GRINDROD SHIPPING HOLDINGS LTD.
(Registration number: 201731497H)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

GRINDROD SHIPPING HOLDINGS LTD

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

C O N T E N T S

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2022.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 11 to 97 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and the financial performance, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, and there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the company in office at the date of this statement are:

Stephen William Griffiths	
Quah Ban Huat	
John Peter Herholdt	
Paul Charles Over	(Appointed on 17 February 2022)
Rebecca I Brosnan	(Appointed on 6 December 2022)
Edward David Christopher Buttery	(Appointed on 6 December 2022)
Kurt Ernst Mortiz Klemme	(Appointed on 6 December 2022)
Charles Goodson Maltby	(Appointed on 6 December 2022)
Cullen Michael Schaar	(Appointed on 6 December 2022)
Alan Ian Hatton	(Appointed on 14 December 2022)
Gordon William French	(Appointed on 20 March 2023)

It is to be noted that Mr. Martyn Richard Wade retired as a director of the Company on 30 April 2022; and Messrs. Murray Paul Grindrod and Michael John Hankinson resigned as directors of the Company on 6 December 2022.

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other related body corporate, except for the arrangements mentioned in paragraphs 3 to 5 below.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 except as stated below:

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of Directors	**At beginning of year or date of appointment, if later**	**At end of year (1)**	**At beginning of year or date of appointment, if later**	**At end of year**
The Company (Ordinary shares)				
Stephen William Griffiths	119,699	-	-	-
Edward David Christopher Buttery	-	-	18,894	18,894

By virtue of section 7 of the Companies Act 1967, Mr Edward David Christopher Buttery is deemed to have an interest in all the related corporations of the company.

(1) On 5 July 2022, there was a grant of Forfeitable Share Plan ("FSP") awards to the non-executive directors of the Company as part of their remuneration for FY2022, which vested immediately upon grant. On 6 October 2022, there was a grant of FSP awards for the non-executive directors' remuneration for the financial year ending 2023 pursuant to shareholder resolutions' 5 and 7 passed at our Annual General Meeting ("AGM") held on 26 May 2022. As a result of the voluntary conditional offer from Good Falkirk (MI) Limited, a wholly-owned subsidiary of Taylor Maritime Investments Limited ("TMI"), all of our non-executive directors tendered all of their shares and their unvested share awards under a proposal by TMI and the Company (the "Award Election Opportunity").

4 FORFEITABLE SHARE PLAN

The Forfeitable Share Plan ('FSP') in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on 4 May 2018. A second grant of FSP awards ('FSP 2020') was approved by the Compensation and Nomination Committee on 9 June 2020. A third and fourth grant of FSP awards ('FSP 2021') was approved by the Compensation and Nomination Committee on 2 July 2021 and 23 August 2021 respectively. A fifth grant of FSP awards ('FSP 2022') was approved by the Compensation and Nomination Committee on 29 April 2022.

The scheme was administered by Compensation and Nomination Committee whose members were:

John Peter Herholdt (Chairman)
Michael John Hankinson (Resignation on 6 December 2022)
Quah Ban Huat

Directors and employees who have received share awards under the FSP will receive fully paid ordinary shares of the Company.

Details of the movement in the respective FSPs granted during the financial period were as follows:

Date of FSP awarded	Balance as at 1 January 2022	Granted	Awards vested to employees under the Forfeitable Share Plan	Awards vested to employees under TMI Offer (1) (2)	Forfeited	Balance as at 31 January 2022	Vesting period
31 July 2018	220,668	-	220,668	-	-	-	(3)
9 June 2020	124,500	-	80,500	44,000	-	-	(3)
2 July 2021	276,000	-	91,997	184,003	-	-	(3)
23 August 2021	240,000	-	79,999	53,334	106,667	-	(3)
29 April 2022	-	179,300	-	179,300	-	-	(3)
1 July 2022	-	38,468	38,468	-	-	-	(4)
6 October 2022	-	14,878	-	14,878	-	-	(5)
	861,168	232,646	511,632	475,515	106,667	-	

4 FORFEITABLE SHARE PLAN (cont'd)

(1) On 12 October 2022, Good Falkirk (MI) Limited (the 'Offeror'), Taylor Maritime Investments Limited ('TMI') and Grindrod Shipping Holdings Ltd. (the 'Company'), announced that they have entered into a transaction implementation agreement (the 'Implementation Agreement') dated 11 October 2022 providing for a voluntary conditional cash offer (the 'Offer') to be made by the Offeror for all the issued ordinary shares in the capital of the Company (the 'Shares') other than Shares held by the Offeror and Shares held in treasury (the 'Offer Shares'), in accordance with Rule 15 of The Singapore Code on Take-overs and Mergers (the 'Code') and Regulations 14D and 14E under the Securities Exchange Act of 1934 (the 'Exchange Act'). The formal offer documentation issued in respect of the Offer dated October 28, 2022 (the 'Offer to Purchase') containing the terms of the Offer together with the relevant documents was circulated to all shareholders of the Company.

In the Offer to Purchase, a proposal (the 'Award Election Opportunity') was made by the Offeror and the Company to the holders of outstanding awards which are unvested or vested but remain unsettled ('FSA Holders') which was granted under the Grindrod Shipping Holdings Ltd. 2018 Forfeitable Share Plan. All FSA Holders who elect to accept the Award Election Opportunity will be entitled to receive an offer price of US$21.00 from TMI and the Company will declare and pay a special dividend of US$5.00 for each of their outstanding share award.

(2) There were 475,515 outstanding Company Forfeitable Shares, pursuant to which all 475,515 Shares were accelerated and issued to the Offeror on 2 December 2022 as all of the FSA Holders had elected to accept the Award Election Opportunity from TMI. The FSP was terminated upon the close of the Offer from TMI on 20 December 2022.

(3) These shares were allotted and issued in 3 equal tranches over a period of 3 years commencing on 1 March 2020 for the awards granted in 2018, 1 March 2021 for the awards granted in 2020, 1 March 2022 for the Awards granted in 2021, and 1 March 2023 for the awards granted in 2022, if they remain employed by the Group at each vesting date.

(4) These shares were awarded as part of the non-executive directors' remuneration for the financial year ended 2022 which vested upon grant on 5 July 2022.

(5) These shares were awarded as part of the non-executive directors' remuneration for the financial year ending 2023 and expected to be vested in 2023. Refer to (2) above for details.

The information on directors of the Company participating in FSP is as follows:

	Share awards granted during the year	Balance as at 1 January 2022	Forfeited	Awards Election Opportunity	Vested (1)	Balance as at 31 December 2022
Name of directors	**No. of shares**	**No. of shares**	**No. of shares**	**No. of shares**	**No. of shares**	**No. of shares**
Stephen William Griffiths	35,000	119,699	-	-	173,001	-
Paul Charles Over	1,818	-	-	2,023	3,841	-
John Peter Herholdt	9,412	-	-	3,333	12,745	-
Quah Ban Huat	9,412	-	-	3,333	12,745	-

(1) All unvested shares of the directors were accelerated for vesting pursuant to the Implementation Agreement with TMI and the Awards Election Opportunity proposal was accepted by all the non-executive directors resulting in Nil balance as at 31 December 2022.

5 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the company or any company in the group was granted.

(b) Options exercised

During the financial year, there were no shares of the company or any company in the group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the company or any company in the group under option.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS OF GRINDROD SHIPPING HOLDINGS LTD.

/s/ Quah Ban Huat
....
Quah Ban Huat

/s/ Stephen William Griffiths
....
Stephen William Griffiths

23 March 2023

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GRINDROD SHIPPING HOLDINGS LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grindrod Shipping Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 97.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), International Financial Reporting Standards ("IFRSs") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA 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 financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GRINDROD SHIPPING HOLDINGS LTD.

Key Audit Matters (cont'd)

Key Audit Matter	How the matter was addressed in the audit
Impairment of ships (refer to Note 3, 13 and 14 to the financial statements) The Group's carrying amount of ships (including dry docking) and right-of-use assets as at 31 December 2022 was $408,846,000 and $25,248,000 respectively, representing 79% of the Group's total assets. Based on the management's assessment, the Group has recognised a net reversal of impairment loss of US$1,707,000 on a ship and impairment loss on a right-of-use asset amounting to $985,000 for the year ended December 31, 2022. Management performed an impairment and reversal of impairment assessment based on external and internal sources of information to determine whether there are any possible indications of impairment or reversal of impairment, which may include events or changes in circumstances affecting the legal environment, the business climate, employment, charter hire rates, market value, useful economic life and physical condition of the ships. For these ships, management determined the recoverable amount using the higher of fair value less cost to sell and the value-in-use model. Management identified an appropriate valuation technique to estimate the fair value that is in accordance with IFRS 13 Fair Value Measurement. The selection of technique requires judgement and takes into account the reliability of the valuation technique and the reliability of the inputs used. A number of assumptions are made by management in determining the inputs of the value-in-use model, which include: • Forecast earnings comprising of contracted charter rates and forecast charter rates which are determined based on third party forecast reports and average historical earnings; • Pre-tax discount rate; and • Vessel operating expenses and drydock costs. The determination of forecast charter rates involves significant judgement and any change in the assumption will be highly sensitive to the value-in-use model. Accordingly, we have determined that forecast charter rates used in determining the recoverable amount of the ships is a key audit matter.	We focused our testing of the valuation of ships on the forecast charter rates used in the value-in-use model determined by management. Our audit approach included, amongst others, the following procedures: • Evaluated the appropriateness of management's control over the impairment and reversal of impairment assessment, including estimating the recoverable amounts of the ships when impairment indicators are identified or if there have been a change in circumstances that indicate that an impairment loss may have decreased or no longer exist for ships that were previously impaired; • Assessed the internal and external factors used by management to determine impairment indicators or that an impairment loss may have decreased or no longer exist for ships that were previously impaired; • Assessed the appropriateness of the chosen valuation technique in measuring fair value, taking into account the reliability of the valuation technique and the reliability of the inputs used. • With regards to the forecast charter rates applied in the value-in-use model, - Corroborated the forecast charter rates to the underlying third party forecast reports and historical charter rates and any other information used by management to arrive at these estimates; - Challenged the forecast charter rates by comparing them against available market and historical data to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance; - Assessed the reliability of management's forecast charter rates through a review of actual earnings in current year against prior year's forecast charter rates. - Reviewed management's sensitivity analysis over forecast charter rates and performed additional own sensitivity analysis in order to assess the impact of possible changes of forecast charter rates on the recoverable amount. • Assessed the independence, objectivity and experience of the management's external experts engaged to determine ships' market value and forecast charter rates. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GRINDROD SHIPPING HOLDINGS LTD.

Other Matters

The accompanying financial statements as at 31 December 2022, and for the year then ended, have been included in the Form 20-F for the financial year ended 31 December 2022 filed with the United States Securities and Exchange Commission. Together with the statement of financial position of the Company and its related notes, these financial statements have been reproduced for the purpose of filing with the Accounting and Corporate Regulatory Authority of Singapore.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information which comprises the information included in the Form 20-F filed with the United States Securities and Exchange Commission and the directors' statements but does not include the financial statements and our independent auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, IFRSs and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GRINDROD SHIPPING HOLDINGS LTD.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 SSAs 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 financial statements.

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

a) Identify and assess the risks of material misstatement of the 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.

b) 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 internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's 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 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 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 to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) 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, related safeguards.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

GRINDROD SHIPPING HOLDINGS LTD.

Auditor's Responsibility for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Rankin Brandt Yeo.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

23 March 2023

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 31 December

	Notes	2022 US$'000	2021 US$'000
ASSETS			
Current assets			
Cash and bank balances	6	52,228	107,118
Trade receivables	7	11,290	8,973
Contract assets	8	1,313	3,686
Other receivables and prepayments	9	25,066	22,424
Loans to joint ventures	10	-	10
Derivative financial instruments	11	51	5,370
Inventories	12	15,278	13,909
Total current assets		105,226	161,490
Non-current assets			
Restricted cash	6	4,342	6,649
Ships, property, plant and equipment	13	407,552	437,479
Right-of-use assets	14	26,039	32,467
Interest in joint ventures	16	8	13
Derivative financial instruments	11	-	611
Intangible assets	17	186	227
Other receivables and prepayments	9	860	380
Other investments	19	3,714	3,730
Deferred tax assets	20	1,304	2,123
Total non-current assets		444,005	483,679
Total assets		**549,231**	**645,169**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	21	29,599	33,874
Contract liabilities	22	4,369	8,441
Due to joint ventures		43	-
Lease liabilities	24	22,058	27,375
Bank loans and other borrowings	25	33,330	28,020
Retirement benefit obligation	27	125	124
Derivative financial instruments	11	138	704
Provisions	26	592	1,019
Income tax payable		423	786
Total current liabilities		90,677	100,343
Non-current liabilities			
Trade and other payables	21	140	160
Lease liabilities	24	4,055	5,896
Bank loans and other borrowings	25	165,638	217,646
Retirement benefit obligation	27	1,272	1,489
Total non-current liabilities		171,105	225,191
Capital and reserves			
Share capital	28	320,683	320,683
Other equity and reserves	29	(24,686)	(24,068)
Accumulated (losses) profit		(8,548)	23,020
Total equity		287,449	319,635
Total equity and liabilities		**549,231**	**645,169**

See accompanying notes to consolidated financial statements.

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
Year ended 31 December

	Notes	2022 US$'000	2021 US$'000	2020 US$'000
Continuing operations				
Revenue	30	460,460	455,839	210,682
Cost of sales				
Voyage expenses		(91,104)	(96,964)	(81,840)
Vessel operating costs		(46,901)	(43,958)	(37,968)
Charter hire costs		(58,926)	(75,381)	(34,369)
Depreciation of ships, drydocking and plant and equipment– owned assets	35	(30,498)	(25,866)	(22,003)
Depreciation of ships and ship equipment – right-of-use assets	35	(35,676)	(34,898)	(24,674)
Other expenses		(696)	(1,875)	(398)
Cost of ship sale		(29,897)	-	(5,375)
Gross profit		**166,762**	**176,897**	**4,055**
Other operating income (expense)	32	341	3,849	(293)
Administrative expense		(48,069)	(36,089)	(21,435)
Share of losses of joint ventures	16	(5)	(31)	(2,476)
Interest income	33	2,228	201	467
Interest expense	34	(17,133)	(12,298)	(15,106)
Profit (loss) before taxation	35	**104,124**	**132,529**	**(34,788)**
Income tax (expense) benefit	36	(757)	118	(189)
Profit (loss) for the year from continuing operations		**103,367**	**132,647**	**(34,977)**
Discontinued operation				
Loss for the year from discontinued operation	37	**-**	**(3,165)**	**(6,123)**
Profit (loss) for the year		**103,367**	**129,482**	**(41,100)**
Profit (loss) for the year attributable to:				
Owners of the Company		103,367	118,925	(38,795)
Continuing operations		103,367	122,090	(32,672)
Discontinued operation		-	(3,165)	(6,123)
Non-controlling interests	42	-	10,557	(2,305)
		103,367	129,482	(41,100)
Earnings (loss) per share attributable to the owners of the Company		US$	US$	US$
From continuing and discontinued operation				
Basic	40	5.45	6.21	(2.05)
Diluted	40	5.45	5.94	(2.05)
From continuing operations				
Basic	40	5.45	6.38	(1.72)
Diluted	40	5.45	6.10	(1.72)

See accompanying notes to consolidated financial statements

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Year ended 31 December

	Notes	2022 US$'000	2021 US$'000	2020 US$'000
Profit (Loss) for the year		**103,367**	**129,482**	**(41,100)**
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit obligation		111	60	39
Remeasurement of other investment		(207)	835	-
		(96)	895	39
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising from translation of foreign operations		(917)	(1,034)	(6,227)
Net fair value (loss) gain on hedging instruments designated as cash flow hedges		(6,794)	4,999	285
		(7,711)	3,965	(5,942)
Other comprehensive (loss) income for the year, net of income tax		**(7,807)**	**4,860**	**(5,903)**
Total comprehensive income (loss) for the year		**95,560**	**134,342**	**(47,003)**
Total comprehensive income (loss) for the year attributable to:				
Owners of the Company		95,560	123,785	(44,698)
Continuing operations		95,560	127,068	(38,063)
Discontinued operation		-	(3,283)	(6,635)
Non-controlling interests		-	10,557	(2,305)
		95,560	134,342	(47,003)

See accompanying notes to consolidated financial statements

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December

	Equity attributable to equity holders of the company									
		Other equity and reserves								
	Share capital	Treasury shares	Share compensation reserve	Hedging reserve	Translation reserve	Merger reserve	Accumulated (losses) profit	**Attributable to owners of the company**	Non-controlling interest	**Total equity**
	US$’000	US$’000	US$’000	US$’000	US$’000	US$’000	US$’000	US$’000	US$’000	US$’000
Balance at 1 January 2020	**320,683**	**(1,993)**	**4,520**	**173**	**(2,522)**	**(18,354)**	**(50,569)**	**251,938**	**-**	**251,938**
Loss for the year	-	-	-	-	-	-	(38,795)	(38,795)	(2,305)	(41,100)
Other comprehensive loss for the year, net of income tax	-	-	-	285	(6,227)	-	39	(5,903)	-	(5,903)
Total comprehensive loss for the year	**-**	**-**	**-**	**285**	**(6,227)**	**-**	**(38,756)**	**(44,698)**	**(2,305)**	**(47,003)**
Equity-settled share-based payments (Note	-	-	1,847	-	-	-	-	1,847	-	1,847
Treasury shares reissued to employees under the Forfeitable Share Plan (Note 29)	-	1,606	(2,413)	-	-	-	807	-	-	-
Transfer of pension fund surplus (Note 19)	-	-	-	-	-	-	3,150	3,150		3,150
Non-controlling interest on acquisition of a subsidiary (Note 39)	-	-	-	-	-	-	-	-	44,087	44,087
Transaction with owners, recognised directly in equity	-	1,606	(566)	-	-	-	3,957	4,997	44,087	49,084
Balance at 31 December 2020	**320,683**	**(387)**	**3,954**	**458**	**(8,749)**	**(18,354)**	**(85,368)**	**212,237**	**41,782**	**254,019**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)
For the year ended 31 December

	Equity attributable to equity holders of the company									
		Other equity and reserves								
	Share capital	Treasury shares	Share compensation reserve	Hedging reserve	Translation reserve	Merger reserve	Accumulated (losses) profit	**Attributable to owners of the company**	Non-controlling interest	**Total equity**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2021	**320,683**	**(387)**	**3,954**	**458**	**(8,749)**	**(18,354)**	**(85,368)**	**212,237**	**41,782**	**254,019**
Profit for the year	-	-	-	-	-	-	118,925	118,925	10,557	129,482
Other comprehensive income for the year, net of income tax	-	-	-	4,999	(1,034)	-	895	4,860	-	4,860
Total comprehensive income for the year	**-**	**-**	**-**	**4,999**	**(1,034)**	**-**	**119,820**	**123,785**	**10,557**	**134,342**
Dividends (Note 41)	-	-	-	-	-	-	(13,546)	(13,546)	-	(13,546)
Equity-settled share-based payments (Note	-	-	3,330	-	-	-	-	3,330	-	3,330
Treasury shares reissued to employees under the Forfeitable Share Plan	-	393	(2,507)	-	-	-	2,114	-	-	-
Acquisition of treasury shares	-	(11,876)	-	-	-	-	-	(11,876)	-	(11,876)
Acquisition of non-controlling interest (Note 39)	-	-	-	-	-	5,705	-	5,705	(52,339)	(46,634)
Transaction with owners, recognised directly in equity	-	(11,483)	823	-	-	5,705	(11,432)	(16,387)	(52,339)	(68,726)
Balance at 31 December 2021	**320,683**	**(11,870)**	**4,777**	**5,457**	**(9,783)**	**(12,649)**	**23,020**	**319,635**	**-**	**319,635**

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)
For the year ended 31 December

	Equity attributable to equity holders of the company									
		Other equity and reserves								
	Share capital	Treasury shares	Share compensation reserve	Hedging reserve	Translation reserve	Merger reserve	Accumulated (losses) profit	**Attributable to owners of the company**	Non-controlling interest	**Total equity**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2022	**320,683**	**(11,870)**	**4,777**	**5,457**	**(9,783)**	**(12,649)**	**23,020**	**319,635**	**-**	**319,635**
Profit for the year	-	-	-	-	-	-	103,367	103,367	-	103,367
Other comprehensive loss for the year, net of income tax	-	-	-	(6,794)	(917)	-	(96)	(7,807)	-	(7,807)
Total comprehensive income for the year	**-**	**-**	**-**	**(6,794)**	**(917)**	**-**	**103,271**	**95,560**	**-**	**95,560**
Dividends (Note 41)	-	-	-	-	-	-	(135,877)	(135,877)	-	(135,877)
Equity-settled share-based payments (Note	-	-	8,134	-	-	-	-	8,134	-	8,134
Treasury shares reissued to Offeror under the TMI Offer (Note 28)	-	11,870	(12,911)	-	-	-	1,038	(3)	-	(3)
Transaction with owners, recognised directly in equity	-	11,870	(4,777)	-	-	-	(134,839)	(127,746)	-	(127,746)
Balance at 31 December 2022	**320,683**	**-**	**-**	**(1,337)**	**(10,700)**	**(12,649)**	**(8,548)**	**287,449**	**-**	**287,449**

See accompanying notes to consolidated financial statements.

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended 31 December

	2022	2021	2020
	US$'000	US$'000	US$'000
Operating activities			
Profit (loss) for the year	103,367	129,482	(41,100)
Adjustments for:			
Share of losses of joint ventures	5	31	945
(Gain) Loss on ship sales	(84)	1,115	788
Loss on disposal of business	-	26	-
Gain on disposal of plant and equipment, furniture and fittings and motor vehicles	(36)	(14)	-
Gain on disposal of right-of-use assets	-	(104)	-
Depreciation and amortisation	67,275	61,953	51,549
(Reversal of) impairment loss recognised on ships	(1,707)	(3,557)	16,282
Impairment loss recognised (reversed) on right-of-use assets	985	(1,046)	-
Impairment loss recognised on goodwill and intangibles	-	965	-
Impairment loss (reversed) recognised on financial assets	(45)	681	1,823
Impairment loss recognised on net disposal group	-	2,551	576
Impairment loss recognised on plant and equipment	-	1	138
Provision for onerous contracts (reversed) recognised	(427)	939	(325)
Recognition of share-based payments expenses	8,134	3,330	1,847
Net foreign exchange gain	(171)	(744)	(5,157)
Interest expense	17,133	12,947	16,938
Interest income	(2,228)	(236)	(565)
Income tax expense (benefit)	757	(2,831)	723
Components of defined benefit costs recognised in profit or loss	159	177	152
Operating cash flows before movements in working capital and ships	193,117	205,666	44,614
Inventories	(1,371)	(5,089)	4,019
Trade receivables, other receivables and prepayments	(5,556)	(5,361)	5,594
Contract assets	2,373	(2,786)	2,943
Trade and other payables	(5,515)	6,729	(4,085)
Contract liabilities	(4,072)	3,347	1,014
Due to related parties	49	233	-
Due from related parties	-	-	(398)
Operating cash flows before movement in ships	179,025	202,739	53,701
Capital expenditure on ships	(9,306)	(33,455)	(9,021)
Proceeds from ship sales	29,509	47,819	40,366
Net cash generated from operations	199,228	217,103	85,046
Interest paid	(14,553)	(11,623)	(14,950)
Interest received	1,786	236	725
Income tax paid	(432)	(864)	(437)
Net cash flows generated from operating activities	**186,029**	**204,852**	**70,384**
Investing activities			
Repayment to related parties	-	-	(2,060)
Repayment of loans and amount due from joint venture	39	788	5,127
Purchase of plant and equipment	(113)	(49)	(67)
Purchase of intangible assets	(126)	(6)	(352)
Proceeds from disposal of plant and equipment	298	21	-
Proceeds from disposal of businesses	-	68	-
Dividends and distributions received from a joint venture	-	184	3,106
Cash transferred in from disposal group (Note 38)	-	60	-
Payment for acquisition of subsidiary, net of cash acquired (Note 39)	-	-	(28,313)
Net cash generated from (used in) investing activities	**98**	**1,066**	**(22,559)**

GRINDROD SHIPPING HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS (cont'd)
For the year ended 31 December

	2022	2021	2020
	US$'000	US$'000	US$'000
Financing activities (Note A)			
Long-term interest-bearing debt raised	-	48,031	60,718
Payment of principal portion of long-term interest-bearing debt	(49,850)	(82,110)	(74,908)
Principal repayments on lease liabilities	(56,930)	(36,040)	(27,948)
Acquisition of non-controlling interest (Note 39)	-	(46,634)	-
Acquisition of treasury shares	-	(11,876)	-
Dividends paid	(135,877)	(13,546)	-
Restricted cash	(485)	3,099	155
Net cash flows used in financing activities	**(243,142)**	**(139,076)**	**(41,983)**
Net (decrease) increase in cash and cash equivalents	(57,015)	66,842	5,842
Cash and cash equivalents at the beginning of the period (Note 6)	104,243	37,942	32,527
Effect of exchange rate changes on the balance of cash held in foreign currencies	(667)	(541)	(427)
Cash and cash equivalents at the end of the period (Note 6)	**46,561**	**104,243**	**37,942**

Note A:
Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans and other borrowings (Note 25)	Due (from) to joint venture and related parties (Note 10)	Lease liabilities (Note 24)
	US$'000	US$'000	US$'000
Balance at 1 January 2021	278,432	1	51,244
Financing cash flows (i)	(34,079)	-	(36,040)
Other changes (ii)	1,313	(1)	18,067
Balance at 31 December 2021	245,666	-	33,271
Financing cash flows (i)	(49,850)	-	(56,930)
Other changes (ii)	3,152	-	49,772
Balance at 31 December 2022	198,968	-	26,113

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.
(ii) Other changes for bank loan relates to interest accruals and payments. Other changes for due to (from) joint venture and related parties relates to interest accruals, payments and foreign exchange differences. Other changes for lease liabilities relate to new lease arrangements entered, existing lease contracts terminated and net foreign exchange differences.

See accompanying notes to consolidated financial statements.

1 GENERAL

General information

Grindrod Shipping Holdings Ltd. (the “Company”) is incorporated in Singapore with its principal place of business and registered office at #03-01 Southpoint, 200 Cantonment Road, Singapore 089763. The principal activities of the Group are ship chartering, operating and sales of vessels. Information of the entities within the Group is contained in Note 15.

On October 12, 2022, we announced that we had entered into a Transaction Implementation Agreement (“TIA”), dated as of October 11, 2022, between the Company, Taylor Maritime Investments Limited (“TMI”) and Good Falkirk (MI) Limited, a wholly-owned subsidiary of TMI (the “Offeror”), providing for a voluntary conditional cash offer (the “TMI Offer”) to be made by the Offeror for all of the issued ordinary shares in the capital of the Company. All shares that were validly tendered were accepted for payment, following which TMI owned approximately 73.78% of the shares of the Company. A subsequent offer period began immediately thereafter and expired on December 19, 2022. On expiration of the subsequent offer period, TMI held approximately 83.23% of the outstanding shares of the Company.

The Group completed the plan to discontinue the tanker business during December 2021 and has presented the tanker business as a discontinued operation. The Group is now focused on the drybulk business which is presented as the continuing operations. Prior period figures have been reclassified for the presentation of the tanker business as a discontinued operation which is explained in more detail in Note 37.

The COVID-19 pandemic and the Russian invasion of Ukraine have caused severe disruptions in the supply chain and industrial production These events may continue to cause trade disruptions. As a result of the spread of the pandemic, the Group has incurred some additional crewing expenses arising from crew travel, COVID-19 testing and procurement of personal protection equipment which is included in our vessel operating costs in our consolidated statements of profit or loss for the years ended 31 December 2022, 2021 and 2020. Additionally, the Group experienced some delays in drydocking and installations of ballast water treatment systems, operations and crew changes due to quarantine regulations and COVID-19 testing and the resulting off-hire days. Although the disruption from COVID-19 and Russia’s invasion of Ukraine may only be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time but could materially affect our business, results of operations and financial condition.

The consolidated financial statements of the Group for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 23 March 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Singapore Financial Reporting Standards (International) (SFRS(I)”). IFRS is identical to SFRS(I).

2.2 Basis of preparation of historical consolidated financial information

The financial statements are prepared in accordance with the historical cost basis except as disclosed in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

2.3 Application of new and revised International Financial Reporting Standards (IFRSs)

From 1 January 2022, the Group has applied a number of amendments to IFRSs issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 *Business Combinations* for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS *37 Provisions, Contingent Liabilities and Contingent Assets*, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use

The Group has adopted the amendments to IAS 16 *Property, Plant and Equipment* for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income (loss), the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income (loss) include(s) such proceeds and cost.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to IAS 38 Onerous Contracts – Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The Group has adopted the amendments included in the *Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle* for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

2.4 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that are relevant to the Group that were issued but are not yet effective:

Amendments to IAS 1	*Classification of liabilities as Current or Non-current*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to assets and liabilities arising from a Single Transaction*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except if indicated below.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments are permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

2.5 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to 31 December each year. Control is achieved when the Group has the power over the investee, is exposed; or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affects its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including; the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Group, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income (loss) in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

2.6 Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustment depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 *Financial Instruments*, or IFRS 9 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

IFRS 3 *Business Combinations* has an optional, simplified approach for assessing whether the Group has acquired a business or assets. Under this optional concentration test, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the Group can conclude that the acquisition is not a business combination. The acquisition would instead be accounted for as an asset acquisition.

If the Group chooses not to perform the optional concentration test, or performs the optional concentration test and determines that substantially all of the fair value of the gross assets acquired is not concentrated in a single identifiable asset or group of similar identifiable assets, it must assess if the acquired set of activities and assets comprises all of the required elements of a business.

If the fair value of gross assets acquired in an asset acquisition is in excess of consideration, the excess will be allocated to the single identifiable asset as identified in the concentration test.

2.7 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.
The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Classification of financial assets

Debt instruments mainly comprise cash and bank balances, trade and other receivables, loans to joint ventures and amounts due from joint ventures that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments relating to derivative financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (loss) (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (ECL), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.
Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and other receivables, amounts due from joint ventures and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the lifetime financial instrument.

The Group recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and 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.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified forecast economic information that relate to international shipping operations in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; or
- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the company presumes that the credit risk on a financial asset has increased since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

i) the financial instrument has a low risk of default,
ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue cost.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Financial liabilities and equity instruments

Bank loans

Interest-bearing bank loans are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowing in accordance with the company's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into freight forward agreements and bunker swaps to manage its exposure to freight rate and bunker prices respectively. Further details of derivative financial instruments are disclosed in Note 11.

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

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instruments is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates hedges of freight rate risk and bunker prices as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again. The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 11 contains details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statements of comprehensive income (loss) ("OCI").

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI and accumulated under the heading of Hedging Reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other operating expense or other operating income.

Amounts previously recognised in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of profit or loss and OCI as the recognised hedged item. However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. This transfer does not affect OCI. Furthermore, if the Group expects that some or all of the loss accumulated in OCI will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in OCI and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.8 Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.9 Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories which include bunkers on board ships and other consumable stores are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined on a first-in first-out basis. Spares on board ships are charged against income when issued to the ships.

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

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Ships, Property, Plant and Equipment

Ships, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets other than freehold land and buildings and ships under construction over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment and furniture and fittings	-	3 years
Plant and equipment	-	3 to 5 years
Motor vehicles	-	5 years
Ships	-	15 years
Drydocking	-	2.5 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Ships and properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same bases as other assets, commences when the assets are available for use.

Ships are measured at cost less accumulated depreciation and adjusted for any accumulated impairment losses and reversals of such losses. Cost comprises acquisition cost and costs directly related to the acquisition up until the time when the asset is ready for use, including interest expense incurred to finance the vessel during the period. The market average useful life of a ship is estimated to range from 25 to 30 years at which point it would usually be scrapped. The Group policy is to maintain a young fleet compared to the market average and estimates useful life as 15 years from date of delivery for new ships. Ships are depreciated on a straight-line basis to an estimated residual value over their useful life.

From time to time, the Group's ships are required to be drydocked for inspection and re-licensing at which time major repairs and maintenance that cannot be performed while the ships are in operation are generally performed. The Group capitalises the costs associated with drydocking as they occur and depreciates these costs on a straight-line basis over 2.5 to 5 years, which is generally the period until the next scheduled drydocking. A portion of the cost of acquiring a new ship is estimated and allocated to the components expected to be replaced or refurbished at the next scheduled drydocking. If the ship is disposed before the next drydocking, the carrying amount of drydocking expenses is included in determining the gain or loss on disposal of the ship and taken to the profit or loss. If the period to the next drydocking is shorter than expected, the undepreciated balance of the deferred drydocking cost is charged immediately as an expense before the next drydocking.

Fully depreciated ships, plant and equipment still in use are retained in the financial statements.

Assets that are held for rental are initially classified as ships, property, plant and equipment. When these assets cease to be rented and a decision is made to sell these assets, the carrying amount is transferred to inventories. Upon sale of these assets, the sales value is recorded in gross revenue and the related carrying value of these assets (held as inventories) is recorded in cost of sales. In relation to these assets that are held for rental, the cash payments to acquire such assets and subsequently cash proceeds from the sale of such assets are classified as cash flows from operating activities.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Intangible Assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such tangible assets is their fair value at the acquisition date. Subsequent to initial recognition, they are stated on the same basis as intangible assets acquired separately.

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset, such events are tested for impairment in accordance with the policy below.

2.12 Impairment of Tangible and Intangible Assets Excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets 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 (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is indication that the asset may be impaired.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

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

2.14 Other Investments

Other investments relates to pension fund surplus from a defined benefit pension plan where the accounting policy is included in Note 2.21. Other investments are measured at fair value.

2.15 Leases

<u>The Group as lessee</u>

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Ships, property, plant and equipment' policy.

The Group has identified that the contracts between the pools and vessels owners described in Note 2.18 below, meet the definition of leases under IFRS 16 and the share of third party vessel owners' net earnings of the pool represents variable lease payments. Variable payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Voyage expenses' for expenses relating to ships and 'Administrative expense' for all other expenses in the consolidated statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

<u>The Group as lessor</u>

The Group enters into lease agreements as a lessor with respect to its vessels and these are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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

2.16 Interest 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 joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and OCI of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9 *Financial Instruments.* The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in OCI in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in OCI by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when the investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss, the proportion of the gain or loss that had previously been recognised in OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

2.17 Non-current assets and disposal groups held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of 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. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group that has been disposed of or is classified as held-for-sale and that represents a separate major line of business and is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operation are presented separately in the consolidated statement of profit and loss.

2.18 Revenue recognition and voyage expenses

<u>Vessel revenue</u>

The primary source of revenue for the Group is vessel revenue; comprising of charter hire of ships and freight revenue.

Charter hire - The Group earns hire revenue by placing its vessels on time charter, bareboat charter and in pool arrangements. The performance obligations within pool and time-charter contracts include the bareboat charter and the operation of the vessel. Hire revenue is recognised over time as the Group satisfies its obligation based on time elapsed between the delivery of a vessel to a charterer and the redelivery of a vessel from the charterer.

For time and bareboat charter contracts, hire is typically invoiced bi-monthly or monthly in advance and hire revenue is accrued based on the daily hire rates. Other variable hire components of the contract, such as off-hire and speed claims, are recognised only to the extent that it is highly probable that a significant reversal will not occur when the uncertainty is subsequently resolved. In a small number of charters, the Group may earn profit share consideration, which occurs when actual spot rates earned by the vessel exceed certain thresholds for a period of time.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For pool arrangements, the Group has two types of such arrangements: 1) pool arrangements that are controlled and managed by the Group namely, IVS Handysize Pool and IVS Supramax Pool; and 2) Pool arrangements operated by third parties in which the Group's owned vessels are placed. An assessment is performed to determine who is the principal and agent in such arrangements. Indicators that the Group as the pool manager is a principal in a pool arrangement are:

- The contract with the end charterer specifically names the pool, rather than the shipowner;
- The pool manager is responsible for managing issues that may arise during the end charterer's use of the vessel;
- The pool manager has the power to decide which vessel in the pool it will use to fulfill the contract with the end charterer; and
- The pool manager sets the prices that the end charterer will pay to use the vessel.

The Group has evaluated that it has the exclusive rights as the pool manager and hence it is a principal in the IVS Handysize and IVS Supramax Pool arrangements. In such arrangements, the Group recognizes total amount of the gross revenue earned by the pools as the revenue which it expects to be entitled for the satisfaction of the performance obligation and correspondingly, it also recognizes the share of third party vessel owners' net earnings of the pool in the voyage expenses in the period incurred. The Group has identified that the contracts between the pools and vessels owners to contain a lease in accordance with IFRS 16. Refer to Note 2.15 Leases for further discussion.

On the other hand, for third party pool arrangements that the Group's vessels participate in, the Group recognises revenue from these pool arrangements based on its portion of the net distributions reported by the relevant pool, which represents the net voyage revenue of the pool after voyage expenses and pool manager fees. The net distribution is computed based on pool index and the participation days of the Group's vessels in these third party pool arrangements. The pool index is variable and dependent on the participating vessels within the pool.

Freight revenue – The Group recognises freight revenue for each specific voyage which is usually priced on a current or "spot" market rate and then adjusted for predetermined criteria. The performance obligations for freight revenue commence from the time the ship is ready at the load port until the cargo has been delivered at the discharge port. The revenue will be recognised over the duration of the voyage between the two points, as measured using the time that has elapsed from commencement of performance at the load port. Management assesses the stage of completion as determined by the proportion of the total time expected for the voyage that has elapsed at the end of the reporting period as an appropriate measure of progress towards complete satisfaction of these performance obligations and the revenue is recognised in accordance with the calculated stage of completion. The duration of a single voyage will typically be less than three months. Demurrage and despatch are considered at contract inception and estimates are updated throughout the contract period. The consideration for demurrage and despatch will be recognised in the period within which such consideration was incurred. A contract asset is recognised over the period in which the freight services are performed representing the entity's right to consideration for the services performed as at the end of the reporting period.

<u>Sale of ships, bunkers and other consumables</u>

The Group generates revenue from the sale of ships, bunkers and other consumables. Revenue is recognised when control of the ships, bunkers and other consumables have been delivered to the buyer. The Group only has the right to the consideration at the point of transfer of the asset.

<u>Management fees</u>

The Group also generates revenue from the management and operation of vessels owned by third parties and by equity-accounted investees as well as providing corporate management services to such entities. The performance obligations within these contracts will typically consist of crewing, technical management, insurance and potentially commercial management. The performance obligations are satisfied concurrently and consecutively rendered over the duration of the management contract, as measured using the time that has elapsed from commencement of performance. Consideration for such contracts will generally consist of a fixed monthly management fee, plus the reimbursement of crewing and other costs for vessels being managed. Management fees are typically invoiced monthly.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Voyage expenses

Voyage expenses that relate directly to a contract include charter hire expenses, fuel expenses and port expenses. Contract costs are deferred and amortised over the course of the voyage on a percentage completion basis that is consistent with the revenue recognition. This percentage of completion is derived from time elapsed between the tender of readiness to load a cargo or delivery of a vessel to a charterer, and the completion of discharging a cargo or redelivery of a vessel from a charterer. Contract costs are recognised as an asset if they represent incremental costs of obtaining a contract or fulfilment costs that (i) relate directly a contract or to an anticipated contract, (ii) generate or enhance resources to be used in meeting obligations under the contract and (iii) are expected to be recovered.

2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Share-Based Payments

Equity-settled share options – Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 29.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

2.21 Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, and South African defined contribution provident funds, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Current contributions to the defined contribution funds are charged against income when incurred. The cost of providing benefits to the defined benefit plan 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.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Actuarial surpluses are brought to account in the annual financial statements only when it is clear that economic benefits will be available to the Group. These surpluses are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income (loss) in the period in which they occur.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in OCI in the period in which they occur. Remeasurement recognised in OCI is reflected immediately in retained earnings and will not be reclassified to profit or loss. 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 follows:
- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Administrative expense'. Curtailment gains and losses are accounted for as past service costs.

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

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

2.22 Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract which include both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Income Tax

Income tax (benefit) expense in profit or loss represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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 the taxable profit nor the accounting profit.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on management judgement supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax 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 tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in OCI or directly in equity), in which case the tax is also recognised outside profit or loss (either in OCI or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Foreign Currency Transactions and Translation

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency which is either United States dollars or South African Rands). The consolidated financial statements of the Group are presented in United States Dollars and are rounded to the nearest thousands.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in OCI. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in OCI.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated 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 transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments 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 OCI.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.26 Cash and Cash Equivalents in the statement of Cash Flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates 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. There have been no significant changes in the basis upon which judgements and accounting estimates have been determined.

(i) Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

<u>Ships classified as inventories</u>

The Group regularly engages in trading of ships. When a ship ceases to be rented and a decision is made for the ship to be sold, the ship would be classified as inventories (Note 12). The proceeds from the sale of such assets shall be recognised as revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*. The corresponding cost shall be accounted for as cost of sales.

<u>Estimation of lease term of charters with extension options</u>

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. This is assessed on an ongoing basis and the extension options are only included in the lease term if the lease is reasonably certain to be exercised.

$52,621,000 (2021: $64,533,000) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further. The Group exercised options to extend lease term of charters on two supramax vessels.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Vessels and depreciation

In the shipping industry, the use of the 25 to 30 year ship life has become the prevailing standard for the type of ship owned by the Group. However, management depreciates the ships on a straight-line basis after deduction for residual values over the ship's estimated useful life of 15 years, from the date the ship was originally delivered from the shipyard as the Group maintains a young fleet compared to the market average and generally aims to replace ships that are 15 years or older. As a result, ships are depreciated over 15 years to the expected residual market value of a ship of a similar age and specification. Management reassesses the depreciation period of ships that surpass this limit with special consideration of the ships and the purpose for which the ship was retained in the fleet.

Residual values of the ships are reassessed by management at the end of each reporting period based on the current shipping markets, the movement of the markets over the previous five years and the age, specification and condition of the respective ships.

Considerations for useful life of the ships also include maintenance and repair cost, technical or commercial obsolescence and legal or similar limits to the use of ships.

Impairment and reversals of impairment of Vessels (including owned and right-of-use)

Management also reviews the ships (owned and right-of-use) for impairment whenever there is an indication that the carrying amount of the ships may not be recoverable. Management measures the recoverability of an asset by comparing its carrying amount against its recoverable amount. Recoverable amount is the higher of the fair value less cost to sell and value in use. Management identifies an appropriate valuation technique to estimate the fair value that is in accordance with IFRS 13 *Fair Value Measurement*. The selection of technique requires judgment and takes into account the reliability of the valuation technique and the reliability of the inputs used. If the ship is considered to be impaired, an impairment loss is recognised to an amount to the excess of the carrying value of the asset over its recoverable amount. Where an impairment loss subsequently reverses, the reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Value in use is the future cash flows that the ships are expected to generate from charter hire of the ships and the expected running costs thereof over their remaining useful lives, with a cash inflow in the final year equal to the residual value of the ships. Management determined the value-in-use based on past performance of the ships and their expectations of the market development. The future cash flows are determined based on the combination of the following assumptions:

1) Forecast earnings are based on internal estimates having considered: fixed future earnings from existing contracts of affreightment and charter contracts, allowing for dry dock and commercial off hire days, internal forecasts, as well as third party information and historical earnings averages.

2) Pre-tax discount rate of 8.56% (2021: 7.50%) rate is used to discount future cash flows from deployment of the ships to their net present values.

3) Vessel operating expenses and drydock costs are based on management's best estimates.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Accordingly, based on the carrying amounts of the right-of-use ships as at end of each reporting period the Group has recognised an impairment loss of US$985,000 for the year ended 31 December 2022 (2021: US$1,046,000 reversal of impairment and 2020: US$16,282,000) in profit or loss in the line item 'Other operating (expense) income' following the weaker spot market earnings when compared to the charter-in rate of a single drybulk vessel that was chartered-in at the height of the market. On the other hand, based on the carrying amount of the owned ships as at end of each reporting period the Group has recognised a reversal of impairment of US$1,707,000 for the year ended 31 December 2022 (2021: US$3,557,000 and 2020: US$Nil) recorded in profit or loss in the line item 'Other operating (expense) income' following the decision to sell an older Handysize vessel at value higher than book value.

As at 31 December 2022 and 2021, a possible change to the following estimate used in management's assessment will result in the recoverable amount to be below the total carrying amount of the owned and right-of-use ships (on the basis that each of the other key assumptions remain unchanged):

Drybulk Carriers

- 0.0% to 22.57% decrease to the charter rate (2021: 0.0% to 20.83% decrease to the charter rate); or
- 0.0% to 82.30% increase to the discount rate (2021: 0.0% to 66.57%% increase to the discount rate).

Based on the key assumptions and taking into account the sensitivity analysis above, management has determined that the estimated recoverable amount of the ships are appropriate.

The recoverable amounts of ships classified as inventories were determined based on estimated selling price less cost to sell, which were determined based on the market comparable approach that reflects recent transaction prices for similar ships, with similar age and specifications. The carrying amounts of the ships are disclosed in Notes 13 and 14.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(i) Categories of financial instruments

	2022	2021
	US$'000	US$'000
Financial assets		
Financial assets at amortised cost	88,127	143,058
Derivative instruments designated in hedge accounting relationship	51	5,981
	88,178	149,039
Financial liabilities		
Financial liabilities at amortised cost	254,863	312,696
Derivative instruments designated in hedge accounting relationships	138	704
	255,001	313,400

(ii) Financial risk management policies and objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign currency risk, interest rate risk), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purpose.

Other than liquidity risk, there has been no change to the Group's exposure to these financial risks. There have been no significant changes to the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2022 and 31 December 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

In order to minimise credit risk, the Group has categorised exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors and the Group's exposure and the credit ratings of its counterparties are continuously monitored. The aggregate value of transactions concluded is spread amongst approved counterparties.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising ECL**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >120 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

31 December 2022	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Trade receivables	7	(i)	Lifetime ECL (Simplified approach)	11,950	(660)	11,290
Contract assets	8	(i)	Lifetime ECL (Simplified approach)	1,313	-	1,313
Other receivables	9	Performing	12-month ECL	20,980	-	20,980
				34,243	(660)	33,583

31 December 2021	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Trade receivables	7	(i)	Lifetime ECL (Simplified	9,657	(684)	8,973
Contract assets	8	(i)	Lifetime ECL (Simplified	3,686	-	3,686
Other receivables	9	Performing	12-month ECL	20,308	-	20,308
Loans to joint	10	Doubtful	Lifetime ECL	10	-	10
				33,661	(684)	32,977

(i) For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Further details on the loss allowance are disclosed in the respective notes. 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. The Group uses its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. In addition, in response to the COVID-19 pandemic, the Group has increased reviews of counterparties and potential customers to ensure that contractual obligations will be met.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. There are ongoing reviews on the limits attributed to customers.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At the end of the reporting period, the Group does not have significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are third parties and banks with high internal and external credit ratings.

(b) Interest rate risk management

The Group is exposed to interest rate risk through the impact of bank loans and other borrowings and loans granted from/to joint ventures at variable interest rates. 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's bank loans and other borrowings were originally advanced at a floating rate based on LIBOR which has been subject to international and regulatory proposals for reform. LIBOR will continue to be quoted until 30 June 2023 and thereafter, the Secured Overnight Financing Rate, or SOFR, has been recommended as an alternative to LIBOR. Certain of the Group's bank loans will mature before LIBOR is due to be discontinued and do not require amendment. Management is discussing the transition for the longer term bank loans and other borrowings with the lenders as the discontinuation of LIBOR may materially adversely affect market rates of interest. The Group does not currently have any interest rate hedging instruments.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. As a result of reduced economic growth expectations, interest rates in 2021 have steadily increased with an opening LIBOR rate of 0.1% in January 2022 to a closing rate of 4.7% in December 2022.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit (loss) for the year ended 31 December 2022 would decrease/increase by US$997,000 (2021: Profit would increase/decrease by US$536,000 and 2020: Loss would increase/decrease by US$1,103,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank loans.

(c) Foreign currency exchange risk management

The Group's main operational activities are carried out in United States dollars and South African rands, which is the functional currency of the respective financial statements of each Group entity. The risk arising from movements in foreign exchange rates is limited as the Group has minimal transactions in foreign currencies which mainly relates to administrative expenses in Singapore dollars, amounts due to related companies in South African rands as well as bank balances in South African rands.

Management reviews and monitors currency risk exposure and determines whether any hedging is considered necessary.

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 the 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.

At the end of the reporting period, the significant carrying amounts of monetary liabilities and monetary assets denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2022	2021	2022	2021
	US$'000	US$'000	US$'000	US$'000
United States dollars	(554)	(564)	584	1,099
South African rands	(1,629)	(4,877)	-	-

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens/weakens by 10% against the functional currency of the entity, profit or loss will increase/(decrease) or, vice versa by:

	Impact on profit or loss	
	2022	2021
	US$'000	US$'000
United States dollars	3	54
South African rands	(163)	(488)

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) Liquidity risk management

Liquidity risk refers to the risk that the Group is unable to pay its creditors due to insufficient funds. The Group maintains and monitors a level of cash deemed adequate by management at all times to finance its obligations as and when they fall due.

The shipping environment has been challenging and volatile over the last several years due to an oversupply of vessels allied to a lower growth rate of the world economy. While there was a rebound in charter rates in 2021 and 2022, charter rates are projected to reduce for 2023. This projected market deterioration could result in unfavourable market conditions and impact to the Group's operations and cash flows and the Group's ability to comply with covenants and other conditions in the loan agreements.

The Group manages liquidity risk by monitoring forecast and actual cash flows and ensuring that adequate borrowing facilities are maintained. The management may, from time to time, at their discretion raise or borrow monies for the purposes of the Group as they deem fit. There are measures in place to preserve cash, maintain adequate financing to meet Group's obligations and protect existing loan covenants imposed by the banks. The covenant levels are monitored continuously to identify any potential covenant issues so that solutions such as waivers or modifications to the loan covenants to obtain more favourable terms can be implemented in advance.

Based on the 12 months cash flow forecast prepared by management from the date of the authorisation of financial statements, the Board of Directors has no reason to believe that the Group will not continue as a going concern and has assessed that there is no material uncertainty related to these conditions and there is no substantial doubt about the Group's ability to continue as a going concern. Management has plans in place to sell certain vessels to maintain sufficient liquidity to repay the maturing obligations and provide adequate comfort in covenant levels at the next reporting date.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the consolidated statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	% p.a	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
2022						
Non-interest bearing	-	29,782	-	-	-	29,782
Lease liabilities	6.47	22,903	4,177	-	(967)	26,113
Variable interest rate	8.16	45,254	161,350	33,909	(41,545)	198,968
		97,939	165,527	33,909	(42,512)	254,863
2021						
Non-interest bearing	-	33,759	-	-	-	33,759
Lease liabilities	4.17	28,156	5,992	-	(877)	33,271
Variable interest rate	3.82	35,040	188,521	54,565	(32,460)	245,666
		96,955	194,513	54,565	(33,337)	312,696

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of reporting period.

	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	US$'000	US$'000	US$'000	US$'000
Group				
2022				
Gross settled:				
Bunker swaps				
Gross inflow	51	-	-	51
Gross outflow	(138)	-	-	(138)
	(87)	-	-	87
2021				
Gross settled:				
Forward freight agreements				
Gross inflow	5,109	611	-	5,720
Gross outflow	(611)	-	-	(611)
	4,498	611	-	5,109
Bunker swaps				
Gross inflow	261	-	-	261
Gross outflow	(93)	-	-	(93)
	168	-	-	168
	4,666	611	-	5,277

(e) Shipping market price risk management

The Group is exposed to the fluctuations in market conditions in the shipping industry which in turn affects the Group's profitability. Management continually assess shipping markets using their experience and detailed research. Risks are managed by fixing tonnage on longer term time charters, contracts of affreightment and entering into forward freight agreements. The carrying amount of the derivative financial instruments is disclosed in Note 11.

Shipping market price sensitivity

The sensitivity analyses below have been determined based on the exposure to shipping market price risk at the end of the reporting period. In respect of derivative financial instruments, if the shipping market prices had been 10% higher/lower while other variables were held constant:

- Profit (loss) for the year, and ended 31 December 2022 would decrease/increase by US$Nil (2021: decrease /increase by US$Nil and 2020: decrease/increase by US$Nil); and
- hedging reserve for the year ended 31 December 2022 would decrease/increase by US$Nil (2021: decrease/increase by US$3,671,000 and 2020: decrease/increase by US$Nil).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(f) Commodity price risk management

The Group uses bunker swaps to manage exposure to commodity price risk where the positions are not naturally economically hedged through the combination of holding inventory, forward sales contracts and forward purchase contracts. Management continually assess commodity price through their experience and detailed research. The carrying amount of the derivative financial instruments is disclosed in Note 11.

Commodity price sensitivity

The sensitivity analyses below have been determined based on the exposure to commodity price risk at the end of the reporting period. In respect of derivative financial instruments, if the commodity prices had been 10% higher/lower while other variables were held constant:

- profit (loss) for the year ended 31 December 2022 would decrease/increase by US$Nil (2021: decrease/increase by US$Nil and 2020: decrease/increase by US$Nil); and
- hedging reserve for the year ended 31 December 2022 would decrease/increase by US$460,000 (2021: decrease/increase by US$778,000 and 2020: decrease/increase by US$206,000).

(g) Fair value measurement of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Financial instruments measured at fair value on a recurring basis

	2022	2021
	US$'000	US$'000
Financial Assets		
Forward freight agreements	-	5,720
Bunker swaps	51	261
Financial Liabilities		
Forward freight agreements	-	(611)
Bunker swaps	(138)	(93)

All the financial instruments relate to the forward freight agreements and bunker swap agreements and have been classified as Level 2 financial instruments, which indicates that the fair value of the instruments were determined based on discounted cash flow with reference to observable inputs for equivalent instruments, discounted at a rate that reflects the credit risk of various counterparties. Further details are disclosed in Note 11.

Fair Value of Financial Instruments

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:

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

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; and/or
- projected unit method; and/or
- market value, and/or
- the net asset value of the underlying investments; and/or
- a price earnings multiple or a discounted projected income/present value approach

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

	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	US$'000
2022				
Financial Assets				
Derivative financial instruments	-	51	-	51
Financial Liabilities				
Derivative financial instruments	-	(138)	-	(138)
2021				
Financial Assets				
Derivative financial instruments	-	5,981	-	5,981
Financial Liabilities				
Derivative financial instruments	-	(704)	-	(704)

There were no transfers between Level 1 and 2 in the period.

(iii) Capital management policies and objectives

The Group manages its capital to ensure that 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 capital structure of the Group consists of debt and equity, which comprises of share capital and reserves.

The Group also reviews the capital structure on a semi-annual basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. The management also ensures that the Group maintains gearing ratios within a set range to comply with the loan covenant imposed by a bank.

The Group's overall strategy remains unchanged from prior year.

5 RELATED PARTIES TRANSACTIONS

Many of the Group's transactions and arrangements were with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, Group entities entered into the following transactions with related parties:

(i) Joint ventures

	2022	2021	2020
	US$'000	US$'000	US$'000
Interest income	-	-	157
Technical management fee income	-	-	354
Agency fees from joint ventures	3	3	83
Dividend income	-	-	536
Charter hire and other related revenue	-	-	679
Charter hire and other related expenses	-	-	(6,025)
Payments on behalf of a joint venture	-	-	(7,987)
Repayment of preference shares by a joint venture	-	-	2,569
Settlement of interest-bearing loan	-	-	5,382

(ii) Compensation of directors and key management personnel

The remuneration of the directors and other members of key management is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2022	2021	2020
	US$'000	US$'000	US$'000
Short-term benefits	7,954	9,200	4,073
Share-based payments	5,108	1,479	769
	13,062	10,679	4,842

The remuneration of directors and key management is determined by the remuneration committee of Grindrod Shipping Holdings Limited having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES INCLUDING RESTRICTED CASH

	2022	2021
	US$'000	US$'000
Restricted cash, current portion	5,667	2,875
Cash on hand	494	518
Cash at bank	46,067	103,725
Cash and bank balances	52,228	107,118
Less:		
Restricted cash, current portion	(5,667)	(2,875)
Cash and cash equivalents in the statements of cash flows	46,561	104,243
Restricted cash		
Classified as:		
Current	5,667	2,875
Non-current	4,342	6,649
	10,009	9,524

The current portion of the restricted cash represents amounts placed in retention accounts that can only be used to fund loan repayments or interest payments and a debt reserves security deposit required due to the conditions of a banking facility that will be maturing 12 months from the end of the reporting period.

The non-current portion of restricted cash represents debt reserves security deposit required due to the conditions of certain banking facilities and these deposits are not available to finance the Group's day to day operations.

7 TRADE RECEIVABLES

	2022	2021
	US$'000	US$'000
Trade receivables	11,950	9,507
Less: Allowances for doubtful debts	(660)	(684)
	11,290	8,823
Trade receivables due from the Pools	-	150
	11,290	8,973

The credit period is 1 to 30 days (2021: 1 to 30 days). No interest is charged on the outstanding invoice.

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the allowance for the amounts due from customers.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables based on the Group's provision matrix. The expected credit loss rate is considered immaterial for trade receivables outstanding for less than 120 days. For trade receivables past due for more than 120 days, the Group would recognise a loss allowance of 100% except for the adjustment to factors that are specific to the debtors, because historical experience has indicated that these receivables are generally not recoverable. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Trade receivables past due – collectively assessed						
2022	Not past due	<30	31-60	61-90	91-120	>120	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Estimated total gross carrying amount at default, representing net carrying amount of default	8,493	1,237	68	509	241	742	11,290

	Trade receivables past due – collectively assessed						
2021	Not past due	<30	31-60	61-90	91-120	>120	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Estimated total gross carrying amount at default, representing net carrying amount of default	7,202	1,013	132	4	11	611	8,973

7 TRADE RECEIVABLES (cont'd)

As at 31 December 2022, management has identified a group of debtors to be credit impaired, which include a debtor that disputed an invoiced amount arising from the redelivery of a vessel out of the agreed position and sundry small debtors within the discontinued operation. Hence, management has assessed the recoverability of the outstanding balances separately from the table above.

	2022	2021
	US$'000	US$'000
Gross carrying amount	660	684
Less: Loss allowances	(660)	(684)
Carrying amount net of allowance	-	-

Movement in the loss allowance:

	2022	2021
Individually assessed	US$'000	US$'000
Balance at 1 January	(684)	-
Net remeasurement of loss allowance	16	(681)
Amount written off	7	-
Effect of foreign exchange differences	1	(3)
Balance at 31 December	(660)	(684)

8 CONTRACT ASSETS

This relates to unbilled revenue, recognised over the period in which the freight services are performed representing the entity's right to consideration for the services performed as at the end of the reporting period which shall be recognised as revenue in the subsequent year.

Management estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. No provision for loss allowance was made during 2022 and 2021 as the contract assets is aged less than 30 days and the expected credit loss rate is considered immaterial for trade receivables outstanding for less than 120 days.

9 OTHER RECEIVABLES AND PREPAYMENTS

	2022	2021
	US$'000	US$'000
Current Assets:		
Deposit	269	809
Prepayments	4,026	2,051
Voyages in progress	17,085	15,076
Other receivables	3,686	3,869
Loan receivables	-	613
Due from joint ventures	-	6
	25,066	22,424
Non-current Assets:		
Prepayments	860	380
	25,926	22,804

On 26 May 2020, the Group entered into a loan agreement with a third party with respect to the sale of vessel Inyala. The principal amount of US$600,000 and accrued interest was received on 7 June 2021. The balance of the principal amount of US$600,000 and accrued interest was received on 16 June 2022.

For purpose of impairment assessment, other receivables and loan receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate. No provision for loss allowance was made during 2022 and 2021.

10 LOANS TO JOINT VENTURES

	2022	2021
	US$'000	US$'000
Loans to joint ventures	-	10

US$29,000 previously written off was recovered (refer to table below). Consequently, US$39,000 was repaid in 2022. At the end of the reporting period, the Group did not have any loans to joint ventures. The loan to a joint venture in 2021 was unsecured and did not bear interest.

For the purpose of impairment assessment for these receivables, the loss allowance is measured at lifetime ECL. In determining the ECL, management has taken into account the provision of losses that arose from the Group's share of losses in joint venture that were in excess of the Group's cost of investment in joint ventures (Note 16) and any additional loss allowance required based on the expected recovery from the loan.

The following table shows the movement in lifetime ECL – credit impaired lifetime ECL that has been recognised for loans to joint venture:

	2022	2021
	US$'000	US$'000
Loss allowance previously written off recognised in profit or loss on changes in credit risk	(29)	-
Amount recovered	29	-
Balance as at 31 December	-	-

11 DERIVATIVE FINANCIAL INSTRUMENTS

Forward freight agreements and bunker swaps - analysed between:

	2022	2021
	US$'000	US$'000
Assets		
Current assets	51	5,370
Non-current assets	-	611
Liabilities		
Current liabilities	(138)	(704)

The Group has entered into a number of bunker swaps, as follows:

2022

Current assets

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US$	MT	US$'000	US$'000
January 2023	0.5% FOB	510.25	350	179	2
January 2023 to December 2023	0.5% FOB	483.50	1,920	928	31
April 2023	0.5% FOB	488.50	400	195	5
May 2023	0.5% FOB	529.25	250	132	2
April 2023	0.5% FOB	488.50	400	195	5
May 2023	0.5% FOB	529.25	250	132	2
March 2023 to May 2023	0.5% FOB	537.50	750	403	4
				2,164	51

Current liabilities

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US$	MT	US$'000	US$'000
January 2023	0.5% FOB	651.00	180	117	(25)
January 2023	0.5% FOB	599.50	450	270	(38)
January 2023 to February 2023	0.5% FOB	573.75	750	430	(47)
February 2023 to July 2023	0.5% FOB	510.25	2,100	1,072	(20)
August 2023 to December 2023	0.5% FOB	503.25	1,000	503	(8)
June 2023	0.5% FOB	537.50	250	134	-
				2,526	(138)

11 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

2021

Current assets

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US$	MT	US$'000	US$'000
January 2022	0.5% FOB	407.00	500	204	74
January 2022 to May 2022	0.5% FOB	505.25	1,900	960	115
January 2022 to June 2022	0.5% FOB	518.00	1,200	622	22
January 2022 to February 2022	0.5% FOB	564.75	700	395	17
January 2022 to March 2022	0.5% FOB	533.00	2,700	1,439	33
				3,620	261

Current liabilities

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US$	MT	US$'000	US$'000
April 2022 to October 2022	0.5% FOB	533.00	6,500	3,465	(74)
November 2022	0.5% FOB	528.50	500	264	(10)
December 2022	0.5% FOB	527.50	500	264	(9)
				3,993	(93)

The Group has entered into a number of forward freight agreements in the normal course of business in order to hedge against open positions in the fleet from contracts of affreightment and exposure to earnings on the spot market. As at 31 December 2022, there are no outstanding forward freight agreements. As at 31 December 2021, there were 23 outstanding forward freight agreements, maturing as follows:

2021

Current assets

Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Duration	Notional value	Fair value gain
		US$		US$'000	US$'000
April 2022 to December 2022	BSI-58 ave	13,300	45	599	406
April 2022 to December 2022	BSI-58 ave	13,300	45	599	406
April 2022 to December 2022	BSI-58 ave	13,300	180	2,394	1,624
January 2022 to December 2022	BSI-58 ave	17,350	180	3,123	1,016
January 2022 to December 2022	BSI-58 ave	17,250	60	1,035	345
January 2022 to December 2022	BSI-58 ave	17,250	60	1,035	345
January 2022 to December 2022	BSI-58 ave	17,250	60	1,035	345
January 2022 to June 2022	BSI-58 ave	23,100	90	2,079	157
June 2022	BSI-58 ave	25,000	15	375	6
July 2022 to September 2022	BSI-58 ave	21,000	45	945	52
October 2022 to December 2022	BSI-58 ave	19,000	45	855	52
January 2022 to June 2022	BSI-58 ave	22,650	90	2,039	197
January 2022 to June 2022	BSI-58 ave	23,000	30	690	55
January 2022 to June 2022	BSI-58 ave	23,100	60	1,386	103
				18,189	5,109

11 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Non-current assets
Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Duration	Notional value	Fair value gain
		US$	MT	US$'000	US$'000
January 2023 to December 2023	BSI-58 ave	14,350	60	861	117
January 2023 to December 2023	BSI-58 ave	600	60	861	117
January 2023 to December 2023	BSI-58 ave	574	60	861	117
January 2023 to December 2023	BSI-58 ave	510	60	885	93
January 2023 to December 2023	BSI-58 ave	503	60	888	90
January 2023 to December 2023	BSI-58 ave	538	60	900	77
				5,256	611

Current liabilities
Derivative instruments in designated hedge accounting relationships:

Settlement periods		Strike price	Quantity	Notional value	Fair value gain
		US$	MT	US$'000	US$'000
July 2022 to December 2022	BSI-58 ave	23,100	90	2,079	(176)
January 2022 to March 2022	BSI-58 ave	27,400	15	411	(36)
January 2022 to March 2022	BSI-58 ave	27,400	15	411	(36)
January 2022 to March 2022	BSI-58 ave	27,400	15	411	(36)
April 2022 to May 2022	BSI-58 ave	25,000	30	750	(20)
July 2022 to December 2022	BSI-58 ave	22,650	90	2,039	(135)
July 2022 to December 2022	BSI-58 ave	23,000	30	690	(55)
July 2022 to December 2022	BSI-58 ave	23,100	60	1,386	(117)
				8,177	(611)

12 INVENTORIES

	2022	2021
	US$'000	US$'000
Bunkers and other consumables at cost	15,278	13,909
	-	-
Ships reclassified from property plant and equipment as held for sale asset (Note 13)[a]	28,853	48,935
Sale of ships recognised as inventories [a]	(28,853)	(48,935)
	15,278	13,909

[a]Ships reclassified from ships, property, plant and equipment as inventories is reconciled as follows:

	2022	2021
	US$'000	US$'000
Cost	41,297	70,204
Accumulated depreciation	(12,444)	(8,982)
Impairment	-	(12,287)
Carrying amount	28,853	48,935

On 14 April 2022, the Group entered into memoranda of agreement with a third party for the sale of one ship at purchase consideration of US$29,981,000. The ship was delivered to the third party on 1 June 2022.

On 11 March 2021, the Group entered into memoranda of agreement with third parties for the sale of three ships at purchase consideration of US$21,400,000, US$21,400,000 and US$6,800,000 respectively. The ships were delivered to third parties on 12 April 2021, 14 April 2021 and 20 April 2021. The effect of this has been included under Discontinued Operation Note 37.

13 SHIPS, PROPERTY, PLANT AND EQUIPMENT

	Office equipment, furniture and fittings and motor vehicles	Plant and equipment	Ships	Drydocking	Construction in progress	Freehold land and buildings	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost:							
Balance at 1 January 2021	4,339	4,357	633,068	15,425	774	259	658,222
Additions	49	-	25,626	7,829	-	-	33,504
Disposals	(30)	(25)	-	(4,532)	-	-	(4,587)
Reclassification to inventories (Note 12)	-	-	(69,599)	(605)	-	-	(70,204)
Effect of foreign currency exchange differences	(169)	(1)	-	-	-	(21)	(191)
Balance at 31 December 2021	**4,189**	**4,331**	**589,095**	**18,117**	**774**	**238**	**616,744**
Additions	113	-	2,076	7,230	-	-	9,419
Disposals	(828)	(102)	-	(3,604)	-	(232)	(4,766)
Transfer from right-of-use assets (Note 14)	-	-	23,436	-	-	-	23,436
Reclassification to inventories (Note 12)	-	(2,599)	(38,357)	(341)	-	-	(41,297)
Effect of foreign currency exchange differences	(192)	-	-	-	-	(6)	(198)
Balance at 31 December 2022	**3,282**	**1,630**	**576,250**	**21,402**	**774**	**-**	**603,338**

13 SHIPS, PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Office equipment, furniture and fittings and motor vehicles	Plant and equipment	Ships	Drydocking	Construction in progress	Freehold land and buildings	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated depreciation:							
Balance at 1 January 2021	4,237	3,950	89,373	6,097	-	-	103,657
Depreciation from continuing operations	51	145	18,668	7,053	-	-	25,917
Depreciation from discontinued operation	1	-	-	-	-	-	1
Disposals	(30)	(18)	-	(4,532)	-	-	(4,580)
Reclassification to inventories (Note 12)	-	-	(8,811)	(171)	-	-	(8,982)
Effect of foreign currency exchange differences	(167)	-	-	-	-	-	(167)
Balance at 31 December 2021	**4,092**	**4,077**	**99,230**	**8,447**	**-**	**-**	**115,846**
Depreciation	57	129	22,822	7,547	-	-	30,555
Disposals	(815)	(83)	-	(3,605)	-	-	(4,503)
Transfer from right-of-use assets (Note 14)	-	-	4,809	-	-	-	4,809
Reclassification to inventories (Note 12)	-	(2,599)	(9,504)	(341)	-	-	(12,444)
Effect of foreign currency exchange differences	(188)	-	-	-	-	-	(188)
Balance at 31 December 2022	**3,146**	**1,524**	**117,357**	**12,048**	**-**	**-**	**134,075**

13 SHIPS, PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Office equipment, furniture and fittings and motor vehicles	Plant and equipment	Ships	Drydocking	Construction in progress	Freehold land and buildings	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Impairment:							
Balance at 1 January 2021	-	-	77,769	1,183	310	-	79,262
Impairment losses recognised in profit and loss from discontinued operation	1	-	-	-	-	-	1
Reversal of impairment recognised in profit and loss from continuing operations	-	-	(2,808)	(749)	-	-	(3,557)
Reclassification to inventories (Note 12)	-	-	(11,853)	(434)	-	-	(12,287)
Balance at 31 December 2021	**1**	**-**	**63,108**	**-**	**310**	**-**	**63,419**
Reversal of impairment loss	-	-	(1,707)	-	-	-	(1,707)
Disposal	(1)	-	-	-	-	-	(1)
Balance at 31 December 2022	**-**	**-**	**61,401**	**-**	**310**	**-**	**61,711**
Carrying amount:							
At 31 December 2022	136	106	397,492	9,354	464	-	407,552
At 31 December 2021	96	254	426,757	9,670	464	238	437,479

Certain ships are pledged to secure bank borrowings as disclosed in Note 25.

14 RIGHT-OF-USE ASSETS

The Group leases several assets including office property, residential property, ships and ship equipment which are disclosed as right-of-use assets.

	Office and residential property	Ships	Ships equipment	Total
	US$'000	US$'000	US$'000	US$'000
Cost:				
Balance at 1 January 2021	**2,747**	**87,918**	**274**	**90,939**
Additions	371	20,254	243	20,868
Derecognition of right-of-use asset	(310)	(12,285)	(41)	(12,636)
Effect of foreign currency exchange differences	88	0	0	88
Balance at 31 December 2021	**2,896**	**95,887**	**476**	**99,259**
Additions	898	48,829	39	49,766
Transfer to ships, property, plant and equipment (Note 13)	-	(23,436)	-	(23,436)
Derecognition of right-of-use asset	(405)	-	-	(405)
Effect of foreign currency exchange differences	(48)	-	-	(48)
Balance at 31 December 2022	**3,341**	**121,280**	**515**	**125,136**
Accumulated depreciation:				
Balance at 1 January 2021	**1,381**	**38,104**	**142**	**39,627**
Depreciation for continuing operations	938	34,781	117	35,836
Depreciation for discontinued operation	34	-	-	34
Derecognition of right-of-use asset	(310)	(9,252)	(41)	(9,603)
Effect of foreign currency exchange differences	54	-	-	54
Balance at 31 December 2021	**2,097**	**63,633**	**218**	**65,948**
Depreciation	889	35,547	129	36,565
Transfer to ships, property, plant and equipment (Note 13)	-	(4,809)	-	(4,809)
Derecognition of right-of-use asset	(405)	-	-	(405)
Effect of foreign currency exchange differences	(31)	-	-	(31)
Balance at 31 December 2022	**2,550**	**94,371**	**347**	**97,268**
Impairment:				
Balance at 1 January 2021	**-**	**2,250**	**-**	**2,250**
Derecognition of right-of-use asset	-	(360)	-	(360)
Reversal of impairment loss from continuing operations	-	(1,046)	-	(1,046)
Balance at 31 December 2021	**-**	**844**	**-**	**844**
Impairment loss	-	985	-	985
Balance at 31 December 2022	**-**	**1,829**	**-**	**1,829**
Carrying amount:				
At 31 December 2022	791	25,080	168	26,039
At 31 December 2021	799	31,410	258	32,467

14 RIGHT-OF-USE ASSETS (cont'd)

Right-of-use assets are depreciated over the remaining period of the lease. The average lease term is between 1 and 4 years for property, between 3 and 5 years for ships, and between 2 and 4 years for ship equipment.

Depreciation expense of US$35,676,000 (2021: US$34,898,000 and 2020: US$26,413,000) for ships and ship equipment are recognised in cost of sales and the depreciation expense of US$889,000 (2021: US$938,000 and 2020: US$1,019,000) for office and residential property is recognised separately in administrative expense.

The Group has options to purchase certain ships at set prices at certain dates within the contracts. The exercise price is not included in the right-of-use assets for these ships because it is not reasonably certain that the options will be exercised.

For the year ended 31 December 2022, the Group recognised expense of US$60,869,000 (2021: US$90,763,000 and 2020: US$42,946,000) for short-term leases (i.e. a lease period of 12 months or less), US$82,000 (2021: US$58,000 and 2020: US$84,000) for leases of low value assets and US$60,869,000 (2021: US$90,763,000 and 2020: $42,946,000) for variable lease payments in connection with pool arrangements not included in the measurement of the lease liability.

Corresponding lease liabilities are disclosed in Note 24.

15 SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held by the Group 2022 %	2021 %
Grindrod Shipping Pte. Ltd.	Ship operating and management	Singapore	100%	100%
Grindrod Shipping (South Africa) Pty Ltd	Ship operating and management	South Africa	100%	100%
Held by Grindrod Shipping Pte. Ltd				
IVS Bulk Owning Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
IVS Bulk Carriers Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
IVS Bulk 430 Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
IVS Bulk 462 Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
IVS Bulk 475 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 511 Pte. Ltd.	Dormant	Singapore	100%	100%
IVS Bulk 512 Pte. Ltd.	Dormant	Singapore	100%	100%
IVS Bulk 603 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 609 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 611 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 612 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 707 Pte. Ltd.	Dormant	Singapore	100%	100%
IVS Bulk 3708 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 3720 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 225 Pte. Ltd.(i)	Ship Owning and Operating	Singapore	100%	-
IVS Bulk Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IM Shipping Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
Island Bulk Carriers Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
Grindrod Shipping Services UK Limited	To provide shipping and shipping related services	United Kingdom	100%	100%
Grindrod Shipping Services HK Limited	To provide shipping and shipping related services	Hong Kong	100%	100%
Unicorn Atlantic Pte. Ltd.	Dormant	Singapore	100%	100%
Unicorn Baltic Pte. Ltd.	Dormant	Singapore	100%	100%
Unicorn Ionia Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
Unicorn Tanker Operations (434) Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
Unicorn Ross Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
Unicorn Caspian Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
Unicorn Marmara Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
Unicorn Scotia Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
Unicorn Malacca Pte. Ltd. (ii)	Dormant	Singapore	100%	100%
Unicorn Bulk Carriers Ltd	Dormant	British Virgin Islands	100%	100%
Unicorn Tankers International Ltd	Dormant	British Virgin Islands	100%	100%
Grindrod Maritime LLC	Dormant	Marshall Islands	100%	100%
Unicorn Sun Pte. Ltd.	Dormant	Singapore	100%	100%
Unicorn Moon Pte. Ltd.	Dormant	Singapore	100%	100%

15 SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held by the Group 2022 %	2021 %
Held by Grindrod Shipping (South Africa) Pty Ltd				
Comshipco Schiffahrts Agentur GmBH	Ship agents and operators	Germany	100%	100%
Kuhle Shipping (Pty) Ltd	Dormant	South Africa	100%	100%
Held by IVS Bulk Pte. Ltd.				
IVS Bulk 541 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 543 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 545 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 554 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 5855 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 5858 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 709 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 712 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 7297 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 1345 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 3693 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%
IVS Bulk 10824 Pte. Ltd.	Ship Owning and Operating	Singapore	100%	100%

(i) This company was registered in 2022.

(ii) These companies were deregistered on 16 March 2023.

16 INTEREST IN JOINT VENTURES

	2022 US$'000	2021 US$'000
Cost of investment in joint ventures	9	9
Share of post acquisition (loss) profit, net of dividends received	(1)	4
Carrying amount	8	13

Details of the joint ventures are as follows:

Name of the joint venture	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held by the Group		Cost of investment in joint ventures	
			2022	2021	2022	2021
Tri-View Shipping Pte Ltd [(a)]	Dormant	Singapore	51%	51%	9	9
Leopard Tankers Pte Ltd[(b)]	Dormant	Singapore	-	50%	-	*
					9	9

* Amount is less than US$1,000.

(a) The Group has joint control over this entity by virtue of the contractual arrangement with its joint venture partner(s) requiring resolutions on the relevant activities to be passed based on unanimous approval. This entity is in the process of being deregistered.

(b) This joint venture company was deregistered on 3 October 2022.

The above joint ventures are accounted for using the equity method in these consolidated financial statements.

In 2022, the total share of joint venture companies' loss after taxation amounts to US$5,000 (2021: US$31,000; 2020: US$2,476,000).

17 INTANGIBLE ASSETS

	2022	2021
	US$'000	US$'000
Cost:		
Balance at 1 January	2,029	7,669
Additions	126	6
Disposal	-	(2)
Derecognition of intangible asset	(1,173)	(5,412)
Effects of foreign currency exchange differences	(89)	(232)
Balance at 31 December	893	2,029
Accumulated amortisation:		
Balance at 1 January	1,802	3,942
Amortisation	155	165
Derecognition of intangible asset	(1,173)	(2,127)
Effects of foreign currency exchange differences	(77)	(178)
Balance at 31 December	707	1,802
Impairment:		
Balance at 1 January	-	3,322
Derecognition of intangible asset	-	(3,284)
Effects of foreign currency exchange differences	-	(38)
Balance at 31 December	-	-
Carrying amount:		
At 31 December	186	227

Intangible assets include club memberships, software and licenses. Club memberships are lifetime memberships and are not amortised. Software and licenses arose from the installation of major information systems (including packaged software) and are amortised over 3 years, the period over which the benefit is expected to accrue.

18 GOODWILL

	2022	2021
	US$'000	US$'000
Cost:		
Balance at 1 January	3,305	3,928
Derecognition of goodwill	-	(604)
Effects of foreign currency exchange differences	(13)	(19)
Balance at 31 December	3,292	3,305
Accumulated impairment losses:		
Balance at 1 January	3,305	2,968
Impairment	-	965
Derecognition of goodwill	-	(604)
Effects of foreign currency exchange differences	(13)	(24)
Balance at 31 December	3,292	3,305
Carrying amount:		
At 31 December	-	-

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. Before recognition of impairment losses, the cost of goodwill had been allocated as follows:

	2022	2021
	US$'000	US$'000
Cost:		
Island Trading and Shipping	3,089	3,089
Parcel Service	203	216
	3,292	3,305

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

A sustained decrease in the profitability of the Parcel Service and Island Trading and Shipping CGUs in 2021 indicated that an impairment of goodwill was required. The remaining goodwill of $965,000 was fully impaired in 2021 and is recorded in profit or loss in the line item 'Other operating income (expense)'.

19 OTHER INVESTMENTS

In connection with the Spin-off of Grindrod Shipping Pte Limited ('GSPL') and Grindrod Shipping (SA) (Pty) Limited ('GSSA') from Grindrod Limited, Grindrod Limited (former Parent), GSSA and the trustees to the Grindrod Pension Fund (Fund), a defined benefit pension plan operated by Grindrod Limited, resolved that GSSA should be included as a second participating employer of this fund and GSSA will be allocated 40% of the pension surplus which was subject to regulatory approval before this could be enacted.

On 7 October 2020, the relevant regulatory approval was obtained and accordingly effective on the 31 December 2020, GSSA was included in the Fund as the second employer. US$3,150,000 (Rands 46,054,000) was transferred from Grindrod Limited's employer surplus account to the GSSA employer surplus account established within the Fund. GSSA will not contribute to the fund in respect of the fund employees and the employer surplus account is only available for use in accordance with the Rules of the Fund.

The employer surplus was initially valued at US$3,150,000 based on the quoted market prices in the active markets. Subsequent fair value change in respect of the allocated fund assets are recorded as a component of other comprehensive income.

The amounts recognised in the annual financial statements in this respect are as follows:

	2022 US$'000	2021 US$'000
Recognised asset at 1 January	3,730	3,150
Interest income	442	-
Recognised in other comprehensive income in the current year	(207)	835
Translation	(251)	(255)
Present value of other investment at 31 December	3,714	3,730

The principal actuarial assumptions applied in the determination of fair values include:

	2022	2021
Discount rate (p.a.)	12.2 %	13.7 %

20 DEFERRED TAX

	2022	2021
	US$'000	US$'000
Deferred taxation analysed by major category:		
Other timing differences	1,304	2,123
	1,304	2,123
Reconciliation of deferred taxation:		
Opening balance	2,123	1,138
(Credit) debit to profit or loss for the year – continuing operations (Note 36)	(665)	547
Debit to profit or loss for the year – discontinued operation	-	637
Deferred tax on the actuarial gain	(45)	(25)
Exchange differences	(109)	(174)
Closing balance	1,304	2,123

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is US$2,814,000 (2021: US$2,387,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

21 TRADE AND OTHER PAYABLES

	2022	2021
	US$'000	US$'000
Trade payables	10,035	7,675
Accrued expenses	19,250	25,671
Other	454	688
	29,739	34,034
Non-current trade and other payables	(140)	(160)
Current trade and other payables	29,599	33,874

Trade and other payables are recognised at amortised cost and their carrying value approximates fair value. Charter hire is paid in advance in terms of the charter contracts. The remaining payment terms are predominately 30 days.

The Group's trade and other payables are predominantly non-interest bearing and unsecured.

22 CONTRACT LIABILITIES

Advances received are classified as contract liabilities in accordance with IFRS 15 *Revenue from Contracts with Customers*. These arise when the customers' make payments in advance and the amounts received exceeds the revenue recognised at the end of the reporting period and it shall be recognised as revenue in the subsequent year.

There were no significant changes in the contract liabilities balances during the reporting period.

23 LEASES AND SHIP CHARTERS

a) As Lessor

Operating leases, in which the Group was the lessor in the prior year, related to a ship owned by the Group chartered out under bareboat charter party agreement with a lease term of 4 years, with 2 years extension option. The lease does not have an option to purchase the ship at the expiry of the lease period. The ship was sold on 1 June 2022.

Maturity analysis of operating lease payments:

	2022	2021
	US$'000	US$'000
Year 1	-	2,081
Total	-	2,081

b) As Lessee

At 31 December 2022, the Group is committed to US$Nil (2021: US$3,249,000) for short-term leases of ships.

24 LEASE LIABILITIES

	Office and residential property	Ships	Ships equipment	Total
	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2021	1,437	49,673	134	51,244
Additions	371	20,254	243	20,868
Disposals	-	(2,777)	-	(2,777)
Interest expense	63	1,835	3	1,901
Lease payments	(1,029)	(36,791)	(121)	(37,941)
- Principal	(966)	(34,956)	(118)	(36,040)
- Interest expense	(63)	(1,835)	(3)	(1,901)
Effect of foreign currency exchange differences	(24)	-	-	(24)
Lease liabilities as at 31 December 2021	818	32,194	259	33,271
Additions	898	48,829	39	49,766
Interest expense	37	1,370	7	1,414
Lease payments	(905)	(57,304)	(135)	(58,344)
- Principal	(868)	(37,934)	(128)	(38,930)
- Purchase option payments (1)	-	(18,000)	-	(18,000)
- Interest	(37)	(1,370)	(7)	(1,414)
Effect of foreign currency exchange differences	6	-	-	6
Lease liabilities as at 31 December 2022	854	25,089	170	26,113

(1) Principal repayment and purchase option payment are included in principal repayments of lease liabilities as disclosed under financing activities in the statement of cash flows.

	2022	2021
	US$'000	US$'000
Analysed between:		
Current portion	22,058	27,375
Non-current portion	4,055	5,896
	26,113	33,271

Maturity analysis of lease liabilities is disclosed in Note 4. The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

During the financial year 2021, one of the charter contracts requiring the recognition of a right-of-use asset and a lease liability contains variable payment terms that is linked to an index and such variable lease payments are recognised in charter hire cost in the profit or loss in the period in which the condition that triggers those payments occurs. The charter contract was renewed in May 2022, with no variable payment terms.

25 BANK LOANS AND OTHER BORROWINGS

	2022	2021
	US$'000	US$'000
Secured – at amortised cost:		
Bank loans	148,002	168,880
Other borrowings	50,966	76,786
	198,968	245,666
Analysed between:		
Current	33,330	28,020
Non-current portion	165,638	217,646
	198,968	245,666
Interest payable (included in bank loans)	1,752	743

Non-current bank loans and other borrowings are estimated to be payable as follows:

Within 2 to 5 years	138,809	170,666
After 5 years	26,829	46,980
	165,638	217,646

Bank loans

i. US$100.0 million senior secured credit facility

The facility bears interest at London Interbank Offered Rate ("LIBOR") plus 2.95% per annum and is made up of two tranches. Tranche A and B are repayable quarterly commencing 16 August 2018 and mature on 15 May 2022 and 15 May 2023 respectively, with the option to extend for a further two years. Tranche A of US$10,000,000 has been fully repaid. Facility fees of US$1,750,000 were payable to the lender upon signing the new loan agreement. Additional fees of US$164,000 were paid on 2 June 2021 for the lender swap. These were recorded as transaction costs to the loan account to the extent the loan was drawn down. As at 31 December 2022, the outstanding balance in relation to this facility is US$10,065,000, net of US$160,000 facility fees (31 December 2021: US$13,768,000, net of US$594,000 facility fees).

ii. US$6.3 million secured term facility

The facility bears interest at LIBOR plus 2% per annum and is repayable quarterly, commencing on 6 September 2018 and matures on 6 June 2023. Facility fees of US$32,000 were payable to the lender upon signing the new loan agreement. These were recorded as transaction costs to the loan account to the extent the loan was drawn down. As at 31 December 2022, the outstanding balance in relation to this facility is US$633,000, net of US$3,000 facility fees (31 December 2021: US$1,893,000, net of US$9,000 facility fees).

iii. Combined US$31.4 million senior secured credit facility

On 29 July 2019, the Group entered into two term facilities, each for an amount up to US$15,720,000 to finance the acquisition of two supramax/ultramax newbuildings. The facilities bear interest at LIBOR plus 2% per annum and is repayable quarterly, commencing on 5 November 2019 and 20 December 2019 and matures on 5 August 2026 and 24 September 2026. Facility fees of US$78,600 were payable to the lender upon drawdown of each loan agreement. These were recorded as transaction costs to the loan account to the extent the loan was drawn down. As at 31 December 2022, the outstanding balances in relation to these facilities are US$24,692,000, net of US$82,000 facility fees (31 December 2021: US$26,672,000, net of US$105,000 facility fees).

25 BANK LOANS AND OTHER BORROWINGS (cont'd)

iv. Combined US$114.1 million senior secured credit facility

On 10 February 2020, the Group entered into a senior secured term loan facility for 11 drybulk vessels for the purpose of refinancing the existing indebtedness. The facility bears interest at LIBOR plus 3.10% per annum and is repayable quarterly, commencing on 13 May 2020 and matures on 13 February 2025. Facility fees of US$1,634,137 were payable to the lender upon drawdown of the loan agreement. These were recorded as transaction costs to the loan account to the extent the loan was drawn down. On 15 September 2021, the finance agreement was amended to drawdown an additional US$23,031,000 and additional fees of US$691,000 were paid to the lender on the second drawdown. As at 31 December 2022, the outstanding balances in relation to these facilities are US$102,454,000, net of US$1,123,000 facility fees (31 December 2021: US$115,375,000, net of US$1,651,000 facility fees).

i. Combined US$13.1 million senior secured credit facility

On 31 January 2020, the Group entered into a senior secured term loan facility for one drybulk vessel for the purpose of refinancing the existing indebtedness. The facility bears interest at LIBOR plus 2.75% per annum and is repayable quarterly, commencing on 13 May 2020 and matures on 13 February 2025. Facility fees of US$131,300 were payable to the lender upon drawdown of the loan agreement. This was recorded as a transaction cost to the loan account to the extent the loan was drawn down. As at 31 December 2022, the outstanding balance in relation to this facility is US$10,158,000, net of US$55,700 facility fees (31 December 2021: US$11,172,000, net of US$82,000 facility fees).

The bank loans are secured by cash and certain ships owned by the Group. The cash pledged and the carrying value of the ships under security charge as at 31 December 2022 are US$10,009,000 (31 December 2021: US$9,524,000) and US$330,920,000 (31 December 2021: US$346,602,000) respectively. In addition, there are charges over the relevant subsidiaries' earnings, insurances, charter and charter guarantees and any requisition compensation. Certain of the bank loans are guaranteed by Grindrod Shipping Pte. Ltd. and/or Grindrod Shipping Holdings Limited.

The bank loans are arranged at LIBOR plus the respective margins. These bear a weighted average effective interest rate of 8.16% (31 December 2021: 3.82%) per annum.

These bank loan facilities contain financial covenants where the most stringent of which require the Group to maintain the following:

- book value net worth of the lower of (a) the aggregate of US$200 million plus 25% of the amount of positive retained earnings plus 50% of each capital raise and (b) US$275 million;
- cash and cash equivalents (including restricted cash held in the debt service reserve account) of US$30 million;
- a ratio of debt to market adjusted tangible fixed assets of not more than 75%; and
- positive working capital, such that consolidated current assets must exceed the consolidated current liabilities excluding any adjustments made for IFRS 16.

The Group was in compliance with its financial covenants as of 31 December 2022 and 31 December 2021.

Other borrowings

Other borrowings relate to US$60,750,000 (31 December 2021: US$87,550,000) in financing arrangements entered into with third parties with respect to four of the vessels in the Group we regard as owned (the borrowing relating to the *Matuku* was settled in May 2022). The arrangements commenced on 26 June 2019, 20 September 2019, 20 November 2019 and 16 September 2021, respectively, are payable monthly in advance and bear interest at 3 month LIBOR plus 1.7% per annum and 3 month LIBOR plus 1.75% per annum. The loans mature on 26 May 2030, 20 August 2031, 20 October 2031 and 16 August 2036. As at 31 December 2022, the outstanding balances in relation to these borrowings is US$50,966,000 (31 December 2021: US$76,786,000). The carrying value of the ships under security charge as at 31 December 2022 is US$55,557,000 (31 December 2021: US$89,827,000).

26 PROVISIONS

	2022	2021
	US$'000	US$'000
Provision for onerous contracts (i)	592	1,019
	592	1,019

(i) Provision for onerous contracts represents the present value of the future charter payments that the Group is presently obligated to make under non-cancellable onerous operating charter agreements and contracts of affreightment, less charter revenue expected to be earned on the charter and contract of affreightment. The estimate may vary as a result of changes to ship running costs and charter and freight revenue. Except for short-term onerous contracts when the effect of discounting is immaterial, the rate used to discount the future charter payments is 8.56% (31 December 2021: 7.46%).

	2022	2021
Analysis of provision for onerous contracts:	US$'000	US$'000
Balance at 1 January	1,019	80
Provision raised	592	1,019
Released to profit or loss	(1,019)	(80)
Balance at 31 December	592	1,019

27 RETIREMENT BENEFIT OBLIGATION

The Group subsidises the medical aid contributions of certain retired employees and has an obligation to subsidise contributions of certain current employees when they reach retirement. In prior periods, the Group undertook to offer pensioners a voluntary benefit in lieu of their current medical subsidy in order to close out the liability on the statement of financial position. The proposed offer had three options, namely an annuity offer, a cash offer or to remain in the scheme. A number of employees chose the annuity and cash offer. The provision has been calculated on the remaining individuals in the scheme.

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

During December 2022, a valuation was performed by Alexander Forbes. Apart from paying costs of entitlement, the Group is not liable to pay additional contributions in the case the fund does not hold sufficient assets. In that case, the fund would take other measures to restore solvency.

The amounts recognised in the annual financial statements in this respect are as follows:

	2022 US$'000	2021 US$'000
Recognised liability at beginning of the year	1,613	1,819
Recognised in profit or loss in the current year	159	177
Interest on obligation	159	177
Recognised in other comprehensive income in the current year		
Actuarial losses	(156)	(85)
Translation	(101)	(147)
Employer payments	(118)	(151)
Present value of unfunded obligation recognised as a liability at end of year	1,397	1,613
Analysis between:		
Current portion	125	124
Non-current portion	1,272	1,489
	1,397	1,613
The principal actuarial assumptions applied in the determination of fair values include:		
Health care cost inflation	7.8%	7.8%
Discount rate	11.9%	10.4%
CPI inflation	6.3%	5.8%
Continuation at retirement	100.0%	75.0%

	2022 Increase (Decrease)		2021 Increase (Decrease)	
Health care cost inflation	8.5%	(7.5%)	9.5%	(8.3%)
Discount rate	8.1%	(7.1%)	9.1%	(7.9%)

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

27 RETIREMENT BENEFIT OBLIGATION (cont'd)

There was no change in the methods and assumptions used in preparing the sensitivity analysis from the prior year. The average duration of the benefit obligation as at 31 December 2022 is 8 years (31 December 2021: 9 years and 2020: 10 years).

	2022	2021
	US$'000	US$'000
Present value of unfunded obligations	1,397	1,613
Present Value of Obligations in excess of Plan Assets	1,397	1,613

28 SHARE CAPITAL

	Number of shares	Share capital
		US$'000
Issued and paid up:		
At 1 January 2020 and 31 December 2020	19,063,833	320,683
Issued during the year	246,191	-
At 31 December 2021	19,310,024	320,683
Issued during the year	161,984	-
At 31 December 2022	19,472,008	320,683

In the TMI Offer, a proposal (the "Award Election Opportunity") was made by the Offeror and the Company to the holders of outstanding awards which are unvested or vested but remain unsettled ("FSA Holders") which was granted under the Grindrod Shipping Holdings Ltd. 2018 Forfeitable Share Plan (Note 29). On December 1, 2022, 161,984 new ordinary shares were issued to fulfil the outstanding Company Forfeitable Shares.

On 1 March 2021, the Company issued 246,191 additional shares of no par value to certain employees to partially settle the 2018 FSP awards that vested on 1 March 2021.

Except for treasury shares, fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the company.

29 OTHER EQUITY AND RESERVES

	2022	2021
	US$'000	US$'000
Treasury shares	-	(11,870)
Share compensation reserve	-	4,777
Hedging reserve	(1,337)	5,457
Translation reserve	(10,700)	(9,783)
Merger reserve	(12,649)	(12,649)
At 31 December 2022	(24,686)	(24,068)

Treasury shares

	Number of shares	Share capital
		US$'000
Balance at 1 January 2021	56,975	387
Acquisition of shares	825,163	11,876
Reissued to employees under the Forfeitable Share Plan	(56,975)	(393)
Balance at 31 December 2021	825,163	11,870
Reissued to Offeror under the TMI Offer	(825,163)	(11,870)
Balance at 31 December 2022	-	-

On 29 May 2020 and 27 May 2021, shareholders granted the board of directors with the authority to repurchase shares of the company. The repurchase authority expires at the next Annual General Meeting, unless renewed, and may be suspended or terminated by the company at any time without prior notice. The authority allows the company to acquire ordinary shares in the open market on NASDAQ and the JSE. On 1 December 2022, the minimum conditions of the TMI Offer were met and all awards vested. All employees agreed to transfer their shares and all treasury shares were reissued to Good Falkirk (MI). See share compensation reserve below for further information. Shares issued out of treasury shares are accounted for on a first-in first-out basis.

Share compensation reserve

	2022	2021
	US$'000	US$'000
Balance at 1 January	4,777	3,954
Share-based payments expenses	8,134	3,330
Treasury shares issued to employees under the Forfeitable Share Plan	(12,911)	(2,507)
Balance at 31 December	-	4,777

The Group operates the 2018 FSP, in which certain employees of the company and its subsidiaries participate. On 31 July 2018, the Group granted the participating employee's entitlements to be settled with a specified number of ordinary shares in the company ('Awards") which shares will be allotted and issued in 3 equal tranches over a period of 3 years commencing on 1 March 2020. On 9 June 2020, 2 July 2021, 23 August 2021 and 29 April 2022, the Group granted additional Awards which shares will be allotted and issued in 3 equal tranches over a period of 3 years commencing on 1 March 2021 for the awards granted in 2020, 1 March 2022 for the Awards granted in 2021 and 1 March 2023 for the Awards granted in 2022. This is subject to the condition that the participating employee remains employed during the vesting period relevant to each tranche.

29 OTHER EQUITY AND RESERVES (cont'd)

A participant has no ownership rights (such as rights to dividends and voting) in the ordinary shares subject to the Award until such right has vested and the ordinary shares have been registered in the participant's name. The Award is subject to the risk of forfeiture until the vesting date should the participating employee no longer be employed for the period ending on the vesting date. However, the participating employee may be settled with all or a portion of the Award as determined by the rules of the 2018 FSP depending on the reasons for termination of his employment prior to the vesting date, and, in the case of retirement or termination for a reason not specifically set out in the 2018 FSP prior to the vesting date, subject to the discretion of the Compensation and Nomination Committee. The vesting of the ordinary shares is not subject to any performance-related conditions. The Group may utilise treasury shares or issue new ordinary shares when settling shares upon a participating employee. The employee is not required to make any payment for the ordinary shares settled upon him or her but is liable for taxation thereon.

At any time, the aggregate number of ordinary shares of the company may be granted under Awards that have not vested shall not exceed 5% of the ordinary shares in issue (excluding treasury shares) on the day preceding the Award. The 2018 FSP was adopted on 4 May 2018. On the date of adoption of the 2018 FSP, the company's issued share capital comprised 1 ordinary share and accordingly no Awards could be granted thereunder. On 18 June 2018 the company's share capital increased from 1 ordinary share to 19,063,833 ordinary shares, and from the following day the maximum number of ordinary shares that could have been granted was 953,191. Since the increase in the company share capital in 2021 the maximum number of ordinary shares that could have been granted was 965,501. As at 31 December 2021, 862,502 ordinary shares were subject to Awards that had not been forfeited or vested and the maximum number of ordinary shares in respect of which further Awards could have been granted under the 2018 FSP in 2021 was 102,999.

On 1 December 2022, the minimum conditions of the TMI Offer were met and all outstanding awards vested and were settled during the year.

Details of the share awards outstanding during the year are as follows:

Number of share awards:	2018	2020	2021	2022	Total
Outstanding at 1 January 2021	445,333	205,000	-	-	650,333
Issued during the year	-	-	516,000	-	516,000
Forfeited during the year	(1,333)	-	-	-	(1,333)
Awards vested to employees under the Forfeitable Share Plan	(223,332)	(80,500)	-	-	(303,832)
Outstanding at 31 December 2021	220,668	124,500	516,000	-	861,168
Issued during the year	-	-	-	232,646	232,646
Forfeited during the year	-	-	(106,667)	-	(106,667)
Awards vested to employees under the Forfeitable Share Plan	(220,668)	(80,500)	(171,996)	(38,468)	(511,632)
Awards vested to employees under TMI Offer	-	(44,000)	(237,337)	(194,178)	(475,515)
Outstanding at 31 December 2022	-	-	-	-	-
	US$	US$	US$	US$	
Fair value at grant date	10.18	2.90	11.85	25.58	

The fair value at grant date is determined based on the share price on the date of the grant. The Group recognised total expenses during the year of US$8,134,000 relating to the 2018 FSP (2021: US$3,330,000).

Hedging reserve

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in OCI and accumulated in hedging reserve is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

29 OTHER EQUITY AND RESERVES (cont'd)

Translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into United States dollars are brought to account by recognising those exchange differences in OCI and accumulating them in a separate component of equity under the header of translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are also recognised in OCI and accumulated in a separate component of equity under the header of translation reserve.

Merger reserve

This represents the residual differences between the 'Parent invested capital' and the Company's 'share capital' as a result of the Spin-off of GSPL and GSSA from Grindrod Limited and the residual difference between the non-controlling interest and the purchase consideration for the remaining equity interest in IVS Bulk (Note 39).

30 REVENUE

A disaggregation of the Group's revenue for the year based on timing of revenue recognition is as follows:

	2022	2021	2020
	US$'000	US$'000	US$'000
Over time:			
Charter hire	193,631	210,079	81,212
Freight revenue	236,327	245,179	122,766
Vessel revenue	429,958	455,258	203,978
Management fees	521	581	1,526
Other	521	581	1,526
At a point in time:			
Sale of ships	29,600	-	4,937
Sale of bunkers and other consumables	381	-	241
Ship sales	29,981	-	5,178
	460,460	455,839	210,682

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 December 2022 will be recognised as revenue during the next reporting period. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

31 SEGMENT INFORMATION

The information reported to the Group's chief operating decision maker, who are directors of the Group, for the purpose of resource allocation and assessment of segment performance is provided based on the 3 operating segments within the Group, which are also reportable segments of the Group:

The Group operates a diversified fleet of owned and long-term chartered vessels across the world. The Group operates the drybulk business with a focus on the categories of vessels – namely Handysize and Supramax/Ultramax, with all others businesses categorized as Others. Accordingly, the reportable segments are: Handysize; Supramax/Ultramax and Others.

The tanker business, with the reportable segments of MR Tankers and Small Tankers, was discontinued in the prior year. The segment information reported on the next pages does not include any amounts for the discontinued operation, which are described in more detail in Note 37.

The reportable segments of the Group have been identified on a primary basis by the business segment which is representative of the internal reporting used for management purposes, including the chief operating decision maker, as well as the source and nature of business risks and returns.

Joint-ventures financial information are included within the segment information on a proportionate consolidation basis as the Group's chief operating decision maker reviews them together with the entities of the Group. Accordingly, joint-ventures' proportionate financial information are adjusted out to reconcile to the consolidated financial statements in the 'Adjustments' column.

Segment profit (i.e. Gross profit (loss)) represents the profit earned by each segment without allocation of central administration costs and directors' salaries. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Group activities that do not relate to the above segments are accumulated in the 'Unallocated' segment financial information. Revenue reported in the segments represents revenue generated from external customers. There were no inter-segment sales in 2022, 2021 and 2020.

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets at the consolidated Group level.

It is not practical to report revenue or non-current assets on a geographical basis due to the international nature of the shipping market.

For the years ended 31 December 2022, 2021 and 2020, no customers accounted for 10% or more of the Group's drybulk business revenue within the Handysize and Supramax/Ultramax segments.

The accounting policies of the segments are the same as the Group's accounting policies as described in Note 2.

31 SEGMENT INFORMATION (cont'd)

The following is an analysis of the Group's revenue, results and additions and impairments to non-current assets by segment

2022

	Drybulk Carrier Business		Other	Total	Unallocated	Total	Adjustments	Total
	Handysize	Supramax/ Ultramax			Total			
	US$'000	US$'000	US$'000	**US$'000**	**US$'000**	**US$'000**	US$'000	**US$'000**
Vessel revenue	159,524	268,352	2,082	**429,958**	**-**	**429,958**	-	**429,958**
Ship sale revenue	-	-	29,981	**29,981**	**-**	**29,981**	-	**29,981**
Other	410	111	-	**521**	**-**	**521**	-	**521**
Total revenue	**159,934**	**268,463**	**32,063**	**460,460**	**-**	**460,460**	**-**	**460,460**
Voyage expenses	(30,683)	(60,420)	(1)	**(91,104)**	**-**	**(91,104)**	-	**(91,104)**
Vessel operating costs	(31,625)	(18,249)	2,973	**(46,901)**	**-**	**(46,901)**	-	**(46,901)**
Charter hire costs	(12,126)	(46,800)	-	**(58,926)**	**-**	**(58,926)**	-	**(58,926)**
Depreciation of ships, drydocking and plant and equipment– owned assets	(17,946)	(11,791)	(761)	**(30,498)**	**-**	**(30,498)**	-	**(30,498)**
Depreciation of ships and ship equipment – right-of-use assets	(14)	(35,662)	-	**(35,676)**	**-**	**(35,676)**	-	**(35,676)**
Cost of ship sale	-	-	(29,897)	**(29,897)**	**-**	**(29,897)**	-	**(29,897)**
Other	(1,024)	334	(6)	**(696)**	**-**	**(696)**	-	**(696)**
Costs of sales	**(93,418)**	**(172,588)**	**(27,692)**	**(293,698)**	**-**	**(293,698)**	**-**	**(293,698)**
Gross profit	**66,516**	**95,875**	**4,371**	**166,762**	**-**	**166,762**	**-**	**166,762**
Operating profit (loss)	**54,904**	**76,546**	**2,200**	**133,650**	**(14,621)**	**119,029**	**5**	**119,034**
Interest income	881	1,085	161	**2,127**	**101**	**2,228**	-	**2,228**
Interest expense	(7,847)	(8,075)	(1,211)	**(17,133)**	**-**	**(17,133)**	-	**(17,133)**
Share of losses of joint ventures	-	-	-	**-**	**-**	**-**	(5)	**(5)**
Income tax expense	(308)	(426)	(23)	**(757)**	**-**	**(757)**	-	**(757)**
Profit (loss) for the period	47,630	69,130	1,127	**117,887**	(14,520)	**103,367**	-	**103,367**
Reversal of impairment loss recognised on ships	(1,707)	-	-	**(1,707)**	**-**	**(1,707)**	-	**(1,707)**
Impairment loss on right-of-use asset	-	985	-	**985**	**-**	**985**	-	**985**
Capital expenditure	5,529	3,812	78	**9,419**	**-**	**9,419**	-	**9,419**

31 SEGMENT INFORMATION (cont'd)

2021

	Drybulk Carrier Business		Others	**Total**	Unallocated	**Total**	Adjustments	**Total**
	Handysize	Supramax/ Ultramax						
	US$'000	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**
Vessel revenue	157,707	292,179	5,372	**455,258**	-	**455,258**	-	**455,258**
Ship sale revenue	-	-	-	**-**	-	**-**	-	**-**
Other	503	78	-	**581**	-	**581**	-	**581**
Total revenue	**158,210**	**292,257**	**5,372**	**455,839**	**-**	**455,839**	**-**	**455,839**
Voyage expenses	(27,235)	(69,600)	(129)	**(96,964)**	-	**(96,964)**	-	**(96,964)**
Vessel operating costs	(31,043)	(15,811)	2,896	**(43,958)**	-	**(43,958)**	-	**(43,958)**
Charter hire costs	(11,755)	(63,626)	-	**(75,381)**	-	**(75,381)**	-	**(75,381)**
Depreciation of ships, drydocking and plant and equipment– owned assets	(13,724)	(10,474)	(1,668)	**(25,866)**	-	**(25,866)**	-	**(25,866)**
Depreciation of ships and ship equipment – right-of-use assets	(17)	(34,881)	-	**(34,898)**	-	**(34,898)**	-	**(34,898)**
Cost of ship sale	-	-	-	**-**	-	**-**	-	**-**
Other	(457)	(1,419)	1	**(1,875)**	-	**(1,875)**	-	**(1,875)**
Costs of sales	**(84,231)**	**(195,811)**	**1,100**	**(278,942)**	**-**	**(278,942)**	**-**	**(278,942)**
Gross profit	**73,979**	**96,446**	**6,472**	**176,897**	**-**	**176,897**	**-**	**176,897**
Operating profit (loss)	**65,612**	**78,777**	**3,616**	**148,005**	(3,379)	**144,626**	**31**	**144,657**
Interest income	7	11	163	**181**	20	**201**	-	**201**
Interest expense	(4,873)	(6,376)	(1,049)	**(12,298)**	-	**(12,298)**	-	**(12,298)**
Share of losses of joint ventures	-	-	-	**-**	-	**-**	(31)	**(31)**
Income tax benefit	3	11	104	**118**	-	**118**	-	**118**
Profit (loss) for the period	60,749	72,423	2,834	**136,006**	(3,359)	**132,647**	-	**132,647**
(Reversal of) impairment loss on owned ships	(3,557)	-	-	**(3,557)**	-	**(3,557)**	-	**(3,557)**
(Reversal of) impairment loss on right-of-use assets	-	(1,046)	-	**(1,046)**	-	**(1,046)**	-	**(1,046)**
Impairment loss on disposal group	-	-	-	**2,551**	-	**2,551**	-	**2,551**
Impairment of goodwill and intangibles	94	871	-	**965**	-	**965**	-	**965**
Capital expenditure	5,947	26,423	1,134	**33,504**	-	**33,504**	-	**33,504**

31 SEGMENT INFORMATION (cont'd)

2020

	Drybulk Carrier Business		Others	**Total**	Unallocated	**Total**	Adjustments	**Total**
	Handysize	Supramax/ Ultramax						
	US$'000	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**
Vessel revenue	74,641	124,352	5,463	**204,456**	-	**204,456**	(478)	**203,978**
Ship sale revenue	9,181	-	-	**9,181**	-	**9,181**	(4,003)	**5,178**
Other	697	320	217	**1,234**	-	**1,234**	292	**1,526**
Total revenue	**84,519**	**124,672**	**5,680**	**214,871**	-	**214,871**	**(4,189)**	**210,682**
Voyage expenses	(30,995)	(48,547)	(208)	**(79,750)**	-	**(79,750)**	(2,090)	**(81,840)**
Vessel operating costs	(28,417)	(13,640)	2,255	**(39,802)**	-	**(39,802)**	1,834	**(37,968)**
Charter hire costs	(8,827)	(25,542)	-	**(34,369)**	-	**(34,369)**	-	**(34,369)**
Depreciation of ships, drydocking and plant and equipment– owned assets	(12,235)	(9,087)	(1,889)	**(23,211)**	-	**(23,211)**	1,208	**(22,003)**
Depreciation of ships and ship equipment – right-of-use assets	(89)	(24,597)	-	**(24,686)**	-	**(24,686)**	12	**(24,674)**
Cost of ship sale	(9,351)	-	-	**(9,351)**	-	**(9,351)**	3,976	**(5,375)**
Other	(539)	129	(2)	**(412)**	-	**(412)**	14	**(398)**
Costs of sales	**(90,453)**	**(121,284)**	**156**	**(211,581)**	-	**(211,581)**	**4,954**	**(206,627)**
Gross profit	**(5,934)**	**3,388**	**5,836**	**3,290**	-	**3,290**	**765**	**4,055**
Operating profit (loss)	**(16,346)**	**(3,181)**	**2,125**	**(17,402)**	(2,109)	**(19,511)**	**1,838**	**(17,673)**
Interest income	90	96	222	**408**	-	**408**	59	**467**
Interest expense	(6,414)	(8,542)	(679)	**(15,635)**	(50)	**(15,685)**	579	**(15,106)**
Share of losses of joint ventures	-	-	-	**-**	-	**-**	(2,476)	**(2,476)**
Income tax expense/(expense)	(244)	(278)	333	**(189)**	-	**(189)**	-	**(189)**
Profit (loss) for the period	(22,914)	(11,905)	2,001	**(32,818)**	(2,159)	**(34,977)**	-	**(34,977)**
Impairment loss on owned ships	6,160	-	-	**17,294**	-	**17,294**	(1,012)	**16,282**
Impairment loss on disposal group	-	-	-	**576**	-	**576**	-	**576**
Acquisition of subsidiary (Note 39)	33,078	54,096	-	**87,174**	-	**87,174**	156,709	**243,883**
Capital expenditure	6,874	1,671	66	**8,611**	-	**8,611**	479	**9,090**

32 OTHER OPERATING INCOME (EXPENSE)

	2022	2021	2020
	US$'000	US$'000	US$'000
Reversal of (impairment loss) recognised on ships (Note 13)	1,707	3,557	(5,148)
(Impairment loss) reversal of impairment recognised on right-of-use assets (Note 14)	(985)	1,046	-
Impairment loss on goodwill (Note 18)	-	(965)	-
Reversal of (impairment loss) on financial assets	45	(2)	(1)
Net foreign exchange (loss) gain	(512)	95	4,868
Gain on disposal of plant and equipment	36	14	-
Gain on disposal of right-of-use asset	-	104	-
Other operating income	52	-	-
Other operating expenses	(2)	-	(12)
	341	3,849	(293)

33 INTEREST INCOME

	2022	2021	2020
	US$'000	US$'000	US$'000
Interest on loans to joint ventures (Note 5)	-	-	112
Bank interests	1,776	201	355
Other interest	452	-	-
	2,228	201	467

34 INTEREST EXPENSE

	2022	2021	2020
	US$'000	US$'000	US$'000
Interest on bank loans	14,119	6,231	7,128
Interest on non-bank loans	-	1,808	2,797
Amortisation of upfront fees on bank loans	1,539	1,263	1,831
Other finance costs	61	1,095	870
Interest on lease liabilities	1,414	1,901	2,480
	17,133	12,298	15,106

35 PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation has been arrived at after charging:

	2022	2021	2020
	US$'000	US$'000	US$'000
Depreciation of ships, dry-docking and plant and equipment (Note 13)	30,498	25,866	22,003
Depreciation of other property, plant and equipment *	57	51	39
Amortisation of intangible assets *	155	165	146
Total depreciation and amortisation – owned assets	30,710	26,082	22,188
Depreciation of ships and ship equipment – right-of-use	35,676	34,898	24,674
Depreciation of property – right-of-use *	889	938	946
Total depreciation and amortisation – right-of-use assets	36,565	35,836	25,620
Total depreciation and amortisation	67,275	61,918	47,808
Cost of inventories recognised as expense (included in voyage expenses)	78,172	57,633	47,135
Expense recognised in respect of equity-settled share-based payments	8,134	3,336	1,831
Employee benefits expenses (including directors' remuneration and share based payments)	28,053	27,206	14,534
Cost of defined benefit plan and defined contribution plans included in employee benefits expenses	1,320	1,096	1,019
Tender offer and related expenses	10,307	-	-

* Included in administrative expense

36 INCOME TAX EXPENSE (BENEFIT)

In December 2004, Grindrod Shipping Pte. Ltd. was granted incentives under the Approved International Shipping Enterprise ("AIS") Scheme, with effect from 10 June 2004. The incentives to the company expired in 2014 and has been renewed through 2024 subject to compliance with specified conditions. As such, the shipping profits of Grindrod Shipping Pte. Ltd. are exempted from income tax under Section 13F of the Singapore Income Tax Act. The shipping profits of the subsidiaries incorporated in Singapore are exempted from income tax under Section 13A of the Singapore Income Tax Act.

The tax rate used for the 2022, 2021 and 2020 reconciliations below is the corporate tax rate of 17% payable by corporate entities in Singapore on taxable profits under tax law in that jurisdiction. The corporate taxation rates payable by the South African entities in terms of the tax law in South Africa is 28% (2021 and 2020: 28%).

	2022	2021	2020
	US$'000	US$'000	US$'000
Current tax			
In respect of the current year	428	513	181
Withholding taxes	127	48	10
In respect of prior years	(463)	(132)	-
	92	429	191
Deferred tax			
In respect of the current year	665	(547)	(2)
	665	(547)	(2)
Income tax expense (benefit)	757	(118)	189

The total charge (credit) for the year can be reconciled to the accounting profit (loss) as follows:

	2022	2021	2020
	US$'000	US$'000	US$'000
Profit (loss) before tax	104,124	132,529	(34,788)
Income tax expense (benefit) calculated at corporate rate	17,701	22,530	(5,914)
Adjusted for:			
Effect of income that is exempt from tax	(32,053)	(27,890)	(2,967)
Effect of expenses that are not deductible in determining taxable profit	15,025	6,204	9,905
Effect of different tax rates of subsidiaries operating in other jurisdictions	420	(878)	(849)
Effect of tax losses disallowed to be brought forward	-	-	4
Overprovision of current tax in prior year	(463)	(132)	-
Withholding tax	127	48	10
	757	(118)	189

37 DISCONTINUED OPERATION

The Group completed the sale of the remaining MR tankers and Small tankers in April 2021 as part of a plan to exit the tanker business and focus on the drybulk business. The divestments of the vessels was followed by a restructure of the staff and administration which was completed in December 2021. The MR tanker segment and the Small tanker segment were effectively discontinued as at 31 December 2021.

The results of the discontinued operation, which were included in the profit (loss) for the year, were as follows:

	2021 US$'000	2020 US$'000
Revenue	52,980	68,535
Cost of sales		
Voyage expenses	(421)	(1,601)
Vessel operating costs	(1,942)	(9,509)
Charter hire costs	-	(3,851)
Depreciation of ships, drydocking and plant and equipment– owned assets	-	(1,846)
Depreciation of ships and ship equipment – right-of-use assets	-	(1,739)
Other expenses	(61)	(582)
Cost of ship sale	(50,580)	(38,356)
Gross (loss) profit	**(24)**	**11,051**
Other operating expense	(2,986)	(13,264)
Administrative expense	(2,253)	(3,173)
Share of (losses) profit of joint ventures	(1)	1,531
Interest income	35	98
Interest expense	(649)	(1,832)
Loss before taxation	**(5,878)**	**(5,589)**
Income tax benefit (expense)	2,713	(534)
Net loss attributable to discontinued operation (attributable to the owners of the Company)	**(3,165)**	**(6,123)**

Cash flows relating to the discontinued operation of the tanker business were as follows:

Net cash flows from discontinued operation		
Cash generated from (used in) from operating activities	21,902	29,845
Cash generated from (used in) from investing activities	962	(1,492)
Cash used in financing activities	(25,949)	(25,723)

Included in the income tax benefit for 2021 was the reversal of a tax provision of US$2,400,000. On the 7 May 2021, the United Kingdom Upper Tribunal found in the Group's favour with respect to the tax dispute with Her Majesty's Revenue & Customs service of the United Kingdom ("HMRC"). HMRC decided not to appeal the decision and a reversal of the tax provision was recorded in profit or loss in the line item 'Income tax benefit (expense)'.

38 ASSETS CLASSIFIED AS HELD FOR SALE

	2022	2021
	US$'000	US$'000
Net assets of disposal group held for sale as at 1 January	-	3,254
Sale of business during the year	-	(100)
Movements during the year on assets held for sale	-	(60)
Impairment of disposal group held for sale	-	(2,551)
Effect of foreign currency exchange differences	-	(543)
Net assets of disposal group held for sale as at 31 December	-	-

In 2019, the Group agreed to dispose of one of GSSA's businesses (Unicorn Tanker division) to a third party and in 2020, the Group agreed to dispose of a second GSSA business (Training school) to a third party.

Management assessed the fair value less cost to sell of the assets and liabilities of the first disposal group on the date that they were classified as held for sale and recorded an impairment loss of US$3,179,000 in 2019. The assets of the disposal group were further impaired by US$576,000 in 2020 and US$2,551,000 in 2021. The conclusion of the sale process was hampered by the global pandemic in 2020. In November 2021 the agreement was cancelled and management agreed to cease the Unicorn Tanker division operations with immediate effect. The Unicorn Tanker division has been included in the discontinued operation (Note 37).

Management assessed the fair value less cost to sell of the assets and liabilities of the second disposal group on the date that they were classified as held for sale and recorded an impairment loss on office equipment, furniture and fittings and motor vehicles of US$138,000 in 2020. The transaction was completed in May 2021.

39 ACQUISITION OF A SUBSIDIARY

IVS Bulk Pte. Ltd.

On 14 February 2020, the Group acquired additional equity interest in IVS Bulk Pte. Ltd. from its joint venture partner which increased its ownership interest from 33.5% to 66.75%. The Group elected to apply the optional concentration test in accordance with IFRS 3 *Business Combinations* and concluded that the ships are considered as a group of identifiable assets. Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in the ships and concluded that the acquired set of activities and assets is not a business.

The fair value and book value of the net assets acquired amounted to US$134,818,000 and US$147,683,000 respectively. The difference between fair value and book value is allocated on a pro rata basis of relative fair values to reduce certain of the assets acquired (i.e. ships). The ships acquired and cash and cash equivalents assumed as part of the transaction amounted to US$243,596,000 and US$15,774,000 respectively.

In connection with the acquisition of the additional 33.25%, the company entered into a new shareholders' agreement with Sankaty, the remaining partner, which grants the company control of key aspects of the corporate governance of the joint venture. As such, the Group consolidates the financial statements of IVS Bulk Pte. Ltd. with effect from the date of acquisition, resulting in the decrease in the amount due from joint ventures and amount due to related parties.

Assets and liabilities recognised at the date of acquisition	2020
	US$'000
Cash and bank balances including restricted cash	15,774
Other receivables and prepayments	694
Due from related parties	2,512
Inventories	485
Ships, property, plant and equipment	243,883
Right-of-use assets	87
Bank loans	(125,517)
Other payables	(2,690)
Due to related parties	(33)
Lease liabilities	(90)
Fair value of net identifiable assets acquired	135,105

Net cash outflows arising on acquisition of IVS Bulk Pte. Ltd.	2020
	US$'000
Total purchase consideration	(44,087)
Less: cash and bank balances including restricted cash	15,774
Payment for acquisition of subsidiary, net of cash acquired	(28,313)

Non-controlling interest of 33.25% in IVS Bulk recognised at the acquisition date was measured based on the fair value of purchase consideration of IVS Bulk and amounts to US$44.1 million.

On 1 December 2020, additional funding from GSPL to IVS Bulk Pte. Ltd. of US$4,000,000 was converted to share capital in terms of the shareholders agreement. The conversion increased the shareholding of GSPL from 66.75% to 68.86%. This has been accounted as an equity transaction between the shareholders.

On 1 September 2021, the Group acquired the remaining 31.14% equity stake in IVS Bulk Pte. Ltd. for US$46,634,000, comprising of US$37,219,000 for the purchase of the ordinary shares, interest on the purchase price of US$275,000, related expenses of US$53,000 and US$9,087,000 for the preference shares. The purchase consideration was used to settle the non-controlling interest of US$52,339,000 and the difference of US$5,705,000 was recognised in equity as in Merger Reserve (Note 29).

40 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

From continuing operations and discontinued operation

Earnings

	2022	2021	2020
	US$'000	US$'000	US$'000
Profit (loss) for the purpose of basic profit (loss) per share			
Net profit (loss) attributable to the shareholders of the Group	103,367	118,925	(38,795)
Effect of dilutive potential on ordinary shares	-	-	-
Profit (loss) for the purposes of diluted profit (loss) per share	103,367	118,925	(38,795)

Number of shares for the purpose of calculating basic and diluted profit (loss) per share

	2022	2021	2020
Weighted average number of ordinary shares for the purpose of basic profit (loss) per share	18,949,972	19,150,787	18,966,414
Effect of dilutive potential ordinary shares due to FSP share awards	-	861,168	-
Weighted average number of ordinary shares for the purpose of diluted profit loss per share	18,949,972	20,011,955	18,966,414
	US$	US$	US$
Basic profit (loss) per share	5.45	6.21	(2.05)
Diluted profit (loss) per share	5.45	5.94	(2.05)

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted profit (loss) per share:

Number of shares	-	-	650,333

The shares granted under the 2018 FSP became dilutive to basic profit (loss) per share in 2021.

40 EARNINGS PER SHARE (cont'd)

From continuing operations

Earnings

	2022	2021	2020
	US$'000	US$'000	US$'000
Profit (loss) for the purpose of basic profit (loss) per share			
Net profit (loss) attributable to the shareholders of the Group	103,367	118,925	(38,795)
Adjustments to exclude loss for the year from discontinued operation	-	3,165	6,123
Profit (loss) from continuing operations for the purpose of basic profit (loss) per share from continuing operations	103,367	122,090	(32,672)
Effect of dilutive potential ordinary share	-	-	-
Profit (loss) for the purposes of diluted profit (loss) per share from continuing operations	103,367	122,090	(32,672)
	US$	US$	US$
Basic profit (loss) per share	5.45	6.38	(1.72)
Diluted profit (loss) per share	5.45	6.10	(1.72)

From discontinued operation

	2022	2021	2020
	US$	US$	US$
Basic profit (loss) per share	-	0.17	0.33
Diluted profit (loss) per share	-	0.16	0.33

41 DIVIDENDS

	2022	2021	2020
	US$'000	US$'000	US$'000
Amounts recognised as distributions to equity holders in the			
Interim dividend paid 22 March (2021: 13 December)	13,650	13,546	-
Interim dividend paid 20 June	8,910	-	-
Interim dividend paid 19 September	15,957	-	-
Interim dividend paid 1 December	97,360	-	-
	135,877	13,546	-
	US$	US$	US$
Interim dividend per share - paid 22 March (2021:13 December)	0.72	0.72	-
Interim dividend per share - paid 20 June	0.47	-	-
Interim dividend per share - paid 19 September	0.84	-	-
Interim dividend per share - paid 1 December	5.00	-	-

42 NON-CONTROLLING INTEREST

	2022	2021
	US$'000	US$'000
Balance at 1 January	-	41,782
Acquisition of the non-controlling interest of IVS Bulk Pte. Ltd. (Note 39)	-	(52,339)
Share of profit (loss) for the year	-	10,557
Balance at 31 December	-	-

The non-controlling interest was acquired by the Group on 1 September 2021 and the equity balance was settled as part of the purchase price.

43 COMMITMENTS

The Group has entered into drydock and ballast water treatment contracts for some of its ships during the year. In terms of the agreements, the Group has committed to payments for these ships. The following has been authorised:

	2022	2021
	US$'000	US$'000
Due within one year	1,399	887

The expenditure will be financed out of cash resources from operations and bank loans.

44 GOING CONCERN

The historical consolidated financial information presented has been prepared on the assumption that the Group as a whole will continue to operate as going concerns. The Board of Directors has no reason to believe that the Group will not continue to operate as a going concern as disclosed in Note 4 to the consolidated financial statements.

45 EVENTS AFTER THE REPORTING PERIOD

a) On 15 February 2023, the Company's Board of Directors declared an interim quarterly cash dividend of US$0.03 per ordinary share, payable on or about 17 March 2023, to all shareholders of record as of 10 March 2023 (the "Record Date"). As of 15 February 2023, there were 19,472,008 common shares of the Company outstanding.

b) On 22 December 2022, the ship *IVS Hirono* was contracted for sale for $23,750,000. The vessel was delivered to the new owners on 16 March 2023.

c) On 3 March 2023, the ship *IVS Sentosa* was contracted for sale for $10,950,000. The vessel is expected to be delivered to the new owners in March 2023.

GRINDROD SHIPPING HOLDINGS LTD.

STATEMENT OF FINANCIAL POSITION OF THE COMPANY
As at 31 December

	Notes	2022 US$'000	2021 US$'000
ASSETS			
Current assets			
Cash and bank balances	46.3.1	2,460	4,876
Due from subsidiary	46.3.3	4,449	-
Other receivables and prepayments		36,314	30,001
Total current assets		43,223	34,877
Non-current asset			
Investments in subsidiaries	46.3.2	287,937	294,045
Total assets		331,160	328,922
LIABILITIES AND EQUITY			
Current liabilities			
Other payables		2,790	689
Income tax payable		40	-
Due to a subsidiary	46.3.3	-	2,356
Total current liabilities		2,830	3,045
Capital and reserves			
Share capital	46.3.4	320,683	320,683
Treasury shares	46.3.4	-	(11,871)
Accumulated profit		7,647	17,065
Total equity		328,330	325,877
Total equity and liabilities		331,160	328,922

See accompanying notes to consolidated financial statements.

46.1 Statement of compliance

The Company's statement of financial position have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Singapore Financial Reporting Standards (International) ("SFRS(I)"). IFRS is identical to SFRS(I).

46.2 Basis of preparation

The financial statements are prepared in accordance with the historical cost basis except as disclosed in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

46.3 Significant accounting policies

The accounting policies set out in Note 2 to the consolidated financial statements and as set out below have been applied consistently to the company's statement of financial position.

46.3.1 Cash and bank balances

Cash and bank balances comprise demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

See Note 6 of the consolidated financial statements for details of the cash and bank balances.

46.3.2 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. The recoverable amount has been determined based on the higher of fair value less costs to sell and value in use. During the year, the Company carried out a review of the recoverable amount of its investments in subsidiaries. The review lead to an impairment loss of US$6,108,000 in 2022 due to the reduced net asset value of a subsidiary recognised in profit and loss. The review did not require an impairment in 2021 to be recognised in profit or loss. The recoverable amount of the investments has been determined based on the estimated net asset value of the subsidiaries, which approximates their recoverable amount.

See Note 15 of the consolidated financial statements for details of the subsidiaries.

46.3.3 Due to/from a subsidiary

Amounts due to/from a subsidiary is non-trade in nature. It is measured at amortised cost and its carrying value approximate the fair value. It is non-interest bearing and repayable on demand. For purpose of impairment assessment, the amount due from a subsidiary is considered to have low credit risk as the timing of payment is controlled by the company and there has been no significant increase in the risk of default on this amount since initial recognition. Accordingly, for the purpose of impairment assessment, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, management has taken into account the financial position of the subsidiary, adjusted for factors that are specific to the subsidiary and general economic condition of the industry in which it operates, in estimating the probability of default as well as the loss upon default. Management determines the amount due from a subsidiary is subject to immaterial credit loss

46.3.4 Share capital and treasury shares

The capital structure of the Company comprises issued share capital, treasury shares and accumulated profit. The Company manages its capital to ensure that the company will be able to continue as a going concern.

See Notes 28 and 29 of the consolidated financial statements for details of the share capital and treasury shares.

46.4 Financial instruments, financial risks and capital management

The following table sets out the financial instruments as at the end of the reporting period:

	2022	2021
	US$'000	US$'000
Financial assets		
Amortised cost	36,845	34,877
Financial liabilities		
Amortised cost	2,830	3,045

The carrying amounts of other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Liquidity risk management

The Company manages liquidity by monitoring forecast cash flows. The Company's operations are financed mainly through equity, dividends and advances from its subsidiaries. All financial assets and liabilities are either repayable on demand or due within 1 year from the end of the reporting period, and are non-interest bearing.

See Note 4 (d) of the consolidated financial statements for details on how the Group manages its liquidity risk.

46.5 Contingent liabilities

(a) Security for bank loans and facilities:

The Company has provided guarantees for the subsidiaries' performance of liabilities and obligations under the facility agreements, amounting to US$295,626,000 (2021: US$345,358,000), of which US$188,646,000 (2021: US$238,100,000) has been utilised at year end.