



# SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Ships, property, terminals, machinery, vehicles and equipment	5 351 224	7 632 489
Intangible assets	1 060 807	1 604 159
Investments in joint ventures	3 947 765	4 806 687
Investments in associates	852 225	922 350
Deferred taxation	87 062	205 705
Other investments and derivative financial assets	1 948 728	1 757 307
<b>Total non-current assets</b>	<b>13 247 811</b>	<b>16 928 697</b>
Loans and advances to bank customers	5 854 734	4 915 854
Liquid assets and short-term negotiable securities	1 801 065	1 065 730
Bank balances and cash	9 478 073	8 393 256
Other current assets	4 245 485	4 871 336
Non-current assets held for sale	1 549 072	281 892
<b>Total assets</b>	<b>36 176 240</b>	<b>36 456 765</b>
Shareholders' equity	15 752 437	19 146 165
Non-controlling interests	48 919	(6 274)
<b>Total equity</b>	<b>15 801 356</b>	<b>19 139 891</b>
Interest-bearing borrowings	1 423 339	2 061 818
Financial Services funding instruments	803 489	798 288
Deferred taxation	261 817	224 675
Other non-current liabilities	121 446	89 191
<b>Non-current liabilities</b>	<b>2 610 091</b>	<b>3 173 972</b>
Deposits from bank customers	13 610 140	9 979 739
Current interest-bearing borrowings	909 037	1 326 418
Financial Services funding instruments	191 187	173 005
Other liabilities	1 831 320	2 573 890
Non-current liabilities associated with assets held for sale	1 223 109	89 850
<b>Total equity and liabilities</b>	<b>36 176 240</b>	<b>36 456 765</b>
Net worth per ordinary share – at book value (cents)	2 007	2 450
Net debt:equity ratio	0.02:1	(0.00):1
Capital expenditure	676 627	913 042

	31 December 2016 R000	31 December 2016 US\$000	31 December 2015 R000	31 December 2015 US\$000
Capital commitments	154 315	17 582	122 723	41 845
Authorised by directors and contracted for	131 278	–	122 723	25 304
Due within one year	131 278	–	11 020	25 146
Due thereafter	–	–	111 703	158
Authorised by directors not yet contracted for	23 037	17 582	–	16 541

The summarised consolidated financial statements have been included in this integrated annual report. The full set of consolidated annual financial statements is available on [www.grindrod.com](http://www.grindrod.com).

# SUMMARISED CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
<b>Revenue</b>	<b>9 031 783</b>	10 192 369
Earnings before interest, taxation, depreciation and amortisation	469 323	1 098 900
Depreciation and amortisation	(584 061)	(675 482)
Operating (loss)/profit before interest and taxation	(114 738)	423 418
Non-trading items	(1 419 242)	(1 587 631)
Interest received	348 528	254 063
Interest paid	(257 864)	(220 731)
Loss before share of joint venture and associate companies' profit	(1 443 316)	(1 130 881)
Share of joint venture companies' loss after taxation	(224 874)	(120 097)
Share of associate companies' profit after taxation	20 604	72 660
Loss before taxation	(1 647 586)	(1 178 318)
Taxation	(191 919)	(190 255)
<b>Net loss for the year</b>	<b>(1 839 505)</b>	(1 368 573)
Attributable to:		
Ordinary shareholders	(1 907 695)	(1 426 473)
Preference shareholders	67 970	61 141
Owners of the parent	(1 839 725)	(1 365 332)
Non-controlling interest	220	(3 241)
	<b>(1 839 505)</b>	(1 368 573)
Exchange rates (ZAR/US\$)		
Opening exchange rate	15.60	11.57
Closing exchange rate	13.69	15.60
Average exchange rate	14.73	12.78
<b>EARNINGS PER SHARE INFORMATION:</b>		
<b>Reconciliation of headline (loss)/earnings</b>		
(Loss) attributable to ordinary shareholders	(1 907 695)	(1 426 473)
Adjusted for:	1 448 180	1 985 296
Impairment of goodwill	445 982	-
Impairment of other investments	806 619	612 365
Impairment of ships, intangibles, vehicles and equipment	271 483	1 205 990
Net loss/(profit) on disposal of investments	18 799	(216 919)
Net profit on disposal of plant and equipment	(3 380)	(448)
Negative goodwill realised	-	(13 233)
Foreign currency translation reserve release	(120 261)	(124)
Joint ventures and associates:		
Foreign currency translation reserve release	-	2 447
Net profit on disposal of investments	(216)	-
Net profit on disposal of plant and equipment	(253)	(471)
Impairment of ships, intangibles, vehicles and equipment	49 649	382 428
(Reversal of impairment)/impairment of other investments	(12 175)	17 252
Total non-controlling interest effects of adjustments	(2 962)	(2 233)
Total taxation effects of adjustments	(5 105)	(1 758)
<b>Headline (loss)/earnings</b>	<b>(459 515)</b>	558 823
<b>Ordinary share performance</b>		
Number of shares in issue less treasury shares	(000s) 750 548	750 959
Weighted average number of shares (basic)	(000s) 750 539	751 452
Diluted weighted average number of shares	(000s) 753 712	754 146
Loss per share:	(cents)	
Basic	(254.2)	(189.8)
Diluted	(254.2)*	(189.8)*
Headline (loss)/earnings per share:	(cents)	
Basic	(61.2)	74.4
Diluted	(61.2)*	74.1
Dividends per share:	(cents)	
Interim	-	13.6
Final	-	6.0
Dividend cover (headline)	(times)	3.8

\* Diluted loss per share and diluted headline loss per share were calculated on weighted average number of shares due to the anti-dilutive effect of the long-term incentive scheme shares.



# SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

	<b>Audited</b> <b>31 December</b> <b>2016</b> <b>R000</b>	Audited 31 December 2015 R000
<b>Loss for the year</b>	<b>(1 839 505)</b>	(1 368 573)
<b>Other comprehensive (loss)/income:</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translating foreign operations	<b>(1 387 904)</b>	3 396 262
Net movement in cash flow hedges	<b>54 636</b>	21 045
Business combination	<b>3 469</b>	(6 906)
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial losses	<b>(2 184)</b>	(45)
Fair value (loss)/gain arising on available-for-sale instruments	<b>(2 420)</b>	1 493
<b>Total comprehensive (loss)/income for the year</b>	<b>(3 173 908)</b>	2 043 276
Total comprehensive (loss)/income attributable to:		
Owners of the parent	<b>(3 182 753)</b>	2 054 339
Non-controlling interest	<b>8 845</b>	(11 063)
	<b>(3 173 908)</b>	2 043 276

# SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
Operating profit before working capital changes	425 960	1 190 897
Working capital changes	65 749	221 723
Cash generated from operations	491 709	1 412 620
Net interest received/(paid)	16 888	(9 403)
Net dividends received/(paid)	29 451	(150 996)
Taxation paid	(110 343)	(188 251)
	427 705	1 063 970
Net deposits from customers and other short-term negotiables	1 956 186	1 485 349
Deposits – Retail Banking	2 288 800	1 253 006
Other	(332 614)	232 343
Net cash flows generated from operating activities before ship sales and purchases	2 383 891	2 549 319
Refund on ships under construction cancelled	–	319 838
Proceeds on disposal of ships	180 843	158 414
Capital expenditure on ships	(368 145)	(198 980)
<b>Net cash flows generated from operating activities</b>	<b>2 196 589</b>	<b>2 828 591</b>
Acquisition of investments, subsidiaries, property, terminals, vehicles and equipment	(339 257)	(616 269)
Net proceeds from disposal of property, terminals, vehicles, equipment and investments	266 482	68 301
Net receipt from finance lease receivables	11 160	19 931
Intangible assets acquired	(25 253)	(26 035)
Proceeds from disposal of intangible assets	602	1 027
Funds advanced to joint ventures and associate companies	(644 288)	(264 028)
Acquisition of preference share investment	(5 367)	(14 650)
Acquisition of additional investments in subsidiaries, joint ventures and associates	(44 240)	(307 723)
<b>Net cash flows utilised in investing activities</b>	<b>(780 161)</b>	<b>(1 139 446)</b>
Net proceeds from issue of ordinary share capital	–	6 255
Acquisition of treasury shares	(8 671)	(25 710)
Proceeds from disposal of treasury shares	914	366
Long-term interest-bearing debt raised	821 780	499 225
Payment of capital portion of long-term interest-bearing debt	(952 600)	(1 459 032)
Short-term interest-bearing debt (repaid)/raised	(132 726)	51 443
<b>Net cash flows utilised in financing activities</b>	<b>(271 303)</b>	<b>(927 453)</b>
Net increase in cash and cash equivalents	1 145 125	761 692
Cash and cash equivalents at beginning of the year	8 340 917	7 188 626
Difference arising on translation	(191 585)	390 599
<b>Cash and cash equivalents at end of the year</b>	<b>9 294 457</b>	<b>8 340 917</b>



# SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
<b>Share capital and share premium</b>	<b>5 971 719</b>	5 970 727
Balance at beginning of the year	5 970 727	5 982 924
Share options vested	6 892	6 892
Share issue	-	6 255
Treasury shares acquired	(8 671)	(25 710)
Treasury shares sold	2 771	366
<b>Preference share capital</b>	<b>2</b>	2
Balance at beginning of the year	2	2
<b>Equity compensation reserve</b>	<b>68 513</b>	63 643
Balance at beginning of the year	63 643	57 566
Share-based payments	11 762	12 969
Share options vested	(6 892)	(6 892)
<b>Foreign currency translation reserve</b>	<b>4 546 313</b>	6 063 103
Balance at beginning of the year	6 063 103	2 661 342
Foreign currency translation realised	(120 261)	(2 323)
Foreign currency translation adjustments	(1 396 529)	3 404 084
<b>Other non-distributable statutory reserves</b>	<b>(51 592)</b>	(126 302)
Balance at beginning of the year	(126 302)	(123 092)
Financial instrument hedge settlement	53 873	65 483
Foreign currency translation adjustments	6 006	(22 540)
Fair value adjustment on hedging reserve	4 641	(34 607)
Deferred tax effect on cash flow hedge	(6 415)	5 804
Net business combination acquisition	16 605	(17 350)
<b>Accumulated profit</b>	<b>5 217 482</b>	7 174 992
Balance at beginning of the year	7 174 992	8 853 554
Fair value gain arising on available-for-sale financial instruments	(2 420)	1 493
Actuarial losses recognised	(2 184)	(45)
Loss for the year	(1 839 725)	(1 365 332)
Ordinary dividends paid	(45 211)	(253 537)
Preference dividends paid	(67 970)	(61 141)
<b>Total interest of shareholders of the company</b>	<b>15 752 437</b>	19 146 165
<b>Equity attributable to non-controlling interests of the company</b>	<b>48 919</b>	(6 274)
Balance at beginning of the year	(6 274)	48 185
Foreign currency translation adjustments	8 625	(7 822)
Non-controlling interest disposed	49 860	(1 494)
Profit/(loss) for the year	220	(3 241)
Dividends paid	(3 512)	(41 902)
<b>Total equity attributable to shareholders of the company</b>	<b>15 801 356</b>	19 139 891

# SEGMENTAL ANALYSIS

for the year ended 31 December 2016

	<b>Audited</b> <b>31 December</b> <b>2016</b> <b>R000</b>	Audited 31 December 2015 R000
<b>Revenue</b>		
Freight Services	<b>3 846 303</b>	5 059 813
Shipping	<b>20 585 634</b>	22 058 351
Financial Services	<b>492 216</b>	452 756
Group	<b>6 389</b>	424 499
	<b>24 930 542</b>	27 995 419
Segmental adjustments*	<b>(15 898 759)</b>	(17 803 050)
	<b>9 031 783</b>	10 192 369
<b>Earnings/(loss) before interest, taxation, depreciation and amortisation</b>		
Freight Services	<b>458 356</b>	837 685
Shipping	<b>(82 999)</b>	662 177
Financial Services	<b>303 213</b>	255 011
Group	<b>11 851</b>	(7 415)
	<b>690 421</b>	1 747 458
Segmental adjustments*	<b>(221 098)</b>	(648 558)
	<b>469 323</b>	1 098 900
<b>Operating profit/(loss) before interest and taxation</b>		
Freight Services	<b>89 891</b>	438 528
Shipping	<b>(559 619)</b>	169 473
Financial Services	<b>297 312</b>	250 318
Group	<b>11 675</b>	(12 159)
	<b>(160 741)</b>	846 160
Segmental adjustments*	<b>46 003</b>	(422 742)
	<b>(114 738)</b>	423 418
<b>Share of associate companies' profit after taxation</b>		
Freight Services	<b>20 604</b>	71 879
	<b>20 604</b>	71 879
Segmental adjustments*	<b>-</b>	781
	<b>20 604</b>	72 660
<b>(Loss)/profit attributable to ordinary shareholders</b>		
Freight Services	<b>(1 239 856)</b>	(108 994)
Shipping	<b>(928 411)</b>	(1 495 674)
Financial Services	<b>171 006</b>	164 662
Group	<b>89 566</b>	13 533
	<b>(1 907 695)</b>	(1 426 473)

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



# SUMMARISED CONSOLIDATED NOTES

## continued

for the year ended 31 December 2016

### Business combinations

#### Acquisition of subsidiaries

During the year, the group acquired the following interests:

Company acquired	Nature of business	Percentage acquired	Interest acquired 2016	Purchase consideration R000
Nacala Intermodal Terminal Investments	Integrated Logistics	75	31 October	<b>46 726</b>
<b>Total purchase consideration</b>				<b>46 726</b>

#### Reasons for acquisition

The reason for the acquisition was to obtain a majority share in the existing container depot outside the Port of Nacala Mozambique which will serve as an anchor point for the Integrated Logistics supply chain in the Nacala corridor. The initial accounting for Nacala Intermodal Terminal Investments was provisionally determined at the end of the reporting period.

#### Impact of the acquisition on the results of the group

From the date of the acquisition, the acquired business contributed additional profit of R0.3 million.

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

Net assets acquired	Acquirees' carrying amount before combination at fair value R000
Property, plant and equipment	12 527
Intangibles	42 559
Working capital	648
Cash and bank	57
Non-controlling interest	(1 383)
Long-term liabilities	(7 682)
Total	46 726
Earnout	(13 690)
Total purchase consideration	33 036
Cash acquired	(57)
<b>Net assets acquired</b>	<b>32 979</b>

## Disposal of subsidiaries and joint ventures

During the year, the group disposed of the following interests:

Company disposed	Nature of business	Percentage disposed	Interest disposed 2016	Disposal consideration R000
Grindrod Asset Management Holdings Proprietary Limited	Financial Services	100	12 December	125 300
CoreShares Holdings Proprietary Limited	Financial Services	100	12 October	13 500
Vanguard Rigging Proprietary Limited	Integrated Logistics	50	1 July	53 383
Vitol Coal South Africa BV	Terminals	35	31 July	33 349
<b>Total disposal consideration</b>				<b>225 532</b>

### Reasons for disposals

During the period, Grindrod Asset Management Proprietary Limited was rebranded to Bridge Fund Managers and the business was sold to Infnitus in which Grindrod Limited, via its subsidiary GFS Holdings Proprietary Limited, holds an interest. The transaction is expected to provide the business with expanded growth opportunities under its new identity and shareholding structure.

The disposal of the coal trading, machine handling and rigging businesses was to rationalise operations to assist in the delivery of the group's long-term goals.

Net assets disposed	Fair value R000
Property, plant and equipment	1 381
Intangibles	54 608
Investments	62 252
Taxation	(3 280)
Working capital	(20 548)
Cash and bank	40 272
Business combination reserve	16 605
Deferred taxation	6 741
<b>Total</b>	<b>158 031</b>
Earnout	(50 299)
Profit on disposal	-
Cash disposed	(40 272)
<b>Net assets disposed</b>	<b>67 460</b>

## Leases and ship charters

for the year ended 31 December 2016

	Audited 31 December 2016 R000	Audited 31 December 2015 R000
<b>Operating leases and ship charters</b>		
Income*	1 368 637	1 345 991
Expenditure	4 121 075	5 303 916
<b>Finance lease liabilities</b>	-	-

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



# SUMMARISED CONSOLIDATED NOTES

continued  
for the year ended 31 December 2016

## Fair value of financial instruments

as at 31 December 2016

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

- **Level 1** - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 2 and 3 fair values were determined by applying either a combination of, or one of the following, valuation techniques: market-related interest rate yield curves to discount expected future cash flows; projected unit method; market value; the net asset value of the underlying investments; and a price earnings multiple or a discounted projected income/present value approach.

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

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

	Audited 31 December 2015 R000 Level 1	Audited 31 December 2015 R000 Level 2	Audited 31 December 2015* R000 Level 3	Audited 31 December 2015* R000 Total
<b>Financial assets</b>				
Derivative financial assets	-	8 290	-	8 290
Financial assets designated at fair value through profit or loss	23 758	483 602	888 133	1 395 493
<b>Total</b>	23 758	491 892	888 133	1 403 783
<b>Financial liabilities</b>				
Derivative financial instruments	-	(102 773)	-	(102 773)
Financial liabilities designated at fair value through profit or loss	-	(97 127)	-	(97 127)
<b>Total</b>	-	(199 900)	-	(199 900)

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

Fair value gains recognised in the statement of comprehensive income for Level 3 financial instruments were R39.3 million (2015: R77.7 million).

## Reconciliation of Level 3 fair value measurements of financial assets

	<b>Audited</b> <b>31 December</b> <b>2016</b> <b>R000</b>	Audited 31 December 2015* R000
Opening balance	<b>888 133</b>	559 229
Additions	<b>158 499</b>	277 054
Disposals	<b>(993)</b>	(25 815)
Total gains recognised		
– in other comprehensive income	<b>(3 770)</b>	2 206
Profit and loss	<b>43 079</b>	75 459
<b>Closing balance</b>	<b>1 084 948</b>	888 133

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

## Contingent assets/liabilities

as at 31 December 2016

The company guaranteed loans and facilities of subsidiaries and joint ventures amounting to R5 030 118 000 (2015: R5 895 868 000) of which R2 032 903 000 (2015: R2 714 947 000) had been utilised at the end of the year.

The company guaranteed charter-hire payments of subsidiaries amounting to R665 767 000 (2015: R1 082 546 000). The charter-hire payments are due by the subsidiaries in varying amounts from 2017 to 2022.

The group placed R190 618 106 (2015: R190 618 106) on deposit as security with the funders of the BEE consortium and provided a guarantee of R130 000 000 in their favour to secure the structure. Grindrod continues to have the ability, but no obligation, to increase its funding within the structure should the current lenders wish to exit.