

# FINANCIAL STATEMENTS

- 38** Directors' Report
- 41** Statement by Directors
- 42** Independent Auditor's Report
- 43** Consolidated Income Statement
- 44** Consolidated Statement of Comprehensive Income
- 45** Balance Sheet – Group
- 46** Balance Sheet – Company
- 47** Consolidated Statement of Changes in Equity
- 48** Consolidated Statement of Cash Flows
- 49** Notes to the Financial Statements

# DIRECTORS' REPORT

For the financial year ended 31 December 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

## DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Dr Cheo Tong Choon @ Lee Tong Choon  
 Ms Michelle Cheo Hui Ning  
 Ms Bianca Cheo Hui Hsin  
 Ms Leong Choi Foong  
 Ms Wong Lai Wan  
 Mr Giam Chin Toon  
 Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor  
 Mr Lim How Teck  
 Tan Sri Datuk Dr Ong Soon Hock

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	No. of ordinary shares			
	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
Dr Cheo Tong Choon @ Lee Tong Choon	10,984,000	-	691,461,220	620,008,220
Ms Michelle Cheo Hui Ning	2,000,000	-	622,461,220	566,008,220
Ms Bianca Cheo Hui Hsin	-	-	622,461,220	566,008,220
Ms Leong Choi Foong	94,000	94,000	-	-
Ms Wong Lai Wan	224,000	224,000	20,000	20,000
Mr Giam Chin Toon	200,000	200,000	-	-
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	20,000	20,000	-	-
Mr Lim How Teck	300,000	300,000	-	-
Tan Sri Datuk Dr Ong Soon Hock	30,000	30,000	-	-

# DIRECTORS' REPORT

For the financial year ended 31 December 2014

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

- (b) The directors' interests in the ordinary shares of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

## AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Lim How Teck (Chairman)  
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor  
Mr Giam Chin Toon

All members of the Audit Committee were non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

# DIRECTORS' REPORT

For the financial year ended 31 December 2014

## INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Dr Cheo Tong Choon @ Lee Tong Choon  
Director

Ms Michelle Cheo Hui Ning  
Director

4 March 2015

# STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 43 to 117 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Dr Cheo Tong Choon @ Lee Tong Choon  
Director

Ms Michelle Cheo Hui Ning  
Director

4 March 2015

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEWAH INTERNATIONAL INC.

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Mewah International Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 43 to 117, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants

Singapore, 4 March 2015

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2014

	Note	2014 US\$'000	2013 US\$'000
Revenue	4	<b>3,438,819</b>	3,193,733
Cost of sales	5	<b>(3,206,239)</b>	(2,952,355)
Gross profit		<b>232,580</b>	241,378
Other income	6	<b>5,561</b>	5,654
Other losses	7	<b>(20,930)</b>	(11,690)
Expenses			
- Selling and distribution		<b>(128,530)</b>	(126,438)
- Administrative		<b>(72,852)</b>	(72,901)
- Finance	8	<b>(12,299)</b>	(13,377)
Share of profit of associated company		<b>80</b>	74
Profit before tax	10	<b>3,610</b>	22,700
Income tax expense	11	<b>(583)</b>	(2,695)
<b>Profit after tax</b>		<b>3,027</b>	20,005
<b>Profit after tax attributable to:</b>			
Equity holders of the Company		<b>2,695</b>	20,931
Non-controlling interests		<b>332</b>	(926)
		<b>3,027</b>	20,005
Earnings per share attributable to equity holders of the Company (expressed in US cents per share)			
- Basic and diluted	12	<b>0.18</b>	1.39

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
<b>Profit after tax</b>	<b>3,027</b>	20,005
<b>Other comprehensive loss:</b>		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from foreign subsidiaries	<b>(11,664)</b>	(15,026)
<b>Total comprehensive (loss)/income, net of tax</b>	<b>(8,637)</b>	4,979
<b>Total comprehensive (loss)/income attributable to:</b>		
Equity holders of the Company	<b>(9,466)</b>	6,212
Non-controlling interests	<b>829</b>	(1,233)
	<b>(8,637)</b>	4,979

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



# BALANCE SHEET – GROUP

As at 31 December 2014

	Note	2014 US\$'000	2013 US\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories	13	294,368	247,486
Trade receivables	14	290,287	292,702
Other receivables	15	28,079	27,685
Current income tax recoverable		6,876	9,779
Derivative financial instruments	16(a)	48,825	31,277
Cash and cash equivalents	17	60,825	63,145
		<b>729,260</b>	672,074
<b>Non-current assets</b>			
Deferred income tax assets	24	11,417	10,862
Property, plant and equipment	18	346,923	347,167
Leasehold prepayments	19	34,781	18,459
Investment in associated company	20(a)	379	323
Derivative financial instruments	16(b)	668	550
		<b>394,168</b>	377,361
<b>Total assets</b>		<b>1,123,428</b>	1,049,435
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	21	147,007	141,042
Other payables	22	43,018	39,589
Current income tax liabilities		2,573	2,832
Derivative financial instruments	16(a)	42,756	21,459
Borrowings	23	228,665	178,562
		<b>464,019</b>	383,484
<b>Non-current liabilities</b>			
Deferred income tax liabilities	24	21,247	22,345
Borrowings	23	102,590	86,781
		<b>123,837</b>	109,126
<b>Total liabilities</b>		<b>587,856</b>	492,610
<b>NET ASSETS</b>		<b>535,572</b>	556,825
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company:</b>			
Share capital	25	1,501	1,507
Share premium	25	180,012	185,416
Retained profits	27(a)	390,730	396,776
Other reserves	26	(33,259)	(22,308)
		<b>538,984</b>	561,391
<b>Non-controlling interests</b>		<b>(3,412)</b>	(4,566)
<b>Total equity</b>		<b>535,572</b>	556,825

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

# BALANCE SHEET – COMPANY

As at 31 December 2014

	Note	2014 US\$'000	2013 US\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Other receivables	15	205,643	195,670
Cash and cash equivalents	17	56	75
		<b>205,699</b>	195,745
<b>Non-current assets</b>			
Investments in subsidiaries	20(b)	849	820
<b>Total assets</b>		<b>206,548</b>	196,565
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	22	142	148
Current income tax liabilities		147	162
		<b>289</b>	310
<b>Non-current liabilities</b>			
Deferred income tax liabilities	24	366	307
<b>Total liabilities</b>		<b>655</b>	617
<b>NET ASSETS</b>		<b>205,893</b>	195,948
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company:</b>			
Share capital	25	1,501	1,507
Share premium	25	180,012	185,416
Retained profits	27(b)	20,871	9,025
Other reserves	26	3,509	-
<b>Total equity</b>		<b>205,893</b>	195,948

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

Note	Attributable to equity holders of the Company										
	Share capital US\$'000	Share premium US\$'000	Capital redemption reserve US\$'000	Merger reserve US\$'000	General reserve US\$'000	Asset revaluation reserve US\$'000	Currency translation reserve US\$'000	Retained profits US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
<b>2014</b>											
<b>Beginning of financial year</b>	1,507	185,416	-	(50,706)	(2,608)	10,058	20,948	396,776	561,391	(4,566)	556,825
Acquisition of a subsidiary under common control	34	-	-	(2,299)	-	-	-	-	(2,299)	-	(2,299)
Share purchased and cancelled	25 & 26	(6)	(5,404)	3,509	-	-	-	-	(1,901)	-	(1,901)
Dividends	28	-	-	-	-	-	-	(8,741)	(8,741)	-	(8,741)
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	325	325
Total comprehensive loss for the financial year		-	-	-	-	-	(12,161)	2,695	(9,466)	829	(8,637)
<b>End 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>
<b>2013</b>											
<b>Beginning of financial year</b>	1,507	185,416	-	(50,706)	(2,608)	10,058	35,667	383,946	563,280	(3,333)	559,947
Dividends	28	-	-	-	-	-	-	(8,101)	(8,101)	-	(8,101)
Total comprehensive income for the financial year		-	-	-	-	-	(14,719)	20,931	6,212	(1,233)	4,979
<b>End of financial year</b>	<b>1,507</b>	<b>185,416</b>	<b>-</b>	<b>(50,706)</b>	<b>(2,608)</b>	<b>10,058</b>	<b>20,948</b>	<b>396,776</b>	<b>561,391</b>	<b>(4,566)</b>	<b>556,825</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	2014 US\$'000	2013 US\$'000
<b>Cash flows from operating activities</b>			
Profit after tax		3,027	20,005
Adjustments for:			
- Income tax expense		583	2,695
- Amortisation		1,305	1,270
- Depreciation		17,512	18,212
- Gain on disposal of property, plant and equipment - net		(142)	(368)
- Property, plant and equipment written off		28	151
- Impairment loss on property, plant and equipment		-	330
- Interest income		(3,933)	(4,267)
- Interest expense		12,299	13,377
- Share of profit of associated company		(80)	(74)
- Loss on liquidation of subsidiaries		92	-
- Exchange differences (net)		3,564	4,938
Operating cash flows before working capital changes		34,255	56,269
Changes in operating assets and liabilities:			
- Inventories		(46,882)	(4,040)
- Trade and other receivables		(1,196)	217,159
- Trade and other payables		9,394	(108,950)
- Derivative financial instruments		3,631	35,564
Cash flows (used in)/generated from operations		(798)	196,002
Interest received		3,214	3,676
Interest paid		(12,299)	(13,377)
Income tax refund received		678	1,864
<b>Net cash flows (used in)/from operating activities</b>		<b>(9,205)</b>	<b>188,165</b>
<b>Cash flows from investing activities</b>			
Decrease/(Increase) in other receivables		3,450	(110)
Additions to property, plant and equipment		(38,048)	(53,079)
Additions of leasehold prepayments	19	(17,627)	(1,949)
Proceeds from disposal of property, plant and equipment		232	536
Acquisition of a subsidiary under common control	34	(2,299)	-
<b>Net cash flows used in investing activities</b>		<b>(54,292)</b>	<b>(54,602)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to equity holders of the Company	28	(8,741)	(8,101)
Decrease/(Increase) in restricted short term deposit		661	(2,677)
Proceeds from long term borrowings		70,096	37,129
Repayment of long term borrowings		(37,221)	(26,996)
Net proceeds/(repayment) from short term borrowings		40,128	(120,686)
Repayment of finance lease liabilities		(41)	(239)
Interest received		719	591
Share purchased and cancelled	25	(1,901)	-
<b>Net cash flows from/(used in) financing activities</b>		<b>63,700</b>	<b>(120,979)</b>
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of financial year		59,976	48,557
Effect of changes in exchange rate on cash and cash equivalents		(1,827)	(1,165)
<b>Cash and cash equivalents at end of financial year</b>	17	<b>58,352</b>	<b>59,976</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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 37 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 2014***

On 1 January 2014, 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 except for the following:

*FRS 112 Disclosures of Interests in Other Entities* The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new *FRS 110 Consolidated Financial Statements* and *FRS 111 Joint Arrangements*, and replaces the disclosure requirements currently found in *FRS 27 (revised 2011) Separate Financial Statements* and *FRS 28 (revised 2011) Investments in Associates and Joint Ventures*.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 January 2014. The Group has incorporated the additional required disclosures into the financial statements.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition (continued)

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.

(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 but are considered an impairment indicator of the asset transferred. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

(a) *Subsidiaries (continued)*

(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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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.

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. Please refer to Note 2.5 for the subsequent accounting policy on 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 have been prepared as if the combination had occurred from the date when the combining entities or businesses first came under common control;

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

#### (a) Subsidiaries (continued)

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

- 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; and
- 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 reserves.

##### (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 2.6 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

#### (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 subsidiary.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Group accounting (continued)

(c) *Associated company (continued)*

(ii) *Equity method of accounting*

In applying the equity method of accounting, the Group's share of its associated company's post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated company are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated companies. If the associated company subsequently 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 2.6 for the accounting policy on investment in associated company in the separate financial statements of the Company.

### 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.

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (a) Measurement (continued)

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

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 (Note 18(c)).

##### (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 2.8 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:

Leasehold land and buildings	Amortised over the period of leases (30 to 99 years)
Freehold buildings	2%
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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Intangible assets

#### *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisitions of subsidiaries and businesses prior to 1 January 2010 and on acquisition of associated company represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associated company is included in the carrying amount of the investment.

Gains and losses on the disposal of subsidiaries and associated company include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

### 2.6 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.

### 2.7 Impairment of non-financial assets

#### *(a) Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Impairment of non-financial assets (continued)

- (b) *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 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 revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to Note 2.4 for the treatment of a revaluation decrease in property, plant and equipment.

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.

### 2.8 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.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial assets

#### (a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. 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 and in the case of assets classified as held-to-maturity, re-valuates this designation at each balance sheet date.

#### (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.

#### (iii) Held-to-maturity financial assets

Held-to-maturity financial assets, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

#### (iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial assets (continued)

(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.

(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*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity 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.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(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/held-to-maturity 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial assets (continued)

(e) *Impairment (continued)*

(i) *Loans and receivables/held-to-maturity financial assets (continued)*

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.

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(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.

### 2.10 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 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.

### 2.12 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.

### 2.13 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.

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

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 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.

### 2.16 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. Stores, spares and consumables are stated at cost and are determined on a weighted average basis. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 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.

### 2.18 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 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 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.

### 2.20 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.

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 2014

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 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.

### 2.21 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.

### 2.22 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.

### 2.23 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.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

### 2.24 Dividends to Company's shareholders

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 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) *Fair value of derivative financial instruments*

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 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.

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 prices had been higher or lower by 5% from management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US\$4,895,000 respectively, arising from the changes in the fair value of the commodities forward contracts and futures contracts.

### (b) *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment on a regular basis. 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. In determining this, management has made judgement as to 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 effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates 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.

If the net present values of estimated cash flows had been higher or lower by 5% from management's estimates for all past due loans and receivables, the Group's allowance for impairment would have been lower or higher by US\$937,800 correspondingly to profit or loss.

### (c) *Uncertain tax positions*

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management has estimated the amount of capital allowances, incentives and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. Where the final outcome of these matters is different from the amounts that were initially recorded, such as due to changes in tax rules or revised interpretations of existing tax laws and precedent such differences will impact the income tax provisions in the corresponding periods.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

### (d) Useful lives of plant and equipment

The cost of plant and equipment are depreciated on a straight-line basis over their useful lives, which management estimates to be of 20 to 25 years.

These estimates could change significantly as a result of technical innovations.

If the actual useful lives of these plant and equipment had been higher or lower by 5% from management estimates, the carrying amount of the plant and equipment would have been higher or lower by US\$567,000 and US\$627,000 correspondingly to profit or loss.

During the financial year ended 31 December 2014, the Group revised its estimates for the useful lives of certain assets within plant and machinery after conducting an operational review of their useful lives. As a result, there was a change in the expected useful lives of these assets to better reflect the economic benefits expected from their usage. The effect of this change in accounting estimates was a decrease of US\$2,326,000 depreciation expense in current year and US\$11,421,000 for next five years.

## 4. REVENUE

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Sale of palm based products in bulk	<b>2,348,721</b>	2,240,542
Sale of consumer products including edible oils and fats, rice and dairy in consumer packs	<b>1,090,098</b>	953,191
	<b>3,438,819</b>	3,193,733

## 5. COST OF SALES

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Cost of inventories	<b>3,124,120</b>	2,924,114
Losses/(Gains) from derivative financial instruments	<b>42,086</b>	(7,513)
Labour costs and other overheads	<b>40,033</b>	35,754
	<b>3,206,239</b>	2,952,355

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 6. OTHER INCOME

	Group	
	2014 US\$'000	2013 US\$'000
Interest income on bank deposits	719	591
Late interest charge on trade receivables	3,214	3,676
Rental income	533	328
Commission income	4	-
Other miscellaneous income	1,091	1,059
	<b>5,561</b>	5,654

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

## 7. OTHER LOSSES

	Group	
	2014 US\$'000	2013 US\$'000
Foreign exchange losses	20,952	11,907
Property, plant and equipment written off	28	151
Gain on disposal of property, plant and equipment - net	(142)	(368)
Loss on liquidation of subsidiaries	92	-
	<b>20,930</b>	11,690

## 8. FINANCE EXPENSES

	Group	
	2014 US\$'000	2013 US\$'000
Interest expenses:		
- Bank borrowings	12,294	13,360
- Finance lease liabilities	5	17
	<b>12,299</b>	13,377

In 2014, borrowing costs of US\$1,015,000 (2013: US\$656,000) were capitalised at a rate of 5.23% (2013: 5.29%) per annum in property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 9. EMPLOYEE COMPENSATION

	Group	
	2014 US\$'000	2013 US\$'000
Salaries	<b>47,454</b>	43,065
Employer's contributions to defined contribution plans	<b>3,520</b>	3,019
Other staff benefits	<b>1,372</b>	1,347
	<b>52,346</b>	47,431

## 10. PROFIT BEFORE TAX

The following items were included in arriving at profit before tax:

	Group	
	2014 US\$'000	2013 US\$'000
Freight charges	<b>89,501</b>	81,834
Transportation	<b>14,240</b>	12,900
Insurance	<b>5,232</b>	4,868
Utilities	<b>12,427</b>	9,853
Rental on operating lease	<b>1,311</b>	1,132
Employee compensation (Note 9)	<b>52,346</b>	47,431
Depreciation of property, plant and equipment (Note 18)	<b>17,512</b>	18,212
Bank charges	<b>2,254</b>	4,954
(Reversal of)/Allowance for impairment of trade receivables (Note 31(b)(ii))	<b>(2,158)</b>	9,032
Amortisation of leasehold prepayments (Note 19)	<b>1,305</b>	1,270
Impairment losses on property, plant and equipment	-	330
Audit fees		
- Auditors of the Company	<b>335</b>	329
- Other auditors*	<b>164</b>	186
Non-audit fees		
- Auditors of the Company	<b>45</b>	32
- Other auditors*	<b>185</b>	93

\* Included the network of member firms of PricewaterhouseCoopers International Limited (PWCIL).



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 11. INCOME TAX EXPENSE

	Group	
	2014 US\$'000	2013 US\$'000
Tax expense attributable to profit was made up of:		
<b>Current income tax</b>		
- Singapore	1,133	1,952
- Foreign	1,787	1,390
	<b>2,920</b>	3,342
Deferred income tax	<b>(2,175)</b>	136
	<b>745</b>	3,478
<b>(Over)/under provision in prior financial years</b>		
- Current income tax	<b>(1,345)</b>	(1,213)
- Deferred income tax	1,183	430
	<b>(162)</b>	(783)
Income tax expense	<b>583</b>	2,695

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	
	2014 US\$'000	2013 US\$'000
Profit before tax	3,610	22,700
Tax calculated at domestic rates applicable to profits in the respective countries	(132)	4,173
Effects of:		
- Tax incentives	(2,852)	(7,332)
- Expenses not deductible for tax purposes	3,602	7,297
- Income not subject to tax	(36)	(313)
- Deferred tax benefits not recognised	265	32
- Utilisation of previously unrecognised tax losses	-	(390)
- Different tax rate in deferred tax	(82)	-
- Others	(20)	11
	<b>745</b>	3,478

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 11. INCOME TAX EXPENSE (CONTINUED)

Singapore and Malaysia, two of group's main tax jurisdictions, had headline corporate tax rates of 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 and tax incentives under various schemes for qualifying capital investments in Malaysia.

## 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.

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Net profit attributable to equity holders of the Company (US\$'000)	<b>2,695</b>	20,931
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>1,505,741</b>	1,507,061
Basic earnings per share (US cents per share)	<b>0.18</b>	1.39

(i) The earnings per share for the financial years ended 31 December 2014 was computed based on weighted average number of shares adjusted to take into account the share purchased and cancelled of 6,394,000 ordinary shares.

Diluted earnings per share was the same as the basic earnings per share for the financial years ended 31 December 2014 and 2013 as there were no potential dilutive ordinary shares outstanding.

## 13. INVENTORIES

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Raw materials	<b>96,790</b>	89,679
Finished goods	<b>190,602</b>	150,574
Stores, spares and consumables	<b>6,976</b>	7,233
	<b>294,368</b>	247,486

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US\$3,124,120,000 (2013: US\$2,924,114,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 14. TRADE RECEIVABLES

	Group	
	2014 US\$'000	2013 US\$'000
Trade receivables		
- Related parties	<b>38,071</b>	21,014
- Non-related parties	<b>270,972</b>	293,025
	<b>309,043</b>	314,039
Less: Allowance for impairment of trade receivables		
- non-related parties (Note 31 b(ii))	<b>(18,756)</b>	(21,337)
Trade receivables – net	<b>290,287</b>	292,702

Related parties are companies in which the directors/shareholders of the Company have significant influence or control.

## 15. OTHER RECEIVABLES

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Non-trade receivables	<b>13,920</b>	15,906	<b>190,635</b>	195,646
Deposits	<b>4,387</b>	5,036	-	-
Prepayments	<b>9,772</b>	6,743	<b>8</b>	24
Dividends receivable	-	-	<b>15,000</b>	-
	<b>28,079</b>	27,685	<b>205,643</b>	195,670

### Group

As at 31 December 2014, other receivables included US\$5,150,000 (2013: US\$3,885,000) paid to Bursa Malaysia Derivatives Clearing Bhd for commodity trading margin and advance payments of US\$6,465,000 (2013: US\$5,289,000) for the purchase of raw materials, US\$4,171,000 (2013: US\$4,230,000) subsidy receivable from Malaysian Palm Oil Board, and US\$109,000 (2013: US\$7,119,000) advance payments towards capital expenditure.

As at 31 December 2014, there was a loan of US\$30,000 (2013: US\$51,000) to a director of a subsidiary. The loan was interest free, unsecured and repayable on demand.

### Company

Non-trade receivables included US\$187,664,000 (2013: US\$195,646,000) short term loans to subsidiaries at interest rates of 1.3% to 5.3% (2013: 1.3% to 4.0%) per annum.

Dividends receivable related to dividends declared and unpaid by subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 16. DERIVATIVE FINANCIAL INSTRUMENTS

### (a) Current portion

	Contract notional amount US\$'000	Group Fair values	
		Asset US\$'000	Liability US\$'000
<b>2014</b>			
Currency forward contracts (Note 31(e))	<b>742,109</b>	<b>4,102</b>	<b>(22,956)</b>
Commodities forward contracts (Note 31(e))	<b>988,698</b>	<b>38,285</b>	<b>(14,456)</b>
Futures contracts on commodity exchange (Note 31(e))	<b>337,741</b>	<b>6,438</b>	<b>(5,344)</b>
Total		<b>48,825</b>	<b>(42,756)</b>
<b>2013</b>			
Currency forward contracts (Note 31(e))	569,406	5,735	(5,716)
Commodities forward contracts (Note 31(e))	937,181	17,535	(9,719)
Futures contracts on commodity exchange (Note 31(e))	625,806	8,007	(6,024)
Total		31,277	(21,459)

### (b) Non-current portion

	Contract notional amount US\$'000	Group Fair values	
		Asset US\$'000	Liability US\$'000
<b>2014</b>			
Commodities forward contracts (Note 31(e))	<b>10,449</b>	<b>490</b>	-
Futures contracts on commodity exchange (Note 31(e))	<b>28,195</b>	<b>178</b>	-
Total		<b>668</b>	-
<b>2013</b>			
Futures contracts on commodity exchange (Note 31(e))	200,983	550	-

- (i) Currency forward contracts are entered into by the Group in currencies other than their respective functional currencies to manage exposure to fluctuations in foreign currency exchange rates on their transactions.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 16. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

- (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	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Cash at bank and on hand	<b>41,721</b>	36,251	<b>56</b>	75
Short-term bank deposits	<b>19,104</b>	26,894	-	-
	<b>60,825</b>	63,145	<b>56</b>	75

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

	Group	
	2014 US\$'000	2013 US\$'000
Cash and bank balances (as above)	<b>60,825</b>	63,145
Less: Bank overdrafts (Note 23)	<b>(267)</b>	(302)
Less: Restricted short-term bank deposits	<b>(2,206)</b>	(2,867)
Cash and cash equivalents per consolidated statement of cash flows	<b>58,352</b>	59,976

Restricted short-term bank deposits were amounts placed with financial institution as security for banking facilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 18. PROPERTY, PLANT AND EQUIPMENT

	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>Group</b>							
<b>2014</b>							
<i>Cost</i>							
Beginning of financial year	24,603	92,801	278,956	19,985	7,221	53,740	477,306
Currency translation differences	(1,573)	(5,347)	(19,634)	(612)	(174)	(886)	(28,226)
Additions	991	3,910	11,900	1,195	1,522	18,530	38,048
Disposals	-	(3)	(804)	(148)	(645)	-	(1,600)
Write off	-	-	(149)	(5)	-	-	(154)
Reclassification	135	1,220	40,562	11	(15)	(41,913)	-
End of financial year	24,156	92,581	310,831	20,426	7,909	29,471	485,374
<i>Accumulated depreciation</i>							
Beginning of financial year	226	13,823	99,263	11,999	4,498	-	129,809
Currency translation differences	(51)	(736)	(6,268)	(400)	(109)	-	(7,564)
Depreciation charge	521	1,923	11,914	1,987	1,167	-	17,512
Disposals	-	-	(757)	(146)	(607)	-	(1,510)
Write off	-	-	(122)	(4)	-	-	(126)
Reclassification	-	(278)	278	-	-	-	-
End of financial year	696	14,732	104,308	13,436	4,949	-	138,121
<i>Accumulated impairment losses</i>							
Beginning and end of financial year	-	-	17	247	66	-	330
<i>Net book value</i>							
End of financial year	23,460	77,849	206,506	6,743	2,894	29,471	346,923

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

	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>Group</b>							
<b>2013</b>							
<i>Cost</i>							
Beginning of financial year	2,405	99,406	279,784	16,888	7,529	54,314	460,326
Currency translation differences	(1,368)	(6,703)	(21,097)	(697)	(215)	(4,027)	(34,107)
Additions	192	(99)	2,502	1,637	927	47,920	53,079
Disposals	-	-	(58)	(394)	(1,020)	-	(1,472)
Write off	-	-	(206)	(281)	-	(33)	(520)
Reclassification	23,374	197	18,031	2,832	-	(44,434)	-
End of financial year	24,603	92,801	278,956	19,985	7,221	53,740	477,306
<i>Accumulated depreciation</i>							
Beginning of financial year	109	12,819	93,123	11,247	4,367	-	121,665
Currency translation differences	(21)	(813)	(6,978)	(455)	(128)	-	(8,395)
Depreciation charge	138	1,817	13,246	1,849	1,162	-	18,212
Disposals	-	-	(39)	(362)	(903)	-	(1,304)
Write off	-	-	(89)	(280)	-	-	(369)
End of financial year	226	13,823	99,263	11,999	4,498	-	129,809
<i>Accumulated impairment losses</i>							
Impairment losses	-	-	17	247	66	-	330
End of financial year	-	-	17	247	66	-	330
<i>Net book value</i>							
End of financial year	24,377	78,978	179,676	7,739	2,657	53,740	347,167

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

- (a) The carrying amount of motor vehicles held under finance leases was US\$30,000 (2013: US\$62,000) at the balance sheet date.
- (b) Bank borrowings were secured on property, plant and equipment of the Group with carrying amounts of US\$219,730,000 (2013: US\$161,157,000).
- (c) The previous revalued property, plant and equipment deemed at cost were as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Leasehold land and building	<b>10,163</b>	10,391
Plant and machinery	<b>17,129</b>	18,365
Furniture, fixture and office equipment	<b>100</b>	203
	<b>27,392</b>	28,959

## 19. LEASEHOLD PREPAYMENTS

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
<i>Cost</i>		
Beginning of financial year	<b>20,716</b>	18,767
Addition	<b>17,627</b>	1,949
End of financial year	<b>38,343</b>	20,716
<i>Accumulated amortisation</i>		
Beginning of financial year	<b>(2,257)</b>	(987)
Amortisation	<b>(1,305)</b>	(1,270)
End of financial year	<b>(3,562)</b>	(2,257)
<i>Net book value</i>		
End of financial year	<b>34,781</b>	18,459

Leasehold prepayments represented land use rights paid for industrial lands with leasehold period ranging from 16 to 50 years.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 20. INVESTMENTS IN ASSOCIATED COMPANY AND SUBSIDIARIES

(a) *Investment in associated company*

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
<hr/>		
<i>Equity investment at cost</i>		
Beginning of financial year	<b>323</b>	271
Share of profits	<b>80</b>	74
Currency translation differences	<b>(24)</b>	(22)
End of financial year	<b>379</b>	323

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

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
<hr/>		
Assets	<b>1,414</b>	1,136
Liabilities	<b>642</b>	477
Carrying value of associated company	<b>772</b>	659
Carrying value of group's interest in associated company	<b>379</b>	323
Revenue	<b>4,067</b>	3,189
Net profit and total comprehensive income	<b>163</b>	152
Share of profit of associated company	<b>80</b>	74

Details of the associated company were included in Note 37. The associated company was not material to the group in the opinion of the management.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 20. INVESTMENTS IN ASSOCIATED COMPANY AND SUBSIDIARIES (CONTINUED)

(b) *Investments in subsidiaries*

	<b>Company</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
<hr/>		
<i>Equity investments at cost</i>		
Beginning of financial year	<b>820</b>	820
Addition	<b>29</b>	-
End of financial year	<b>849</b>	820

Details of the subsidiaries were included in Note 37.

Addition represented restructuring of Ngo Chew Hong Investment Pte Ltd from an indirect subsidiary to a direct subsidiary.

## 21. TRADE PAYABLES

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
<hr/>		
Trade payables	<b>1,349</b>	1,954
- Related parties	<b>145,658</b>	139,088
- Non-related parties	<b>147,007</b>	141,042

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 22. OTHER PAYABLES

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Non-trade payables				
- Related parties	24	18	-	-
- Associated company	73	8	-	-
- Non-related parties	19,148	17,627	-	-
	<b>19,245</b>	17,653	-	-
Accrual for operating expenses	<b>23,773</b>	21,936	<b>142</b>	148
	<b>43,018</b>	39,589	<b>142</b>	148

### Group

Amounts due to associated company and related parties related mainly to forwarding services and rental of premises.

## 23. BORROWINGS

	Group	
	2014 US\$'000	2013 US\$'000
<i>Current</i>		
Bank overdrafts (Note 17)	267	302
Bank borrowings		
- Bankers' acceptance	121,978	118,014
- Revolving credit	3,000	-
- Trust receipts, bills payable and bills receivable	53,639	20,572
- Term loans	49,760	39,634
Finance lease liabilities (Note 23(c))	21	40
	<b>228,665</b>	178,562
<i>Non-current</i>		
Bank borrowings		
- Term loans	102,560	86,726
Finance lease liabilities (Note 23(c))	30	55
	<b>102,590</b>	86,781
Total borrowings	<b>331,255</b>	265,343

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 23. BORROWINGS (CONTINUED)

### (a) *Securities granted*

The borrowings of the Group were secured by:

- Certain property, plant and equipment, inventories, trade receivables, cash and cash equivalents that were financed by certain banks and financial institutions.
- Corporate guarantees by the Company

Finance lease liabilities were secured over the leased motor vehicles as at 31 December 2014 with carrying value of US\$30,000 (2013: US\$62,000) as the legal title was retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

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

The fair value of borrowings approximated the carrying value of the borrowings at 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.

### (c) *Finance lease liabilities*

The Group leases certain plant and equipment under finance leases.

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Minimum lease payments due		
- Not later than one year	<b>23</b>	45
- Between one and two years	<b>23</b>	25
- Between two and five years	<b>8</b>	34
	<b>54</b>	104
Less: Future finance charges	<b>(3)</b>	(9)
Present value of finance lease liabilities	<b>51</b>	95

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 23. BORROWINGS (CONTINUED)

(c) *Finance lease liabilities* (continued)

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

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Not later than one year	<b>22</b>	40
Between one and two years	<b>22</b>	23
Between two and five years	<b>7</b>	32
	<b>51</b>	95

## 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:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
<b>Deferred income tax assets</b>				
- expected to be recovered within one year	<b>564</b>	764	-	-
- expected to be recovered after one year	<b>10,853</b>	10,098	-	-
	<b>11,417</b>	10,862	-	-
<b>Deferred income tax liabilities</b>				
- expected to be settled within one year	<b>(10,269)</b>	(10,443)	-	-
- expected to be settled after one year	<b>(10,978)</b>	(11,902)	<b>(366)</b>	(307)
	<b>(21,247)</b>	(22,345)	<b>(366)</b>	(307)
	<b>(9,830)</b>	(11,483)	<b>(366)</b>	(307)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 24. DEFERRED INCOME TAXES (CONTINUED)

Movement in deferred income tax account was as follows:

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Beginning of financial year	(11,483)	(11,807)	(307)	(375)
Currency translation differences	661	890	-	-
Tax charged/(credited) to - profit or loss	992	(566)	(59)	68
End of financial year	(9,830)	(11,483)	(366)	(307)

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>2014</b>					
Beginning of financial year	(26,682)	(3,291)	(676)	(5,532)	(36,181)
Currency translation differences	1,552	375	-	276	2,203
Credited/(charged) to - profit or loss	438	(56)	(123)	797	1,056
End of financial year	(24,692)	(2,972)	(799)	(4,459)	(32,922)
<b>2013</b>					
Beginning of financial year	(28,337)	(3,535)	(375)	3,370	(28,877)
Currency translation differences	2,123	219	-	136	2,478
(Charged)/credited to - profit or loss	(468)	25	(301)	(9,038)	(9,782)
End of financial year	(26,682)	(3,291)	(676)	(5,532)	(36,181)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 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>2014</b>				
Beginning of financial year	<b>1,413</b>	<b>21,993</b>	<b>1,292</b>	<b>24,698</b>
Currency translation differences	<b>(93)</b>	<b>(1,308)</b>	<b>(141)</b>	<b>(1,542)</b>
Credited/(charged) to - profit or loss	<b>26</b>	<b>(1,030)</b>	<b>940</b>	<b>(64)</b>
End of financial year	<b>1,346</b>	<b>19,655</b>	<b>2,091</b>	<b>23,092</b>
<b>2013</b>				
Beginning of financial year	675	12,458	3,937	17,070
Currency translation differences	(9)	(1,397)	(182)	(1,588)
Credited/(charged) to - profit or loss	747	10,932	(2,463)	9,216
End of financial year	1,413	21,993	1,292	24,698

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 US\$7,142,000 (2013: US\$5,954,000) at the balance sheet date which 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. The tax losses have no expiry date.

### Company

#### Deferred income tax liabilities

	Unremitted foreign income	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Beginning of financial year	<b>(307)</b>	(375)
(Charged)/credited to - profit or loss	<b>(59)</b>	68
End of financial year	<b>(366)</b>	(307)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 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
<b>Group and Company</b>					
<b>2014</b>					
Beginning of financial year, ordinary shares at par value, US\$0.001	<b>30,000,000</b>	<b>1,507,061</b>	<b>30,000</b>	<b>1,507</b>	<b>185,416</b>
Shares purchased and cancelled	-	<b>(6,394)</b>	-	<b>(6)</b>	<b>(5,404)</b>
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>
<b>2013</b>					
Beginning and end of financial year, ordinary shares at par value, US\$0.001	30,000,000	1,507,061	30,000	1,507	185,416

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	
	2014 US\$'000	2013 US\$'000
(a) <i>Composition:</i>		
Merger reserve	<b>(53,005)</b>	(50,706)
General reserve	<b>(2,608)</b>	(2,608)
Asset revaluation reserve	<b>10,058</b>	10,058
Currency translation reserve	<b>8,787</b>	20,948
Capital redemption reserve	<b>3,509</b>	-
	<b>(33,259)</b>	(22,308)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 26. OTHER RESERVES (CONTINUED)

		<b>Company</b>	
		<b>2014</b>	2013
		<b>US\$'000</b>	US\$'000
<hr/>			
(a)	<i>Composition:</i>		
	Capital redemption reserve	<b>3,509</b>	-
		<hr/>	
	Merger reserve represented the difference between the cost of investment and nominal value of share capital of the merged subsidiary.		
	General reserve represented 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.		
		<b>Group</b>	
		<b>2014</b>	2013
		<b>US\$'000</b>	US\$'000
		<b>Note</b>	
<hr/>			
(b)	<i>Movements</i>		
<b>(i)</b>	<b>Merger reserve</b>		
	Beginning of financial year	<b>(50,706)</b>	(50,706)
	Acquisition of a subsidiary under common control	<b>(2,299)</b>	-
	End of financial year	<b>(53,005)</b>	(50,706)
<b>(ii)</b>	<b>General reserve</b>		
	Beginning and end of financial year	<b>(2,608)</b>	(2,608)
<b>(iii)</b>	<b>Asset revaluation reserve</b>		
	Beginning and end of financial year	<b>10,058</b>	10,058
<b>(iv)</b>	<b>Currency translation reserve</b>		
	Beginning of financial year	<b>20,948</b>	35,667
	Net currency translation differences of foreign subsidiaries	<b>(11,664)</b>	(15,026)
	Non-controlling interests	<b>(497)</b>	307
	End of financial year	<b>8,787</b>	20,948

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 26. OTHER RESERVES (CONTINUED)

	Note	Group and Company	
		2014 US\$'000	2013 US\$'000
(b) <i>Movements</i> (continued)			
<b>(v) Capital redemption reserve</b>			
Beginning of financial year		-	-
Share purchased and cancelled		<b>3,509</b>	-
End of financial year		<b>3,509</b>	-

Other reserves are non-distributable.

## 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 our borrowings.
- (b) Movement in retained profits for the Company was as follows:

	Company	
	2014 US\$'000	2013 US\$'000
Beginning of financial year	<b>9,025</b>	14,913
Dividends (Note 28)	<b>(8,741)</b>	(8,101)
Total comprehensive income for the financial year	<b>20,587</b>	2,213
End of financial year	<b>20,871</b>	9,025

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 28. DIVIDENDS

	<b>Group and Company</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
<b>Declared and paid during the financial year:</b>		
<i>Dividend on ordinary shares:</i>		
- Final exempt one-tier dividends of S\$0.0073 for 2013 (2012: S\$0.0055) per share	<b>8,741</b>	6,682
- Interim exempt dividends of S\$Nil (2013: S\$0.0012) per share	-	1,419
	<b>8,741</b>	8,101
<b>Proposed but not recognised as a liability as at 31 December:</b>		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
Final exempt one-tier dividends of S\$0.0170 (2013: S\$0.0073) per share	<b>19,279</b>	8,673

## 29. CONTINGENT LIABILITIES

### *Group*

In 2007, charges in Malaysia were brought against Mewah-Oils Sdn Bhd ("MOSB"), a wholly-owned subsidiary, and a director of the Company alleging that in 2003, MOSB used falsified documents to discharge crude palm oil ("CPO") and for receiving allegedly stolen property belonging to Lushing Traders Pte Ltd ("Lushing"). MOSB had purchased and paid for CPO from Summerwind Trading Pte Ltd ("Summerwind") which Summerwind had purchased from Lushing. On 26 January 2012, the Sessions Court Judge in Klang dismissed all charges. On 27 January 2012, the prosecution appealed to the High Court of Malaysia against the judgement. On 3 April 2014, the court has struck off the plaintiff's claims.

In 2010, civil claims were also made by Lushing against MOSB claiming US\$2,650,000 and interest at 8.0% per annum from the alleged date of conversion of the CPO, which is between October 2003 and November 2003, costs and any other relief that may be granted by the court. The full trial was completed and the parties have filed their written submission on 4 December 2014. The court has not filed any date for oral clarification or decision as of the date of these financial statements. Shafee & Co, representing MOSB has been of the view that the case is without merit.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 29. CONTINGENT LIABILITIES (CONTINUED)

### *Company*

The Company has issued corporate guarantees to banks for borrowings to certain subsidiaries. As at 31 December 2014, the borrowings under the guarantees amounted to US\$329,585,000 (2013: US\$259,981,000). 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:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Property, plant and equipment	<b>13,670</b>	40,070

### (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:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Not later than one year	<b>547</b>	360
Between one and five years	<b>1,788</b>	1,308
Later than five years	<b>5,678</b>	3,499
	<b>8,013</b>	5,167

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 30. COMMITMENTS (CONTINUED)

- (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:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Not later than one year	<b>192</b>	49
Between one and five years	<b>27</b>	10
	<b>219</b>	59

## 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.

- (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") and Euro ("EUR"). 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 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:

	USD US\$'000	Ringgit US\$'000	EURO US\$'000	SGD US\$'000	AUD US\$'000	JPY US\$'000	Others US\$'000	Total US\$'000
<b>At 31 December 2014</b>								
<b>Financial assets</b>								
Cash and cash equivalents	30,654	7,802	10,846	960	116	-	10,447	60,825
Trade and other receivables	237,111	59,777	5,357	3,711	3,982	-	(1,344)	308,594
Intercompany receivables	498,603	90,484	6,128	3	4,660	-	1,015	600,893
	<b>766,368</b>	<b>158,063</b>	<b>22,331</b>	<b>4,674</b>	<b>8,758</b>	<b>-</b>	<b>10,118</b>	<b>970,312</b>
<b>Financial liabilities</b>								
Borrowings	(107,812)	(221,253)	(49)	-	(1,923)	-	(218)	(331,255)
Other financial liabilities	(55,825)	(111,631)	(4,893)	(12,406)	(558)	-	(4,712)	(190,025)
Intercompany payables	(498,603)	(90,484)	(6,128)	(3)	(4,660)	-	(1,015)	(600,893)
	<b>(662,240)</b>	<b>(423,368)</b>	<b>(11,070)</b>	<b>(12,409)</b>	<b>(7,141)</b>	<b>-</b>	<b>(5,945)</b>	<b>(1,122,173)</b>
<b>Net financial assets/ (liabilities)</b>	<b>104,128</b>	<b>(265,305)</b>	<b>11,261</b>	<b>(7,735)</b>	<b>1,617</b>	<b>-</b>	<b>4,173</b>	<b>(151,861)</b>
Add: Firm commitments and highly probable forecast transactions in foreign currencies	354,199	(268,622)	2,305	(7,142)	(10)	-	(1)	80,729
Less: Currency forward contracts	(349,045)	394,751	(24,548)	3,476	(9,657)	(14,695)	(282)	-
<b>Currency profile</b>	<b>109,282</b>	<b>(139,176)</b>	<b>(10,982)</b>	<b>(11,401)</b>	<b>(8,050)</b>	<b>(14,695)</b>	<b>3,890</b>	<b>(71,132)</b>
Financial (assets)/liabilities denominated in the respective entities' functional currencies	(162,205)	138,577	389	28	3,077	-	(668)	(20,802)
<b>Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies</b>	<b>(52,923)</b>	<b>(599)</b>	<b>(10,593)</b>	<b>(11,373)</b>	<b>(4,973)</b>	<b>(14,695)</b>	<b>3,222</b>	<b>(91,934)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 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	Others US\$'000	Total US\$'000
<b>At 31 December 2013</b>							
<b>Financial assets</b>							
Cash and cash equivalents	46,197	12,654	1,044	1,309	333	1,608	63,145
Trade and other receivables	224,757	48,829	26,061	3,721	4,329	5,947	313,644
Intercompany receivables	527,845	27,061	38,867	1	6,142	3,170	603,086
	798,799	88,544	65,972	5,031	10,804	10,725	979,875
<b>Financial liabilities</b>							
Borrowings	(40,482)	(222,242)	-	-	(2,317)	(302)	(265,343)
Other financial liabilities	(34,425)	(125,589)	(3,546)	(12,099)	(738)	(4,234)	(180,631)
Intercompany payables	(527,845)	(27,061)	(38,867)	(1)	(6,142)	(3,170)	(603,086)
	(602,752)	(374,892)	(42,413)	(12,100)	(9,197)	(7,706)	(1,049,060)
<b>Net financial assets/ (liabilities)</b>	196,047	(286,348)	23,559	(7,069)	1,607	3,019	(69,185)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	(86,348)	105,548	48,784	(4,631)	-	-	63,353
Less: Currency forward contracts	121,939	2,698	(114,185)	4,883	(13,421)	(1,914)	-
<b>Currency profile</b>	231,638	(178,102)	(41,842)	(6,817)	(11,814)	1,105	(5,832)
Financial (assets)/liabilities denominated in the respective entities' functional currencies	(298,156)	177,404	15,837	175	4,585	(1,868)	(102,023)
<b>Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies</b>	(66,518)	(698)	(26,005)	(6,642)	(7,229)	(763)	(107,855)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

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

	USD US\$'000	SGD US\$'000	AUD US\$'000	Total US\$'000
<b>At 31 December 2014</b>				
<b>Financial assets</b>				
Cash and cash equivalents	19	37	-	56
Other receivables	203,917	-	1,718	205,635
	<b>203,936</b>	<b>37</b>	<b>1,718</b>	<b>205,691</b>
<b>Financial liabilities</b>				
Other financial liabilities	-	(142)	-	(142)
	<b>203,936</b>	<b>(105)</b>	<b>1,718</b>	<b>205,549</b>
<b>Net financial assets/(liabilities)/Currency profile</b>				
Financial assets denominated in the Company's functional currency	(203,936)	-	-	(203,936)
<b>Currency exposure of financial assets/ (liabilities) net of those denominated in the Company's functional currency</b>	<b>-</b>	<b>(105)</b>	<b>1,718</b>	<b>1,613</b>
<b>At 31 December 2013</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2	73	-	75
Other receivables	193,862	-	1,784	195,646
	193,864	73	1,784	195,721
<b>Financial liabilities</b>				
Other financial liabilities	-	(148)	-	(148)
	193,864	(75)	1,784	195,573
<b>Net financial assets/(liabilities)/Currency profile</b>				
Financial assets denominated in the Company's functional currency	(193,864)	-	-	(193,864)
<b>Currency exposure of financial assets/ (liabilities) net of those denominated in the Company's functional currency</b>	<b>-</b>	<b>(75)</b>	<b>1,784</b>	<b>1,709</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

If Ringgit, Euro, SGD, AUD and JPY change against USD by 5% (2013: 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	
	← Increase/(decrease) →	
	US\$'000	US\$'000
	Strengthened	Weakened
<b>Group</b>		
<b>2014</b>		
USD against Ringgit	<b>24</b>	<b>(24)</b>
USD against EURO	<b>420</b>	<b>(420)</b>
USD against SGD	<b>451</b>	<b>(451)</b>
USD against AUD	<b>197</b>	<b>(197)</b>
USD against JPY	<b>583</b>	<b>(583)</b>
<b>2013</b>		
USD against Ringgit	29	(29)
USD against EURO	1,100	(1,100)
USD against SGD	281	(281)
USD against AUD	306	(306)

If SGD and AUD change against USD by 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	
	← Increase/(decrease) →	
	US\$'000	US\$'000
	Strengthened	Weakened
<b>Company</b>		
<b>2014</b>		
USD against SGD	<b>4</b>	<b>(4)</b>
USD against AUD	<b>(71)</b>	<b>71</b>
<b>2013</b>		
USD against SGD	3	(3)
USD against AUD	(74)	74

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 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 their borrowings and deposits placed with creditworthy licensed banks and financial institutions.

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

The Group's borrowings are denominated mainly in Ringgit and USD. As at 31 December 2014, profit after tax for the financial year would have been lower or higher by US\$399,000 (2013: US\$325,000) 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 prices. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. The Group has not adopted hedge accounting.

In the course of entering into these contracts, the Group may be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place a risk management system to manage such risk exposure.

As at 31 December 2014, if the commodities futures and forward prices had increased or decreased by 5% from the quoted prices or management's estimates and other variables held constant, the Group's profit after tax would have been lower or higher by US\$4,895,000 (2013: US\$2,738,000) respectively, arising from the changes in fair value of the commodities forward and futures 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 and bank deposits. For trade and other receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral 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 a 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 2014

## 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>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Corporate guarantees provided to financial institutions on subsidiaries' borrowings	<b>329,585</b>	259,981

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 2 debtors for 2014 (2013: 2 debtors) and represented 13% of trade receivables (2013: 11%). The Company did not have trade receivables in 2014 and 2013.

The credit risk for trade receivables based on the information provided to key management was as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
<i>By geographical areas</i>		
- Asia	<b>73,030</b>	92,953
Malaysia	<b>32,466</b>	41,355
Singapore	<b>16,863</b>	29,003
Rest of Asia	<b>71,626</b>	38,539
- Africa		
- Middle East	<b>42,080</b>	44,959
Iran	<b>12,670</b>	18,681
Rest of Middle East	<b>26,130</b>	15,766
- Europe	<b>5,910</b>	5,063
- Pacific Oceania	<b>9,512</b>	6,383
- America	<b>290,287</b>	292,702

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

Bank deposits that were neither past due nor impaired were mainly deposits with banks with high credit-ratings. 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 2014

## 31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Credit risk* (continued)

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

There is no other class of financial assets that is past due and/or impaired except for trade receivables (non-related parties).

The age analysis of trade receivables (non-related parties) past due but not impaired was as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Past due < 3 months	<b>57,381</b>	53,014
Past due 3 to 6 months	<b>17,333</b>	41,038
Past due 6 to 12 months	<b>8,447</b>	16,858
Past due over 1 year	<b>13,173</b>	4,400
	<b>96,334</b>	115,310

The carrying amount of trade receivables (non-related parties) individually determined to be impaired and the movement in the related allowance for impairment were as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Gross amount	<b>18,756</b>	21,337
Less: Allowance for impairment	<b>(18,756)</b>	(21,337)
	<b>-</b>	-
Beginning of financial year	<b>21,337</b>	14,491
Currency translation differences	<b>(308)</b>	(1,147)
(Written back)/Allowance made (Note 10)	<b>(2,158)</b>	9,032
Allowance utilised	<b>(115)</b>	(1,039)
End of financial year	<b>18,756</b>	21,337

The impaired trade receivables (non-related parties) arise mainly from sales to customers which have suffered financial difficulties.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 31. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (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.

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	Over 5 years US\$'000	Total US\$'000
<b>Group</b>					
<b>At 31 December 2014</b>					
Trade and other payables	(190,025)	-	-	-	(190,025)
Borrowings	(231,441)	(43,668)	(50,273)	-	(325,382)
	<b>(421,466)</b>	<b>(43,668)</b>	<b>(50,273)</b>	-	<b>(515,407)</b>
Gross-settled currency forward contracts					
- Receipts	584,751	-	-	-	584,751
- Payments	(157,358)	-	-	-	(157,358)
	<b>427,393</b>	-	-	-	<b>427,393</b>
Gross-settled futures contracts and forward sales and purchase contracts					
- Receipts	696,383	37,255	-	-	733,638
- Payments	(630,056)	(1,389)	-	-	(631,445)
	<b>66,327</b>	<b>35,866</b>	-	-	<b>102,193</b>
<b>At 31 December 2013</b>					
Trade and other payables	(180,631)	-	-	-	(180,631)
Borrowings	(181,153)	(37,662)	(52,859)	(245)	(271,919)
	(361,784)	(37,662)	(52,859)	(245)	(452,550)
Gross-settled currency forward contracts					
- Receipts	306,101	-	-	-	306,101
- Payments	(263,305)	-	-	-	(263,305)
	42,796	-	-	-	42,796
Gross-settled futures contracts and forward sales and purchase contracts					
- Receipts	766,732	169,518	-	-	936,250
- Payments	(796,255)	(31,465)	-	-	(827,720)
	(29,523)	138,053	-	-	108,530

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 31. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) *Liquidity risk* (continued)

	Less than 1 year US\$'000
<hr/>	
<b>Company</b>	
<b>At 31 December 2014</b>	
Other payables	<u>(142)</u>
<b>At 31 December 2013</b>	
Other payables	<u>(148)</u>

The table below analyses the maturity profile of the Company's contingent liabilities and commitments. 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	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Total US\$'000
<hr/>					
<b>Company</b>					
<b>At 31 December 2014</b>					
Financial guarantee contracts	<u>(228,521)</u>	<u>(48,230)</u>	<u>(52,834)</u>	<u>-</u>	<u>(329,585)</u>
<b>Company</b>					
<b>At 31 December 2013</b>					
Financial guarantee contracts	<u>(172,509)</u>	<u>(36,685)</u>	<u>(50,553)</u>	<u>(234)</u>	<u>(259,981)</u>

### (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 tangible net worth 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 tangible 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 2014 and 31 December 2013.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) *Capital risk* (continued)

	Group	
	2014 US\$'000	2013 US\$'000
<b>Tangible net worth</b>	<b>535,572</b>	556,825
<b>Debt-equity ratio</b>		
Gross debt	<b>331,255</b>	265,343
Less: Cash and cash equivalents	<b>(60,825)</b>	(63,145)
Net debt	<b>270,430</b>	202,198
Total equity	<b>535,572</b>	556,825
Gross debt-equity ratio	<b>0.62</b>	0.48
Net debt-equity ratio	<b>0.50</b>	0.36

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

(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>2014</b>			
<b>Financial Assets</b>			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	<b>4,102</b>	<b>4,102</b>
- Commodities futures contracts	<b>6,616</b>	-	<b>6,616</b>
- Commodities forward contracts	-	<b>38,775</b>	<b>38,775</b>
<b>As at 31 December 2014</b>	<b>6,616</b>	<b>42,877</b>	<b>49,493</b>
<b>Financial Liabilities</b>			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	<b>(22,956)</b>	<b>(22,956)</b>
- Commodities futures contracts	<b>(5,344)</b>	-	<b>(5,344)</b>
- Commodities forward contracts	-	<b>(14,456)</b>	<b>(14,456)</b>
<b>As at 31 December 2014</b>	<b>(5,344)</b>	<b>(37,412)</b>	<b>(42,756)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) *Fair value measurements* (continued)

	Level 1 US\$'000	Level 2 US\$'000	Total US\$'000
<b>Group</b>			
<b>2013</b>			
<b>Financial Assets</b>			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	5,735	5,735
- Commodities futures contracts	8,557	-	8,557
- Commodities forward contracts	-	17,535	17,535
<b>As at 31 December 2013</b>	<b>8,557</b>	<b>23,270</b>	<b>31,827</b>
<b>Financial Liabilities</b>			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(5,716)	(5,716)
- Commodities futures contracts	(6,024)	-	(6,024)
- Commodities forward contracts	-	(9,719)	(9,719)
<b>As at 31 December 2013</b>	<b>(6,024)</b>	<b>(15,435)</b>	<b>(21,459)</b>

There were no transfers between Levels 1 and 2 during the year. The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter derivatives) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. 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 makes reference to prices listed on Malaysian Palm Oil Board (MPOB) and considers market conditions, broker quotes and actual contracted prices entered 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 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 31. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (f) Financial instruments by category

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

#### Loans and receivables

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Trade receivables	290,287	292,702	-	-
Other receivables	18,307	20,942	205,635	195,646
Cash and cash equivalents	60,825	63,145	56	75
	<b>369,419</b>	376,789	<b>205,691</b>	195,721

#### Financial liabilities at amortised cost

	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
Trade payables	(147,007)	(141,042)	-	-
Other payables	(43,018)	(39,589)	(142)	(148)
Borrowings	(331,255)	(265,343)	-	-
	<b>(521,280)</b>	(445,974)	<b>(142)</b>	(148)

### (g) Offsetting financial assets and liabilities

#### Group

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

Description	(a)	(b)	(c) = (a)-(b)
	Gross amounts of financial assets US\$'000	Gross amount of financial liabilities set off on balance sheet US\$'000	Net amounts of financial assets presented on balance sheet US\$'000
<b>2014</b>			
Commodities forward contracts	<b>41,615</b>	<b>(2,840)</b>	<b>38,775</b>
<b>2013</b>			
Commodities forward contracts	19,255	(1,720)	17,535

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) *Offsetting financial assets and liabilities* (continued)

### Group (continued)

(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>2014</b>			
Commodities forward contracts	<b>(16,940)</b>	<b>2,484</b>	<b>(14,456)</b>
<b>2013</b>			
Commodities forward contracts	(10,516)	797	(9,719)

## 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	
	2014 US\$'000	2013 US\$'000
Sales of finished goods	<b>59,614</b>	39,401
Purchases of raw materials	<b>477</b>	751
Gains/(losses) from derivative financial instruments	<b>421</b>	(187)
Services received		
- Transportation and forwarding	<b>3,340</b>	3,201
- Packing material	<b>5,256</b>	6,694
- Consultation fees	<b>1,705</b>	1,727
- Travelling expenses	<b>213</b>	324
- Professional fees	<b>28</b>	56
- Tolling fees	<b>446</b>	-
Acquisition of a subsidiary (Note 34)	<b>2,299</b>	-
Rental paid/payable	-	29
Rental received/receivable	<b>45</b>	91
Interest income	<b>416</b>	121
Service fee	<b>17</b>	18

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 32. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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 2014 and 2013 arising from the above transactions are set out in Notes 14, 15, 21 and 22 respectively.

- (b) *Key management personnel compensation*

Key management personnel compensation was as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
Wages, salaries and other short-term employee benefits	<b>7,851</b>	8,237
Employer's contribution to defined contribution plans	<b>143</b>	134
	<b>7,994</b>	8,371

## 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 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 33. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Exco for the reportable segments for the financial year ended 31 December 2014 was as follows:

	Bulk US\$'000	Consumer Pack US\$'000	Total US\$'000
<b>Group</b>			
<b>Sales</b>			
Total segment sales	2,769,012	1,138,875	3,907,887
Inter-segment sales	(420,291)	(48,777)	(469,068)
Sales to external parties	2,348,721	1,090,098	3,438,819
<b>Operating margin</b>			
	<b>41,578</b>	<b>52,993</b>	<b>94,571</b>
Other income	1,090	538	1,628
Interest income	2,866	1,067	3,933
Admin expenses, excluding depreciation and amortisation	(33,707)	(31,800)	(65,507)
Other gains	(4)	117	113
<b>EBITDA/Segment results</b>	<b>11,823</b>	<b>22,915</b>	<b>34,738</b>
<b>Unallocated</b>			
Depreciation			(17,512)
Amortisation			(1,305)
Finance expense			(12,299)
Income tax expense			(583)
Loss on liquidation of subsidiaries			(92)
Share of profit of an associate			80
<b>Profit after tax</b>			<b>3,027</b>
<b>Total segment assets</b>	<b>868,653</b>	<b>236,103</b>	<b>1,104,756</b>
<b>Unallocated</b>			
Current income tax recoverable			6,876
Investment in associated company			379
Deferred income tax assets			11,417
<b>Total assets</b>			<b>1,123,428</b>
Total assets include:			
Additions to:			
- property, plant and equipment	18,683	19,365	38,048
- leasehold prepayments	54	17,573	17,627
<b>Total segment liabilities</b>	<b>(439,937)</b>	<b>(124,099)</b>	<b>(564,036)</b>
<b>Unallocated</b>			
Current income tax liabilities			(2,573)
Deferred income tax liabilities			(21,247)
<b>Total liabilities</b>			<b>(587,856)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 33. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Exco for the reportable segments for the financial year ended 31 December 2013 was as follows:

	Bulk US\$'000	Consumer Pack US\$'000	Total US\$'000
<b>Group</b>			
<b>Sales</b>			
Total segment sales	2,602,474	983,486	3,585,960
Inter-segment sales	(361,932)	(30,295)	(392,227)
Sales to external parties	2,240,542	953,191	3,193,733
<b>Operating margin</b>			
	<b>73,718</b>	<b>41,745</b>	<b>115,463</b>
Other income	778	609	1,387
Interest income	3,316	951	4,267
Admin expenses, excluding depreciation and amortisation	(33,834)	(32,015)	(65,849)
Other gains	102	115	217
<b>EBITDA/Segment results</b>	<b>44,080</b>	<b>11,405</b>	<b>55,485</b>
<b>Unallocated</b>			
Depreciation			(18,212)
Amortisation			(1,270)
Finance expense			(13,377)
Income tax expense			(2,695)
Share of profit of an associate			74
<b>Profit after tax</b>			<b>20,005</b>
<b>Total segment assets</b>	<b>778,194</b>	<b>250,277</b>	<b>1,028,471</b>
<b>Unallocated</b>			
Current income tax recoverable			9,779
Investment in associated company			323
Deferred income tax assets			10,862
<b>Total assets</b>			<b>1,049,435</b>
Total assets include:			
Additions to:			
- property, plant and equipment	28,571	24,508	53,079
- leasehold prepayments	1,949	-	1,949
<b>Total segment liabilities</b>	<b>(371,498)</b>	<b>(95,935)</b>	<b>(467,433)</b>
<b>Unallocated</b>			
Current income tax liabilities			(2,832)
Deferred income tax liabilities			(22,345)
<b>Total liabilities</b>			<b>(492,610)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 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 investment in associated company, are analysed by the geographical area in which the non-current assets are located.

	<b>Group</b>	
	<b>2014</b>	2013
	<b>US\$'000</b>	US\$'000
<i>Revenue by geography</i>		
Malaysia	<b>1,117,531</b>	972,653
Singapore	<b>665,701</b>	503,342
	<b>1,783,232</b>	1,475,995
Other countries		
- Rest of Asia	<b>332,115</b>	416,803
- Africa	<b>481,690</b>	378,718
- Middle East	<b>508,411</b>	631,645
- Europe	<b>130,343</b>	119,037
- Pacific Oceania	<b>67,979</b>	67,513
- America	<b>135,049</b>	104,022
	<b>1,655,587</b>	1,717,738
	<b>3,438,819</b>	3,193,733
<i>Non-current assets by geography</i>		
Singapore	<b>12,177</b>	12,331
Malaysia	<b>323,688</b>	323,041
Other countries	<b>46,507</b>	30,804
	<b>382,372</b>	366,176

Approximately 6% of the Group's total revenue for the financial year ended 31 December 2014 was derived from two customers (2013: 8% and two customers). This revenue was attributable to revenue from Malaysia and Singapore.

## 34. BUSINESS COMBINATION

On 27 Feb 2014, the Company's wholly-owned subsidiary, Mewah Oleo Malaysia Sdn Bhd entered into a sales and purchase agreement with Perfect Venue Sdn Bhd ("PVSB"), a Company with controlling interest by Dr Cheo Tong Choon, Ms Michelle Cheo Hui Ning and Ms Bianca Cheo Hui Hsin, to acquire their 100% interest in Mitra Valley Sdn. Bhd, with conditional approvals to produce Biodiesel and Crude Glycerin and to build a biofuel plant or biofuel blending plant, for a consideration of Ringgit 7,500,000 (US\$2,299,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 34. BUSINESS COMBINATION (CONTINUED)

This acquisition was accounted for using the pooling-of-interest method, as disclosed in Note 2.3(a)(ii) to the financial statements. The impact of this transaction to the financial statements of the Group was insignificant, except that the difference between the purchase consideration and net assets acquired have been recognised directly in the merger reserve.

## 35. 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 2015 or later periods and which the Group has not early adopted:

- *FRS 108 Operating Segments* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- *FRS 16 Property, Plant and Equipment* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross carrying amount of the asset.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- *FRS 24 Related Party Disclosures* (effective for annual periods beginning on or after 1 July 2014)

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 35. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- *FRS 113 Fair Value Measurement* (effective for annual periods beginning on or after 1 July 2014)

The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- *FRS 115 Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2017)

This standard replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue related interpretations. It applies to all contracts with customers, except for leases, financial instruments and insurance contracts.

FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It is a five-step model for recognition of revenue from customer contracts based on the underlying principle that revenue is recognised to the extent of the amount an entity expects to be entitled to in exchange for the goods or services transferred to customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements.

Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts. Quantitative and qualitative information will be provided about the significant judgments and changes in those judgments that management made to determine revenue that is recorded.

This standard is not expected to have significant impact on the financial statements of the Group.

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

This standard replaces the guidance in FRS 39 and includes requirements on the classification and measurement of financial assets by introducing a fair value through other comprehensive income category for certain debt instruments. It also contains a new impairment model which will result in earlier recognition of losses.

No changes were introduced for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. It also includes the new hedging guidance that was issued in November 2013.

This standard is not expected to have significant impact on the financial statements of the Group.

## 36. AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mewah International Inc. on 4 March 2015.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 37. LISTING OF COMPANIES IN THE GROUP

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2014 %	2013 %
<u>Directly held by the Company</u>					
One Marthoma (CI) Inc. <sup>(k)</sup>	Cayman Islands	Investment holding	Cayman Islands	100	100
<u>Subsidiaries of One Marthoma (CI) Inc.</u>					
Mewah Oleo Malaysia Sdn Bhd <sup>(b)</sup>	Malaysia	Investment holding	Malaysia	100	100
Padat Gaya Sdn Bhd <sup>(c)</sup>	Malaysia	Investment holding	Malaysia	100	100
MOI International (Australia) Pty Ltd <sup>(d)</sup>	Australia	Trading	Australia	83.4	83.4
Agri Kurnia Sdn Bhd <sup>(b)</sup>	Malaysia	Investment holding	Malaysia	100	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	100	100
Ngo Chew Hong Oils & Fats (M) Sdn Bhd <sup>(b)</sup>	Malaysia	Refining and selling of palm oil products	Malaysia	100	100
Moi Foods Malaysia Sdn Bhd <sup>(b)</sup>	Malaysia	Manufacturing and selling of downstream palm oil products	Malaysia	100	100
Container Fabricator (M) Sdn Bhd <sup>(b)</sup>	Malaysia	Manufacturing of plastic containers	Malaysia	100	100
Mewaholeo Marketing Sdn Bhd <sup>(b)</sup>	Malaysia	Selling of palm oil and palm oil related products	Malaysia	100	100
Batam Heights Sdn Bhd <sup>(b)</sup>	Malaysia	Dormant	Malaysia	100	100
G & U Districenters (M) Sdn Bhd <sup>(b)</sup>	Malaysia	Dormant	Malaysia	100	100
Bremfield Sdn Bhd <sup>(b)</sup>	Malaysia	Manufacturing and selling of palm oil products	Malaysia	100	100
Mitra Valley Sdn Bhd <sup>(b),(p)</sup>	Malaysia	Dormant	Malaysia	100	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 37. LISTING OF COMPANIES IN THE GROUP (CONTINUED)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2014 %	2013 %
<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	Dormant	Singapore	<b>100</b>	-
<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
Ngo Chew Hong Industries Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	<b>100</b>	100
Ngo Chew Hong Investment Pte Ltd <sup>(a)</sup>	Singapore	Dormant	Singapore	-	100
Mewah Commodities Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	<b>100</b>	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 37. LISTING OF COMPANIES IN THE GROUP (CONTINUED)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2014 %	2013 %
<u>Subsidiaries of Ngo Chew Hong Corporation Pte Ltd (continued)</u>					
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>(i),(t)</sup>	Ivory Coast	Import, export, distribution of rice & other products	Ivory Coast	<b>100</b>	-
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>	-
MOI Foods Nigeria Limited <sup>(i)</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>	-
MOI Senegal SUARL <sup>(k)</sup>	Senegal	Dormant	Senegal	<b>100</b>	-
<u>Subsidiaries of Mewah Commodities Pte Ltd</u>					
Krispi Oil Russia LLC <sup>(k)</sup>	Russia	Trading	Russia	<b>100</b>	100
Krispi Oils Poland Sp. z o.o <sup>(k)</sup> (90% equity held by Mewah Commodities Pte Ltd and 10% equity held by Ngo Chew Hong Corporation Pte Ltd)	Poland	Trading	Poland	<b>100</b>	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	<b>100</b>	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 37. LISTING OF COMPANIES IN THE GROUP (CONTINUED)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2014 %	2013 %
<u>Subsidiaries of Moi Foods Belgium N.V.</u>					
Molly Foods bvba <sup>(a)</sup>	Belgium	Trading and investment holding	Belgium	<b>70</b>	70
Ngo Chew Hong Edible Oil Limited <sup>(a)</sup> (90% equity held by Moi Foods Belgium N.V. and 10% equity held by Mewah Commodities Pte Ltd)	Nigeria	Dormant	Nigeria	-	100
MOI Foods Nigeria Limited <sup>(a)</sup> (90% equity held by Moi Foods Belgium N.V. and 10% equity held by Mewah Commodities Pte Ltd)	Nigeria	Distribution	Nigeria	-	100
MOI Senegal SUARL <sup>(a)</sup>	Senegal	Dormant	Senegal	-	100
<u>Subsidiary of Molly Foods bvba</u>					
Bloom Land Enterprises Limited <sup>(a)</sup>	Hong Kong	Providing commodity brokerage service	Hong Kong	<b>70</b>	70
<u>Subsidiary of Bloom Land Enterprises Limited</u>					
BeCe S.à.r.l. <sup>(a)</sup>	Togo	Trading	Togo	<b>70</b>	70
<u>Subsidiaries of Padat Gaya Sdn Bhd</u>					
Mewaholeo Industries Sdn Bhd <sup>(c)</sup>	Malaysia	Refining and selling of palm oil products	Malaysia	<b>100</b>	100
Mewah Datu Sdn Bhd <sup>(c)</sup>	Malaysia	Refining and selling of palm oil products	Malaysia	<b>100</b>	100
Kayumanis Warisan Sdn Bhd <sup>(b)</sup>	Malaysia	Dormant	Malaysia	<b>100</b>	100
Ratusan Aman Kapital Sdn Bhd <sup>(b)</sup>	Malaysia	Dormant	Malaysia	<b>100</b>	100
<u>Subsidiaries of Agri Kurnia Sdn Bhd</u>					
Mewah Dairies Sdn Bhd <sup>(b)</sup>	Malaysia	Manufacturing and selling of dairy-based products	Malaysia	<b>100</b>	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 37. LISTING OF COMPANIES IN THE GROUP (CONTINUED)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2014 %	2013 %
<u>Subsidiaries of Agri Kurnia Sdn Bhd (continued)</u>					
G & U Logistic (M) Sdn Bhd <sup>(i)</sup>	Malaysia	Freight forwarding, transportation, warehousing and logistic services for chemical and chemical related industries	Malaysia	<b>100</b>	100
<u>Directly held by the Company</u>					
Pandan Loop International Inc. <sup>(k)</sup>	Cayman Islands	Investment holding	Cayman Islands	<b>100</b>	100
<u>Subsidiaries of Pandan Loop International Inc.</u>					
Ngo Chew Hong Oleo (S) Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	<b>100</b>	100
PT Seengatta Palm <sup>(i),(g)</sup>	Indonesia	Dormant	Indonesia	-	95
<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	<b>100</b>	100
Mewah Oils (ZJG) Co., Ltd. <sup>(f)</sup>	People's Republic of China	Manufacturing and sale of edible oils and fats	People's Republic of China	<b>100</b>	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	<b>100</b>	100
<u>Directly held by the Company</u>					
Cavenagh House International Inc. <sup>(k)</sup>	Cayman Islands	Investment holding	Cayman Islands	<b>100</b>	100
<u>Subsidiaries of Cavenagh House International Inc.</u>					
Cavenagh Oleo (S) Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	<b>100</b>	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 37. LISTING OF COMPANIES IN THE GROUP (CONTINUED)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2014 %	2013 %
<u>Subsidiaries of Cavenagh Oleo (S) Pte Ltd</u>					
PT Agro Murni <sup>(i)</sup>	Indonesia	Dormant	Indonesia	<b>95</b>	95
PT Timuran Agro <sup>(i)</sup>	Indonesia	Dormant	Indonesia	<b>95</b>	95
PT Agro Indah <sup>(i)</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>(i)</sup>	Indonesia	Dormant	Indonesia	<b>95</b>	95
PT Agro Perkasa <sup>(i)</sup>	Indonesia	Dormant	Indonesia	<b>95</b>	95
PT Agro Harapan <sup>(i),(a)</sup> (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	-	100
PT Mas Sejahtera <sup>(i),(a)</sup> (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	-	100
PT Makmur Bestari <sup>(i),(a)</sup>	Indonesia	Dormant	Indonesia	-	95
PT Mas Bestari <sup>(i)</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 Fajar Bestari <sup>(i),(a)</sup> (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	-	100
PT Sawit Bestari <sup>(i),(a)</sup>	Indonesia	Dormant	Indonesia	-	95
PT Mas Mewah <sup>(i)</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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 37. LISTING OF COMPANIES IN THE GROUP (CONTINUED)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2014 %	2013 %
<u>Subsidiaries of Cavenagh Oleo (S) Pte Ltd</u> (continued)					
PT Harapan Bestari <sup>(i)</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 Agro Baiduri <sup>(i),(a)</sup>	Indonesia	Dormant	Indonesia	-	95
PT Usaha Bestari <sup>(i),(a)</sup>	Indonesia	Dormant	Indonesia	-	95
PT Usaha Lestari <sup>(i),(a)</sup>	Indonesia	Dormant	Indonesia	-	95
PT Nilam Surya Harapan <sup>(i),(a)</sup>	Indonesia	Dormant	Indonesia	-	95
PT Usaha Surya <sup>(i)</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 Perkasa <sup>(i),(a)</sup>	Indonesia	Dormant	Indonesia	-	95
PT Nilam Surya Jaya <sup>(i)</sup>	Indonesia	Dormant	Indonesia	<b>100</b>	95
PT Nilam Harapan Gemilang <sup>(i),(a)</sup> (90% equity held by Cavenagh Oleo (S) Pte Ltd and 10% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	-	100
PT Nilam Lestari <sup>(i),(a)</sup> (90% equity held by Cavenagh Oleo (S) Pte Ltd and 10% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	-	100
PT Gagasan Perdana <sup>(i),(a)</sup> (99% equity held by Cavenagh Oleo (S) Pte Ltd and 1% equity held by Mewah (HK) Ltd.)	Indonesia	Dormant	Indonesia	-	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 37. LISTING OF COMPANIES IN THE GROUP (CONTINUED)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2014 %	2013 %
<u>Directly held by the Company</u>					
Hua Guan Inc. <sup>(k)</sup>	British Virgin Islands	Investment holding	British Virgin Islands	<b>100</b>	100
<u>Subsidiary of Hua Guan Inc.</u>					
Hua Guan Oleo (S) Pte Ltd <sup>(a)</sup>	Singapore	Investment holding	Singapore	<b>100</b>	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	<b>100</b>	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	<b>100</b>	100
Mewah Oils FZE <sup>(k)</sup>	United Arab Emirates	Dormant	United Arab Emirates	<b>100</b>	100
<u>Directly held by the Company</u>					
Moi International Inc. <sup>(k)</sup>	Mauritius	Dormant	Mauritius	<b>100</b>	100
Semenyih Inc. <sup>(k)</sup>	Cayman Islands	Dormant	Cayman Islands	<b>100</b>	100
Mewah (HK) Limited <sup>(m)</sup>	Hong Kong	Investment holding	Hong Kong	<b>100</b>	100



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

## 37. LISTING OF COMPANIES IN THE GROUP (CONTINUED)

- (a) *Audited by PricewaterhouseCoopers LLP, Singapore*
- (b) *Audited by PricewaterhouseCoopers, Kuala Lumpur, Malaysia*
- (c) *Audited by PricewaterhouseCoopers, Johor Bahru, Malaysia*
- (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 Mehul D Chheda & Co, 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) *Exempted from audit under the laws of the country of incorporation*
- (m) *Audited by Tony Kam & Co., Hong Kong*
- (n) *Audited by Kumar Vijay Gupta & Co., India*
- (o) *In the process of liquidation*
- (p) *Acquired under common control 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) *In the process of appointing auditor*