

# **Financial Statements**

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# Consolidated Income Statement

For the financial year ended 31 December 2016

	Note	2016 US\$'000	2015 US\$'000
Revenue	4	<b>3,042,787</b>	2,674,739
Cost of sales		<b>(2,827,210)</b>	(2,429,527)
Gross profit		<b>215,577</b>	245,212
Other income	5	<b>4,328</b>	5,745
Other losses (net)	6	<b>(6,401)</b>	(61,707)
Expenses			
- Selling and distribution		<b>(93,577)</b>	(101,154)
- Administrative		<b>(70,557)</b>	(65,157)
- Finance	9	<b>(10,717)</b>	(10,305)
Share of profit of associated company	20	<b>34</b>	24
Profit before tax		<b>38,687</b>	12,658
Income tax expense	10(a)	<b>(17,850)</b>	(5,531)
<b>Profit after tax</b>		<b>20,837</b>	7,127
<b>Profit after tax attributable to:</b>			
Equity holders of the Company		<b>20,801</b>	6,496
Non-controlling interests		<b>36</b>	631
		<b>20,837</b>	7,127
Earnings per share attributable to equity holders of the Company (expressed in US cents per share)			
- Basic and diluted	12	<b>1.39</b>	0.43

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	2016 US\$'000	2015 US\$'000
<b>Profit after tax</b>	<b>20,837</b>	7,127
<b>Other comprehensive (loss)/income:</b>		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from foreign subsidiaries	<b>(11,017)</b>	(39,552)
Item that will not be reclassified subsequently to profit or loss:		
Realisation of asset revaluation reserve upon disposal of property, plant and equipment	<b>50</b>	476
<b>Other comprehensive loss, net to tax</b>	<b>(10,967)</b>	(39,076)
<b>Total comprehensive income/(loss)</b>	<b>9,870</b>	(31,949)
<b>Total comprehensive income/(loss) attributable to:</b>		
Equity holders of the Company	<b>9,876</b>	(32,500)
Non-controlling interests	<b>(6)</b>	551
	<b>9,870</b>	(31,949)

The accompanying notes form an integral part of these financial statements.

## Balance Sheet - Group

As at 31 December 2016

	Note	2016 US\$'000	2015 US\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories	13	222,629	328,034
Trade receivables	14	256,413	239,454
Other receivables	15	51,457	51,635
Current income tax recoverable	11	6,535	5,064
Derivative financial instruments	16(a)	49,654	42,015
Cash and cash equivalents	17	50,034	45,603
		<b>636,722</b>	<b>711,805</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	326,953	330,745
Investment in associated company	20	348	330
Deferred income tax assets	24	9,735	11,403
Derivative financial instruments	16(b)	3,234	645
		<b>340,270</b>	<b>343,123</b>
<b>Total assets</b>		<b>976,992</b>	<b>1,054,928</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	21	123,968	94,954
Other payables	22	76,975	39,941
Current income tax liabilities	11	4,320	4,013
Derivative financial instruments	16(a)	32,629	44,350
Borrowings	23	194,882	318,076
		<b>432,774</b>	<b>501,334</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	24	27,186	18,398
Borrowings	23	30,983	50,488
		<b>58,169</b>	<b>68,886</b>
<b>Total liabilities</b>		<b>490,943</b>	<b>570,220</b>
<b>NET ASSETS</b>		<b>486,049</b>	<b>484,708</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company:</b>			
Share capital	25	1,501	1,501
Share premium	25	180,012	180,012
Other reserves	26	(85,133)	(74,000)
Retained profits	27(a)	392,380	379,757
		<b>488,760</b>	<b>487,270</b>
<b>Non-controlling interests</b>		<b>(2,711)</b>	<b>(2,562)</b>
<b>Total equity</b>		<b>486,049</b>	<b>484,708</b>

The accompanying notes form an integral part of these financial statements.

# Balance Sheet - Company

As at 31 December 2016

	Note	2016 US\$'000	2015 US\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Other receivables	15	275,685	216,340
Derivative financial instruments	16(a)	124	-
Cash and cash equivalents	17	85	40
		<b>275,894</b>	216,380
<b>Non-current assets</b>			
Investments in subsidiaries	19	849	849
<b>Total assets</b>		<b>276,743</b>	217,229
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	22	173	111
Current income tax liabilities	11	137	129
Derivative financial instruments	16(a)	-	58
		<b>310</b>	298
<b>Non-current liabilities</b>			
Deferred income tax liabilities	24	657	486
<b>Total liabilities</b>		<b>967</b>	784
<b>NET ASSETS</b>		<b>275,776</b>	216,445
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company:</b>			
Share capital	25	1,501	1,501
Share premium	25	180,012	180,012
Other reserves	26	3,509	3,509
Retained profits	27(b)	90,754	31,423
<b>Total equity</b>		<b>275,776</b>	216,445

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement Of Changes In Equity

For the financial year ended 31 December 2016

	←	Attributable to equity holders of the Company				→					
	Share capital	Capital	Asset	Currency	Retained	Total	Non-				
	premium	redemption	General revaluation	translation	profits	Total	controlling				
	US\$'000	US\$'000	reserve	reserve	US\$'000	US\$'000	interests				
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000				
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000				
<b>2016</b>											
<b>Beginning of financial year</b>	<b>1,501</b>	<b>180,012</b>	<b>3,509</b>	<b>(53,005)</b>	<b>(2,495)</b>	<b>8,676</b>	<b>(30,685)</b>	<b>379,757</b>	<b>487,270</b>	<b>(2,562)</b>	<b>484,708</b>
Profit for the year	-	-	-	-	-	-	-	20,801	20,801	36	20,837
Other comprehensive loss for the year	-	-	-	-	-	(158)	(10,975)	208	(10,925)	(42)	(10,967)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(158)</b>	<b>(10,975)</b>	<b>21,009</b>	<b>9,876</b>	<b>(6)</b>	<b>9,870</b>
Dividends	-	-	-	-	-	-	-	(8,386)	(8,386)	(143)	(8,529)
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,386)</b>	<b>(8,386)</b>	<b>(143)</b>	<b>(8,529)</b>
<b>End of financial year</b>	<b>1,501</b>	<b>180,012</b>	<b>3,509</b>	<b>(53,005)</b>	<b>(2,495)</b>	<b>8,518</b>	<b>(41,660)</b>	<b>392,380</b>	<b>488,760</b>	<b>(2,711)</b>	<b>486,049</b>
<b>2015</b>											
<b>Beginning of financial year</b>	<b>1,501</b>	<b>180,012</b>	<b>3,509</b>	<b>(53,005)</b>	<b>(2,608)</b>	<b>10,058</b>	<b>8,787</b>	<b>390,730</b>	<b>538,984</b>	<b>(3,412)</b>	<b>535,572</b>
Profit for the year	-	-	-	-	-	-	-	6,496	6,496	631	7,127
Other comprehensive loss for the year	-	-	-	-	-	(1,382)	(39,472)	1,858	(38,996)	(80)	(39,076)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,382)</b>	<b>(39,472)</b>	<b>8,354</b>	<b>(32,500)</b>	<b>551</b>	<b>(31,949)</b>
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	13	13
Dividends	-	-	-	-	-	-	-	(19,327)	(19,327)	(105)	(19,432)
Partial disposal of equity interest in a subsidiary to non-controlling interests	-	-	-	-	113	-	-	-	113	391	504
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>(19,327)</b>	<b>(19,214)</b>	<b>299</b>	<b>(18,915)</b>
<b>End of financial year</b>	<b>1,501</b>	<b>180,012</b>	<b>3,509</b>	<b>(53,005)</b>	<b>(2,495)</b>	<b>8,676</b>	<b>(30,685)</b>	<b>379,757</b>	<b>487,270</b>	<b>(2,562)</b>	<b>484,708</b>

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement Of Cash Flows

For the financial year ended 31 December 2016

	Note	2016 US\$'000	2015 US\$'000
<b>Cash flows from operating activities</b>			
Profit after tax		20,837	7,127
Adjustments for:			
- Income tax expense	10(a)	17,850	5,531
- Depreciation of property, plant and equipment	18	17,116	17,470
- Impairment of goodwill		-	7
- (Gains)/losses on disposal of property, plant and equipment	6	(484)	286
- Property, plant and equipment written off	6	99	763
- Impairment losses on property, plant and equipment	6	1,742	-
- Interest income	5	(1,697)	(4,512)
- Interest expense	9	10,717	10,305
- Share of profit of associated company	20	(34)	(24)
- Exchange differences (net)		4,928	7,455
Operating cash flows before working capital changes		71,074	44,408
Changes in operating assets and liabilities:			
- Inventories		105,405	(33,667)
- Trade and other receivables		(11,727)	25,098
- Trade and other payables		66,048	(55,132)
- Derivative financial instruments		(21,949)	8,427
Cash flows from/(used in) operations		208,851	(10,866)
Interest received		1,157	3,990
Interest paid		(10,717)	(10,305)
Income tax paid	11	(7,430)	(3,943)
<b>Net cash flows from/(used in) operating activities</b>		<b>191,861</b>	<b>(21,124)</b>
<b>Cash flows from investing activities</b>			
(Increase)/decrease in other receivables		(5,055)	2,182
Additions to property, plant and equipment	18	(31,338)	(30,987)
Proceeds from disposal of property, plant and equipment		1,289	627
Capital contribution from non-controlling interests		-	13
Acquisition of a subsidiary, net of cash acquired	34	-	(6)
Partial disposal of equity interest in a subsidiary to non-controlling interests, net of cash acquired	34	-	504
<b>Net cash flows used in investing activities</b>		<b>(35,104)</b>	<b>(27,667)</b>
<b>Cash flows from financing activities</b>			
Decrease in restricted short term deposit		-	2,206
Proceeds from long term borrowings		1,382	14,774
Repayment of long term borrowings		(35,245)	(63,423)
Net (repayment)/proceeds from short term borrowings		(108,139)	103,715
Repayment of finance lease liabilities		-	(19)
Interest received		540	522
Dividends paid to equity holders of the Company	28	(8,386)	(19,327)
Dividends paid to non-controlling interests		(143)	(105)
<b>Net cash flows (used in)/from financing activities</b>		<b>(149,991)</b>	<b>38,343</b>
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of financial year		45,407	58,352
Effect of changes in exchange rate on cash and cash equivalents		(2,328)	(2,497)
<b>Cash and cash equivalents at end of financial year</b>	17	<b>49,845</b>	<b>45,407</b>

The accompanying notes form an integral part of these financial statements.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL INFORMATION

Mewah International Inc. (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in the Cayman Islands. The address of its registered office is Harbour Place, 2nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman, KY1-1106, Cayman Islands. The principal place of business of the Company is at 5, International Business Park, #05-00, Mewah Building, Singapore 609914.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 38 of the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

#### ***Interpretations and amendments to published standards effective in 2016***

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

### 2.2 Revenue recognition

Revenue for the Group represents the fair value of the consideration received or receivable from the gross inflow of economic benefits during the financial year arising from the course of ordinary activities of the Group's business. Revenue is presented net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

#### *(a) Sale of goods*

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.



# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Revenue recognition (continued)

#### (b) Interest income

Interest income is recognised using the effective interest method.

#### (c) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

### 2.3 Group accounting

#### (a) Subsidiaries

##### (i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

##### (ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group, except for business combination under common control.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Group accounting (continued)

#### (a) Subsidiaries (continued)

##### (ii) Acquisitions (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair values of the identifiable net assets acquired, is recorded as goodwill.

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control.
- The assets and liabilities are brought into the financial statements at their existing carrying amounts from the perspective of the controlling party.
- The income statement includes the results of the acquired entities since the earliest date the entities are under common control.
- The comparative figures of the Group represent the income statement, statement of comprehensive income, balance sheet, statement of cash flows and statement of changes in equity and have been prepared as if the combination had occurred from the date when the combining entities or businesses first came under common control.
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration.
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary is taken to merger reserve. Cash paid/payable arising from the acquisition under common control is also taken to the merger reserve.

##### (iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.5 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Group accounting (continued)

#### (b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the subsidiary. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in general reserve within equity attributable to the equity holders of the Company.

#### (c) Associated company

Associated company is entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

##### (i) Acquisitions

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investment.

##### (ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associated company are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

##### (iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.5 for the accounting policy on investment in associated company in the separate financial statements of the Company.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Property, plant and equipment

#### (a) Measurement

##### (i) Property, plant and equipment

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

On 1 January 2007, the Group has elected to adopt FRS 101 exemption to deem the previous revaluation of certain property, plant and equipment as deemed cost. The accumulated depreciation at the date of revaluation was eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

##### (ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2.7 on borrowing costs).

#### (b) Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Freehold buildings	2%
Leasehold land and buildings	1% to 3% (Over the period of leases)
Plant and equipment	2% to 5%
Furniture, fixtures and office equipment	5% to 20%
Motor vehicles	20%

Freehold land and capital expenditure in progress are stated at cost and not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Property, plant and equipment (continued)

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/losses". Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

### 2.5 Investments in subsidiaries and associated company

Investments in subsidiaries and associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.6 Impairment of non-financial assets

#### *Property, plant and equipment*

#### *Investments in subsidiaries and associated company*

Property, plant and equipment and investments in subsidiaries and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at deemed cost, in which case, such impairment loss is treated as a decrease to the revaluation reserve to the extent of the revaluation reserve relating to these assets.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to the acquisition, construction or production of qualifying assets that are financed by general borrowings.

### 2.8 Financial assets

#### (a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade receivables" (Note 14), "other receivables" (Note 15) and "cash and cash equivalents" (Note 17) on the balance sheet.

#### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Financial assets (continued)

#### (c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

#### (d) *Subsequent measurement*

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

#### (e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

#### (i) *Loans and receivables financial assets*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

#### (f) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.9 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

### 2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### 2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.12 Derivative financial instruments

Derivative financial instruments comprise mainly of crude palm oil and palm oil products forward contracts, futures contracts and currency forward contracts.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss within "cost of sales" when the changes arise.

Derivative financial instruments are reported in the financial statements on a net basis where legal right of setoff exists. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.



# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.13 Fair value estimation of financial assets and liabilities

The Group's commodities futures contracts are traded in active markets and their fair values take into consideration quoted prices at the balance sheet date in active markets such as Bursa Malaysia.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 31(e).

The fair values of currency forward contracts are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.14 Leases

(a) *When the Group is the lessee:*

(i) *Lessee - Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee - Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are capitalised as prepayments and recognised in profit or loss over the lease term on a straight-line basis.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) *When the Group is the lessor:*

*Lessor - Operating leases*

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

### 2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.17 Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the profit or loss as finance costs.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### (b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

### 2.19 Currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar ("presentation currency"), which is also the functional currency of the Company.

#### (b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses are presented in the income statement within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.19 Currency translation (continued)

#### (c) Translation of Group entities' financial statements (continued)

- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

### 2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

### 2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share premium account.

### 2.23 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when dividends are approved for payment.

### 2.24 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants relating to assets are presented on the balance sheet under other payables as deferred income.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Valuation of commodities forward contracts

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 31(e).

If the commodities forward prices had been higher or lower by 5% from the management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US\$5,440,000 (2015: lower or higher by US\$6,897,000) respectively, arising from the changes in the fair value of the commodities forward contracts.

### (b) Assessment of recoverability of past due trade receivables of the Group

Management reviews its loans and receivables for objective evidence of impairment on a regular basis and by each customer due to the specific risks associated with each debtor. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. Management has used its judgement to determine whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effects in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has used its judgement to determine whether an impairment loss should be recorded based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experienced. Further details are disclosed in Note 31(b)(ii) to the financial statements.

At 31 December 2016, the net carrying value of the past due trade receivables of the Group (net of allowance) amounted to US\$103,403,000, comprising amounts past due but not impaired of US\$95,506,000 and amounts individually determined to be fully/partially impaired of US\$7,897,000 as disclosed in Note 31(b)(ii) to the financial statements.

If the net present values of estimated cash flows had been lower by 5% from management's estimates for all past due loans and receivables, the Group's allowance for impairment would have been higher by US\$5,170,150 (2015: US\$3,956,400).

### (c) Impairment assessment of certain manufacturing plants of the Group

Property, plant and equipment ("PPE") is tested for impairment whenever there are indications that these assets may be impaired. Management performs a review to determine whether there are any indications of impairment in relation to the property, plant and equipment held by the Group.

As at 31 December 2016, management has identified indications of impairment relating to PPE of certain manufacturing plants of the Group. The total carrying value of the PPE relating to these manufacturing plants that was recognised on the balance sheet amounted to approximately US\$93,600,000 as at 31 December 2016.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

### (c) Impairment assessment of certain manufacturing plants of the Group (continued)

The recoverable amounts of these PPE were determined based on value-in-use calculations. The value-in-use calculation is based on a discounted cash flow model and requires the Group to make an estimate of the expected future cash flows from the continuing use of the PPE.

The key assumptions used in the value-in-use calculations that were subject to significant judgement were relating to the estimation of the discount rate, terminal growth rate and gross profit margin as follows:

Discount rate	9.0%
Terminal growth rate	3.0%
Gross profit margin	2.5%-14.4%

An unfavorable change of 1% to any of the individual key assumptions listed above would not have resulted in the recoverable amounts of the PPE of these manufacturing plants to be lower than their respective carrying amounts.

Based on the recoverable amounts determined by management, no impairment for the PPE of these manufacturing plants was deemed necessary as at 31 December 2016.

## 4. REVENUE

	Group	
	2016	2015
	US\$'000	US\$'000
Sale of palm based products in bulk	2,290,150	1,876,055
Sale of consumer products including edible oils and fats, rice and dairy in consumer packs	752,637	798,684
	<b>3,042,787</b>	<b>2,674,739</b>

## 5. OTHER INCOME

	Group	
	2016	2015
	US\$'000	US\$'000
Interest income on bank deposits and others	540	522
Late interest charged on trade receivables	1,157	3,990
Rental income	215	234
Commission income	42	35
Insurance claims	1,174	119
Other miscellaneous income	1,200	845
	<b>4,328</b>	<b>5,745</b>

Other miscellaneous income mainly comprise sales of by-products and waste.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 6. OTHER LOSSES (NET)

	Group	
	2016	2015
	US\$'000	US\$'000
Foreign exchange (gains)/losses - net	<b>(1,640)</b>	60,834
Provision for legal claims [Note 6(i)]	<b>3,751</b>	-
Impairment losses on other receivables [Note 6(ii)]	<b>2,382</b>	280
Impairment losses on property, plant and equipment (Note 18)	<b>1,742</b>	-
Property, plant and equipment written off	<b>99</b>	763
(Gains)/losses on disposal of property, plant and equipment	<b>(484)</b>	286
Others	<b>551</b>	(456)
	<b>6,401</b>	61,707

### (i) Provision for legal claims

The provision for legal claims amounting to US\$3,751,000 for the financial year ended 31 December 2016 arose from civil claims made by Lushing Traders Pte Ltd ("Lushing") against Mewah-Oils Sdn Bhd ("MOSB"), a wholly-owned subsidiary, for the alleged wrongful conversion of crude palm oil that belonged to Lushing. As at 31 December 2015, an appeal had been filed by MOSB to the Court of Appeal on the High Court's ruling in favour of Lushing and the external solicitors were of the opinion that MOSB had strong grounds of appeal and as such, no provision was deemed necessary at that juncture.

During the current financial year, the Court of Appeal dismissed MOSB's appeal and management has made full provisions for the claims as at 31 December 2016. On the advice of its external solicitors, MOSB has filed an application for leave to appeal to the Federal Court to defend the claims.

### (ii) Impairment losses on other receivables

During the financial year, a wholly-owned subsidiary of the Group discontinued a project in Indonesia and accordingly, an impairment loss on the receivables relating to this project amounting to US\$2,382,000 was recorded for the financial year ended 31 December 2016.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 7. EXPENSES BY NATURE

	Group	
	2016 US\$'000	2015 US\$'000
Purchases of inventories	<b>2,710,834</b>	2,409,303
Changes in inventories	<b>104,034</b>	(32,906)
(Gains)/losses from derivative financial instruments	<b>(23,080)</b>	20,166
Freight charges	<b>36,861</b>	65,468
Consultation fees	<b>2,433</b>	2,391
Transportation	<b>18,892</b>	20,696
Export duties	<b>9,566</b>	794
Insurance	<b>5,199</b>	5,400
Utilities	<b>10,231</b>	9,980
Rental on operating lease	<b>1,706</b>	1,720
Repair and maintenance	<b>4,834</b>	4,618
Employee compensation (Note 8)	<b>50,797</b>	46,585
Depreciation of property, plant and equipment (Note 18)	<b>17,116</b>	17,470
Bank charges	<b>2,043</b>	2,272
Allowance for impairment of trade receivables [Note 31(b)(ii)]	<b>18,317</b>	2,893
Inventories write down/(reversal of inventories write down)	<b>1,371</b>	(761)
Audit fees		
- Auditors of the Company	<b>334</b>	335
- Other auditors*	<b>186</b>	146
Non-audit fees		
- Auditors of the Company	<b>61</b>	50
- Other auditors*	<b>65</b>	128
Others	<b>19,544</b>	19,090
Total cost of sales, selling and distribution and administrative expenses	<b>2,991,344</b>	2,595,838

\* Includes the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

For the financial year ended 31 December 2016, the write-down of inventories mainly relate to inventories which are slow-moving. For the financial year ended 31 December 2015, the Group managed to sell the inventories previously written down and as such the write down was reversed.



# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 8. EMPLOYEE COMPENSATION

	Group	
	2016	2015
	US\$'000	US\$'000
Salaries	45,756	42,033
Employer's contributions to defined contribution plans	3,560	3,226
Other staff benefits	1,481	1,326
	<b>50,797</b>	46,585

## 9. FINANCE EXPENSES

	Group	
	2016	2015
	US\$'000	US\$'000
Interest expenses:		
- Bank borrowings	10,733	10,893
- Finance lease liabilities	1	2
	<b>10,734</b>	10,895
Less: Borrowing costs capitalised in property, plant and equipment	<b>(17)</b>	(590)
Finance expenses recognised in income statement	<b>10,717</b>	10,305

In 2016, borrowing costs were capitalised at a rate of 4.25% (2015: 5.68%) per annum.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 10. INCOME TAXES

### (a) Income tax expense

	Group	
	2016	2015
	US\$'000	US\$'000
Tax expense attributable to profit was made up of:		
Current income tax		
- Singapore	575	992
- Foreign	6,035	5,825
	<b>6,610</b>	6,817
Deferred income tax	8,427	(2,556)
	<b>15,037</b>	4,261
(Over)/under provision in prior financial years		
- Current income tax	(455)	(408)
- Deferred income tax	3,268	1,678
	<b>2,813</b>	1,270
Income tax expense	<b>17,850</b>	5,531

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the domestic rates of income tax as explained below:

	Group	
	2016	2015
	US\$'000	US\$'000
Profit before tax	<b>38,687</b>	12,658
Tax calculated at domestic rates applicable to profits in the respective countries	<b>10,394</b>	1,960
Effects of:		
- Tax incentives	840	(2,717)
- Expenses not deductible for tax purposes	4,050	4,582
- Income not subject to tax	(8)	(61)
- Utilisation of previously unrecognised tax losses	(219)	-
- Deferred tax benefits not recognised	-	243
- Under provision of tax	2,813	1,270
- Others	(20)	254
	<b>17,850</b>	5,531

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 10. INCOME TAXES (continued)

#### (a) Income tax expense (continued)

Singapore and Malaysia, two of the Group's main tax jurisdictions, had headline corporate tax rates of 17% and 24% (2015: 17% and 25%) respectively. The Group enjoys certain tax incentives such as concessionary tax rate on qualifying income under the Global Trader Programme of International Enterprise Singapore, 0% tax rate on qualifying income under the Pioneer Status in Malaysia and other various schemes for qualifying capital investments in Malaysia.

*Under provision in prior financial years*

The under provision of tax in respect of prior financial years mainly relates to a notice of additional tax, which was raised during the current financial year by a local tax authority to a wholly-owned subsidiary of the Group. The wholly-owned subsidiary has filed an objection to this additional tax assessment and the matter is currently in arbitration.

Based on the information currently available, management is of the view that the tax provisions recorded in the financial statements as at 31 December 2016 is reasonable and appropriate and the maximum exposure of the additional tax assessment not recognised in these financial statements amounted to approximately US\$3,836,400. If the final outcome is different from the provisions that have been made, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

For the financial year ended 31 December 2015, the under provision of tax amounting to US\$1,270,000 mainly pertains to tax incentive granted to a subsidiary of the Group during the year which resulted in deferred tax assets of the subsidiary being recognised at 0% tax rate due to tax exemption granted.

#### (b) The tax credit relating to each component of other comprehensive income is as follows:

*Group*

	2016		2015			
	Before tax \$'000	Tax credit \$'000	After tax \$'000	Before tax \$'000	Tax credit \$'000	After tax \$'000
Realisation of asset revaluation reserve upon disposal of property, plant and equipment	<b>(208)</b>	<b>50</b>	<b>(158)</b>	(1,858)	476	(1,382)

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 11. CURRENT INCOME TAXES

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Beginning of the year	1,051	4,303	(129)	(147)
Currency translation differences	(111)	(786)	-	6
Income tax paid	7,430	3,943	343	256
Tax expense	(6,610)	(6,817)	(378)	(289)
Over provision in prior financial years	455	408	27	45
End of the financial year	<b>2,215</b>	1,051	<b>(137)</b>	(129)
Represented by:				
Current income tax recoverable	6,535	5,064	-	-
Current income tax liabilities	<b>(4,320)</b>	(4,013)	<b>(137)</b>	(129)

## 12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2016	2015
Net profit attributable to equity holders of the Company (US\$'000)	20,801	6,496
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,500,667	1,500,667
Basic earnings per share (US cents per share)	<b>1.39</b>	0.43

Diluted earnings per share was the same as the basic earnings per share for the financial years ended 31 December 2016 and 2015 as there were no potential dilutive ordinary shares outstanding.

## 13. INVENTORIES

	Group	
	2016 US\$'000	2015 US\$'000
Raw materials	89,260	200,825
Finished goods	127,117	120,861
Stores, spares and consumables	6,252	6,348
	<b>222,629</b>	328,034

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US\$2,816,239,000 (2015: US\$2,375,636,000).

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 14. TRADE RECEIVABLES

	Group	
	2016 US\$'000	2015 US\$'000
Trade receivables		
- Related parties [Note 32(a)]	<b>24,671</b>	29,618
- Non-related parties	<b>270,697</b>	230,895
	<b>295,368</b>	260,513
Less: Allowance for impairment of trade receivables		
- non-related parties [Note 31(b)(ii)]	<b>(38,955)</b>	(21,059)
Trade receivables – net	<b>256,413</b>	239,454

## 15. OTHER RECEIVABLES

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Loans to subsidiaries	-	-	<b>275,672</b>	212,327
Non-trade receivables	<b>30,576</b>	24,470	-	-
Deposits	<b>19,039</b>	22,491	-	-
Prepayments	<b>1,842</b>	4,674	<b>13</b>	13
Dividends receivable	-	-	-	4,000
	<b>51,457</b>	51,635	<b>275,685</b>	216,340

### Group

As at 31 December 2016, non-trade receivables included US\$23,418,000 (2015: US\$19,288,000) refundable Goods Service Tax, US\$4,365,000 (2015: US\$2,139,000) relating to subsidy receivable for cooking oil price stabilisation scheme and US\$1,515,000 (2015: US\$1,024,000) of advance payments for the purchase of raw materials.

As at 31 December 2016, deposits included US\$6,948,000 (2015: US\$1,893,000) being advance payments towards capital expenditure and US\$9,080,000 (2015: initial and variation margin of US\$19,405,000) paid to Bursa Malaysia Derivatives Clearing Bhd for commodity trading initial margin payment.

As at 31 December 2015, non-trade receivables included US\$9,000 loan to a director of a subsidiary. The loan was interest-free, unsecured and repayable on demand. The loan to the director was fully repaid as at 31 December 2016.

Other non-trade receivables are unsecured, interest-free and repayable on demand.

### Company

Interest rates for loans to subsidiaries are at 1.2% to 9.1% (2015: 1.3% to 5.3%) per annum. The loans are unsecured and repayable on demand.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 16. DERIVATIVE FINANCIAL INSTRUMENTS

### (a) Current portion

	Contract notional amount US\$'000	Group Fair values	
		Asset US\$'000	Liability US\$'000
<b>2016</b>			
Currency forward contracts [Note 31(e)]	569,644	9,547	(6,433)
Commodities forward contracts [Note 31(e)]	723,064	16,613	(25,186)
Futures contracts on commodity exchange [Note 31(e)]	948,980	23,494	(1,010)
<b>Total</b>		<b>49,654</b>	<b>(32,629)</b>
<b>2015</b>			
Currency forward contracts [Note 31(e)]	485,235	3,029	(969)
Commodities forward contracts [Note 31(e)]	815,200	26,344	(18,170)
Futures contracts on commodity exchange [Note 31(e)]	819,961	12,642	(25,211)
<b>Total</b>		<b>42,015</b>	<b>(44,350)</b>
	Contract notional amount US\$'000	Company Fair values	
		Asset US\$'000	Liability US\$'000
<b>2016</b>			
Currency forward contracts [Note 31(e)]	3,350	<b>124</b>	-
<b>2015</b>			
Currency forward contracts [Note 31(e)]	3,261	-	(58)

### b) Non-current portion

	Contract notional amount US\$'000	Group Fair values	
		Asset US\$'000	Liability US\$'000
<b>2016</b>			
Commodities forward contracts [Note 31(e)]	1,628	20	-
Futures contracts on commodity exchange [Note 31(e)]	115,066	3,214	-
<b>Total</b>		<b>3,234</b>	-

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

b) *Non-current portion (continued)*

	Contract notional amount US\$'000	Group Fair values	
		Asset US\$'000	Liability US\$'000
<b>2015</b>			
Commodities forward contracts [Note 31(e)]	9,491	377	-
Futures contracts on commodity exchange [Note 31(e)]	8,143	268	-
<b>Total</b>		<b>645</b>	<b>-</b>

- (i) Currency forward contracts are entered into by the Group to manage exposure to fluctuations in foreign currency exchange rates.
- (ii) The Group enters into commodities forward contracts and futures contracts to protect the Group from movements in market prices of crude palm oil and palm oil products by establishing the price at which the products will be sold or purchased.

### 17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Cash at bank and on hand	<b>34,689</b>	26,372	<b>85</b>	40
Short-term bank deposits	<b>15,345</b>	19,231	-	-
	<b>50,034</b>	45,603	<b>85</b>	40

For the purposes of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2016 US\$'000	2015 US\$'000
Cash and bank balances (as above)	<b>50,034</b>	45,603
Less: Bank overdrafts (Note 23)	<b>(189)</b>	(196)
Cash and cash equivalents per consolidated statement of cash flows	<b>49,845</b>	45,407

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 18. PROPERTY, PLANT AND EQUIPMENT

<i>Group</i>	Freehold land and buildings US\$'000	Leasehold land and buildings US\$'000	Plant and office equipment US\$'000	Furniture, fixtures and equipment US\$'000	Motor vehicles US\$'000	Capital expenditure in progress US\$'000	Total US\$'000
<b>2016</b>							
<i>Cost</i>							
Beginning of financial year	21,497	114,502	274,796	19,168	7,837	22,589	460,389
Currency translation differences	(780)	(6,746)	(12,018)	(375)	(100)	(1,100)	(21,119)
Additions	78	1,307	2,176	982	775	26,020	31,338
Disposals	(616)	(14)	(435)	(343)	(1,041)	-	(2,449)
Write off	-	-	(626)	(812)	(1)	(56)	(1,495)
Reclassification	109	672	11,706	40	-	(12,527)	-
End of financial year	<b>20,288</b>	<b>109,721</b>	<b>275,599</b>	<b>18,660</b>	<b>7,470</b>	<b>34,926</b>	<b>466,664</b>
<i>Accumulated depreciation</i>							
Beginning of financial year	978	18,859	90,344	13,793	5,340	-	129,314
Currency translation differences	(63)	(1,103)	(4,254)	(265)	(66)	-	(5,751)
Depreciation charge (Note 7)	413	2,862	11,514	1,379	948	-	17,116
Disposals	(66)	(8)	(382)	(340)	(848)	-	(1,644)
Write off	-	-	(593)	(803)	-	-	(1,396)
End of financial year	<b>1,262</b>	<b>20,610</b>	<b>96,629</b>	<b>13,764</b>	<b>5,374</b>	<b>-</b>	<b>137,639</b>
<i>Accumulated impairment losses</i>							
Beginning of financial year	-	-	17	247	66	-	330
Impairment losses (Note 6)	-	-	-	-	-	1,742	1,742
End of financial year	<b>-</b>	<b>-</b>	<b>17</b>	<b>247</b>	<b>66</b>	<b>1,742</b>	<b>2,072</b>
<i>Net book value</i>							
End of financial year	<b>19,026</b>	<b>89,111</b>	<b>178,953</b>	<b>4,649</b>	<b>2,030</b>	<b>33,184</b>	<b>326,953</b>



# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 18. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>Group</i>	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Furniture, fixtures and office equipment	Motor vehicles	Capital expenditure in progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2015</b>							
<i>Cost</i>							
Beginning of financial year	24,156	130,924	310,831	20,426	7,909	29,471	523,717
Currency translation differences	(4,412)	(17,019)	(59,242)	(1,821)	(466)	(2,629)	(85,589)
Additions	1,757	236	3,568	621	721	24,084	30,987
Disposals	(4)	(16)	(49)	(44)	(327)	(888)	(1,328)
Write off	-	(152)	(7,000)	(14)	-	(232)	(7,398)
Reclassification	-	529	26,688	-	-	(27,217)	-
End of financial year	21,497	114,502	274,796	19,168	7,837	22,589	460,389
<i>Accumulated depreciation</i>							
Beginning of financial year	696	18,294	104,308	13,436	4,949	-	141,683
Currency translation differences	(158)	(2,388)	(18,730)	(1,215)	(298)	-	(22,789)
Depreciation charge (Note 7)	442	3,015	11,381	1,625	1,007	-	17,470
Disposals	(2)	(3)	(49)	(43)	(318)	-	(415)
Write off	-	(59)	(6,566)	(10)	-	-	(6,635)
End of financial year	978	18,859	90,344	13,793	5,340	-	129,314
<i>Accumulated impairment losses</i>							
Beginning and end of financial year	-	-	17	247	66	-	330
<i>Net book value</i>							
<b>End of financial year</b>	<b>20,519</b>	<b>95,643</b>	<b>184,435</b>	<b>5,128</b>	<b>2,431</b>	<b>22,589</b>	<b>330,745</b>

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 18. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) As at 31 December 2015, the carrying amount of motor vehicles held under finance leases was US\$7,000 at the balance sheet date. There is no finance leases as at 31 December 2016.
- (b) As at 31 December 2016, bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of US\$142,221,000 (2015: US\$192,789,000).
- (c) During the financial year, a wholly owned subsidiary of the Group has discontinued a project in Indonesia which resulted in an impairment loss on the related capital expenditure in progress of US\$1,742,000 being recognised in profit or loss.
- (d) The following reclassification has been made to the comparative information for consistency with the classification in the current financial year.

The effect of the restatement on the balance sheet as at 31 December 2015 is shown below:

*Group*

	As reported previously US\$'000	Increase/ (Decrease) US\$'000	As reported presently US\$'000
Property, plant and equipment	298,582	32,163	330,745
Leasehold prepayments	32,163	(32,163)	-

As the reclassification did not have a material impact to the financial statements as a whole, the opening balance sheet of the comparative financial year was not presented.

### 19. INVESTMENTS IN SUBSIDIARIES

	<b>Group</b>	
	<b>2016</b>	2015
	<b>US\$'000</b>	US\$'000
<i>Equity investments at cost</i>		
Beginning and end of financial year	<b>849</b>	849

Details of the subsidiaries are included in Note 38. There are no subsidiaries with non-controlling interest that are material to the Group as at 31 December 2016 and 2015.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 20. INVESTMENTS IN ASSOCIATED COMPANY

	Group	
	2016 US\$'000	2015 US\$'000
<i>Equity investment at cost</i>		
Beginning of financial year	330	379
Share of profits	34	24
Currency translation differences	(16)	(73)
End of financial year	<u>348</u>	<u>330</u>

The summarised financial information of the associated company, not adjusted for the proportion ownership interest held by the Group, was as follows:

	Group	
	2016 US\$'000	2015 US\$'000
Assets	1,049	1,085
Liabilities	(339)	(412)
Carrying value of associated company	<u>710</u>	673
Effective interest rate of the Group in associated company	49%	49%
Carrying value of group's interest in associated company	<u>348</u>	<u>330</u>
Revenue	3,713	4,224
Net profit and total comprehensive income	69	49
Effective interest rate of the Group in associated company	49%	49%
Share of profit of associated company	<u>34</u>	<u>24</u>

Details of the associated company are included in Note 38. In the opinion of management, the associated company is not material to the Group.

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 21. TRADE PAYABLES

	Group	
	2016 US\$'000	2015 US\$'000
Trade payables		
- Related parties [Note 32(a)]	939	878
- Non-related parties	123,029	94,076
	<b>123,968</b>	<b>94,954</b>

Amount due to related parties are unsecured, interest-free and repayable on demand.

### 22. OTHER PAYABLES

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Non-trade payables				
- Related parties [Note 32(a)]	1	14	-	-
- Associated company	43	26	-	-
- Non-related parties	45,533	16,791	-	-
	<b>45,577</b>	<b>16,831</b>	<b>-</b>	<b>-</b>
Deferred income	1,919	2,012	-	-
Accrual for operating expenses	29,479	21,098	173	111
	<b>76,975</b>	<b>39,941</b>	<b>173</b>	<b>111</b>

#### Group

Amounts due to associated company and related parties relate mainly to forwarding services and rental of premises, and are unsecured, interest free and repayable on demand. As at 31 December 2016, non-trade payables from non-related parties included US\$25,769,000 (2015: US\$Nil) payable to Bursa Malaysia Derivatives Clearing Bhd ("Bursa") for commodity trading variation margin payment. In 2015, the variation margin with Bursa was in a net receivable position. Non-trade payables also included advances from customers of US\$8,118,000 (2015: US\$5,394,000).

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 23. BORROWINGS

	Group	
	2016	2015
	US\$'000	US\$'000
<i>Current</i>		
Bank overdrafts (Note 17)	189	196
Bank borrowings		
- Trade financing	173,924	274,038
- Revolving credit	-	8,000
- Term loans	20,769	35,822
Finance lease liabilities [Note 23(c)]	-	20
	<b>194,882</b>	318,076
<i>Non-current</i>		
Bank borrowings		
- Term loans	30,983	50,481
Finance lease liabilities [Note 23(c)]	-	7
	<b>30,983</b>	50,488
Total borrowings	<b>225,865</b>	368,564

### (a) Securities granted

Total borrowings include secured liabilities of US\$51,752,000 (2015: US\$86,303,000). The borrowings of the Group are secured by certain property, plant and equipment as disclosed in Note 18(b) and corporate guarantees by the Company as disclosed in Note 29.

Finance lease liabilities are secured over the leased motor vehicles as at 31 December 2015 with carrying value of US\$7,000 as the legal titles are retained by the lessors and will be transferred to the Group upon full settlement of the finance lease liabilities. The finance lease liability was fully repaid as at 31 December 2016.

### (b) Fair value of non-current borrowings

The fair value of non-current borrowings approximated the carrying value of the non-current borrowings at the balance sheet date as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements, which management expects to be available to the Group.

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 23. BORROWINGS (continued)

#### (c) Finance lease liabilities

The Group leases certain plant and equipment under finance leases.

	<b>Group</b>	
	<b>2016</b>	2015
	<b>US\$'000</b>	US\$'000
Minimum lease payments due		
- Not later than one year	-	21
- Between one and two years	-	7
- Between two and five years	-	-
	-	28
Less: Future finance charges	-	(1)
Present value of finance lease liabilities	-	27

The present values of finance lease liabilities were analysed as follows:

	<b>Group</b>	
	<b>2016</b>	2015
	<b>US\$'000</b>	US\$'000
Not later than one year	-	20
Between one and two years	-	7
	-	27

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 24. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, were shown on the balance sheet as follows:

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
<b>Deferred income tax assets</b>				
- Expected to be recovered within one year	577	590	-	-
- Expected to be recovered after one year	9,158	10,813	-	-
	<b>9,735</b>	<b>11,403</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax liabilities</b>				
- Expected to be settled within one year	(10,375)	(5,862)	-	-
- Expected to be settled after one year	(16,811)	(12,536)	(657)	(486)
	<b>(27,186)</b>	<b>(18,398)</b>	<b>(657)</b>	<b>(486)</b>

Movement in deferred income tax assets/(liabilities) account was as follows:

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Beginning of financial year	(6,995)	(9,830)	(486)	(366)
Currency translation differences	1,189	1,481	-	-
Tax (charged)/credited to				
- Profit or loss	(11,695)	878	(171)	(120)
- Equity [Note 10(b)]	50	476	-	-
End of financial year	<b>(17,451)</b>	<b>(6,995)</b>	<b>(657)</b>	<b>(486)</b>

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 24. DEFERRED INCOME TAXES (continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) was as follows:

*Group*

#### Deferred income tax liabilities

	Accelerated tax depreciation US\$'000	Revaluation of property, plant and equipment US\$'000	Unremitted foreign income US\$'000	Unrealised gains on derivative financial instruments US\$'000	Total US\$'000
<b>2016</b>					
Beginning of financial year	(21,482)	(2,132)	(939)	(2,209)	(26,762)
Currency translation differences (Charged)/credited to	1,097	54	-	254	1,405
- Profit or loss	(2,937)	-	(172)	(2,195)	(5,304)
- Equity [Note 10(b)]	-	50	-	-	50
End of financial year	(23,322)	(2,028)	(1,111)	(4,150)	(30,611)
<b>2015</b>					
Beginning of financial year	(24,692)	(2,972)	(799)	(4,459)	(32,922)
Currency translation differences (Charged)/credited to	4,734	364	-	686	5,784
- Profit or loss	(1,524)	-	(140)	1,564	(100)
- Equity [Note 10(b)]	-	476	-	-	476
End of financial year	(21,482)	(2,132)	(939)	(2,209)	(26,762)



## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 24. DEFERRED INCOME TAXES (continued)

Group (continued)

#### Deferred income tax assets

	Unutilised tax losses US\$'000	Unutilised reinvestment allowance US\$'000	Others US\$'000	Total US\$'000
<b>2016</b>				
Beginning of financial year	4,479	14,260	1,028	19,767
Currency translation differences (Charged)/credited to - Profit or loss	(79)	(31)	(106)	(216)
	<b>(781)</b>	<b>(7,245)</b>	<b>1,635</b>	<b>(6,391)</b>
End of financial year	<b>3,619</b>	<b>6,984</b>	<b>2,557</b>	<b>13,160</b>
<b>2015</b>				
Beginning of financial year	1,346	19,655	2,091	23,092
Currency translation differences Credited/(charged) to - Profit or loss	(506)	(3,487)	(310)	(4,303)
	3,639	(1,908)	(753)	978
End of financial year	4,479	14,260	1,028	19,767

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately US\$4,046,000 (2015: US\$5,215,000) at the balance sheet date which would expire between 2017 and 2021. These unrecognised tax losses can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

Company

#### Deferred income tax liabilities

	Unremitted foreign income	
	2016	2015
	US\$'000	US\$'000
Beginning of financial year	(486)	(366)
Charged to - Profit or loss	(171)	(120)
End of financial year	<b>(657)</b>	(486)

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 25. SHARE CAPITAL AND SHARE PREMIUM

No. of ordinary shares		← Amount →		
Authorised share capital at par value of US\$0.001 '000	Issued share capital at par value of US\$0.001 '000	Authorised share capital at par value of US\$0.001 US\$'000	Share capital at par value of US\$0.001 US\$'000	Share premium US\$'000

#### Group and Company

##### 2016

Beginning and end of financial year, ordinary shares at par value, US\$0.001

<b>30,000,000</b>	<b>1,500,667</b>	<b>30,000</b>	<b>1,501</b>	<b>180,012</b>
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##### 2015

Beginning and end of financial year, ordinary shares at par value, US\$0.001

30,000,000	1,500,667	30,000	1,501	180,012
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All issued ordinary shares were fully paid. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

### 26. OTHER RESERVES

	Group	
	2016 US\$'000	2015 US\$'000
(a) <i>Composition:</i>		
Merger reserve	(53,005)	(53,005)
General reserve	(2,495)	(2,495)
Asset revaluation reserve	8,518	8,676
Currency translation reserve	(41,660)	(30,685)
Capital redemption reserve	3,509	3,509
	<b>(85,133)</b>	<b>(74,000)</b>

	Company	
	2016 US\$'000	2015 US\$'000
(a) <i>Composition:</i>		
Capital redemption reserve	<b>3,509</b>	3,509

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 26. OTHER RESERVES (continued)

Merger reserve represents the difference between the cost of investment and nominal value of share capital of the merged subsidiary.

General reserve represents the difference between the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received; and the gain on change in fair value of put option rights of non-controlling interests.

Asset revaluation reserve arose as a result of the Group's election on 1 January 2007 to adopt the FRS 101 exemption to deem the previous revaluation of certain property, plant and equipment as deemed cost [Note 2.4(a)(i)].

Capital redemption reserve represents the difference between the nominal value of the shares repurchased and fair value of the consideration paid.

Other reserves are non-distributable.

		Group	
	Note	2016 US\$'000	2015 US\$'000
<i>(b) Movements</i>			
<b>(i) Merger reserve</b>			
Beginning and end of financial year		<b>(53,005)</b>	(53,005)
<b>(ii) General reserve</b>			
Beginning of financial year		<b>(2,495)</b>	(2,608)
Partial disposal of equity interest in a subsidiary to non-controlling interests	34	-	113
End of financial year		<b>(2,495)</b>	(2,495)
<b>(iii) Asset revaluation reserve</b>			
Beginning and end of financial year		<b>8,676</b>	10,058
Realisation of reserve upon disposal		<b>(208)</b>	(1,858)
Less: Tax on disposal of property, plant and equipment		<b>50</b>	476
		<b>(158)</b>	(1,382)
End of financial year		<b>8,518</b>	8,676

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 26. OTHER RESERVES (continued)

	Note	Group	
		2016 US\$'000	2015 US\$'000
<i>(b) Movements (continued)</i>			
<b>(iv) Currency translation reserve</b>			
Beginning of financial year		(30,685)	8,787
Net currency translation differences of foreign subsidiaries		(11,017)	(39,552)
Less: Non-controlling interests		42	80
		(10,975)	(39,472)
End of financial year		(41,660)	(30,685)
<b>Group and Company</b>			
		2016	2015
		US\$'000	US\$'000
<b>(v) Capital redemption reserve</b>			
Beginning and end of financial year		3,509	3,509

### 27. RETAINED PROFITS

- (a) Retained profits of the Group are distributable, to the extent that it is in compliance with the local guidelines of the countries in which the subsidiaries operate and the restrictions imposed by the covenant underlying the Group's borrowings.
- (b) Movement in retained profits for the Company was as follows:

	Company	
	2016 US\$'000	2015 US\$'000
Beginning of financial year	31,423	20,871
Dividends (Note 28)	(8,386)	(19,327)
Total comprehensive income for the financial year	67,717	29,879
End of financial year	90,754	31,423

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 28. DIVIDENDS

	Group and Company	
	2015	2014
	US\$'000	US\$'000
<b>Declared and paid during the financial year:</b>		
<i>Dividend on ordinary shares:</i>		
- Final exempt one-tier dividend of S\$0.0045 for 2015 (2014: S\$0.0170) per share	5,026	19,327
- Interim exempt one-tier dividend of S\$0.0030 for 2016 (2015: S\$Nil) per share	3,360	-
	<b>8,386</b>	19,327
<b>Proposed but not recognised as a liability as at 31 December:</b>		
<i>Dividend on ordinary shares, subject to shareholders' approval at the AGM:</i>		
- Final exempt one-tier dividend of S\$0.0055 (2015: S\$0.0045) per share	5,699	4,773

## 29. CONTINGENT LIABILITIES

### *Company*

The Company has issued corporate guarantees to banks for borrowings to certain subsidiaries. As at 31 December 2016, the borrowings under the guarantees amounted to US\$222,700,000 (2015: US\$366,792,000). The financial effects of FRS 39 relating to the financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised. The management does not expect any loss to arise from the guarantees.

## 30. COMMITMENTS

### (a) *Capital commitments*

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2016	2015
	US\$'000	US\$'000
Property, plant and equipment	11,776	9,367
Acquisition of business*	9,120	-
	<b>20,896</b>	9,367

\*The Group has entered into a conditional sale and purchase agreement to acquire 95% of equity shares in a company incorporated in Indonesia engaged in the palm oil business. As at 31 December 2016, the acquisition has yet to be completed as it is subject to the satisfactory results of the due diligences and attainment of certain regulatory approvals.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 30. COMMITMENTS (continued)

### (b) Operating lease commitments - where the Group is a lessee

The Group leases office premises and equipments from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, were as follows:

	Group	
	2016 US\$'000	2015 US\$'000
Not later than one year	491	564
Between one and five years	1,725	1,961
Later than five years	9,161	11,932
	11,377	14,457

### (c) Operating lease commitments - where the Group is a lessor

The Group leases out office space under its leasehold buildings to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, were as follows:

	Group	
	2016 US\$'000	2015 US\$'000
Not later than one year	221	44
Between one and five years	76	28
	297	72

## 31. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group's activities expose it to market risk (including currency risk, commodity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forward contracts, commodities forward and futures contracts of crude palm oil and palm oil products to hedge certain financial risk exposures.

Financial risk management is carried out by a Risk Committee in accordance with the policies set by the Board of Directors. The Risk Committee works closely with the Group's operating units in identifying, evaluating and managing financial risks. Regular reports are submitted to the Board of Directors.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk

#### (i) Currency risk

The Group's revenue is denominated primarily in United States Dollar ("USD"), the functional and reporting currency of the Company. There are some exposures in other currencies, the most significant of which are the Malaysian Ringgit ("Ringgit"), Singapore Dollar ("SGD"), Australia Dollar ("AUD"), Euro ("EUR") and Indonesia Rupiah ("IDR"). Currency risk arises within entities in the Group when transactions are denominated in currencies other than the entities' functional currencies.

The Group's risk management strategy provides for the use of currency forward contracts to hedge its future committed foreign exchange exposures, if necessary.

The Group's currency exposure based on the information provided to key management was as follows:

	USD US\$'000	Ringgit US\$'000	EURO US\$'000	SGD US\$'000	AUD US\$'000	IDR US\$'000
<b>At 31 December 2016</b>						
<b>Financial assets</b>						
Cash and cash equivalents	9,792	5,628	8,967	1,823	290	544
Trade and other receivables	27,785	90,585	20,504	4,285	4,120	1,767
Intercompany receivables	136,723	67,155	6,418	-	4,259	658
	<b>174,300</b>	<b>163,368</b>	<b>35,889</b>	<b>6,108</b>	<b>8,669</b>	<b>2,969</b>
<b>Financial liabilities</b>						
Borrowings	-	(152,554)	-	(7,733)	(2,977)	-
Trade and other payables	(9,154)	(137,363)	(2,736)	(9,723)	(606)	(119)
Intercompany payables	(312,595)	(67,155)	(6,418)	-	(4,259)	(658)
	<b>(321,749)</b>	<b>(357,072)</b>	<b>(9,154)</b>	<b>(17,456)</b>	<b>(7,842)</b>	<b>(777)</b>
<b>Net financial assets / (liabilities)</b>	<b>(147,449)</b>	<b>(193,704)</b>	<b>26,735</b>	<b>(11,348)</b>	<b>827</b>	<b>2,192</b>
Add: Firm commitments and highly probable forecast transactions in foreign currencies	139,821	(64,760)	(11,364)	(11,407)	-	(9,120)
Less: Currency forward contracts	(114,881)	120,998	(17,147)	12,257	(11,883)	9,601
<b>Currency profile</b>	<b>(122,509)</b>	<b>(137,466)</b>	<b>(1,776)</b>	<b>(10,498)</b>	<b>(11,056)</b>	<b>2,673</b>
Financial liabilities/(assets) denominated in the respective entities' functional currencies	-	137,405	6,359	-	6,856	7,286
<b>Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies</b>	<b>(122,509)</b>	<b>(61)</b>	<b>4,583</b>	<b>(10,498)</b>	<b>(4,200)</b>	<b>9,959</b>

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management was as follows:  
(continued)

	USD US\$'000	Ringgit US\$'000	EURO US\$'000	SGD US\$'000	AUD US\$'000
<b>At 31 December 2015</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,008	5,813	416	842	314
Trade and other receivables	34,296	72,796	17,402	3,794	3,238
Intercompany receivables	124,433	66,587	6,355	340	4,833
	160,737	145,196	24,173	4,976	8,385
<b>Financial liabilities</b>					
Borrowings	(7,900)	(212,894)	-	(10,178)	(1,571)
Trade and other payables	(5,696)	(83,603)	(2,153)	(9,519)	(483)
Intercompany payables	(342,574)	(66,587)	(6,355)	(340)	(4,833)
	(356,170)	(363,084)	(8,508)	(20,037)	(6,887)
<b>Net financial (liabilities)/assets</b>	(195,433)	(217,888)	15,665	(15,061)	1,498
Add: Firm commitments and highly probable forecast transactions in foreign currencies	309,064	(111,455)	(12,709)	(15,511)	-
Less: Currency forward contracts	(177,680)	192,441	(13,368)	13,797	(9,638)
<b>Currency profile</b>	(64,049)	(136,902)	(10,412)	(16,775)	(8,140)
Financial liabilities/(assets) denominated in the respective entities' functional currencies	-	136,862	6,359	(343)	3,288
<b>Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies</b>	(64,049)	(40)	(4,053)	(17,118)	(4,852)



# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management was as follows:

	SGD US\$'000	AUD US\$'000
<b>At 31 December 2016</b>		
<b>Financial assets</b>		
Cash and cash equivalents	20	7
Other receivables	-	3,077
	<b>20</b>	<b>3,084</b>
<b>Financial liabilities</b>		
Other payables	(173)	-
	<b>(153)</b>	<b>3,084</b>
<b>Net financial (liabilities)/assets</b>	<b>(153)</b>	<b>3,084</b>
Less: Currency forward contracts	-	(3,350)
	<b>(153)</b>	<b>(266)</b>
<b>Currency profile/currency exposure of financial liabilities net of those denominated in the Company's functional currency</b>		
	<b>(153)</b>	<b>(266)</b>
<b>At 31 December 2015</b>		
<b>Financial assets</b>		
Cash and cash equivalents	19	-
Other receivables	1	3,003
	<b>20</b>	<b>3,003</b>
<b>Financial liabilities</b>		
Other payables	(111)	-
	<b>(91)</b>	<b>3,003</b>
<b>Net financial (liabilities)/assets</b>	<b>(91)</b>	<b>3,003</b>
Less: Currency forward contracts	-	(3,261)
	<b>(91)</b>	<b>(258)</b>
<b>Currency profile/currency exposure of financial liabilities net of those denominated in the Company's functional currency</b>		
	<b>(91)</b>	<b>(258)</b>

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

If Ringgit, Euro, SGD, AUD and IDR change by 5% (2015: Ringgit, Euro, SGD, and AUD: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/ liability position will be as follows:

	Profit after tax	
	← (Decrease )/Increase →	
	US\$'000	US\$'000
	Strengthened	Weakened
<i>Group</i>		
<b>2016</b>		
USD against Ringgit	<b>(3,744)</b>	<b>3,744</b>
Ringgit against USD	<b>(2)</b>	<b>2</b>
EURO against USD	<b>140</b>	<b>(140)</b>
SGD against USD	<b>(321)</b>	<b>321</b>
AUD against USD	<b>(128)</b>	<b>128</b>
IDR against USD	<b>304</b>	<b>(304)</b>
<b>2015</b>		
USD against Ringgit	(2,124)	2,124
Ringgit against USD	(1)	1
EURO against USD	(136)	136
SGD against USD	(563)	563
AUD against USD	(161)	161

If SGD and AUD change against USD by 5% (2015: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/ liability position will be as follows:

	Profit after tax	
	← (Decrease )/Increase →	
	US\$'000	US\$'000
	Strengthened	Weakened
<i>Company</i>		
<b>2016</b>		
SGD against USD	<b>(6)</b>	<b>6</b>
AUD against USD	<b>(11)</b>	<b>11</b>
<b>2015</b>		
SGD against USD	(4)	4
AUD against USD	(11)	11

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (ii) Cash flows and fair value interest rate risks

Cash flows interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its borrowings and deposits placed with creditworthy licensed banks and financial institutions.

The Group's policy is to enter into variable interest rates borrowings and the market interest rates are typically priced into the sales transactions.

As at 31 December 2016, the Groups' profit after tax for the financial year would have been lower or higher by US\$123,000 (2015: US\$196,000) if market interest rates had been 50 basis points higher or lower with all other variables held constant.

#### (iii) Commodity price risk

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 31(e).

If the commodities forward prices had been higher or lower by 5% from the management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US\$5,440,000 (2015: lower or higher by US\$6,897,000) respectively, arising from the changes in the fair value of the commodities forward contracts.

### (b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are trade and other receivables, bank deposits, currency forward contracts, commodities forward contracts and futures contracts on commodity exchanges. For trade and other receivables and commodities forward contracts, the Group adopts the policy of dealing only with customers of appropriate credit standing and history or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group has a credit risk policy in place to manage credit risk. All new customers are subject to credit worthiness check; counterparties are ranked and assigned a credit limit appropriately. Such credit limit would be approved by the Risk Committee. In addition, any increase in credit limit requires approval from the Risk Committee. The Risk Committee is mandated to monitor the payment ageing profile of the third party receivables, to review all the outstanding receivables regularly and to identify any potential uncollectible for doubtful debts provision and/or write-off.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk (continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	<b>Company</b>	
	<b>2016</b>	2015
	<b>US\$'000</b>	US\$'000
Corporate guarantees provided to financial institutions on subsidiaries' borrowings	<b>222,700</b>	366,792

The management is of the view that no loss is expected to arise from the guarantees.

The major trade receivables of the Group comprised of 1 debtors for 2016 (2015: 2 debtors) and represented 13% of trade receivables (2015: 12%). The Company did not have trade receivables in 2016 and 2015.

The credit risk for trade receivables (net of allowance) and commodities forward contracts based on the information provided to key management was as follows:

	<b>Group</b>	
	<b>2016</b>	2015
	<b>US\$'000</b>	US\$'000
<b>Trade receivables (net of allowance)</b>		
<i>By geographical areas</i>		
- Asia		
Malaysia	<b>89,059</b>	58,621
Singapore	<b>34,216</b>	25,879
Rest of Asia	<b>20,336</b>	19,494
- Africa	<b>45,198</b>	43,751
- Middle East		
Iran	<b>17,855</b>	39,429
Rest of Middle East	<b>8,702</b>	12,065
- Europe	<b>28,735</b>	23,822
- Pacific Oceania	<b>5,057</b>	8,297
- Americas	<b>7,255</b>	8,096
	<b>256,413</b>	239,454

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk (continued)

	Group	
	2016	2015
	US\$'000	US\$'000
<b>Commodities forward contracts</b>		
<i>By geographical areas</i>		
- Asia		
Malaysia	9,196	15,248
Singapore	2,461	6,716
Rest of Asia	578	1,492
- Middle East		
Iran	1,780	924
Rest of Middle East	29	460
- Europe	2,445	1,034
- Pacific Oceania	-	397
- Americas	144	450
	<b>16,633</b>	26,721

### (i) Financial assets that are neither past due nor impaired

Currency forward contracts and bank deposits that were neither past due nor impaired are entered into with banks with high credit-ratings. Commodities futures contracts are traded in stock exchanges such as Bursa Malaysia with a good credit standing. Commodities forward contracts, trade and non-trade receivables that were neither past due nor impaired were substantially companies with a good collection track record with the Group.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk (continued)

#### (ii) Financial assets that are past due and/or impaired

There is no other material class of financial assets that is past due and/or impaired except for trade receivables and commodities forward contracts.

The age analysis of trade receivables and commodities forward contracts past due but not impaired was as follows:

	<b>Group</b>	
	<b>2016</b>	2015
	<b>US\$'000</b>	US\$'000
<hr/>		
<b>Trade receivables</b>		
Past due < 3 months	<b>60,905</b>	49,194
Past due 3 to 6 months	<b>16,826</b>	13,354
Past due 6 to 12 months	<b>7,788</b>	250
Past due over 1 year	<b>9,987</b>	9,239
	<b>95,506</b>	72,037
<hr/>		
<b>Commodities forward contracts</b>		
Past due < 3 months	<b>4,804</b>	8,453
Past due 3 to 6 months	<b>8</b>	1,552
Past due 6 to 12 months	<b>-</b>	54
	<b>4,812</b>	10,059
<hr/>		

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 31. FINANCIAL RISK MANAGEMENT (continued)

(b) *Credit risk (continued)*

(ii) *Financial assets that are past due and/or impaired (continued)*

The total carrying amount of trade receivables individually determined to be fully/partially impaired were as follows:

	<b>Group</b>	
	<b>2016</b>	2015
	<b>US\$'000</b>	US\$'000
Gross amount	<b>46,852</b>	28,150
Less: Allowance for impairment	<b>(38,955)</b>	(21,059)
	<b>7,897</b>	7,091
Beginning of financial year	<b>21,059</b>	18,756
Currency translation differences	<b>(356)</b>	(577)
Allowance made (Note 7)	<b>18,317</b>	2,893
Allowance utilised	<b>(65)</b>	(13)
End of financial year	<b>38,955</b>	21,059

The remaining amount of US\$7,897,000 (2015: US\$ 7,091,000) was not deemed to be impaired further to the deposits and subsequent collections from these customers.

The impaired trade receivables arose mainly from sales to customers which have suffered financial difficulties.

(c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and maintaining flexibility in funding by keeping credit facilities available with different financial institutions. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 17.

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 31. FINANCIAL RISK MANAGEMENT (continued)

#### c) Liquidity risk (continued)

The table below analyses financial liabilities (including derivative liabilities) of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting was not significant.

	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Total US\$'000
<i>Group</i>				
<b>At 31 December 2016</b>				
Trade and other payables	(190,906)	-	-	(190,906)
Borrowings	(196,186)	(16,861)	(15,423)	(228,470)
	<b>(387,092)</b>	<b>(16,861)</b>	<b>(15,423)</b>	<b>(419,376)</b>
Gross-settled currency forward contracts				
- Receipts	347,710	-	-	347,710
- Payments	(221,934)	-	-	(221,934)
	<b>125,776</b>	-	-	<b>125,776</b>
Gross-settled commodities futures contracts and forward sales and purchase contracts				
- Receipts	833,228	116,580	-	949,808
- Payments	(838,816)	(114)	-	(838,930)
	<b>(5,588)</b>	<b>116,466</b>	-	<b>110,878</b>
<i>Group</i>				
<b>At 31 December 2015</b>				
Trade and other payables	(127,489)	-	-	(127,489)
Borrowings	(320,750)	(21,960)	(30,605)	(373,315)
	<b>(448,239)</b>	<b>(21,960)</b>	<b>(30,605)</b>	<b>(500,804)</b>
Gross-settled currency forward contracts				
- Receipts	342,293	-	-	342,293
- Payments	(142,942)	-	-	(142,942)
	<b>199,351</b>	-	-	<b>199,351</b>
Gross-settled commodities futures contracts and forward sales and purchase contracts				
- Receipts	902,955	1,485	-	904,440
- Payments	(732,206)	(16,149)	-	(748,355)
	<b>170,749</b>	<b>(14,664)</b>	-	<b>156,085</b>



# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### c) Liquidity risk (continued)

	Less than 1 year US\$'000
<hr/>	
<i>Company</i>	
<b>At 31 December 2016</b>	
Other payables	(173)
Gross-settled currency forward contracts	
- Payments	<u>(3,350)</u>
<b>At 31 December 2015</b>	
Other payables	(111)
Gross-settled currency forward contracts	
- Payments	<u>(3,261)</u>

The table below analyses the maturity profile of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts were allocated to the earliest period in which the guarantee could be called.

	Less than 1 year US\$'000
<hr/>	
<i>Company</i>	
<b>At 31 December 2016</b>	
Financial guarantee contracts	<u>(222,700)</u>
<b>At 31 December 2015</b>	
Financial guarantee contracts	<u>(366,792)</u>

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure over business cycles, the Group may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management manages capital based on net assets of the Group and a number of key ratios including gross debt-equity ratio and net debt-equity ratio. The Group is required by the banks to maintain a certain amount of minimum net worth and gross debt-equity ratio. The gross debt-equity ratio is defined as total interest-bearing debts ("gross debt") to total equity. Net debt-equity ratio is defined as total interest-bearing debts less cash and cash equivalents ("net debt") to total equity.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

	<b>Group</b>	
	<b>2016</b>	2015
	<b>US\$'000</b>	US\$'000
<b>Net assets</b>	<b>486,049</b>	484,708
<b>Debt-equity ratio</b>		
Gross debt	<b>225,865</b>	368,564
Less: Cash and cash equivalents	<b>(50,034)</b>	(45,603)
Net debt	<b>175,831</b>	322,961
Total equity	<b>486,049</b>	484,708
Gross debt-equity ratio	<b>0.46</b>	0.76
Net debt-equity ratio	<b>0.36</b>	0.67

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (e) Fair value measurements

The following table presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

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

	Level 1 US\$'000	Level 2 US\$'000	Total US\$'000
<b>Group</b>			
<b>2016</b>			
<b>Financial Assets</b>			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	9,547	9,547
- Commodities forward contracts	-	16,633	16,633
- Futures contracts on commodity exchange	26,708	-	26,708
<b>As at 31 December 2016</b>	<b>26,708</b>	<b>26,180</b>	<b>52,888</b>
<b>Financial Liabilities</b>			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(6,433)	(6,433)
- Commodities forward contracts	-	(25,186)	(25,186)
- Futures contracts on commodity exchange	(1,010)	-	(1,010)
<b>As at 31 December 2016</b>	<b>(1,010)</b>	<b>(31,619)</b>	<b>(32,629)</b>
<b>Group</b>			
<b>2015</b>			
<b>Financial Assets</b>			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	3,029	3,029
- Commodities forward contracts	-	26,721	26,721
- Futures contracts on commodity exchange	12,910	-	12,910
<b>As at 31 December 2015</b>	<b>12,910</b>	<b>29,750</b>	<b>42,660</b>
<b>Financial Liabilities</b>			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(969)	(969)
- Commodities forward contracts	-	(18,170)	(18,170)
- Futures contracts on commodity exchange	(25,211)	-	(25,211)
<b>As at 31 December 2015</b>	<b>(25,211)</b>	<b>(19,139)</b>	<b>(44,350)</b>

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 31. FINANCIAL RISK MANAGEMENT (continued)

(e) *Fair value measurements (continued)*

	Level 1 US\$'000	Level 2 US\$'000	Total US\$'000
<b>Company</b>			
<b>2016</b>			
<b>Financial Assets</b>			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	124	124
<b>2015</b>			
<b>Financial Liabilities</b>			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(58)	(58)

There were no transfers between Levels 1 and 2 during the year. The Group's commodities futures contracts are traded in active markets and their fair values reflect quoted prices at the balance sheet date in active markets such as Bursa Malaysia. These instruments are included in Level 1.

The Group's commodities forward contracts are not traded in an active market. Their fair values are estimated by a valuation technique that takes into consideration various sources of indicative market prices. The sources of indicative market prices include prices listed on the Malaysian Palm Oil Board (MPOB), prices obtained from an international news agency, quotes obtained from brokers and actual contracted prices entered into at the balance sheet date. The fair values of currency forward contracts are determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2.

The carrying value less impairment provision of trade and other receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

(f) *Financial instruments by category*

The carrying amounts of the different categories of financial instruments were as disclosed on the face of the balance sheet and in Note 16 to the financial statements, except for the following:

	Group		Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Loans and receivables	354,547	330,994	275,757	216,367
Financial liabilities at amortised cost	(416,771)	(496,053)	(173)	(111)

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 31. FINANCIAL RISK MANAGEMENT (continued)

### (g) Offsetting financial assets and liabilities

#### Group

#### (i) Financial assets subject to offsetting

Description	(a) Gross amounts of financial assets US\$'000	(b) Gross amount of financial liabilities set off on balance sheet US\$'000	(c) = (a)-(b) Net amounts of financial assets presented on balance sheet US\$'000
<b>2016</b>			
Commodities forward contracts	<b>18,717</b>	<b>(2,084)</b>	<b>16,633</b>
<b>2015</b>			
Commodities forward contracts	28,564	(1,843)	26,721

#### (ii) Financial liabilities subject to offsetting

Description	(a) Gross amounts of financial liabilities US\$'000	(b) Gross amount of financial assets set off on balance sheet US\$'000	(c) = (a)-(b) Net amounts of financial liabilities presented on balance sheet US\$'000
<b>2016</b>			
Commodities forward contracts	<b>(27,270)</b>	<b>2,084</b>	<b>25,186</b>
<b>2015</b>			
Commodities forward contracts	(20,013)	1,843	(18,170)

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 32. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) *Sales and purchases of goods and services and other transactions*

	Group	
	2016 US\$'000	2015 US\$'000
Sales of finished goods to related parties	22,668	45,107
Purchases of raw materials from related parties	598	406
Losses from derivative financial instruments from related parties	122	80
Services received		
- Transportation and forwarding		
- Associated company	2,603	2,670
- Related party	18	53
- Packing material to related parties	1,095	1,490
- Consultation fees to related parties	1,564	1,571
- Travelling expenses to related parties	166	158
- Tolling fees to related parties	63	605
Rental received/receivable		
- Associated company	3	41
- Related party	41	6
Interest income from related parties	432	13
Service fee		
- Associated company	27	84
- Related party	15	16
Advertisement fee to related parties	14	47

Related parties comprise mainly companies or individuals which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2016 and 2015 arising from the above transactions are set out in Notes 14, 15, 21 and 22 respectively.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 32. RELATED PARTY TRANSACTIONS (continued)

### (b) Key management personnel compensation

Key management personnel compensation was as follows:

	Group	
	2016 US\$'000	2015 US\$'000
Wages, salaries and other short-term employee benefits	7,214	7,198
Employer's contribution to defined contribution plans	146	129
	<b>7,360</b>	<b>7,327</b>

Key management compensation includes remuneration of Executive Directors and senior management of the Group and Company.

## 33. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions, allocate resources, and assess performance. The Exco is the Group's chief operating decision-maker and comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business within each segment.

The Exco considers the business from two segments:

- (i) The bulk segment which sources, manufactures and sells edible oils and specialty fats and oils in bulk for a variety of end uses; and
- (ii) The consumer pack segment which manufactures and sells edible oils and bakery fats and rice to consumers in packaged form.

The Group measures and tracks the profitability in terms of operating margin and earnings before interest, tax, depreciation and amortisation ("EBITDA").

Operating margin is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses and foreign exchange gains/(losses). Operating margin relating to inter-segment sales are reported under the segment where the final sales to third parties are made.

Sales between segments reported to the Exco is measured in a manner consistent with the group's accounting policies.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 33. SEGMENT INFORMATION (continued)

EBITDA is calculated as operating margin add other income, less administrative expenses (excluding depreciation) and other operating expenses.

The segment information provided to the Exco for the reportable segments for the financial year ended 31 December 2016 was as follows:

<i>Group</i>	Bulk US\$'000	Consumer Pack US\$'000	Total US\$'000
<b>Sales</b>			
Total segment sales	2,667,650	775,636	3,443,286
Inter-segment sales	(377,500)	(22,999)	(400,499)
Sales to external parties	2,290,150	752,637	3,042,787
<b>Operating margin</b>	<b>102,528</b>	<b>31,857</b>	<b>134,385</b>
Other income excluding interest income	1,856	775	2,631
Interest income	1,019	678	1,697
Administrative expenses, excluding depreciation	(29,764)	(34,422)	(64,186)
Other losses excluding foreign exchange gain/(losses)	(6,655)	(1,386)	(8,041)
<b>Adjusted EBITDA</b>	<b>68,984</b>	<b>(2,498)</b>	<b>66,486</b>
Depreciation	(11,614)	(5,502)	(17,116)
Finance expense	(7,885)	(2,832)	(10,717)
<b>Segment results</b>	<b>49,485</b>	<b>(10,832)</b>	<b>38,653</b>
<b>Unallocated</b>			
Income tax expense			(17,850)
Share of profit of an associate			34
<b>Profit after tax</b>			<b>20,837</b>
<b>Total segment assets</b>	<b>769,754</b>	<b>190,620</b>	<b>960,374</b>
<b>Unallocated</b>			
Current income tax recoverable			6,535
Investment in associated company			348
Deferred income tax assets			9,735
<b>Total assets</b>			<b>976,992</b>
Total assets include:			
Additions to:			
- Property, plant and equipment	19,804	11,534	31,338
<b>Total segment liabilities</b>	<b>(381,401)</b>	<b>(78,036)</b>	<b>(459,437)</b>
<b>Unallocated</b>			
Current income tax liabilities			(4,320)
Deferred income tax liabilities			(27,186)
<b>Total liabilities</b>			<b>(490,943)</b>



# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 33. SEGMENT INFORMATION (continued)

The segment information provided to the Exco for the reportable segments for the financial year ended 31 December 2015 was as follows:

	Bulk US\$'000	Consumer Pack US\$'000	Total US\$'000
<i>Group</i>			
<b>Sales</b>			
Total segment sales	2,225,085	823,910	3,048,995
Inter-segment sales	(349,030)	(25,226)	(374,256)
Sales to external parties	1,876,055	798,684	2,674,739
<b>Operating margin</b>	<b>37,197</b>	<b>56,990</b>	<b>94,187</b>
Other income excluding interest income	660	573	1,233
Interest income	3,392	1,120	4,512
Administrative expenses, excluding depreciation	(27,568)	(31,082)	(58,650)
Other losses excluding foreign exchange gain/(losses)	(922)	49	(873)
<b>Adjusted EBITDA</b>	<b>12,759</b>	<b>27,650</b>	<b>40,409</b>
Depreciation	(12,030)	(5,440)	(17,470)
Finance expense	(7,097)	(3,208)	(10,305)
<b>Segment results</b>	<b>(6,368)</b>	<b>19,002</b>	<b>12,634</b>
<b>Unallocated</b>			
Income tax expense			(5,531)
Share of profit of an associate			24
<b>Profit after tax</b>			<b>7,127</b>
<b>Total segment assets</b>	<b>853,495</b>	<b>184,636</b>	<b>1,038,131</b>
<b>Unallocated</b>			
Current income tax recoverable			5,064
Investment in associated company			330
Deferred income tax assets			11,403
<b>Total assets</b>			<b>1,054,928</b>
Total assets include:			
Additions to:			
- Property, plant and equipment	19,786	11,201	30,987
<b>Total segment liabilities</b>	<b>(457,419)</b>	<b>(90,390)</b>	<b>(547,809)</b>
<b>Unallocated</b>			
Current income tax liabilities			(4,013)
Deferred income tax liabilities			(18,398)
<b>Total liabilities</b>			<b>(570,220)</b>

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 33. SEGMENT INFORMATION (continued)

#### *Geographical information*

Revenue is attributed to countries on the basis of the customers' billing locations. The non-current assets, excluding deferred income tax assets and derivative financial assets, are analysed by the geographical area in which the non-current assets are located.

	<b>Group</b>	
	<b>2016</b>	2015
	<b>US\$'000</b>	US\$'000
<i>Revenue by geography</i>		
Malaysia	<b>1,194,814</b>	960,639
Singapore	<b>732,963</b>	452,542
	<b>1,927,777</b>	1,413,181
Other geographical areas		
- Rest of Asia	<b>210,104</b>	267,191
- Africa	<b>312,976</b>	317,229
- Middle East	<b>291,917</b>	317,948
- Europe	<b>154,322</b>	165,793
- Pacific Oceania	<b>60,206</b>	64,343
- America	<b>85,485</b>	129,054
	<b>1,115,010</b>	1,261,558
	<b>3,042,787</b>	2,674,739
<i>Non-current assets by geography</i>		
Singapore	<b>9,207</b>	10,339
Malaysia	<b>272,814</b>	273,547
Other countries	<b>45,280</b>	47,189
	<b>327,301</b>	331,075

There is no transaction with a single external customer amounting to 10 per cent or more of the Group's revenues for the financial years ended 31 December 2016 and 2015.

### 34. BUSINESS COMBINATION

In the previous financial year:

- the Group acquired 100% of equity shares in MOI Foods (Thailand) Co., Ltd. through its wholly owned subsidiaries, Ngo Chew Hong Corporation Pte Ltd, Ngo Chew Hong Investment Pte Ltd and Mewah Commodities Pte Ltd for a cash consideration of THB1,250,000 (US\$35,000). The impact of this transaction to the financial statements of the Group was insignificant;

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 34. BUSINESS COMBINATION (continued)

- the Group disposed 7.4% shares of MOI International (Australia) Pty Ltd to its non-controlling shareholders, Trupps Pty Ltd Aft Trupps Family Trust and Larry Chew as trustee for the Larry Chew Family Trust for a consideration of AUD659,960.86 (US\$504,000). This transaction reduced the shareholding of the Group to 76%. The impact of this transaction to the financial statements of the Group was not material; and
- PT Sanggam Harapan Sejahtera and PT Rimbunan Putra were consolidated as subsidiaries of the Company pursuant to loan agreements entered into with the Company which entitles the Company to exercise control over the Board of Directors of the respective companies.

## 35. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 30 January 2017, the Company's wholly-owned subsidiary, Ngo Chew Hong Corporation Pte Ltd incorporated a new subsidiary, MOI Foods Ghana Limited, a company registered in Ghana, with registered share capital of US\$1,000,000.

On 22 February 2017, the Company's wholly-owned subsidiary, Ngo Chew Hong Industries Pte Ltd incorporated a new subsidiary, Peng Hong Pte Ltd, a company registered in Singapore, with a registered share capital of US\$1.

## 36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 or later periods and which the Group has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

This is the converged standard on revenue recognition. It replaces FRS 11 *Construction contracts*, FRS 18 *Revenue, and related interpretations*. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

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

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is in the midst of undertaking a detailed assessment of how the financial statements would be affected by the new accounting standards. However, based on management's preliminary assessment, management is of the view that the adoption of this new accounting standard will not result in a material impact to the financial statements.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- FRS 109 *Financial Instrument* (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value, through profit or loss.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is in the midst of undertaking a detailed assessment of how the financial statements would be affected by the new accounting standards. However, based on management's preliminary assessment, management is of the view that the adoption of this new accounting standard will not result in a material impact to the financial statements.

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of US\$11,377,000 [Note 30(b)]. However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases.

## 37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mewah International Inc. on 2 March 2017.

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 38. LISTING OF COMPANIES IN THE GROUP

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
<u>Directly held by the Company</u>					
One Marthoma (CI) Inc. <sup>(k)</sup>	Cayman Islands	Investment holding	Cayman Islands	<b>100</b>	100
<u>Subsidiaries of One Marthoma (CI) Inc.</u>					
Mewah Oleo Malaysia Sdn Bhd <sup>(b)</sup>	Malaysia	Investment holding	Malaysia	<b>100</b>	100
Padat Gaya Sdn Bhd <sup>(b)</sup>	Malaysia	Investment holding	Malaysia	<b>100</b>	100
MOI International (Australia) Pty Ltd <sup>(d)</sup>	Australia	Trading	Australia	<b>76</b>	76
Agri Kurnia Sdn Bhd <sup>(b)</sup>	Malaysia	Investment holding	Malaysia	<b>100</b>	100
<u>Subsidiaries of Mewah Oleo Malaysia Sdn Bhd</u>					
Mewah-Oils Sdn Bhd <sup>(b)</sup>	Malaysia	Manufacturing and selling of palm oil products	Malaysia	<b>100</b>	100
Ngo Chew Hong Oils & Fats (M) Sdn Bhd <sup>(b)</sup>	Malaysia	Refining and selling of palm oil products	Malaysia	<b>100</b>	100
Moi Foods Malaysia Sdn Bhd <sup>(b)</sup>	Malaysia	Manufacturing and selling of downstream palm oil products	Malaysia	<b>100</b>	100
Container Fabricator (M) Sdn Bhd <sup>(b)</sup>	Malaysia	Manufacturing of plastic containers	Malaysia	<b>100</b>	100
Mewaholeo Marketing Sdn Bhd <sup>(b)</sup>	Malaysia	Selling of palm oil and palm oil related products	Malaysia	<b>100</b>	100
Batam Heights Sdn Bhd <sup>(b)</sup>	Malaysia	Dormant	Malaysia	<b>100</b>	100
G & U Districenters (M) Sdn Bhd <sup>(b)</sup>	Malaysia	Dormant	Malaysia	<b>100</b>	100

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
<u>Subsidiaries of Mewah Oleo Malaysia Sdn Bhd (continued)</u>					
Bremfield Sdn Bhd <sup>(b)</sup>	Malaysia	Manufacturing and selling of palm oil products	Malaysia	<b>100</b>	100
Mitra Valley Sdn Bhd <sup>(b)</sup>	Malaysia	Dormant	Malaysia	<b>100</b>	100
<u>Associated company held by Mewah Oleo Malaysia Sdn Bhd</u>					
Prelude Gateway Sdn Bhd <sup>(b)</sup>	Malaysia	Freight forwarding, transportation, warehousing and logistical services	Malaysia	<b>49</b>	49
<u>Directly held by the Company</u>					
Ngo Chew Hong Corporation Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	<b>100</b>	100
Ngo Chew Hong Investment Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	<b>100</b>	100
<u>Subsidiaries of Ngo Chew Hong Corporation Pte Ltd</u>					
Mewah Oils & Fats Pte Ltd <sup>(a)</sup>	Singapore	Trading of edible oils and providing commodity brokerage service	Singapore	<b>100</b>	100
Ngo Chew Hong Edible Oil Pte Ltd <sup>(a)</sup>	Singapore	Packaging and trading of edible oil	Singapore	<b>100</b>	100
MOI International (Singapore) Pte Ltd <sup>(a)</sup>	Singapore	Trading of edible oil products	Singapore	<b>100</b>	100
Mewah Brands (S) Pte Ltd <sup>(a)</sup>	Singapore	To own brands used by related parties and group corporations	Singapore	<b>100</b>	100
Moi Foods Romania S.R.L. <sup>(k)</sup>	Romania	Trading	Romania	<b>100</b>	100

# Notes To The Financial Statements

For the financial year ended 31 December 2016

## 38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
<u>Subsidiaries of Ngo Chew Hong Corporation Pte Ltd (continued)</u>					
Ngo Chew Hong Industries Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	<b>100</b>	100
Mewah Commodities Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	<b>100</b>	100
Krispi Oil and Food Products Marketing, Import, Export Trading Company (Turkey) <sup>(k)</sup> (50% equity held by Mewah Commodities Pte Ltd and 50% equity held by Ngo Chew Hong Corporation Pte Ltd)	Turkey	Trading	Turkey	<b>100</b>	100
MOI Foods Ivory Coast Limited <sup>(t)</sup>	Ivory Coast	Import, export, distribution of rice & other products	Ivory Coast	<b>100</b>	100
Ngo Chew Hong Edible Oil Limited <sup>(s)</sup> (90% equity held by Ngo Chew Hong Corporation Pte Ltd and 10% equity held by Mewah Commodities Pte Ltd)	Nigeria	Dormant	Nigeria	<b>100</b>	100
MOI Foods Nigeria Limited <sup>(r)</sup> (90% equity held by Ngo Chew Hong Corporation Pte Ltd and 10% equity held by Mewah Commodities Pte Ltd)	Nigeria	Distribution	Nigeria	<b>100</b>	100
MOI Senegal SUARL <sup>(k)</sup>	Senegal	Dormant	Senegal	<b>100</b>	100
MOI Foods (Thailand) Co., Ltd. <sup>(w)</sup> (80% equity held by Ngo Chew Hong Corporation Pte Ltd, 10% equity held by Ngo Chew Hong Investment Pte Ltd and 10% equity held by Mewah Commodities Pte Ltd)	Thailand	Rice export business	Thailand	<b>100</b>	100
Krispi Benin Limited <sup>(j), (v)</sup>	Benin	Import, export, distribution of rice & other products	Benin	<b>100</b>	-
MOI Foods Cameroon Limited <sup>(j), (v)</sup>	Cameroon	Import, export, distribution of rice & other products	Cameroon	<b>100</b>	-

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
<u>Subsidiaries of Mewah Commodities Pte Ltd</u>					
Krispi Oil Russia LLC <sup>(k)</sup>	Russia	Trading	Russia	100	100
Krispi Oils Poland Sp. z o.o <sup>(k)</sup> (95% equity held by MOI International (Singapore) Pte Ltd, 4% equity held by Mewah Commodities Pte Ltd and 1% equity held by Ngo Chew Hong Corporation Pte Ltd)	Poland	Trading	Poland	100	100
Moi Foods Belgium N.V. <sup>(k)</sup> (90% equity held by Mewah Commodities Pte Ltd and 10% equity held by Ngo Chew Hong Corporation Pte Ltd)	Belgium	Investment holding	Belgium	100	100
<u>Subsidiaries of Moi Foods Belgium N.V.</u>					
Molly Foods bvba <sup>(o), (k)</sup>	Belgium	Trading and investment holding	Belgium	70	70
<u>Subsidiary of Molly Foods bvba</u>					
Bloom Land Enterprises Limited <sup>(o), (k)</sup>	Hong Kong	Providing commodity brokerage service	Hong Kong	70	70
<u>Subsidiary of Bloom Land Enterprises Limited</u>					
BeCe S.à.r.l. <sup>(o), (k)</sup>	Togo	Trading	Togo	70	70
<u>Subsidiaries of Padat Gaya Sdn Bhd</u>					
Mewaholeo Industries Sdn Bhd <sup>(b)</sup>	Malaysia	Refining and selling of palm oil products	Malaysia	100	100
Mewah Datu Sdn Bhd <sup>(b)</sup>	Malaysia	Refining and selling of palm oil products	Malaysia	100	100
Kayumanis Warisan Sdn Bhd <sup>(b)</sup>	Malaysia	Dormant	Malaysia	100	100
Ratusan Aman Kapital Sdn Bhd <sup>(b)</sup>	Malaysia	Dormant	Malaysia	100	100



## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
<u>Subsidiaries of Agri Kurnia Sdn Bhd</u>					
Mewah Dairies Sdn Bhd <sup>(b)</sup>	Malaysia	Manufacturing and selling of dairy-based products	Malaysia	100	100
G & U Logistic (M) Sdn Bhd <sup>(i)</sup>	Malaysia	Dormant	Malaysia	100	100
<u>Subsidiary of MOI (International) Australia Pty Ltd</u>					
MOI Foods U.S.A Inc. <sup>(k)</sup>	United States of America	Trading & marketing of food products	United States of America	76	76
<u>Directly held by the Company</u>					
Pandan Loop International Inc. <sup>(k)</sup>	Cayman Islands	Investment holding	Cayman Islands	100	100
Ngo Chew Hong Oleo (S) Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	100	100
<u>Subsidiaries of Ngo Chew Hong Oleo (S) Pte Ltd</u>					
MOI Foods (Shanghai) Co., Ltd. <sup>(e)</sup>	People's Republic of China	Trading	People's Republic of China	100	100
Mewah Oils (ZJG) Co., Ltd. <sup>(q)</sup>	People's Republic of China	Dormant	People's Republic of China	-	100
Mewah Oils (Tianjin) Co., Ltd. <sup>(g)</sup>	People's Republic of China	Manufacturing and sale of edible oils and fats	People's Republic of China	100	100
<u>Directly held by the Company</u>					
Cavenagh House International Inc. <sup>(k)</sup>	Cayman Islands	Investment holding	Cayman Islands	100	100

## Notes To The Financial Statements

For the financial year ended 31 December 2016

### 38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
<u>Subsidiaries of Cavenagh House International Inc.</u>					
Cavenagh Oleo (S) Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	<b>100</b>	100
<u>Subsidiaries of Cavenagh Oleo (S) Pte Ltd</u>					
PT Agro Murni <sup>(l)</sup>	Indonesia	Dormant	Indonesia	<b>95</b>	95
PT Timuran Agro <sup>(u),(x)</sup>	Indonesia	Dormant	Indonesia	<b>95</b>	95
PT Agro Indah <sup>(l)</sup> (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	<b>100</b>	100
PT Utara Agro <sup>(u),(x)</sup>	Indonesia	Dormant	Indonesia	<b>95</b>	95
PT Agro Perkasa <sup>(l)</sup>	Indonesia	Dormant	Indonesia	<b>95</b>	95
PT Mas Bestari <sup>(l)</sup> (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	<b>100</b>	100
PT Mas Mewah <sup>(l)</sup> (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	<b>100</b>	100
PT Usaha Surya <sup>(l)</sup> (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	<b>100</b>	100
PT Nilam Surya Jaya <sup>(l)</sup>	Indonesia	Dormant	Indonesia	<b>100</b>	100
PT Puncak Surya Lestari <sup>(l)</sup>	Indonesia	Dormant	Indonesia	<b>95</b>	-

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For the financial year ended 31 December 2016

## 38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
<u>Subsidiaries of Cavenagh Oleo (S) Pte Ltd (continued)</u>					
PT Puncak Gemilang Lestari <sup>(l)</sup>	Indonesia	Dormant	Indonesia	95	-
<u>Directly held by the Company</u>					
Hua Guan Inc. <sup>(k)</sup>	British Virgin Islands	Investment holding	British Virgin Islands	100	100
<u>Subsidiary of Hua Guan Inc.</u>					
Hua Guan Inc. <sup>(k)</sup>	British Virgin Islands	Investment holding	British Virgin Islands	100	100
Hua Guan Oleo (S) Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	100	100
<u>Subsidiaries of Hua Guan Oleo (S) Pte Ltd</u>					
Mewah Oils India Pvt Ltd <sup>(h)</sup> (90% equity held by Hua Guan Oleo (S) Pte Ltd and 10% equity held by Hua Guan Inc.)	India	Trading	India	100	100
MOI Commodities India Pvt Ltd <sup>(n)</sup> (90% equity held by Hua Guan Oleo (S) Pte Ltd and 10% equity held by Hua Guan Inc.)	India	Trading	India	100	100
Mewah Oils FZE <sup>(k)</sup>	United Arab Emirates	Dormant	United Arab Emirates	100	100
<u>Directly held by the Company</u>					
Moi International Inc. <sup>(k)</sup>	Mauritius	Dormant	Mauritius	100	100
Semenyih Inc. <sup>(k)</sup>	Cayman Islands	Dormant	Cayman Islands	100	100
Mewah (HK) Limited <sup>(m)</sup>	Hong Kong	Investment holding	Hong Kong	100	100

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For the financial year ended 31 December 2016

## 38. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2016 %	2015 %
<u>Deemed control</u>					
PT Sanggam Harapan Sejahtera <sup>(i),(c)</sup>	Indonesia	Plantation	Indonesia	-	-
PT Rimbunan Putra <sup>(i),(c)</sup>	Indonesia	Investment holding	Indonesia	-	-

(a) Audited by PricewaterhouseCoopers LLP, Singapore

(b) Audited by PricewaterhouseCoopers, Malaysia

(c) PT Sanggam Harapan Sejahtera and PT Rimbunan Putra are consolidated as subsidiaries of the Company pursuant to loan agreements entered into with the Company which entitles the Company to nominate the majority of the Board of Directors and exercise control over the respective companies.

(d) Audited by BDO Kendalls (QLD) Pty Ltd, Australia

(e) Audited by Shanghai Shen Zhou Da Tong Certified Public Accountants Company Limited, People's Republic of China

(f) Audited by Suzhou Qinye Union Certified Public Accountants, People's Republic of China

(g) Audited by Tianjin Beiyang CPAs Co., Ltd., People's Republic of China

(h) Audited by MPJ & Co, Mumbai, India

(i) Audited by HALS & Associates, Malaysia

(j) Incorporated during the financial year

(k) Not required to be audited under the laws of the country of incorporation

(l) Audited by DFK International, Anwar & Rekan, Indonesia

(m) Audited by Tony Kam & Co., Hong Kong

(n) Audited by Kumar Vijay Gupta & Co., India

(o) In the process of liquidation

(p) Acquired during the financial year

(q) Liquidated during the financial year

(r) Audited by AB Bello & Co, Port Harcourt, Nigeria

(s) Audited by Hamzat Subrair & Co, Lagos, Nigeria

(t) Audited by Epsilon International Consulting Cote D'Ivoire, Ivory Coast

(u) Under Members Voluntary Liquidation

(v) In the process of appointing auditor

(w) Audited by Wichit Thanasarnsophon, Thailand

(x) In the process of appointment of liquidator