ZIM INTEGRATED
SHIPPING SERVICES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

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Auditor's Report to the Shareholders of ZIM Integrated Shipping Services Ltd.

We have audited the accompanying consolidated Statements of financial position of ZIM Integrated Shipping Services Limited (hereinafter: "the Company") as at December 31, 2014 and 2013 and the consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows, for each of the three years ended on December 31, 2014. These financial statements are the responsibility of the Company's Board of Directors and of its Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of certain consolidated subsidiaries, whose assets constitute approximately 9% and 8% of total consolidated assets as at December 31, 2014 and 2013, respectively, and whose revenues constitute approximately 5%, 5% and 13% of the total consolidated revenues for the years ended December 31, 2014, 2013 and 2012, respectively. Furthermore, we did not audit the financial statements of equity accounted investees, the investment in which as at December 31, 2014 and 2013 amounted to $9 and $7 million, respectively, and the Group's share in their profits amounted to $6, $6, $9 million for the years ended December 31, 2014, 2013 and 2012, respectively . The financial statements of those companies were audited by other auditors, whose reports thereon were furnished to us, and our opinion, insofar as it relates to amounts emanating from the financial statements of such companies, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditors' Regulations (Manner of Auditor's Performance) 1973. Such standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's Board of Directors and its management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and on the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of December 31, 2014 and 2013 and their results of operations, changes in its equity and cash flows for each of the three years ended December 31, 2014, in accordance with International Financial Reporting Standards (IFRS).

We refer to Note 1b of the financial statements regarding the financial position of the Company, the completion of the Restructuring and to Management and the Board of Directors' assessment that the completion of the Restructuring as described in that note, enables the Company to meet its liabilities and operational needs and to comply with the new set of financial covenants for a period of at least 12 months after the balance sheet date.

Somekh Chaikin
Certified Public Accountants (Isr.)

Haifa, March 30, 2015

Somekh Chaikin, an Israeli partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2014 US $'000	December 31 2013 US $'000
Assets			
Vessels	5	**815,486**	1,602,325
Containers and handling equipment	5	**293,590**	342,300
Other tangible assets	5	**21,314**	23,669
Intangible assets	6	**57,060**	62,182
Investments in associates	7	**16,392**	10,806
Other investments	9	**73,654**	
Deferred expenses	1(b)(f)	**83,532**	
Trade and other receivables	8	**31,407**	39,629
Deferred tax assets	24(c)	**1,332**	1,349
Total non-current assets		**1,393,767**	2,082,260
Assets classified as held for sale		**56,657**	3,441
Inventories		**78,422**	100,881
Trade and other receivables	8	**317,716**	273,678
Other investments including derivatives	9	**79,197**	18,255
Cash and cash equivalents	10	**230,515**	123,298
Total current assets		**762,507**	519,553
Total assets		**2,156,274**	2,601,813
Equity			
Issued capital	11	**88**	42,301
Capital reserves		**1,801,306**	895,093
Accumulated deficit		**(1,729,122)**	(1,519,963)
Equity attributable to owners of the Company		**72,272**	(582,569)
Non-controlling interests		**7,118**	4,413
Total equity		**79,390**	(578,156)
Liabilities			
Loans and other liabilities	12	**1,199,607**	647,170
Employee benefits	13	**88,303**	86,318
Deferred tax liabilities	24(c)	**348**	350
Total non-current liabilities		**1,288,258**	733,838
Trade and other payables, including derivatives	14	**461,787**	523,675
Provisions	15	**35,826**	28,815
Deferred income		**9,479**	20,225
Long-term loans and other liabilities classified to short-term	12		1,505,000
Bank overdrafts, loans and other liabilities	12	**281,534**	368,416
Total current liabilities		**788,626**	2,446,131
Total liabilities		**2,076,884**	3,179,969
Total equity and liabilities		**2,156,274**	2,601,813

Aharon Fogel	Refael Danieli	Guy Eldar
Chairman of the Board of Directors	President & CEO	Chief Financial Officer

Date of approval of the financial statements: March 30, 2015

The accompanying Notes are an integral part of these consolidated Financial Statements.

CONSOLIDATED INCOME STATEMENTS

	Note	Year ended December 31		
		2014	2013	2012
		US $'000	US $'000	US $'000
Income from voyages and related services	16	**3,408,759**	3,682,241	3,960,370
Cost of voyages and related services				
Operating expenses and cost of services	17	**(3,165,460)**	(3,554,714)	(3,766,166)
Depreciation	22	**(112,022)**	(143,994)	(154,346)
Derecognition of payments on account of vessels	25(b)		(71,646)	(132,700)
Gross profit (loss)		**131,277**	(88,113)	(92,842)
Other operating income	18	**9,021**	77,944	34,403
Other operating expenses	19	**(227,460)**	(7,832)	(5,465)
General and administrative expenses	20	**(153,040)**	(148,603)	(142,393)
Termination benefit expenses	13(h)	**(23,176)**	(24,006)	
Results from operating activities		**(263,378)**	(190,610)	(206,297)
Finance income	23(a)	**193,252**	3,370	2,799
Finance expenses	23(b)	**(159,447)**	(330,119)	(214,466)
Net finance income (expenses)		**33,805**	(326,749)	(211,667)
Share of profits of associates (net of income tax)		**12,495**	9,975	9,177
Loss before income tax		**(217,078)**	(507,384)	(408,787)
Income taxes	24	**18,935**	(22,861)	(18,788)
Loss for the year		**(198,143)**	(530,245)	(427,575)
Attributable to:				
Owners of the Company		**(204,913)**	(534,969)	(433,247)
Non-controlling interests		**6,770**	4,724	5,672
Loss for the year		**(198,143)**	(530,245)	(427,575)

The accompanying Notes are an integral part of these consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31		
	2014	**2013**	**2012**
	US $'000	**US $'000**	**US $'000**
Loss for the year	**(198,143)**	(530,245)	(427,575)
Other components of comprehensive income (loss)			
Items of other comprehensive income (loss) that were or will be reclassified to profit and loss			
Foreign currency translation differences for foreign operations	**733**	(3,230)	6,790
Net change in fair value of cash flow hedges transferred to profit or loss			72
Items of other comprehensive income that would never be reclassified to profit and loss			
Defined benefit pension plans actuarial losses	**(4,224)**	(966)	(693)
Income tax on other comprehensive income	**(22)**	(2,443)	(220)
Other comprehensive income (loss) for the year, net of tax	**(3,513)**	(6,639)	5,949
Total comprehensive loss for the year	**(201,656)**	(536,884)	(421,626)
Attributable to:			
Owners of the Company	**(208,302)**	(540,807)	(428,309)
Non-controlling interests	**6,646**	3,923	6,683
Total comprehensive loss for the year	**(201,656)**	(536,884)	(421,626)

The accompanying Notes are an integral part of these consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attribute to the owners of the Company									
	Note	Share capital	Share premium	General reserve from transactions with an interested party	Share options	Translation reserve	Hedging reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
		US $'000									
Balance at January 1, 2014		42,301	535,615	281,402	75,310	2,766		(1,519,963)	(582,569)	4,413	(578,156)
Profit (loss) for the year								**(204,913)**	**(204,913)**	**6,770**	**(198,143)**
Other comprehensive income for the year						**857**		**(4,246)**	**(3,389)**	**(124)**	**(3,513)**
Nullifications of the share capital and share options	1(b)(i)	**(42,301)**	**(460,305)**	**577,916**	**(75,310)**						
Issuance of share capital		**88**	**624,912**						**625,000**		**625,000**
Transaction with an interested party, net of tax	1(b)(k)			**238,143**					**238,143**		**238,143**
Dividend paid to non-controlling interests in subsidiaries										**(3,941)**	**(3,941)**
Balance at December 31, 2014		**88**	**700,222**	**1,097,461**		**3,623**		**(1,729,122)**	**72,272**	**7,118**	**79,390**
Balance at January 1, 2013		42,301	535,615	279,971	75,310	5,195		(981,585)	(43,193)	18,049	(25,144)
Profit (loss) for the year								(534,969)	(534,969)	4,724	(530,245)
Other comprehensive income for the year						(2,429)		(3,409)	(5,838)	(801)	(6,639)
Transaction with an interested party				1,431					1,431		1,431
Dividend paid to non-controlling interests in subsidiaries										(4,984)	(4,984)
Derecognition of non-controlling interest as a result of the realization of subsidiaries	7(b)									(12,575)	(12,575)
Balance at December 31, 2013		42,301	535,615	281,402	75,310	2,766		(1,519,963)	(582,569)	4,413	(578,156)
Balance at January 1, 2012		42,214	510,595	270,701	75,310	(584)	(72)	(547,425)	350,739	18,429	369,168
Profit (loss) for the year								(433,247)	(433,247)	5,672	(427,575)
Other comprehensive income for the year						5,779	72	(913)	4,938	1,011	5,949
Transaction with an interested party				9,270					9,270		9,270
Issuance of share capital		87	25,020						25,107		25,107
Dividend paid to non-controlling interests in subsidiaries										(4,478)	(4,478)
Derecognition of non-controlling interest as a result of the realization of subsidiaries										(2,585)	(2,585)
Balance at December 31, 2012		42,301	535,615	279,971	75,310	5,195		(981,585)	(43,193)	18,049	(25,144)

The accompanying Notes are an integral part of these consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31		
		2014	2013	2012 (*)
	Note	US $'000	US $'000	US $'000
Cash flows from operating activities				
Loss for the year		**(198,143)**	(530,245)	(427,575)
Adjustments for:				
Depreciation and amortisation	22	**127,612**	159,723	175,854
Impairment of tangible assets and other investments	19	**117,800**	7,000	5,223
Derecognition of payments on account of vessels	25(b)		71,646	132,700
Net finance expense	23	**(33,805)**	326,749	211,667
Share of profits of associates		**(12,495)**	(9,975)	(9,177)
Capital loss (gain)	18,19	**107,799**	(72,459)	(31,658)
Income taxes	24	**(18,935)**	22,861	18,788
		89,833	(24,700)	75,822
Change in inventories		**22,459**	13,048	2,575
Change in trade and other receivables including derivatives		**4,861**	(59,480)	(39,888)
Change in trade and other payables including derivatives and deferred income		**2,765**	58,640	73,169
Change in provisions and employee benefits		**14,014**	25,007	(5,364)
		44,099	37,215	30,492
Dividends received from associates		**6,369**	21,687	6,801
Interest received		**1,751**	877	890
Income tax paid		**(21,068)**	(22,449)	(20,268)
Net cash generated from operating activities		**120,984**	12,630	93,737
Cash flows from investing activities				
Proceeds from refund of payments on account of vessels	25(b)		30,000	
Proceeds from sale of tangible assets, intangible assets and investments		**56,593**	141,669	83,741
Disposal of subsidiary, net of cash disposed of and exit from consolidation			2,405	3,454
Acquisition of vessels, containers, handling equipment, other tangible assets, intangible assets and investments		**(18,641)**	(22,084)	(38,377)
Settlement of derivatives		**(605)**	(8,261)	(10,245)
Change in other investments and other receivables		**(129,554)**	(10,599)	625
Net cash generated from (used in) investing activities		**(92,207)**	133,130	39,198

The accompanying Notes are an integral part of these consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31		
		2014	2013	2012
		US $'000	US $'000	US $'000
Cash flows from financing activities				
Receipt of long term loans, capital leases and other long term liabilities		**161,569**	43,654	241,980
Repayment of borrowings		**(157,090)**	(145,560)	(298,525)
Change in short-term loans		**49,384**	33,000	23,348
Issuance of share capital		**200,000**		25,107
Dividend paid to non-controlling interests		**(3,941)**	(4,984)	(4,478)
Interest paid		**(122,528)**	(118,731)	(126,842)
Other financial expenses paid		**(45,000)**	(16,346)	
Net cash generated from (used in) financing activities		**82,394**	(208,967)	(139,410)
Net change in cash and cash equivalents		**111,171**	(63,207)	(6,475)
Cash and cash equivalents at beginning of the year		**123,232**	187,500	193,767
Effect of exchange rate fluctuation on cash held		**(4,027)**	(1,061)	208
Cash and cash equivalents at the end of the year	10	**230,376**	123,232	187,500

The accompanying Notes are an integral part of these consolidated Financial Statements.

1 Reporting entity

(a) ZIM Integrated Shipping Services Ltd. (hereinafter - the "Company" or "Zim") and its subsidiaries (hereinafter - the "Group" or "the Companies") and the Group's interests in associates, operate in the field of container shipping and related services.

Zim is a company incorporated in Israel, with limited liability. The address of the Company's registered office is 9 Andrei Sakharov Street, Haifa, Israel.

(b) Financial position

As of December 31, 2014, the Company had a positive equity attributable to its owners in the amount of US$ 72 million, compared with negative equity attributable to the owners in the amount of US$ 583 million, as of December 31, 2013. As of December 31, 2014 the Company had a deficit in its working capital in the amounts of US$ 26 million, compared with a deficit in its working capital in the amount of US$ 1,927 million, as of December 31, 2013 which was caused mainly by the reclassification to short term of long term loans, debentures and liabilities in an amount of US$ 1,505 million, as a result of non-compliance with covenants.

The Company's results from operating activities for the year ended December 31, 2014 and 2013, amounted to an operating loss of US$ 263 million and US$ 191 million, respectively.

In order to cope with its challenging financial position, during 2013 the Company had entered into negotiations with its financial creditors and other parties in an attempt to reach a consensual restructuring agreement, that is structured to gain a long term stability to the Company. The restructuring was completed and all the conditions precedents were fulfilled on the 16th of July 2014 (hereinafter: "the effective date of the restructuring").

See also Note 26(e) regarding a derivative action in respect of the restructuring approval by IC.

The negotiations on the Company's debt restructuring involved representatives of the majority of the Company's financial creditors, related parties and additional stakeholders. As a result of the restructuring, among other things, the Company's outstanding indebtedness and liabilities (face value, including future commitments in respect of operating leases, and with regard to those parties participating in the restructuring) were reduced from approximately US$ 3.4 billion to approximately US$ 2 billion.

The main principles of the Company's restructuring agreements are:

(a) Partly secured creditors (other than those who elected to enter into the VesselCo arrangement detailed in (c) below) received new fully secured loans in an amount equal to an agreed value of the assets securing the current existing debt (hereinafter: "Tranche A"). Tranche A debt bears interest at an annual rate of LIBOR + 2.8% and is to be repaid on the earlier of: (i) seven years from the effective date of the restructuring; or (ii) the contractual date of repayment of the original loan with respect to each secured creditor plus approximately sixteen months and a half. The original security shall continue to serve as a first ranking security to the new loan.
In general, if the Company disposes of a secured vessel at any time prior to the applicable maturity date, all Tranche A debt for that vessel is to be repaid (see also (b) below).

(b) The Company undertook to scrap eight vessels during the period of 16 months from the effective date of the restructuring. Upon the effective date of the restructuring, those vessels were classified as held for sale and as a result, an impairment loss in an amount of US$ 110 million was recorded under other operating expenses (as included in the Day 1 Effect table below). During the reported period, two of those vessels were sold for the purpose of demolition.

(c) Certain vessel loan creditors purchased (directly or indirectly) the vessels secured in their favour and leased them back to the Company at such terms and conditions as agreed in the restructuring agreements (hereinafter: "VesselCo"). Upon the lease back of those vessels, five of the vessels were classified as capital leases and three of the vessels, as operating leases.

1 Reporting entity (cont'd)

(b) Financial position (cont'd)

(d) The unsecured portion of the pre-restructuring debt (hereinafter: "the deficiency claim") entitled the creditors to a new unsecured debt: Series C Notes and, for certain creditors, also Series D Notes (hereinafter: "Series C and D Notes") and the Company's equity (other than with respect to the shipyard's loan, see (e) below). Both Series C and D Notes bear interest at an annual rate of 3%, while the Series D Notes entitled to an additional interest at a rate of 2% per year, which shall be payable in kind (PIK interest). The repayment of the Series C Notes are due on June 20, 2023 and the repayment of the Series D Notes are due on June 21, 2023 ("bullet"). In case of excess cash, as defined in the restructuring agreement, a mechanism for mandatory prepayments using excess cash flows will be provided for each of the Series C and Series D Notes. Each of the Series C Notes and the Series D Notes has priority in early repayments resulting from excess cash flow over Tranche A. The Series C Notes has priority in such early repayments over the Series D Notes.

(e) With respect to the shipyard's loan - the outstanding amount, which was supposed to entitle the creditor to a portion in the allocation of the Company's shares, instead entitled the creditor to an unsecured loan (hereinafter: "Tranche E"). Tranche E bears interest at an annual rate of 2%. In the first nine years of the loan period, 1.75% of the interest rate shall accrue as a PIK interest and after the first nine years until the end of the twelfth year, subject to the full settlement of Tranche A, Series C Notes and Series D Notes, interest shall be payable in cash.

(f) New reduced charter hire floor rates and rate adjustment mechanisms were agreed with the ship owners, including related parties ship owners. In addition, the ship owners (excluding certain related parties as described in (j) below) also received their position of the Company's Series C and D Notes and the Company's equity.
Regarding operational leases, which classification upon the restructuring remained unchanged, deferred expenses in the amount equal to the fair value of Series C and D Notes and equity issued to third party ship owners will be recorded as additional charter hire expenses throughout the remaining charter periods.

(g) Five leased vessels previously classified as capital leases were reclassified, in light of the change in the lease terms, as operational leases.

(h) The financial creditors and ship owners received shares aggregating to 68% of the Company's issued share capital (on a fully diluted basis, post-restructuring, after Israel Corporation's (hereinafter - "IC") investment in the Company, as set forth in (i) below).

(i) IC invested an amount of US$ 200 million in the Company's share capital (US$ 90 million out of this amount were agreed to serve as a reserve for investments in the business of the Company, under the provisions agreed in the restructuring agreements; US$ 70 million of such amount were classified as long-term assets) and waived and discharged all the Company's liabilities toward it. All of the Company's existing shares and options, including those held by IC, became null and void and IC received shares aggregating to 32% of the Company's issued share capital on a fully-diluted basis.
With regard to approximately US$ 12 million (NIS 45 million) deferred debt of the Company to IC in connection with a derivative claim (see Note 26(b)), such waiver will be terminated and the debt will be reinstated if the court determines that the waiver was not valid. In such event the debt will be repaid following the full repayment of the debts under the restructuring (Tranche A, Series C and D Notes and Tranche E).
IC has further agreed to provide a receivable-backed credit line of US$ 50 million ("IC's credit line obligation") for a period of two years as of the restructuring date. It was also agreed that IC has the right to terminate IC's credit line obligation following the lapse of nine months from the restructuring date (i.e., April 15, 2015) if certain conditions set forth in the respective agreement were not met.

In addition, certain related parties waived the Company's debt to it.
See also (k) below.

1 Reporting entity (cont'd)

(b) Financial position (cont'd)

(j) Certain related parties, which have chartered vessels to the Company, agreed to receive a charter rate which, in general, will be lower by $1,000 per day than that paid to the ship owners who are not related parties for similar vessels (see also (k) below).
Also, certain related parties waived their rights to receive their part of the Series C and D Notes and the Company's equity which are primarily attributable to the reduction of the charter hire (see (f) above), in favour of certain third party creditors.

(k) According to the Company's accounting policy, transactions with related parties acting in their capacity as shareholders are recorded directly in equity. Accordingly, all debt waivers and benefits from related parties (in an amount of approximately US$ 237 million, net of the relevant income tax influence) were recorded against capital reserve from transactions with related parties.

(l) According to the provisions of IAS 39, it was concluded that the terms of all debt participating in the restructuring were substantially modified. Accordingly, the old debt was derecognized and the new debt (Tranche A, Series C Notes, Series D Notes, Tranche E and finance lease liabilities under VesselCo) as well as the new equity were recorded at fair value at the effective date of the restructuring.

The valuation technique which used in order to measure the fair value of the new debt was the discounted cash flows technique. The interest rates used to discount cash flows (between approximately 3% and 10%) were estimated by the Company assisted by an external evaluator based on a synthetic rating calculated using accepted methodology and considering rating-appropriate interest rate curves.

(m) All the previous covenants were annulled and a new set of financial covenants was agreed as follows:

1) Minimum Liquidity - The Company is required to have a monthly minimum liquidity (including amounts held in the reserve account that are available for general corporate purposes) in an amount of at least US$ 125 million (tested on the last business day of each calendar month). As at the balance sheet date the Company is in compliance with the minimum liquidity covenant.
2) Fixed Charge Cover - The Company is required to have a certain Fixed Charge Cover ratio, which is defined as Consolidated EBITDAL to Fixed Charges. EBITDAL means Consolidated EBITDA (Group's Consolidated EBITDA, after certain adjustments as specifically defined in the facility agreements), after adding back charter hire lease costs. Fixed Charges mean mainly cash interest, scheduled repayments of indebtedness and charter hire lease costs.
This ratio will gradually increase from 1.02:1 on December 31 2015 to 1.07:1 on December 31, 2018 (based on last 12 months periods). Ratio levels will be tested quarterly from December 31, 2015.
3) Total Leverage - The Company is required to have a certain Total Leverage ratio, which is defined as Total Debt to Consolidated EBITDA.
This ratio will gradually decrease from 8.8:1 on 30 June 2015 to 4.9:1 on December 31, 2018 (based on last 12 months periods). Ratio levels will be tested quarterly from 30 June 2015.

Furthermore, The Company is obligated under the Tranche A agreements to have a committed receivable-backed credit facility either from IC (as mentioned in Note 1(b)(i) above) or from an alternative source for a period of two years as of the restructuring date ("the period"). For the past few months the Company has been holding negotiations with a third party financial institution to put in place an alternative facility. As at the approval date of the Financial Statements, Management believes that by April 15, 2015 it will not be in a position to fulfill the required conditions which have to be met by the said date as set forth in the agreement with IC, in order to maintain the IC commitment for the period, and therefore, IC may terminate its commitment. Management also believes that the alternative facility will not be concluded by April 15, 2015. However, Management believes that the alternative facility will be concluded by September 30, 2015. Therefore, Tranche A agreements were amended (after the balance sheet date) to allow the Company to arrange the alternative credit facility for the period by September 30, 2015 instead of April 15, 2015.

In addition, the Company committed to certain limitations and restrictions, relating to, among others, dividend distributions and incurrence of debt.

1 Reporting entity (cont'd)

(b) Financial position (cont'd)

(n) Amendments to the Special State Share were made as set forth in the compromise agreement achieved with the holder of the Special State Share. See also Note 11 (b).

As a result of the above mentioned, presented hereunder is information regarding the effect of the debt restructuring on the Company's financial statements:

(1) Statements of financial position:

	Total Effect on Day 1 increase (decrease)
	Million US$
Total assets	(316)
Total liabilities	(1,166)
Total equity	850

(2) Income statements:

	Total Effect on Day 1 income (expenses)
	Million US$
Results from operating activities	(239)
Net finance income	186
Income taxes	41
	(12)

In the opinion of the Company's management and its Board of Directors, the completion of the restructuring, as detailed above and the Company's expected performance in accordance with its business plan, enables the Company to meet its liabilities and operational needs and to comply with the new set of financial covenants for a period of at least 12 months after the balance sheet date.

2 Basis of Preparation

(a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by IASB.
The Financial Statements were authorised for issue by the Board of Directors on March 30, 2015.

(b) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain items that are measured as described below in Note 3.

(c) Use of estimates and judgements

The preparation of Financial Statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Estimations made by management in the application of IFRSs that have significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 29.

(d) Functional and presentation currency

These Consolidated Financial Statements are presented in United States dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Operating cycle

The normal operating cycle of the Company is no longer than one year.

(b) Basis of consolidation

(i) Business combinations

The Group implements the acquisition method to all business combinations. The acquisition date is the date on which the acquirer obtains control over the acquiree. An investor controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Substantive rights held by the Group and by others are taken into account in assessing control.

The Group recognizes goodwill at acquisition according to the fair value of the consideration transferred including any amounts recognized in respect of non-controlling interests in the acquiree less the net amount of the identifiable assets acquired and the liabilities assumed.

The consideration transferred includes the fair value of the assets transferred to the previous owners of the acquiree, the liabilities incurred by the acquirer to the previous owners of the acquiree.

In a step acquisition, the difference between the acquisition date fair value of the Group's pre-existing equity rights in the acquiree and the carrying amount at that date is recognized in profit or loss under other income or expenses.

Costs associated with the acquisitions that were incurred by the acquirer in the business combination, executed after January 1, 2010, such as: finder's fees, advisory, legal, valuation and other professional or consulting fees are expensed in the period the services are received.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Non-controlling interests

Non-controlling interests comprise the equity of a subsidiary that cannot be attributed, directly or indirectly, to the parent company.

Measurement of non-controlling interests on the date of the business combination

Non-controlling interests that are instruments that give rise to a present ownership interest and entitle the holder to a share of net assets in the event of liquidation (for example: ordinary shares), are measured at the date of the business combination at either fair value or their proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Allocation of profit or loss and other comprehensive income to the shareholders

Profit or loss and any part of other comprehensive income are allocated to the owners of the Company and the non-controlling interests, even when the result is a negative balance of the non-controlling interests.

Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. The difference between the sum of the proceeds and fair value of the retained interest, and the derecognized balances is recognized in profit or loss under other income or other expenses. Subsequently the retained interest is accounted for as an equity-accounted investee or as an available-for-sale asset depending on the level of influence retained by the Group in the relevant company.

3 Significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

(iv) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of another entity. In assessing significant influence, potential voting rights that are currently exercisable or convertible into shares of the investee are taken into account.

Associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Company's share of the income and expenses in profit or loss and of other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term interests that form part thereof, is reduced to zero. When the Company's share of long-term interests that form a part of the investment in the investee is different from its share in the investee's equity, the Group continues to recognize its share of the investee's losses, after the equity investment was reduced to zero, according to its economic interest in the long-term interests, after the aforesaid interests were reduced to zero. The recognition of further losses is discontinued except to the extent that the Group has an obligation to support the investee or has made payments on behalf of the investee.

(v) Change in interest held in associated companies while retaining significant influence

When the Group increases its interest in an associated Group accounted for by the equity method while retaining significant influence, it implements the acquisition method only with respect to the additional interest obtained whereas the previous interest remains the same.
When there is a decrease in the interest in an associated Group accounted for by the equity method while retaining significant influence, the Group derecognizes a proportionate part of its investment and recognizes in profit or loss a gain or loss from the sale.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Financial Statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into United States dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States dollars at exchange rates at the dates of the transactions.

3 Significant accounting policies (cont'd)

(c) Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

(d) Financial instruments

(i) Non-derivative financial assets

Initial recognition of financial assets
The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets acquired in a regular way purchase, are recognized initially on the trade date which is the date that the Group becomes a party to the contractual provisions of the instrument, meaning on the date the Group undertook to purchase or sell the asset. Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables and cash and cash equivalents.

Derecognition of financial assets
The Group derecognizes a financial asset when the contractual rights of the Group to the cash flows from the asset expire or the Group transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group classifies its financial assets according to the following categories:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.
See paragraph (ii) below regarding the offset of financial assets and financial liabilities.

Cash and cash equivalents
Cash and cash equivalents include cash balances available for immediate use and call deposits. Cash equivalents include short-term highly liquid investments (with original maturities of three months or less) that are readily convertible into known amounts of cash and are exposed to insignificant risks of change in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

The Group initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.
Financial liabilities are derecognized when the obligation of the Group, as specified in the agreement, expires or when it is discharged or cancelled.

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(a) Debt modifications
An exchange of debt instruments having substantially different terms, between an existing borrower and lender is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value. Furthermore, a substantial modification of the terms of the existing financial liability or part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the original financial liability and the fair value of the new financial liability is recognized in profit or loss as part of the financial income or expenses.
Any costs incurred in relation to such modifications are recognized in profit or loss as part of the financial income or expenses.

3 Significant accounting policies (cont'd)

(d) Financial instruments (cont'd)

(ii) Non-derivative financial liabilities (cont'd)

(a) Debt modifications (cont'd)
The terms are substantially different if the discounted present value of the cash flows according to the new terms, including any commissions paid, less any commissions received and discounted using the original effective interest rate, is different by at least ten percent from the discounted present value of the remaining cash flows of the original financial liability.
In addition to the aforesaid quantitative criterion, the Group examines, inter alia, whether there have also been changes in various economic parameters inherent in the exchanged debt instruments.

(b) Debt for equity swap transaction
Equity instruments issued to extinguish all or part of a financial liability are "consideration paid", for the purpose of calculating the gain or loss from the extinguishment of the financial liability. Equity instruments shall be initially measured at fair value, unless fair value cannot be reliably measured, in which case the issued instruments will be measured at the fair value of the financial liability extinguished. Any difference between the amortized cost of the financial liability and the initial measurement amount of the equity instruments issued shall be recognized in profit or loss as part of the financial income or expenses.

The Group has the following non-derivative financial liabilities: loans and borrowings from banks and others financial lease, debentures and trade and other payables.

Offset of financial instruments
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments (economic hedges)

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss as part of finance (regarding interest rate derivatives) and operating expenses (regarding fuel derivatives).

Separable embedded derivatives
Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.
If an instrument has more than one underlying variable, with one underlying being a non-financial variable specific to one of the parties, the Group determines whether the instrument is a derivative or not based on its predominant characteristics. If the dominant variable is the non-financial variable specific to one of the parties, the instrument is not a derivative, and therefore is not separated from the host contract. However, if the dominant variable is the financial variable (or non-financial variable that is not specific to one of the parties), the instrument is separated from the host contract and accounted for as a derivative.
Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss, as financing income or expenses.

(iv) Financial guarantees

A financial guarantee is initially recognized at fair value. In subsequent periods a financial guarantee is measured at the higher of the amount recognized in accordance with the guidelines of IAS 37 and the liability initially recognized after being amortized in accordance with IAS 18. Any resulting adjustment of the liability is recognized in profit or loss.

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3 Significant accounting policies (cont'd)

(e) Vessels, containers, handling equipment and other tangible assets

(i) Owned assets

Vessels, containers, handling equipment and other tangible assets are stated at cost less accumulated depreciation (see paragraph (iv) below) and accumulated impairment losses (see Note 3 (g)). The cost of inspecting the vessel (dry docking), that needs to be performed after a number of years of operation (usually once every five years), is separated from the cost of the vessel and depreciated according to the period until the following inspection. The management of the Company believes that, in a whole vessel, there is no other material separate component whose contractual period of use is different from the contractual period of use of the whole vessel (25-30 years).

Gains and losses on disposal of an item of vessels, containers, handling equipment and other tangible assets are determined by difference between the proceeds from disposal with the carrying amount of these items and are recognised net within "other operating income/ expenses" in profit or loss.

(ii) Leased assets

If the terms of a lease in which the Group is a lessee are modified, the Company assesses whether the revised terms would have resulted in different classification of the lease had they been in effect at inception. Inter alia, the Company assesses whether the net present value of the minimum lease payments of the lease amounts to substantially all of the fair value of the leased asset by comparing the fair value of the leased asset at inception to the present value of the lease payments for that date, considering the previous terms until the modification and the revised terms from the modification date onwards, discounted using the rate implicit in the original lease.

If a lease previously accounted for as a finance lease is reclassified as an operating lease, the Group derecognizes the leased asset and the finance lease liability and recognizes the profit (loss) from derecognizing the leased asset (calculated as the difference between the fair value of the leased asset and its carrying amount) in other operating income (expenses) and the profit (loss) from derecognizing the liability (calculated as the difference between (1) the fair value of the leased asset and the fair value of any liabilities incurred and instruments issued as part of the modification and (2) the carrying amount of the liability) in finance income (expense).

If a lease previously accounted for as a finance lease is not reclassified as a result of the modification, the modification is accounted for as a debt modification.

If a lease previously accounted for as an operating lease is not reclassified as a result of the modification, the revised lease payments, including any liabilities incurred and instruments issued as part of the modification, are expensed on a straight line basis throughout the remaining lease term.

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of vessels, containers, handling equipment and other tangible assets the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The cost of the replaced part is derecognized. All other costs are recognised in the income statement as an expense as incurred.

Material improvements that increase the useful life of the vessels are capitalised as part of the cost of vessels.

(iv) Depreciation

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, or other amount substituted for cost, less its residual value.

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of vessels, containers, handling equipment and other tangible assets. Freehold land is not depreciated.

3 Significant Accounting Policies (cont'd)

(e) Vessels, containers, handling equipment and other tangible assets (cont'd)

(iv) Depreciation (cont'd)

Leased assets, including leasehold improvements, are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of vessels, containers, handling equipment and other tangible assets for the current and comparative periods are as follows (taking into account a residual value of mainly 10% of the cost of the assets):

		years
1.	Vessels	25-30
2.	Containers	13
3.	Chassis	30
4.	Other equipment	13
5.	Dry docking for owned vessels	Up to 5

The estimated useful lives of other tangible assets for the current and comparative periods are as follows:

		years	
1.	Buildings	25	
2.	Computer systems and communication equipment	4- 7	(mostly 5 years)
3.	Other	5-15	

Depreciation methods, useful life and residual values are reviewed at each reporting date.

(f) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented as part of intangible assets.

Subsequently to its' initial recognition, goodwill is measured at cost less accumulated impairment losses.

(ii) Research and development of software

Development activities involve a plan or design for the production of new or substantially improved processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

In subsequent periods capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Software

The Group's assets include computer systems consisting of hardware and software. The licenses for the software, which are considered to be a separate item and add functionality to the hardware, are classified as intangible assets.

(iv) Dry docking for chartered vessels

The cost of inspecting the fleet of vessels held under bareboat charter (an operating lease) is amortised according to the period until the following inspection or the period until the end of the charter, if shorter.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3 Significant Accounting Policies (cont'd)

(f) Intangible assets (cont'd)

(vi) Amortisation

Amortization is a systematic allocation of the amortizable amount of an intangible asset over its useful life. The amortizable amount is the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	5 years
Dry docking for chartered vessels	Up to 5 years
Capitalised software development costs	5-8 years

Depreciation methods, useful life and residual values are reviewed at each reporting date.

(g) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is tested for impairment when objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

(ii) Non-financial assets

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (hereinafter: "CGU"),. For this purpose, the Company, which is one cash generating unit estimates its recoverable amount on the basis of its fair value less costs to sell, using the discounted cash flow (DCF) method.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of the Company's or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss is allocated between the owners of the Company and the non-controlling interests on the same basis that the profit or loss is allocated.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 Significant accounting policies (cont'd)

(h) Employee benefits

(i) Post employment benefits

The Group has a number of post-employment benefit plans. The plans are usually financed by deposits with insurance companies or with funds managed by a trustee, and they are classified as defined contribution plans and as defined benefit plans.

(i) Defined contribution plans

A defined contribution pension plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (assets). The discount rate is the yield at the reporting date on high grade corporate bonds denominated in the same currency, that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the calculation results in a net asset for the Group, an asset is recognized up to the net present value of economic benefits available in the form of a refund from the plan or a reduction in future contributions to the plan. An economic benefit in the form of refunds or reductions in future contributions is considered available when it can be realized over the life of the plan or after settlement of the obligation.

Gains or losses resulting from settlements of a defined benefit plan are recognized in profit or loss. Such gains or losses include any resulting change in the present value of the obligation; any resulting change in the fair value of plan assets and any unrecognized actuarial gains and losses and past service cost.

The Group recognizes immediately, directly in other comprehensive income, all actuarial gains and losses arising from defined benefit plans.

(ii) Termination benefits

Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value. The discount rate is the yield at the reporting date on high grade corporate bonds denominated in the same currency, that have maturity dates approximating the terms of the Group's obligations.

(iii) Other long-term benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on long-term high grade corporate bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

3 Significant accounting policies (cont'd)

(h) Employee benefits (cont'd)

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the Group expects the benefits to be wholly settled.

(i) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation.
The Group recognizes a reimbursement asset if, and only if, it is virtually certain that the reimbursement will be received if the Company settles the obligation. The amount recognized in respect of the reimbursement does not exceed the amount of the provision.

Legal claims

The Financial Statements includes appropriate provisions in respect of claims against the Group which, in the opinion of the Group's management based, among others, on the opinion of its legal advisers retained in respect of those claims, is more likely than not that an outflow of economic benefits will be required to settle the obligation and the amount of obligation can be estimated reliably.

Note 26 contains details of the additional exposure due to contingent claims where the amounts are significant, and where the likelihood of realisation is not more likely than not.

(j) Revenue Recognition from shipping services and related expenses

Revenue from cargo traffic is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed for each cargo by the reference to the time-based proportion.
The operating expenses related to cargo traffic are recognized immediately as incurred.
If the incremental expenses related to the cargo exceed the related revenue, the loss is recognized immediately in income statement.

(k) Lease payments

(i) Operating lease payments

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Finance income and expenses

Finance income comprises mainly changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise mainly interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets and restructuring expenses. Borrowing costs are expensed in profit or loss in the period in which they are incurred.

In the statements of cash flows, interest received and dividends received are presented as part of cash flows from operating activities. Interest paid and dividends paid are presented as part of cash flows from financing activities.
Foreign currency gains and losses are reported on a net basis.

3 Significant accounting policies (cont'd)

(m) Income tax

Income tax comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the contractual tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and joint arrangements to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- In the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- In the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - The same taxable entity; or
  - Different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are contractual to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(n) Transactions with controlling shareholder

Assets and liabilities included in a transaction with a controlling shareholder are measured at fair value on the date of the transaction. As the transaction is on the equity level, the Company recorded the difference between the fair value and the consideration from the transaction in its equity.

(o) Government grants

Grants received from the Government of Israel with respect to the cost of employing Israeli resident sailors on Israeli vessels are deducted from the salary costs.

(p) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the moving average principle, and mainly includes fuel on board.

3 Significant accounting policies (cont'd)

(q) Non-current assets and disposal groups held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through a sale transaction and not through continuing use.
Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses recognized on initial classification as held for sale, and subsequent gains or losses on remeasurement, are recognized in profit or loss.

In subsequent periods, depreciable assets classified as held for sale are not periodically depreciated.

(r) New standards and interpretations not yet adopted

(i) IFRS 9 (2014), Financial Instruments

A final version of the standard, which includes revised guidance on the classification and measurement of financial instruments and a new model for measuring impairment of financial assets. IFRS 9 (2014) is effective for annual periods beginning on or after January 1, 2018 with early adoption being permitted. The Company is examining the effects of IFRS 9 (2014) on the financial statements.

(ii) IFRS 15, Revenue from Contracts with Customers

IFRS 15 replaces the current guidance regarding recognition of revenues and presents a new model for recognizing revenue from contracts with customers. IFRS 15 is applicable for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Company is examining the effects of IFRS 15 on the financial statements.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Non-derivative financial liabilities

See Note 28(d)(1).

(b) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows. Trade and other receivables are measured at the original invoice amount if the effect of discounting is immaterial.

(c) Cash Generating Unit for impairment testing

See Note 5.

(d) Assets classified as held for sale

The fair value of assets classified as held for sale is estimated as the expected sale price less costs to sell. The sale price is calculated based on the estimated iron prices and the vessels weight.

(e) Derivatives

See Note 28.

5 Vessels, containers, handling equipment and other tangible assets

Cost:

	Balance at January 1, 2014	Acquisitions	Disposals	Transfer (*)	Effect of movements in exchange rates	Balance at December 31 2014
	US $'000					
Vessels	2,323,957	**5,448**	**(730,615)**	**(515,271)**		**1,083,519**
Containers	674,074	**5,584**	**(25,895)**			**653,763**
Handling equipment	9,237	**7**	**(3,475)**			**5,769**
Computer systems and communication equipment	32,028	**1,843**	**(687)**		**(402)**	**32,782**
Other property and equipment	55,529	**1,817**	**(1,653)**		**(808)**	**54,885**
Total	3,094,825	**14,699**	**(762,325)**	**(515,271)**	**(1,210)**	**1,830,718**

Depreciation and impairment charges:

	Balance at January 1, 2014	Depreciation	Disposals	Transfer (*)	Effect of movements in exchange rates	Balance at December 31, 2014
	US $'000					
Vessels	721,632	**64,202**	**(203,014)**	**(314,787)**		**(**)268,033**
Containers	336,345	**45,965**	**(19,573)**			**362,737**
Handling equipment	4,666	**308**	**(1,769)**			**3,205**
Computer systems and communication equipment	25,419	**2,637**	**(652)**		**(374)**	**27,030**
Other property and equipment	38,809	**2,714**	**(1,105)**		**(666)**	**39,752**
Total	1,126,871	**115,826**	**(226,113)**	**(314,787)**	**(1,040)**	**700,757**
Payments on account, net	340					**429**

Net carrying amounts:

	Balance at January 1, 2014	Balance at December 31, 2014
	US $'000	US $'000
Vessels	1,602,325	**815,486**
	1,602,325	**815,486**
Containers	337,729	**291,026**
Handling equipment	4,571	**2,564**
	342,300	**293,590**
Computer systems and communication equipment	6,609	**5,752**
Other property and equipment	16,720	**15,133**
Payments on account of other assets	340	**429**
	23,669	**21,314**
Total	1,968,294	**1,130,390**

(*) Mainly transferred to assets held for sale. Two of the transferred vessels were sold during 2014.
(**) Including impairment recognized in prior years in respect of certain vessels in net amount of US$ 35.6 million.

5 Vessels, containers, handling equipment and other tangible assets (cont'd)

Cost:

	Balance at January 1, 2013	Acquisitions	Disposals: Exit from consolidation	Disposals: Other	Transfer	Effect of movements in exchange rates	Balance at December 31, 2013
				US $'000			
Vessels	2,348,208	645			(**) (24,896)		2,323,957
Containers	768,970	9,447		(104,343)			674,074
Handling equipment	28,443	326		(19,532)			9,237
Computer systems and communication equipment	33,705	2,065	(2,604)	(551)	(*) (452)	(135)	32,028
Other property and equipment	124,257	959	(24,977)	(1,571)	(*) (44,222)	1,083	55,529
Total	3,303,583	13,442	(27,581)	(129,997)	(69,570)	948	3,094,825

Depreciation and impairment charges:

	Balance at January 1, 2013	Depreciation	Disposals: Exit from consolidation	Disposals: Other	Transfer	Effect of movements in exchange rates	Balance at December 31, 2013
				US $'000			
Vessels	645,823	90,264			(**)(14,455)		(***)721,632
Containers	339,700	50,130		(53,485)			336,345
Handling equipment	16,272	652		(12,258)			4,666
Computer systems and communication equipment	26,300	2,354	(2,180)	(526)	(*) (394)	(135)	25,419
Other property and equipment	56,683	4,816	(4,598)	(1,480)	(*)(16,921)	309	38,809
Total	1,084,778	148,216	(6,778)	(67,749)	(31,770)	174	1,126,871
Payments on account, net	101,987						340

Net carrying amounts:

	Balance at January 1, 2013	Balance at December 31, 2013
	US $'000	US $'000
Vessels	1,702,385	1,602,325
Payments on account	101,646	
	1,804,031	1,602,325
Containers	429,270	337,729
Handling equipment	12,171	4,571
	441,441	342,300
Computer systems and communication equipment	7,405	6,609
Other property and equipment	67,574	16,720
Payments on account of other assets	341	340
	75,320	23,669
Total	2,320,792	1,968,294

(*) Transferred to assets held for sale and sold during 2013.
(**) Transferred to assets held for sale and sold during 2014.
(***) Including impairment recognized in prior years in respect of certain vessels in net amount of US$ 65.2 million.

5 Vessels, containers, handling equipment and other tangible assets (cont'd)

Impairment test

Following the continuing global economic crisis that also affected the shipping industry and had an adverse effect on the Company's results and in light of the restructuring of the Company's debt and equity, as described in Note 1(b), the Company tested its assets for impairment (mainly its fixed and intangible assets). For the purpose of IAS 36, the Company, which operates an integrated liner network, has one cash-generating unit (hereinafter: CGU), which consists of all of the Company's assets. The Company estimated its recoverable amount on the basis of its fair value less costs to sell, using the discounted cash flow (DCF) method. This measurement is a level 3 fair value measurement under IFRS 13.

The Company's assumptions were made for a 4-year period starting in 2015 and a representative year intended to reflect a long-term, steady state. The key assumptions are set forth below:

- A detailed cash flow forecast for 4 years based upon the Company's business plan.
- Bunker price: according to the future price curve of fuel.
- Freight rates: a compound annual negative growth rate of 1.4% over the projection period, reflecting, a change in cargo mix.
- Increase in aggregate TEU shipped: a compound annual growth rate of 3.7% over the projection period, this assumes the increase in leasing of very large container vessels to the Company's fleet during 2017.
- Charter hire rates: contractual rates in effect as of December 31, 2014, and assuming anticipated market rates for renewals of charters expiring in the projection period.
- Discount rate of 10.5%.
- Long-term nominal growth rate of 1.5%, which is consistent with the expected industry average;
- Capital expenditures that are less than or equal to the Company's expected vessel depreciation;
- Payment of tax at the Company's corporate tax rate of 26.5%; also assumes expected use of tax losses.

The recoverable amount is higher by between about US$ 789 million and US$ 882 million than the carrying amount of the CGU. Therefore, no impairment was recognized in the financial statements in respect of the CGU.

Although the Company believes the assumptions used to evaluate the potential impairment of its assets are reasonable and appropriate, such assumptions are highly subjective. There can be no assurance as to how long bunker prices and freight rates will remain at their current levels or whether they will increase or decrease by any significant degree. Freight rates may remain at depressed levels for some time, which could adversely affect the Company's revenue and profitability.

The analysis for the impairment test is sensitive to variances in several of the assumptions used, including growth rate, the discount rate, future freight rates and bunker prices. Historical 5-year and 10-year freight rates averages were 10% higher than the rates used in the representative year in the impairment test. Historical 5-year and 10-year bunker prices were 9% higher and 12% lower than the price used in the representative year in the impairment test, respectively.

Change by 100 bps in the main assumptions will result in the following increase (decrease) in the fair value of the recoverable amount as follows:

	Increase	Decrease
	By 100 bps	
	US$ million	
Discount rate	(169)	207
Terminal growth rate	157	(126)

5 Vessels, containers, handling equipment and other tangible assets (cont'd)

Vessels held for sale

Upon the restructuring, the Company undertook to scrap eight vessels as described in Note 1(b)(b).

In addition, during the reported period, two of the Company's vessels were classified as held for sale due to the Company's decision to sell them for the purpose of demolition. As a result, the Company recorded an impairment in an amount of US$ 17 million under other operating expenses. After the balance sheet date those two vessels were sold.

Payments on account of vessels

As at December 31, 2013, due to cancellation of the building orders for 4 container vessels, the Company recognized a loss of US$ 71.6 million. See also Note 25(b).

	2014	2013
	US$'000	
(a) Vessels and equipment leased under finance leases (Note 3(e)(ii)):		
Cost	**1,182,783**	644,195
Accumulated depreciation	**(376,110)**	(258,531)
Net carrying amount	**806,673**	385,664

(b) For details of security on tangible assets, see Note 12 (a).

(c) Most of the carrying amount of lands and buildings held for own use are freehold land and buildings which are located outside of Israel.

6 Intangible assets

Cost:

	Balance at January 1, 2014	Acquisitions	Disposals	Transfer	Effect of movements in exchange rates	Balance at December 31, 2014
	US $'000					
Goodwill (*)	15,174				**(839)**	**14,335**
Software (mostly development costs)	113,660	**5,952**	**(198)**		**(61)**	**119,353**
Dry docking	2,513	**372**		**1,858**		**4,743**
Other intangible assets	1,054					**1,054**
Total	132,401	**6,324**	**(198)**	**1,858**	**(900)**	**139,485**

Amortisation and impairment losses:

	Balance at January 1, 2014	Amortization	Disposals	Transfer	Effect of movements in exchange rates	Balance at December 31, 2014
	US $'000					
Software (mostly developments costs)	67,395	**11,198**	**(196)**		**(53)**	**78,344**
Dry docking	1,770	**588**		**669**		**3,027**
Other intangible assets	1,054					**1,054**
Total	70,219	**11,786**	**(196)**	**669**	**(53)**	**82,425**

Net carrying amounts:

	Balance at January 1, 2014	Balance at December 31, 2014
	US $'000	US $'000
Goodwill	15,174	**14,335**
Software (mostly development costs)	46,265	**41,009**
Dry docking	743	**1,716**
Total	62,182	**57,060**

(*) Goodwill is allocated to the Company's CGU as described in Note 5. For additional information regarding the annual impairment test - see Note 5.

6 Intangible assets (cont'd)

Cost:

	Balance at January 1, 2013	Acquisitions	Disposals	Transfer	Effect of movements in exchange rates	Balance at December 31, 2013
			US $'000			
Goodwill (*)	17,553				(2,379)	15,174
Software (mostly development costs)	107,167	6,649	(28)	(109)	(19)	113,660
Dry docking	2,513					2,513
Other intangible assets	3,248		(2,194)			1,054
Total	130,481	6,649	(2,222)	(109)	(2,398)	132,401

Amortisation and impairment losses:

	Balance at January 1, 2013	Amortization	Disposals	Transfer	Effect of movements in exchange rates	Balance at December 31, 2013
			US $'000			
Software (mostly developments costs)	56,369	11,128	(28)	(52)	(22)	67,395
Dry docking	1,391	379				1,770
Other intangible assets	3,248		(2,194)			1,054
Total	61,008	11,507	(2,222)	(52)	(22)	70,219

Net carrying amounts:

	Balance at January 1, 2013	Balance at December 31, 2013
	US $'000	US $'000
Goodwill	17,553	15,174
Software (mostly development costs)	50,798	46,265
Dry docking	1,122	743
Other intangible assets		
Total	69,473	62,182

(*) Goodwill is allocated to the Company's CGU as described in Note 5.

7 Investments in associates and subsidiaries

(a) During the second quarter of 2013, the Company signed an agreement with a non-related third party to transfer (by way of sale and by way of dilution) 25.005% out of the 50% of the issued shares held by the Company in an equity accounted investee. The capital gain in an amount of US$ 9.1 million was recognized under other operating income.

(b) During the third quarter of 2013, the Company signed an agreement with a non-related third party to sell all of the Company's holdings in both a subsidiary and an associated company. The capital gain in an amount of US$ 32.5 million was recognized under other operating income.

(c) Considering the improvement in the performances of an affiliated company during the recent year and an indication, received from third party, of company's fair value which is materially higher than its carrying amount, the Company has reversed the impairment in an amount of US$ 9 million, recognized in prior years in relate to an investment in that company.

(d) As at December 31, 2014, long-term loans to associated companies amounted to US$ 30 million (2013: US$ 27 million). See also Note 8.

8 Trade and other receivables

	2014	2013
	US $'000	
Non-current other receivables		
Long-term loans (*)	**30,198**	33,767
Long-term deposits		3,708
Others	**1,209**	2,154
	31,407	39,629
Current trade and other receivables		
Trade receivables		
Open debts	**200,804**	203,524
Cheques receivables	**3,585**	4,553
	204,389	208,077
Other receivables		
Insurance recoveries (see Note 15)	**24,115**	19,778
Government institutions	**10,862**	10,578
Current portion of deferred expenses	**29,256**	
Prepayments for current assets	**24,044**	18,687
Amounts due from associates	**703**	1,125
Receivables due to derivatives	**500**	393
Other receivables	**23,847**	15,040
	113,327	65,601
	317,716	273,678

(*) Mainly loans which repayment terms were not determined yet, bearing PIK interest (mainly Prime Belgique +2%). The interest and the principle will be repaid at the same time. See also Note 7(c).

The Group's exposure to credit and currency risks is disclosed in Note 28.

9 Other investments including derivatives

	2014	2013
	US $'000	
Non-current investments		
Long-term deposits	**73,654**	
	73,654	

The effective interest rate on the deposits in 2014 was approximately 0.16%. See also Note 1(b)(i).

	2014	2013
Current investments		
Derivatives not used for hedging	**1,361**	
Short-term deposits	**76,442**	17,505
Financial assets at fair value through profit or loss	**1,394**	750
	79,197	18,225

The interest rates on the deposits in 2014 were between 0.11% and 5.5%.

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in Note 28.

10 Cash and cash equivalents

	2014	2013
	US $'000	
Bank balances and cash in hand	**108,795**	109,584
Demand deposits	**121,720**	13,714
Cash and cash equivalents in the consolidated statement of financial position	**230,515**	123,298
Bank overdraft used for cash management (see Note 12(a))	**(139)**	(66)
Cash and cash equivalents in the statements of cash flows	**230,376**	123,232

The effective interest rate on the demand deposits in 2014 was approximately 0.16%.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in Note 28.

11 Capital and reserves

(a) Share capital

	2014	2013
Number of ordinary shares (issued and paid up):		
Balance at the beginning of the year	**99,978,729**	99,978,729
Nullification of share capital (*)	**(99,978,729)**	
Issuance of share capital (*)	**10,000,000**	
Balance at the end of the year	**10,000,000**	99,978,729
Ordinary shares - in US$'000's	**88**	42,301
- in NIS'000's	**300**	2,999

(*) See Note 1(b)(h) and 1(b)(i).

On December 31, 2014 and 2013 the authorised share capital comprised 350,000,001 ordinary shares. The shares have a par value of NIS 0.03.

The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets, except as disclosed in (b) below.

(b) Special State Share

The issued and paid-up share capital includes one share which is a Special State Share.

In the framework of the process of privatising the Company, all the State of Israel's holdings in the Company (about 48.6%) were acquired by The Israel Corporation pursuant to an agreement from February 5, 2004. As part of the process, the Company allotted to the State of Israel a Special State Share so that it could protect the vital interests of the State.

On July 14, 2014 the State and the Company have reached a settlement agreement (the "Settlement Agreement") that has been validated as a judgment by the Supreme Court. The Settlement Agreement provides, inter alia, the following arrangement shall apply: State's consent is required to any transfer of the shares in the Company which confers on the holder a holding of 35% and more of the Company's share capital. In addition, any transfer of shares which confers on the holders a holding exceed 24% but not exceed 35%, shall require a prior notice to the State. To the extent the State determines that the transfer involves a potential damage to the State's security or any of its vital interests or if the State did not receive the relevant information in order to formulate a decision regarding the transfer, the State shall be entitled to inform, within 30 days, that it objects to the transfer, and it will be required to reason its objection. In such an event, the transferor shall be entitled to approach a competent court on this matter.

The Special State Share is non-transferable; its rights are described in the new Company's Articles of Association.

Except for the rights attached to the said share, it does not confer upon its holder voting rights or any share capital related rights.

(c) See also Note 26(c) regarding Urgent motion under section 350(a).

12 Loans and other liabilities

This Note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 28.

(a) The loans and other liabilities are as follows:

	2014	2013
	US $'000	
Non-current liabilities		
Loans from financial institutions	**119,139**	
Loans from shipyards	**32,472**	
Other loans and liabilities (**)	**46,045**	380,007
Finance lease liabilities	**576,481**	266,987
Debentures	**425,470**	
	1,199,607	646,994
Derivatives not used for hedging		176
	1,199,607	647,170
Current liabilities		
Current portion of loans from financial institutions	**77,761**	
Current portion of other loans and liabilities (**)	**7,601**	241,010
Current portion of finance lease liabilities	**73,775**	59,715
Current portion of debentures	**5,932**	
Current portion of derivatives		578
Total current portion	**165,069**	301,303
Short-term borrowings	**116,326**	67,047
Bank overdrafts (see Note 10)	**139**	66
	281,534	368,416
Long-term loans and other liabilities classified to short-term (*)		1,505,000

(*) See Note 1(b).
(**) Comparative figures include loans from banks, shipyards and others.

Liens placed in respect of liabilities

As security for part of the short and long term bank credit and the other long-term loans and liabilities, which were established, inter alia, in order to finance the purchase of vessels (see Note 5) and as security for bank guarantees, liens have been registered on most of the vessels fleet and its equipment, including the revenues generated by the vessels and the insurance rights relating to the vessels, containers, handling equipment and other assets. The aggregate carrying values of the assets secured are as follows:

	2014	2013
	US $'000	
Vessels and payments on account of vessels	**867,937**	1,588,449
Containers and handling equipment	**241,474**	294,523
Deposits	**55,336**	17,280
Land and buildings	**8,539**	8,696
	1,173,286	1,908,948

12 Loans and other liabilities (cont'd)

(b) Terms and debt repayment schedule

Regarding the main principles and conditions of the Company's restructured debt see Note 1(b).
Terms and conditions of outstanding loans are as follows:

	December 31, 2014				
	Currency	Effective interest (5)	Year of Maturity	Face value	Carrying Amount (6)
				US $'000	
Debentures :					
Series 4 Notes (1)	US$	Libor + 2.8%	2023	**46,033**	**46,033**
Series 1 Notes (2)	US$	7%	2023	**371,580**	**290,096**
Series 2 Notes (2)	US$	7.9%	2023	**115,642**	**95,273**
Long-term loans (1)	US$	Libor + 2.8%	2015-2021	**196,900**	**196,900**
Long-term loans (3)	US$	8.7%	2026	**65,996**	**32,472**
Long-term loans	mainly US$	(4)	2015-2020	**53,646**	**53,646**
Finance lease liabilities	US$	3.5%-11.3%	2015-2026	**650,256**	**650,256**
Short-term credit from banks	US$	1.89%- Libor +3.8%	2015	**116,326**	**116,326**
Bank overdraft	NIS	Prime + 3%	2015	**139**	**139**
				1,616,518	**1,481,141**

	December 31, 2013				
	Currency	Effective interest (5)	Year of Maturity (7)	Face value	Carrying Amount (6)
				US $'000	
Debentures	NIS	17.2%	(8)	179,798	122,839
Debentures	NIS	29.3%	(8)	169,936	68,768
Debentures	US$	27.7%	(8)	72,445	39,555
Long-term loans	US$	6%-17.3%	2014-2020	314,067	313,853
Long-term loans	US$	25.4%	(8)	61,675	36,238
Long-term loans	Euro	Mainly Euribor + 6.5%	2014-2018	8,347	8,347
Long-term loans	US$	(Libor+1.1%)-8.3%	2014-2022	1,397,294	1,380,565
Long-term loans and other	US$	14.19%-14.29%	(8)	100,510	75,651
Finance lease liabilities	US$	3.5%-10%	2015-2025	376,114	376,114
Finance lease liabilities	US$	Libor + 4%	2014-2017	31,360	30,789
Short-term credit from banks	US$	2.24%-3.91%	2014	47,126	47,126
Short-term credit from banks	RMB	5.82%	2014	4,921	4,921
Short term credit from banks	HKD	4%	2014	15,000	15,000
Bank overdraft	NIS	Prime + 3%	2014	66	66
				2,778,659	2,519,832

(1) Tranche A - See Note 1(b)(a).

(2) Series C and D Notes - See Note 1(b)(d).

(3) Tranche E - See Note 1(b)(e).

(4) Mainly long-term liabilities which are not bearing any interest.

(5) The effective interest rate is the rate that discounts estimated future cash payments or receipts through the contractual life of the financial instrument to the net carrying amount of the financial liability, and it does not necessarily reflect the contractual interest rate.

(6) Regarding the carrying amount of the assets secured against the Company's loans and liabilities see Note 12(a).

12 Loans and other liabilities (cont'd)

(b) Terms and debt repayment schedule (cont'd)

(7) Debentures, long-term loans and liabilities, which were classified as at December 31, 2013 to short-term (see Note 1(b)) are presented according to the contractual maturity periods which would have been required if those loans were not classified to short-term.

(8) Company's debentures and unsecured debt which were annulled as part of the debt restructuring.

Finance lease liabilities are payable as follows (*):

	Minimum lease payments	**Interest**	**Present value of minimum lease payments**	**Minimum lease payments**	**Interest**	**Present value of minimum lease payments**
		2014			**2013**	
			US $'000			
Less than one year	**126,816**	**53,041**	**73,775**	88,811	29,096	59,715
Between one and five years	**460,610**	**148,298**	**312,312**	287,935	77,636	210,299
More than five years	**349,620**	**85,451**	**264,169**	169,854	32,965	136,889
	937,046	**286,790**	**650,256**	546,600	139,697	406,903

(*) Long-term finance lease liabilities, in an amount of US$ 80.2 million, which were classified as at December 31, 2013 to short-term (see Note 1(b)), are presented according to the contractual maturity periods, which would have been required if those loans were not classified to short-term.

Under the terms of the lease agreements, no contingent rents are payable.

The Group signed lease agreements classified as finance leases with respect to vessels and containers. The lease terms range from five to twelve years.
In accordance with most of the lease agreements with respect to containers, the Group has an option to purchase the containers at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable.

In regard to eight sold vessels which were leased back by the Company see Note 1(b)(c).
In regard to five leased vessels which were reclassified as operational leases see Note 1(b)(g).

(c) Financial covenants

In regard to the Company's financial covenants - see Note 1(b)(m).

13 Employee benefits

(a) Composition

	2014	2013
	US $'000	
Present value of obligations (see section (f) below)	**59,014**	60,752
Fair value of the plan assets (see section (f) below)	**(21,664)**	(24,502)
Recognised liability for defined benefit obligations	**37,350**	36,250
Termination benefit - liability for early retirement	**37,867**	37,544
Other long-term benefits	**13,086**	12,524
Short-term benefits:		
Liability for annual leave	**7,631**	7,631
Current portion of liability for early retirement	**13,883**	7,153
Total employee benefits	**109,817**	101,102
Presented in the statements of financial position as follows:		
Short-term (see Note 14)	**21,514**	14,784
Long-term	**88,303**	86,318
	109,817	101,102

(b) Defined contribution pension plans

According to the Israeli Severance Pay Law - 1963, an employee who is dismissed, or who reaches the retirement age, is entitled to severance payments, in a sum equal, in essence, to 8⅓% of his last monthly salary multiplied by the actual months of employment (hereinafter – "Severance Obligation").

The Severance Pay Law allows employers to be relieved from part or all of the Severance Obligation by making regular deposits to pension funds and insurance companies, if it is approved (beforehand) by a relevant regulation or Collective Agreement.

The Group makes regular deposits to pension funds and insurance companies. With respect to some of its employees, the Group makes such payments replacing its full Severance Obligation regarding those employees and, therefore, treats those payments as if they were payments to a defined contribution pension plan. With respect to most of the other employees, the Group makes such payments replacing only (6%)/(8⅓%) of the respective Severance Obligation. Therefore, the Company treats those payments as payments to a defined contribution pension plan and treats the remainder (2⅓%)/(8⅓%) as payments to a defined benefit pension plan.

(c) Defined benefit pension plan

(i) The post-employment liability included in the statement of financial position represents the balance of liabilities not covered by deposits and/or insurance policies in accordance with the existing labour agreements, the Severance Pay Law and the salary components which Management believes entitle the employees to receipt of compensation.

To cover their pension and severance liabilities, the Company and certain of its subsidiaries make regular deposits with recognised pension and severance pay funds in the employees' names and purchase insurance policies.

The reserves in compensation funds include accrued linkage differentials (for Israeli CPI), interest accrued and deposited in compensation funds in banks and insurance companies. Withdrawal of the reserve monies is contingent upon fulfilment of detailed provisions in the Severance Pay Law.

(ii) Group retirees receive, in addition to the pension payments, benefits which consist mainly of a holiday gift and vouchers. The Group's liability in respect of these costs accumulates during the service period. The contractual costs are in respect of the post-employment period, based on an actuarial calculation for existing retirees and for the serving employees entitled to this benefit according to their contractual retirement age.

13 Employee benefits (cont'd)

(d) Other long-term employee benefits

(i) Provision for annual absence

Under the labour agreement, employees retiring on pension are entitled to certain compensation in respect of unutilised annual absence. The provision was calculated on the basis of actuarial calculations. The actuarial assumptions include those noted in section (g) below, as well as assumptions in connection with this section based on the Group's experience according to the likelihood of payment of annual absence pay at retirement age and utilisation of days by the LIFO method.

(ii) Company participation in education fees for children of employees studying in higher educational institutions

Under the labour agreement, employees are entitled to the participation of the Company in education fees for their children. The provision was calculated on the basis of actuarial calculations. The actuarial assumptions include those noted in section (g) below, as well as assumptions in connection with this section based on the Company's experience according to the likelihood of payment of educational fees.

(e) Benefits in respect of severance and voluntary early retirement

According to agreements reached with certain employees who retired early, these employees are entitled to a pension from the Group until they reach regular retirement age. A provision, computed on the basis of the present value of the early retirement payments is included in the Consolidated Statement of Financial Position.

As to early retirement agreements signed during 2013 and 2014, see (h) below.

(f) Movement in the present value of the defined benefit pension plan obligation

	2014	2013
	US $'000	
Defined benefit obligation at January 1	**60,752**	56,753
Benefits paid by the plan	**(6,415)**	(5,436)
Current service cost and interest	**5,016**	3,032
Foreign currency exchange changes in plan of which the relevant functional currency different from the entity's functional currency recognised directly in other comprehensive income		69
Foreign currency exchange changes in plan measured in a currency different from the entity's functional currency	**(5,517)**	3,177
Exit from consolidation		(1,869)
Change in method		4,382
Actuarial losses recognised in other comprehensive income	**5,178**	644
Defined benefit obligation at December 31	**59,014**	60,752

Movement in the present value of plan assets

	2014	2013
	US $'000	
Fair value of plan assets at January 1	**24,502**	22,289
Contribution paid into the plan	**1,406**	1,567
Benefits paid by the plan	**(4,214)**	(3,670)
Return on plan assets	**1,176**	916
Foreign currency exchange changes in plan of which the relevant functional currency different from the entity's functional currency recognised directly in other comprehensive income		137
Foreign currency exchange changes in plan measured in a currency different from the entity's functional currency	**(2,160)**	1,203
Exit from consolidation		(2,000)
Change in method		4,382
Actuarial gains (losses) recognised in other comprehensive income	**954**	(322)
Fair value of the plan assets at December 31	**21,664**	24,502

13 Employee benefits (cont'd)

(f) Movement in the present value of the defined benefit pension plan obligation (cont'd)

Plan assets comprise

	2014	2013
	US $'000	
Equity instruments	**5,215**	6,171
Debt instruments	**12,379**	14,157
Cash and deposits	**1,698**	1,490
Other	**2,372**	2,684
	21,664	24,502

(g) Actuarial assumptions

The principal actuarial assumptions at the reporting date:

(i) Annual resignation and dismissal rates were determined on the basis of the past experience of the Group; for employees of the Company the resignation rate is estimated between 0.5%-7% and the dismissal rate is estimated between 0.5% and 3%. For the subsidiaries, the resignation rate is estimated at between 2% and 3% and the dismissal rate is estimated at between 1% and 2%.

(ii) The relevant discount rates are as follows:

	2014	2013	2012
Early retirement	**0.6%-1.9%**	1.86%	1.56%-2.4%
Annual absence	**2.8%-3.1%**	3.9%	4%
Long service gift	**3.1%-3.6%**	1.42%-2.5%	1.56%-2.5%
Tuition fees	**1.4%-2.4%**	1.34%	1.5%-1.56%
Defined benefit plan	**2.2%-4.1%**	3.25%-3.92%	3.92%-5%

(iii) Assumptions regarding future salary growth were made on the basis of the Group's experience and management's assessments. The Company - for on shore employees the average future salary growth increment is 3.5%, for off - shore employees the average future salary growth increment is 4%.

The subsidiaries - average future salary growth increments for employees is between 2% and 4%.

Assumptions regarding future morality are based on published statistics and morality tables.

(iv) The overall contractual long-term rate of return on assets is between 2.2% and 7% per year in 2014, between 3.8% and 7% per year in 2013 and between 4.4% and 5% in 2012. The contractual long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

(v) It is assumed that there is no real increase in the benefits in accordance with Company policy.

(vi) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined benefit obligation	
	At December 31, 2014	
	Increase	Decrease
	US $'000	
Discount rate (0.5% movement)	**(1,855)**	**1,855**
Future salary growth (0.5% movement)	**2,089**	**(2,089)**

As at December 31, 2014, the weighted average duration of the defined benefit obligation was 9 years (as at December 31, 2013 - 8.5 years).

In 2015, the Group expects to pay about US$ 1,200 thousands in contributions to the funded defined benefit pension plan.

13 Employee benefits (cont'd)

(h) During the second quarter of 2013, an agreement was signed between the Company and the employees union, determining, among other things, an early retirement of mutually agreed number of employees. The liability in respect of the early retirement plan in an amount of US$ 24 million was recognized under “termination benefit expenses”.
Furthermore, as part of the Company's restructuring, additional early retirement was agreed.
The liability in respect of the additional early retirement plan was recognized during the third quarter of 2014 under “termination benefit expenses”.

(i) On December 6, 2010 the Company’s Board of Directors approved a long-term cash bonus plan (hereinafter – the phantom) for a group of senior executives, including the Company’s CEO, which entitles them to a monetary compensation calculated according to the mechanism specified in the plan.

As at December 31, 2013 there was no value to the phantom unit. The plan was cancelled with effect as from the restructuring date.

(j) The Company approved a new compensation plan for the Company's employees and all of its management (the "Plan") for the year 2015, composed of increases in salaries as well as cash bonuses. The payment of cash bonuses under the Plan is subject to the satisfaction of certain pre-conditions, such as profitability and minimum EBITDA, while the actual bonus that may be paid to each participant under the Plan is based on each participant's meeting of certain key performance indicators (determined based on the overall performance of the Company and the individual performance of each participant). The maximum amount of bonus that may be paid under the Plan is approximately $30 million.

14 Trade and other payables, including derivatives

	2014	2013
	US $’000	
Trade payables		
Open debts	**339,449**	401,163
Cheques payables	**1,417**	5,694
Total trade payables	**340,866**	406,857
Other payables		
Liabilities to employees and other liabilities for salaries	**9,386**	5,628
Provision for annual leave and early retirement (see Note 13(a))	**21,514**	14,784
Government institutions	**11,238**	14,664
Accrued interest	**7,248**	25,783
Accrued expenses	**28,598**	32,744
Payables and other credit balances	**29,831**	23,215
Total other payables	**107,815**	116,818
Derivatives not used for hedging	**13,106**	
	461,787	523,675

All of the trade and other payables are contractual to be settled within one year or are repayable on demand.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Provisions

	Claims covered by insurance
	US $'000
Balance at January 1, 2014	28,815
Provisions made during the year	**8,737**
Provisions used during the year	**(1,841)**
Provisions reversed during the year	**115**
Balance at December 31, 2014	**35,826**

Legal and employee claims
For legal claims filed against the Group see Note 26.

Claims covered by insurance
Claims covered by insurance represent mainly provision for damage to cargo of customers that was shipped in containers at the responsibility of the Company. The Company has agreements with insurance companies that indemnify it in respect of such damages (other than the self participation provided in the insurance agreements). Regarding assets that were recognised in respect thereto, see Note 8, under insurance recoveries.

16 Income from voyages and related services

	2014	2013	2012
		US $'000	
Shipping	**3,329,945**	3,468,722	3,659,328
Other	**78,814**	213,519	301,042
	3,408,759	3,682,241	3,960,370

17 Operating expenses and cost of services

	2014	2013	2012
		US $'000	
Wages and expenses relating to seagoing personnel	**28,951**	34,872	35,694
Maintenance and repair of vessels	**11,456**	15,458	14,157
Expenses relating to fleet equipment (mainly containers and chassis)	**24,338**	28,643	27,877
Fuel and lubricants (*)	**692,179**	850,108	1,010,185
Insurance	**15,438**	17,988	19,793
Expenses incidental to cargo handling	**1,319,897**	1,348,801	1,349,785
Port expenses	**271,625**	286,648	274,206
Agents' commissions	**155,430**	168,797	175,503
Cost of related services and sundry	**119,081**	230,909	266,418
Operating lease charges:			
- hire of vessels	**447,273**	498,156	528,019
- hire of containers	**79,792**	74,334	64,529
	3,165,460	3,554,714	3,766,166

(*) Including loss from change in fair value of fuel derivatives in an amount of US$ 20.8 million and US$ 7.7 million in 2014 and 2012, respectively.

18 Other operating income

	2014	2013	2012
		US $'000	
Capital gain, net		(**) 72,459	(*) 31,658
Sundry	**9,021**	5,485	2,745
	9,021	77,944	34,403

(*) Mainly from sale and lease back of containers.
(**) Mainly from sale and lease back of containers and sale of investments. See Note 7(a) and (b).

19 Other operating expenses

	2014	2013	2012
		US $'000	
Capital loss, net (*)	**107,799**		
Impairment, net (**)	**117,800**	7,000	5,223
Sundry	**1,861**	832	242
	227,460	7,832	5,465

(*) Including US$ 110 million restructuring Day 1 effect.
(**) See Notes 1(b)(b), 5 and 7(c).

20 General and administrative expenses

	2014	2013	2012
		US $'000	
Salaries and related expenses	**93,571**	90,246	81,418
Office equipment and maintenance	**17,656**	16,111	15,770
Depreciation and amortisation	**15,002**	15,350	21,129
Consulting and legal fees	**14,238**	11,881	9,354
Travel and vehicle expenses	**5,534**	6,223	5,789
Communication expenses	**1,139**	1,452	1,245
Management fees	**1,004**	2,139	2,092
Advertisement expenses	**1,067**	1,125	987
Other	**3,829**	4,076	4,609
	153,040	148,603	142,393

21 Personnel expenses

	2014	2013	2012
		US $'000	
Salaries and related expenses:			
Operating expenses	**172,097**	180,529	170,973
General and administrative	**93,571**	90,246	81,418
Total salaries and incidentals	**265,668**	270,775	252,391

22 Depreciation and amortisation expenses

	2014	2013	2012
		US $'000	
Operating expenses:			
Depreciation	**112,022**	143,994	154,346
Maintenance and repair of vessels	**588**	379	379
General and administrative - depreciation and amortisation	**15,002**	15,350	21,129
	127,612	159,723	175,854

23 Finance income and expenses

(a) Finance income

	2014	2013	2012
		US $'000	
Restructuring gain, net	**185,967**		
Net change in fair value of financial assets at fair value through profit or loss	**1,183**		
Interest income	**4,326**	3,370	2,799
Net foreign currency exchange rate differences	**1,776**		
	193,252	3,370	2,799

(b) Finance expenses

	2014	2013	2012
		US $'000	
Net change in fair value of financial assets at fair value through profit or loss (*)		105,852	23,396
Interest expenses	**134,067**	164,264	166,320
Net foreign currency exchange rate differences		41,231	23,197
Net change in fair value of cash flow hedge transferred from comprehensive income			72
Impairment losses on trade and other receivables	**2,380**	2,426	1,481
Restructuring expenses	**23,000**	16,346	
	159,447	330,119	214,466

(*) Comprise mainly from change in fair value of derivatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Income tax

(a) Measurement of results for tax purposes

The Company measures its results for tax purposes on the basis of changes in the exchange rate of the United States dollar and maintains its books for tax purposes in United States dollar, as stipulated by the relevant regulations.
Israeli subsidiaries are taxed under the Israeli Income Tax ordinance - 1961. Non-Israeli subsidiaries are taxed under the laws in their countries of residence.

	2014	2013	2012
		US $'000	
Current tax expenses			
Current period	**20,970**	20,553	19,952
Adjustments for prior periods	**1,258**	1,637	125
	22,228	22,190	20,077
Deferred tax expenses			
Origination and reversal of temporary differences (*)	**(41,167)**	(25)	(132)
Previous years deferred taxes	**4**	696	(1,157)
	(41,163)	671	(1,289)
Total income taxes in income statements	**(18,935)**	22,861	18,788

(*) See Note 1(b)(k).

(b) Reconciliation of effective tax rate

The reconciliation is based on the Company's domestic tax rate.

	2014	2013	2012
		US $'000	
Loss for the year	**(198,143)**	(530,245)	(427,575)
Less, share of profits of associates	**(12,495)**	(9,975)	(9,177)
Income taxes	**(18,935)**	22,861	18,788
Loss excluding income taxes	**(229,573)**	(517,359)	(417,964)
Income tax using the domestic corporation tax rate	**(60,837)**	(129,340)	(104,491)
Current year losses for which no deferred tax asset was recognized	**152,680**	145,753	111,284
Effect of tax rates in foreign jurisdictions	**8,731**	9,662	7,269
Non-deductible expenses	**(1,930)**	2,197	12,570
Effect of different tax rates on specific gains	**(739)**	(6,671)	(8,152)
Tax losses carry forward which were utilized during the year for which no deferred tax assets were created in previous years.	**(118,190)**		
Other	**1,350**	1,260	308
	(18,935)	22,861	18,788

24 Income tax (cont'd)

(c) Deferred tax assets and liabilities

(1) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
	US $'000					
Vessels, containers, handling equipment and other tangible assets (*)			**(226,402)**	(282,078)	**(226,402)**	(282,078)
Financial liabilities	**21,916**				**21,916**	
Employee benefits	**27,386**	23,995			**27,386**	23,995
Tax losses carry-forwards	**181,223**	260,791			**181,223**	260,791
Other items			**(3,139)**	(1,709)	**(3,139)**	(1,709)
Net deferred tax (assets) /liabilities	**230,525**	284,786	**(229,541)**	(283,787)	**984**	999
Net deferred tax assets recognised in the statement of the financial position					**1,332**	1,349
Net deferred tax liabilities recognised in the statement of the financial position					**(348)**	(350)
					984	999

(*) In accordance with Israeli Income Tax Regulations the Group is entitled to deduct depreciation on vessels and related equipment at a higher rate than that recorded in the financial statements.

(2) Unrecognised deferred tax assets

On December 31, 2014 there are carry forward tax losses in the amount of US$ 2,223 million (2013: US$ 2,414 million).

Deferred tax assets have not been recognised in respect of the tax losses in the amount of US$ 412 million at December 31, 2014 (2013: US$ 363 million) because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

Under existing Israeli tax laws, there is no time limit on utilising tax losses.

24 Income tax (cont'd)

(d) Movement in deferred tax assets and liabilities during the year

	Vessels containers handling equipment and other tangible assets	Financial liabilities	Employee benefits	Accumulated tax losses	Other items	Total
			US $'000			
Balance January 1, 2014	282,078		(23,995)	(260,791)	1,709	(999)
Recognised in profit or loss	**(55,676)**	**(21,916)**	**(3,413)**	**38,414**	**1,428**	**(41,163)**
Recognised directly to equity				**41,154**		**41,154**
Recognised in other comprehensive income			**22**		**2**	**24**
Balance December 31, 2014	**226,402**	**(21,916)**	**(27,386)**	**(181,223)**	**3,139**	**(984)**

	Vessels containers handling equipment and other tangible assets	Employee benefits	Accumulated tax losses	Other items	Total
			US $'000		
Balance January 1, 2013	281,311	(20,621)	(267,189)	821	(5,678)
Recognised in profit or loss	(15,213)	(4,534)	19,570	848	671
Recognised in other comprehensive income		2,443			2,443
Impact of change in tax rate	15,968	(1,262)	(14,625)	(81)	
Exit from consolidation	12	(21)	1,453	121	1,565
Balance December 31, 2013	282,078	(23,995)	(260,791)	1,709	(999)

(e) Amendments to the Israeli Income Tax Ordinance

On December 5, 2011 the Knesset approved the Law to Change the Tax Burden (Legislative Amendments) - 2011. According to the law the Company's tax rate is 25% as from 2012.
On August 5, 2013, the Law for Changing National Priorities - (Legislation Amendments for Achieving Budget Goals for 2013 and 2014) - 2013 was published in the Official Gazette. It determined, inter alia, an increase of the companies' tax rate from the tax year 2014 and onwards, to a rate of 26.5% (instead of 25%).

(f) Tax assessments

The tax assessments of the Company through the year 2009 considered to be final.

25 Commitments

(a) Commitments in respect of the chartering of vessels and their equipment and others (for a period exceeding one year):

As at December 31, 2014, the projected future charter and operating lease payments are as follows:

	Related party	Other	Total
		US$ million	
2015	**28**	**206**	**234**
2016	**27**	**172**	**199**
2017	**19**	**143**	**162**
2018	**15**	**141**	**156**
2019	**10**	**92**	**102**
2020 and thereafter	**23**	**196**	**219**
	122	**950**	**1,072**

Lease payments are mainly in United States dollar.

See Note 1(b), (c), (f), (g) and (j) as to the impact of the debt restructuring over the Company's charter arrangements.

(b) Commitments to acquire new vessels

(1) The Company entered into contracts (which have been amended during the years 2010-2013) with a shipyard for the building of 4 container vessels with a capacity of 8,800 TEU's each.

The due date for payment of the next instalment was scheduled to January 31, 2014, however the contracts were cancelled.

As a result during 2013, the Company derecognized payments on account of the 4 vessels in an amount of approximately US$ 72 million. The Company is not obliged to pay to the shipyard additional payments beyond the down-payments already paid.

(2) The Company entered into contracts with another shipyard for the building of 9 container vessels with a capacity of 12,600 TEU's each.

(a) During March 2013, the Company and the aforementioned shipyard agreed on a cancellation of the building orders of 5 container vessels, in return for a refund to the Company of US$ 30 million out of the down payments made. As a result, during 2012 the Company derecognized payments on account of these vessels in an amount of US$ 60 million.

(b) In regard to additional four container vessels, as at December 31, 2012, since the Company was uncertain whether it will be able to meet the conditions necessary in order to receive any refund from the shipyard, the Company has derecognized payments on account of these vessels in an amount of US$ 73 million. During 2014, the contracts for those vessels were cancelled.

The Company will not receive any additional refunds and is not obliged to pay to the shipyard additional payments beyond the down-payments already paid.

26 Contingencies

(a) As at December 31, 2014, the Company is a party to arbitrations and legal claims (not including claims in the ordinary course of business, which are covered by insurance and in respect of which the Company has included a provision in the amount it is likely to bear, based on past experience) in the total amount of US$ 22 million. Regarding the provision recognized in respect of the arbitrations and legal claims- see Note 15.

(b) The Company was involved as a respondent in an application for the approval of a derivative action filed to the District Court by several shareholders (hereinafter- "the plaintiffs") of the Israeli Corporation Ltd. ("IC").

During 2012 the parties reached a compromise, which was approved by the court, according to which the Company undertook to pay to IC an amount of US$ 12 million (NIS 45 million) subject to certain terms and conditions, as agreed.

In light of the fact that the payment is contingent upon the occurrence of future conditions that have not yet taken place (such as amount other, the existence of retained earnings and compliance with the distribution terms), the Company did not record any provision for such settlement.

As to the waiver received from IC relating the said settlement and the terms of such waiver, see Note 1(b)(i).

(c) **Urgent Motion under Section 350 (a)**

Pursuant to proceedings initiated by the Company before the District Court in Haifa (the "Court") under Section 350(a) of the Israeli Companies Law, 1999 (the "Companies Law"), the Court confirmed on July 15, 2014 the Restructuring arrangement by and among the Company, its shareholders and holders of rights to receive and/or acquire shares of the Company. According to said arrangement, on the closing of the Company's debt restructuring (the "Closing"), all the Company's shares (other than the Special State Share) and options shall become null and void. In addition, pursuant to the Court's ruling, at the closing the Company's memorandum has been cancelled, and the Company's articles of association were replaced by new articles of association.

(d) On June 29, 2014 the National Association of Sea Officers of the new General Labor Federation filed an urgent request for the intervention of the supreme Court in the proceedings taking place in the District Court regarding Zim's submission of the application according to Section 350(a) of the Companies Law. Zim opposed the filing of the urgent request. The Supreme Court decided not to intervene in the ongoing proceeding of the District Court.
On July 13, 2014 as per the request of the National Association of Sea Officers of the new General Labor Federation, with the consent of Zim, the Supreme Court struck out the petition, without an award for costs.

(e) **Derivative Action - August 2014**

On August 5, 2014 a petition for approval of a derivative action was submitted to the District Court in Tel Aviv by a shareholder of IC against, among others, IC and the Company. The petitioner argues that the transaction executed by IC in connection with its participation in the Company’s restructuring deviates from the approval of IC's shareholders meeting and that the condition precedent to the execution of IC’s participation in the restructuring, as approved by such meeting, regarding the transferability of the shares in the Company was not fulfilled. The petitioner moves to have the defendants (other than IC and the Company) to convene IC's shareholders meeting to approve IC’s participation in the Company’s restructuring or have the defendants (other than IC) compensate IC in the amount of US$ 27.4 million which, as argued, reflects the damage caused to IC due to its participation in the Company's restructuring, being the decreased value of the Company’s shares held by IC in consideration therefore, due to the incompletion of the said condition precedent. Management is unable to estimate the probability or the effect of an adverse outcome on the Company’s business, if any. Therefore no provision was recorded in relate to the said derivative action.

27 Related parties

After the completion of the Company's debt restructuring, IC holdings in the Company's issued share capital were diluted from 99.7% to 32%. As a result, as at the balance sheet date IC is no longer have a control, but rather a significant influence over the Company (see Note 1(b)(i)). Therefore, transactions with IC and its subsidiaries which took place after the restructuring are included in (b) below.
Furthermore, the financial creditors and ship owners received, among other things, shares aggregating to 68% of the Company's issued share capital (see Note 1(b)(h)).

(a) Parent company:

(1) Transactions:

	Note	2014	2013	2012
			US $'000	
General and administrative expenses	20	**1,056**	2,081	1,808
Finance expenses (income), net	23	**5,443**	10,830	15,481

(2) Balances:

	Note	2014	2013
		US $'000	
Trade and other payables	14		660
Loans and other liabilities (*)	12		183,194

(*) In 2013, net of asset in an amount of US$ 52,961 thousands.

(b) Entities with significant influence over the company:

(1) Transactions:

	Note	2014	2013	2012
			US $'000	
Finance expenses, net	23	**168**		

(2) Balances:

	Note	2014	2013
		US $'000	
Loans and other liabilities	12	**65**	

(c) Associates:

(1) Transactions:

	Note	2014	2013	2012
			US $'000	
Other operating income	18	**539**	601	255
Finance income	23(a)	**989**	1,594	1,215
Operating expenses and cost of services	17	**9,956**	12,572	11,386
General and administrative expenses	20			4

(2) Balances:

	Note	2014	2013
		US $'000	
Trade and other receivables	8	**69,523**	92,321
Trade and other payables	14	**9,351**	7,875

27 Related and Interested Parties (cont'd)

(d) Key management personnel (**):

	2014	2013	2012
		US $'000	
Short-term employee benefits (*)	**5,436**	1,519	1,390
Long-term employee benefits (*)	**501**	295	250
(*) Numbers of persons	**6**	3	3

(**) See Notes 13(i) and 13(j).

(e) Other related parties (excluding those detailed in (a)-(d) above)

(1) Transactions:

	Note	2014	2013	2012
			US $'000	
Income from voyages and related services	16	**19,109**	20,126	22,887
Operating expenses and cost of services (*)	17	**42,688**	189,525	214,494
Other operating income	18	**94**	1,962	76
General and administrative expenses	20		17	9
Finance income	23(a)		2	22
Finance expenses	23(b)	**10,502**	24,395	31,419

(*) See also Note 25.

(2) Transactions with directors:

	2014	2013	2012
		US $'000	
Directors fees	**925**	306	402

(3) Balances:

	Note	2014	2013
		US $'000	
Cash and cash equivalents	10		206
Trade and other receivables	8	**1,946**	2,224
Trade and other payables, including derivatives	14	**408**	18,092
Loans and other liabilities	12		(*) 275,615
Debentures	12		3,704

(*) As at December 31, 2013, including long-term loans which were classified to short-term - see Note 1(b).

(f) Regarding transactions with related parties see also Note 25 and Note 1(b).

28 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout the Financial Statements.

In order to manage these risks and as described hereunder, the group executes from time to time transaction in derivative financial instruments.

The CFO has overall responsibility for the establishment and oversight of the Group's risk management framework. The Company's Board of Directors has established Finance Committee. The Finance Committee is dealing with certain financial reporting aspects of the Group's activities and monitoring the Group's hedging policies. The committees report to the Company Board of Directors on their activities.

As at December 31, 2014, the fair value of derivative transactions for fuel prices hedges (level 2 measurement) in an amount of US$ 13.1 million and US$ 1.4 million are presented under current liabilities and current assets, respectively.
Fair value of fuel options is measured based on Black Sholes model. Fair value of fuel swap contracts is measured by discounting the future cash flows over the period of the contract using risk free interest rates based on zero coupon US treasury bond.

(a) Credit risk

Trade and other receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each significant customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has also an influence on credit risk.
The income of the Group is derived from income from voyages and services in different countries worldwide. The exposure to a concentration of credit risk with respect to trade receivables is limited due to the relatively large number of customers, wide geographic spread and the ability in some cases to auction the contents of the container, the value of which is most likely to be greater than the outstanding debt. The maximum exposure to credit risk is represented by the carrying value of each financial asset, in the financial position.

The Group has established a credit policy under which each new credit customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes financial analysis from external sources. Credit limits are established for each customer, which represents the maximum open amount approved by the relevant level of authorisation. These limits are reviewed periodically, at least once a year. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

Most of the Group's customers have been transacting with the Group for a few years and losses have occurred infrequently. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and future sales are made on a cash basis, unless otherwise approved by the credit committee.

In some cases, based on their robustness, customers are requested to provide guarantees.

Specific provisions for doubtful debts are made to reflect the potential losses inherent in debts whose collection is doubtful in management's estimation.

28 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Investments

The Company's policy is to invest its cash surplus mainly in time deposits in US dollar.

The funds are deposited in Israeli banks with local rating of AA-/Aa3 (or better) and in international banks with rating of A-/A3 (or better).

The investment policy is reviewed from time to time by the Company's finance committee and the board of directors, and is subject to change.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Security and other credit enhancements:

As at December 31, 2014 credit to retail customers in the amount of approximately US$ 86 million is guaranteed by credit insurance.

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

		December 31, 2014					
		Carrying amount	Contractual cash flows	0-1 years	1-2 years	2-5 years	More than 5 years
	Note	US $'000	US $'000	US $'000	US $'000	US $'000	US $'000
Non-derivative financial liabilities							
Debentures	12(a)	**431,402**	**676,885**	**22,010**	**22,249**	**124,205**	**508,421**
Long-term loans and other liabilities (*)	12(a)	**897,710**	**1,258,087**	**219,914**	**158,807**	**421,149**	**458,217**
Bank overdraft and short-term loans(**)	12(a)	**116,465**	**119,209**	**119,209**			
Trade and other payables	14	**391,193**	**391,193**	**391,193**			
		1,836,770	**2,445,374**	**752,326**	**181,056**	**545,354**	**966,638**
Derivatives not used for hedging	12(a)	**13,106**	**13,106**	**13,106**			
		1,849,876	**2,458,480**	**765,432**	**181,056**	**545,354**	**966,638**

(*) Includes current portion of long-term liabilities.

(**) Excludes current portion of long-term liabilities.

		December 31, 2013 (*)					
		Carrying amount	Contractual cash flows	0-1 years	1-2 years	2-5 years	More than 5 years
	Note	US $'000	US $'000	US $'000	US $'000	US $'000	US $'000
Non-derivative financial liabilities							
Debentures	12(a)	231,162	666,973	24,093	25,683	119,249	497,948
Long-term loans and other liabilities (**)	12(a)	2,221,557	2,769,906	360,994	465,843	861,043	1,082,026
Bank overdraft and short-term loans(***)	12(a)	67,113	69,333	69,333			
Trade and other payables	14	481,776	481,776	481,776			
		3,001,608	3,987,988	936,196	491,526	980,292	1,579,974
Derivatives not used for hedging	12(a)	754	754	578	8	160	8
		3,002,362	3,988,742	936,774	491,534	980,452	1,579,982

(*) Debentures, long-term loans and liabilities, which were classified to short-term are presented according to the contractual maturity periods which would have been required if those loans were not classified to short-term.

(**) Includes current portion of long-term liabilities and long-term liabilities which were classified to short-term.

(***) Excludes current portion of long-term liabilities and long-term liabilities which were classified to short-term.

28 Financial risk management (cont'd)

(c) Market risk

The Group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Hedging Committee.

(1) Currency risk

The Group is exposed to currency risk on purchases, receivables and payables where they are denominated in a currency other than the United States dollar.

The Group's policy is to reduce the exposure to currency risk in order to prevent losses from this exposure. The Group uses forward exchange contracts to hedge its currency risk. These transactions do not meet the criteria for hedging for accounting purposes and therefore the change in the fair value is recognised directly in profit or loss. Currency hedging levels are determined on a quarterly basis by the Hedging Committee. During 2014 and 2013 the Company did not enter into such contracts.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	December 31, 2014		
	US$	NIS	Others
	US$'000	US$'000	US$'000
Non-current assets			
Trade and other receivables			**30,590**
Other non current investments	**70,678**	**5**	**2,971**
Current assets			
Other current investments (*)	**59,936**	**64**	**17,836**
Trade and other receivables	**174,723**		**80,334**
Cash and cash equivalents	**193,163**	**4,772**	**32,580**
Non-current liabilities			
Loans and other liabilities	**(1,161,081)**	**(381)**	**(2,581)**
Current liabilities			
Bank overdraft and loans	**(277,502)**	**(899)**	**(3,133)**
Trade and other payables (*)	**(235,772)**	**(44,027)**	**(111,394)**
Derivatives not used for hedging	**(11,745)**		
	(1,187,600)	**(40,466)**	**47,202**

(*) Excludes derivatives (shown separately).

	December 31, 2013		
	US$	NIS	Others
	US$'000	US$'000	US$'000
Non-current assets			
Trade and other receivables (*)	7,482	1,078	29,172
Current assets			
Other current investments	17,080		1,175
Trade and other receivables (*)	137,201		108,211
Cash and cash equivalents	88,431	5,019	29,848
Non-current liabilities			
Loans and other liabilities (*)	(645,500)	(868)	(626)
Current liabilities			
Bank overdraft and loans (*)	(1,629,295)	(1,003)	(11,378)
Trade and other payables	(298,089)	(66,274)	(117,413)
Debentures	(39,555)	(191,607)	
Derivatives not used for hedging	(754)		
	(2,362,999)	(253,655)	38,989

(*) Excludes derivatives (shown separately).

28 Financial risk management (cont'd)

(c) Market risk (cont'd)

(1) Currency risk (cont'd)

Sensitivity analysis

A 10 percent strengthening of the United States dollar against NIS at December 31 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been performed on the same basis for 2014 and 2013.

	Equity/ Profit or loss
	US $'000
December 31, 2014	3,679
December 31, 2013	23,060

A 10 percent weakening of the United States dollar against the NIS on December 31 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(2) Interest rate risk

The Group prepares a summary of its exposure to interest rate risk on a quarterly basis. The Group uses derivatives (interest rate swap and collar transaction) in order to reduce the effect of possible variations in interest rates.

The transactions were constructed in order to hedge the cash flows of US Dollar long-term loans from variable to fixed interest rates.

Hedging levels are determined on a quarterly basis by the hedging committee. During 2014 and 2013 the Company did not enter into such transactions.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2014	2013
	US $'000	US $'000
Fixed rate instruments		
Financial assets	**382,834**	148,773
Financial liabilities	**(1,150,956)**	(1,020,715)
	(768,122)	(871,942)
Variable rate instruments		
Financial assets	**29,368**	23,453
Financial liabilities	**(290,358)**	(1,406,190)
	(260,990)	(1,382,737)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A 10% change in interest rates at the reporting date would not have significant influence over the Company's equity and profit or loss (assuming that all other variables, in particular foreign currency rates, remain constant).

(3) Other market price risk

The Group does not enter into commodity contracts other than to meet the Group operational needs. These transactions do not meet the criteria for hedging for accounting purposes and therefore the change in the fair value is recognised directly in profit or loss.

Commodity hedging levels are determined on a quarterly basis by the hedging committee.

28 Financial risk management (cont'd)

(d) Fair value

(1) Financial instruments not measured at fair value

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, other short-term investments, deposits, derivatives, bank overdraft, short-term loans and borrowings, trade payables and other payables are the same or proximate to their fair value.

The fair values of the remaining financial assets and liabilities, together with the carrying amounts including their levels in the fair value hierarchy shown in the statements of financial position, are as follows:

		December 31, 2014		December 31, 2013 (*)	
		Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
	Note	US $'000	US $'000	US $'000	US $'000
Debentures	12(a)	**(431,402)**	**(412,679)**	(231,162)	(290,095)
Long-term loans and other liabilities (**)		**(897,710)**	**(892,649)**	(2,198,089)	(1,176,658)

(*) As at December 31, 2013 including current portion of debentures, long-term liabilities and loans classified as current liabilities. See Note 1(b).

(**) Excluding derivatives.

The valuation technique which used in order to measure the fair value was the discounted cash flows technique. The interest rates used to discount estimated cash flows, were estimated by external evaluator based on a synthetic rating calculated using accepted methodology and considering rating-appropriate interest rate curves, and were as follows:

	2014	2013
	US $'000	
Debentures - US dollar linked	**6.13%-8.43%**	18.97%
Debentures - CPI linked		15.77%-16.98%
Loans and other liabilities (mainly United States dollars)	**1%-10.25%**	14%-67%

(2) Financial instruments measured at fair value

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values of categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: inputs that are not based on observable market data (unobservable inputs).

As at December 31, 2014 and 2013 such analysis is immaterial.

(3) Level 3 financial instruments carried at fair value

As at December 31, 2014 such analysis is immaterial.

	2013	
	Financial assets	Financial liabilities
	Derivatives not used for hedging	Derivatives not used for hedging
	US $'000	
Balance as at January 1, 2013	106,916	(2,764)
Total gains (losses) recognized in finance expenses	(106,916)	2,588
Balance as at December 31, 2013		(176)

29 Significant accounting estimates and judgements

The significant accounting estimates and judgements are as follows:

(i) Assessment of impairment of non-current assets

The Group assesses the recoverable amount of non-current assets based on their fair value less costs of disposal. Fair value is the price that would be received to sell the asset in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price). The fair value is determined using the discounted cash flow method and takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use. The significant assumptions used in the valuation are the terminal growth rate and the discount rate.

(ii) Recognition of deferred tax assets in respect of tax losses

Management of the Company evaluates whether it is probable that in the foreseeable future there will be taxable profits against which losses can be utilized and accordingly it recognizes (or does not recognize) deferred tax assets. For further information on losses for which a deferred tax asset was not recognized, see Note 24 regarding taxes on income.