FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

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 116 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015, and of the financial performance 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.

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
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor
Tan Sri Datuk Dr Ong Soon Hock
Dr Foo Say Mui (Bill) (Appointed on 28 April 2015)
Mr Robert Loke Tan Cheng (Appointed on 28 April 2015)

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' STATEMENT

For the financial year ended 31 December 2015

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 31.12.2015	At 1.1.2015	At 31.12.2015	At 1.1.2015
Dr Cheo Tong Choon @ Lee Tong Choon	-	10,984,000	747,049,020	691,461,220
Ms Michelle Cheo Hui Ning	2,000,000	2,000,000	739,049,020	622,461,220
Ms Bianca Cheo Hui Hsin	-	-	739,049,020	622,461,220
Ms Leong Choi Foong	94,000	94,000	-	-
Ms Wong Lai Wan	224,000	224,000	20,000	20,000
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor	20,000	20,000	-	-
Tan Sri Datuk Dr Ong Soon Hock	30,000	30,000	-	-

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015, except for the following:

	No. of ordinary shares			
	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 21.1.2016	At 31.12.2015	At 21.1.2016	At 31.12.2015
Dr Cheo Tong Choon @ Lee Tong Choon	-	-	747,803,420	747,049,020
Ms Michelle Cheo Hui Ning	2,000,000	2,000,000	739,803,420	739,049,020
Ms Bianca Cheo Hui Hsin	-	-	739,803,420	739,049,020

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.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

AUDIT COMMITTEE

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

Dr Foo Say Mui (Bill) (Chairman)
Tan Sri Dato' Ir Muhammad Radzi Bin Haji Mansor
Mr Robert Loke Tan Cheng

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 2015 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' STATEMENT

For the financial year ended 31 December 2015

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 2016

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 116, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, the consolidated income statement, 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 financial statements 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 financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, 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 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	2015 US$'000	2014 US$'000
Revenue	4	**2,674,739**	3,438,819
Cost of sales	5	**(2,429,527)**	(3,206,239)
Gross profit		**245,212**	232,580
Other income	6	**5,745**	5,561
Other losses	7	**(61,707)**	(20,930)
Expenses			
- Selling and distribution	8	**(101,154)**	(128,530)
- Administrative	8	**(65,157)**	(72,852)
- Finance	10	**(10,305)**	(12,299)
Share of profit of associated company	20(a)	**24**	80
Profit before tax		**12,658**	3,610
Income tax expense	11(a)	**(5,531)**	(583)
Profit after tax		**7,127**	3,027
Profit after tax attributable to:			
Equity holders of the Company		**6,496**	2,695
Non-controlling interests		**631**	332
		7,127	3,027
Earnings per share attributable to equity holders of the Company (expressed in US cents per share)			
- Basic and diluted	12	**0.43**	0.18

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	2015	2014
	US$'000	US$'000
Profit after tax	**7,127**	3,027
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences arising from foreign subsidiaries	**(39,552)**	(11,664)
Item that will not be reclassified subsequently to profit or loss:		
Realisation of asset revaluation reserve upon disposal of property, plant and equipment	**476**	-
Other comprehensive loss, net to tax	**(39,076)**	(11,664)
Total comprehensive loss	**(31,949)**	(8,637)
Total comprehensive loss attributable to:		
Equity holders of the Company	**(32,500)**	(9,466)
Non-controlling interests	**551**	829
	(31,949)	(8,637)

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

BALANCE SHEET – GROUP

As at 31 December 2015

	Note	2015 US$'000	2014 US$'000
ASSETS			
Current assets			
Inventories	13	**328,034**	294,368
Trade receivables	14	**239,454**	290,287
Other receivables	15	**51,635**	28,079
Current income tax recoverable	11(b)	**5,064**	6,876
Derivative financial instruments	16(a)	**42,015**	48,825
Cash and cash equivalents	17	**45,603**	60,825
		711,805	729,260
Non-current assets			
Property, plant and equipment	18	**298,582**	346,923
Leasehold prepayments	19	**32,163**	34,781
Investment in associated company	20(a)	**330**	379
Deferred income tax assets	24	**11,403**	11,417
Derivative financial instruments	16(b)	**645**	668
		343,123	394,168
Total assets		**1,054,928**	1,123,428
LIABILITIES			
Current liabilities			
Trade payables	21	**94,954**	147,007
Other payables	22	**39,941**	43,018
Current income tax liabilities	11(b)	**4,013**	2,573
Derivative financial instruments	16(a)	**44,350**	42,756
Borrowings	23	**318,076**	228,665
		501,334	464,019
Non-current liabilities			
Deferred income tax liabilities	24	**18,398**	21,247
Borrowings	23	**50,488**	102,590
		68,886	123,837
Total liabilities		**570,220**	587,856
NET ASSETS		**484,708**	535,572
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	25	**1,501**	1,501
Share premium	25	**180,012**	180,012
Other reserves	26	**(74,000)**	(33,259)
Retained profits	27(a)	**379,757**	390,730
		487,270	538,984
Non-controlling interests		**(2,562)**	(3,412)
Total equity		**484,708**	535,572

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

BALANCE SHEET – COMPANY

As at 31 December 2015

	Note	2015 US$'000	2014 US$'000
ASSETS			
Current assets			
Other receivables	15	**216,340**	205,643
Cash and cash equivalents	17	**40**	56
		216,380	205,699
Non-current assets			
Investments in subsidiaries	20(b)	**849**	849
Total assets		**217,229**	206,548
LIABILITIES			
Current liabilities			
Other payables	22	**111**	142
Current income tax liabilities	11(b)	**129**	147
Derivative financial instruments	16(a)	**58**	-
		298	289
Non-current liabilities			
Deferred income tax liabilities	24	**486**	366
Total liabilities		**784**	655
NET ASSETS		**216,445**	205,893
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	25	**1,501**	1,501
Share premium	25	**180,012**	180,012
Retained profits	27(b)	**31,423**	20,871
Other reserves	26	**3,509**	3,509
Total equity		**216,445**	205,893

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Note	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
		← Attributable to equity holders of the Company								→		
2015												
Beginning of financial year		1,501	180,012	3,509	(53,005)	(2,608)	10,058	8,787	390,730	538,984	(3,412)	535,572
Profit for the year		-	-	-	-	-	-	-	6,496	6,496	631	7,127
Other comprehensive loss for the year		-	-	-	-	-	(1,382)	(39,472)	1,858	(38,996)	(80)	(39,076)
Total comprehensive loss for the year		-	-	-	-	-	(1,382)	(39,472)	8,354	(32,500)	551	(31,949)
Acquisition of a subsidiary	34	-	-	-	-	-	-	-	-	-	13	13
Dividends	28	-	-	-	-	-	-	-	(19,327)	(19,327)	(105)	(19,432)
Partial disposal of equity interest in a subsidiary to non-controlling interests	26 & 34	-	-	-	-	113	-	-	-	113	391	504
Total transactions with owners, recognised directly in equity		-	-	-	-	113	-	-	(19,327)	(19,214)	299	(18,915)
End of financial year		**1,501**	**180,012**	**3,509**	**(53,005)**	**(2,495)**	**8,676**	**(30,685)**	**379,757**	**487,270**	**(2,562)**	**484,708**
2014												
Beginning of financial year		1,507	185,416	-	(50,706)	(2,608)	10,058	20,948	396,776	561,391	(4,566)	556,825
Profit for the year		-	-	-	-	-	-	-	2,695	2,695	332	3,027
Other comprehensive loss for the year		-	-	-	-	-	-	(12,161)	-	(12,161)	497	(11,664)
Total comprehensive loss for the year		-	-	-	-	-	-	(12,161)	2,695	(9,466)	829	(8,637)
Acquisition of a subsidiary under common control	34	-	-	-	(2,299)	-	-	-	-	(2,299)	-	(2,299)
Shares 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 transactions with owners, recognised directly in equity		(6)	(5,404)	3,509	(2,299)	-	-	-	(8,741)	(12,941)	325	(12,616)
End of financial year		1,501	180,012	3,509	(53,005)	(2,608)	10,058	8,787	390,730	538,984	(3,412)	535,572

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	**2015 US$'000**	2014 US$'000
Cash flows from operating activities			
Profit after tax		**7,127**	3,027
Adjustments for:			
- Income tax expense	11(a)	**5,531**	583
- Amortisation of leasehold prepayments	19	**1,566**	1,305
- Depreciation of property, plant and equipment	18	**15,904**	17,512
- Impairment of goodwill	7	**7**	-
- Losses/(gains) on disposal of property, plant and equipment	7	**286**	(142)
- Property, plant and equipment written off	7	**763**	28
- Interest income	6	**(4,512)**	(3,933)
- Interest expense	10	**10,305**	12,299
- Share of profit of associated company	20(a)	**(24)**	(80)
- Loss on liquidation of subsidiaries	7	**-**	92
- Exchange differences (net)		**7,455**	3,564
Operating cash flows before working capital changes		**44,408**	34,255
Changes in operating assets and liabilities:			
- Inventories		**(33,667)**	(46,882)
- Trade and other receivables		**25,098**	(1,196)
- Trade and other payables		**(55,132)**	9,394
- Derivative financial instruments		**8,427**	3,631
Cash flows used in operations		**(10,866)**	(798)
Interest received		**3,990**	3,214
Interest paid	10	**(10,305)**	(12,299)
Income tax (paid)/refund received (net)	11(b)	**(3,943)**	678
Net cash flows used in operating activities		**(21,124)**	(9,205)
Cash flows from investing activities			
Decrease in other receivables		**2,182**	3,450
Additions to property, plant and equipment	18	**(30,924)**	(38,048)
Additions of leasehold prepayments	19	**(63)**	(17,627)
Proceeds from disposal of property, plant and equipment		**627**	232
Acquisition of a subsidiary under common control, net of cash acquired	34	**-**	(2,299)
Acquisition of a subsidiary, net of cash acquired	34	**(6)**	-
Capital contribution from non-controlling interests		**13**	-
Partial disposal of equity interest in a subsidiary to non-controlling interests, net of cash acquired	34	**504**	-
Net cash flows used in investing activities		**(27,667)**	(54,292)
Cash flows from financing activities			
Dividends paid to equity holders of the Company	28	**(19,327)**	(8,741)
Decrease in restricted short term deposit		**2,206**	661
Proceeds from long term borrowings		**14,774**	70,096
Repayment of long term borrowings		**(63,423)**	(37,221)
Net proceeds from short term borrowings		**103,715**	40,128
Repayment of finance lease liabilities		**(19)**	(41)
Interest received		**522**	719
Shares purchased and cancelled		**-**	(1,901)
Dividends paid to non-controlling interest		**(105)**	-
Net cash flows from financing activities		**38,343**	63,700
Net change in cash and cash equivalents		**(10,448)**	203
Cash and cash equivalents at beginning of financial year		**58,352**	59,976
Effect of changes in exchange rate on cash and cash equivalents		**(2,497)**	(1,827)
Cash and cash equivalents at end of financial year	17	**45,407**	58,352

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 2015

On 1 January 2015, 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.

The following is the amended Standard (issued up to 31 August 2015) that is not yet applicable, and have been early adopted for the current financial year.

Annual periods commencing on	Description
1 January 2016	FRS 16 Property plant and equipment and FRS 41 Agriculture (Agriculture: Bearer plants)

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 2015

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 2015

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.

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

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

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss. Please refer to Note 2.5 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

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

(c) Associated company

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

(i) Acquisitions

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

(ii) Equity method of accounting

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) *Associated company (continued)*

(ii) *Equity method of accounting (continued)*

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

(iii) *Disposals*

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

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

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.

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.

(ii) *Components of costs*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(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.

2.5 Investments in subsidiaries and associated company

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

2.6 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiaries and associated company

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Impairment of non-financial assets (continued)

Property, plant and equipment
Investments in subsidiaries and associated company (continued)

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at 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.

2.7 Borrowing costs

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

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

2.8 Financial assets

(a) *Classification*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

(a) Classification (continued)

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

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

(ii) Loans and receivables

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

(b) Recognition and derecognition

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

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

(c) Initial measurement

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

(d) Subsequent measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

(e) *Impairment*

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

(i) *Loans and receivables financial assets*

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

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

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

(f) *Offsetting financial instruments*

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

2.9 Financial guarantees

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

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

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

Intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Borrowings

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

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

2.11 Trade and other payables

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

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

2.12 Derivative financial instruments

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

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

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

2.13 Fair value estimation of financial assets and liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Leases

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

(i) *Lessee - Finance leases*

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

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

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

(ii) *Lessee - Operating leases*

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

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

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

Lessor - Operating leases

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

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

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

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. 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 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Income taxes

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

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

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

2.17 Provisions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee compensation

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

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

2.19 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

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

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

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Currency translation (continued)

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

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

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

2.20 Segment reporting

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

2.21 Cash and cash equivalents

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

2.22 Share capital

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

2.23 Dividends to Company's shareholders

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

2.24 Government grants

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

(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 take into consideration quoted prices at the balance sheet date in active markets such as Bursa Malaysia.

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

If the commodities futures and forward prices had been higher or lower by 5% from the quoted prices or management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US$8,204,000 (2014: 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$3,858,600 (2014: US$4,816,700) respectively.

(c) *Impairment of property, plant and equipment*

Property, plant and equipment is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. Management performs a review to determine whether there are any impairment indicators in relation to the property, plant and equipment held by the Group. Whenever there is an impairment indicator, management performs an impairment assessment accordingly.

Management has performed impairment assessment of certain property, plant and equipment and the recoverable amount of these assets were determined based on value-in-use calculations. The value-in-use calculation is based on a discounted cash flow model and requires the Group to make an estimate of the expected future cash flows from the continuing use of the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Based on management's best estimates, there was no impairment for these property, plant and equipment for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4. REVENUE

	Group	
	2015	2014
	US$'000	US$'000
Sale of palm based products in bulk	**1,876,055**	2,348,721
Sale of consumer products including edible oils and fats, rice and dairy in consumer packs	**798,684**	1,090,098
	2,674,739	3,438,819

5. COST OF SALES

	Group	
	2015	2014
	US$'000	US$'000
Cost of inventories	**2,375,637**	3,124,120
Losses from derivative financial instruments	**20,166**	42,086
Labour costs and other overheads	**33,724**	40,033
	2,429,527	3,206,239

6. OTHER INCOME

	Group	
	2015	2014
	US$'000	US$'000
Interest income on bank deposits and others	**522**	719
Late interest charged on trade receivables	**3,990**	3,214
Rental income	**234**	533
Commission income	**35**	4
Other miscellaneous income	**964**	1,091
	5,745	5,561

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

7. OTHER LOSSES

	Group	
	2015	2014
	US$'000	US$'000
Foreign exchange losses	**60,834**	20,952
Property, plant and equipment written off	**763**	28
Losses/(gains) on disposal of property, plant and equipment	**286**	(142)
Impairment of goodwill	**7**	-
Impairment loss on other receivables	**280**	-
Loss on liquidation of subsidiaries	**-**	92
Write back of provision for professional fees	**(463)**	-
	61,707	20,930

8. EXPENSES BY NATURE

	Group	
	2015	2014
	US$'000	US$'000
Freight charges	**65,468**	89,501
Transportation	**11,495**	14,240
Insurance	**5,400**	5,232
Utilities	**9,980**	12,427
Rental on operating lease	**1,720**	1,311
Employee compensation (Note 9)	**45,204**	52,346
Depreciation of property, plant and equipment (Note 18)	**15,904**	17,512
Bank charges	**2,272**	2,254
Allowance for/(reversal of) impairment of trade receivables [Note 31(b)(ii)]	**2,893**	(2,158)
Amortisation of leasehold prepayments (Note 19)	**1,566**	1,305
(Reversal of inventories write down)/inventories write down	**(761)**	149
Audit fees		
- Auditors of the Company	**335**	335
- Other auditors*	**146**	164
Non-audit fees		
- Auditors of the Company	**50**	45
- Other auditors*	**128**	185

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9. EMPLOYEE COMPENSATION

	Group	
	2015	2014
	US$'000	US$'000
Salaries	**40,652**	47,454
Employer's contributions to defined contribution plans	**3,226**	3,520
Other staff benefits	**1,326**	1,372
	45,204	52,346

10. FINANCE EXPENSES

	Group	
	2015	2014
	US$'000	US$'000
Interest expenses:		
- Bank borrowings	**10,893**	13,309
- Finance lease liabilities	**2**	5
	10,895	13,314
Less: Borrowing costs capitalised in property, plant and equipment	**(590)**	(1,015)
Finance expenses recognised in income statement	**10,305**	12,299

In 2015, borrowing costs were capitalised at a rate of 5.68% (2014: 5.23%) per annum in property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

11. INCOME TAXES

(a) *Income tax expense*

	Group	
	2015	2014
	US$'000	US$'000
Tax expense attributable to profit was made up of:		
Current income tax		
- Singapore	**992**	1,133
- Foreign	**5,825**	1,787
	6,817	2,920
Deferred income tax	**(2,556)**	(2,175)
	4,261	745
Under/(over) provision in prior financial years		
- Current income tax	**(408)**	(1,345)
- Deferred income tax	**1,678**	1,183
	1,270	(162)
Income tax expense	**5,531**	583

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	
	2015	2014
	US$'000	US$'000
Profit before tax	**12,658**	3,610
Tax calculated at domestic rates applicable to profits in the respective countries	**1,960**	(132)
Effects of:		
- Tax incentives	**(2,717)**	(2,852)
- Expenses not deductible for tax purposes	**4,582**	3,602
- Income not subject to tax	**(61)**	(36)
- Deferred tax benefits not recognised	**243**	265
- Different tax rate in deferred tax	**(194)**	(82)
- Under/(over) provision of tax	**1,270**	(162)
- Others	**448**	(20)
	5,531	583

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

11. INCOME TAXES (continued)

(a) *Income tax expense (continued)*

Singapore and Malaysia, two of the Group's main tax jurisdictions, had headline corporate tax rates of 17% and 25% (2014: 17% and 25%) respectively. The Group enjoys certain tax incentives such as concessionary tax rate on qualifying income under the Global Trader Programme of International Enterprise Singapore, 0% tax rate on qualifying income under the Pioneer Status in Malaysia and tax incentives under various schemes for qualifying capital investments in Malaysia.

Under provision in prior financial years

The underprovision in respect of prior financial years arose mainly due to tax incentive granted to a subsidiary of the Group during the year which resulted in deferred tax assets of that subsidiary being recognised at 0% tax rate due to tax exemption granted.

(b) *Movement in current income tax recoverable/(liabilities)*

	Group		Company	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Beginning of the year	**4,303**	6,947	**(147)**	(162)
Currency translation differences	**(786)**	(391)	**6**	3
Income tax paid/(refunded)	**3,943**	(678)	**256**	265
Tax expense	**(6,817)**	(2,920)	**(289)**	(274)
Over provision in prior financial years	**408**	1,345	**45**	21
End of the financial year	**1,051**	4,303	**(129)**	(147)
Represented by:				
Current income tax recoverable	**5,064**	6,876	**-**	-
Current income tax liabilities	**(4,013)**	(2,573)	**(129)**	(147)

(c) *Income tax recognised directly in equity is as follows:*

	Group	
	2015	2014
	US$'000	US$'000
Disposal of property, plant and equipment (Note 24)	**476**	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12. EARNINGS PER SHARE

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

	Group	
	2015	2014
Net profit attributable to equity holders of the Company (US$'000)	**6,496**	2,695
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,500,667**	1,505,741
Basic earnings per share (US cents per share)	**0.43**	0.18

The earnings per share for the financial year 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 2015 and 2014 as there were no potential dilutive ordinary shares outstanding.

13. INVENTORIES

	Group	
	2015	2014
	US$'000	US$'000
Raw materials	**200,825**	96,790
Finished goods	**120,861**	190,602
Stores, spares and consumables	**6,348**	6,976
	328,034	294,368

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$2,375,637,000 (2014: US$3,124,120,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14. TRADE RECEIVABLES

	Group	
	2015	2014
	US$'000	US$'000
Trade receivables		
- Related parties	**29,618**	38,071
- Non-related parties	**230,895**	270,972
	260,513	309,043
Less: Allowance for impairment of trade receivables		
- non-related parties [Note 31 b(ii)]	**(21,059)**	(18,756)
Trade receivables – net	**239,454**	290,287

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

15. OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Loan to subsidiaries	**-**	-	**212,327**	187,664
Non-trade receivables	**33,969**	13,920	**-**	2,971
Deposits	**10,403**	4,387	**-**	-
Prepayments	**7,263**	9,772	**13**	8
Dividends receivable	**-**	-	**4,000**	15,000
	51,635	28,079	**216,340**	205,643

Group

As at 31 December 2015, other receivables included US$19,405,000 (2014: US$5,150,000) paid to Bursa Malaysia Derivatives Clearing Bhd for commodity trading margin deposit, advance payments of US$1,024,000 (2014: US$6,465,000) for the purchase of raw materials, US$2,139,000 (2014: US$4,171,000) relating to subsidy receivable from the Malaysian Palm Oil Board, refundable Goods Service Tax (GST) of US$19,288,000 which was mainly relating to GST introduced in Malaysia this year and US$1,893,000 (2014: US$109,000) being advance payments towards capital expenditure.

As at 31 December 2015, non-trade receivables included US$9,000 (2014: US$30,000) loan to a director of a subsidiary. The loan was interest free, unsecured and repayable on demand.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15. OTHER RECEIVABLES (continued)

Company

Interest rates for loans to subsidiaries are at 1.3% to 5.3% (2014: 1.3% to 5.3%) per annum. The loans are unsecured and repayable on demand.

Dividends receivable relates to dividends declared and unpaid by subsidiaries.

16. DERIVATIVE FINANCIAL INSTRUMENTS

(a) *Current portion*

	Contract notional amount	Group Fair values	
		Asset	Liability
	US$'000	US$'000	US$'000
2015			
Currency forward contracts [Note 31(e)]	**485,235**	**3,029**	**(969)**
Commodities forward contracts [Note 31(e)]	**815,200**	**26,344**	**(18,170)**
Futures contracts on commodity exchange [Note 31(e)]	**819,961**	**12,642**	**(25,211)**
Total		**42,015**	**(44,350)**
2014			
Currency forward contracts [Note 31(e)]	742,109	4,102	(22,956)
Commodities forward contracts [Note 31(e)]	988,698	38,285	(14,456)
Futures contracts on commodity exchange [Note 31(e)]	337,741	6,438	(5,344)
Total		48,825	(42,756)

	Contract notional amount	Company Fair values	
		Asset	Liability
	US$'000	US$'000	US$'000
2015			
Currency forward contracts [Note 31(e)]	**3,261**	**-**	**(58)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) *Non-current portion*

	Contract notional amount	Group Fair values	
		Asset	Liability
	US$'000	US$'000	US$'000
2015			
Commodities forward contracts [Note 31(e)]	**9,491**	**377**	**-**
Futures contracts on commodity exchange [Note 31(e)]	**8,143**	**268**	**-**
Total		**645**	**-**
2014			
Commodities forward contracts [Note 31(e)]	10,449	490	-
Futures contracts on commodity exchange [Note 31(e)]	28,195	178	-
Total		668	-

(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.

(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	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**26,372**	41,721	**40**	56
Short-term bank deposits	**19,231**	19,104	**-**	-
	45,603	60,825	**40**	56

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

	Group	
	2015	2014
	US$'000	US$'000
Cash and bank balances (as above)	**45,603**	60,825
Less: Bank overdrafts (Note 23)	**(196)**	(267)
Less: Restricted short-term bank deposits	**-**	(2,206)
Cash and cash equivalents per consolidated statement of cash flows	**45,407**	58,352

In the previous financial year, 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 2015

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
Group							
2015							
Cost							
Beginning of financial year	24,156	92,581	310,831	20,426	7,909	29,471	485,374
Currency translation differences	(4,412)	(15,780)	(59,242)	(1,821)	(466)	(2,629)	(84,350)
Additions	1,757	173	3,568	621	721	24,084	30,924
Disposals	(4)	(16)	(49)	(44)	(327)	(888)	(1,328)
Write off	-	(152)	(7,000)	(14)	-	(232)	(7,398)
Reclassification	-	529	26,688	-	-	(27,217)	-
End of financial year	**21,497**	**77,335**	**274,796**	**19,168**	**7,837**	**22,589**	**423,222**
Accumulated depreciation							
Beginning of financial year	696	14,732	104,308	13,436	4,949	-	138,121
Currency translation differences	(158)	(2,264)	(18,730)	(1,215)	(298)	-	(22,665)
Depreciation charge	442	1,449	11,381	1,625	1,007	-	15,904
Disposals	(2)	(3)	(49)	(43)	(318)	-	(415)
Write off	-	(59)	(6,566)	(10)	-	-	(6,635)
End of financial year	**978**	**13,855**	**90,344**	**13,793**	**5,340**	**-**	**124,310**
Accumulated impairment losses							
Beginning and end of financial year	**-**	**-**	**17**	**247**	**66**	**-**	**330**
Net book value							
End of financial year	**20,519**	**63,480**	**184,435**	**5,128**	**2,431**	**22,589**	**298,582**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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
Group							
2014							
Cost							
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
Accumulated depreciation							
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
Accumulated impairment losses							
Beginning and end of financial year	-	-	17	247	66	-	330
Net book value							
End of financial year	23,460	77,849	206,506	6,743	2,894	29,471	346,923

(a) The carrying amount of motor vehicles held under finance leases was US$7,000 (2014: US$30,000) at the balance sheet date.

(b) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of US$192,789,000 (2014: US$219,730,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. LEASEHOLD PREPAYMENTS

	Group	
	2015	2014
	US$'000	US$'000
Cost		
Beginning of financial year	**38,343**	20,716
Additions	**63**	17,627
Currency translation differences	**(1,239)**	-
End of financial year	**37,167**	38,343
Accumulated amortisation		
Beginning of financial year	**(3,562)**	(2,257)
Amortisation (Note 8)	**(1,566)**	(1,305)
Currency translation differences	**124**	-
End of financial year	**(5,004)**	(3,562)
Net book value		
End of financial year	**32,163**	34,781

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

20. INVESTMENTS IN ASSOCIATED COMPANY AND SUBSIDIARIES

(a) *Investment in associated company*

	Group	
	2015	2014
	US$'000	US$'000
Equity investment at cost		
Beginning of financial year	**379**	323
Share of profits	**24**	80
Currency translation differences	**(73)**	(24)
End of financial year	**330**	379

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. INVESTMENTS IN ASSOCIATED COMPANY AND SUBSIDIARIES (continued)

(a) *Investment in associated company (continued)*

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

	Group	
	2015	2014
	US$'000	US$'000
Assets	**1,085**	1,414
Liabilities	**(412)**	(642)
Carrying value of associated company	**673**	772
Carrying value of group's interest in associated company	**330**	379
Revenue	**4,224**	4,067
Net profit and total comprehensive income	**49**	163
Share of profit of associated company	**24**	80

Details of the associated company were included in Note 37. In the opinion of the management, the associated company was not material to the Group.

(b) *Investments in subsidiaries*

	Company	
	2015	2014
	US$'000	US$'000
Equity investments at cost		
Beginning of financial year	**849**	820
Addition	**-**	29
End of financial year	**849**	849

Details of the subsidiaries are included in Note 37.

In the previous financial year, the addition was related to the restructuring of Ngo Chew Hong Investment Pte Ltd from an indirect subsidiary to a direct subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

21. TRADE PAYABLES

	Group	
	2015	2014
	US$'000	US$'000
Trade payables		
- Related parties [Note 32(a)]	**878**	1,349
- Non-related parties	**94,076**	145,658
	94,954	147,007

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

22. OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Non-trade payables				
- Related parties [Note 32(a)]	**14**	24	**-**	-
- Associated company	**26**	73	**-**	-
- Non-related parties	**16,791**	19,148	**-**	-
	16,831	19,245	**-**	-
Deferred income	**2,012**	-	**-**	-
Accrual for operating expenses	**21,098**	23,773	**111**	142
	39,941	43,018	**111**	142

Group

Amounts due to associated company and related parties relate mainly to forwarding services and rental of premises, and are unsecured, interest free and repayable on demand. As at 31 December 2015, non-trade payables from non-related parties included advances from customers of US$5,394,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23. BORROWINGS

	Group	
	2015	2014
	US$'000	US$'000
Current		
Bank overdrafts (Note 17)	**196**	267
Bank borrowings		
- Trade financing	**274,038**	175,617
- Revolving credit	**8,000**	3,000
- Term loans	**35,822**	49,760
Finance lease liabilities [Note 23(c)]	**20**	21
	318,076	228,665
Non-current		
Bank borrowings		
- Term loans	**50,481**	102,560
Finance lease liabilities [Note 23(c)]	**7**	30
	50,488	102,590
Total borrowings	**368,564**	331,255

(a) *Securities granted*

The borrowings of the Group are secured by:

- certain property, plant and equipment as disclosed in Note 18(b); and
- corporate guarantees by the Company as disclosed in Note 29.

Finance lease liabilities are secured over the leased motor vehicles as at 31 December 2015 with carrying value of US$7,000 (2014: US$30,000) as the legal titles are retained by the lessors and will be transferred to the Group upon full settlement of the finance lease liabilities.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23. BORROWINGS (continued)

(c) Finance lease liabilities

The Group leases certain plant and equipment under finance leases.

	Group	
	2015	2014
	US$'000	US$'000
Minimum lease payments due		
- Not later than one year	**21**	23
- Between one and two years	**7**	23
- Between two and five years	**-**	8
	28	54
Less: Future finance charges	**(1)**	(3)
Present value of finance lease liabilities	**27**	51

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

	Group	
	2015	2014
	US$'000	US$'000
Not later than one year	**20**	21
Between one and two years	**7**	23
Between two and five years	**-**	7
	27	51

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. DEFERRED INCOME TAXES

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

	Group		Company	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Deferred income tax assets				
- Expected to be recovered within one year	**590**	564	**-**	-
- Expected to be recovered after one year	**10,813**	10,853	**-**	-
	11,403	11,417	**-**	-
Deferred income tax liabilities				
- Expected to be settled within one year	**(5,862)**	(10,269)	**-**	-
- Expected to be settled after one year	**(12,536)**	(10,978)	**(486)**	(366)
	(18,398)	(21,247)	**(486)**	(366)

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

	Group		Company	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**(9,830)**	(11,483)	**(366)**	(307)
Currency translation differences	**1,481**	661	**-**	-
Tax credited /(charged) to				
- Profit or loss	**878**	992	**(120)**	(59)
- Equity [Note 11(c)]	**476**	-	**-**	-
End of financial year	**(6,995)**	(9,830)	**(486)**	(366)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. DEFERRED INCOME TAXES (continued)

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

Group

Deferred income tax liabilities

	Accelerated tax depreciation US$'000	Revaluation of property, plant and equipment US$'000	Unremitted foreign income US$'000	Unrealised gains on derivative financial instruments US$'000	Total US$'000
2015					
Beginning of financial year	**(24,692)**	**(2,972)**	**(799)**	**(4,459)**	**(32,922)**
Currency translation differences	**4,734**	**364**	**-**	**686**	**5,784**
(Charged)/credited to					
- Profit or loss	**(1,524)**	**-**	**(140)**	**1,564**	**(100)**
- Equity [Note 11(c)]	**-**	**476**	**-**	**-**	**476**
End of financial year	**(21,482)**	**(2,132)**	**(939)**	**(2,209)**	**(26,762)**
2014					
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)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. DEFERRED INCOME TAXES (continued)

Group (continued)

Deferred income tax assets

	Unutilised tax losses	Unutilised reinvestment allowance	Others	Total
	US$'000	US$'000	US$'000	US$'000
2015				
Beginning of financial year	**1,346**	**19,655**	**2,091**	**23,092**
Currency translation differences	**(506)**	**(3,487)**	**(310)**	**(4,303)**
Credited/(charged) to				
- Profit or loss	**3,639**	**(1,908)**	**(753)**	**978**
End of financial year	**4,479**	**14,260**	**1,028**	**19,767**
2014				
Beginning of financial year	1,413	21,993	1,292	24,698
Currency translation differences	(93)	(1,308)	(141)	(1,542)
Credited/(charged) to				
- Profit or loss	26	(1,030)	940	(64)
End of financial year	1,346	19,655	2,091	23,092

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$8,137,000 (2014: US$7,142,000) 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	
	2015	2014
	US$'000	US$'000
Beginning of financial year	**(366)**	(307)
Charged to		
- Profit or loss	**(120)**	(59)
End of financial year	**(486)**	(366)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. SHARE CAPITAL AND SHARE PREMIUM

	No. of ordinary shares		Amount		
	Authorised share capital at par value of US$0.001	Issued share capital at par value of US$0.001	Authorised share capital at par value of US$0.001	Share capital at par value of US$0.001	Share premium
	'000	'000	US$'000	US$'000	US$'000
Group and Company					
2015					
Beginning and end of financial year, ordinary shares at par value, US$0.001	**30,000,000**	**1,500,667**	**30,000**	**1,501**	**180,012**
2014					
Beginning of financial year, ordinary shares at par value, US$0.001	30,000,000	1,507,061	30,000	1,507	185,416
Shares purchased and cancelled	-	(6,394)	-	(6)	(5,404)
End of financial year, ordinary shares at par value, US$0.001	30,000,000	1,500,667	30,000	1,501	180,012

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	
	2015	2014
	US$'000	US$'000
(a) *Composition:*		
Merger reserve	**(53,005)**	(53,005)
General reserve	**(2,495)**	(2,608)
Asset revaluation reserve	**8,676**	10,058
Currency translation reserve	**(30,685)**	8,787
Capital redemption reserve	**3,509**	3,509
	(74,000)	(33,259)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26. OTHER RESERVES (continued)

		Company	
		2015	2014
		US$'000	US$'000
(a)	*Composition:*		
	Capital redemption reserve	**3,509**	3,509

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

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

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

Other reserves are non-distributable.

				Group	
				2015	2014
			Note	**US$'000**	US$'000
(b)	*Movements*				
	(i)	***Merger reserve***			
		Beginning of financial year		**(53,005)**	(50,706)
		Acquisition of a subsidiary under common control	34	**-**	(2,299)
		End of financial year		**(53,005)**	(53,005)
	(ii)	***General reserve***			
		Beginning of financial year		**(2,608)**	(2,608)
		Partial disposal of equity interest in a subsidiary to non-controlling interests	34	**113**	-
		End of financial year		**(2,495)**	(2,608)
	(iii)	***Asset revaluation reserve***			
		Beginning and end of financial year		**10,058**	10,058
		Realisation of reserve upon disposal		**(1,382)**	-
		End of financial year		**8,676**	10,058

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26. OTHER RESERVES (continued)

	Group 2015 US$'000	Group 2014 US$'000
(b) *Movements (continued)*		
(iv) Currency translation reserve		
Beginning of financial year	**8,787**	20,948
Net currency translation differences of foreign subsidiaries	**(39,552)**	(11,664)
Non-controlling interests	**80**	(497)
End of financial year	**(30,685)**	8,787

	Group and Company 2015 US$'000	Group and Company 2014 US$'000
(v) Capital redemption reserve		
Beginning of financial year	**3,509**	-
Share purchased and cancelled	**-**	3,509
End of financial year	**3,509**	3,509

27. RETAINED PROFITS

(a) Retained profits of the Group are distributable, to the extent that it is in compliance with the local guidelines of the countries in which the subsidiaries operate and the restrictions imposed by the covenant underlying the Group's borrowings.

(b) Movement in retained profits for the Company was as follows:

	Company 2015 US$'000	Company 2014 US$'000
Beginning of financial year	**20,871**	9,025
Dividends (Note 28)	**(19,327)**	(8,741)
Total comprehensive income for the financial year	**29,879**	20,587
End of financial year	**31,423**	20,871

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28. DIVIDENDS

	Group and Company	
	2015	2014
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt one-tier dividends of S$0.0170 for 2014 (2013: S$0.0073) per share	**19,327**	8,741
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt one-tier dividends of S$0.0045 (2014: S$0.0170) per share	**4,773**	19,279

29. CONTINGENT LIABILITIES

Group

(a) In 2007, charges in Malaysia were brought against Mewah-Oils Sdn Bhd ("MOSB"), a wholly-owned subsidiary, and a director of the Company by Lushing Traders Pte Ltd ("Lushing") alleging that in 2003, MOSB used falsified documents to discharge crude palm oil ("CPO") and for receiving allegedly stolen property belonging to 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. The appeal is now fixed for case management.

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. In March 2015, the High Court in Malaysia ruled in favour of Lushing, requiring MOSB to compensate Lushing for total sum of approximately U$3,702,000. MOSB has filed a notice of appeal and application for stay of judgment on the advice of its external solicitors. The external solicitors are of the opinion that MOSB has strong grounds of appeal as it had paid its supplier, Summerwind Trading Pte Ltd ("Summerwind"), which had allegedly not paid to Lushing. MOSB was not aware of the dispute between Summerwind and Lushing.

Based on the current information available and advice from their external solicitors, the Board of Directors believe that the case is without merit.

b) As at 31 December 2015, a subsidiary of the Group is in arbitration with a shipping company in relation to certain vessels that have been chartered. Claims mainly in relation to detention, deadfreight and demurrage charges amounting to a total of approximately US$1,913,000 have been brought against the subsidiary by the shipping company. The subsidiary is defending each of the claims made by the shipping company and the claims are currently in various stages of arbitration. Based on the current information available and advice from its external solicitors, the management believes that adequate provision has been made and no further provision is required by the Group in relation to these charges as at 31 December 2015.

Company

The Company has issued corporate guarantees to banks for borrowings to certain subsidiaries. As at 31 December 2015, the borrowings under the guarantees amounted to US$366,792,000 (2014: US$329,585,000). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

30. COMMITMENTS

(a) Capital commitments

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

	Group	
	2015	2014
	US$'000	US$'000
Property, plant and equipment	**9,367**	13,670

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

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

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

	Group	
	2015	2014
	US$'000	US$'000
Not later than one year	**564**	547
Between one and five years	**1,961**	1,788
Later than five years	**11,932**	5,678
	14,457	8,013

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

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

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

	Group	
	2015	2014
	US$'000	US$'000
Not later than one year	**44**	192
Between one and five years	**28**	27
	72	219

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 2015

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:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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)

	Ringgit US$'000	EUR US$'000	SGD US$'000	AUD US$'000	JPY US$'000
At 31 December 2014					
Financial assets					
Cash and cash equivalents	7,802	10,846	960	116	-
Trade and other receivables	59,777	5,357	3,711	3,982	-
Intercompany receivables	90,484	6,128	3	4,660	-
	158,063	22,331	4,674	8,758	-
Financial liabilities					
Borrowings	(221,253)	(49)	-	(1,923)	-
Other financial liabilities	(111,631)	(4,893)	(12,406)	(558)	-
Intercompany payables	(90,484)	(6,128)	(3)	(4,660)	-
	(423,368)	(11,070)	(12,409)	(7,141)	-
Net financial (liabilities)/assets	(265,305)	11,261	(7,735)	1,617	-
Add: Firm commitments and highly probable forecast transactions in foreign currencies	(268,622)	2,305	(7,142)	(10)	-
Less: Currency forward contracts	394,751	(24,548)	3,476	(9,657)	(14,695)
Currency profile	(139,176)	(10,982)	(11,401)	(8,050)	(14,695)
Financial liabilities/(assets) denominated in the respective entities' functional currencies	138,577	389	28	3,077	-
Currency exposure of financial (liabilities)/assets net of those denominated in the respective entities' functional currencies	(599)	(10,593)	(11,373)	(4,973)	(14,695)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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:

	SGD US$'000	AUD US$'000
At 31 December 2015		
Financial assets		
Cash and cash equivalents	**19**	**-**
Other receivables	**1**	**3,003**
	20	**3,003**
Financial liabilities		
Other financial liabilities	**(111)**	**-**
Net financial (liabilities)/assets	**(91)**	**3,003**
Less: Currency forward contracts	**-**	**(3,261)**
Currency profile/currency exposure of financial liabilities net of those denominated in the Company's functional currency	**(91)**	**(258)**
At 31 December 2014		
Financial assets		
Cash and cash equivalents	37	-
Other receivables	-	1,718
	37	1,718
Financial liabilities		
Other financial liabilities	(142)	-
Net financial (liabilities)/assets/currency profile/currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	(105)	1,718

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If Ringgit, EUR, SGD and AUD change against USD by 5% (2014: Ringgit, EUR, SGD, AUD and JPY; 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/ liability position will be as follows:

	Profit after tax (Decrease)/Increase	
	US$'000 Strengthened	US$'000 Weakened
Group		
2015		
Ringgit against USD	**(1)**	**1**
EUR against USD	**(136)**	**136**
SGD against USD	**(563)**	**563**
AUD against USD	**(161)**	**161**
2014		
Ringgit against USD	(24)	24
EUR against USD	(420)	420
SGD against USD	(451)	451
AUD against USD	(197)	197
JPY against USD	(583)	583

If SGD and AUD change against USD by 5% (2014: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/ liability position will be as follows:

	Profit after tax (Decrease)/Increase	
	US$'000 Strengthened	US$'000 Weakened
Company		
2015		
SGD against USD	**(4)**	**4**
AUD against USD	**(11)**	**11**
2014		
SGD against USD	(4)	4
AUD against USD	71	(71)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk (continued)*

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

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

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

The Group's borrowings are denominated mainly in Ringgit and USD. As at 31 December 2015, profit after tax for the financial year would have been lower or higher by US$196,000 (2014: US$399,000) 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 2015, 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$8,204,000 (2014: US$4,895,000) 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 or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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:

	Company	
	2015	2014
	US$'000	US$'000
Corporate guarantees provided to financial institutions on subsidiaries' borrowings	**366,792**	329,585

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 2015 (2014: 2 debtors) and represented 12% of trade receivables (2014: 13%). The Company did not have trade receivables in 2015 and 2014.

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

	Company	
	2015	2014
	US$'000	US$'000
By geographical areas		
- Asia		
Malaysia	**58,621**	73,030
Singapore	**25,879**	32,466
Rest of Asia	**19,494**	16,863
- Africa	**43,751**	71,626
- Middle East		
Iran	**39,429**	42,080
Rest of Middle East	**12,065**	12,670
- Europe	**23,822**	26,130
- Pacific Oceania	**8,297**	5,910
- America	**8,096**	9,512
	239,454	290,287

(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 and non-trade receivables that were neither past due nor impaired were substantially companies with a good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

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

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

	Group	
	2015	2014
	US$'000	US$'000
Past due < 3 months	**49,385**	57,381
Past due 3 to 6 months	**13,696**	17,333
Past due 6 to 12 months	**1,202**	8,447
Past due over 1 year	**12,890**	13,173
	77,173	96,334

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:

	Group	
	2015	2014
	US$'000	US$'000
Gross amount	**21,059**	18,756
Less: Allowance for impairment	**(21,059)**	(18,756)
	-	-
Beginning of financial year	**18,756**	21,337
Currency translation differences	**(577)**	(308)
Allowance made/(written back) (Note 8)	**2,893**	(2,158)
Allowance utilised	**(13)**	(115)
End of financial year	**21,059**	18,756

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 2015

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
Group					
At 31 December 2015					
Trade and other payables	**(127,489)**	**-**	**-**	**-**	**(127,489)**
Borrowings	**(320,750)**	**(21,960)**	**(30,605)**	**-**	**(373,315)**
	(448,239)	**(21,960)**	**(30,605)**	**-**	**(500,804)**
Gross-settled currency forward contracts					
- Receipts	**342,293**	**-**	**-**	**-**	**342,293**
- Payments	**(142,942)**	**-**	**-**	**-**	**(142,942)**
	199,351	**-**	**-**	**-**	**199,351**
Gross-settled futures contracts and forward sales and purchase contracts					
- Receipts	**902,955**	**1,485**	**-**	**-**	**904,440**
- Payments	**(732,206)**	**(16,149)**	**-**	**-**	**(748,355)**
	170,749	**(14,664)**	**-**	**-**	**156,085**
At 31 December 2014					
Trade and other payables	(190,025)	-	-	-	(190,025)
Borrowings	(231,441)	(50,334)	(56,940)	-	(338,715)
	(421,466)	(50,334)	(56,940)	-	(528,740)
Gross-settled currency forward contracts					
- Receipts	584,751	-	-	-	584,751
- Payments	(157,358)	-	-	-	(157,358)
	427,393	-	-	-	427,393
Gross-settled futures contracts and forward sales and purchase contracts					
- Receipts	696,383	37,255	-	-	733,638
- Payments	(630,056)	(1,389)	-	-	(631,445)
	66,327	35,866	-	-	102,193

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than 1 year US$'000
Company	
At 31 December 2015	
Other payables	**(111)**
Gross-settled currency forward contracts	
- Payments	**(3,261)**
At 31 December 2014	
Other payables	(142)

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
Company					
At 31 December 2015					
Financial guarantee contracts	**(317,658)**	**(21,167)**	**(27,967)**	**-**	**(366,792)**
Company					
At 31 December 2014					
Financial guarantee contracts	(228,521)	(48,230)	(52,834)	-	(329,585)

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

	Group	
	2015	2014
	US$'000	US$'000
Tangible net worth	**484,708**	535,572
Debt-equity ratio		
Gross debt	**368,564**	331,255
Less: Cash and cash equivalents	**(45,603)**	(60,825)
Net debt	**322,961**	270,430
Total equity	**484,708**	535,572
Gross debt-equity ratio	**0.76**	0.62
Net debt-equity ratio	**0.67**	0.50

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

(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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

	Level 1 US$'000	Level 2 US$'000	Total US$'000
Group			
2015			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	**-**	**3,029**	**3,029**
- Commodities forward contracts	**-**	**26,721**	**26,721**
- Futures contracts on commodity exchange	**12,910**	**-**	**12,910**
As at 31 December 2015	**12,910**	**29,750**	**42,660**
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	**-**	**(969)**	**(969)**
- Commodities forward contracts	**-**	**(18,170)**	**(18,170)**
- Futures contracts on commodity exchange	**(25,211)**	**-**	**(25,211)**
As at 31 December 2015	**(25,211)**	**(19,139)**	**(44,350)**
2014			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	4,102	4,102
- Commodities forward contracts	-	38,775	38,775
- Futures contracts on commodity exchange	6,616	-	6,616
As at 31 December 2014	6,616	42,877	49,493
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(22,956)	(22,956)
- Commodities forward contracts	-	(14,456)	(14,456)
- Futures contracts on commodity exchange	(5,344)	-	(5,344)
As at 31 December 2014	(5,344)	(37,412)	(42,756)
Company			
2015			
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	**-**	**(58)**	**(58)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

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

The Group's commodities forward contracts are not traded in an active market. Their fair values are estimated by a valuation technique that makes reference to prices listed on the 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 and other receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

(f) Financial instruments by category

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

Financial assets

	Group		**Company**	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Loans and receivables	**329,429**	369,419	**216,367**	205,691
Financial liabilities at amortised cost	**(496,053)**	(521,280)	**(111)**	(142)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT (continued)

(g) *Offsetting financial assets and liabilities*

Group

(i) Financial assets subject to offsetting

Description	(a) Gross amounts of financial assets	(b) Gross amount of financial liabilities set off on balance sheet	(c) = (a)-(b) Net amounts of financial assets presented on balance sheet
	US$'000	US$'000	US$'000
2015			
Commodities forward contracts	**27,934**	**(1,213)**	**26,721**
2014			
Commodities forward contracts	41,615	(2,840)	38,775

(ii) Financial liabilities subject to offsetting

Description	(a) Gross amounts of financial liabilities	(b) Gross amount of financial assets set off on balance sheet	(c) = (a)-(b) Net amounts of financial liabilities presented on balance sheet
	US$'000	US$'000	US$'000
2015			
Commodities forward contracts	**(18,800)**	**630**	**(18,170)**
2014			
Commodities forward contracts	(16,940)	2,484	(14,456)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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	
	2015	2014
	US$'000	US$'000
Sales of finished goods	**45,107**	59,614
Purchases of raw materials	**406**	477
(Losses)/gains from derivative financial instruments	**(80)**	421
Services received		
- Transportation and forwarding	**2,723**	3,340
- Packing material	**1,490**	5,256
- Consultation fees	**1,571**	1,705
- Travelling expenses	**158**	213
- Professional fees	**-**	28
- Tolling fees	**605**	446
Acquisition of a subsidiary (Note 34)	**-**	2,299
Rental received/receivable	**47**	45
Interest income	**13**	416
Service fee	**100**	17
Advertisement fee	**47**	-

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

Outstanding balances at 31 December 2015 and 2014 arising from the above transactions are set out in Notes 14, 15, 21 and 22 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

32. RELATED PARTY TRANSACTIONS (continued)

(b) *Key management personnel compensation*

Key management personnel compensation was as follows:

	Group	
	2015	2014
	US$'000	US$'000
Wages, salaries and other short-term employee benefits	**7,198**	7,851
Employer's contribution to defined contribution plans	**129**	143
	7,327	7,994

Key management compensation includes remuneration of Directors (Executive and Non-Executive) and senior management of the Group and Company.

33. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions, allocate resources, and assess performance. The Exco 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 2015

33. SEGMENT INFORMATION (continued)

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

	Bulk US$'000	Consumer Pack US$'000	Total US$'000
Group			
Sales			
Total segment sales	2,225,085	823,910	3,048,995
Inter-segment sales	(349,030)	(25,226)	(374,256)
Sales to external parties	**1,876,055**	**798,684**	**2,674,739**
Operating margin	**37,197**	**56,990**	**94,187**
Other income	660	573	1,233
Interest income	3,392	1,120	4,512
Admin expenses, excluding depreciation and amortisation	(27,568)	(31,082)	(58,650)
Other (losses)/gains	(922)	49	(873)
EBITDA/Segment results	**12,759**	**27,650**	**40,409**
Unallocated			
Depreciation			(15,904)
Amortisation			(1,566)
Finance expense			(10,305)
Income tax expense			(5,531)
Share of profit of an associate			24
Profit after tax			**7,127**
Total segment assets	**853,495**	**184,636**	**1,038,131**
Unallocated			
Current income tax recoverable			5,064
Investment in associated company			330
Deferred income tax assets			11,403
Total assets			**1,054,928**
Total assets include:			
Additions to:			
- Property, plant and equipment	19,723	11,201	30,924
- Leasehold prepayments	63	-	63
Total segment liabilities	**(457,419)**	**(90,390)**	**(547,809)**
Unallocated			
Current income tax liabilities			(4,013)
Deferred income tax liabilities			(18,398)
Total liabilities			**(570,220)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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
Group			
Sales			
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
Operating margin	41,578	52,993	94,571
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
EBITDA/Segment results	11,823	22,915	34,738
Unallocated			
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
Profit after tax			3,027
Total segment assets	868,653	236,103	1,104,756
Unallocated			
Current income tax recoverable			6,876
Investment in associated company			379
Deferred income tax assets			11,417
Total assets			1,123,428
Total assets include:			
Additions to:			
- Property, plant and equipment	18,683	19,365	38,048
- Leasehold prepayments	54	17,573	17,627
Total segment liabilities	(439,937)	(124,099)	(564,036)
Unallocated			
Current income tax liabilities			(2,573)
Deferred income tax liabilities			(21,247)
Total liabilities			(587,856)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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.

	Group	
	2015	2014
	US$'000	US$'000
Revenue by geography		
Malaysia	**960,639**	1,117,531
Singapore	**452,542**	665,701
	1,413,181	1,783,232
Other countries		
- Rest of Asia	**267,191**	332,115
- Africa	**317,229**	481,690
- Middle East	**317,948**	508,411
- Europe	**165,793**	130,343
- Pacific Oceania	**64,343**	67,979
- America	**129,054**	135,049
	1,261,558	1,655,587
	2,674,739	3,438,819
Non-current assets by geography		
Singapore	**10,339**	11,687
Malaysia	**273,547**	323,510
Other countries	**47,189**	46,886
	331,075	382,083

We do not have transaction with a single external customer amount to 10 per cent or more of the Group's revenues for the financial year ended 31 December 2015 and 2014.

34. BUSINESS COMBINATION

In November 2015, the Group acquired 100% of equity shares in MOI Foods (Thailand) Co., Ltd. through its wholly owned subsidiaries, Ngo Chew Hong Corporation Pte Ltd, Ngo Chew Hong Investment Pte Ltd and Mewah Commodities Pte Ltd for a cash consideration of THB1,250,000 (US$35,000). The impact of this transaction to the financial statements of the Group was insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

34. BUSINESS COMBINATION (continued)

In April 2015, the Group disposed of 7.4% shares of MOI International (Australia) Pty Ltd to its non-controlling shareholders, Trupps Pty Ltd Aft Trupps Family Trust and Larry Chew as trustee for the Larry Chew Family Trust for a consideration of AUD659,960.86 (US$504,000). This transaction reduced the shareholding of the Group to 76%. The impact of this transaction to the financial statements of the Group was not material.

During the financial year, PT Sanggam Harapan Sejahtera and PT Rimbunan Putra were consolidated as subsidiaries of the Company pursuant to loan agreements entered into with the Company which entitles the Company to exercise control over the Board of Directors of the respective companies.

In the previous financial year, 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). 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 2016 or later periods and which the Group has not early adopted:

- FRS 110 *Consolidated financial statements* and FRS 28 *Investments in associates and joint ventures* (effective for annual periods beginning on or after 1 January 2016*)

  These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture.

  A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

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

  * *In August 2015, the IASB has published an Exposure Draft to propose deferring the effective date of the amendment indefinitely. Earlier application of the amendment continues to be permitted. No deferral has been made for similar amendment to FRS 110 and FRS 28 as at the date of this publication.*

- FRS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

  This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

35. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

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

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

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

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

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

  ** The effective date of IFRS 15 Revenue from contracts with customers has been deferred from 1 January 2017 to 1 January 2018. No such deferral has been made for FRS 115 Revenue from contracts with customers as at the date of this publication.*

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

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

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required by is different to that currently prepared under FRS 39.

  This amendment 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 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. LISTING OF COMPANIES IN THE GROUP

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2015 %	2014 %
Directly held by the Company					
One Marthoma (CI) Inc. [k]	Cayman Islands	Investment holding	Cayman Islands	**100**	100
Subsidiaries of One Marthorma (CI) Inc.					
Mewah Oleo Malaysia Sdn Bhd [b]	Malaysia	Investment holding	Malaysia	**100**	100
Padat Gaya Sdn Bhd [b]	Malaysia	Investment holding	Malaysia	**100**	100
MOI International (Australia) Pty Ltd [d]	Australia	Trading	Australia	**76**	83.4
Agri Kurnia Sdn Bhd [b]	Malaysia	Investment holding	Malaysia	**100**	100
Subsidiaries of Mewah Oleo Malaysia Sdn Bhd					
Mewah-Oils Sdn Bhd [b]	Malaysia	Manufacturing and selling of palm oil products	Malaysia	**100**	100
Ngo Chew Hong Oils & Fats (M) Sdn Bhd [b]	Malaysia	Refining and selling of palm oil products	Malaysia	**100**	100
Moi Foods Malaysia Sdn Bhd [b]	Malaysia	Manufacturing and selling of downstream palm oil products	Malaysia	**100**	100
Container Fabricator (M) Sdn Bhd [b]	Malaysia	Manufacturing of plastic containers	Malaysia	**100**	100
Mewaholeo Marketing Sdn Bhd [b]	Malaysia	Selling of palm oil and palm oil related products	Malaysia	**100**	100
Batam Heights Sdn Bhd [b]	Malaysia	Dormant	Malaysia	**100**	100
G & U Districenters (M) Sdn Bhd [b]	Malaysia	Dormant	Malaysia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2015 %	2014 %
Subsidiaries of Mewah Oleo Malaysia Sdn Bhd (continued)					
Bremfield Sdn Bhd [(b)]	Malaysia	Manufacturing and selling of palm oil products	Malaysia	**100**	100
Mitra Valley Sdn Bhd [(b)]	Malaysia	Dormant	Malaysia	**100**	100
Associated company held by Mewah Oleo Malaysia Sdn Bhd					
Prelude Gateway Sdn Bhd [(b)]	Malaysia	Freight forwarding, transportation, warehousing and logistical services	Malaysia	**49**	49
Directly held by the Company					
Ngo Chew Hong Corporation Pte Ltd [(a)]	Singapore	Investment holding	Singapore	**100**	100
Ngo Chew Hong Investment Pte Ltd [(a)]	Singapore	Dormant	Singapore	**100**	100
Subsidiaries of Ngo Chew Hong Corporation Pte Ltd					
Mewah Oils & Fats Pte Ltd [(a)]	Singapore	Trading of edible oils and providing commodity brokerage service	Singapore	**100**	100
Ngo Chew Hong Edible Oil Pte Ltd [(a)]	Singapore	Packaging and trading of edible oil	Singapore	**100**	100
MOI International (Singapore) Pte Ltd [(a)]	Singapore	Trading of edible oil products	Singapore	**100**	100
Mewah Brands (S) Pte Ltd [(a)]	Singapore	To own brands used by related parties and group corporations	Singapore	**100**	100
Moi Foods Romania S.R.L. [(k)]	Romania	Trading	Romania	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding 2015 %	Equity holding 2014 %
Subsidiaries of Ngo Chew Hong Corporation Pte Ltd (continued)					
Ngo Chew Hong Industries Pte Ltd [(a)]	Singapore	Investment holding	Singapore	**100**	100
Mewah Commodities Pte Ltd [(a)]	Singapore	Investment holding	Singapore	**100**	100
Krispi Oil and Food Products Marketing, Import, Export Trading Company (Turkey) [(k)] (50% equity held by Mewah Commodities Pte Ltd and 50% equity held by Ngo Chew Hong Corporation Pte Ltd)	Turkey	Trading	Turkey	**100**	100
MOI Foods Ivory Coast Limited [(t)]	Ivory Coast	Import, export, distribution of rice & other products	Ivory Coast	**100**	100
Ngo Chew Hong Edible Oil Limited [(s)] (90% equity held by Ngo Chew Hong Corporation Pte Ltd and 10% equity held by Mewah Commodities Pte Ltd)	Nigeria	Dormant	Nigeria	**100**	100
MOI Foods Nigeria Limited [(r)] (90% equity held by Ngo Chew Hong Corporation Pte Ltd and 10% equity held by Mewah Commodities Pte Ltd)	Nigeria	Distribution	Nigeria	**100**	100
MOI Senegal SUARL [(k)]	Senegal	Dormant	Senegal	**100**	100
MOI Foods (Thailand) Co., Ltd. [(p),(v)] (80% equity held by Ngo Chew Hong Corporation Pte Ltd, 10% equity held by Ngo Chew Hong Investment Pte Ltd and 10% equity held by Mewah Commodities Pte Ltd)	Thailand	Rice export business	Thailand	**100**	-
Subsidiaries of Mewah Commodities Pte Ltd					
Krispi Oil Russia LLC [(k)]	Russia	Trading	Russia	**100**	100
Krispi Oils Poland Sp. z o.o [(k)] (90% equity held by Mewah Commodities Pte Ltd and 10% equity held by Ngo Chew Hong Corporation Pte Ltd)	Poland	Trading	Poland	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2015 %	2014 %
Subsidiaries of Mewah Commodities Pte Ltd (continued)					
Moi Foods Belgium N.V. (k) (90% equity held by Mewah Commodities Pte Ltd and 10% equity held by Ngo Chew Hong Corporation Pte Ltd)	Belgium	Investment holding	Belgium	**100**	100
Subsidiaries of Moi Foods Belgium N.V.					
Molly Foods bvba (o)	Belgium	Trading and investment holding	Belgium	**70**	70
Subsidiary of Molly Foods bvba					
Bloom Land Enterprises Limited (o)	Hong Kong	Providing commodity brokerage service	Hong Kong	**70**	70
Subsidiary of Bloom Land Enterprises Limited					
BeCe S.à.r.l. (o)	Togo	Trading	Togo	**70**	70
Subsidiaries of Padat Gaya Sdn Bhd					
Mewaholeo Industries Sdn Bhd (b)	Malaysia	Refining and selling of palm oil products	Malaysia	**100**	100
Mewah Datu Sdn Bhd (b)	Malaysia	Refining and selling of palm oil products	Malaysia	**100**	100
Kayumanis Warisan Sdn Bhd (b)	Malaysia	Dormant	Malaysia	**100**	100
Ratusan Aman Kapital Sdn Bhd (b)	Malaysia	Dormant	Malaysia	**100**	100
Subsidiaries of Agri Kurnia Sdn Bhd					
Mewah Dairies Sdn Bhd (b)	Malaysia	Manufacturing and selling of dairy-based products	Malaysia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2015 %	2014 %
Subsidiaries of Agri Kurnia Sdn Bhd (continued)					
G & U Logistic (M) Sdn Bhd [i]	Malaysia	Freight forwarding, transportation, warehousing and logistic services for chemical and chemical related industries	Malaysia	**100**	100
Subsidiary of MOI (International) Australia Pty Ltd					
MOI Foods U.S.A Inc. [j],[k]	United States of America	Trading & marketing of food products	United States of America	**76**	-
Directly held by the Company					
Pandan Loop International Inc. [k]	Cayman Islands	Investment holding	Cayman Islands	**100**	100
Subsidiaries of Pandan Loop International Inc.					
Ngo Chew Hong Oleo (S) Pte Ltd [a]	Singapore	Investment holding	Singapore	**100**	100
Subsidiaries of Ngo Chew Hong Oleo (S) Pte Ltd					
MOI Foods (Shanghai) Co., Ltd. [e]	People's Republic of China	Trading	People's Republic of China	**100**	100
Mewah Oils (ZJG) Co., Ltd. [f],[u]	People's Republic of China	Manufacturing and sale of edible oils and fats	People's Republic of China	**100**	100
Mewah Oils (Tianjin) Co., Ltd. [g]	People's Republic of China	Manufacturing and sale of edible oils and fats	People's Republic of China	**100**	100
Directly held by the Company					
Cavenagh House International Inc. [k]	Cayman Islands	Investment holding	Cayman Islands	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2015 %	2014 %
Subsidiaries of Cavenagh House International Inc.					
Cavenagh Oleo (S) Pte Ltd [a]	Singapore	Investment holding	Singapore	**100**	100
Subsidiaries of Cavenagh Oleo (S) Pte Ltd					
PT Agro Murni [l]	Indonesia	Dormant	Indonesia	**95**	95
PT Timuran Agro [l]	Indonesia	Dormant	Indonesia	**95**	95
PT Agro Indah [l] (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	**100**	100
PT Utara Agro [l]	Indonesia	Dormant	Indonesia	**95**	95
PT Agro Perkasa [l]	Indonesia	Dormant	Indonesia	**95**	95
PT Mas Bestari [l] (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	**100**	100
PT Mas Mewah [l] (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	**100**	100
PT Harapan Bestari [q] (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	**-**	100
PT Usaha Surya [l] (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	**100**	100
PT Nilam Surya Jaya [l]	Indonesia	Dormant	Indonesia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. LISTING OF COMPANIES IN THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding	
				2015 %	2014 %
Directly held by the Company					
Hua Guan Inc. [(k)]	British Virgin Islands	Investment holding	British Virgin Islands	**100**	100
Subsidiary of Hua Guan Inc.					
Hua Guan Oleo (S) Pte Ltd [(a)]	Singapore	Investment holding	Singapore	**100**	100
Subsidiaries of Hua Guan Oleo (S) Pte Ltd					
Mewah Oils India Pvt Ltd [(h)] (90% equity held by Hua Guan Oleo (S) Pte Ltd and 10% equity held by Hua Guan Inc.)	India	Trading	India	**100**	100
MOI Commodities India Pvt Ltd [(n)] (90% equity held by Hua Guan Oleo (S) Pte Ltd and 10% equity held by Hua Guan Inc.)	India	Trading	India	**100**	100
Mewah Oils FZE [(k)]	United Arab Emirates	Dormant	United Arab Emirates	**100**	100
Directly held by the Company					
Moi International Inc. [(k)]	Mauritius	Dormant	Mauritius	**100**	100
Semenyih Inc. [(k)]	Cayman Islands	Dormant	Cayman Islands	**100**	100
Mewah (HK) Limited [(m)]	Hong Kong	Investment holding	Hong Kong	**100**	100
Deemed control					
PT Sanggam Harapan Sejahtera [(l),(c)]	Indonesia	Plantation	Indonesia	**-**	-
PT Rimbunan Putra [(l),(c)]	Indonesia	Investment holding	Indonesia	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. LISTING OF COMPANIES IN THE GROUP (continued)

(a) *Audited by PricewaterhouseCoopers LLP, Singapore*
(b) *Audited by PricewaterhouseCoopers, Malaysia*
(c) *PT Sanggam Harapan Sejahtera and PT Rimbunan Putra are consolidated as subsidiaries of the Company pursuant to loan agreements entered into with the Company which entitles the Company to exercise control over the Board of Directors of the respective companies.*
(d) *Audited by BDO Kendalls (QLD) Pty Ltd, Australia*
(e) *Audited by Shanghai Shen Zhou Da Tong Certified Public Accountants Company Limited, People's Republic of China*
(f) *Audited by Suzhou Qinye Union Certified Public Accountants, People's Republic of China*
(g) *Audited by Tianjin Beiyang CPAs Co., Ltd., People's Republic of China*
(h) *Audited by 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) *Audited by DFK International, Anwar & Rekan, Indonesia*
(m) *Audited by Tony Kam & Co., Hong Kong*
(n) *Audited by Kumar Vijay Gupta & Co., India*
(o) *In the process of liquidation*
(p) *Acquired during the financial year*
(q) *Liquidated during the financial year*
(r) *Audited by AB Bello & Co, Port Harcourt, Nigeria*
(s) *Audited by Hamzat Subrair & Co, Lagos, Nigeria*
(t) *Audited by Epsilon International Consulting Cote D'Ivoire, Ivory Coast*
(u) *Under Members Voluntary Liquidation*
(v) *In the process of appointing auditor*