R000	2020 R000
Revenue – External	1 413 393	1 081 990	3 242 393	3 232 044	487 634	378 236	26 872	57 351	5 170 292	4 749 621
Revenue – Internal	1 564	1 801	33 432	34 002	812	–	320 460	316 622	356 268	352 425
Trading profit/(loss) after expected credit losses	580 499	460 611	894 893	906 723	140 262	38 376	170 354	(50 010)	1 786 008	1 355 700
Depreciation and amortisation	(128 157)	(125 144)	(486 466)	(576 146)	(12 932)	(15 606)	(34 992)	(2 159)	(662 547)	(719 055)
Operating profit/(loss)	452 342	335 467	408 427	330 577	127 330	22 770	135 362	(52 169)	1 123 461	636 645
Non-trading items	(4 099)	(49 936)	(332 251)	21 122	22	4	(16 428)	37 763	(352 756)	8 953
Share of associate companies' profit/(loss) after taxation	115 140	88 839	285	303	–	–	–	–	115 425	89 142
Segment result excluding net interest and taxation	563 383	374 370	76 461	352 002	127 352	22 774	118 934	(14 406)	886 130	734 740
Interest received	128	3 323	28 331	27 318	–	–	68 144	99 389	96 603	130 030
Interest paid	(41 293)	(47 242)	(93 537)	(143 133)	8 653	31 297	(84 191)	(110 647)	(210 368)	(269 725)
Taxation	(138 612)	(102 428)	(100 397)	(98 495)	(19 577)	5 324	38 169	(46 373)	(220 417)	(241 972)
Profit/(loss) for the year	383 606	228 023	(89 142)	137 692	116 428	59 395	141 056	(72 037)	551 948	353 073
Non-controlling interest	–	(1 939)	7 634	(534)	(2 109)	(2 092)	–	–	5 525	(4 565)
Profit/(loss) attributable to shareholders	383 606	226 084	(81 508)	137 158	114 319	57 303	141 056	(72 037)	557 473	348 508
Preference dividends	–	–	–	–	(17 632)	(19 736)	619	662	(17 013)	(19 074)
Profit/(loss) attributable to ordinary shareholders	383 606	226 084	(81 508)	137 158	96 687	37 567	141 675	(71 375)	540 460	329 434
Capital expenditure	65 452	48 687	498 714	355 157	4 240	–	–	–	568 406	403 844
Total segment assets	3 768 420	3 062 734	4 526 423	4 918 377	13 705 391	11 695 178	2 312 206	2 165 625	24 312 440	21 841 914
Segment assets excluding investments in associates	3 002 011	2 429 629	4 522 594	4 915 711	13 705 391	11 695 178	2 312 206	2 165 625	23 542 202	21 206 143
Investments in associates	766 409	633 105	3 829	2 666	–	–	–	–	770 238	635 771
Segment liabilities	(1 334 474)	(1 000 028)	(2 787 762)	(2 913 215)	(12 033 764)	(10 092 348)	(1 272 365)	(1 444 007)	(17 428 365)	(15 449 598)

All segment revenue, expenses, assets and liabilities are all directly attributable to the segments. Internal segment revenue between Grindrod segments are at arm's length. All intersegment transactions are eliminated on consolidation.

SEGMENTAL ANALYSIS continued
for the year ended 31 December 2021

	Private Equity and Property		Marine Fuels and Agricultural Logistics		Total Segment			
	2021 R000	2020 R000	2021 R000	2020 R000	Adjustments 2021 R000	Total 2021 R000	Adjustments 2020 R000	Total 2020 R000
Business segments								
Revenue – External	52 223	116 043	12 814 442	11 504 669	(14 131 973)	3 904 984	(12 619 177)	3 751 156
Revenue – Internal	5 584	–	42 280	–	(404 132)	–	(352 425)	–
Trading (loss)/profit after expected credit losses	(164 759)	(489 361)	43 095	103 725	(602 626)	1 061 718	(636 479)	333 585
Depreciation and amortisation	(1 284)	(8 853)	(3 621)	(4 940)	179 343	(488 109)	206 549	(526 299)
Operating (loss)/profit	(166 043)	(498 214)	39 474	98 785	(423 283)	573 609	(429 930)	(192 714)
Non-trading items	(96 755)	(82 010)	–	(161 399)	48 377	(401 134)	39 977	(194 479)
Share of joint venture companies' profit after taxation	–	–	–	–	287 719	287 719	285 303	285 303
Share of associate companies' profit after taxation	–	–	–	–	(96 256)	19 169	(68 703)	20 439
Segment result excluding net interest and taxation	(262 798)	(580 224)	39 474	(62 614)	(183 443)	479 363	(173 353)	(81 451)
Interest received	27 719	5 251	6 297	6 296	(30 686)	99 933	(25 089)	116 488
Interest paid	(109 465)	(146 418)	(911)	(5 707)	94 312	(226 432)	95 558	(326 292)
Taxation	(3 504)	28 696	(4 900)	(7 491)	127 110	(101 711)	100 939	(119 828)
(Loss)/profit for the year	(348 048)	(692 695)	39 960	(69 516)	7 293	251 153	(1 945)	(411 083)
Non-controlling interest	(28 027)	49 728	–	–	(7 293)	(29 795)	1 945	47 108
(Loss)/profit attributable to shareholders	(376 075)	(642 967)	39 960	(69 516)	–	221 358	–	(363 975)
Preference dividends	(28 767)	(32 170)	–	–	–	(45 780)	–	(51 244)
(Loss)/profit attributable to ordinary shareholders	(404 842)	(675 137)	39 960	(69 516)	–	175 578	–	(415 219)
Capital expenditure	–	–	–	–	–	568 406	–	403 844
Total segment assets	2 111 675	2 448 087	1 794 049	1 836 166	(3 066 644)	25 151 520	(2 521 557)	23 604 610
Segment assets excluding investments in associates	2 111 675	2 448 087	1 794 049	1 836 166	(2 442 347)	25 005 579	(1 999 773)	23 490 623
Investments in associates	–	–	–	–	(624 297)	145 941	(521 784)	113 987
Segment liabilities	(916 768)	(1 650 223)	(1 301 551)	(1 051 776)	3 073 112	(16 573 572)	2 505 996	(15 645 601)

All segment revenue, expenses, assets and liabilities are all directly attributable to the segments. Internal segment revenue between Grindrod segments are at arm's length. All intersegment transactions are eliminated on consolidation.

SEGMENTAL ANALYSIS continued
for the year ended 31 December 2021

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, South Africa and Rest of Africa.

	North America/ Bermuda		South America		Middle East		United Kingdom/ Europe/Isle of Man	
Geographic segments	2021 R000	2020 R000	2021 R000	2020 R000	2021 R000	2020 R000	2021 R000	2020 R000
Revenue – External	83 558	34 100	4 134	117 456	4 475 248	3 910 600	237 521	410 906
Profit/(loss) attributable to ordinary shareholders	261	3 158	13	[5 779]	47 628	121 975	741	493
Capital expenditure	–	–	–	–	–	–	–	–
Segment assets	8 905	6 103	(142 261)	[129 213]	884 972	797 617	246 245	480 388

	Singapore/Asia/ Far East/Australia		South Africa		Rest of Africa	
Geographic segments	2021 R000	2020 R000	2021 R000	2020 R000	2021 R000	2020 R000
Revenue – External	8 088 843	7 097 388	3 369 262	3 191 149	1 778 391	1 608 734
Profit/(loss) attributable to ordinary shareholders	15 312	74 985	(241 254)	[902 002]	352 886	291 951
Capital expenditure	–	–	375 889	258 598	192 517	145 246
Segment assets	1 081 242	898 031	20 955 926	18 594 431	4 412 895	5 478 810

	Total Group	
Geographic segments	2021 R000	2020 R000
Revenue – External	18 036 957	16 370 333
Profit/(loss) attributable to ordinary shareholders	175 587	[415 219]
Capital expenditure	568 406	403 844
Segment assets	27 447 924	26 126 167

ACCOUNTING POLICIES

for the year ended 31 December 2021

Outlined below are the principal accounting policies that are applicable to the consolidated and separate Annual Financial Statements. However, policies applicable to the specific accounting items have been included in the applicable detailed notes to the Annual Financial Statements for ease of reference.

1. BASIS OF PREPARATION

1.1 Accounting framework

The consolidated and separate Annual Financial Statements of Grindrod comply with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council using the historical cost basis except for certain financial instruments and investment properties that are reported at fair value. The Annual Financial Statements of Grindrod also comply with the Listing Requirements of the JSE Limited and the requirements of the Companies Act No. 71 of 2008.

The preparation of consolidated and separate Annual Financial Statements in conformity with IFRS requires the Board of directors to make judgements, estimate and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the actual outcome may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting judgments are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made in the application of IFRS that have influenced the financial statements and estimates with a risk of adjustment in the next year are discussed in the “Judgments made by management and key sources of estimation uncertainty” on pages 39 and 40.

Except as detailed below, the accounting policies have been applied consistently to all periods presented in these consolidated and separate financial statements. The consolidated and separate financial statements are presented in South African Rands, which is the Group’s reporting currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

The basis of preparation, accounting policies and methods of computation are consistent with prior year, except for new and revised IFRSs and interpretations adopted per point 7 of this note.

1.2 Underlying concepts

The consolidated and separate Annual 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 IFRS. Financial assets and 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 IFRSs. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

1.3 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 prevailing 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. This excludes exchange differences on monetary items receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur.

The Annual Financial Statements of Grindrod’s entities whose functional currencies differ to Grindrod’s presentation currency, which is the South African Rand, are translated as follows:

- assets, including goodwill, and liabilities at exchange rates prevailing on the statement of financial position date;
- income, expense and cash flow items 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 prevailing on the date 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 is 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.

1.4 Segmental reporting

Segment accounting policies are consistent with those adopted for the preparation of Grindrod’s consolidated and separate Annual Financial Statements, with the exception of joint ventures which have been included on a proportionate share basis using the effective shareholdings.

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the Grindrod Chief Executive Officer, Andrew Waller, to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

For financial statements presentation purposes, these individual operating segments have been aggregated into a primary or reportable segments taking into account the following factors:

- these primary segments offer integrated services;
- the nature of the services are similar; and
- these primary segments have similar long-term gross profit margins.

Segment assets include all operating assets used by a segment, and consist principally of property, terminals, vehicles and equipment, as well as current assets. Segment liabilities include all operating liabilities. These assets and liabilities are all directly attributable to the segments.

1.5 Comparative figures

Comparative figures are restated in the event of a change in accounting policy or a prior period error or when required by IFRS or where restatement results in a more meaningful comparison to current year figures.

2. SEPARATE ANNUAL FINANCIAL STATEMENTS

2.1 Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate Annual Financial Statements presented by Grindrod are recognised at cost less impairments.

3. CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

3.1 Interest in subsidiaries

A subsidiary is an entity over which the parent exercises control. Subsidiaries are consolidated into Grindrod Group results.

Grindrod reassesses whether it controls its investee entities at each reporting date or where facts and circumstances indicate that there are changes to control.

The results of subsidiaries are consolidated from the date on which control was obtained.

Profit or loss and each component of other comprehensive income are attributed to the owners of Grindrod and its non-controlling interests.

Where necessary, adjustments are made to the Annual Financial Statements of subsidiaries to bring the accounting policies used in line with those used by the Grindrod Group.

All material inter-Company balances and transactions are eliminated. Foreign currency translation 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 Grindrod Group equity. On acquisition, the non-controlling interests that relate to present ownership 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. Non-controlling interests are considered to be equity participants and all transactions with non-controlling interests are recorded directly within equity.

Changes in Grindrod's ownership interests in its subsidiaries that do not result in Grindrod losing control over the subsidiaries are accounted for as equity transactions.

3.2 Business combinations

Grindrod accounts for acquisitions of businesses using the acquisition method. Under this method Grindrod measures the fair value of the tangible and intangible assets and liabilities of the acquiree, non-controlling interest in the acquiree and the fair value of the consideration paid at acquisition date. Where the consideration is cash, the fair value is the actual amount paid. Either goodwill or a gain on bargain purchase (or negative goodwill) will arise. Grindrod accounts for a gain on bargain purchase in the income statement on the date of acquisition. Acquisition related costs are recognised in profit and loss as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, Grindrod 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.

Grindrod accounts for a partial disposal of an investment by transferring, from reserves, the proportionate business combination reserves directly to retained income.

Upon loss of control of a subsidiary, Grindrod derecognises the assets and liabilities of the subsidiary in full and measures any investment retained in the former subsidiary at its fair value. A re-measurement gain or loss, that forms part of the total gain or loss on the disposal of the subsidiary, is recognised in profit or loss.

4. STATEMENT OF FINANCIAL POSITION

4.1 Inventories

Inventories which include rail spare parts and components, spare parts and consumables for equipment used at the terminals, onsite fuel, and general consumable stores are valued at the lower of cost and net realisable value. The method used to value the inventory is weighted average cost. The costs of inventories include costs incurred in bringing the inventories to their present location.

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-downs 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.

4.2 Financial instruments

On initial recognition, Grindrod measures its financial assets and financial liabilities at fair value. Transaction costs and fees that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

All recognised financial assets are subsequently measured at amortised cost or fair value based on Grindrod's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets that are held within a business model whose objective is to collect the contractual cash flows and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost. All other financial assets are subsequently measured at FVTPL.

If the business model under which the Group holds financial assets changes, the affected financial assets are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the financial assets.

Financial assets

Liquid assets and negotiable securities.

Initial measurement

Liquid assets and negotiable instruments consist of statutory liquid assets required to be held by Grindrod Bank to meet liquid asset requirements in terms of the Banks Act, 1990 (Act No.94 of 1990) and other securities such as preference shares and money market investments. These assets are recorded at the transaction price at origination which represents fair value at inception.

Subsequent measurement

Liquid assets and negotiable instruments are measured at amortised cost which approximate fair value due to their high liquidity and short duration.

Loans and advances

Initial measurement

Loans and advances that have fixed or determinable payments that are not quoted in an active market, are classified as loans and advances. Loans and advances are recognised at the transaction price as this represents the fair value at origination of the loan or a conclusion of the sales transaction.

Fees receivable from Corporate and Investment Banking and Property Solutions (origination fees) are recognised over the life of the loan and are initially recorded at their present value and subsequently recognised as an adjustment to the effective interest rate of the loan.

Fees receivable from the other business units (Retail, Treasury, Corporate Finance and General Bank fees) are recognised at their transaction price as it represents the fair value of the fee receivable. These fees are not attached to a loan as they are for compensation for services performed. These fees are recognised as the service is performed in accordance with the requirements of IFRS 15 Revenue from Contracts with Customers.

4. STATEMENT OF FINANCIAL POSITION continued

4.1 Financial instruments continued

Loans and advances continued

Subsequent measurement

Fixed rate loans are held at FVTPL. The Group enters into interest rate swap agreements to economically hedge these fixed rate loans. Therefore, as the Group has used these instruments as hedging tools, it has chosen to recognise fixed rate loans at their fair value. The Group does not apply hedge accounting.

Variable rate advances are held at amortised cost as the business model is to hold the assets for the collection of contractual cash flows. These advances' contractual cash flows represent SPPI.

There are certain advances that have additional revenue arrangements attached to them in terms of which the Group is entitled to a fee or dividend derived from specified asset values upon facility expiry or upon early settlement due to realisation of the specified asset. Where such loans meet the SPPI test they are classified as held at amortised cost and where they fail the SPPI test they are classified as held at FVTPL.

Derecognition

Loans and advances are only derecognised when the balance is repaid or renegotiated, as there is no longer a right to contractual cash flows or if an advance is written off.

Modification

The Group is sometimes required to modify the terms of advances provided to customers. The risk of default of such advances after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. When the modification is not substantial it does not result in derecognition of the original asset.

Expected credit loss (ECL)

A financial asset that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Group. If a significant increase in credit risk (SICR) since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired (unless an event of default has occurred).

If the financial asset is credit-impaired, it is then moved to Stage 3. The financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Evidence of credit-impairment includes observable data that typically indicates one or more of the following:

- acts of insolvency (liquidation/business rescue proceedings);
- significant financial difficulty of the debtor or borrower; and/or
- a default event, which typically includes non-repayment according to contract terms.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Financial assets in Stages 2 or 3 have their ECL measured based on expected credit losses that result from default events that may arise on a remaining lifetime basis.

Group measures the credit risk of financial assets using assumptions with regards to Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) on an individual loan by loan basis or each financial asset as applicable.

Trade and other receivables (including fees receivable)

Initial measurement

Trade and other receivables are recognised at transaction price as this represents the fair value. There is no significant financing component given the receivables are short-term in nature and thus the transaction price does not differ significantly from the fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Refer to note 11 and 33 for ECL for further details.

Subsequent measurement

Trade and other receivables are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Initial measurement

Cash and cash equivalents consist of funds held with the South African Reserve Bank (SARB) and funds held with other South African banks and financial institutions and are recognised at transaction price as this represents the fair value.

Subsequent measurement

Cash and cash equivalents are subsequently measured at amortised cost using the effective interest method.

Financial liabilities

Long-term liabilities

Initial measurement

Long-term liabilities are recognised at the transaction price, which is representative of the fair value of this financial liability.

Subsequent measurement

Long-term liabilities are classified and measured at amortised cost.

Deposits from bank customers

Initial measurement

Deposits from Bank customers are recorded at the actual transaction date which is representative of fair value of this financial liability.

Subsequent measurement

Deposits from Bank customers are classified and measured at amortised costs.

Trade and other payables

Initial measurement

Trade and other payables are recorded at a transaction value being fair value.

Subsequent measurement

Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

4.3 Non-current Assets Held for Sale and Discontinued Operations (NCAHFS)

Grindrod presents, separately, the results of NCAHFS in the income statement when classified as discontinued operations. The assets and liabilities associated with these operations are classified and reported in NCAHFS in the statement of financial position.

The carrying value of NCAHFS is measured at fair value less cost to sell at each reporting period. Any resulting adjustment to the carrying value is recognised in the income statement of the discontinued operations. Grindrod only classifies assets as NCAHFS when a decision to dispose of the asset has been made by the Board, there is an active programme to locate a buyer and when the certainty of disposal is highly probable and likely to conclude within one year from the date of classification.

4.4 Treasury shares

Treasury shares are equity instruments of the Company, held by other companies in the Grindrod 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.

5. INCOME STATEMENT

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. The recoverable amount is the higher of the fair value less costs to sell or the value-in-use. The value-in-use included in the calculation of the recoverable amount, is estimated by taking into account future cash flows, forecast market conditions and the expected lives of the assets.

Goodwill 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 business combination at inception of the business 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.

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.

6. CASH FLOW

Treatment of interest, dividends and taxes

The Group has elected to classify interest received and interest paid (including interest on lease liabilities and interest arising from revenue contracts, if there is any) as cash flows from operating activities. Dividends paid have been classified as operating as this indicates the Group’s ability to pay dividends out of operating cash flows.

7. NEW STANDARDS AND INTERPRETATIONS

7.1 New and revised IFRSs applied with no material effect on the consolidated and separate Annual Financial Statements

The following new and revised IFRSs have been adopted in these Annual 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 and are mandatorily effective.

IFRS 9, IAS 39 and IFRS 7 – Phase 2 amendments (Interest Rate Benchmark Reform)	The amendments apply to changes required by the reform to financial instruments and hedging relationships. The amendments address the effects of the reform on a Company’s financial statements that arise when an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.
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7.2 New and revised IFRSs in issue but not yet effective

IFRS 3 Business Combinations	<p>On 14 May 2020, the IASB issued “Reference to the Conceptual Framework (Amendments to IFRS 3)” with amendments to IFRS 3 “Business Combinations” that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.</p> <p>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.</p>
IAS 37 Contingent Liabilities	<p>On 14 May 2020, the IASB issued “Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)” amending the standard regarding costs a Company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.</p> <p>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.</p>
IAS 16 Property, Plant and Equipment	<p>On 14 May 2020, the IASB issued “Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)” regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.</p> <p>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.</p>
IAS 8 Amendments on Accounting Estimates	<p>On 12 February 2021, the IASB issued “Definition of Accounting Estimates (Amendments to IAS 8)” to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.</p> <p>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.</p>
IAS 1 Presentation of Financial Statements	<p>The IASB issued “Classification of Liabilities as Current or Non-current” and “Disclosure of Accounting Policies” amendments to IAS 1. Classification of Liabilities as Current or Non-current provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Disclosure of Accounting Policies amendments requires the disclosure of material accounting policy information rather than the significant accounting policies. These amendments are effective for annual periods beginning on or after 1 January 2023.</p> <p>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.</p>
IFRS 17 Insurance Contracts	<p>IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The amendments are effective for annual periods beginning 1 January 2023.</p> <p>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.</p>

7. NEW STANDARDS AND INTERPRETATIONS continued

7.2 New and revised IFRSs in issue but not yet effective continued

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	<p>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’ interests in that associate or joint venture.</p> <p>The effective date is deferred by the IASB pending the outcome of its research project on the equity method of accounting.</p> <p>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.</p>
2018–2020 Annual Improvements Cycle – Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	<p>Changes were made to IFRS 1 First-time adoption of International Financial Reporting Standards and IAS 41, Agriculture, which will have no impact on the Group.</p> <p>An illustrative example has been removed from IFRS 16 to prevent potential confusion regarding the treatment of lease incentives. This amendment is not expected to have an impact on the Group.</p> <p>IFRS 9 has been amended to clarify the fees that an entity includes when determining whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2022.</p> <p>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.</p>
IAS 12 Amendments to Deferred Tax related to assets and liabilities arising from single transaction	<p>The IASB has amended IAS 12, “Income taxes”, to require the recognition of deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual periods beginning on or after 1 January 2023.</p> <p>The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.</p>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing Grindrod’s Annual Financial Statements in compliance with IFRS, estimation uncertainty existed and critical judgements were required in applying Grindrod’s accounting policies.

Certain critical accounting policies and key sources of estimation uncertainty identified as involving particularly complex or subjective judgements or assessments in Grindrod’s Annual Financial Statements are outlined below.

Property, plant and equipment

The degree of judgement and estimation is required when assessing residual values and useful lives of the property, plant and equipment. Residual values of these assets are reviewed annually after considering future market conditions, the remaining life of the asset and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management’s current best estimate of the useful lives of the assets. Properties accounted for as own use assets are thus held at cost less depreciation. Where market indicators reflect that these properties could realise more than their carrying values if disposed of, the depreciation is halted. Details on the property, plant and equipment is provided for in note 2.

Goodwill

Grindrod has a material goodwill carrying value in its balance sheet. The key judgement in assessing goodwill for impairment was forecasting the future cash flows from the cash-generating units that support the goodwill, growth rates and the appropriate discount rates. Management consider the forecasted future cash flows to be achievable.

The details on the inputs used in assessing the impairment are outlined in note 3.

Investment in joint ventures

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 nor unanimous consent is required for all decisions made with regards to the relevant activities of the Company, such entities are classified as joint ventures. The determination will include the voting rights and limits of authority as detailed in agreements. This has resulted in circumstances where the entities are classified as joint ventures when the ownership is below or exceeds 50%. Significant operations where Grindrod holds a majority of the shares but the entities are jointly managed are TCM, NLPI and RBTG. These entities are equity accounted in terms of IAS 28 Investments in Associates and Joint Ventures.

Refer to note 4 for a list of significant joint arrangements.

Fair value of loan and advances and other investments

Some of Grindrod’s assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, Grindrod uses market-observable data to the extent it is available. Where Level 1 inputs, as defined by fair value hierarchy in IFRS 13 Fair Value Measurement, are not available, Grindrod engages third party qualified valuers to perform valuations. Where there is no observable data, Level 3 inputs, management will make assumptions based on their knowledge, experience, prevailing economic variables and other factors in carrying out fair value measurements in terms of IFRS 13 Fair Value Measurements.

Individually significant carrying values that were classified as Level 3 valuations were loans and advances secured by the borrowers’ North Coast properties, Blythedale and Addington. The assessment of the adequacy of these properties as security was performed using independently prepared specialist valuations. The valuations were performed using the market approach (also referred to as the sales comparison approach or direct comparison approach). This approach is based on comparing the subject asset with identical or similar assets for which price information is available (such as a comparison with market transactions in the same, or closely similar, type of asset). These valuations together with the Group’s mortgage bonds were inputs into a Monte Carlo simulation to determine an independent valuation range. There is also a profit share arrangement which is determined at an agreed rate of 30% of the surplus on disposal of the Addington property and 35% of the surplus on disposal of the Blythdale property. The recorded fair value falls within an acceptable range of possible values.

Additional information about the valuation and key inputs used in determining the fair value of the various assets and liabilities are disclosed in note 33.

1. KEY ACCOUNTING ESTIMATES AND JUDGEMENTS continued

Expected Credit Loss on loans and advances and trade and other receivables

Significant judgement is required in assessing the impairment on loans and advances in terms of the requirements of IFRS 9 Financial Instruments relating to expected credit loss (ECL). The significant judgements applied by Grindrod in determining the impairment include the expected realisable value of the collateral securing the advance, the probability that an advance will default (Probability of Default (PD)), credit risk changes (Significant Increase in Credit Risk (SICR)), the size of credit exposures (Exposure at Default (EAD)), and the expected loss on default (Loss Given Default (LGD)) using the three-stage model. For trade and other receivables, a provision matrix is used.

Refer to notes 11 and 33 for more detail on ECL.

Short-term and long-term disclosure of loans and advances

When determining the classification of loans and advances as long term and short term, the contractual maturity of the loans and advances is used. However, the contractual maturity default principle is overruled in line with IAS 1 Presentation of Financial Statements paragraph 66 when management has the expectation that a loan will not be settled in the short-term, in which case this will be classified as long term.

In the current year, property loans of R730.3 million with a short-term contractual maturity have been disclosed as long-term based on the North Coast properties owners' proposed development plans which indicate that the projects will only realise cash to settle the advances in the long-term.

Control assessment

Grindrod holds its investments and conducts certain of its banking investment activities using joint ventures, associates, minority shareholdings in private companies and special purpose entities. These entities may be funded by preference shares, term loans, equity or a combination of all of these. IFRS 10 Consolidated Financial Statements defines control and establishes control as a basis for consolidation. Significant judgment is made in assessing control over these entities. In assessing control, irrespective of its shareholding or Board influence, Grindrod determined whether it had exposure or rights to variable returns from its involvement with the investee, and its ability to affect those returns through its power over the investee.

Grindrod Bank has special purpose entities that are often deemed to act "on auto pilot" when rights and obligations are pre-determined on the initial establishment of the entity. In these instances, the directors initially view these rights as protective in nature to ensure that Grindrod is able to secure its funding into those entities. Grindrod reviews these structures as circumstances change, such as payment defaults and inadequate security against the loan or funding. Where there have been material changes that resulted in a default event or Grindrod have had to provide some cure to the structure, such action might result in control changing as Grindrod's protective rights become substantive in nature, and consolidation may be triggered. Refer to note 39 for an analysis of the Group's interest in unconsolidated entities.

2. PROPERTY, TERMINALS, MACHINERY, VEHICLES AND EQUIPMENT
AND RIGHT-OF-USE ASSETS

Property, 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:

Terminals, machinery and equipment	5 – 20 years
Information technology equipment	3 – 5 years
Locomotives	12 – 22 years
Vehicles	5 – 10 years
Freehold and leasehold properties	25 – 50 years

Depreciation commences when the assets are available and 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.

Grindrod capitalises borrowing costs directly attributable to the acquisition, construction and production of qualifying assets.

Locomotives that are held for rental are initially classified as 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 Grindrod, currently estimated at 50 years from the date of acquisition. 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 Grindrod's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available and ready for their intended use.

Expenditure relating to leasehold properties is capitalised and depreciated over the period of the lease.

Right-of-use assets are depreciated over their expected useful lives. 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.

Where the estimated residual value of asset classified as property, terminals, machinery, vehicles and equipment exceeds the book value, depreciation is halted.

An item of property, terminals, machinery, vehicles 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, terminals, machinery, vehicles 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.

	Cost/ valuation 2021 R000	Accumulated depreciation and impairment 2021 R000	Carrying value 2021 R000	Carrying value 2020 R000
Freehold and leasehold properties				
Opening balance	1 600 599	(334 228)	1 266 371	1 142 079
Translation gain/(loss)	43 067	(12 405)	30 662	16 519
Reclassification	51 478	140	51 618	109 026
Impairment	–	(46 157)	(46 157)	(8 382)
Additions and improvements	66 207	–	66 207	36 513
Disposal of businesses	(15 508)	1 667	(13 841)	–
Disposals	(2 580)	2 466	(114)	(5 655)
Depreciation	–	(40 242)	(40 242)	(23 729)
Transferred to non-current assets classified as held for sale (note 12)	(127 605)	2 829	(124 776)	–
Closing balance	1 615 658	(425 930)	1 189 728	1 266 371
Assets under construction (AUC)				
Opening balance	25 907	–	25 907	47 591
Translation gain	253	–	253	(1 563)
Additions	75 284	–	75 284	106 852
Impairment	(4 818)	–	(4 818)	–
Transferred to non-current assets classified as held for sale (note 12)	(392)	–	(392)	–
Disposals	–	–	–	(18)
Reclassification	(56 739)	–	(56 739)	(126 955)
Closing balance	39 495	–	39 495	25 907

2. PROPERTY, TERMINALS, MACHINERY, VEHICLES AND EQUIPMENT
AND RIGHT-OF-USE ASSETS continued

	Consolidated			
	Cost/ valuation 2021 R000	Accumulated depreciation and impairment 2021 R000	Carrying value 2021 R000	Carrying value 2020 R000
Terminals, machinery, vehicles and equipment				
Opening balance	2 024 179	(1 365 089)	659 090	669 074
Translation gain/(loss)	94 735	(74 437)	20 298	8 846
Reclassification	4 066	1 910	5 976	11 023
Additions	182 494	–	182 494	157 126
Acquisition of businesses	–	–	–	355
(Impairment)/reversal of impairment	–	(2 105)	(2 105)	631
Disposals	(72 350)	50 965	(21 385)	(36 575)
Disposal of business	(81 248)	48 500	(32 748)	(257)
Depreciation	–	(141 716)	(141 716)	(151 133)
Transferred to non-current assets classified as held for sale (note 12)	(367 638)	206 670	(160 968)	–
Closing balance	1 784 238	(1 275 302)	508 936	659 090
Right-of-use assets				
Opening balance	1 824 094	(979 450)	844 644	1 103 398
Translation gain/(loss)	94 315	(66 004)	28 311	39 752
Reclassification	(172)	(2 201)	(2 373)	2 295
Additions	463 400	–	463 400	100 822
Lease modifications	67 887	–	67 887	497
Disposals	(171 140)	135 923	(35 217)	(75 490)
Disposal of business	(3 430)	2 458	(972)	–
Depreciation	–	(281 959)	(281 959)	(326 630)
Transferred to non-current assets classified as held for sale (note 12)	(49 635)	20 523	(29 112)	–
Closing balance	2 225 319	(1 170 710)	1 054 609	844 644
Total	5 664 710	(2 871 942)	2 792 768	2 796 012
Property, terminals, machinery, vehicles and equipment and AUC	3 439 391	(1 701 232)	1 738 159	1 951 368
Right-of-use assets	2 225 319	(1 170 710)	1 054 609	844 644

	Consolidated 2020		
	Cost/ valuation R000	Accumulated depreciation and impairment R000	Carrying value R000
Freehold and leasehold properties	1 600 599	(334 228)	1 266 371
Property under construction	25 907	–	25 907
Terminals, machinery, vehicles and equipment	2 024 179	(1 365 089)	659 090
Right-of-use assets	1 824 094	(979 450)	844 644
	5 474 779	(2 678 767)	2 796 012

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 136.

Impairment

In the current year, an impairment of R13.4 million was recorded against freehold land and buildings. This was based on the value in use determined on a discounted cash flow using the renegotiated rentals. Further, due to cessation of certain projects, impairments of R36.7 million were recognised and an additional R3.0 million was recognised based on market value (classified as Level 2 per the fair value hierarchy) with reference to the current selling price less cost to sell.

In the prior year, freehold land and buildings of R8.4 million were impaired based on market value (classified as Level 2 per the fair value hierarchy) with reference to the current selling price less cost to sell of freehold land and buildings of similar location, age and condition.

Further details relating to the right-of-use asset are shown in note 34.

It is the policy of Grindrod and its subsidiaries to insure their property, terminals, machinery, vehicles and equipment at replacement value, however, in certain circumstances asset cover is limited to market value. The sum insured excluding joint ventures is R6 866.1 million (2020: R3 324.1 million) and including joint ventures is R14 077.8 million (2020: R11 720.5 million).

3. GOODWILL AND INTANGIBLE ASSETS

3.1 Accounting policy

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 fair value 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 fair value 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. Goodwill is not amortised but is reviewed for impairment at least annually. On disposal of a cash-generating unit (CGU), the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

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 their useful life using the straight line basis, and tested for impairment if there is an indication that they may be impaired.

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.

3.2 Goodwill

	Carrying value 2021 R000	Carrying value 2020 R000
Opening balance	579 423	654 414
Translation gain	167	2 161
Acquisition of businesses	13 454	4 860
Impairment	(24 840)	(82 012)
Provisional accounting measurement adjustment*	2 066	–
Transferred to non-current assets classified as held for sale (note 12)	(133 814)	–
Closing balance	436 456	579 423

* Relates to the finalisation of the acquisition of Swift Nova Engineering Solutions (Proprietary) Limited which was provisionally accounted in the prior year.

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the underlying discreet businesses as they represent separately identifiable CGUs. The following CGUs, being the lowest level CGUs that are viewed separately by the chief operating decision maker, have carrying amounts of goodwill that are considered significant in relation to the Group's total goodwill balance:

	Carrying value 2021 R000	Carrying value 2020 R000
Terminals	12 290	12 290
Grindrod Integrated Logistics	–	145 417
Intermodal	133 584	133 584
Ships Agencies and Clearing and Forwarding	290 582	288 132
	436 456	579 423

Impairment testing of goodwill

The recoverable amounts of the CGUs were based on their value in use determined using discounted cash flow (DCF) valuation models. The DCF calculation uses cash flow projections based on financial budgets approved by the directors covering a three-year period with an additional two years included based on the expected margins and growth rate of 4.5%, which was also used in the determination of the terminal value.

The key assumptions used by management in determining the cash flows used in the financial budgets for the initial three-year period were as follows:

- Forecast sales growth rates, margins and operating profits are based on past experience adjusted for market trends; and
- Despite the limited impact the discount rates were increased to cater for the potential continued impact of COVID-19 on future cash flows.
- A pre-tax discount rate of between 13.6% – 18.0% (2020: 14.7% – 16.7% pre-tax) per annum is applied as follows:
 - Terminals – 13.6% (2020: 14.7% pre-tax)
 - Ships Agencies and Clearing and Forwarding – 17.8% (2020: 16.7% pre-tax)
 - Intermodal – 18% (2020: 16.2% pre-tax)

The discount rates are based on current market assessment of the optimal capital structure, cost of equity and cost of debt. The directors believe that any reasonable change in the key assumptions, on which the recoverable amounts are based, would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

In the current year goodwill of R13.5 million arose on the acquisition of the remaining 51% of Cremplice Investments RF Proprietary Limited (Cremplice). Cremplice has an interest in an existing private equity investment held by the Group. Following the acquisition, the goodwill was impaired based on the value-in-use determined on a discounted cash flow basis. In addition an amount of R11.3 million relating to the Grindrod Integrated Logistics segment was impaired in the current year.

In the prior year, an impairment of R82.0 million was recognised for Innovative Strategic Investments 1 Proprietary Limited (ISI) in the Group segment. The business was severely affected by COVID-19 resulting in a deterioration of the order book and resultant cash flows. The impairment was based on the value in use determined on a discounted cash flow basis.

3. GOODWILL AND INTANGIBLE ASSETS continued

3.2 Goodwill continued

The impact on the net surplus on the discounted cash flow calculations of the material goodwill balances will be impacted as follows:

	Impact on headroom if		
	2021 Headroom R000	1% increase in discount rate and 1% decrease in growth rate R000	1% decrease in discount rate and 1% increase in growth rate R000
Intermodal	914 182	(178 452)	224 165
Ships Agencies and Clearing and Forwarding	124 066	(53 017)	70 405

The above movements do not result in any potential impairments.

	Cost/ valuation 2021 R000	Accumulated amortisation and impairment losses 2021 R000	Carrying value 2021 R000	Carrying value 2020 R000
3.3 Intangible assets				
Opening balance	393 756	[296 122]	97 634	118 447
Translation gain/(loss)	2 073	[1 819]	254	573
Reclassification from property, terminals, vehicles and equipment	1 518	-	1 518	4 610
Additions	1 145	-	1 145	2 204
Disposals	[14 425]	14 052	[373]	[3 286]
Impairment	-	[4 649]	[4 649]	-
Amortisation	-	[24 192]	[24 192]	[24 807]
Disposal of business	-	-	-	[107]
Closing balance	384 067	[312 730]	71 337	97 634
Goodwill and Intangible assets total			507 793	677 057

Write-off periods of other intangible assets

Intangible assets consist mainly of leases, software, licences and customer contracts and are written off over periods ranging from 3 (2020: 3) to 30 (2020: 30) years.

4. INVESTMENTS IN JOINT VENTURES

Interests in joint ventures

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 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 Annual Financial Statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The requirements of IFRS 9 Financial Instruments are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's loans 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, which is the 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 has joint venture interests in the following companies, which have the same year end as the Company unless otherwise stated:

Name of joint venture	Principal Activity	Place of incorporation	Segment	Consolidated	
				2021 Proportion of ownership	2020 Proportion of ownership
Röhlig-Grindrod Proprietary Limited	Clearing and forwarding	South Africa	Logistics	50.0%	42.5%
Portus Indico-Sociedade de Servicos Portuarios SA	Port operations	United Arab Emirates	Ports and Terminals	48.5%	48.5%
Maputo Intermodal Container Depot SA	Storage and logistics	Mozambique	Ports and Terminals	50.0%	50.0%
Cockett Marine Oil Pte Limited	Marine fuel and lubricants	Singapore	Marine Fuels	50.0%	50.0%
Cockett Marine South Africa Proprietary Limited	Marine fuel and lubricants	South Africa	Marine Fuels	50.0%	50.0%
CMOG Fuel DMCC (CMOG)	Marine fuel and lubricants	United Arab Emirates	Marine Fuels	50.0%	50.0%
Terminal De Carvo da Matola Limitada (TCM)	Terminals	Mozambique	Ports and Terminals	65.0%	65.0%
Oiltanking Grindrod Calulo Holdings Proprietary Limited (OTGC)	Liquid bulk storage and trading	South Africa	Ports and Terminals	30.5%	30.5%
RBT Grindrod Terminals Proprietary Limited (RBTG)	Terminals	South Africa	Ports and Terminals	59.7%	59.7%
New Limpopo Bridge Projects Limited (NLPI)	Rail	Mauritius	Logistics	74.5%	74.5%
Grindrod Rail Consultancy Proprietary Limited	Rail	South Africa	Logistics	42.3%	42.3%
RailCo Africa Limited	Rail	Mauritius	Logistics	42.3%	42.3%

Information about the composition of the Group at the end of the reporting period has been included in the key operating segment on page 134.

In the current year, the shareholding in Röhlig-Grindrod Proprietary Limited was increased to 50% following an exit of one of the joint venture partners in share-buy back transaction.

Summarised financial information in respect of each of the Group's joint ventures are set out below. The summarised financial information below represents amounts from the respective joint ventures financial statements prepared in accordance with IFRS and adjusted by the Group, when necessary, for equity accounting purposes.

4. INVESTMENTS IN JOINT VENTURES continued

	Port and Terminals		Logistics		Marine Fuels		Total	
	2021 R000	2020 R000	2021 R000	2020 R000	2021 R000	2020 R000	2021 R000	2020 R000
Statement of profit/(loss) at effective share								
Revenue	823 613	686 354	593 163	574 995	12 856 722	11 504 669	14 273 498	12 766 018
Operating income before interest and taxation and after non-trading items and non-controlling interests	428 443	319 028	8 803	70 541	39 473	75 600	476 719	465 169
Net interest paid	(33 489)	(40 131)	(26 461)	(30 238)	5 386	589	(54 564)	(69 780)
Taxation	(104 800)	(81 905)	(24 737)	(20 690)	(4 900)	(7 491)	(134 437)	(110 086)
Profit for the year	290 154	196 992	(42 395)	19 613	39 959	68 698	287 718	285 303
Statement of financial position at 100%								
Non-current assets	3 607 381	3 089 424	1 159 272	1 621 371	264 312	266 958	5 030 965	4 977 753
Current assets (excluding cash)	487 267	271 651	1 621 163	1 186 495	2 172 900	1 849 916	4 281 330	3 308 062
Cash and cash equivalents	254 022	203 126	196 035	200 714	461 690	188 872	911 747	592 712
Non-current liabilities	(958 459)	(772 636)	(349 533)	(375 072)	-	-	(1 307 992)	(1 147 708)
Current liabilities	(901 124)	(457 181)	(1 588 481)	(1 794 871)	(2 317 970)	(2 103 552)	(4 807 575)	(4 355 604)
Bank overdraft	-	-	(244 702)	(128 860)	(285 132)	-	(244 702)	(128 860)
Net assets	2 489 087	2 334 384	793 754	709 777	295 800	202 194	3 863 773	3 246 355
Proportion of Group's ownership in joint ventures	1 416 402	1 320 685	363 379	341 871	147 900	101 097	1 927 681	1 763 653
Goodwill	343 856	317 244	20 172	21 435	-	-	364 028	338 679
Loans	413 731	204 564	-	175 440	344 598	316 260	758 329	696 264
Other	8 489	9 616	-	(36 585)	-	-	8 489	(26 969)
Group's share of net assets of joint ventures	2 182 478	1 852 109	383 551	502 161	492 498	417 357	3 058 527	2 771 627
Dividends received from joint ventures	205 397	351 206	31 681	20 804	-	-	237 078	372 010

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

	2021 R000	2020 R000
Authorised and contracted for and due within one year	-	7 165
Authorised and not contracted for	-	-
Total	-	7 165
The cumulative unrecognised proportionate share of equity accounted losses in CMOG	220 556	244 719
The cumulative unrecognised proportionate share of equity accounted losses in NLPI	9 453	-

CMOG incurred significant losses in the prior year as a result of provisions raised on trade receivables. The Group has limited the equity accounted loss recognised to the value of investment and related shareholder loans. This investment is carried at nil value. The cumulative loss not recognised has been detailed above.

During the year NLPI incurred significant losses as a result of poor volumes. The Group has limited the equity accounted loss recognised to the value of investment. This investment is carried at nil value. The cumulative loss not recognised has been detailed above.

In the prior year an impairment of R96.4 million was recognised in Cockett Marine Oil Pte Limited and R3.0 million in OTGC. Both impairments were based on a value in use determined on discounted cash flow basis.

An operation located in Zimbabwe is included in the Logistics segment and the funds are freely available for use in Zimbabwe but the transfer of funds outside of the country is limited. The value of the restricted funds at year end was R16.3 million [2020: R14.1 million] at Grindrod's effective share.

5. INVESTMENTS IN ASSOCIATES

The consolidated Annual 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. 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.

Grindrod holds certain investments in associates and joint ventures, directly or indirectly, through an entity that is an investment entity as defined, and has elected to measure those investments at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. Grindrod made this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. These investments have been disclosed in other investments. Refer to note 6.

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.

The Group has associate interests in the following companies:

Name of associate	Principal activity	Place of incorporation	Segment	2021 Proportion of ownership	2020 Proportion of ownership
Grindrod Namibia Stevedoring Proprietary Limited	Stevedoring	Namibia	Ports and Terminals	49.0%	49.0%
Empresa De Dragagem Do Porto de Mozambique S.A.	Port dredging	Mozambique	Ports and Terminals	25.5%	25.5%
Sturrock Flex Shipping Limited	Clearing and forwarding	Tanzania	Logistics	37.1%	37.1%

Information about the composition of the Group at the end of the reporting period has been included in the key operating segments on page 134.

Summarised financial information in respect of each of the Group's associates is set out below. The summarised financial information below represents amounts in associates financial statements prepared in accordance with IFRS and adjusted by the Group, when necessary, for equity accounting purposes.

	Port and Terminals		Logistics		Total	
	2021 R000	2020 R000	2021 R000	2020 R000	2021 R000	2020 R000
Statement of profit/(loss)						
Revenue	38 177	40 771	6 124	5 645	44 301	46 416
Depreciation	(20 979)	(23 316)	(57)	–	(21 036)	(23 316)
Operating income before interest and taxation	35 273	39 215	532	478	35 805	39 693
Net interest paid	(7 454)	(12 016)	(242)	–	(7 696)	(12 016)
Taxation	(8 935)	(7 063)	(5)	(175)	(8 940)	(7 238)
Profit for the year	18 884	20 136	285	303	19 169	20 439
Statement of financial position at 100%						
Non-current assets	982 087	981 170	921	723	983 008	981 893
Current assets (excluding cash)	137 261	63 337	668	15 302	137 929	78 639
Cash and cash equivalents	9 260	8 843	10 993	9 185	20 253	18 028
Non-current liabilities	(155)	(326)	(3 156)	(24)	(3 311)	(350)
Current liabilities	(516 378)	(564 696)	(7 001)	(25 769)	(523 379)	(590 465)
Net assets/(liability)	612 075	488 328	2 425	(583)	614 500	487 745
Proportion of Group's ownership in associate	157 931	126 748	985	(216)	158 916	126 532
Loans	–	–	2 845	2 885	2 845	2 885
Other	(15 820)	(15 430)	–	–	(15 820)	(15 430)
Group's share of net assets of associates	142 111	111 318	3 830	2 669	145 941	113 987
Dividends received from associates	–	–	–	–	–	–

6. OTHER INVESTMENTS

Other investments measured at fair value through profit and loss (FVTPL)

Other investments classified as FVTPL consist of listed investments and unlisted investments in, and loans to, the private equity investees, and the pension fund surplus on the Grindrod Pension Fund.

Other investments measured at FVTPL are measured at fair value and changes to the fair value are processed to the income statement. The Group's Private Equity and Property operations meet the definition of an investment entity because it has a diversified portfolio, multiple investors and various equity ownerships. Therefore all private equity investments remain at FVTPL including investments where the Group holds over 20% of the equity interest but less than 50%.

Other investments measured at fair value through other comprehensive income (FVTOCI)

This consists of unlisted investments in insurance cell captives initially measured at fair value and subsequently measured FVTOCI and changes to the fair value are recorded in other comprehensive income.

	2021 R000	2020 R000
Financial assets measured at FVTPL		
Listed investments	93 707	96 187
Unlisted investments	562 834	1 487 459
Pension fund surplus recognised*	87 911	68 768
Financial assets measured at FVTOCI		
Unlisted investments in insurance cell captives	15 086	17 537
Financial assets measured at amortised cost		
Loans to related parties	338 130	319 959
	1 097 668	1 989 910

* Details of the pension fund are included in note 16.

Refer to note 33 for fair value hierarchy.

The fair value of the investments approximates the carrying amount.

Loans to related parties are mainly preference shares in RBT Resources Proprietary Limited and in RBT Grindrod Proprietary Limited. The preference shares in RBT Resources Proprietary Limited are held at amortised cost. Interest is charged at prime interest rate plus 2% and the preference share is redeemable within 4 to 10 years. The preference shares in RBT Grindrod Terminals Proprietary Limited are held at amortised cost. Interest is charged at prime interest rate and the preference share is redeemable after 10 years. The fair value of the security for the preference shares exceeds the value of the loans and there is no breach currently. Hence no expected credit loss provision has been raised.

Material investments in associates held by the Private Equity business which is an "investment entity" are included in the unlisted investments and are measured at FVTPL.

	Place of incorporation	2021 Proportion of ownership	2020 Proportion of ownership
Entity A*	South Africa	–	49.6%
Entity B	South Africa	35.1%	35.1%
Direct shareholding %		35.1%	26.0%
Indirect shareholding %		–	9.1%
UK Property investments* (refer to note 7)	United Kingdom	–	49.0%

* The investment was disposed of in the current year.

Summarised financial information in respect of each of the Group's significant associates are set out below. The summarised financial information below represents gross amounts in Associates' financial statements:

	Entity A		Entity B	
	2021 R000	2020 R000	2021 R000	2020 R000
Statement of profit/(loss) at 100%				
Revenue	21 909	4 757	882 392	644 784
Depreciation	(14)	(12)	–	–
Operating profit/(loss) before interest and taxation	15 992	(24 850)	308 254	189 085
Net interest paid	(13 579)	(5 479)	(244 787)	(157 583)
Taxation	–	–	(17 984)	(8 907)
Profit/(loss) for the year	2 413	(30 329)	45 483	22 595
Statement of financial position at 100%				
Non-current assets	–	520 080	1 504 416	911 305
Current assets (excluding cash)	–	49 598	380 284	221 903
Cash and cash equivalents	–	272	24 249	7 609
Non-current liabilities	–	(176 576)	(973 097)	(714 857)
Current liabilities	–	(890)	(688 636)	(204 279)
Net assets	–	392 484	247 216	221 681

	UK Property investments	
	2021 R000	2020 R000
Statement of profit/(loss) at 100%		
Revenue	31 881	27 370
Operating profit/(loss) before interest and taxation	190 293	(110 654)
Net interest paid	(106 134)	(124 362)
Taxation	–	857
Profit/(loss) for the year	84 159	(234 159)
Statement of financial position at 100%		
Non-current assets	–	1 651 201
Current assets (excluding cash)	–	231 085
Non-current liabilities	–	(1 423 779)
Current liabilities	–	(36 885)
Net assets	–	421 622

The above represents the net asset value of the respective entities. Fair value disclosure is included in note 33. Associate entities have differing year ends. Management have used the latest unaudited available financial information.

7. LONG-TERM RECEIVABLE

The long-term receivable comprises the deferred interest-bearing proceeds from the disposal of the investment in Select Industrial Real Estate UK Fund Limited (SIRE). On 4 November 2021, the Group disposed of its entire shareholding in SIRE for a total consideration of £17.4 million to Gripon Limited, the other shareholder in the underlying structure, payable as follows:

- £4.5 million (R90.8 million) was received in 2021 on fulfilment of the condition's precedent;
- £2.0 million is to be received 12 months after disposal date;
- £5.2 million is to be received 30 months after disposal date; and
- £5.7 million is to be received 36 months after disposal date.

Following the disposal, the remaining proceeds of £12.9 million were discounted at a rate of 5.4%. The discount rate was determined based on a market related borrowing rate in the United Kingdom, for borrowings with a similar collateral profile, factoring in the credit risk of the buyer. Interest at 1.5% on the outstanding proceeds will commence 13 months from the date of disposal.

The receivable is adequately secured by the SIRE shares which remain in escrow and ownership passes as the payments are made.

Investment banking portfolio

	Consolidated	
	2021 R000	2020 R000
Carrying value of the receivable at year end convert at a closing exchange rate of R21.53/E*	245 214	–
Split as follows:		
Non-current	202 099	–
Current	43 115	–

* The impact of a 1% change in the discount rate would result in change in the receivable carrying value of R5.8 million.

8. DEFERRED TAXATION

Deferred taxation assets and liabilities

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated and separate Annual 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.

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.

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.

	Consolidated	
	2021 R000	2020 R000
Deferred taxation analysed by major category:		
Capital allowances	(73 236)	(80 231)
Provisions	92 803	88 127
Other timing differences*	20 254	29 227
Leases	79 928	47 499
Estimated taxation losses	9 779	3 542
	129 528	88 164
Reconciliation of deferred taxation:		
Opening balance	88 164	(37 386)
Income statement effect	42 249	123 123
Translation adjustment	2 593	(945)
Acquisition of businesses	–	539
Disposal of businesses	(178)	(1 167)
Deferred tax recognised directly in equity	(3 300)	4 000
Closing balance	129 528	88 164
Comprising:		
Deferred taxation assets	186 978	151 561
Deferred taxation liabilities	(57 450)	(63 397)
	129 528	88 164

* Other timing differences mainly relates to fair value losses and deferred income.

Deferred taxation assets have been recognised on assessed losses and timing differences in the relevant entities which the Group believes it is probable that they will generate a taxable profit in the foreseeable future. The assessments are performed on a continuous basis. Refer to note 23 for the assessed loss details.

9. LOANS AND ADVANCES

	Consolidated	
	2021 R000	2020 R000
Held at amortised cost	6 269 459	5 452 698
Held at FVTPL	2 629 678	2 528 167
Designated at FVTPL	638 174	952 353
	9 537 311	8 933 218
Contractual terms for loans and advances are not homogenous instead each funding arrangement is bespoke.		
Loans and advances – companies and close corporations	8 095 979	7 900 495
Loans and advances – unincorporated businesses	522 217	586 326
Loans and advances – individuals	33 758	35 685
Accrued income	145 753	44 064
Preference shares	976 897	657 381
Revaluation of loans held at FVTPL	(19 464)	(26 856)
Less: ECL provision against advances (stages 1 and 2)	(38 210)	(34 696)
Less: ECL allowance against loans and advances (stage 3)	(179 619)	(229 181)
	9 537 311	8 933 218

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.

	Consolidated	
	2021 R000	2020 R000
Spilt as follows		
Non-current	7 029 849	4 804 042
Current	2 507 462	4 129 176
Maximum exposure to credit risk before impairments	9 755 140	9 197 095
Exposures with renegotiated terms	1 456 749	1 377 453
The maturity analysis of advances are determined on the basis as described in note 1 “Short-term and long-term disclosure of loans and advances”.		
Sectoral analysis:		
Agriculture, hunting, forestry and fishing	44 099	70 182
Mining and quarrying	31 694	21 112
Manufacturing	124 882	127 903
Electricity, gas and water supply	10 628	7 879
Construction	45 045	11 188
Wholesale and retail trade, repair of specified items, hotels and restaurants	473 197	483 848
Transport, storage and communication	121 740	53 943
Financial intermediation and insurance	207 087	286 428
Real estate*	6 280 271	5 800 772
Business services	397 956	306 409
Community, social and personal services	39 568	41 861
Private households	25 986	27 838
Other**	1 773 368	1 728 551
ECL provision against advances (stages 1 and 2)	(38 210)	(34 696)
	9 537 311	8 933 218

* This primarily relates to industrial and commercial properties located mainly in KZN, Gauteng and Western Cape.

** Other consists of loans and advances to investment holding entities with diverse investment portfolios therefore these loans and advances cannot be categorised.

9. LOANS AND ADVANCES continued

	Consolidated	
	2021 R000	2020 R000
Geographical analysis		
South Africa	9 537 311	8 933 218
Included in loans and advances are fixed rate loans designated at FVTPL:		
Net book value of loans and advances held at FVTPL	597 486	859 067
Revaluation of loans and advances held at FVTPL	40 688	93 286
	638 174	952 353
Analysis of classified, impaired or non-performing loans and advances:		
Loans and advances classified as special mention ¹	420 552	551 845
Loans and advances classified as sub-standard ²	741 303	339 568
Loans and advances displaying significant weakness ³	97 467	227 384
Carrying amount of classified, impaired or non-performing loans and advances	1 259 322	1 118 797
Collateral held against classified, impaired or non-performing loans and advances*	3 013 819	4 173 714
Sectoral analysis of impaired loans and advances:		
Electricity, gas and water supply	7 384	–
Financial intermediation and insurance	–	15 044
Real estate	781 961	626 832
Wholesale and retail trade, repair of specified items, hotels and restaurants	35 299	43 157
Private households	–	355
Community, social and personal services	–	6 726
Business services	231 744	236 386
Other**	202 934	190 297
	1 259 322	1 118 797
Breakdown of ECL provision included above:		
Analysis of portfolio (stages 1 and 2)		
Provision at the beginning of the year	34 696	22 129
Net increase in provision	3 514	12 567
Provision at the end of the year	38 210	34 696
Analysis of impairments (stage 3)		
Impairments at the beginning of the year	229 181	59 976
Net (reversal)/increase in impairments	(31 795)	196 188
Write-off against impairments	(17 767)	(26 983)
Impairments at the end of the year	179 619	229 181
Provisioning analysis		
Portfolio provision – stage 1	21 129	20 670
Portfolio provision – stage 2	17 081	14 026
Specific impairments – stage 3	179 619	229 181
	217 829	263 877

* Over collateralised in certain instances.

** Other consists of loans and advances to investment holding entities with diverse investment portfolios therefore these loans and advances cannot be categorised.

¹ Special mention are credit exposures in respect of which the obligor is experiencing difficulties that may threaten the Bank's position. Ultimate loss is not expected, but may occur if adverse conditions persist.

² Any credit exposure that reflects an underlying, well defined weakness that may lead to probable loss if not corrected are included in the category of sub-standard.

³ Significant weakness includes the following categories:

Doubtful: Credit exposure in the category of doubtful is considered to be impaired, but is not yet considered final loss.

Loss: Credit exposures classified as loss are considered to be uncollectable once collection efforts, such as realisation of collateral and institution of legal proceedings, have been unsuccessful.

	Consolidated	
	2021 R000	2020 R000
Carrying value of the collateralised loans and advances		
Property	5 891 548	5 425 745
Listed shares	484 797	207 567
Unlisted shares	337 890	230 144
Debtors	155 636	52 771
Guarantee/Letter of Undertaking	1 846 321	1 578 668
Other	160 665	126 264
Collateral held	8 876 857	7 621 159
Unsecured	1 006 662	1 874 843
Revaluation of loans at fair value through profit or loss	(19 464)	(26 856)
ECL allowance against loans and advances (stages 1 and 2)	(38 210)	(34 696)
ECL allowance against loans and advances (stage 3)	(179 619)	(229 181)
Security for financing guarantees provided by the Bank (note 25)*	(108 915)	(272 051)
	9 537 311	8 933 218
Refer to note 33 for further disclosure on ECL		
Included in loans and advances are funds from related parties earning interest at market related rates	–	–
Directors (directly or indirectly) (Grindrod Bank CEO)	–	1 760

* Considered in the assessment of ECL.

10. LIQUID ASSETS AND NEGOTIABLE SECURITIES

	Consolidated	
	2021 R000	2020 R000
At amortised cost		
Money market investments	–	607 091
Government bonds	312 958	185 232
Preference shares	290	16 641
Treasury bills	3 623 745	1 661 248
ECL allowance against negotiable securities (ECL Stage 1)	(1 009)	(962)
	3 935 984	2 469 250
Analysis of ECL allowance (Stage 1)		
Allowance at 1 January	962	–
Net increase in allowance	47	962
Allowance at 31 December	1 009	962
ECL allowance analysis		
Stage 1 – 12-month ECLs	1 009	962
Total ECL allowance on negotiable securities	1 009	962
Stage 1 – 12-month ECLs		
Gross carrying amount	3 936 993	2 470 212
Less: ECL allowance	(1 009)	(962)
Net carrying amount at 31 December	3 935 984	2 469 250
ECL allowance at 1 January	962	–
Net impairment losses recognised	47	962
ECL allowance at 31 December	1 009	962
Long-term negotiable securities	312 958	185 232
Liquid assets and short-term negotiable securities	3 623 026	2 284 018
Total	3 935 984	2 469 250

The carrying amount of liquid assets and short-term negotiable securities approximate their fair value.

11. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2021 R000	2020 R000
Trade receivables	1 341 490	1 232 464
Less: expected credit loss (ECL)	(634 051)	(544 766)
Net trade debtors	707 439	687 698
Receivables from joint ventures	111 640	134 044
VAT receivable	72 067	59 493
Prepayments	64 018	62 094
Recoverable disbursements	44 415	125 500
Deferred consideration on disposal of businesses	127 035	–
Gross amount receivable	133 085	–
ECL raised	(6 050)	–
Other receivables*	220 577	204 834
	1 347 191	1 273 663

* Included in other receivables are accrued income, contract assets, deposits and receivable claims.

The carrying amount of trade and other receivables approximates fair value as these are predominantly short term and non-interest bearing.

Deferred consideration on disposal of businesses relates to the proceeds on disposal of the fuel carrier businesses not received as at the end of the year. Proceeds of R92.5 million has been received post year-end with the remainder expected to be received within the next year. Sufficient security is held against the receivable.

Further details relating to expected credit loss for trade receivable, receivables from joint ventures, deferred consideration on disposal of business and other receivables are shown in note 33.

12. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND NON-CURRENT LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS 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 Groups, 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 and no equity accounted earnings are recognised.

	Consolidated	
	2021 R000	2020 R000
Non-current assets classified as held for sale		
Investment in associate	-	367 034
Freehold and leasehold properties	65 000	-
	65 000	367 034

Business disposals

During the current year, the disposals of the Automotive and Fuel Carrier businesses had progressed significantly. Consequently the assets and liabilities, subject to disposal, were classified as non-current assets held for sale as at 30 June 2021. The disposals of both these businesses was subsequently completed on 31 August 2021. The remaining asset relates to the disposal of property which was not transferred as at year end. This was transferred subsequent to year end.

In addition, in the current year, the sale of shares held in Senwes which was previously classified as a non-current asset held for sale, was completed.

Current year movement in non-current assets classified as held for sale

	Opening balance R000	Transfer in R000	IFRS 5 Im- pairment R000	Add- itions R000	Re- payments R000	Reclassi- fication/ disposals R000	Transfer out R000	Disposals of business R000	Closing balance R000
Property, terminals, machinery, vehicles and equipment									
Freehold and leasehold properties*	-	124 776	(56 259)	-	-	(3 517)	-	-	65 000
Assets under construction	-	392	-	-	-	(392)	-	-	-
Terminals, machinery, vehicle and equipment	-	160 968	(40 876)	14 903	-	6 799	-	(141 794)	-
Right-of-use assets	-	29 112	(2 517)	2 712	-	(4 437)	-	(24 870)	-
Goodwill and intangible assets	-	133 814	(133 814)	-	-	-	-	-	-
Investment in associate	367 034	-	-	-	-	-	-	(367 034)	-
Lease liabilities	-	(26 300)	-	-	1 493	-	-	24 807	-
Trade and other payables	-	(4 947)	(6 600)	-	-	-	6 600	4 947	-
	367 034	417 815	(240 066)	17 615	1 493	(1 547)	6 600	(503 944)	65 000

* Proceeds of R65.0 million were received subsequent to year-end, following the completion of the transfer of the property.

Reconciliation to cash flow statement

	2021 R000
Proceeds on disposal as per above	503 944
Adjusted for non-cash portion:	
Advance made by Bank (Senwes investment disposal)	(322 723)
Proceeds settled directly with financing institution (Automotive business disposal)	(30 000)
Proceeds receivable (included in deferred consideration on disposal of businesses) (Fuel carrier business disposal)	(107 187)
Net cash flow on disposal	44 034

13. SHARE CAPITAL AND PREMIUM

Group authorised and issued share capital are as follows:

	Consolidated	
	2021 R000	2020 R000
Authorised		
2 750 000 000 ordinary shares of 0.002 cents each	55	55
20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	6	6
	61	61
There has been no change in the number of authorised shares from the prior year.		
Issued		
698 031 586 (2020: 698 031 586) ordinary shares of 0.002 cents each.	14	14
7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	2	2
	16	16
Total issued share capital and premium	3 928 711	3 950 427

In the current year, 6 174 122 shares (2020: 10 070 348) were bought back as treasury shares at an average price of R4.85 (2020: R4.13).

At 31 December 2021, 31 503 698 (2020: 26 505 820) ordinary shares are held by a subsidiary of the Group.

Of these shares 2 420 343 (2020: 3 596 588) have been allocated to the Group's forfeitable share plan. Refer to notes 30 and 35 for details of the forfeitable share plan.

14. BORROWINGS

	Consolidated	
	2021 R000	2020 R000
Long-term borrowings		
Unsecured		
Lease liabilities	1 046 310	967 863
Secured		
Secured liabilities and financing	757 219	445 391
	1 803 529	1 413 254
Total amounts repayable within one year	(395 650)	(368 693)
Long-term borrowings	1 407 879	1 044 561
Interest-bearing borrowings are disclosed in the consolidated statement of financial position as follows:	1 803 529	1 413 254
Long-term borrowings	610 853	341 490
Lease liabilities	797 026	703 071
Current portion of lease liabilities	249 284	264 792
Current portion of long-term borrowings	146 366	103 901
Short-term borrowings		
Short-term interest bearing borrowings and bank overdraft	603 491	1 352 764
Short-term borrowings	63 869	449 908
Bank overdraft	539 622	902 856
Total interest-bearing debt (excluding Bank and Private Equity funding)	2 407 020	2 766 018

Property, terminal, vehicles and equipment of R850.4 million (2020: R678.5 million) are pledged as security for loans of R757.2 million (2020: R644.2 million).

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 short-term financing and interest rate profiles are detailed on the schedule of loan funds on page 136.

NOTES TO THE
FINANCIAL STATEMENTS continued
for the year ended 31 December 2021

14. BORROWINGS continued

Available facilities

Interest-bearing debt is raised to fund 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 2021, as follows:

	Expiry category	Currency	2021 R000	2020 R000
Asset financing	9 – 12 months	USD	155 832	–
Asset financing	9 – 12 months	ZAR	175 591	119 545
Short-term borrowing facilities	0 – 3 months	USD	–	1 462
	9 – 12 months	USD	191 160	38 133
Short-term borrowing facilities	0 – 3 months	ZAR	–	19 862
	3 – 6 months	ZAR	300 000	409 801
	9 – 12 months	ZAR	250 132	4 230
			1 072 715	593 033

15. BANK AND PRIVATE EQUITY FUNDING

	Consolidated	
	2021 R000	2020 R000
Unsecured		
Unsecured financing	822 872	1 096 316
Secured		
Secured financing	629 267	636 049
	1 452 139	1 732 365
Total amounts repayable within one year	(908 778)	(1 345 601)
Long-term borrowings	543 361	386 764

The owners of the North Coast property have pledged the property as security for the loan of R492.5 million (2020: R491.8 million). Freehold land and buildings and investment property of R135.0 million are pledged as security for loans of R61.8 million.

Full details of the long and short-term financing and interest rate profiles are detailed on the schedule of Bank and Private Equity funding instruments on page 137.

16. RETIREMENT BENEFIT PLANS

Grindrod 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.

Post-employment benefit obligations

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

Current contributions to Grindrod's defined contribution funds are charged against income when incurred. The cost of providing benefits to Grindrod's defined benefit plan and the obligation in respect of post-retirement medical aid are determined and expensed 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 Grindrod's Annual Financial Statements only when it is clear that economic benefits will be available to Grindrod. These surpluses are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur.

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

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

Longevity risk
Investment risk
Market risk
Liquidity risk
Salary risk
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.

16. RETIREMENT BENEFIT PLANS continued

Foreign exchange rate risk

The great majority of member's retirement fund liabilities are denominated in ZAR. 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 remain structurally higher than in most developed countries, it is expected that the Rand would weaken against the major investment currencies over time.

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.

	Consolidated	
	2021 R000	2020 R000
The funded status of the pension fund is as follows:		
Actuarial value of assets	122 519	105 838
Present value of liabilities	(34 608)	(37 070)
Actuarial surplus (note 6)	87 911	68 768
The amounts recognised in the Annual Financial Statements in this respect are as follows:		
Recognised asset at beginning of the year	68 768	132 211
Recognised in the income statement in the current year	8 320	11 787
Interest on obligation	(4 522)	(4 500)
Current service cost	(1 030)	(1 482)
Expected return on plan assets	13 872	17 769
Recognised in other comprehensive income in the current year	10 823	(29 176)
Actuarial gain/(loss) arising from changes in financial assumptions	11 976	(40 473)
Actuarial gain/(loss) arising from changes in experience assumptions	(1 153)	11 297
Transfer to Grindrod Shipping South Africa Proprietary Limited	–	(46 054)
	87 911	68 768

	Consolidated	
	2021 %	2020 %
The assets of the fund were invested as follows:		
Cash and cash equivalents	8.7	4.2
Equity instruments	60.0	36.4
Debt instruments	13.8	18.5
Real estate	16.6	13.7
International instruments	0.8	27.0
Other	0.2	0.2
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 as at 31 December 2021. 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	12.2	13.7
Salary increase	8.1	8.7
Pension increase	7.1	7.7
Inflation increase	7.1	7.7
Statutory discount rate for minimum benefits	4.1	4.7
Post-retirement discount rate for minimum benefits	4.0	4.0

	2021 Effect of a 1%		2020 Effect of a 1%	
	Increase	(Decrease)	Increase	(Decrease)
The effects of an increase or decrease of 1% in the assumed discount rates are as follows:	0.0%	0.1%	0.0%	0.1%

	2021 Effect of a 1%		2020 Effect of a 1%	
	Increase	(Decrease)	Increase	(Decrease)
The effects of an increase or decrease of 1% in the assumed inflation rates are as follows:	0.1%	0.0%	0.1%	0.0%

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 were no changes in the methods and assumptions used in preparing the sensitivity analysis from the prior year.

The Group and employees expect to make a contribution of R1 000 (2020: R1 000) to the retirement benefit plan during the next financial year.

Risk management

There has been no change in the Group's risk management process as detailed above.

17. DEPOSITS FROM BANK CUSTOMERS

	Consolidated	
	2021 R000	2020 R000
Measured at amortised cost		
Call deposits	6 859 699	5 962 249
Notice and fixed deposits	4 277 991	3 399 610
Interest accrued	83 443	71 822
	11 221 133	9 433 681
Maturity analysis		
Withdrawable on demand	6 881 117	5 980 003
Maturing within one month	1 253 031	620 268
Maturing after one month but within three months	1 421 085	1 412 446
Maturing after three months but within six months	1 084 555	845 393
Maturing after six months but within one year	341 625	341 295
Maturing after one year	239 720	234 276
	11 221 133	9 433 681
Spilt as follows		
Non-current	239 720	234 276
Current	10 981 413	9 199 405
The maturity analysis of deposits is based on their remaining contractual periods to maturity from the reporting date.		
Sectoral analysis:		
Banks	25 211	32 330
Government and public sector	874 192	742 482
Individuals	2 116 653	1 627 841
Business sector	8 205 077	7 031 028
	11 221 133	9 433 681
Geographical analysis:		
South Africa	11 221 133	9 433 681
Included in deposits are funds from related parties earning interest at market related rates:		
Directors (directly or indirectly)	139	135

18. TRADE AND OTHER PAYABLES

	Consolidated	
	2021 R000	2020 R000
Trade creditors	545 726	654 398
Accrued expenses	438 032	424 096
Other payables*	326 938	361 715
	1 310 696	1 440 209

* Other payables consist mainly of VAT, deposits, guarantees and preference dividends payable.

The carrying amount of trade and other payables approximates fair value as these are predominantly short-term and non-interest bearing.

19. REVENUE

19.1 Accounting policy

At the inception of a contract with a customer, Grindrod assesses the goods or services promised in the contract and identifies as a performance obligation each promise to transfer to the customer either a good or service, or bundle of goods or services, that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

Revenue from services is recognised when the performance obligation relating to each specific contract has been satisfied. Performance obligations are satisfied either at a point in time or over time. Where performance obligations are satisfied over time, the entity adopts an input method based on the costs incurred to date as a percentage of the total cost of the contract as a measure of the percentage of completion of the contract. Given the nature of the contracts completed over time, this method provides a faithful depiction of the transfer of goods and services for performance obligations satisfied over time.

The performance obligation with respect to the sale of goods is recognised when the Grindrod entity has delivered its products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or Grindrod has objective evidence that all criteria for acceptance have been satisfied. The performance obligation with respect to provision of services is recognised when the service has been provided to the customer.

Payments by customers are typically made in advance or within 30 days of revenue being recognised. Where payments are deferred for a period beyond 12 months after revenue being recognised, a significant financing component is included in the contract. Revenue is recognised at the present value of the consideration receivable over the contract period with the balance of the consideration being recognised as finance income over time.

Contracts with customers within the Port and Terminals business segment include transaction prices that have variable considerations. This is due to the existence of take or pay arrangements (ToP) whereby the customer commits to a minimum volume throughput during the contract period.

A variable consideration is only recognised to the extent that it is highly probable i.e. when the additional consideration/charge is agreed upon between the parties. ToP revenue does not always materialise as it involves negotiation with the customer which may result in either of the following:

- Additional revenue being recognised if the customer agrees to the additional charge; or
- Additional revenue not being recognised if the customer does not agree to the additional charge. Due to the variability and subjectivity involved, Grindrod's policy is to recognise ToP revenue only when amounts are agreed-upon/confirmed with the customer. This ensures that there is no significant reversal of previously recognised revenue.

The transaction price is allocated to each performance obligation in a contract on a relative stand-alone selling price basis where contracts have more than one performance obligation. Where discounts are issued on contracts that consist of more than one performance obligation, Grindrod allocates the discount to each performance obligation separately. In some instances, Grindrod provides multiple services to customers in a single contract. Where it is the intention of Grindrod to provide an end to end solution, these are considered as an integrated set of activities and treated as a single performance obligation.

Revenue description

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Grindrod recognises revenue when it transfers control over a product or service to a customer.

19. REVENUE continued

19.1 Accounting policy continued

The following is a description of the principal activities from which Grindrod generates its revenue:

Bulk terminals

The bulk terminal activities involve receiving, stockpiling and loading of cargo onto vessels for onward transportation. The terminal earns a fixed rate, per ton loaded onto the vessel, which is a single performance obligation hence the point in time revenue recognition. The performance obligation is met when cargo tonnage is loaded onto the vessel and involves an integrated set of activities as the terminal would not be able to fulfil its promise, by transferring each of the services independently.

Container handling

Grindrod provides various services to customers through its Intermodal, Northern Mozambique and Seafreight business including container handling, transport, warehousing, loading and offloading. Grindrod also sells and leases containers to customers. The performance obligation related to handling and transport of containers performed by the Seafreight business is recognised over time. The remaining services rendered by the Intermodal and Northern Mozambique business is satisfied at a point in time.

Logistics

Grindrod provides a variety of logistics solutions for the transportation of cargo through road, rail and sea. The performance obligation from this service is satisfied at a point in time when the cargo has been delivered to the customer.

Ships agency income

Grindrod provides clearing and forwarding of imports and exports, transportation of goods and ship husbandry services. Each performance obligation from these services is satisfied at a point in time when the cargo has been delivered to the customer.

Other services

Other services includes revenue earned from various ancillary services including but not limited to training, bay stevedoring and rentals. The performance obligation is the provision of the relevant service and is satisfied over time.

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

Fee, dividend and interest income (By Bank)

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 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.

	Consolidated	
	2021 R000	2020 R000
Revenue from each category is disaggregated in the following table:		
Bulk terminals	469 460	354 199
Container handling	1 433 330	1 385 972
Recognised at a point in time	999 795	885 962
Recognised over time	433 535	500 010
Logistics	776 132	844 746
Net interest income at Bank*	241 849	133 819
Fee income of Financial Services*	243 160	244 983
Ships agency income	447 341	449 021
Other services	293 712	338 416
	3 904 984	3 751 156
Analysis of Bank's net interest income included above:		
Interest income	712 427	724 919
Advances	459 021	419 499
Balances at banks and short-term funds	40 836	123 389
Preference share dividends, negotiable securities portfolio	1 229	4 538
Other short-term securities	154 255	97 802
Loan origination fees recognised over the expected life of advances*	57 086	41 878
Participatory contribution income	–	37 813
Interest expense	(470 578)	(591 100)
Call deposits	(205 234)	(215 528)
Notice and fixed deposits	(225 168)	(113 338)
Other interest expense	(40 176)	(54 659)
Prime linked notice deposits	–	(151 943)
Participatory contribution expense	–	(55 632)
Net interest income	241 849	133 819

* Comparatives have been represented to reflect loan origination fee income more appropriately as part of net interest income of Bank. Total Bank revenue remains unchanged.

20. OPERATING PROFIT/(LOSS) BEFORE INTEREST, TAXATION AND NON-TRADING ITEMS

20.1 Employee benefit cost

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.

Defined benefit costs

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 costs (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 costs 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.

	Consolidated	
	2021 R000	2020 R000
20.2 Operating profit/(loss) before interest, taxation and non trading includes the following:		
Net loss on financial instruments	(33 041)	(375 942)
Net foreign exchange gain/(losses)	18 126	(23 432)
Voyage expenses	118 263	175 250
Bunker fuels	95 002	124 052
Container handling and logistics	707 441	604 759
Other commodities	127 913	164 699
Staff costs	1 222 322	1 146 837
Depreciation	463 917	501 492
Amortisation	24 192	24 807
(Reversal of)/Increase in expected credit loss – Loans and advances	(44 065)	204 663
Increase in trade receivables expected credit loss allowance	56 125	8 620
Auditors' remuneration		
Audit fees – current year provision	28 705	27 142
Prior year under provision	3 127	8 994
Other	937	2 639
Professional fees		
Administrative and managerial	43 019	19 904
Technical/projects	10 481	7 696
Sundry income*	38 008	25 999

* Sundry income includes insurance proceeds received and release of sundry creditors.

21. NON-TRADING ITEMS

Non-trading items cover those amounts that are not considered to be of an operating/trading nature, and generally include re-measurements 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, machinery, 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 financial instruments 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.

Re-measurements 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.

Non-trading items, is a non-IFRS measure and consists of items that are usually capital in nature or not of an operational nature. In most cases non-trading items are those items excluded from headline earnings per share (HEPS) in accordance with the South African Institute of Chartered Accountants (SAICA) Circular 1/2021.

	Consolidated	
	2021 R000	2020 R000
Net impairment of property, terminals, machinery, vehicles and equipment (note 2)	(53 081)	(7 751)
Net impairment of intangible assets	(4 649)	–
Net loss on disposal of investments	(136 114)	(9 835)
Impairment of investments in joint ventures	–	(99 439)
Loss on remeasurement to fair value less costs to sell	(240 066)	(65 029)
Net profit on disposal of property, terminals, machinery, vehicles and equipment	311	51 320
Foreign currency translation reserve release	50 536	7 803
Impairment of goodwill	(24 840)	(82 010)
Gain on bargain purchase	6 769	10 462
	(401 134)	(194 479)

22. INTEREST RECEIVED/(PAID)

	Consolidated	
	2021 R000	2020 R000
Interest received on loans and receivables at amortised cost	99 933	116 488
Interest paid on financial liabilities held at amortised cost	(159 121)	(245 245)
Interest paid on lease liabilities	(67 311)	(81 047)
Total interest paid	(226 432)	(326 292)

Net finance costs excludes interest reported by Bank which is shown as revenue in note 19.

23. 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.

	Consolidated	
	2021 R000	2020 R000
South African normal taxation		
Current		
On income for the year	98 422	64 825
Capital gains taxation (CGT)	1 247	8 241
Prior year*	(70 438)	33 719
Withholding taxes	3 562	4 160
Deferred		
On income for the year	(31 961)	(72 264)
Capital gains taxation (CGT)	–	7 217
Prior year	14 419	(43 456)
Foreign		
Current		
On income for the year	74 772	77 094
Prior year	(1 138)	7 832
Withholding taxes	37 533	47 080
Deferred		
On income for the year	(24 524)	(11 356)
Prior year	(183)	(3 264)
	101 711	119 828

* The prior year overprovision of R70.4 million recorded in 2021 relates mainly to the Private Equity and Property segment, where corrections to previous estimates of CFC income over the last five years were assessed by SARS.

	South Africa R000	Mozambique R000	Mauritius R000	Other R000	Group R000
2021					
Tax rate %*	28	32	15	0.7	28.4
Normal taxation**	(52 017)	55 806	9 237	29	13 055
Adjusted for:					
Current year tax losses (utilised)/not utilised	(8 352)	418	51	(3 152)	(11 035)
Exempt income ¹	(161 432)	(2 429)	(11 540)	–	(175 401)
Non-taxable foreign items/ income taxed at source ⁴	–	2 831	–	89	2 920
Withholding tax	3 562	–	37 533	–	41 095
Non-allowable items ²	289 360	999	2 724	6 163	299 246
Investment tax credits	–	(9 200)	(309)	–	(9 509)
CGT ³	1 247	–	–	–	1 247
Exchange rate impact	–	(2 567)	–	–	(2 567)
Prior year	(55 957)	–	(1 684)	301	(57 340)
Effective taxation	16 411	45 858	36 012	3 430	101 711
2020					
Tax rate %*	28	32	15	15	27.9
Normal taxation**	(212 063)	40 567	11 132	(5 990)	(166 354)
Adjusted for:					
Current year tax losses not utilised	36 920	–	–	2 170	39 090
Exempt income ¹	(79 496)	(4 261)	(248)	(1 052)	(85 057)
Non-taxable foreign items/ income taxed at source ⁴	(5 281)	215	(215)	–	(5 281)
Withholding tax	4 160	–	47 428	–	51 588
Non-allowable items ²	276 041	3 433	6 657	10 196	296 327
Investment tax credits	–	(13 887)	(8 901)	–	(22 788)
CGT ³	15 458	–	–	–	15 458
Exchange rate impact	–	2 030	(16)	–	2 014
Prior year	(7 553)	–	(415)	2 799	(5 169)
Effective taxation	28 186	28 097	55 422	8 123	119 828

* The Other and Group rate of tax varies as it is based on a weighted average calculation for the respective year. The weighted average calculation is a function of the aggregation of the statutory taxation arising from each of the entities over the aggregate of the net profit/loss before taxation for the respective entities. As this mix changes so to does the tax rate.

** The negative normal taxation is due to loss before taxation.

¹ Exempt income relates mainly to dividends received and capital profit on sale.

² Non-allowable items mainly relate to non-deductible fair value expenses and impairment.

³ Capital gains tax includes taxation on fair value of investments in the Bank and Private Equity divisions and sale of property.

⁴ Non-taxable foreign items mainly relate to differences on foreign subsidiaries taxation rates.

Subsidiary companies have estimated taxation losses of R906.3 million (2020: R604.1 million) of which R46.2 million (2020: R20.1 million) has been utilised in the calculation of deferred taxation.

24. EARNINGS PER SHARE

	Consolidated	
	2021 R000	2020 R000
24.1 Basic earnings/(loss) per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Profit/(loss) attributable to owners of parent	221 358	(363 975)
Less: preference dividends	(45 780)	(51 244)
Profit/(loss) used in the calculation of basic earnings per share	175 578	(415 219)
Weighted average number of shares in issue for the year (000s)	670 933	676 640
Basis earnings/(loss) per shares (cents)	26.2	(61.4)
24.2 Diluted earnings/(loss) per share		
Diluted weighted average number of shares in issue for the year (000s)	670 933	676 640
Reconciliation of weighted average number of shares (000s)		
Basic average number of shares in issue	670 933	676 640
Shares that will be issued for no value in terms of share option scheme	–	–
Diluted average number of shares in issue	670 933	676 640
Diluted earnings/(loss) per shares (cents)	26.2	(61.4)
24.3 Headline and diluted headline earnings/(loss) per share		
Headline earnings/(loss) per share is based on headline profit/(loss)	618 366	(168 118)
Weighted average number of shares in issue for the year (000s)	670 933	676 640
Diluted headline earnings/(loss) per share is based on the weighted average number of shares in issue for the year (000s)	670 933	676 640
Headline earnings/(loss) per share		
Basic (cents)	92.2	(24.8)
Diluted (cents)	92.2	(24.8)

	Consolidated	
	2021 R000	2020 R000
Headline profit/(loss) reconciliation:		
Profit/(loss) attributable to ordinary shareholders of the Company	175 578	(415 219)
Adjusted for:		
Net impairment of property, terminals, machinery, vehicles and equipment	48 227	7 895
Net impairment of property, terminals, machinery, vehicles and equipment	53 081	7 751
Tax effect	(4 854)	144
Net impairment of intangible assets	2 775	–
Net impairment of intangible assets	4 649	–
Tax effect	(1 874)	–
Gain on bargain purchase	(6 769)	(10 462)
Net loss on disposal of investments	136 114	9 835
Net profit on disposal of property, terminals, machinery, vehicles and equipment	(311)	(38 837)
Net profit on disposal of property, terminals, machinery, vehicles and equipment	(311)	(51 320)
Tax effect	–	12 483
Impairment of investments in joint ventures	–	99 439
Impairment of goodwill	24 840	82 012
Loss on re-measurement on assets held for sale	240 066	65 029
Foreign currency translation reserve released	(50 536)	(7 804)
Joint ventures:		
Net gain on disposal of investment property, intangibles, property, terminals, machinery, vehicles and equipment	(58)	(2 062)
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	48 440	42 056
Headline earnings/(loss)	618 366	(168 118)

25. CAPITAL COMMITMENTS

	Consolidated	
	2021 R000	2020 R000
Authorised and contracted for		
Due within one year	112 501	279 639
Authorised and not contracted for	156 289	81 527
Total	268 790	361 166
Financing guarantees provided by the Bank	434 724	735 152
Cash backed	325 809	463 101
Lending guarantees (note 9)	108 915	272 051
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 Bank customers	232 141	310 324

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

Grindrod's total capital commitments relate to property, terminals, machinery, vehicles and equipment.

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

26. CONTINGENT LIABILITIES

Management is currently in an appeal process with South Africa Revenue Services around indirect taxes on a leased vessel which originally arose due to its flagging. Supported by legal advice, the directors are of the view that the probability of a material liability arising is low. Management are unable to estimate any potential exposure at this stage.

Despite settlement in December 2020 of an investigation by Brazilian authorities into Cockett Group, the Cockett Group is still under investigation by two other authorities. The settlement is still subject to review by the Brazilian Federal General Controlling Office and it is not possible to estimate when this will happen, but no changes are expected. External legal counsel has been engaged to assist the Cockett Group in responding to such investigations in an open and transparent way and are proactively co-operating with the authorities concerned. One investigation has been dormant for more than two years and the other only affects a small subsidiary of the Cockett Group.

Due to the abovementioned circumstances, any potential exposures, such as fines, penalties or legal costs, are not possible to determine and estimate at this stage. Cockett is a 50% joint venture to the Group.

27. FOREIGN CURRENCY DENOMINATED ITEMS

	Consolidated			
	2021		2020	
	Year end rates	Average rates	Year end rates	Average rates
All foreign currency denominated items are translated in terms of the Group's policies.				
At 31 December the following exchange rates used on conversion were considered material:				
United States Dollar (USD)	15.93	14.90	14.62	16.56
Pound Sterling (GBP)	21.53	20.50	19.92	21.35
Metical (MZM)	0.25	0.23	0.19	0.23
In addition, due to the Group's significant operations in Mozambique, the USD/MZM rate is considered material	63.83	65.56	75.00	69.41

28. OPERATING LEASES RECEIPTS

The minimum future lease receivable under non-cancellable operating leases are as follows:

	Consolidated			
	1 year R000	2 – 5 years R000	>5 years R000	Total R000
2021				
Properties and other	16 467	25 612	–	42 079
2020				
Properties and other	16 244	21 639	–	37 883

29. CASH FLOW

	Consolidated	
	2021 R000	2020 R000
29.1 Reconciliation of operating (loss)/profit before interest, taxation and non-trading items to cash generated from operations		
Operating profit/(loss) before interest, taxation and non-trading items	573 609	(192 714)
Adjustments for:		
Depreciation	463 917	501 492
Share option expense	3 946	5 189
Amortisation of intangible assets	24 192	24 807
Non-cash financial instruments and foreign exchange gains	(33 475)	(10 857)
Expected credit loss	12 060	213 283
Fair value adjustment on Bank, Private Equity instruments and Grindrod Shipping shares	28 358	366 230
Cash generated from operations before working capital changes	1 072 607	907 430
Working capital changes:		
Decrease in inventories	10 596	18 463
Decrease/(increase) in trade and other receivables	36 912	(3 895)
Decrease in trade and other payables	(80 836)	(50 939)
Cash generated from operations	1 039 279	871 059
29.2 Taxation paid		
Balance at the beginning of the year	(71 931)	(26 136)
Current year	(143 960)	(242 951)
Foreign exchange translation	(6 699)	1 082
Businesses disposed	–	(429)
Net balance at the end of the year	46 675	71 931
Taxation paid	(175 915)	(196 503)
29.3 Property, terminals, machinery, vehicles, and equipment acquired		
Additions – property, terminals, machinery, vehicles and equipment	(787 385)	(401 313)
Additions in non-current assets held for sale – property, terminals, machinery, vehicles and equipment	(14 903)	–
Adjusted for non-cash additions:		
Right-of-use asset additions	320 529	100 822
Additions through instalment sale agreements	68 951	59 629
Cash flow on acquisition of property, terminals, machinery, vehicles and equipment	(412 808)	(240 862)

	Consolidated	
	2021 R000	2020 R000
29.4 Acquisition of subsidiaries and joint ventures		
Property, terminals, machinery, vehicles and equipment	–	(336)
Other investments	(8 008)	–
Working capital	21 462	4 865
Goodwill	(13 454)	(4 860)
Long-term borrowings	–	3 211
Deferred taxation	–	(539)
Non-controlling interests	–	(4 670)
Cash and bank	–	(671)
Total purchase consideration	–	(3 000)
Less: cash and cash equivalents	–	671
Cash disposed	–	(2 329)

29.5 Deconsolidation and disposal of subsidiaries and joint ventures

In the current year, the Group disposed of its shareholding in ISI and SIRE in line with the exit strategy of the private equity portfolio.

In addition, in line with the strategy to exit poor performing businesses, the Group disposed of Fuelogic Namibia Proprietary Limited.

	Consolidated	
	2021 R000	2020 R000
Property, terminals, machinery, vehicles and equipment and right-of-use assets	47 561	257
Intangible assets	–	107
Preference share investments by trusts	–	1 127 444
Investments in joint ventures	–	(69 587)
Other investments	319 855	–
Working capital	(4 573)	90 318
Taxation	–	429
Liquid assets and negotiable securities	–	(130 131)
Deferred taxation	178	1 167
Participatory contribution from Bank customers	–	(1 595 175)
Cash and bank overdraft	20 281	(6 056)
Long-term borrowings	(26 457)	–
Long-term borrowings externalised due to deconsolidation	–	600 000
Non-controlling interests	128 635	–
Total	485 480	18 773
Less proceeds receivable	(259 028)	–
Loss on disposal of investments	(135 632)	(18 773)
	90 820	–
Less: cash and cash equivalents	(20 281)	6 056
Net cash inflow on disposal	70 539	6 056

29. CASH FLOW continued

	Consolidated	
	2021 R000	2020 R000
29.6 Cash and cash equivalents		
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:		
	2 057 642	1 846 811
Deposits with the SA Reserve Bank (SARB)*	292 309	217 877
Interbank call deposits	773 938	654 336
Bank balances and cash	991 395	974 598
Bank overdrafts (note 14)	(539 622)	(902 856)
	1 518 020	943 955

* Amounts included in cash and cash equivalents relating to Bank 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. Use of this deposit is subject to SARB approval but once approved can be accessed within 90 days and hence constitutes a cash equivalent. There are no restrictions imposed on the availability.

30. 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 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.

Equity-settled forfeitable share plan

During 2012 Grindrod introduced the 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 Share-based payments, the transaction is measured at the 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.

There were nil (2020: 1 479 000) equity-settled shares issued in the current year.

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 R11.7 million (2020: R14.1 million).

The Group recorded total current year release of the provision of R1.8 million (2020: R5.3 million).

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

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

The inputs into the model were as follows:

		Consolidated	
		2021	2020
Share price	(cents)	495	505
Expected rolling volatility			
Three year expected option lifetime	(%)	43.4	44.0
Four year expected option lifetime	(%)	44.2	43.9
Five year expected option lifetime	(%)	42.7	43.5
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	(%)	5.1	7.3
Four year expected option lifetime	(%)	5.8	7.0
Five year expected option lifetime	(%)	6.0	7.0
Expected dividend yield	(%)	4.0	4.7

The reconciliations of the FSP's and SAR's issued are included in the director emoluments in note 35.

31. BUSINESS COMBINATIONS

Acquisition of subsidiaries

Company acquired	Nature of business	Percentage acquired	Date acquired	Purchase consideration R000
Cremplace Investments RF Proprietary Limited (Cremplace)	Investment holding	51	1 April 2021	–
Total purchase consideration				–

Reasons for acquisition

In the current year, the Group acquired the remaining 51% of Cremplace. Cremplace has an interest in an existing private equity investment held by the Group and the reason for the acquisition was to restructure the Group's investments to be held in a single entity.

Impact of the acquisition on the results of the Group

From the dates of their acquisition, the acquired business contributed a loss of R10.4 million and revenue of Rnil.

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

	Acquirees' carrying amount before combination at fair value R000
Net assets acquired	
Other investments	8 008
Trade and other payables	(21 462)
Fair value of assets and liabilities	(13 454)
Goodwill	13 454
Purchase consideration	–

32. RELATED PARTY TRANSACTIONS

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

	Consolidated			
	Other related parties R000	Associates R000	Joint ventures R000	Amounts due by/(to) related party R000
2021				
Goods and services sold to:				
Cockett Marine Oil Pte Limited	–	–	3 890	1 988
Directors (directly or indirectly)	5	–	–	–
France Rail Industry South Africa Proprietary*	664	–	–	–
GPR Leasing Africa Proprietary Limited	–	–	–	16
GPR Leasing SA Proprietary Limited	–	–	3 485	–
Grindord Rail Consulting Services	–	–	30 062	13 798
Grindrod Namibia Stevedoring Proprietary Limited	–	964	–	–
Maputo Port Development Company	–	8 702	–	335
Interest earned on loans to associates	–	101 031	–	–
Loans to associates	–	–	–	1 057 660
Property owning entities	–	–	–	828 527
Investment entities	–	–	–	–
Private equity portfolio	–	–	–	229 133
Maputo Intermodal Container Depot, S.A.	–	–	2 251	61 014
NLPI Limited	–	–	16 491	9 224
OTGC Terminals Proprietary Limited	–	–	6 784	77 467
Portis Indico	–	–	79 492	–
Railco Africa Limited	–	–	11 965	97 141
RBT Grindrod Terminals Proprietary Limited	–	–	47 798	153 940
RBT Resources Proprietary Limited	–	–	13 824	204 222
Röhlig-Grindrod Proprietary Limited	–	–	33 657	2 218
S Masiza	924	–	–	10 818
Terminal De Carvo da Matola Limitada	–	–	140 982	962
	1 593	110 697	390 681	1 690 803
Goods and services purchased from:				
Cockett Marine Oil Pte Limited	–	–	(84 561)	(5 642)
Grindrod Namibia Stevedoring Proprietary Limited	–	(2 970)	–	(325)
GPR Leasing Africa Proprietary Limited	–	–	(41 081)	(15 070)
Grindrod Rail Consulting Services	–	–	(28 769)	(4 877)
NLPI Limited	–	–	–	(1 027)
RBT Grindrod Terminals Proprietary Limited	–	–	(3 773)	(1 748)
Röhlig-Grindrod Proprietary Limited	–	–	–	(647)
Terminal De Carvo da Matola Limitada	–	–	–	(234)
	–	(2 970)	(158 184)	(29 570)

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

32. RELATED PARTY TRANSACTIONS continued

	Consolidated			Amounts due by/(to) related party R000
	Other related parties R000	Associates R000	Joint ventures R000	
2020				
Goods and services sold to:				
Cockett Marine Oil Pte Limited	–	–	3 989	–
Directors (directly or indirectly)	320	–	–	1 894
Guarantee fee income earned from associates	–	3 373	–	–
GPR Leasing Africa Proprietary Limited	–	–	51 922	15 903
GPR Leasing SA Proprietary Limited	–	–	579	9
Grindrod Rail Consulting Services Proprietary Limited	–	–	5 696	1 641
Interest earned on loans to associates	–	126 406	–	–
Bank loans to associates	–	–	–	1 601 639
Property owning entities	–	–	–	822 044
Investment entities	–	–	–	319 992
Private equity portfolio	–	–	–	459 603
Maputo Intermodal Container Depot, S.A.	–	–	–	67 618
NLPI Limited	–	–	30 959	43 209
OTGC Terminals Proprietary Limited	–	–	8 863	92 183
OTGC Holdings Proprietary Limited	–	–	–	289
Portis Indico	–	–	157 452	–
Railco Africa Limited	–	–	6 541	118 685
RBT Grindrod Terminals Proprietary Limited	–	–	42 007	186 301
RBT Resources Proprietary Limited	–	–	14 362	190 398
Röhlig-Grindrod Proprietary Limited	–	–	43 357	1 137
Senwes Limited	–	23 185	–	–
S Masiza	1 080	–	–	10 818
Terminal De Carvo da Matola Limitada	–	–	211 953	–
	1 400	152 964	645 298	2 264 106
Goods and services purchased from:				
Cockett Marine Oil Pte Limited	–	–	(101 773)	(3 547)
Grindrod Namibia Stevedoring Proprietary Limited	–	–	–	(69)
GPR Leasing Africa Proprietary Limited	–	–	(2)	(3 575)
GPR Leasing SA Proprietary Limited	–	–	(3 908)	(396)
Grindrod Rail Consulting Services	–	–	(3 457)	(2 301)
NLPI Limited	–	–	(423)	(2 038)
RBT Grindrod Terminals Proprietary Limited	–	–	(2 337)	(272)
Röhlig-Grindrod Proprietary Limited	–	–	(2 774)	(241)
	–	–	(114 674)	(12 439)

Joint ventures

Details of interests in joint ventures are set out in note 4.

Associates

Details of material investments in associates are set out in note 5.

Directors

Details of directors' interests in the Company and directors' emoluments are set out in note 35.

		Consolidated	
		2021 % held	2020 % held
Interests held by directors:	Equity investment in:		
D Polkinghorne	Indirect shareholding in various Grindrod entities**	–	<2
D Polkinghorne	Direct shareholding in SIRE^	–	<2
Various directors	Grindrod Limited ordinary and preference shares	0.25	0.21

** In the current year, Grindrod Bank executed a share buy-back of the minority interest.

^ The Group's interest in SIRE was disposed in the current year. Refer to note 7.

Details on balances due by/(to) directors are disclosed in note 9.

Shareholders

The principal shareholders of the Company are detailed in the share analysis from pages 131 to 133.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- foreign currency risk;
- commodity and concentration risk;
- interest rate risk;
- credit risk;
- liquidity risk; and
- capital risk management.

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 better 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.

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.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

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.

Chief Financial Officer (CFO)

The Group CFO together with the divisional executives are 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. Material changes to the policies and treasury matters as determined by the Group's limits of authority are required to be submitted to the Board.

33.1 Financial instruments by category and fair value hierarchy

The Group's financial instruments consist mainly of loans and advances, deposits from Bank customers, cash deposits with banks, investments, trade and other receivables and payables, bank borrowings and loans to and from subsidiaries.

Derivative instruments comprising interest rate swaps are used by the Bank for hedging purposes. The nominal value of the total outstanding contracts at year end is R614.6 million (2020: R822.6 million).

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

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

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

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

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

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

	2021					
	Fair value					
	Carrying value R000	Level 1 R000	Level 2 R000	Level 3 R000	Amortised cost R000	Other non-financial instruments R000
Financial instruments						
Cash and cash equivalents	2 057 642	–	–	–	2 057 642	–
Other investments	1 097 668	93 707	87 911	590 621	325 429	–
Loans and advances	9 537 311	–	638 174	2 629 678	6 269 459	–
Liquid assets and negotiable securities	3 935 984	–	–	–	3 935 984	–
Long-term receivable	245 214	–	–	–	245 214	–
Trade and other receivables	1 347 191	–	–	–	1 211 106	136 085
Borrowings (including Bank and Private Equity and Property)	(3 859 159)	–	–	–	(3 859 159)	–
Derivative financial liabilities	(24 277)	–	(24 277)	–	–	–
Trade and other payables	(1 310 696)	–	–	–	(1 055 710)	(254 986)
Deposits from bank customers	(11 221 133)	–	–	–	(11 221 133)	–
Non-financial instruments						
Investment property	86 168	–	–	86 168	–	–
Total		93 707	701 808	3 306 467	(2 091 168)	(118 901)

	2020					
	Fair value					
	Carrying value R000	Level 1 R000	Level 2 R000	Level 3 R000	Amortised cost R000	Other non-financial instruments R000
Financial instruments						
Cash and cash equivalents	1 846 811	–	–	–	1 846 811	–
Other investments*	1 989 910	125 523	68 768	1 475 661	319 958	–
Loans and advances**	8 933 218	–	952 353	2 547 357	5 433 508	–
Liquid assets and negotiable securities	2 469 250	–	–	–	2 469 250	–
Trade and other receivables	1 273 663	–	–	–	1 152 076	121 587
Borrowings (including Bank and Private Equity and Property)	(4 498 383)	–	–	–	(4 498 383)	–
Derivative financial liabilities	(73 046)	–	(73 046)	–	–	–
Trade and other payables	(1 440 209)	–	–	–	(1 207 738)	(232 471)
Deposits from bank customers	(9 433 681)	–	–	–	(9 433 681)	–
Non-financial instruments						
Investment property	91 617	–	–	91 617	–	–
Total		125 523	948 075	4 114 635	(3 918 199)	(110 884)

* The Level 1 and Level 3 fair values have been corrected to include the MTN Zakhele Futhi shares in the Loniwiz RF Proprietary Limited subsidiary as Level 1 whereas previously this was disclosed in Level 3 in error.

** The Amortised Cost amount and Level 3 fair value amount have been corrected for an adjustment recorded against Amortised Cost rather than Level 3 in error.

The carrying amounts of the Group financial instruments approximate their fair value.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

33.1 Financial instruments by category and fair value heirachy continued

Reconciliation of Level 3 fair value measurements of financial assets

	Level 3 2021 R000	Level 3 2020 R000
Opening balance*	4 114 635	4 090 536
Purchases	458 101	293 117
Settlements	(1 088 645)	(155 701)
Total gains/(losses) recognised in:		
– Other comprehensive income	13 579	32 314
– Income statement*	(191 203)	(145 631)
Closing balance	3 306 467	4 114 635

* Level 3 fair value reconciliation has been corrected for the errors as detailed above in the 2020 Fair Value Instruments classification table.

Net fair value movement is recognised in the consolidated income statement and statement of other comprehensive income for Level 3 financial instruments of R177.6 million (2020: R113.3 million).

Valuation inputs and relationships to fair value

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

Material investment's principal activity	Fair value (FV) at 31 December 2021 R000	Fair value at 31 December 2020 R000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value (000)
Private equity	–	142 800				This entity was disposed in the current year
Medical	175 977	185 437	Discounted cash flow	Perpetuity growth	5% – 7%	Increase perpetuity growth to 7% and increased WACC to 14% would decrease FV to R166 836. Increase in perpetuity growth to 7% would increase FV by R53 580. Decrease perpetuity growth to 5% would decrease FV by R26 732.
				Discount rate	12% – 14%	Decrease perpetuity growth to 5% and decreased WACC to 12% would increase FV to R185 327.
				EBITDA margin		Increase WACC to 14% would decrease FV by R42 501. Decrease WACC to 12% would increase FV by R50 744. Increase of 1% would increase FV to R202 561. Decrease of 1% would decrease FV to R147 178.
Asset financing	301 700	283 136	Earnings multiple approach	PE Multiple	10.8x – 12.8x	Increased PE multiple to 12.8 x would increase FV to R327 268. Decreased PE multiple to 10.8 x would decrease FV to R276 092.
	–	82 882				In the prior year this investment was measured at NAV due to the debt in the underlying Crempplace structure. Due to the acquisition of Crempplace the debt was settled and the investment holding is directly held and valued per above. Refer to note 31.

Material investment's principal activity	Fair value (FV) at 31 December 2021 R000	Fair value at 31 December 2020 R000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value (000)
Real estate	–	507 057				This entity was disposed in the current year
North Coast property loans	1 456 749	1 377 428	Underlying security valuation	Underlying security valuation	Per expert valuation	The value of the combined properties held as security for the loans is R3.0 billion based on independent valuations. These valuations together with the Group's mortgage bonds were inputs into a Monte Carlo simulation to determine an independent valuation range between R1.0 billion and R1.8 billion on the loans.
				Rate per hectare	Residential/ Commercial	Increase of 10% would increase FV by R147.1 million. Decrease of 10% would decrease FV by R219.0 million.
				Discount rate	4% – 14%	Decrease of the discount rate to a range of 4% to 10% would increase the FV by R72.6 million. Increase of the discount rate to a range of 8% to 14% would decrease the FV by R61.6 million.
				Time to Maturity (TTM)	1.5 – 3.5 years	Decrease of 6 months to a range of 1.5 to 2.5 years would increase the FV by R75.3 million. Increase of 6 months to a range of 2.5 to 3.5 years would decrease the FV by R70.2 million.
Loans and advances – Bank	1 172 929	1 263 415	Discounted cash flow	Credit spread range of 1.6% to 21.1%*		Increase of 100bps would decrease FV by R15 995. Decrease of 100bps would increase FV by R16 537.

* The loans are valued by forecasting the future interest rate by forecasting the forward interest rate on the contractually referenced floating interest rate curve and adding the contractual fixed inception credit spread. This future interest rate is applied to the nominal or carrying amount of the loan. The interest and capital cash flows are discounted using the Prime or JIBAR swap yield curves back to the valuation date. An appropriate credit spread is generally added to the curve used for discounting purposes to reflect the current credit risk associated with the borrower. If the borrower of the loan has had no change in credit risk profile since inception, the inception credit spread is applied.

Valuation process

The Group's finance and corporate finance teams perform valuations on certain assets for financial reporting purposes. The valuation inputs, assumptions, methodology and outputs are then challenged and debated with the Group CFO prior to approval. Teams present their valuations for significant investments to the CFO who interrogates the methodology used and the assumptions applied in the valuations. Discussions of valuation processes and results are held between the CFO and the respective teams at least once every six months, in line with the Group's half-yearly reporting periods. Any resulting adjustments to the carrying value will follow the internal approval process. North coast properties, being security on the lending, are assessed by an independent valuation professional.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

33.1 Financial instruments by category and fair value heirachy continued

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

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

33.2 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.

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 material capital commitments.

Foreign 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:

	Consolidated			
	2021 US\$000	2021 R000	2020 US\$000	2020 R000
USD				
Loans	(7 798)	(124 222)	[4 749]	[69 430]
Trade and other receivables	26 721	425 667	23 625	345 398
Trade and other payables	(11 666)	(185 841)	[10 388]	[151 866]
Bank balances	19 128	304 702	20 671	302 205
Short-term borrowings and bank overdraft	(4 009)	(63 863)	[17 028]	[248 949]
Lease liabilities	(34 758)	(553 694)	[35 925]	[525 228]
	(12 382)	(197 251)	[23 794]	[347 870]

33.2 Foreign currency risk continued

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

	Consolidated			
	2021 £000	2021 R000	2020 £000	2020 R000
Pound				
Trade and other receivables	11 389	245 214	–	–
Bank balances	3	62	2 252	44 864
Investments	–	–	27 681	551 412
	11 392	245 276	29 933	596 276

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

	Consolidated	
	2021 R000	2020 R000
Other currencies*		
Trade and other receivables	138 575	274 261
Trade and other payables	(193 115)	[327 733]
Bank balances	89 115	80 624
Lease liabilities	(1 906)	[2 823]
	32 669	24 329

* Other currencies consists mainly of MZM and AUD.

Sensitivity analysis

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

	Consolidated	
	2021 R000	2020 R000
Net exposure		
+10% in exchange rate	8 069	27 231
-10% in exchange rate	(8 069)	[27 231]

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

33.3 Interest rate risk

33.3.1 Interest rate risk of the Group (excluding Bank)

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 borrowings is summarised as follows:

	2021 R000	2020 R000
Loans linked to LIBOR	80 153	–
Loans linked to SA prime rate	896 376	1 093 664
Loans linked to JIBAR	1 204 112	546 899
Loans linked to Botswana prime rate	44 105	69 677
Loans linked to Repo rate	36 238	–
Loans linked to Namibia prime rate	–	11 306
Short-term borrowings linked to LIBOR	63 863	248 948
Short-term borrowings linked to SA prime rate	539 622	1 103 816
	2 864 469	3 074 310

Full details of the interest rate profile of long-term borrowings is set out in the schedule of loan funds on page 136.

The range of interest rates in respect of all non-current borrowings comprising both fixed and floating rate obligations at 31 December 2021 is as follows: local rates are between 3.4% and 10.0% (2020: 5.0% and 10.3%), foreign rates are between 5.8% and 6.5% (2020: 5.8% and 7.5%). 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:

	2021 R000	2020 R000
Net exposure		
+50 BPS	(2 301)	(3 778)
-50 BPS	2 301	3 778

33.3 Interest rate risk continued

33.3.2 Interest rate risk of the Bank

Interest rate risk is the 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 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.

Interest rate risk management

Traditional repricing gap analysis is used to measure interest rate exposure. The Group has a conservative policy on interest rate risk arising from repricing differentials 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 Balance Sheet Management Committee and the model assumes each asset class will reprice in full in the relevant repricing timeband.

Interest rate repricing gap	<3 months R000	>3 months <6 months R000	>6 months <1 year R000	>1 year <5 years R000	>5 years R000	Non-rate sensitive R000	Total R000
2021							
Assets	9 711 083	1 232 231	1 540 011	756 005	302 358	190 266	13 731 954
Equity and liabilities	(11 335 365)	(333 650)	(298 896)	(239 720)	–	(1 524 323)	(13 731 954)
Interest rate hedging activities	663 270	–	(66 254)	(403 781)	(193 235)	–	–
Repricing profile	(961 012)	898 581	1 174 861	112 504	109 123	(1 334 057)	–
Cumulative repricing profile	(961 012)	(62 431)	1 112 430	1 224 934	1 334 057	–	–
Expressed as a percentage of total assets of the Bank (%)	(7)	(0.5)	8.1	8.9	9.7	–	–
2020							
Assets	9 203 014	1 010 879	215 809	312 415	769 101	227 414	11 738 632
Equity and liabilities	(9 574 364)	(152 658)	(289 175)	(234 276)	–	(1 488 159)	(11 738 632)
Interest rate hedging activities	801 769	–	–	(229 198)	(572 571)	–	–
Repricing profile	430 419	858 221	(73 366)	(151 059)	196 530	(1 260 745)	–
Cumulative repricing profile	430 419	1 288 640	1 215 274	1 064 215	1 260 745	–	–
Expressed as a percentage of total assets of the Bank (%)	3.7	11.0	10.4	9.1	10.7	–	–

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

33.3 Interest rate risk continued

33.3.2 Interest rate risk of the Bank continued

Interest income sensitivity	<3 months	>3 months <6 months	>6 months <1 year	Cumulative impact on net interest income
2021				
2% interest rate increase	(4 866)	(5 677)	(11 355)	(21 898)
2% interest rate decrease	4 866	5 677	11 355	21 898
2020				
2% interest rate increase	3 231	1 768	3 535	8 534
2% interest rate decrease	(3 231)	(1 768)	(3 535)	(8 534)

Interest rate sensitivity is based on the static repricing profile of assets and liabilities at the end of the reporting date and determined by applying market-related rates of interest and a parallel interest rate shock.

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 an opposite financial effect.

All individual fixed rate transactions are required to be hedged, either within the loan 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.

33.4 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 receivables 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. In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Credit risk management

Trade receivables and other receivables (excluding Bank)

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. 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.

The Group considers the trade debtor in default when payment is not made when they are contractually due. Trade debtors are only written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include objective evidence that the collection of the amount is doubtful, failure of the debtor to engage in a repayment plan and a failure to make contractual payments for a period greater than 120 days old (90 days past due).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

33.4 Credit risk continued

The Expected Credit Losses (ECL) on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for following factors:

General macroeconomic conditions such as:

- South African GDP;
- Global commodity indices;
- GDP performance of the countries we operate in;
- COVID-19 impact; and/or
- Civil unrest.

Entity specific microeconomic conditions in the geographies that we operate in such as:

- Industry performance;
- Any other publicly available information regarding our customers;
- Credit quality of our customers; and/or
- Collateral or security held.

An assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

On that basis, the loss allowance as at 31 December 2021 was determined as follows for trade receivables and other receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total	Specific provision	Total including specific
31 December 2021								
Expected loss rate (%)	0.2	0.3	0.7	3.3	17.7			
Gross carrying amount (R000)	455 334	176 513	52 738	12 657	273 771	971 013	591 054	1 562 067
Loss allowance excluding specific provisions (R000)	1 010	488	347	412	48 470	50 727	-	50 727
Specific allowance (R000)	-	-	-	-	-	-	583 324	583 324
Total provision (R000)	1 010	488	347	412	48 470	50 727	583 324	634 051
31 December 2020								
Expected loss rate (%)	0.2	0.1	5.7	4.3	9.6			
Gross carrying amount (R000)	651 336	122 539	9 253	13 902	97 829	894 859	542 439	1 437 298
Loss allowance excluding specific provisions (R000)	990	172	531	600	9 355	11 648	-	11 648
Specific allowance (R000)	-	-	-	-	-	-	533 118	533 118
Total provision (R000)	990	172	531	600	9 355	11 648	533 118	544 766

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

33.4 Credit risk continued

Expected loss rate is calculated as follows:

		Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due
31 December 2021						
Historical loss rate	(%)	0.2	0.3	0.7	3.0	17.6
Adjusted for:						
Macroeconomic factors	(%)	–	–	–	0.2	0.1
Micro/Entity specific factors	(%)	–	–	–	0.1	–
Expected loss rate (excluding specific provisions)	(%)	0.2	0.3	0.7	3.3	17.7
31 December 2020						
Historical loss rate	(%)	0.1	0.1	5.0	4.0	4.1
Adjusted for:						
Macroeconomic factors	(%)	0.1	–	0.1	0.2	0.9
Micro/Entity specific factors	(%)	–	–	0.6	0.1	4.6
Expected loss rate (excluding specific provisions)	(%)	0.2	0.1	5.7	4.3	9.6

The expected loss rate is based on the lifetime expected credit losses as the Group applies the simplified approach in determining expected credit losses. Where there is objective evidence that trade and other receivables is impaired, the credit loss is assessed specific to the respective balance and the expected loss rate is not applied.

The Group has not changed the estimation techniques or significant assumptions during the reporting period.

Expected loss sensitivity

A 10% increase in the expected loss rate due to macroeconomic factors will result in additional exposure per category as follows:

	Current R000	More than 30 days past due R000	More than 60 days past due R000	More than 90 days past due R000	More than 120 days past due R000	Total R000
31 December 2021						
Carrying amount of trade and other receivables (excluding those specifically impaired)	455 334	176 513	52 738	12 657	273 772	971 014
Additional loss allowance	6	4	2	2	16	30
31 December 2020						
Carrying amount of trade and other receivables (excluding those specifically impaired)	651 336	122 539	9 253	13 902	97 829	894 859
Additional loss allowance	42	4	1	3	85	135

33.4 Credit risk continued

The expected credit loss allowances for trade receivables, other receivables and deferred consideration of disposal of businesses as at 31 December is reconciled as follows:

	2021 R000	2020 R000
Opening loss allowance at 1 January	544 766	524 445
Increase in allowance	56 125	12 254
Allowance utilised	(4 920)	(3 634)
Translation of foreign entities	44 130	11 701
Closing loss allowance at 31 December	640 101	544 766

ECL on receivables from joint ventures

Receivables from joint ventures are repayable on demand. The inputs used by management in assessing the ECL include default and credit history, historical data and forecast cash flows. The assessment performed on these inputs supported a Rnil ECL as we expect to recover all loans in full. At year-end the respective joint ventures had cash available of R35.3 million (at Grindrod effective share).

ECL on deferred consideration on disposal of businesses

The inputs used by management in assessing the ECL include probability of default, credit history, security held and forecast cash flows. The assessment performed on these inputs resulted in a R6 050 000 ECL being raised at year-end.

ECL for Bank and Private Equity and Property

Granting credit

The Group assesses the credit worthiness 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 is monitored at an individual and at an aggregated exposure level. New deal approval is subject to specified limits of authority which are aggregated at a client Group level i.e. Credit (R10 million), Credit Exco (R30 million), Credit Risk Committee (R50 million) and the Board (above R50 million).

Credit risk mitigation

Bank does not have material netting arrangements and it does not currently use credit derivatives to mitigate credit risk.

Bank values property assets on a cyclical basis using a desktop approach and physical valuations are performed where appropriate or necessary. The value of listed assets is tracked on an ongoing basis and unlisted investments and other security assets are valued periodically where significant reliance is placed on the security.

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. Bank tends to deal with small to medium-size corporates and guarantees and suretyships tend to come from similar types of entities.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

33.4 Credit risk continued

Exposure to credit risk

The ECL at Grindrod takes into account the property sector outlook as the majority of the loans and advances are property backed. Due to the lack of growth in South Africa, in which the majority of loans and advances are exposed, a conservative view on the growth in the property industry in assessing the ECL was taken into account. The Bank and Private Equity and Property net impairment charge decreased. The key drivers of the decline include an improved macroeconomic environment, better-than-expected collection outcomes and a reduction in stage 3 loan impairments as some clients cured. The Group did not release its Covid-19 judgemental overlay of R11.5 million as it maintains a conservative outlook in an uncertain environment.

However, certain of the Bank's clients within the loan portfolio were impacted by the civil unrest that occurred in KwaZulu-Natal and parts of Gauteng in July 2021. The resultant effect was damage to the properties that act as security and underpin the facilities provided by the Bank. The damages had a knock-on effect and resulted in a few clients requesting temporary relief on loan repayments while insurance claims were being processed and finalised. Although these clients have sufficient insurance cover for the repair of the properties and servicing of the facilities, the Bank deemed it prudent to raise a riot overlay of R4.2 million, impacting 3 loans, while insurance claims are being finalised.

	Stage 1 12-month ECL R000	Stage 2 Lifetime ECL R000	Stage 3 Lifetime ECL* R000	Total R000
2021				
Gross carrying amount	5 355 460	243 536	888 292	6 487 288
Less: ECL allowance	(21 129)	(17 081)	(179 619)	(217 829)
Net carrying amount	5 334 331	226 455	708 673	6 269 459
2020				
Gross carrying amount	4 026 488	974 006	741 369	5 741 863
Less: ECL allowance	(20 670)	(14 026)	(229 181)	(263 877)
Net carrying amount	4 005 818	959 980	512 188	5 477 986

* Comparative figures have been restated for a FVTPL loan which was incorrectly included as a Stage 3 amortised cost loan in error.

The measurement of credit risk of the portfolio of advances entails estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) on an individual basis, in line with the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 Financial Instruments.

PDs are allocated to loans according to:

- product type; and
- internal credit rating based on approved scoring templates.

The determination of the PDs to be allocated according to the above is based on the following:

- default history;
- professional judgement and knowledge of Grindrod Bank's loan book and client base; and
- views on future economic conditions and impact on our client base.

33.4 Credit risk continued

The PD ranges for the current and prior periods applied to each product type are:

Product type	PD range %	
	2021	2020
Mortgage bonds	0.16 – 1.96	0.14 – 1.73
Invoice discounting, term loans and overdrafts	0.37 – 3.77	0.34 – 3.43
Covid-19 Guarantee scheme loans	0.55 – 5.56	0.44 – 4.46
Preference share loans	0.35 – 4.35	0.32 – 3.96

The table below reflects the impairment impact of a change in the PD% on exposures:

Stress scenario analysis	2021		2020	
	+20% PD R000	-20% PD R000	+20% PD R000	-20% PD R000
Stage 1	4 237	(4 237)	4 134	(4 134)
Stage 2	267	(269)	503	(505)
Stage 3*	–	–	–	–
	4 504	(4 506)	4 637	(4 639)

* Subject to specific impairment and not model impairment.

Key drivers of the LGD are:

- credit exposure including off balance sheet exposure;
- value of collateral held in line with the approved credit policy; and
- future economic indicators and impact on specific industries.

LGDs are determined using 3 scenarios (poor, stable and good) on a weighted average basis.

The Group considers the following as guidance for each economic scenario:

Poor	Stable	Good
The projected industry performance based on the forecasted data is expected to decrease relative to the current market.	The projected industry performance based on the forecasted data is expected to be close to current market performance.	The projected industry performance based on the forecasted data is expected to have improved relative to the current market.
Based on forecasted data, there is an expected decline in income and an expected increase in costs within the industry.	Based on forecasted data, income and cost are expected to be minimally impacted by changes.	Based on forecasted data, there is expected to be increasing income and declining costs within the industry.
Cyclical industries are anticipated to perform worse in the best point in a cycle.	Cyclical industries are anticipated to perform as intended.	Cyclical industries are anticipated to perform better in the worst point of a cycle.
Rates are anticipated to have a significant movement that negatively impacts the industry.	Rates are anticipated to be stable over time.	Rates are anticipated to have a significant movement that positively impacts the industry.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

33.4 Credit risk continued

Utilising the factors above, the overall probabilities and LGD adjustments are assigned to the applicable industries. Both the impact on exposure and collateral are considered.

The table below reflects the impairment impact of a change in the LGD % on exposures at:

	2021		2020	
	+20% LGD R000	-20% LGD R000	+20% LGD R000	-20% LGD R000
Stress scenario analyses				
Stage 1	4 237	(4 237)	4 134	(4 134)
Stage 2	274	(274)	510	(510)
Stage 3*	-	-	-	-
	4 511	(4 511)	4 644	(4 644)

* Subject to specific impairment and not model impairment.

Significant increase in credit risk (SICR)

The following additional qualitative factors amongst others are considered in determining SICR:

- facility being in arrears;
- facility being in default;
- classification and appearance on watch list;
- significant changes in value of collateral;
- acts of insolvency (liquidation/business rescue proceedings);
- changes in business and economic condition; and
- 30 days rebuttable presumption unless it can be appropriately justified that no significant increase in PD has occurred.

The following table explains the factors that have resulted in the changes in the ECL allowance between the beginning and the end of the annual period due to these factors:

	Stage 1 R000	Stage 2 R000	Stage 3 R000	Total R000
Loans and advances				
ECL allowance at 1 January 2021	20 670	14 026	229 181	263 877
Movements with profit or loss impact				
Originated "new" impairments raised	1 181	3 383	1 842	6 406
Subsequent changes in ECL	961	1 009	(36 657)	(34 687)
Derecognised including write-offs	-	-	(17 767)	(17 767)
Total net profit or loss charge during the period	2 142	4 392	(52 582)	(46 048)
Transfer from stage 1	(231)	231	-	-
Transfer from stage 1 and 2 to stage 3	(1 452)	(1 568)	3 020	-
Loss allowance as at 31 December 2021	21 129	17 081	179 619	217 829

33.4 Credit risk continued

Scenario analysis on staging

The table below reflects the impact on ECLs by stress testing the loans and advances portfolio, specifically loans moving from 12-month ECLs to lifetime ECLs.

	Stage 1 R000	Stage 2 R000	Stage 3 R000	Total R000
Base staging	21 129	17 081	179 619	217 829
5% transfer from stage 1 to stage 2	11 845	35 505	179 619	226 969
10% transfer from stage 1 to stage 2	10 113	39 846	179 619	229 578

Analysis of credit-impaired advances

The Company closely monitors collateral held for advances considered to be credit-impaired. Advances that are credit-impaired and the fair value of the related collateral held to mitigate potential losses are shown below:

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.

Collateral

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

Group maximum credit exposure

Maximum exposure to credit risk at the year end is stated before taking into account any collateral or other credit enhancement and after taking into account impairments and netting where applicable. For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals the carrying amount as per the corresponding note. For financial commitments and guarantees, the maximum exposure to credit risk is the maximum amount the Group would have to pay to perform in terms of the commitment.

	Consolidated	
	2021 R000	2020 R000
Carrying amount of trade receivables impaired during the year	51 205	9 902
Maximum credit risk exposure to the Group is:		
Other investments	1 009 757	1 921 142
Loans and advances	9 537 311	8 933 218
Trade and other receivables before allowance for doubtful debts	1 845 157	1 571 342
Liquid assets and negotiable securities	3 936 993	2 470 212
Cash and cash equivalents	2 057 642	1 846 811
	18 386 860	16 742 725

33.5 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.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

33.5 Liquidity risk continued

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.

Grindrod Board regularly reviews and monitors the liquidity position and covenants of Grindrod Group. There has been no breach of the Group covenants at year-end and at the date of approval of Annual Financial Statements.

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 Balance Sheet Management 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. Grindrod 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 Grindrod 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. Grindrod Bank intends to continue to adopt a conservative liquidity policy in the future.

Group liquidity analysis (excluding Bank, Private Equity and underlying Investments)

The undiscounted contractual maturities of the Group's (excluding Bank, Private Equity and underlying Investments) financial liabilities are as follows:

	<3 months R000	>3 months <6 months R000	>6 months <1 year R000	>1 year <5 years R000	>5 years R000	Total R000
2021						
Liabilities						
Provisions	–	–	–	11 670	–	11 670
Trade and other payables	1 109 343	–	–	–	–	1 109 344
Post-retirement medical aid	–	–	–	21 816	–	21 816
Interest-bearing debt	91 011	34 104	64 442	436 138	308 554	934 249
Lease liabilities	81 609	56 103	166 583	566 286	465 957	1 336 538
Short-term borrowings and bank overdraft	603 491	–	–	–	–	603 491
	1 885 454	90 207	231 025	1 035 910	774 511	4 017 107
2020						
Liabilities						
Provisions	–	–	–	14 143	–	14 143
Trade and other payables	1 176 598	–	–	–	–	1 176 598
Post-retirement medical aid	–	–	–	21 039	–	21 039
Interest-bearing debt	37 071	27 163	61 086	339 500	40 299	505 119
Lease liabilities	85 490	65 903	161 070	625 687	242 766	1 180 916
Short-term borrowings and bank overdraft	257 813	–	1 094 951	–	–	1 352 764
	1 556 972	93 066	1 317 107	1 000 369	283 065	4 250 579

33.5 Liquidity risk continued

Group liquidity analysis (Bank, Private Equity and underlying Investments)

	<3 months R000	>3 months <6 months R000	>6 months <1 year R000	>1 year <5 years R000	>5 years R000	Non- contractual R000	Total R000
2021							
Assets (discounted maturity)							
Cash and short-term funds	344 279	–	771 691	–	1 893	(200)	1 117 663
Negotiable securities	918 047	1 232 230	1 473 758	217 114	95 844	(1 009)	3 935 984
Loans and advances	1 517 715	160 766	828 982	5 642 840	1 604 895	(217 887)	9 537 311
Investment securities	–	–	–	–	–	9 118	9 118
Other assets	15 109	–	–	–	–	5 717	20 826
	2 795 150	1 392 996	3 074 431	5 859 954	1 702 632	(204 261)	14 620 902
Liabilities							
Trade and other payables	201 353	–	–	–	–	–	201 353
Interest-bearing debt	600 731	101 695	261 355	581 625	9 847	–	1 555 253
Derivative financial liabilities	–	–	–	21 961	2 316	–	24 277
Deposits	9 580 207	1 116 108	627 342	739 347	9 847	–	12 072 851
	10 382 291	1 217 803	888 697	1 342 933	22 010	–	13 853 734
2020							
Assets (discounted maturity)							
Cash and short-term funds	923 682	–	–	–	–	(146)	923 536
Negotiable securities	1 063 120	1 010 878	195 787	15 340	185 233	(962)	2 469 396
Loans and advances	2 530 896	143 267	1 759 522	2 915 816	1 847 593	(263 876)	8 933 218
Investment securities	–	–	–	–	–	9 198	9 198
Other assets	9 497	–	–	65 835	–	–	75 332
	4 527 195	1 154 145	1 955 309	2 996 991	2 032 826	(255 786)	12 410 680
2020							
Liabilities							
Trade and other payables	191 881	–	–	–	–	–	191 881
Interest-bearing debt	11 302	81 189	1 315 394	399 299	–	–	1 807 184
Derivative financial liabilities	–	–	–	28 564	44 481	–	73 045
Deposits	8 023 661	743 612	477 503	290 289	–	–	9 535 065
	8 226 844	824 801	1 792 897	718 152	44 481	–	11 607 175

In the current year, the holding Company has guaranteed a facility to Private Equity of R565.0 million (2020: R565.0 million) as additional liquidity.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES continued

33.6 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 14 and 15, respectively, cash and cash equivalents and equity attributable to equity holders of Grindrod, comprising share capital, reserves and accumulated profit as disclosed in the statement of changes in equity.

Bank will raise additional capital as and when required to support asset growth and to ensure that a prudent risk asset ratio is maintained.

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. Group treasury is currently undergoing an exercise to determine the optimal gearing for core businesses excluding Bank to maximise shareholder returns. Part of this exercise may result in restructuring of debt to better align to the target gearing.

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:

	Consolidated	
	2021 R000	2020 R000
Debt	3 859 159	3 145 618
Deposits from bank customers	11 221 133	9 433 681
Cash and cash equivalents	(2 057 642)	(494 047)
Loans and advances to Bank customers	(9 537 311)	(8 933 218)
Liquid assets and negotiable securities	(3 935 984)	(2 469 250)
Net (cash)/debt	(450 645)	682 784
Equity (including minority interest)	8 577 948	7 959 009
Net (cash)/debt to equity ratio	(%) (5.3)	8.6

33.7 Commodity and concentration risk

Grindrod’s Port and Terminals and Logistics divisions are exposed to the risks of customer concentration and continued cyclical commodity demand and prices, which results in volatility in asset-utilisation and resultant earnings.

The sustainability of the Bank can be adversely impacted by single large exposures on its deposit and lending books.

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

Grindrod manages the risk through well defined risk tolerance levels and diversification strategies namely customer, commodity and geographic diversification.

For the Bank, the risk management strategy is a diversified deposit book and well managed concentration exposures.

Grindrod has material exposure to property mainly as security to the lending book and through direct investments. Any variation to the valuations of the properties will have an impact on the security cover or loan to value metrics.

Specifically relating to Bank, a significant portion of the loans and advances at the Bank are backed by properties as security. The valuations of these properties are largely based on rental income flows and were assessed by management to be reasonable.

34. LEASES

The Group leases various shipping vessels, long-term port concession, offices, warehouses, equipment and vehicles.

Accordingly, IFRS 16 Leases resulted in the recognition of right-of-use assets and corresponding liabilities on the basis of the discounted remaining future minimum lease payments relating to existing and new time chartered-in vessel commitments; rental agreements relating to office and residential properties that were previously reported as operating leases and long-term port and terminal concession, mainly in Mozambique, adjusted for prepayments and accrued lease payments.

Lease expenses, except for, leases less than 12 months, will no longer be recorded in operating profits but have been replaced by depreciation and interest expenses.

The weighted average incremental borrowing rates applied are based on the US Dollar London Inter-bank Offered Rate (LIBOR), for the ship charters and leases in the foreign operations, or prime rates of interest, for South African businesses, adjusted for risk factors. The right-of-use assets is then depreciated on a straight-line basis over the term of each lease or concession.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Grindrod recognises, on a discounted basis, the rights and obligations created by the commitment to lease assets on the statement of financial position, unless the term of the lease is less than 12 months or of low value, i.e. R75 000 or less.

34. LEASES continued

Grindrod does not have any sale and leaseback transactions and any residual value guarantees.

	Consolidated	
	2021 R000	2020 R000
The following amounts included in the statement of financial position relate to leases:		
Right-of-use asset		
Vehicles and equipment	80 490	131 120
Leasehold land and buildings	548 040	224 042
Concessions	144 550	136 236
Ships	281 529	353 246
	1 054 609	844 644
Lease liabilities		
Current	249 284	264 792
Non-current	797 026	703 071
	1 046 310	967 863
The following amounts were recognised in the income statement:		
Depreciation by category		
Vehicles and equipment	34 163	40 927
Leasehold land and buildings	102 221	107 279
Concessions	7 223	12 292
Ships	138 352	166 132
	281 959	326 630
Operating lease payments relating to:		
Short-term leases	55 592	69 755
Low value assets	289	3 485
Variable lease payments not included in the lease	–	51
Potential future cash flows (undiscounted) from extensions not included in the lease liability	174 189	–
The following amounts were recognised in the statement of cash flows:		
Operating activities		
Interest paid on lease liabilities	(67 311)	(81 047)
Financing activities		
Principal portion of lease liabilities	(268 748)	(333 420)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In December 2021, the Group entered into two 5-year leases to rent property, which had not commenced by the year-end and as a result, a lease liability and right-of-use asset has not been recognised at 31 December 2021.

The aggregate future cash outflows to which the Group is exposed in respect of this contract is fixed payments of R66.9 million over the lease term. Both these leases have an option to renew the lease for a further 5 years.

The table below details the lease terms and conditions for material leases:

Lease category	Asset value R000	Lease term (years)	Terms of the leases	Extension option
2021				
Ship charters	281 529	4 to 8	Based on fixed ship charter rates	No
Property	345 994	8 to 33	Rental as per lease agreement with fixed escalation	No
Concessions	144 550	18 to 25	Fixed rate with increases based on US CPI. Variable payment based on volumes	No
	772 073			
2020				
Ship charters	353 246	1 to 4	Based on fixed ship charter rates	No
Property	104 792	7 to 10	Rental as per lease agreement with fixed escalation	No
Concessions	132 784	18 to 25	Fixed rate with increases based on US CPI. Variable payment based on volumes	No
	590 822			

35. DIRECTORS’ EMOLUMENTS

Emoluments paid to directors and prescribed officers

The tables below provide an analysis of the emoluments, split between local and offshore remuneration package approvals, paid to executive and non-executive directors and prescribed officers of the Company in relation to the 2021 and 2020 financial years.

Current directors – local

	Directors’ fees R000	Committee fees R000	Basic remuneration R000	Retirement medical and other benefits R000	Total package R000	Bonus ⁵ R000	2021 Total R000	Increase from 2020 excluding bonus %
Executive directors								
XF Mbambo	–	–	4 155	1 682	5 837	5 880	11 717	4.6
FB Ally ⁴	–	–	2 936	1 139	4 075	3 108	7 183	170.2
DA Polkinghorne ³	–	–	4 909	1 211	6 120	4 763	10 883	4.6
AG Waller ⁸	–	–	6 321	1 462	7 783	8 105	15 888	4.9
	–	–	18 321	5 494	23 815	21 856	45 671	
Non-executive directors								
CA Carolus ²	118	–	–	–	118	–	118	
G Gelink	460	324	–	–	784	–	784	
WJ Grindrod	426	250	–	–	676	–	676	
MJ Hankinson	1 257	607	–	–	1 864	–	1 864	
B Magara	400	105	–	–	505	–	505	
D Malik ¹	34	13	–	–	47	–	47	
NL Sowazi	924	319	–	–	1 243	–	1 243	
PJ Uys ⁶	460	612	–	–	1 072	–	1 072	
W Van Wyk ⁷	–	163	–	–	163	–	163	
ZP Zatu Moloi	400	234	–	–	634	–	634	
	4 479	2 627	–	–	7 106	–	7 106	
Total emoluments	4 479	2 627	18 321	5 494	30 921	21 856	52 777	

¹ D Malik appointed to the Board on 1 December 2021.
² CA Carolus appointed to the Board on 1 October 2021.
³ The bonus payment is made up of R1.8 million for the 2020 year following the lifting of the SARB circular and a 2021 bonus of R2.9 million.
⁴ The increase of 170.2% is not a true measure as prior year remuneration does not include package as CFO for the full year following appointment to this position on 1 September 2020.
⁵ Short-term incentive performance bonuses in respect of services rendered in 2021 awarded as at year end as detailed on page 70 of the IAR.
⁶ Fees ceded to Remgro.
⁷ Alternate to PJ Uys. Fees in respect of member of Audit committee.
⁸ Includes a special incentive bonus amount of R1.6 million relating to the disposal of the private equity portfolio.

Current directors – local

	Directors’ fees R000	Committee fees R000	Basic re- muneration R000	Retirement medical and other benefits R000	Total package R000	Bonus ^{^1} R000	2020 Total R000	Increase from 2019 excluding bonus ^{^9} %
Executive directors								
XF Mbambo	–	–	4 298	1 280	5 578	3 601	9 179	18.4 ¹⁰
FB Ally ²	–	–	1 111	397	1 508	908	2 416	–
DA Polkinghorne ¹¹	–	–	4 692	1 160	5 852	–	5 852	4.8
AG Waller	–	–	6 281	1 137	7 418	3 600	11 018	6.4
	–	–	16 382	3 974	20 356	8 109	28 465	
Non-executive directors								
MR Faku ³	401	–	–	–	401	–	401	
G Gelink	439	308	–	–	747	–	747	
WJ Grindrod ⁴	381	224	150	–	755	–	755	
MJ Hankinson	1 197	579	–	–	1 776	–	1 776	
B Magara ⁵	350	92	–	–	442	–	442	
R Ndlovu ⁶	–	26	–	–	26	–	26	
NL Sowazi	877	303	–	–	1 180	–	1 180	
PJ Uys ⁷	438	583	–	–	1 021	–	1 021	
W Van Wyk ^{5 8}	–	156	–	–	156	–	156	
ZP Zatu Moloi ⁵	350	205	–	–	555	–	555	
	4 433	2 476	150	–	7 059	–	7 059	
Total emoluments	4 433	2 476	16 532	3 974	27 415	8 109	35 524	

¹ Short-term incentive performance bonuses in respect of services rendered in 2020 accrued as at year-end as detailed on page 70 of the integrated annual report.
² Appointed as executive director and Chief Financial Officer on 1 September 2020.
³ Retired as independent non-executive director on 2 December 2020.
⁴ Appointed as member of the Social and Ethics committee on 1 January 2020.
⁵ Appointed as independent non-executive director on 30 January 2020.
⁶ Resigned as independent non-executive director on 1 January 2020.
⁷ Fees ceded to Remgro.
⁸ Alternate to PJ Uys. Fees in respect of member of Audit committee.
⁹ Increases are based on performance and responsibilities and include role complexity, level of experience and contribution to Group performance. Remuneration is benchmarked by independent consultants.
¹⁰ A 5.5% increase was awarded in 2020. The increase of 18.4% is a consequence of an independent benchmarking review conducted during the current year which highlighted the existing package was below the peer Group.
¹¹ Following the recommendation of the SARB, the Grindrod Bank Board has agreed to not pay bonuses at this time.

35. DIRECTORS' EMOLUMENTS continued

Director's interest in the Company

At 31 December 2021, the directors held interest in the Company as follows:

	2021		2020	
	Beneficial direct	Non-beneficial indirect	Beneficial direct	Non-beneficial indirect
Ordinary				
WJ Grindrod	–	21 610	–	21 610
MJ Hankinson	27 000	8 000	27 000	8 000
XF Mbambo	301 711	–	150 856	–
DA Polkinghorne	394 076	–	357 026	–
AG Waller	988 911	–	902 461	–
	1 711 698	29 610	1 437 343	29 610

The beneficial direct shareholdings increased by 30 172 after year end, further to vesting in terms of the forfeitable share plan.

Grindrod Limited share-price-linked option scheme

Share option gains and cash-settled share-price-linked option payments for 2021 were as follows:

	Share-price-linked option payment	
	2021 R	2020 R
Executive directors/prescribed officers		
XF Mbambo	27 675	–
DA Polkinghorne	64 574	–
AG Waller	150 417	–
Total	242 666	–

A summary of options granted to executives and senior management, still to vest as at 31 December 2021, is as follows:

	2016	2017	2018	2019	2020	2021	Total
Price (R)	7.65	6.02	7.40	8.13	3.67	5.10	
Number of options granted*	9 881 331	1 900 984	5 197 287	6 397 000	10 655 100	15 160 000	49 191 702
Cancellations	(578 000)	–	–	–	–	–	(578 000)
Vesting on retirement/transfer	(1 517 000)	(150 000)	–	–	–	–	(1 667 000)
Vested	(2 860 831)	(724 109)	(1 281 067)	–	–	–	(4 866 007)
Vested as a result of Shipping spin-off	(1 559 000)	(520 000)	–	–	–	–	(2 079 000)
Sub total	3 366 500	506 875	3 916 220	6 397 000	10 655 100	15 160 000	40 001 695
Forfeiture	(2 023 883)	(283 609)	(1 707 690)	(711 000)	(681 300)	–	(5 407 482)
Net total	1 342 617	223 266	2 208 530	5 686 000	9 973 800	15 160 000	34 594 213

* Restructured during 2018 as a result of Shipping spin-off.

At 31 December 2021, the fair value of these options was R12.1 million.

The details of awards granted to executives as at 31 December 2021 are as follows:

Director	Options at 1 January 2021	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2021 ¹	Option price R	Vesting dates
XF Mbambo							
	65 170	–	(65 170)	5.51	–	5.09	Feb–21
	67 583	–	(67 583)	5.15*	–	7.65	Mar–21
	67 585	–	–	–	67 585	7.65	Mar–22
	95 944	–	(95 944)	5.20*	–	7.40	Feb–21
	95 944	–	–	–	95 944	7.40	Feb–22
	95 944	–	–	–	95 944	7.40	Feb–23
	331 333	–	–	–	331 333	8.13	Mar–22
	331 333	–	–	–	331 333	8.13	Mar–23
	331 334	–	–	–	331 334	8.13	Mar–24
	516 900	–	–	–	516 900	3.67	Aug–23
	516 900	–	–	–	516 900	3.67	Aug–24
	516 900	–	–	–	516 900	3.67	Aug–25
	–	795 000	–	–	795 000	5.10	Mar–24
	–	795 000	–	–	795 000	5.10	Mar–25
	–	795 000	–	–	795 000	5.10	Mar–26
	3 032 870	2 385 000	(228 697)		5 189 173		
DA Polkinghorne							
	152 063	–	(152 063)	5.51	–	5.09	Feb–21
	143 614	–	(143 614)	5.15*	–	7.65	Mar–21
	143 616	–	–	–	143 616	7.65	Mar–22
	117 065	–	(117 065)	5.20*	–	7.40	Feb–21
	117 065	–	–	–	117 065	7.40	Feb–22
	117 063	–	–	–	117 063	7.40	Feb–23
	128 333	–	–	–	128 333	8.13	Mar–22
	128 333	–	–	–	128 333	8.13	Mar–23
	128 334	–	–	–	128 334	8.13	Mar–24
	135 600	–	–	–	135 600	3.67	Aug–23
	135 600	–	–	–	135 600	3.67	Aug–24
	135 600	–	–	–	135 600	3.67	Aug–25
	–	71 000	–	–	71 000	5.10	Mar–24
	–	71 000	–	–	71 000	5.10	Mar–25
	–	71 000	–	–	71 000	5.10	Mar–26
	1 582 286	213 000	(412 742)		1 382 544		

* As option price was greater than vesting price, no payment was made.

35. DIRECTORS' EMOLUMENTS continued

Director	Options at 1 January 2021	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2021 ¹	Option price R	Vesting dates
AG Waller							
	354 208	–	(354 208)	5.51	–	5.09	Feb–21
	334 900	–	(334 900)	5.15*	–	7.65	Mar–21
	334 900	–	–	–	334 900	7.65	Mar–22
	223 871	–	(223 871)	5.20*	–	7.40	Feb–21
	223 871	–	–	–	223 871	7.40	Feb–22
	223 869	–	–	–	223 869	7.40	Feb–23
	868 333	–	–	–	868 333	8.13	Mar–22
	868 333	–	–	–	868 333	8.13	Mar–23
	868 334	–	–	–	868 334	8.13	Mar–24
	869 100	–	–	–	869 100	3.67	Aug–23
	869 100	–	–	–	869 100	3.67	Aug–24
	869 100	–	–	–	869 100	3.67	Aug–25
	–	952 666	–	–	952 666	5.10	Mar–24
	–	952 667	–	–	952 667	5.10	Mar–25
	–	952 667	–	–	952 667	5.10	Mar–26
	6 907 919	2 858 000	(912 979)		8 852 940		
FB Ally							
	–	388 000	–	–	388 000	5.10	Mar–24
	–	388 000	–	–	388 000	5.10	Mar–25
	–	388 000	–	–	388 000	5.10	Mar–26
	–	1 164 000	–	–	1 164 000		
Total	11 523 075	6 620 000	(1 554 418)		16 588 657		

¹ As at 31 December 2021, the fair value of these options were R3.0 million for AG Waller, R1.9 million for XF Mbambo, R0.4 million for DA Polkinghorne and R0.3 million for FB Ally.

* As option price was greater than vesting price, no payment was made.

The cost of scheme settlements is hedged against 29 083 354 treasury shares (2020: 22 909 232), not allocated to the forfeitable share plan. During 2021, 6 174 122 shares (2020: 10 070 348 shares) were bought back at an average price of R4.85 (2020: R4.14).

Grindrod Limited forfeitable share plan

The following table summarises the movements in the forfeitable share plan during the year.

Award date	Date option granted	Number of options granted	Price ^{1,2} R	Number of forfeitable shares vested	Number of forfeitable shares forfeited	Total forfeitable shares ³
22 February 2016	2016	1 499 513	9.61	(972 560)	(526 953)	–
28 February 2017	2017	140 514	13.87	(60 343)	(50 000)	30 171
26 June 2017	2017	4 462 282	13.87	(2 622 166)	(1 025 492)	814 624
1 November 2017	2017	778 418	15.48	(537 048)	(144 822)	96 548
2 March 2020	2020	859 000	4.05	–	–	859 000
2 March 2020	2020	120 000	3.19	–	–	120 000
31 August 2020	2020	500 000	3.68	–	–	500 000
		8 359 727		(4 192 117)	(1 747 267)	2 420 343

¹ The price reflects the market price on the dates of the awards.

² The vesting price for the February 2016, February 2017, June 2017 and November 2017 awards that vested during 2021 was R5.23, R5.00, R4.73 and R5.13 respectively.

³ At 31 December 2021, the fair value of these options based on a closing share price of R4.95 was R12.0 million.

Note: Repurchased shares are held as treasury shares as required by the JSE Listings Requirements.

The table below shows the executive participants in the scheme. No forfeitable shares were granted to the executives during 2021.

	Opening balance 1 January 2021	Number of forfeitable shares granted	Number of forfeitable shares vested	Total forfeitable shares ¹
Award date				
XF Mbambo	540 712	–	(150 856)	389 856
DA Polkinghorne	37 051	–	(37 051)	–
AG Waller	586 530	–	(86 530)	500 000
	1 164 293	–	(274 437)	889 856

¹ As at 31 December 2021, the fair value of these options based on a closing price of R4.95 was R2.5 million for AG Waller and R1.9 million for XF Mbambo.

35. DIRECTORS' EMOLUMENTS continued

Grindrod Bank share-price-linked option scheme

A summary of options granted to executives and senior management of Grindrod Bank, still to vest as at 31 December 2021, is as follows:

Date option granted	Options granted	Price ¹ R	Lapsed	Vested/ settled	Net total
2016	1 007 342	13.21	(144 887)	(862 455)	–
2017	1 220 997	14.33	(351 623)	(702 821)	166 553
2018	1 326 476	15.20	(342 498)	(541 412)	442 566
2019	1 841 078	16.54	(507 777)	(433 204)	900 097
2020	2 262 000	15.01	(359 000)	–	1 903 000
2021	1 890 000	15.51	–	–	1 890 000
	9 547 893		(1 705 785)	(2 539 892)	5 302 216

¹ The price and units were mathematically adjusted on the separation of Bank and Private Equity businesses.

Bonus payments totalling R614 562 were made on Grindrod Bank options vesting and settled in 2021. Included in the payment is R224 670 made to D Polkinghorne *in lieu* of the Grindrod Bank share-price-linked option scheme.

The details of awards granted to an executive as at 31 December 2021 are as follows:

Director	Options at 1 January 2021	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2021	Option price ¹ R	Vesting dates
DA Polkinghorne							
	54 337	–	(54 337)	–	–	13.21	Feb–21
	57 093	–	(57 093)	–	–	14.33	Feb–21
	57 093	–	–	–	57 093	14.33	Feb–22
	69 299	–	(69 299)	–	–	15.20	Feb–21
	69 299	–	–	–	69 299	15.20	Feb–22
	69 299	–	–	–	69 299	15.20	Feb–23
	72 842	–	–	–	72 842	16.54	Feb–22
	72 842	–	–	–	72 842	16.54	Feb–23
	72 842	–	–	–	72 842	16.54	Feb–24
	124 666	–	–	–	124 666	15.01	Feb–23
	124 667	–	–	–	124 667	15.01	Feb–24
	124 667	–	–	–	124 667	15.01	Feb–25
	–	121 333	–	–	121 333	15.51	Feb–24
	–	121 333	–	–	121 333	15.51	Feb–25
	–	121 334	–	–	121 334	15.51	Feb–26
	968 946	364 000	(180 729)		1 152 217		

37. GOING CONCERN

The directors consider that the Group and Company have adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis of accounting in preparing the Group and Company's Annual Financial Statements. Based on the financial performance of the Grindrod Group, its cash flow projection to the end of March 2023, secured funding lines, and positive solvency and liquidity tests, the Grindrod Group will remain operational for the foreseeable future.

In considering the Group's going concern, it should be noted that Grindrod Bank is measured and reports on a liquidity basis in line with Banking Regulations.

38. SUBSEQUENT EVENTS

There are no adjusting post-balance sheet events to report. There are no significant non-adjusting post-balance sheet events to report.

39. ANALYSIS OF THE GROUP'S INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

Note 1 discloses the implications of a default on the control assessment of the Group's unconsolidated structured entities. The following table summarises the carrying values and transactions recognised in the statement of financial position and statement of comprehensive income of the Group's unconsolidated structured entities:

	2021 R000	2020 R000
Statement of financial position		
Loans and advances – fair value	543 095	493 342
Loans and advances – amortised cost	457 628	164 198
Other investments (loans to related parties) – amortised cost	121 209	128 686
Other investments (associates) – fair value	–	120 196
Statement of comprehensive income		
Interest income	33 529	26 661
Fair value gains	65 548	81 623
Impairment charges on loans and advances	(18 015)	(5 154)

The primary risk to which the Group is exposed is default risk. There were no significant changes in the underlying default risk.

The Group has security in the form of the underlying equity instrument held by the borrower as well as limited guarantees from the shareholders in certain instances which covers exposures on the statement of financial position.

The preference share issuer (typically an SPV created specifically for the transaction) issues preference shares which are used to fund an equity stake in an underlying operating Company. The ability of the issuer to service its obligation to the Group (as subscriber) under the preference share transaction, being the payment of dividends and capital over the term of the preference share, is (in most instances) dependent on the performance of the underlying Company as there is a flow through of dividends from the underlying Company to the preference share issuer. This is then used to service the issuers obligation to the Group under the preference share transaction in respect of the repayment on capital (achieved via the redemption of the preference shares) and return on capital deployed, generated through the periodic payment of dividends. The Group's assessment of risk in preference share transactions is not dissimilar to that of normal debt funding transactions. In addition, owing to the equity nature of the instrument the Group gives regard to the underlying Company risk before it subscribes for the preference shares of the issuer. The Group views the transaction as a pure lending arrangement which results in exposure to equity risk. In order to protect against default risk, types of conditions in funding documents (whether they are debt funding or equity funding), are therefore directed at monitoring and curtailing certain acts of the issuer to ensure that its operations and performance are able to sustain the repayment of the funding. As the transactions that are entered into solely, or mainly, for the raising of funding, the issuer grants security for its obligations to distribute dividends or redeem the preference shares, either in the form of a cession of the underlying equity acquired or limited guarantees. Additional security covenants serve to further mitigate default risk inherent in these transactions.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	2021 R000	2020 R000
ASSETS			
Non-current assets			
Investments in subsidiaries	5	8 047 741	7 509 321
Other investments	6	3 514	89 652
Total non-current assets		8 051 255	7 598 973
Current assets			
Trade and other receivables	7	43	20
Taxation receivable		4 490	–
Amounts due by Group companies	12	115 348	456 351
Cash and cash equivalents		9 233	5 285
Total current assets		129 114	461 656
Total assets		8 180 369	8 060 629
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	8	4 482 668	4 482 668
Non-distributable reserves		20 943	20 794
Accumulated profit		3 644 504	2 848 078
Total equity		8 148 115	7 351 540
Current liabilities			
Trade and other payables	9	32 254	31 114
Amounts due to Group companies	12	–	676 997
Taxation		–	978
Total current liabilities		32 254	709 089
Total equity and liabilities		8 180 369	8 060 629

COMPANY INCOME STATEMENT

for the year ended 31 December 2021

	Notes	2021 R000	2020 R000
Dividend revenue	12	925 081	958 799
Other income		212 589	14 885
Employment costs		(10 723)	(12 158)
Reversal of guarantee provision	2	–	479 804
Impairment of investments	3	(275 919)	(1 167 631)
Auditors' remuneration		(4 927)	(9 278)
Professional fees		(2 032)	(2 357)
Other administrative costs		(5 571)	(5 908)
Operating profit		838 498	256 156
Interest received		548	17 312
Interest paid		(74)	–
Profit before taxation		838 972	273 468
Taxation	4	3 234	(2 288)
Profit for the year attributable to shareholders		842 206	271 180
Total comprehensive income for the year		842 206	271 180

COMPANY STATEMENT OF CASH FLOW

for the year ended 31 December 2021

	Notes	2021 R000	2020 R000
OPERATING ACTIVITIES			
Cash utilised by operations	11.1	(11 116)	(18 960)
Interest received		548	176
Interest paid		(74)	–
Dividends received		925 081	376 043
Dividends paid		(45 658)	(169 306)
Taxation paid	11.2	(2 234)	(2 452)
Net cash inflows from operating activities		866 547	185 501
INVESTING ACTIVITIES			
Acquisition of other investments		–	(2 907)
Disposal of other investments		293 320	–
Recapitalisation and acquisition of additional interest in subsidiaries		(819 925)	(3 000)
Repayments from subsidiaries		341 003	44 272
Repayments to subsidiaries		(676 997)	(221 212)
Net cash outflows from investing activities		(862 599)	(182 847)
FINANCING ACTIVITIES			
Repurchase of ordinary share capital		–	(3 816)
Net cash outflows from financing activities		–	(3 816)
Net increase/(decrease) in cash and cash equivalents		3 948	(1 162)
Cash and cash equivalents at beginning of the year		5 285	6 447
Cash and cash equivalents at end of the year		9 233	5 285

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	2021 R000	2020 R000
Ordinary and preference share capital and share premium	4 482 668	4 482 668
Balance at beginning of the year	4 482 668	4 823 012
Share buy back**	–	(213 659)
Adjustment arising on unwind of BEE consortium	–	(126 685)
Equity compensation reserve	20 943	20 794
Balance at beginning of the year	20 794	20 681
Share-based payments	149	113
Accumulated profit	3 644 504	2 848 078
Balance at beginning of the year	2 848 078	2 736 324
Profit/(loss) for the year attributable to shareholders	842 206	271 180
Ordinary dividends paid	–	(108 182)
Preference dividends paid*	(45 780)	(51 244)
Total interest of shareholders of the Company	8 148 115	7 351 540
Total equity attributable to all shareholders of the Company	8 148 115	7 351 540

* Preference dividends paid relate to cumulative, non-redeemable, non-participating and non-convertible preference shares declared and are based on 88% of the prime interest rate.

** The prior year included the unwinding of the BEE consortium which resulted in the buy-back and cancellation of shares and the net impact in non-distributable reserves for the unrecovered intercompany balance with Newshelf and the related loan to Adopt-a-School.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. ACCOUNTING POLICIES

Refer to Group accounting policies.

2. REVERSAL OF GUARANTEE PROVISION

	2021 R000	2020 R000
Reversal of provision raised for guarantees	–	479 804

The prior year relates to a release of a guarantee provision raised previously against an intercompany loan between Grindrod Mauritius and CMOG as the guarantee was cancelled.

3. IMPAIRMENT OF INVESTMENTS

	2021 R000	2020 R000
Impairment of investments	(275 919)	(1 167 631)

This relates to the impairment of the investments in GFS Holdings Proprietary Limited of R318 360 027 (2020: R720 494 000) and a reversal of impairment in Grindrod Trading Holdings Proprietary Limited of R42 441 127 (2020: impairment R445 137 000) and to the recoverable amount in terms of IFRS 9 Financial Instruments.

4. TAXATION

	2021 R000	2020 R000
Current taxation		
On income for the year	2 946	2 288
Prior year	(6 180)	–
Total taxation per income statement	(3 234)	2 288
The reconciliation of the effective tax rate with the Company tax rate is as follows:		
Rate of South African Company taxation	(%) 28.0	28.0
Exempt dividends	(%) (30.9)	(98.2)
Release of provision and other exempt income	(%) (7.1)	(51.8)
Expenses not allowed ¹	(%) 10.3	122.8
Prior year	(%) (0.7)	–
Effective rate of taxation	(%) (0.4)	0.8

¹ Consist mainly of impairments of investments.

5. INVESTMENT IN SUBSIDIARIES

	2021 R000	2020 R000
Investments in subsidiaries	8 036 378	7 492 372
Share-based payments	11 363	16 949
	8 047 741	7 509 321

Details of the investments in subsidiaries are shown on the schedule of interest in subsidiaries on page 130.

6. OTHER INVESTMENTS

	2021 R000	2020 R000
Listed investments measured at FVTPL	–	83 700
Unlisted investments measured at FVTOCI	3 514	5 952
	3 514	89 652

Listed investments consisted of Grindrod Shipping shares which were disposed of in the current year. A mark-to-market gain of R207 182 100 was recognised in the income statement as at the date of sale.

Unlisted investments mainly consist of insurance cell captives.

7. TRADE AND OTHER RECEIVABLES

	2021 R000	2020 R000
Trade debtors	3 367	1 872
Less: expected credit loss	(3 367)	(1 872)
Net trade debtors	–	–
Other receivable	43	20
	43	20

8. SHARE CAPITAL AND PREMIUM

	2021 R000	2020 R000
Authorised		
2 750 000 000 ordinary shares of 0.002 cents each	55	55
20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	6	6
	61	61
Issued		
698 031 586 (2019: 762 553 314) ordinary shares of 0.002 cents each	14	14
7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	2	2
	16	16

There has been no change in the number of authorised shares from the prior year.

	2021 R000	2020 R000
Total issued share capital and premium	4 482 668	4 482 668

In the prior year, 64 521 728 shares were bought back and cancelled following the B-BBEE repurchase as part of the unwind of the B-BBEE consortium.

9. TRADE AND OTHER PAYABLES

	2021 R000	2020 R000
Accrued expenses	6 686	6 528
Preference dividends payable	24 187	24 065
Other payables and provisions	1 381	521
	32 254	31 114

10. CONTINGENT LIABILITIES

	2021 R000	2020 R000
In respect of guarantees of loans and facilities of subsidiaries and joint ventures	4 213 100	3 334 900
Of which has been utilised	1 779 900	2 011 900

11. CASH FLOW

	2021 R000	2020 R000
11.1 Reconciliation of operating profit/(loss) to cash generated from operations		
Operating profit	838 498	256 156
Adjustments for:		
Share option expense	149	–
Dividends received	(925 081)	(958 799)
Reversal of impairment on intercompany loans	–	(479 804)
Impairment of investments	275 919	1 167 631
Fair value gain on Grindrod Shipping shares	(201 596)	(5 656)
Operating loss before working capital changes	(12 111)	(20 472)
Working capital changes		
(Decrease)/increase in trade and other receivables	(23)	274
Increase in trade and other payables	1 018	1 238
Cash utilised by operations	(11 116)	(18 960)
11.2 Taxation paid		
Balance at the beginning of the year	(978)	(1 142)
Current year	3 234	(2 288)
Balance at the end of the year	(4 490)	978
Taxation paid	(2 234)	(2 452)

12. RELATED PARTIES

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

	Dividends received R000	Net guarantee fees received R000
2021		
Subsidiaries		
GFS Holdings Proprietary Limited	–	5 650
Grindrod Financial Holdings Limited	47 595	–
Grindrod Freight Services Proprietary Limited	871 189	–
Grindrod (South Africa) Proprietary Limited	–	458
Grindrod Trading Holdings Proprietary Limited	6 297	–
Sturrock Grindrod Maritime Holdings Proprietary Limited	–	1 187
Petrologistics Botswana Proprietary Limited	–	247
Grindrod Logistics Mozambique Limitada	–	2 094
Grindrod Logistics Africa Proprietary Limited	–	15
	925 081	9 651
2020		
Subsidiaries		
GFS Holdings Proprietary Limited	10 846	–
Grindrod Financial Holdings Limited	20 679	5 650
Grindrod Freight Services Proprietary Limited	891 857	–
Grindrod (South Africa) Proprietary Limited	–	599
Grindrod Trading Holdings Proprietary Limited	8 417	–
Sturrock Grindrod Maritime Holdings Proprietary Limited	–	1 202
Whirlprops Proprietary Limited	27 000	–
Petrologistics Botswana Proprietary Limited	–	390
Walvis Bay Bulk Terminals	–	62
	958 799	7 903

12. RELATED PARTIES continued

	Amounts due by Group Companies 2021 R000	Amounts due to Group Companies 2021 R000	Amounts due by Group Companies 2020 R000	Amounts due to Group Companies 2020 R000
Canosa Holdings Limited	382	–	468	–
Grindrod Intermodal Division	13	–	–	–
Grindrod Logistics Mozambique Limitada	2 094	–	1 633	–
Grindrod Holdings (South Africa) Proprietary Limited	103 029	–	444 874	–
Grindrod (South Africa) Proprietary Limited	4 601	–	3 356	(676 997)
Grindrod Property Holdings Limited	5 137	–	5 381	–
Sturrock Grindrod Maritime Holdings Proprietary Limited	92	–	347	–
Petrologistics Botswana Proprietary Limited	–	–	292	–
	115 348	–	456 351	(676 997)

Subsidiaries

Details of investments in subsidiaries are set out in note 5 and in the schedule of interest in subsidiaries on page 130.

Directors

Details of directors' interests in the Company and directors' emoluments are set out in note 35 of the consolidated Annual Financial Statements.

Further details on balances due by/(to) directors are disclosed in the related party note shown on pages 87 to 89 of the consolidated Annual Financial Statements.

In the prior year as part of the unwind of the Group's BEE consortium, the gross amount owing by Newshelf 1279 (RF) Proprietary Limited was R683 million against which an impairment of R443 million was recorded, was written off, net of Grindrod Limited and Grindrod Shipping shares that were received.

In the prior year an amount owed by Grindrod (South Africa) Proprietary Limited of R945 million was waived and the intercompany loan and the corresponding impairment charge of R945 million was released and the net amount of R Nil was capitalised to the investment in Grindrod Freight Services Proprietary Limited.

Expected credit loss (ECL) on amount due by Group companies

Amounts due by Group companies have been assessed for impairment and management has determined that we expect to recover all loans in full. Therefore no ECL has been recognised with respect to amounts due by Group companies as these loans are non-interest bearing and are repayable on demand. Inputs used in assessing the ECL include default and credit history, historical data and forecast cash flows.

13. FINANCIAL INSTRUMENTS

		Fair value			
	Carrying value R000	Level 1 R000	Level 2 R000	Level 3 R000	Amortised cost R000
2021					
Financial instruments					
Cash and cash equivalents	9 233	–	–	–	9 233
Other investments	3 514	–	–	–	3 514
Trade and other receivables	43	–	–	–	43
Amounts due by Group companies	115 348	–	–	–	115 348
Trade and other payables	(32 254)	–	–	–	(32 254)
Amounts due to Group companies	–	–	–	–	–
Total	95 884	–	–	–	95 884
2020					
Financial instruments					
Cash and cash equivalents	5 285	–	–	–	5 285
Other investments	89 652	83 700	–	–	5 952
Trade and other receivables	1 891	–	–	–	1 891
Amounts due by Group companies	456 351	–	–	–	456 351
Trade and other payables	(31 114)	–	–	–	(31 114)
Amounts due to Group companies	(676 997)	–	–	–	(676 997)
Total	(154 932)	83 700	–	–	(238 631)

Refer to note 33.1 in the consolidated Annual Financial Statements for further detail.

INTERESTS IN SUBSIDIARIES

for the year ended 31 December 2021

At 31 December 2021, the Grindrod Limited Company had the following subsidiaries carrying on business which principally affected the profits and assets.

They have the same year-end date as the Company and have been included in the Annual Financial Statements.

		Share capital		Effective holding		Investments Shares at original cost		Share-based payments to employees	
		2021 R000	2020 R000	2021 %	2020 %	2021 R000	2020 R000	2021 R000	2020 R000
Incorporated in South Africa									
Grindrod Freight Investments Proprietary Limited	F	1 495	1 495	100	100	203 500	203 500	610	610
Grincor Shipping Holdings Limited	D	–	–	100	100	–	–	–	–
Grindrod Financial Holdings Limited	B	1 923	1 923	100	96	628 145	602 921*	–	–
GFS Holdings Proprietary Limited	P	–	–	100	100	2 272 888	1 594 888*	–	–
Grindrod Trading Holdings Proprietary Limited	T	–	–	100	100	1 307 369	1 194 668	–	–
Grindrod Freight Services Proprietary Limited	F	1	1	100	100	5 602 372	5 602 372	10 753	10 753
Whirlprops 16 Proprietary Limited	F	–	–	100	100	14 000	10 000	–	–
Incorporated in British Virgin Islands									
Canosa Holdings Limited	G	–	–	100	100	23 290	23 290	–	–
Incorporated in Isle of Man									
Grindrod Property Holdings Limited	G	–	–	100	100	34 344	34 344	–	–
Impairments		–	–			(2 049 530)	(1 773 611)	–	–
Interest in subsidiaries		3 419	3 419			8 036 378	7 492 372	11 363	11 363

Nature of business:
B Bank
D Dormant
F Freight and Property Services
G Group Services
P Private Equity and Property
T Trading
* Prior year investment amounts have been corrected due to a misallocation between GFS Holdings Proprietary Limited and Grindrod Financial Holdings Limited.

SHARE ANALYSIS OF ORDINARY SHAREHOLDERS

for the year ended 31 December 2021

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	8 372	77.20	7 829 409	1.12
5 001 to 10 000 shares	949	8.75	7 330 904	1.05
10 001 to 50 000 shares	1 057	9.75	23 544 039	3.37
50 001 to 100 000 shares	182	1.68	13 627 887	1.95
100 001 shares and over	284	2.62	645 699 347	92.51
	10 844	100.00	698 031 586	100.00
Non-public shareholders				
Directors of the Company	6	0.05	1 741 388	0.25
Treasury stock (share options)	1	0.01	31 503 698	4.51
Strategic holdings (more than 10%)	2	0.02	250 092 869	35.83
Public shareholders	10 835	99.92	414 693 631	59.41
	10 844	100.00	698 031 586	100.00
Investor profile				
Banks and brokers	54	0.50	39 311 357	5.63
Close corporations	88	0.81	3 004 605	0.43
Endowment funds	20	0.18	1 804 165	0.26
Individuals	9 545	88.02	60 336 759	8.64
Insurance companies	38	0.35	16 468 143	2.36
Investment companies	2	0.02	863 439	0.12
Medical schemes	13	0.12	770 777	0.11
Mutual funds	90	0.83	155 837 085	22.33
Other corporations	46	0.42	134 962	0.02
Own holdings	1	0.01	31 503 698	4.51
Private companies	241	2.22	91 263 890	13.07
Public companies	3	0.03	757	0.00
Retirement funds	146	1.35	108 579 428	15.57
Strategic investor	1	0.01	173 183 235	24.81
Trusts	556	5.13	14 969 286	2.14
	10 844	100.00	698 031 586	100.00
Geographical breakdown				
South Africa	10 619	97.92	661 663 074	94.79
United States of America and Canada	15	0.14	9 859 358	1.41
United Kingdom	30	0.28	15 679 681	2.25
Rest of Europe	24	0.22	6 227 886	0.89
Rest of the World	156	1.44	4 601 587	0.66
	10 844	100.00	698 031 586	100.00

SHARE ANALYSIS
OF ORDINARY SHAREHOLDERS continued
for the year ended 31 December 2021

	Number of shares	Percentage of shares
Beneficial shareholders holding 5% or more		
Remgro	173 183 235	24.81
Grindrod Investments Proprietary Limited	76 909 634	11.02
PSG Konsult	70 510 861	10.10
Government Employees Pension Fund	69 758 396	9.99
Steyn Capital Management	21 518 773	3.08
	411 880 899	59.00
Top 10 Fund Managers		
PSG Asset Management	70 510 861	10.10
Public Investment Corporation	57 968 208	8.30
Steyn Capital Management	39 163 772	5.61
Sanlam Investment Management	29 075 030	4.17
Ninety One	17 683 710	2.53
360NE Asset Management	15 427 216	2.21
Oasis	10 909 199	1.56
Dimensional Fund Advisors	9 114 049	1.31
Old Mutual Investment Group	8 890 076	1.27
SBG Securities	7 881 152	1.13
	266 623 273	38.19

SHARE ANALYSIS OF CUMULATIVE,
NON-REDEEMABLE, NON-PARTICIPATING,
NON-CONVERTIBLE PREFERENCE SHARES

for the year ended 31 December 2021

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	1 561	85.02	1 745 627	23.59
5 001 to 10 000 shares	138	7.52	1 003 075	13.56
10 001 to 50 000 shares	116	6.32	2 227 423	30.10
50 001 to 100 000 shares	14	0.76	1 038 710	14.04
100 001 shares and over	7	0.38	1 385 165	18.71
	1 836	100.00	7 400 000	100.00
Non-public shareholders	1	0.05	1 609	0.02
Director Holdings	1	0.05	1 609	0.02
Public shareholders	1 835	99.95	7 398 391	99.98
	1 836	100.00	7 400 000	100.00
Investor profile				
Banks and brokers	7	0.38	218 629	2.95
Close corporations	16	0.87	181 356	2.45
Endowment funds	17	0.93	121 459	1.64
Individuals	1 449	78.92	3 418 914	46.20
Insurance companies	5	0.27	159 057	2.15
Investment Company	1	0.05	1 958	0.03
Mutual funds	29	1.58	1 352 522	18.28
Other corporations	12	0.65	17 711	0.24
Private companies	83	4.52	726 909	9.82
Public companies	1	0.05	178 390	2.41
Retirement funds	7	0.39	65 909	0.89
Trusts	209	11.39	957 186	12.94
	1 836	100.00	7 400 000	100.00
Geographical breakdown				
South Africa	1 816	98.91	7 192 398	97.19
United States of America and Canada	10	0.54	16 416	0.22
United Kingdom	4	0.22	942	0.01
Rest of Europe	1	0.05	1 400	0.02
Rest of the World	5	0.28	188 844	2.56
	1 836	100.00	7 400 000	100.00

KEY OPERATING SEGMENTS

31 December 2021

	Effective holding	
	2021 %	2020 %
PORT AND TERMINALS		
Port		
Maputo Port Development Company (MPDC)	24.7	24.7
TERMINALS		
Dry-bulk terminals		
Terminal de Carvão da Matola (TCM)	65	65
Grindrod Mozambique Limitada (GML)	100	100
Grindrod Terminals Richards Bay	100	100
RBTG	59.7	59.7
Walvis Bay Bulk Terminal (WBBT)	75	75
Liquid-bulk terminals		
Oil Tanking Grindrod Calulo (OTGC)	30.5	30.5
Car terminal		
Grindrod Maputo Car Terminal (MCTL)	100	100
Stevedores		
Bay Stevedores (Richards Bay)	100	100
Grindrod Namibia Stevedoring (Walvis Bay)	49	49
Logistics		
Seafreight logistics		
Ocean Africa Container Lines (OACL)	100	100
Intermodal		
Grindrod Intermodal	100	100
Grindrod Logistics Mozambique Limitada	100	100
Nacala Intermodal Terminal Investments	75	75
Cross border and project logistics		
Grindrod Logistics Africa	100	100
Clearing and forwarding		
Röhlig-Grindrod	50.0	42.5
Ships agency, maritime technical services and logistics		
Sturrock Grindrod Maritime (SGM)	100	100
NovaGroup	100	100
Rail leasing and operations		
NLPI Group	74.5	74.5
RailCo Africa Limited	42.3	42.3
GPR Leasing South Africa	55	55
Grindrod Rail Consulting Services	42.3	100
Grindrod Rail Operations	100	100
RRL Grindrod Sierra Leone 1	100	100
RRL Grindrod Sierra Leone 2	100	100

	Effective holding	
	2021 %	2020 %
Auto and fuel road transportation		
Grindrod Automotive	-	100
Grindrod Fuellogic	-	100
Petrologistics (Botswana)	100	100
BANK		
Banking services		
Grindrod Bank	100	97
GROUP		
Private Equity and Property		
GFS Holdings	100	100

LOAN FUNDS

At 31 December 2021

Consolidated				
	Date of redemption	Current rate of interest per annum (%)	2021 Carrying value R000	2020 Carrying value R000
SECURED				
Foreign currency funding				
<i>Financial liabilities measured at amortised cost</i>				
Asset finance secured by vehicles, machinery and equipment	10/2022 – 12/2030	6.5 – 7.5	124 257	80 982
Local currency funding				
<i>Financial liabilities measured at amortised cost</i>				
Asset finance secured by vehicles, machinery and equipment	10/2022 – 12/2026	5.00 – 8.50	99 459	134 071
Loans secured by mortgage bond over property	08/2025 – 04/2029	5.98 – 6.45	533 503	230 337
Aggregate secured long-term borrowings			757 219	445 390
Amount repayable within one year			(146 366)	(103 901)
Long-term borrowings			610 853	341 489
Closing ZAR/USD exchange rate at 31 December			15.93	14.62
Security				
Net book values of assets encumbered to secure long-term loans are as follows:				
			988 433	678 463
Property			823 333	476 153
Terminals, machinery, vehicles and equipment			165 100	202 310

BANK AND PRIVATE EQUITY FUNDING INSTRUMENTS

At 31 December 2021

Consolidated				
	Date of redemption	Current rate of interest per annum (%)	2021 Carrying value R000	2020 Carrying value R000
SECURED				
Local funding				
<i>Financial liabilities measured at amortised cost</i>				
Loans secured by mortgage bond over property	03/2022 – 05/2023	6.25 – 6.37	554 267	561 049
Redeemable preference shares secured by guarantee	03/2022	4.85	75 000	75 000
Aggregate secured Bank and Private Equity funding instruments			629 267	636 049
UNSECURED				
Local funding				
<i>Financial liabilities measured at amortised cost</i>				
Redeemable preference shares	04/2022	5.01	75 000	525 000
Listed corporate bonds	11/2022 – 06/2024	5.93 – 6.38	652 963	516 205
Loans	11/2023 – 07/2027	3.75 – 6.87	94 909	55 112
Aggregate unsecured Bank and Private Equity funding instruments			822 872	1 096 317
Amount repayable within one year			(908 778)	(1 345 601)
Aggregate long-term Bank and Private Equity funding instruments			543 361	386 765

Rates linked to published South African market rates.

VALUE ADDED STATEMENT

Year ended 31 December 2021

	Consolidated			
	2021 R000	%	2020 R000	%
Revenue	3 904 984		3 751 156	
Net cost of services	(1 201 669)		(1 766 409)	
Value added by operations	2 703 315		1 984 747	
Non-trading items	(401 134)		(194 479)	
Total value added	2 302 181		1 790 268	
Applied as follows:				
Employees' remuneration and service benefits	1 222 322	53.2	1 146 837	64.2
Taxation on income	143 960	6.3	58 299	3.3
Providers of share capital	45 780	2.0	147 760	8.3
Providers of loan capital	226 432	9.8	326 292	18.2
Reinvested in the business				
Depreciation and amortisation	488 109	21.1	526 299	29.3
Retained income	175 578	7.6	(415 219)	(23.2)
Total	2 302 181	100.0	1 790 268	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.

