Annual financial statements

Rice outgrower programme, Nigeria

In this section

Annual financial statements

Shareholder information

During the period, the Company changed its financial year end from 30 June to 31 December. Accordingly, these financial statements cover the financial year from 1 July 2014 to 31 December 2015. The comparatives cover the financial year from 1 July 2013 to 30 June 2014.

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Olam International Limited (the 'Company') and its subsidiary companies (the 'Group') and the balance sheet and statement of changes in equity of the Company for the financial year from 1 July 2014 to 31 December 2015.

1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheets and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity of the Group and of the Company, and cash flows of the Group for the financial year from 1 July 2014 to 31 December 2015 then ended on that date; and

(ii) 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.

2. Directors

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

Kwa Chong Seng	(Appointed on 1 October 2014)
Sunny George Verghese	
Michael Lim Choo San	
Robert Michael Tomlin	
Jean-Paul Pinard	
Sanjiv Misra	
Nihal Vijaya Devadas Kaviratne, CBE	(Appointed on 1 October 2014)
Yap Chee Keong	(Appointed on 1 December 2015)
Marie Elaine Teo	(Appointed on 1 December 2015)
Yutaka Kyoya	(Appointed on 1 November 2015)
Katsuhiro Ito	(Appointed on 1 November 2015)
Shekhar Anantharaman	

In accordance with the Company's Articles of Association, Sunny George Verghese and Nihal Vijaya Devadas Kaviratne, CBE will retire under Article 103 and Yap Chee Keong, Marie Elaine Teo, Katsuhiro Ito and Yutaka Kyoya, will retire under Article 109 and being eligible, offer themselves for re-election.

3. Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year from 1 July 2014 to 31 December 2015 was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Held in the name of the director or nominee			Deemed interest		
Name of directors	As at 1.7.2014 or date of appointment, if later	As at 31.12.2015	As at 21.1.2016	As at 1.7.2014 or date of appointment, if later	As at 31.12.2015	As at 21.1.2016
The Company						
Olam International Limited						
(a) Ordinary shares						
Kwa Chong Seng	420,000	420,000	420,000	–	–	–
Sunny George Verghese	111,646,477	111,646,477	111,646,477	–	–	–
Shekhar Anantharaman	12,619,672 [1]	12,619,672 [1]	12,619,672 [1]	–	–	–
Robert Michael Tomlin	200,000	200,000	200,000	–	–	–
Michael Lim Choo San	200,000	200,000	200,000	–	–	–
(b) $275,000,000 7.0% Perpetual Capital Securities ('Capital Securities') issued in denominations of $250,000 and in higher integral multiples of $1,000 in excess thereof						
Jean-Paul Pinard	$250,000	$250,000	$250,000	–	–	–
(c) US$500,000,000 6.0% Convertible Bonds due 2016 ('Convertible Bonds') issued in denominations of US$100,000						
Robert Michael Tomlin [2]	US$500,000	–	–	–	–	–
(d) US$750,000,000 6.75% Bonds due 2018 ('Bonds') issued in denominations of US$1.00 each						
Sunny George Verghese	US$34,945,346	–	–	–	–	–
Robert Michael Tomlin [2]	US$183,000	–	–	–	–	–
Michael Lim Choo San	US$563,000	–	–	–	–	–
(e) 397,826,160 Warrants issued at an exercise price of US$1.25 for each new share [3]						
Kwa Chong Seng	35,000	36,594	36,594	–	–	–
Sunny George Verghese	18,575,086	19,421,192	19,421,192	–	–	–
Shekhar Anantharaman	2,567,500	2,684,452	2,684,452	–	–	–
Robert Michael Tomlin [2]	1,027,000	1,073,781	1,073,781	–	–	–
Michael Lim Choo San	299,884	313,544	313,544	–	–	–
Jean-Paul Pinard	718,900	751,647	751,647	–	–	–
(f) Euro Medium Term Note Programme						
Nihal Vijaya Devadas Kaviratne, CBE [4]	US$200,000	US$200,000	US$200,000	–	–	–
(g) Options to subscribe for ordinary shares						
Sunny George Verghese	15,000,000	15,000,000	15,000,000	–	–	–
Shekhar Anantharaman	5,000,000	5,000,000	5,000,000	–	–	–
Subsidiaries of the Company's holding company						
Temasek Group of companies						
(a) Cityspring Infrastructure Management Pte. Ltd.						
(Unit holdings in Keppel Infrastructure Trust)						
Sunny George Verghese	400,000	400,000	400,000	–	–	–

4. Directors' interests in shares and debentures continued

Name of directors	Held in the name of the Director or nominee: As at 1.7.2014 or date of appointment, if later	As at 31.12.2015	As at 21.1.2016	Deemed interest: As at 1.7.2014 or date of appointment, if later	As at 31.12.2015	As at 21.1.2016
Subsidiaries of the Company's holding company continued						
Temasek Group of companies continued						
(b) Mapletree Commercial Trust Management Ltd.						
(Unit holdings in Mapletree Commercial Trust)						
Michael Lim Choo San	150,000	150,000	150,000	–	–	–
(3.25% Bonds Maturity 3 February 2023)						
Yap Chee Keong [5]	250,000	250,000	250,000	–	–	–
(c) Mapletree Logistics Trust Management Ltd.						
(Perpetual Securities in Mapletree Logistics Trust)						
Michael Lim Choo San	250,000	250,000	250,000	–	–	–
(d) Singapore Telecommunications Limited						
(Ordinary Shares)						
Sanjiv Misra	23,560	23,560	23,560	–	–	–
(e) Mapletree Greater China Commercial Trust Management Ltd.						
(Unit holdings in Mapletree Greater China Commercial Trust)						
Sanjiv Misra	382,215	382,215	382,215	–	–	–
(f) Starhub Ltd						
(Ordinary Shares)						
Nihal Vijaya Devadas Kaviratne, CBE	15,000	15,000	15,000			
Sanjiv Misra	60,000	60,000	60,000	–	–	–
(g) Singapore Airlines Limited						
(Ordinary Shares)						
Sanjiv Misra	38,090	38,090	38,090	–	–	–
(h) Temasek Financial Ltd						
(2.375% Bonds due 23 Jan 2023)						
Sanjiv Misra [6]	US$500,000	US$500,000	US$500,000	–	–	–

1. A total of 1,418,826 shares ('the Trust Shares') were jointly registered in the name of Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose ('the Trustees') and were held in trust for the management (including the directors) and the employees of the Group pursuant to the Olam International Limited Employee Share Subscription Scheme 2004.
2. The interests in the Convertible Bonds, Bonds and Warrants are registered in the name of Robert Michael Tomlin and his spouse.
3. On 29 January 2013, the Company undertook a renounceable underwritten rights issue (the 'Rights Issue') of US$750,000,000 6.75% Bonds due 2018 (the 'Bonds'), with 387,365,079 free detachable warrants (the 'Warrants'). The Warrants were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited. Each Warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company (the 'New Share') at an original exercise price of US$1.291 for each New Share. These Warrants are exercisable from 29 January 2016 to 28 January 2018. In the current financial year, as a result of the payment of the first and final dividend and a special silver jubilee dividend in respect of the financial year ended 30 June 2014, the Company announced the issuance of 12,333,258 additional warrants and the exercise price was adjusted to US$1.21. Furthermore, as a result of the payment of interim dividend, the exercise price was reduced to US$1.19 and an additional 5,789,345 warrants were listed resulting in a total of 415,948,763 warrants outstanding as at 31 December 2015.
4. This refers to the Notes issued under Series 006 of the US$5,000,000,0000 Euro Medium Tem Note Programme ("EMTN") established by the Company on 6 July 2012 and subsequently updated on 14 July 2014 and 21 August 2015, comprising US$300,000,000 in principal amount of 4.50% fixed rate notes due 2020.
5. Jointly held by Yap Chee Keong and spouse.
6. Held in trust by Windsor Castle Holding Ltd for Sanjiv Misra and spouse.

Except as disclosed in this report, no director who held office at the end of the financial year had interest in shares, share options, warrants, notes, bonds or capital securities of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

5. Directors' contractual benefits

Since the end of the previous financial year, no director of the Company 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 the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

6. Olam employee share option scheme and Olam share grant plan

Olam Employee Share Option Scheme

The Olam Employee Share Option Scheme ('the ESOS') was approved by the shareholders on 4 January 2005 at the Extraordinary General Meeting of the Company. The ESOS Rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS, and all subsequent options issued to the Group's employees and Executive Directors shall have a life of ten years instead of five. For Options granted to the Company's Non-Executive Directors and Independent Directors, the Option Period shall be no longer than five years. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

The objectives of the ESOS are to provide an opportunity for employees of the Group, directors (including Non-Executive Directors and Independent Directors) or full-time employees of the Company, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and a higher standard of performance, and to give recognition to employees of the Group who have contributed to the success and development of the Company and/or the Group.

Pursuant to the voluntary conditional cash offer by Breedens International Pte Ltd approval was sought and granted on 8 April 2014 such that all outstanding options which have not been exercised at the expiry of the accelerated exercise period shall not automatically lapse and become null and void but will expire in accordance with their original terms.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS outstanding as at 31 December 2015 are as follows:-

Expiry date	Exercise price ($)	Number of options
21 July 2019	2.28	34,105,000
17 February 2020	2.35	15,000,000
23 July 2020	2.64	3,425,000
17 December 2020	3.10	780,000
14 March 2021	2.70	1,355,000
30 December 2021	2.16	2,910,000
15 June 2022	1.76	16,842,000
Total		74,417,000

The details of options granted to the directors of the Group, are as follows:-

Name of Participant	Options granted during financial year under review	Exercise Price for options granted during the financial year under review	Aggregate options granted since the commencement of the scheme to the end of financial year under review	Aggregate options exercised since the commencement of the scheme to the end of financial year under review	Aggregate options outstanding as at the end of financial year under review
Sunny George Verghese	–	–	15,000,000	–	15,000,000
Shekhar Anantharaman	–	–	5,000,000	–	5,000,000

The 15,000,000 options granted to Sunny George Verghese in financial year 2010 are exercisable in three equal tranches of 5,000,000 each on or after the first, second and third anniversaries of the grant date (17 February 2010) at the exercise price of $2.35. The options will expire ten years after the date of grant.

The 1,750,000 options granted to Shekhar Anantharaman in financial year 2010 are exercisable in tranches of 25% and 75% at the end of the third anniversary and fourth anniversary from the date of grant (21 July 2009) at the exercise price of $2.28 if the vesting conditions are met. The 3,250,000 options granted to Shekhar Anantharaman in financial year 2012 are exercisable in tranches of 25% and 75% at the end of the third and fourth anniversary respectively from the date of grant (15 June 2012) at the exercise price of $1.76 if the vesting conditions are met. The options will expire ten years after the date of grant.

6. Olam employee share option scheme and Olam share grant plan continued

Olam Share Grant Plan

The Company had adopted the Olam Share Grant Plan ('OSGP') at the 2014 Annual General Meeting. The OSGP involves the award of fully-paid shares, when and after pre-determined performance or service conditions are accomplished. Any performance targets set under the OSGP are intended to be based on longer-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

The OSGP helps retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees and executive directors of the Group who have contributed to the growth of the Group. The OSGP gives participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

- motivate participants to optimise their performance standards and efficiency, maintain a high level of contribution to the Group and strive to deliver long-term shareholder value;
- align the interests of employees with the interests of the Shareholders of the Company;
- retain key employees and executive directors of the Group whose contributions are key to the long-term growth and profitability of the Group;
- instill loyalty to, and a stronger identification by employees with the long-term prosperity of, the Company; and
- attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company.

In accordance to Rule 704(29) of the Listing Manual of the Singapore Exchange Securities Trading Limited, pursuant to the Company's OSGP the Company issued interest in ordinary shares on 7 April 2015 as follows:-

Date of Grant	7 April 2015
Number of Shares which are subject of the Awards granted(*)	11,817,500
Number of Employees receiving Shares Awards	280
Market Value of Olam Shares on the Date of Grant	$1.985
Number of Shares awarded Granted to Directors and Controlling Shareholders (and their Associates) of the Company, if any.	Mr Sunny Verghese 400,000
	Mr Shekhar Anantharaman 250,000
Vesting Date of Shares awarded	April 2018

The actual number of shares to be delivered pursuant to the Award granted will range from 0% to 192.5% of the base award and is contingent on the achievement of pre-determined targets set out in the three year performance period and other terms and conditions being met.

As at the date of this report, the ESOS and OSGP are administered by the Human Resource and Compensation Committee ('HRCC'), which comprises the following directors:-

Kwa Chong Seng	(Appointed on 1 October 2014)
Yutaka Kyoya	(Appointed on 1 November 2015)
Jean-Paul Pinard	
Sanjiv Misra	

Apart from that which is disclosed above, no directors or employees of the Group received 5% or more of the total number of options/shares available under the ESOS/OSGP.

The options/shares granted by the Company do not entitle the holder of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

There were no incentive options/shares granted from commencement of ESOS/OSGP to the financial year end under review.

There were no options/shares granted at a discount.

There were no options/shares granted to controlling shareholders of the Company and their associates.

7. Audit and Compliance Committee

The Audit and Compliance Committee (the 'ACC') comprises five Independent Directors and a Non-Executive Director. The members of the ACC are Michael Lim Choo San (Chairman), Katsuhiro Ito (Appointed on 1 November 2015), Robert Michael Tomlin, and Nihal Vijaya Devadas Kaviratne, CBE (Appointed on 1 October 2014) and Yap Chee Keong (Appointed on 1 December 2015). The ACC performed the functions specified in section 201B(5) of the Act, the Singapore Code of Corporate Governance and the Listing Manual of the Singapore Exchange.

The ACC held six meetings during the year under review. The ACC met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's internal accounting control systems.

The ACC reviewed the following:

- audit plans of the internal and external auditors of the Company, and ensured the adequacy of the Company's system of accounting controls and the cooperation given by the Company's management to the external and internal auditors;
- quarterly and annual financial statements of the Group and the Company prior to their submission to the Board of Directors for adoption;
- the Company's material internal controls, including financial, operational, compliance controls and risk management via reviews carried out by the internal auditors;
- legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators;
- independence and objectivity of the external auditors;
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange); and
- the scope and results of the audit.

Further, the ACC

- held meetings with the external auditors and the management in separate executive sessions to discuss any matters that these groups believed should be discussed privately with the ACC;
- made recommendations to the Board of Directors in relation to the external auditor's reappointment and their compensation for the renewed period be approved; and
- reported actions and minutes of the ACC meetings to the Board of Directors with such recommendations as the ACC considered appropriate.

The ACC had full access and cooperation of the management and full discretion to invite any director or executive officer to attend its meetings.

The ACC also reviewed the cost effectiveness of the audit conducted by the external auditors and the nature and extent of all non-audit services performed by the external auditors, and has confirmed that such services would not affect their independence.

The ACC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting. In appointing the auditors of the Company and its subsidiaries, the Company has complied with Rule 712 and Rule 715 of the Listing Manual of the Singapore Exchange.

Further details regarding the functions of the ACC are disclosed in the Report on Corporate Governance in the Company's Annual Report to shareholders.

8. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as independent auditor.

On behalf of the board of directors,

Kwa Chong Seng

Kwa Chong Seng
Director

Sunny G. Verghese

Sunny George Verghese
Director
21 March 2016

Independent Auditor's Report

To the Members of Olam International Limited

For the financial year from 1 July 2014 to 31 December 2015

Report on the financial statements

We have audited the accompanying financial statements of Olam International Limited (the 'Company') and its subsidiaries (collectively, the 'Group') set out on pages 93 to 174, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated profit and loss account, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year from 1 July 2014 to 31 December 2015, 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 the provisions of the Singapore Companies Act, Chapter 50 (the 'Act') and 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 judgment, 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 and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and 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 and the changes in equity of the Company for the financial year from 1 July 2014 to 31 December 2015.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

21 March 2016

Consolidated Profit and Loss Accounts

For the financial year from 1 July 2014 to 31 December 2015

	Note	Group 1 July 2014 to 31 December 2015 $'000	 1 July 2013 to 30 June 2014 $'000
Sale of goods and services	4	28,230,586	19,421,802
Other income	5	142,237	452,391
Cost of goods sold	6	(25,045,117)	(17,481,766)
Net (loss)/gain from changes in fair value of biological assets	12	(86,762)	14,168
Depreciation and amortisation	10, 11	(341,977)	(215,577)
Other expenses	7	(1,877,463)	(940,583)
Finance income		49,992	14,399
Finance costs	8	(835,733)	(519,240)
Share of results from jointly controlled entities and associates	14	2,285	2,187
Profit before taxation		238,048	747,781
Income tax expense	9	(141,577)	(106,509)
Profit for the financial year		96,471	641,272
Attributable to:			
Owners of the Company		98,723	608,488
Non-controlling interests		(2,252)	32,784
		96,471	641,272
Earnings per share attributable to owners of the Company (cents)			
Basic	25	2.94	24.65
Diluted	25	2.83	24.21

Consolidated Statement of Comprehensive Income

For the financial year from 1 July 2014 to 31 December 2015

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Profit for the financial year	96,471	641,272
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net loss on fair value changes during the financial year	(189,049)	(8,248)
Reclassification of fair value changes from equity to profit and loss account (Note 15)	192,612	–
Recognised in the profit and loss account on occurrence of hedged transactions	(51,290)	21,218
Foreign currency translation adjustments	92,850	(75,393)
Share of other comprehensive income of jointly controlled entities and associates	(12,839)	10,255
Other comprehensive income for the year, net of tax	32,284	(52,168)
Total comprehensive income for the year	128,755	589,104
Attributable to:		
Owners of the Company	126,076	553,501
Non-controlling interests	2,679	35,603
	128,755	589,104

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2015

		Group		Company	
	Note	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Non-current assets					
Property, plant and equipment	10	3,366,434	3,143,886	19,172	1,788
Intangible assets	11	809,321	648,758	37,667	34,680
Biological assets	12	1,386,654	1,108,162	–	–
Subsidiary companies	13	–	–	4,906,023	2,555,084
Deferred tax assets	9	62,219	22,983	2,622	893
Investments in jointly controlled entities and associates	14	898,895	835,393	740,663	684,254
Long-term investments	15	269,207	407,685	257,146	393,976
Other non-current assets	21	557,005	23,148	–	–
		7,349,735	6,190,015	5,963,293	3,670,675
Current assets					
Amounts due from subsidiary companies	16	–	–	1,789,599	1,783,155
Trade receivables	17	1,495,246	1,613,223	447,430	650,185
Margin accounts with brokers	18	189,724	225,499	122,589	140,600
Inventories	19	6,691,668	4,685,698	827,397	805,045
Advance payments to suppliers	20	714,972	706,652	128,680	207,495
Advance payments to subsidiary companies	20	–	–	3,084,849	2,055,652
Cash and short-term deposits	33	2,143,172	1,590,075	1,418,255	1,183,019
Derivative financial instruments	35	783,864	554,617	442,400	290,986
Other current assets	21	1,423,973	740,814	173,144	129,546
		13,442,619	10,116,578	8,434,343	7,245,683
Current liabilities					
Trade payables and accruals	22	(1,753,711)	(1,587,626)	(505,829)	(665,288)
Borrowings	24	(5,512,179)	(4,503,756)	(4,212,428)	(2,976,945)
Derivative financial instruments	35	(540,094)	(382,163)	(368,303)	(193,811)
Provision for taxation	9	(82,030)	(80,213)	(17,289)	(31,104)
Other current liabilities	23	(444,705)	(428,322)	(107,873)	(99,702)
		(8,332,719)	(6,982,080)	(5,211,722)	(3,966,850)
Net current assets		5,109,900	3,134,498	3,222,621	3,278,833
Non-current liabilities					
Deferred tax liabilities	9	(318,816)	(266,035)	–	–
Borrowings	24	(6,781,736)	(4,836,150)	(4,818,091)	(3,692,824)
		(7,100,552)	(5,102,185)	(4,818,091)	(3,692,824)
Net assets		5,359,083	4,222,328	4,367,823	3,256,684
Equity attributable to owners of the Company					
Share capital	26	3,082,499	2,162,642	3,082,499	2,162,642
Treasury shares	26	(96,081)	(96,081)	(96,081)	(96,081)
Perpetual capital securities	26	237,525	237,379	237,525	237,379
Reserves		1,894,567	1,896,246	1,143,880	952,744
		5,118,510	4,200,186	4,367,823	3,256,684
Non-controlling interests		240,573	22,142	–	–
Total equity		5,359,083	4,222,328	4,367,823	3,256,684

Statements of Changes in Equity

For the financial year from 1 July 2014 to 31 December 2015

31 December 2015 Group	Attributable to owners of the Company											
	Share capital (Note 26) $'000	Treasury shares (Note 26) $'000	Perpetual capital securities (Note 26) $'000	Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000	Total non-controlling interests $'000	Total equity $'000
At 1 July 2014	2,162,642	(96,081)	237,379	142,525	(450,137)	(60,204)	99,846	2,164,216	1,896,246	4,200,186	22,142	4,222,328
Profit for the financial year	–	–	–	–	–	–	–	98,723	98,723	98,723	(2,252)	96,471
Other comprehensive income												
Net loss on fair value changes during the financial year	–	–	–	–	–	(189,049)	–	–	(189,049)	(189,049)	–	(189,049)
Reclassification of fair value changes from equity to profit and loss account (Note 15)	–	–	–	–	–	192,612	–	–	192,612	192,612	–	192,612
Net gain on fair value changes during the financial year	–	–	–	–	–	3,563	–	–	3,563	3,563	–	3,563
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(51,290)	–	–	(51,290)	(51,290)	–	(51,290)
Foreign currency translation adjustments	–	–	–	–	87,919	–	–	–	87,919	87,919	4,931	92,850
Share of other comprehensive income of jointly controlled entities and associates	–	–	–	–	(12,839)	–	–	–	(12,839)	(12,839)	–	(12,839)
Other comprehensive income for the financial year, net of tax	–	–	–	–	75,080	(47,727)	–	–	27,353	27,353	4,931	32,284
Total comprehensive income for the year	–	–	–	–	75,080	(47,727)	–	98,723	126,076	126,076	2,679	128,755
Contributions by and distributions to owners												
Issue of shares for cash (Note 26)	915,000	–	–	–	–	–	–	–	–	915,000	–	915,000
Issue of shares on exercise of share options (Note 26)	4,857	–	–	–	–	–	–	–	–	4,857	–	4,857
Share-based expense	–	–	–	–	–	–	6,392	–	6,392	6,392	–	6,392
Dividends on ordinary shares (Note 27)	–	–	–	–	–	–	–	(247,297)	(247,297)	(247,297)	–	(247,297)
Accrued capital securities distribution	–	–	24,972	–	–	–	–	(24,972)	(24,972)	–	–	–
Payment of capital securities distribution	–	–	(24,826)	–	–	–	–	–	–	(24,826)	–	(24,826)
Total contributions by and distributions to owners	919,857	–	146	–	–	–	6,392	(272,269)	(265,877)	654,126	–	654,126
Changes in ownership interests in subsidiaries												
Capital injection from non-controlling interest (Note 13)	–	–	–	31,913 [1]	–	–	–	–	31,913	31,913	102,904	134,817
Partial divestment of subsidiary (Note 13)	–	–	–	106,209 [2]	–	–	–	–	106,209	106,209	112,848	219,057
Total changes in ownership interests in subsidiaries	–	–	–	138,122	–	–	–	–	138,122	138,122	215,752	353,874
Total transactions with owners in their capacity as owners	919,857	–	146	138,122	–	–	6,392	(272,269)	(127,755)	792,248	215,752	1,008,000
At 31 December 2015	3,082,499	(96,081)	237,525	280,647	(375,057)	(107,931)	106,238	1,990,670	1,894,567	5,118,510	240,573	5,359,083

1. During the year, the completion of the dilution exercise of the Company's stake in both Olam Palm Gabon SA and Olam Rubber Gabon SA resulted in a gain of $31,913,000 that has been recorded to capital reserves in the statement of changes in equity (Note 13).
2. During the year, the completion of the sale of 25.0% stake in Olam's Packaged Foods business to Sanyo Foods Co. Ltd. resulted in a gain of $106,209,000 that has been recorded to capital reserves in the statement of changes in equity (Note 13).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

30 June 2014 Group	Share capital (Note 26) $'000	Treasury shares (Note 26) $'000	Perpetual capital securities (Note 26) $'000	Capital reserves [1] $'000	Foreign currency translation reserves [2] $'000	Fair value adjustment reserves [3] $'000	Share-based compensation reserves [4] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000	Total non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company											
At 1 July 2013	2,077,038	(96,081)	276,939	122,335	(378,532)	(73,174)	90,311	1,673,024	1,433,964	3,691,860	131,868	3,823,728
Profit for the financial year	–	–	–	–	–	–	–	608,488	608,488	608,488	32,784	641,272
Other comprehensive income												
Net loss on fair value changes during the financial year	–	–	–	–	–	(8,248)	–	–	(8,248)	(8,248)	–	(8,248)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	21,218	–	–	21,218	21,218	–	21,218
Foreign currency translation adjustments	–	–	–	–	(78,212)	–	–	–	(78,212)	(78,212)	2,819	(75,393)
Share of other comprehensive income of jointly controlled entities and associates	–	–	–	3,648	6,607	–	–	–	10,255	10,255	–	10,255
Other comprehensive income for the financial year, net of tax	–	–	–	3,648	(71,605)	12,970	–	–	(54,987)	(54,987)	2,819	(52,168)
Total comprehensive income for the year	–	–	–	3,648	(71,605)	12,970	–	608,488	553,501	553,501	35,603	589,104
Contributions by and distributions to owners												
Buy-back of capital securities	–	–	(38,552)	2,341	–	–	–	–	2,341	(36,211)	–	(36,211)
Issue of shares on exercise of share options (Note 26)	85,604	–	–	–	–	–	–	–	–	85,604	–	85,604
Share-based expense	–	–	–	–	–	–	9,535	–	9,535	9,535	–	9,535
Dividends on ordinary shares (Note 27)	–	–	–	–	–	–	–	(99,302)	(99,302)	(99,302)	–	(99,302)
Accrued capital securities distribution	–	–	17,994	–	–	–	–	(17,994)	(17,994)	–	–	–
Payment of capital securities distribution	–	–	(19,002)	–	–	–	–	–	–	(19,002)	–	(19,002)
Total contributions by and distributions to owners	85,604	–	(39,560)	2,341	–	–	9,535	(117,296)	(105,420)	(59,376)	–	(59,376)
Changes in ownership interests in subsidiaries												
Sale of minority interest in subsidiary	–	–	–	14,201	–	–	–	–	14,201	14,201	10,879	25,080
Disposal of subsidiary company	–	–	–	–	–	–	–	–	–	–	(156,208)	(156,208)
Total changes in ownership interests in subsidiaries	–	–	–	14,201	–	–	–	–	14,201	14,201	(145,329)	(131,128)
Total transactions with owners in their capacity as owners	85,604	–	(39,560)	16,542	–	–	9,535	(117,296)	(91,219)	(45,175)	(145,329)	(190,504)
At 30 June 2014	2,162,642	(96,081)	237,379	142,525	(450,137)	(60,204)	99,846	2,164,216	1,896,246	4,200,186	22,142	4,222,328

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity continued

For the financial year from 1 July 2014 to 31 December 2015

31 December 2015 Company	Share capital (Note 26) $'000	Treasury shares (Note 26) $'000	Perpetual capital securities (Note 26) $'000	Capital reserves [1] $'000	Foreign currency translation reserves [2] $'000	Fair value adjustment reserves [3] $'000	Share-based compensation reserves [4] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000
				Attributable to owners of the Company						
At 1 July 2014	2,162,642	(96,081)	237,379	140,486	(266,611)	(67,116)	99,846	1,046,139	952,744	3,256,684
Profit for the financial year	–	–	–	–	–	–	–	55,467	55,467	55,467
Other comprehensive income										
Net gain on fair value changes during the financial year	–	–	–	–	–	10,481	–	–	10,481	10,481
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(51,290)	–	–	(51,290)	(51,290)
Foreign currency translation adjustments	–	–	–	–	442,355	–	–	–	442,355	442,355
Other comprehensive income for the financial year, net of tax	–	–	–	–	442,355	(40,809)	–	–	401,546	401,546
Total comprehensive income for the year	–	–	–	–	442,355	(40,809)	–	55,467	457,013	457,013
Contributions by and distributions to owners										
Issue of shares for cash (Note 26)	915,000	–	–	–	–	–	–	–	–	915,000
Issue of shares on exercise of share options (Note 26)	4,857	–	–	–	–	–	–	–	–	4,857
Share-based expense	–	–	–	–	–	–	6,392	–	6,392	6,392
Dividends on ordinary shares (Note 27)	–	–	–	–	–	–	–	(247,297)	(247,297)	(247,297)
Accrued capital securities distribution	–	–	24,972	–	–	–	–	(24,972)	(24,972)	–
Payment of capital securities distribution	–	–	(24,826)	–	–	–	–	–	–	(24,826)
Total contributions by and distributions to owners	919,857	–	146	–	–	–	6,392	(272,269)	(265,877)	654,126
Total transactions with owners in their capacity as owners	919,857	–	146	–	–	–	6,392	(272,269)	(265,877)	654,126
At 31 December 2015	3,082,499	(96,081)	237,525	140,486	175,744	(107,925)	106,238	829,337	1,143,880	4,367,823

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

30 June 2014 Company	Share capital (Note 26) $'000	Treasury shares (Note 26) $'000	Perpetual capital securities (Note 26) $'000	Capital reserves [1] $'000	Foreign currency translation reserves [2] $'000	Fair value adjustment reserves [3] $'000	Share-based compensation reserves [4] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000
	Attributable to owners of the Company									
At 1 July 2013	2,077,038	(96,081)	276,939	138,145	(214,795)	(74,818)	90,311	652,100	590,943	2,848,839
Profit for the financial year	–	–	–	–	–	–	–	511,335	511,335	511,335
Other comprehensive income										
Net loss on fair value changes during the financial year	–	–	–	–	–	(13,061)	–	–	(13,061)	(13,061)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	20,763	–	–	20,763	20,763
Foreign currency translation adjustments	–	–	–	–	(51,816)	–	–	–	(51,816)	(51,816)
Other comprehensive income for the financial year, net of tax	–	–	–	–	(51,816)	7,702	–	–	(44,114)	(44,114)
Total comprehensive income for the year	–	–	–	–	(51,816)	7,702	–	511,335	467,221	467,221
Contributions by and distributions to owners										
Buy-back of capital securities	–	–	(38,552)	2,341	–	–	–	–	2,341	(36,211)
Issue of shares on exercise of share options (Note 26)	85,604	–	–	–	–	–	–	–	–	85,604
Share-based expense	–	–	–	–	–	–	9,535	–	9,535	9,535
Dividends on ordinary shares (Note 27)	–	–	–	–	–	–	–	(99,302)	(99,302)	(99,302)
Accrued capital securities distribution	–	–	17,994	–	–	–	–	(17,994)	(17,994)	–
Payment of capital securities distribution	–	–	(19,002)	–	–	–	–	–	–	(19,002)
Total contributions by and distributions to owners	85,604	–	(39,560)	2,341	–	–	9,535	(117,296)	(105,420)	(59,376)
Total transactions with owners in their capacity as owners	85,604	–	(39,560)	2,341	–	–	9,535	(117,296)	(105,420)	(59,376)
At 30 June 2014	2,162,642	(96,081)	237,379	140,486	(266,611)	(67,116)	99,846	1,046,139	952,744	3,256,684

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity continued

For the financial year from 1 July 2014 to 31 December 2015

1 Capital reserves

Capital reserves represent the premium paid and discounts on acquisition of non-controlling interests, gain on partial disposal of subsidiary which did not result in loss of control, residual amount of convertible bonds net of proportionate share of transaction costs, after deducting the fair value of the debt and derivative component on the date of issuance, the share of capital reserve of a jointly controlled entity and warrants arising from the Rights Issue (Note 26).

2 Foreign currency translation reserves

The foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company and the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the share of foreign currency translation reserves of jointly controlled entities and associates.

3 Fair value adjustment reserves

Fair value adjustment reserves record the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges as well as fair value changes of available-for-sale financial assets.

4 Share-based compensation reserves

Share-based compensation reserves represent the equity-settled shares and share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled shares and share options and is reduced by the expiry of the share options.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year from 1 July 2014 to 31 December 2015

	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Cash flows from operating activities		
Profit before taxation	238,048	747,781
Adjustments for:-		
Allowance for doubtful debts	47,991	16,749
Amortisation of intangible assets and depreciation of property, plant and equipment	341,977	215,577
Share-based expense	6,392	9,535
Accelerated amortisation of facility fees	–	21,103
Fair value of biological assets (Note 12)	86,762	(14,168)
Gain on disposal of subsidiaries, net	–	(18,785)
Loss on partial disposal of associate	–	595
Gain on disposal of property, plant and equipment, net	(25,359)	(105,632)
Biological assets written off (Note 12)	–	25,926
Impairment of property, plant and equipment/written off	4,115	355
Impairment of property, plant and equipment, goodwill and intangible assets	2,664	26,571
Interest income	(49,992)	(14,399)
Interest expense	835,733	519,240
Inventories written down, net	13,389	23,688
Net measurement of derivative instruments	(4,220)	(4,488)
Gain on remeasurement of investments to fair value upon ceasing equity accounting (Note 5)	–	(271,022)
Reclassification of fair value changes from equity to profit and loss account	192,612	–
Share of results from jointly controlled entities and associates	(2,285)	(2,187)
Loss/(gain) on bond buy-back	18,060	(957)
Operating cash flows before reinvestment in working capital	1,705,887	1,175,482
Increase in inventories	(1,019,243)	(152,951)
(Increase)/decrease in receivables and other current assets	(443,772)	346,131
Increase in advance payments to suppliers	(3,950)	(156,533)
Decrease/(increase) in margin account with brokers	53,473	(233,519)
Increase/(decrease) in payables and other current liabilities	21,011	(747,650)
Cash flows from operations	313,406	230,960
Interest income received	49,992	14,399
Interest expense paid	(715,286)	(490,314)
Tax paid	(166,861)	(53,724)
Net cash flows used in operating activities	(518,749)	(298,679)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	121,904	309,077
Purchase of property, plant and equipment (Note 10)	(565,944)	(567,546)
Purchase of intangibles (Note 11)	(11,739)	(13,217)
Acquisition of subsidiaries, net of cash acquired (Note 11)	(1,958,778)	–
Disposal of subsidiaries, net of cash disposed of	–	(3,162)
Net proceeds from associates and jointly controlled entities	38,368	43,812
Proceeds on disposal of intangible asset	11	–
Capital injection from non-controlling interests	23,681	25,080
Proceeds from sale of partial divestment in subsidiary	219,040	–
Net cash flows used in investing activities	(2,133,457)	(205,956)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement continued

For the financial year from 1 July 2014 to 31 December 2015

	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Cash flows from financing activities		
Dividends paid on ordinary shares by the Company	(247,297)	(99,302)
Proceeds from borrowings, net	4,008,021	570,269
Proceeds from issuance of shares on exercise of share options	4,857	85,604
Payment of capital securities distribution	(24,826)	(19,002)
Proceeds from issuance of shares for cash	915,000	–
Payment for bond buy-back, capital securities	(1,451,581)	(36,211)
Net cash flows from financing activities	3,204,174	501,358
Net effect of exchange rate changes on cash and cash equivalents	118,521	(33,983)
Net increase/(decrease) in cash and cash equivalents	670,489	(37,260)
Cash and cash equivalents at beginning of period	1,248,272	1,285,532
Cash and cash equivalents at end of period (Note 33)	1,918,761	1,248,272

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

These notes form an integral part of the financial statements.

The financial statements for the financial year from 1 July 2014 to 31 December 2015 were authorised for issue by the Board of Directors on 21 March 2016.

1. Corporate information

Olam International Limited ('the Company') is a limited liability company, which is domiciled and incorporated in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The Company's ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

The principal activities of the Company are those of sourcing, processing, packaging and merchandising of agricultural products. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The registered office and principal place of business of the Company is at 9 Temasek Boulevard, #11-02 Suntec Tower Two, Singapore 038989.

During the period, the Company changed its financial year end from 30 June to 31 December. Accordingly, these financial statements cover the financial year from 1 July 2014 to 31 December 2015. The comparatives cover the financial year from 1 July 2013 to 30 June 2014.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ('FRS').

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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.

The financial statements are presented in Singapore Dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for financial year beginning on
Improvements to FRSs (November 2014)	
– Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
– Amendments to FRS 107 Financial Instruments	1 January 2016
– Amendments to FRS 19 Employee Benefits	1 January 2016
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets	1 January 2016
Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture	1 January 2016
Amendments to FRS 111 Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 110 and FRS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

Except for Amendments to FRS 16 and FRS 41, FRS 115 and FRS 109, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of Amendments to FRS 16 and FRS 41, FRS 115 and FRS 109 are described below.

2. Summary of significant accounting policies continued

2.2 Standards issued but not yet effective continued

Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 41. Instead, FRS 16 will apply. After initial recognition, bearer plants will be measured under FRS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity) and subject to annual depreciation over the bearer plant's remaining economic useful lives. The amendments also require that produce that grows on bearer plants will remain in the scope of FRS 41measured at fair value less costs to sell. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

The Group's bearer plants include palm oil, rubber, coffee and almond trees. The Group plans to adopt the amendments on the required effective date. Upon adoption of the amendments, the Group expects to measure bearer plants at cost less accumulated depreciation and impairment instead of fair value less costs to sell, where costs is deemed to be based on the fair value at the beginning of the earliest period presented, which is 1 July 2014.

Based on the Group's estimate, the retroactive application of the amendments is not expected to result in any significant change to the Group's total assets and retained earnings at 1 July 2014 except for a reclassification of bearer plants from biological assets to property, plant and equipment. The Group is currently assessing the impact of the changes the adoption will have on the financial statements at 1 January 2016.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 will have an impact on the Group and plans to adopt the standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 109 will have an impact on the Group and plans to adopt the standard on the required effective date.

2.3 Functional and foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Company's functional currency is the United States Dollar ('USD'), which reflects the economic substance of the underlying events and circumstances of the Company. Although the Company is domiciled in Singapore, most of the Company's transactions are denominated in USD and the selling prices for the Company's products are sensitive to movements in the foreign exchange rate with the USD.

2. Summary of significant accounting policies continued

2.3 Functional and foreign currency continued

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(c) Translation to the presentation currency

The financial statements are presented in Singapore Dollar ('SGD') as the Company's principal place of business is in Singapore.

The financial statements are translated from USD to SGD as follows:-

– Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date;
– Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

All exchange differences arising on the translation are included in the foreign currency translation reserves.

2.4 Subsidiary companies, basis of consolidation and business combinations

(a) Subsidiary companies

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

A list of the Group's significant subsidiary companies is shown in Note 13.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies continued

2.4 Subsidiary companies, basis of consolidation and business combinations continued

(b) Basis of consolidation continued

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(c) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date. The accounting policy for goodwill is set out in Note 2.9(a).

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

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

2. Summary of significant accounting policies continued

2.6 Jointly controlled entities

The Group has interests in joint ventures that are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The consolidated financial statements include the Group's share of the total recognised gains and losses of its jointly controlled entities on an equity accounted basis from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported as nil and recognition of losses is discontinued except to the extent of the Group's commitment.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment loss. The carrying amounts of the jointly controlled entities are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated and any impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The impairment loss is charged to profit or loss.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.7 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in the associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Summary of significant accounting policies continued

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.17. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, all items of property, plant and equipment (except for freehold land) are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land and buildings are depreciable over the shorter of the estimated useful life of the asset or the lease period.

Depreciation of an asset begins when it is available for use and is computed on a straight line basis over the estimated useful life except for ginning assets of Queensland Cotton Holdings, which are depreciated using the units of use method. The estimated useful life of the assets is as follows:-

Leasehold land and buildings	– 5 to 50 years
Plant and machinery	– 3 to 25 years; 30 years for ginning assets
Motor vehicles	– 3 to 5 years
Furniture and fittings	– 5 years
Office equipment	– 5 years
Computers	– 3 years

Other assets in Note 10 comprise motor vehicles, furniture and fittings, office equipment and computers.

Capital work-in-progress is not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.3.

2. Summary of significant accounting policies continued

2.9 Intangible assets continued

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or that are not yet available for use are not subject to amortisation and they are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

2.10 Biological assets

Biological assets mainly include plantations, annual crops and livestock.

(a) Plantations and annual crops

Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the development of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets.

The fair value of the mature plantations is estimated by reference to independent professional valuations using the present value of expected net cash flows of the underlying biological assets. The valuation is determined using the market price, discount rates used, annual rate of inflation and the estimated yield of the agricultural produce, net of maintenance and harvesting costs and any costs required to bring the plantations to maturity. The estimated yield of the various plantations is dependent on the age of the trees, the location of the plantations, soil type and infrastructure. The market price of the agricultural produce is largely dependent on the prevailing market prices of the products after harvest.

The annual crops have been valued using adjusted cost, which is the estimate of the yield and cost of the crop at harvest discounted for the remaining time to harvest, which approximate fair value.

(b) Livestock

Livestock are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets. The fair value of livestock is determined based on valuations by an independent professional value using the market prices of livestock of similar age, breed and generic merit.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies continued

2.11 Impairment of non-financial assets continued

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that have been previously revalued and where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies continued

2.12 Financial instruments continued

(a) Financial assets continued

Subsequent measurement continued

(iii) Available-for-sale financial assets

Available-for-sale financial assets relate to equity instruments. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts are recognised in profit or loss.

2. Summary of significant accounting policies continued

2.12 Financial instruments continued

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits that are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.12.

2.14 Receivables and advances

Receivables and advances include trade receivables, which are on trade terms, margin accounts with brokers, receivables from subsidiary companies, advance payments to suppliers and subsidiary companies and other current assets (excluding prepayments and short-term investment) are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.12.

An allowance is made for doubtful debts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.15 below.

2.15 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment, and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Summary of significant accounting policies continued

2.15 Impairment of financial assets continued

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment is recognised directly in other comprehensive income.

2.16 Inventories

Inventories principally comprise commodities held for trading and inventories that form part of the Group's expected purchase, sale or usage requirements.

Inventories for commodity trading businesses are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the profit or loss in the period of the change.

Inventories that form part of the Group's expected purchase, sale or usage requirements are stated at the lower of cost and net realisable value and are valued on a first-in-first-out basis or weighted average cost method, depending on the underlying business activity. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damages and slow-moving items.

For agricultural produce that is harvested, cost of inventory is stated at fair value less estimated point-of-sale costs at the time of harvest (the 'initial cost'). Thereafter this inventory is carried at the lower of initial cost and net realisable value.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit or loss.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies continued

2.20 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

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

(c) Employee share options scheme/share grant plan

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment for services rendered ('equity-settled transactions').

The cost of these equity-settled share-based payment transactions with employees is measured with reference to the fair value at the date on which the share subscriptions/options are granted which takes into account market conditions and non-vesting conditions.

This cost is recognised in the profit or loss, with a corresponding increase in the share-based compensation reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

Where the terms of an equity-settled award are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for a modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.21 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) Operating lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) Finance lease

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

2. Summary of significant accounting policies continued

2.22 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must be met before revenue is recognised:

(a) Sale of goods

Revenue from the sale of goods is recognised upon passage of title to the customer, which generally coincides with their delivery and acceptance. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Sale of services

Revenue from services rendered is recognised upon services performed.

(c) Interest income

Interest income is recognised using the effective interest method.

2.23 Government grants, export incentives and subsidies

Government grants, export incentives and subsidies are recognised at their fair values when there is reasonable assurance that the grant will be received and all conditions attached will be complied with. When the grant relates to an expense item, it is recognised in the profit or loss over the period necessary to match it on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.24 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies continued

2.24 Taxes continued

(b) Deferred tax continued

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would be treated either as a reduction to goodwill (as long as it does not exceed goodwill) if incurred during the measurement period or in profit or loss.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
– where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the balance sheet.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Company which regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issue expenses

Proceeds from issuance of ordinary shares net of directly attributable expenses are recognised as share capital in equity.

2.27 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost (including directly attributable expenses) and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.28 Perpetual capital securities

The perpetual capital securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the term and conditions of the securities issue. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual capital securities issue and the perpetual capital securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual capital securities are deducted against the proceeds from the issue.

2. Summary of significant accounting policies continued

2.29 Contingencies

A contingent liability is:-

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

2.30 Derivative financial instruments and hedging activities

Derivative financial instruments include forward currency contracts, commodity futures, options, over-the-counter ('OTC') structured products, commodity physical forwards, foreign currency swap and interest rate contracts. These are used to manage the Group's exposure to risks associated with foreign currency, commodity price and interest rate fluctuations. Certain derivatives are also used for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts and interest rate derivatives are calculated by reference to current forward exchange rates and interest rates respectively for contracts with similar maturity profiles. The fair values of commodity futures, options, OTC structured products and physical forwards are determined by reference to available market information and market valuation methodology. Where the quoted market prices are not available, fair values are based on management's best estimates, which are arrived at by reference to market prices.

Any gains or losses arising from changes in fair value on derivative financial instruments that are ineffective hedges or are held for trading are taken to the profit and loss account for the year.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

When the hedge accounting is applied, all hedges are classified as cash flow hedges because they are held for hedging the exposure to variability in cash flows that is attributable to highly probable risk exposure and could affect profit or loss.

For cash flow hedges that meet the criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value adjustment reserves, while the ineffective portion is recognised in the profit and loss account.

Amounts taken to fair value adjustment reserves are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecasted sale occurs, or when financial income or financial expense is recognised.

If the forecast transaction is no longer expected to occur, amounts previously recognised in fair value adjustment reserves are transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in fair value adjustment reserves remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the profit and loss account.

2. Summary of significant accounting policies continued

2.31 Convertible bonds

When convertible bonds are issued, the total proceeds net of transaction costs are allocated to the debt component, the fair value of derivative financial instruments component and the equity component, which are separately presented on the balance sheet.

The debt component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the debt is extinguished on conversion or redemption of the bonds.

The derivative financial instruments component is determined by the fair value of the embedded derivatives on the date of issue. The fair value is reassessed at every balance sheet date and the difference is recognised in the profit and loss account.

The balance after reducing the debt component and the fair value of the embedded derivatives component from the net proceeds is presented as capital reserve under equity. The carrying amount of the equity component is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amount of the equity component will be transferred to the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.32 Related parties

A related party is defined as follows:-

(a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effects on the amounts recognised in the financial statements:

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of the goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) Available-for-sale financial assets

The Group determines that available-for-sale financial assets are impaired when there has been a significant or prolonged decline in the fair value below its costs. The determination of what is significant or prolonged decline requires judgement.

3. Significant accounting judgements and estimates continued

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty as at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's income tax payables, deferred tax assets and deferred tax liabilities as at 31 December 2015 is disclosed in Note 9 to the financial statements.

(b) Impairment of investments in subsidiary companies

The Company assesses at each reporting date whether there is an indication that the investments in subsidiaries may be impaired. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiary companies at the balance sheet date is disclosed in Note 13 to the financial statements.

(c) Impairment of goodwill and intangible assets with indefinite useful life

Goodwill and intangible assets with indefinite useful life are tested for impairment annually and whenever there is an indication of impairment, the Group estimates the value in use of the cash-generating units to which the goodwill and intangible asset with indefinite useful life is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The impairment tests are sensitive to growth rates and discount rates. Changes in these assumptions may result in changes in recoverable values.

(d) Impairment of property, plant and equipment

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. 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 cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's property, plant and equipment at the balance sheet date is disclosed in Note 10 to the financial statements.

(e) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years, with the exception of ginning assets, where the estimated useful lives of ginning assets are up to 30 years. These are common life expectancies applied in the agri-commodities industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the balance sheet date is disclosed in Note 10 to the financial statements.

3. Significant accounting judgements and estimates continued

3.2 Key sources of estimation uncertainty continued

(f) Employee share options/share grant plan

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options/shares at the date on which they are granted. Judgement is required in determining the most appropriate valuation model for the share options/shares granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option/shares, volatility and dividend yield. The assumptions and model used are disclosed in Note 30.

(g) Biological assets

The fair value of biological assets (other than annual crops and livestock) is estimated using the discounted cash flow model, which requires the Group to make an estimate of the expected future cash flows from the biological assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows, which is referenced to professional valuations. The valuation of these biological assets is particularly sensitive to discount rates and they are disclosed in Note 12.

(h) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset under loans and receivables is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the end of the reporting period is disclosed in Note 37 to the financial statements.

(i) Fair value of financial instruments

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of model inputs regarding forward prices, credit risk, volatility and counterparty risk that are not supported by observable market data. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in Note 35.

4. Sale of goods and services

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Sale of goods	27,959,167	19,234,576
Sale of services	271,419	187,226
	28,230,586	19,421,802

Revenue from sale of goods is stated net of discounts and returns. It excludes interest income, realised gains or losses on derivatives and intra-group transactions.

Revenue from sale of services mainly represents processing income and freight charter income.

5. Other income

Other income included the following:-

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Gain on remeasurement of investment to fair value upon ceasing equity accounting	–	271,022
Gain on disposal of property, plant and equipment, net [1]	25,359	105,632
Commissions and claims, sale of packaging materials, sales of scrap and others	116,878	55,995
Net gain on disposal of subsidiaries	–	18,785
Gain on bond buy-back	–	957
	142,237	452,391

1. Net gain on disposal of property, plant and equipment in the current financial year includes the gain on sale and leaseback of the Awala palm plantations and Uruguay farmland. The lease is for a period of 21 years which is divided in two terms of 9 years and one year of 3 years and 12 years for Uruguay farmland. The annual rent for Awala is fixed during the first nine years and after that an increase of 2.5% of the rental every two years and for Uruguay it is fixed for first three years and thereafter linked to 10 year USD SWAP rate.

   Net gain on disposal of property, plant and equipment in the previous financial year includes the gain on sale and leaseback of the Australia almond orchard plantations. The lease is for a period of 18 years with a review of rent and replanting scheduled in 10 years. The annual rent is a combination of a fixed percentage basis of purchase price plus capital expenditure paid by the landlord, with an annual consumer price index adjustment to take into account of inflation.

6. Cost of goods sold

The significant portion of the cost of goods sold pertains to the purchase costs of inventories sold. There are other directly attributable costs associated with cost of goods sold and these include:-

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Shipping, logistics, commission and claims	(2,815,924)	(1,866,729)
Foreign exchange on cost of goods sold [1]	(231,281)	(127,758)
Gains/(losses) on derivatives net of fair value changes	610,344	(122,101)
Inventories (written down)/written back, net (Note 19)	(13,389)	(23,688)
Export incentives, subsidies and grant income received [2]	40,627	79,030
Net measurement of derivative instruments	(13,840)	4,488
Net measurement of derivative instruments is stated after crediting/(charging):		
– Convertible and other bonds	(18,591)	16,149
– Derivatives held for trading	4,751	(11,661)
	(13,840)	4,488

1. Foreign exchange on cost of goods sold relate to foreign exchange movement arising between the time of purchase of goods and the time of sale of such goods.
2. Export incentives and subsidies relate to income from government agencies of various countries for the export of agricultural products.

7. Other expenses

Other expenses are stated after (charging)/crediting:-

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Employee benefits expenses (Note 30)	(824,136)	(474,696)
Reclassification of fair value changes from equity to profit and loss account (Note 15)	(192,612)	–
(Loss)/gain on foreign exchange, net	(150,456)	45,588
Bank charges	(79,343)	(62,487)
Travelling expenses	(78,303)	(44,396)
Transaction costs incurred in business combinations	(35,125)	–
Allowance for doubtful debts:		
– Trade receivables (Note 17)	(42,020)	(10,189)
– Advance payments to suppliers (Note 20)	(5,971)	(6,560)
Bad debts written back:		
– Trade receivables	4,736	1,963
– Advance payments to suppliers	653	575
Impairment of property, plant and equipment/ written off (Note 10)	(4,115)	(25,669)
Impairment of intangible assets (Note 11)	(2,664)	(1,257)
Biological assets written off (Note 12)	–	(25,926)
Accelerated amortisation of facility fees	–	(21,103)
Fair value loss on investment held for trading	–	(2,187)
Loss on partial disposal of associate	–	(595)
Audit fees:		
– Auditor of the Company	(2,863)	(1,666)
– Other auditors	(12,691)	(6,276)
Non-audit fees:		
– Auditor of the Company	(1,892)	(65)
– Other auditors	(3,217)	(559)

8. Finance costs

Finance costs include the following:-

	Group	
	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000
Interest expense:		
– On bank overdrafts	71,864	21,057
– On bank loans	266,492	247,849
– On medium-term notes	221,711	103,991
– On bonds	292,740	158,131
– Others	49,537	22,640
	902,344	553,668
Less: interest expense capitalised in:		
– Property, plant and equipment and biological assets	(66,611)	(34,428)
	835,733	519,240

Interest was capitalised to capital work-in-progress, plant and machinery, buildings and biological assets by various subsidiaries of the Group at rates ranging from 5.50% to 7.50% (30 June 2014: 5.50% to 8.30%) per annum.

9. Income tax

(a) Major components of income tax expense

	Group 1 July 2014 to 31 December 2015 $'000	Group 1 July 2013 to 30 June 2014 $'000
Profit and loss account		
Current income tax:		
– Singapore	9,383	30,915
– Foreign	104,525	44,865
Under/(over) provision in respect of prior years	890	(1,394)
	114,798	74,386
Deferred income tax:		
– Singapore	709	1,953
– Foreign	26,070	30,170
Income tax expense	141,577	106,509

	Group 1 July 2014 to 31 December 2015 $'000	Group 1 July 2013 to 30 June 2014 $'000
Statement of comprehensive income:		
Deferred income tax related to items credited directly to other comprehensive income:		
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	2,348	(426)
Deferred tax recorded in other comprehensive income	2,348	(426)
Statement of changes in equity:		
Deferred income tax related to items debited directly to changes in equity:		
Net change in capital reserves for convertible bond	–	5,412
Deferred tax recorded in changes in equity	–	5,412

9. Income tax continued

(b) Relationship between tax expense and accounting profit

A reconciliation of the statutory tax rate to the Group's effective tax rate is as follows:-

	Group	
	1 July 2014 to 31 December 2015 %	1 July 2013 to 30 June 2014 %
Statutory tax rate	17.0	17.0
Tax effect of non-deductible expenses	48.8	8.1
Higher statutory tax rates of other countries [1]	17.5	5.2
Tax effect on under/(over) provision in respect of prior years	1.5	(0.2)
Tax effect of income taxed at concessionary rate [2]	(31.9)	(5.9)
Tax effect on non-taxable/ exempt income [3]	(12.1)	(14.0)
Tax effect of jointly controlled entities/associates	(0.2)	(0.1)
Tax effect of deferred tax assets not recognised	15.9	3.0
Tax effect of others, net	3.0	1.1
	59.5	14.2

1. The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.
2. The Company is an approved company under the Global Trader Programme ('GTP') of International Enterprise Singapore and Development and Expansion Incentive ('DEI') under the International Headquarters ('IHQ') award of Singapore Economic Development Board. By virtue of this, the Company is entitled to a concessionary income tax rate of 5% for a period of 5 years from 1 July 2013 to 30 June 2018 on qualifying activities, products and income.
3. There are seven (30 June 2014: eight) subsidiaries within the Group that are taxed at the preferential tax rate of 0% (as opposed to the local headline/ statutory tax rates ranging from 20% to 35%) by the local tax authorities for periods ranging from 1.5 to 4 years, except one subsidiary which does not have an expiry date on preferential tax rate.

(c) Current tax

Current tax assets and current tax liabilities are offset if a legally enforceable right exists, when they relate to income taxes levied by the same taxation authority and the taxation authority permits the entity to make or receive a single net payment.

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Income tax payables	82,030	80,213	17,289	31,104

(d) Deferred income tax

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The amounts, after such offsets, are disclosed on the balance sheet as follows:-

	Group		Company	
	31 December 2015 $'000	31 December 2014 $'000	30 June 2015 $'000	30 June 2014 $'000
Deferred tax assets	62,219	22,983	2,622	893
Deferred tax liabilities	(318,816)	(266,035)	–	–
Net deferred tax (liabilities)/assets	(256,597)	(243,052)	2,622	893

9. Income tax continued

(d) Deferred income tax continued

Detail of deferred tax assets and liabilities before offsetting is as follows:-

	Group				Company	
	Consolidated balance sheet		Consolidated profit and loss account		Balance sheet	
	31 December 2015 $'000	30 June 2014 $'000	1 July 2014 to 31 December 2015 $'000	1 July 2013 to 30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Deferred tax liabilities:						
Differences in depreciation	170,372	206,605	(25,158)	14,328	990	240
Fair value adjustment on business combinations	88,828	93,613	(4,785)	(15,309)	–	–
Biological assets	81,674	43,742	41,268	3,963	–	–
Convertible bonds	475	416	(350)	–	475	416
Others	–	10,332	(11,158)	635	–	–
Gross deferred tax liabilities	341,349	354,708			1,465	656
Deferred tax assets:						
Allowance for doubtful debts	544	3,934	1,682	(1,435)	–	103
Inventories written down	92	–	(87)	–	92	–
Revaluation of financial instruments to fair value	3,995	1,446	2,623	–	3,995	1,446
Unabsorbed losses	51,492	106,276	58,934	29,941	–	–
Others	28,629	–	(36,190)	–	–	
Gross deferred tax assets	84,752	111,656			4,087	1,549
Net deferred tax (liabilities)/assets	(256,597)	(243,052)			2,622	893
Deferred income tax expense			26,779	32,123		

Unrecognised tax losses and capital allowances for which no deferred tax assets have been recognised

The Group has tax losses of $198,618,000 (30 June 2014: $152,475,000) and capital allowances of $126,689,000 (30 June 2014: $89,318,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset has been recognised. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate and there is no expiry date on the utilisation of such tax losses and capital allowances for offset against future taxable profits, except for amounts of $162,059,000 (30 June 2014: $106,516,000) which will expire over financial years 2016 to 2022.

Unrecognised temporary differences relating to investments in subsidiaries and jointly controlled entities

At the end of the financial years ended 31 December 2015 and 30 June 2014, there is no deferred tax liability that needs to be recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries and jointly controlled entities as the Group has determined that if any undistributed earnings of its subsidiaries and jointly controlled entities are distributed in the foreseeable future, there will be no material tax impact.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements in respect of the current and previous financial year (Note 27).

10. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Other assets $'000	Capital work-in-progress $'000	Total $'000
Cost						
As at 1 July 2013	429,463	919,776	1,443,714	214,381	925,491	3,932,825
Additions	4,987	61,037	114,351	30,078	357,093	567,546
Disposals	(33,294)	(44,809)	(158,773)	(14,600)	(13,873)	(265,349)
Disposal of ownership interest in subsidiaries resulting in loss of control	–	(561)	(7,449)	(9,150)	(343,644)	(360,804)
Reclassification	5,449	184,052	276,650	5,267	(471,418)	–
Foreign currency translation adjustments	(9,587)	(16,031)	(82,735)	(2,763)	17,606	(93,510)
As at 30 June 2014 and 1 July 2014	397,018	1,103,464	1,585,758	223,213	471,255	3,780,708
Additions	47,992	83,431	115,133	58,033	261,355	565,944
Acquired through business combination	50,748	33,421	267,550	1,147	11	352,877
Disposals	(51,842)	(59,409)	(49,622)	(14,070)	(12,457)	(187,400)
Reclassification	(1,645)	264,073	61,204	(2,185)	(321,447)	–
Impairment loss/ written off	–	(37)	(5,986)	(1)	–	(6,024)
Foreign currency translation adjustments	7,509	(102,812)	(51,936)	(8,079)	(74,107)	(229,425)
As at 31 December 2015	**449,780**	**1,322,131**	**1,922,101**	**258,058**	**324,610**	**4,276,680**
Accumulated depreciation and impairment loss:						
As at 1 July 2013	–	113,988	311,328	79,734	–	505,050
Charge for the year	–	46,021	120,758	27,989	–	194,768
Disposals	–	(11,088)	(39,679)	(11,137)	–	(61,904)
Disposal of ownership interest in subsidiaries resulting in loss of control	–	(3)	(1,469)	(3,868)	–	(5,340)
Reclassification	–	2,821	(3,062)	241	–	–
Impairment	7,246	7,054	11,369	–	–	25,669
Foreign currency translation adjustments	16	(4,607)	(14,521)	(2,309)	–	(21,421)
As at 30 June 2014 and 1 July 2014	7,262	154,186	384,724	90,650	–	636,822
Charge for the year	–	74,663	191,923	42,100	–	308,686
Disposals	–	(3,878)	(13,107)	(9,881)	–	(26,866)
Reclassification	(6,840)	8,527	(918)	(769)	–	–
Impairment loss/ written off	–	–	(1,909)	–	–	(1,909)
Foreign currency translation adjustments	(422)	(13,708)	4,943	2,700	–	(6,487)
As at 31 December 2015	**–**	**219,790**	**565,656**	**124,800**	**–**	**910,246**
Net carrying value						
As at 31 December 2015	**449,780**	**1,102,341**	**1,356,445**	**133,258**	**324,610**	**3,366,434**
As at 30 June 2014	389,756	949,278	1,201,034	132,563	471,255	3,143,886

10. Property, plant and equipment continued

Company	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost							
As at 1 July 2013	522	478	1,100	1,883	872	7,573	12,428
Additions	–	2	99	15	9	469	594
Disposal	–	–	–	(11)	(3)	(64)	(78)
Foreign currency translation adjustments	(8)	(8)	(19)	(30)	(14)	(125)	(204)
As at 30 June 2014 and 1 July 30 2014	514	472	1,180	1,857	864	7,853	12,740
Additions	–	365	537	34	164	18,363	19,463
Disposal	–	–	(350)	–	–	(2)	(352)
Foreign currency translation adjustments	71	85	173	259	128	2,073	2,789
As at 31 December 2015	**585**	**922**	**1,540**	**2,150**	**1,156**	**28,287**	**34,640**
Accumulated depreciation							
As at 1 July 2013	152	96	863	1,858	839	6,063	9,871
Charge for the year	45	27	119	9	13	1,046	1,259
Disposal	–	–	–	–	(1)	(5)	(6)
Foreign currency translation adjustments	(3)	(2)	(15)	(30)	(14)	(108)	(172)
As at 30 June 2014 and 1 July 2014	194	121	967	1,837	837	6,996	10,952
Charge for the period	72	144	215	22	97	2,648	3,198
Disposal	–	–	(334)	–	–	(2)	(336)
Foreign currency translation adjustments	30	25	127	244	120	1,108	1,654
As at 31 December 2015	**296**	**290**	**975**	**2,103**	**1,054**	**10,750**	**15,468**
Net carrying value							
As at 31 December 2015	**289**	**632**	**565**	**47**	**102**	**17,537**	**19,172**
As at 30 June 2014	320	351	213	20	27	857	1,788

The carrying amount of leasehold land and buildings of the Group held under financial lease at the end of the reporting period was $8,844,000 (30 June 2014: $22,415,000). The Group's land, buildings, plant and machinery with a carrying amount of $224,889,000 (30 June 2014: $278,069,000) have been pledged to secure the Group's borrowings as set out in Note 24 to the financial statements.

11. Intangible assets

Group	Goodwill $'000	Customer relationships $'000	Brands and trademarks [1] $'000	Software $'000	Water Rights [2] $'000	Concession Rights [3] $'000	Others [4] $'000	Total $'000
Cost								
As at 1 July 2013	196,918	49,924	114,944	50,234	206,148	107,816	37,589	763,573
Additions	–	–	–	8,241	–	–	4,976	13,217
Disposal	(1,890)	–	–	–	–	–	–	(1,890)
Disposal of ownership interest in subsidiaries resulting in loss of control	–	–	–	(1,968)	–	(29,698)	(8)	(31,674)
Foreign currency translation adjustments	(2,794)	(796)	(1,833)	(772)	3,136	(1,064)	78	(4,045)
As at 30 June 2014 and 1 July 2014	192,234	49,128	113,111	55,735	209,284	77,054	42,635	739,181
Acquired through business combinations	73,575	53,577	–	–	–	–	21,336	148,488
Additions	–	–	–	9,909	–	–	1,830	11,739
Disposal	–	–	–	(2,610)	–	(420)	(627)	(3,657)
Foreign currency translation adjustments	26,980	10,938	15,617	4,997	(25,143)	4,703	2,929	41,021
As at 31 December 2015	292,789	113,643	128,728	68,031	184,141	81,337	68,103	936,772
Accumulated amortisation and impairment								
As at 1 July 2013	5,387	14,243	–	17,265	–	29,483	10,679	77,057
Amortisation	–	4,446	–	5,876	–	5,410	5,077	20,809
Disposals	(1,890)	–	–	–	–	–	–	(1,890)
Disposal of ownership interest in subsidiaries resulting in loss of control	–	–	–	(768)	–	(5,238)	–	(6,006)
Impairment	–	–	–	–	–	1,084	173	1,257
Foreign currency translation adjustments	(247)	(274)	–	(98)	–	(190)	5	(804)
As at 30 June 2014 and 1 July 2014	3,250	18,415	–	22,275	–	30,549	15,934	90,423
Amortisation	–	12,031	–	7,785	–	6,275	7,200	33,291
Disposals	–	–	–	(725)	–	(420)	(622)	(1,767)
Impairment	2,611	–	–	–	–	–	53	2,664
Foreign currency translation adjustments	(1,349)	3,190	–	818	–	(505)	686	2,840
As at 31 December 2015	4,512	33,636	–	30,153	–	35,899	23,251	127,451
Net carrying value								
As at 31 December 2015	288,277	80,007	128,728	37,878	184,141	45,438	44,852	809,321
As at 30 June 2014	188,984	30,713	113,111	33,460	209,284	46,505	26,701	648,758
Average remaining amortisation period (years) – 31 December 2015	–	3–12	–	1–8	–	11–21	4–32	
Average remaining amortisation period (years) – 30 June 2014	–	4–13	–	1–9	–	12–22	5–33	

11. Intangible assets continued

Company	Goodwill $'000	Brands and trademark $'000	Software $'000	Others [4] $'000	Total $'000
Cost					
As at 1 July 2013	5,575	3,953	19,187	11,108	39,823
Additions	–	–	5,521	–	5,521
Foreign currency translation adjustments	(89)	(63)	(305)	(177)	(634)
As at 30 June 2014 and 1 July 2014	5,486	3,890	24,403	10,931	44,710
Additions	–	–	9,009	–	9,009
Disposal	–	(3,083)	(2,269)	(31)	(5,383)
Reclassification	–	(268)	120	148	–
Foreign currency translation adjustments	758	358	3,738	1,511	6,365
As at 31 December 2015	6,244	897	35,001	12,559	54,701
Accumulated amortisation					
As at 1 July 2013	–	–	2,708	3,722	6,430
Amortisation	–	–	2,692	1,049	3,741
Foreign currency translation adjustments	–	–	(71)	(70)	(141)
As at 30 June 2014 and 1 July 2014	–	–	5,329	4,701	10,030
Amortisation	–	–	4,094	1,683	5,777
Disposal	–	–	(443)	–	(443)
Foreign currency translation adjustments	–	–	931	739	1,670
As at 31 December 2015	–	–	9,911	7,123	17,034
Net carrying amount					
As at 31 December 2015	6,244	897	25,090	5,436	37,667
As at 30 June 2014	5,486	3,890	19,074	6,230	34,680
Average remaining amortisation period (years) – 31 December 2015	–	–	1–8	4–12	
Average remaining amortisation period (years) – 30 June 2014	–	–	1–9	5–13	

1. Brands and trademarks include 'OK Foods' and 'OK Sweets' brands. The useful lives of the brands are estimated to be indefinite as management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash flows for the Group.
2. Water rights relate to perpetual access to share of water from a specified consumptive pool.
3. Concession rights consist of rights to harvest trees in designated areas. Amortisation is charged over the estimated useful life of the concession rights.
4. Others comprise land use rights, trade names, marketing agreements and non-compete fees. Land use rights relate to rights to land where the Group has acquired plantations. Amortisation is charged over the estimated useful lives of the land use rights.

11. Intangible assets continued

Impairment testing of goodwill and other intangible assets

Goodwill and intangible assets with indefinite lives arising from business combinations have been allocated to the following cash-generating units ('CGU'), for impairment testing:-

	Goodwill		Brands and trademark		Water rights	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Olam Orchards Australia Pty Ltd	–	–	–	–	184,141	209,284
McCleskey Mills Inc.	79,283	–	–	–	–	–
Packaged Foods brands	33,440	29,382	127,830	112,322	–	–
Kayass Enterprise S.A. (Ranona Limited)	45,687	40,146	–	–	–	–
Universal Blanchers	70,281	61,754	–	–	–	–
Progida Group	13,272	11,661	–	–	–	–
Olam Spices & Vegetables Ingredients	9,777	8,591	898	789	–	–
Olam Food Ingredients Holdings UK Limited	8,309	7,513	–	–	–	–
Olam Food Ingredients Spain, S.L. (formerly known as 'Olam Macao Spain, S.L.')	6,199	5,447	–	–	–	–
Olam International – Brazilian Cotton	6,243	5,485	–	–	–	–
Queensland Cotton Holdings:						
– Australian Cotton	4,976	6,033	–	–	–	–
– Australian Pulses	1,424	1,619	–	–	–	–
– USA Cotton	2,135	2,426	–	–	–	–
– Australian Wool [1]	–	2,233	–	–	–	–
Dehydro Foods S.A.E.	4,987	4,382	–	–	–	–
Hemarus Industries Limited	1,479	1,622	–	–	–	–
Usicam S.A.	785	690	–	–	–	–
	288,277	188,984	128,728	113,111	184,141	209,284

1. The Australian Wool business was disposed during the current financial year.

11. Intangible assets continued

Impairment testing of goodwill and other intangible assets

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five year period. The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five year period are as follows:-

	Growth rates		Discount rates	
	31 December 2015 %	30 June 2014 %	31 December 2015 %	30 June 2014 %
Universal Blanchers	2.00	2.00	10.00	10.00
McCleskey Mills Inc.	1.50	–	14.00	–
Olam Food Ingredients Holdings UK Limited (formerly known as 'Britannia Food Ingredients Holdings Limited')	–	–	12.50	12.50
Queensland Cotton Holdings [1]	–	–	13.00	13.00
Olam International – Brazilian Cotton	2.00	2.00	13.00	13.00
Olam Orchards Australia Pty Ltd	–	–	13.00	13.00
Olam Spices and Vegetables Ingredients	2.00	2.00	12.00	12.00
Packaged Foods brands	3.00	3.00	12.50	12.50
Kayass Enterprise S.A. (Ranona Limited)	3.00	3.00	12.50	12.50
Olam Food Ingredients Spain, S.L. (formerly known as 'Olam Macao Spain, S.L.')	–	–	12.00	12.00
Progida Group	2.00	2.00	12.50	12.50
Hemarus Industries Limited	–	–	11.50	11.50
Dehydro Foods S.A.E.	2.00	2.00	12.90	12.90
Usicam S.A.	2.00	2.00	12.00	12.00

1. The growth rates and discount rates used are the same for all CGUs relating to Queensland Cotton Holdings.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:-

Budgeted gross margins – Gross margins are based on average values achieved at prevailing market conditions at the start of the budget period.

Growth rates – The growth rates indicated are as estimated by the management based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates reflect management's estimate of risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

11. Intangible assets continued

Business combinations

During the current financial year, the Group entered into the following business combinations:-

	KG Ranch $'000	McCleskey Mills, Inc $'000	ADM Cocoa $'000	Others $'000	Total $'000
Fair value of assets and liabilities					
Property, plant and equipment (Note 10)	66,218	39,595	241,165	5,899	352,877
Intangible assets (Note 11)	–	69,900	–	5,013	74,913
Biological assets (Note 12)	31,374	–	–	–	31,374
Inventories	–	16,266	829,154	7,087	852,507
Trade and other receivables	–	23,375	48,041	7,666	79,082
Other current assets	–	30,110	88,634	1,598	120,342
Other non-current assets	–	1,649	–	–	1,649
Cash and bank balances	–	3,861	–	–	3,861
	97,592	184,756	1,206,994	27,263	1,516,605
Trade and other creditors	–	(3,602)	(31,027)	–	(34,629)
Accruals and provisions	(494)	(16,122)	(54,481)	(7,834)	(78,931)
	(494)	(19,724)	(85,508)	(7,834)	(113,560)
Total identifiable net assets at fair value	97,098	165,032	1,121,486	19,429	1,403,045
Net identifiable assets	97,098	165,032	1,121,486	19,429	1,403,045
Goodwill arising from acquisitions (Note 11)	–	73,575	499,190 [1]	–	572,765
	97,098	238,607	1,620,676	19,429	1,975,810
Consideration transferred for the acquisitions					
Cash paid	97,098	238,607	1,620,676	19,429	1,975,810
Total consideration	97,098	238,607	1,620,676	19,429	1,975,810
Less: Cash and cash equivalents acquired	–	(3,861)	–	–	(3,861)
Less: Non-cash items	–	–	–	(12,364)	(12,364)
Less: Deferred consideration	–	–	–	(807)	(807)
Net cash outflow on acquisition of subsidiaries	97,098	234,746	1,620,676	6,258	1,958,778

1. This relates to the provisional goodwill recorded for the acquisition of ADM Cocoa whose purchase price allocation exercise has yet to be completed as of year end and this has been accordingly classified as part of 'Non-current assets' as at year ended 31 December 2015 (Note 21).

11. Intangible assets continued

Business combinations continued

Acquisition of assets

(i) Almond, pistachio and walnut orchard assets ('KG Ranch')

On 15 September 2015, Olam Farming, Inc., an indirect wholly owned subsidiary of the Company entered into a contract to acquire 2,091 gross acres of almond orchards, pistachio orchards, walnut orchard, and open cropland located in Madera, Madera County, California from Tennicom LLC. The property consists of 1,032 net acres of almond orchards planted between 1997 and 2014, 200 net acres of pistachio orchards planted between 2003 and 2013, 300 net acres of walnut orchards planted between 1999 and 2010, and 511 acres of irrigated open cropland.

Acquisition of subsidiaries

(ii) McCleskey Mills, Inc. ('MMI')

On 21 January 2015, Olam Americas, Inc., an indirect wholly owned subsidiary of the Company acquired a 100% stake in McCleskey Mills, Inc. MMI is currently the third largest peanut sheller in the United States of America and owns processing facilities in Georgia and in addition, owns or manages 20 buying points and farmer stock storage assets at strategic locations with a strong franchise amongst growers.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $23,375,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

(iii) Archer Daniel Midlands Cocoa business ('ADM Cocoa')

On 16 October 2015, the Company completed the acquisition of ADM Cocoa for $1,620,676,000. The acquisition will satisfy increasing customer demand for full integration within the cocoa supply chain by bringing together cocoa bean sourcing and cocoa processing, with people joining the Group in 11 producing countries, 12 processing facilities, six innovation centres, 20 marketing offices and more than 200 warehouses.

As at 31 December 2015, the purchase price allocation exercise of ADM Cocoa has been determined on a provisional basis as the ongoing negotiation process on net working capital adjustment between both parties and the final results of the independent valuations on assets and liabilities have not been performed/ received by the date of the financial statements was authorised for issue. Accordingly provisional goodwill of $499,190,000 has been recorded in non-current assets (Note 21) and this includes intangible assets and fair valuation of assets which are still under valuation and will be adjusted on a retrospective basis when the fair valuation and purchase price allocation exercise is finalised.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $48,041,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

Other acquisitions

(iv) Timor

On 14 May 2015, Outspan Agro Timor Unipessoal, LDA, a wholly owned subsidiary of the Company acquired a fully integrated operating dry coffee mill in Timor Leste.

(v) Concorde

On 1 November 2015, Panasia International FZCO, a wholly owned subsidiary of the Company acquired 100% equity stake in Concorde Industries Ltd ('CIL'). CIL has a sawmill facility located near the port in Myanmar with an annual capacity of 10,000HT. This acquisition will cater to demand for sawn timber in the European and Indian markets.

11. Intangible assets continued

Business combinations continued

Transaction costs

Total transaction costs related to all acquisitions of $35,125,000 have been recognised in the 'Other operating expenses' line item in the Group's profit and loss account for the financial year from 1 July 2014 to 31 December 2015.

Goodwill arising from acquisitions

Goodwill of $572,765,000 represents the synergies expected to be achieved from integrating the value-added midstream processing business of the subsidiaries into the Group's existing supply chain business, which includes the provisional goodwill of $499,190,000 arising from the acquisition of ADM Cocoa (Note 21).

Impact of the acquisitions on profit and loss

From acquisition date, subsidiaries acquired (excluding ADM Cocoa acquisition) during the financial year have contributed more than 2% to the Group's sales of goods and services and increased the Group's profits by more than 7% for the financial year. Had the acquisitions taken place at the beginning of the financial year, the sales of goods and services for the financial year would have increased by more than 1% and the Group's profit for the financial year, net of tax would have increased by more than 1%.

From acquisition date, ADM Cocoa has contributed more than 1% to the Group's sales of goods and services and increased the Group's profits by more than 8% for the financial year. As ADM Cocoa was previously an integrated division of the Archer Daniel Midlands Group and did not maintain separate accounting records, it is impracticable to determine the contribution ADM Cocoa would have made to the Group's profit and loss assuming that the acquisition had taken place since the start of the financial year.

12. Biological assets

Group	Plantations and annual crops $'000	Livestock $'000	Total $'000
As at 1 July 2013	608,936	172,806	781,742
Net additions [1]	263,202	8,875	272,077
Capitalisation of expenses	43,785	30,295	74,080
Written off during the year	(25,926)	–	(25,926)
Net change in fair value less estimated costs to sell	18,630	(4,462)	14,168
Foreign currency translation adjustments	(3,516)	(4,463)	(7,979)
As at 30 June 2014 and 1 July 2014	905,111	203,051	1,108,162
Net additions/ (reductions) [1]	106,798	(87,835)	18,963
Capitalisation of expenses	348,028	94,153	442,181
Net change in fair value less estimated costs to sell	(5,192)	(81,570)	(86,762)
Foreign currency translation adjustments	(76,647)	(19,243)	(95,890)
As at 31 December 2015	**1,278,098**	**108,556**	**1,386,654**

1. Net additions include purchases, growths and harvests in the various biological assets categories and includes plantations that were acquired as part of a business combination amounting to $31,374,000 (Note 11).

Plantations and annual crops

Plantations consist of almonds, coffee, cocoa, palm and rubber. The almond orchards and coffee plantations presently consist of trees aged between 1 and 26 years and 1 and 14 years respectively (30 June 2014: 1 and 25 years and 1 and 13 years respectively). The cocoa plantations presently consist of trees aged between 12 and 14 years (30 June 2014: 11 and 13 years).

Immature plantations consist of palm and rubber trees aged between 1 and 4 years amounting to $377,142,000.

During the financial year, the Group harvested approximately 45,989 metric tonnes (30 June 2014: 34,679 metric tonnes) of almonds, which had a fair value less estimated point-of-sale costs of approximately $518,460,000 (30 June 2014: $333,565,000). The fair value of almonds was determined with reference to the market prices at the date of harvest.

Annual crops consist of various commodities such as cotton, onions, tomatoes and other vegetables, rice and grains. For cotton, onions, tomatoes and other vegetables, the Group provides seeds to farmers to sow and grow while for rice and grains, the Group manages its own farms. For annual crops where seeds are provided, the farmers take all the harvest risks and bear all the farming costs. However, the Group has the first right to buy the produce from these farmers, when these annual crops are harvested.

At the end of the financial year, the Group's total planted area of plantations and annual crops is approximately 59,678 (30 June 2014: 37,324) hectares and 111,239 (30 June 2014: 35,577) hectares respectively, excluding hectares for those commodities whose plantations are not managed by the Group.

12. Biological assets continued

Plantations and annual crops continued

Fair value determination

The fair value of plantations is estimated with reference to an independent professional valuation using the present value of expected net cash flows from the biological assets.

The following table shows the key inputs used:-

Key inputs	Inter-relationship between key inputs and fair value measurement
Plantations:	
Discount rates of 11% to 15% (30 June 2014: 11% to 13%) per annum	The estimated fair value increases as the estimated discount rate per annum decreases.
Market prices ranging from $6,000 to $12,000 (30 June 2014: $9,600 to $11,000) per metric tonne	The estimated fair value increases as the respective inputs increase.

The annual crops have been valued using adjusted cost, based on the estimate of the yield and cost of the crop at harvest discounted for the remaining time to harvest, which approximates fair value.

Livestock

Livestock relates mainly to dairy cattle in Uruguay and Russia. During the current financial year, the Group reduced its size of its milking herd in Uruguay. At the end of the financial year, the Group held 33,954 (30 June 2014: 55,512) cows, which are able to produce milk (mature assets) and 41,227 (30 June 2014: 37,103) heifers and calves, being raised to produce milk in the future (immature assets). The cows produced 336 million litres (30 June 2014: 229 million litres) of milk with a fair value less estimated point-of-sale costs of $176,757,000 (30 June 2014: $127,237,000) during the financial year.

Fair value determination

The fair value of livestock is determined based on valuations by an independent professional valuer using market prices ranging from $384 to $4,667 (30 June 2014: $90 to $4,820) of livestock of similar age, breed and generic merit.

Financial risk management strategies related to agricultural activities

The Group is exposed to financial risk in respect of agricultural activity. The agricultural activity of the Group consists of the management of biological assets to produce marketable output. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of biological assets and on harvesting and ultimately receiving cash from the sale of the marketable output. The Group plans for cash flow requirements for such activities and manages its debt and equity portfolio actively.

13. Subsidiary companies

	Company	
	31 December 2015 $'000	30 June 2014 $'000
Unquoted equity shares at cost	3,646,631	1,588,848
Less: Impairment loss	(16,130)	(14,173)
Foreign currency translation adjustments	262,426	(50,993)
	3,892,927	1,523,682
Loans to subsidiary companies	1,013,096	1,031,402
	4,906,023	2,555,084

Loans to subsidiary companies denominated in currencies other than functional currency of the Company are as follows:-

	Company	
	31 December 2015 $'000	30 June 2014 $'000
Euro	397,419	314,772

The Company has recognised impairment loss during the financial year of $Nil (30 June 2014: $890,000) on the investment in the subsidiaries as the carrying amount exceeds the fair value based on the net asset value of the subsidiaries.

Loans to subsidiary companies are unsecured and are not repayable within the next 12 months. The loans are non-interest bearing, except for amounts of $430,702,000 (30 June 2014: $543,202,000) which bear interest ranging from 1.5% to 7.5% (30 June 2014: 2.5% to 6.0%) per annum.

The Group did not have any material non-controlling interests as at the balance sheet dates.

Capital injection from non-controlling interest

During the year, there was additional investment made towards equity by the non-controlling interest party as the Republic of Gabon had increased its stakes in both subsidiaries Olam Palm Gabon SA and Olam Rubber Gabon SA in Gabon.

Both transactions have been completed at 31 December 2014 and the Company's stake in both Olam Palm Gabon SA and Olam Rubber Gabon SA has been diluted by 10.0% to 60.0% and 20.0% to 60.0% respectively. The resultant gain of $31,913,000 from the capital injection had been recorded in capital reserves in equity.

Partial divestment of subsidiary

During the year, the Company completed the sale of 25.0% stake in Olam's Packaged Foods business to Sanyo Foods Co. Ltd. The Company has received cash proceeds of $219,040,000 and has recorded the resultant gain of $106,209,000 to its capital reserves in equity. Following the completion of the sale, the Company owns 75.0% of Caraway Pte Ltd., the holding company for all of the Company's Packaged Foods businesses, with the balance of 25.0% owned by Sanyo Foods Co. Ltd..

13. Subsidiary companies continued

Composition of the Group

Details of significant subsidiary companies are as follows:-

Name of company	Country of incorporation	Principal activities	Effective percentage of equity held by the Group 31 December 2015 %	 30 June 2014 %
Olam Ghana Limited [1]	Ghana	(a)	100	100
Olam Ivoire SA [1]	Côte d'Ivoire	(a)	100	100
Olam Nigeria Limited [1]	Nigeria	(a)	100	100
Outspan Ivoire SA [1]	Côte d'Ivoire	(a)	100	100
Olam Moçambique, Limitada [1]	Mozambique	(a)	100	100
Olam Vietnam Limited [1]	Vietnam	(a)	100	100
Olam South Africa (Proprietary) Limited [1]	South Africa	(a)	100	100
Olam Brasil Ltda [1]	Brazil	(a)	100	100
Olam Europe Limited [1]	United Kingdom	(a)	100	100
PT Olam Indonesia [1]	Indonesia	(a)	100	100
Outspan Brasil Importação e Exportação Ltda.[1]	Brazil	(a)	100	100
Olam Argentina S.A.[1]	Argentina	(a)	100	100
Café Outspan Vietnam Limited [1]	Vietnam	(a)	100	100
LLC Outspan International [1]	Russia	(a)	100	100
Olam Investments Australia Pty Ltd [1]	Australia	(b)	100	100
Olam Enterprises India Limited (formerly known as 'Olam Agro India Limited') [1]	India	(a)	100	100
Crown Flour Mills Limited [1]	Nigeria	(a)	100	100
Olam Orchards Australia Pty Ltd [1]	Australia	(a) & (c)	100	100
tt Timber International AG [2]	Switzerland	(a) & (b)	100	100
Congolaise Industrielle des Bois SA [1]	Republic of Congo	(a)	100	100
NZ Farming Systems Uruguay Limited [1]	New Zealand	(a), (b) & (c)	100	100
Olam Palm Gabon SA [1]	Gabon	(a) & (c)	60	70
OK Foods Limited [1]	Nigeria	(a) & (b)	75	100
Olam Cocoa Processing Côte d'Ivoire [1]	Côte d'Ivoire	(a)	100	100
Seda Outspan Iberia S.L.[1]	Spain	(a)	100	100
Ranona Limited [1]	Nigeria	(a)	75	100
Dehydro Foods S.A.E.[1]	Egypt	(a)	100	100
Queensland Cotton Holdings Pty Ltd [1]	Australia	(a) & (b)	100	100

13. Subsidiary companies continued

Name of company	Country of incorporation	Principal activities	Effective percentage of equity held by the Group 31 December 2015 %	30 June 2014 %
Olam Holdings Partnership [1]	The United States of America	(a), (b) & (c)	100	100
Progida Findik Sanayi ve Ticaret A.Ş. [1]	Turkey	(a)	100	100
Progida Pazarlama A.Ş. [1]	Turkey	(a)	100	100
Progida Tarim Űrűnleri Sanayi ve Ticaret A.Ş. [1]	Turkey	(a)	100	100
LLC Russian Dairy Company [1]	Russia	(c)	75	75
Gabon Fertilizer Company SA [1]	Gabon	(a)	80	80
Olam Rubber Gabon SA [1]	Gabon	(a)	60	80
Olam Cameroon SA [1]	Cameroon	(a)	100	100
Panasia International FZCO [2]	United Arab Emirates	(a)	100	100
Olam Sanyo Foods Limited [1]	Nigeria	(a)	75	74.5
Olam International UK Limited [2]	United Kingdom	(b)	100	–
Caraway Pte Ltd [1]	Singapore	(a)	75	100
Joanes Indusrial Ltda [2]	Brazil	(a)	100	–
Olam Cocoa Processing Ghana Limited [2]	Ghana	(a)	100	–
Olam Cocoa Ivoire SA [2]	Côte d'Ivoire	(a)	100	–
Olam Cocoa International BV [2]	Netherlands	(a)	100	–
Olam Cocoa Deutschland Gmbh [2]	Germany	(a)	100	–
Olam Suisse Sarl [1]	Switzerland	(a)	100	–
Olam Cocoa Pte Limited [2]	Singapore	(a)	100	–

(a) Sourcing, processing, packaging and merchandising of agricultural products and inputs.
(b) Investment holding.
(c) Agricultural operations.
1. Audited by associated firms of Ernst & Young Global Limited.
2. Audited by other Certified Public Accounting ('CPA') firms.

14. Investments in jointly controlled entities and associates

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Jointly controlled entities (Note 14(a))	290,334	306,748	172,375	173,014
Associates (Note 14(b))	608,561	528,645	568,288	511,240
	898,895	835,393	740,663	684,254

(a) Investments in jointly controlled entities

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Unquoted equity shares at cost	60,011	59,791	45,135	45,610
Share of post-acquisition reserves	91,072	119,992	–	–
Loans to jointly controlled entities [1]	121,826	128,764	121,826	128,130
Foreign currency translation adjustments	17,425	(1,799)	5,414	(726)
	290,334	306,748	172,375	173,014

1. Loans to jointly controlled entities include a loan to Nauvu Investments Pte Ltd amounting to $121,147,000 (30 June 2014: $128,130,000). The loans are unsecured, non-interest bearing and not expected to be repayable within the next 12 months.

As of 31 December 2015 and 30 June 2014, no jointly controlled entity was individually material to the Group. Details of significant jointly controlled entities at end of financial year are as follows:-

			Percentage of equity held	
Name of company	Country of incorporation	Principal activities	31 December 2015 %	30 June 2014 %
Held by the Company				
Nauvu Investments Pte Ltd [1]	Singapore	(a)/(b)	50	50
Acacia Investment Limited [2]	United Arab Emirates	(a)/(b)	50	50

(a) Sourcing, processing, packaging and merchandising of agricultural products.

(b) Technical services.

1. Audited by Ernst & Young LLP, Singapore.
2. Audited by other CPA firm. However, the principal operating subsidiary in Mozambique is audited by an associate firm of Ernst & Young Global Limited.

14. Investments in jointly controlled entities and associates continued

(a) Investments in jointly controlled entities continued

The summarised financial information in respect of the jointly controlled entities, based on its FRS financial statements and reconciliation with the carrying amount of the investments in the combined financial statements are as follows:-

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Summarised balance sheet		
Non-current assets	646,516	579,852
Current assets	97,888	101,284
Total assets	744,404	681,136
Non-current liabilities	365,418	305,577
Current liabilities	59,642	37,286
Total liabilities	425,060	342,863
Net assets	319,344	338,273
Proportion of the Group's ownership:		
Group's share of net assets	158,578	169,259
Goodwill on acquisition	9,930	8,725
Loan to jointly-controlled entities	121,826	128,764
Carrying amount of the investments	290,334	306,748
Summarised statement of comprehensive income		
Revenue	64,058	44,822
Loss after tax	(31,384)	(11,525)
Other comprehensive income	(12,839)	6,607
Total comprehensive income	(44,223)	(4,918)

14. Investments in jointly controlled entities and associates continued

(b) Investments in associates

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Unquoted equity shares at cost	249,709	236,169	257,488	244,593
Share of post-acquisition reserves	44,379	25,676	–	–
Loan to associate [1]	334,658	317,854	334,658	317,854
Less: Impairment loss	(35,596)	(35,596)	(35,596)	(35,596)
Foreign currency translation adjustments	15,411	(15,458)	11,738	(15,611)
	608,561	528,645	568,288	511,240

1. Loan to associate is unsecured, bears interest at 5.5% per annum and not expected to be repayable within the next 12 months.

As of 31 December 2015 and 31 June 2014, no associate was individually material to the Group. Details of significant associates are as follows:-

Name of company	Country of incorporation	Principal activities	Percentage of equity held 31 December 2015 %	Percentage of equity held 30 June 2014 %
Held by the Company				
Gabon Special Economic Zone SA [1]	Gabon	Infrastructure development	40.00	40.00
Open Country Dairy Limited [2]	New Zealand	Processing and trading of agricultural commodities	15.19	15.19

1. Audited by associated firms of Ernst & Young Global Limited.
2. Audited by other CPA firms.

Management has assessed and is satisfied that the Group retains significant influence over Open Country Dairy Limited as the Group continues to hold positions in the Board of Directors of the entity and actively participates in all board meetings.

14. Investments in jointly controlled entities and associates continued

(b) Investments in associates continued

The summarised financial information in respect of the material associates based on its FRS financial statements and reconciliation with the carrying amount of the investment in the combined financial statements are as follows:-

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Summarised balance sheet		
Non-current assets	950,811	698,511
Current assets	740,106	579,290
Total assets	1,690,917	1,277,801
Non-current liabilities	466,539	439,386
Current liabilities	346,839	137,269
Total liabilities	813,378	576,655
Net assets	877,539	701,146
Proportion of the Group's ownership:		
Group's share of net assets	256,352	199,688
Goodwill on acquisition	17,551	11,103
Loan to associate	334,658	317,854
Carrying amount of the investments	608,561	528,645
Summarised statement of comprehensive income		
Revenue	1,071,388	1,016,529
Profit after tax	75,332	53,382
Other comprehensive income	–	3,648
Total comprehensive income	75,332	57,030

15. Long-term investments

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Quoted equity shares	257,146	393,976	257,146	393,976
Unquoted equity shares	12,061	13,709	–	–
	269,207	407,685	257,146	393,976

The Group's investment in quoted equity shares relates to a 18.56% investment in PureCircle Limited ('PureCircle'), while the investment in unquoted equity shares relates to a 20% investment in Olam Grains Australia Pty Ltd. Management has assessed and is of the view that the Group does not retain significant influence over PureCircle or Olam Grains Australia Pty Ltd and has accounted for these investments as 'available-for-sale' financial assets. At 31 December 2015, the Group determined that there was a prolonged decline in the share price of PureCircle Limited and accordingly reclassified the accumulative change in fair value amounting to $192,612,000 that was previously recognised in other comprehensive income to profit and loss account.

16. Amounts due from subsidiary companies

	Company	
	31 December 2015 $'000	30 June 2014 $'000
Trade receivables	811,788	728,136
Loans to subsidiaries	945,354	1,038,606
Non-trade receivables	32,457	16,413
	1,789,599	1,783,155

Loans to subsidiaries include amounts totalling $324,498,000 (30 June 2014: $483,865,000) which are unsecured and bear interest ranging from 2.58% to 7.50% (30 June 2014: 2.23% to 6.90%) per annum, repayable on demand and are to be settled in cash. The remaining amounts are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

The other amounts are non-interest bearing, unsecured, subject to trade terms or repayable on demand, and are to be settled in cash.

Amounts due from subsidiary companies denominated in currencies other than functional currency of the Company are as follows:-

	Company	
	31 December 2015 $'000	30 June 2014 $'000
Euro	453,568	340,826
Great Britain Pounds	227,843	–
Amounts due from subsidiary companies are stated after deducting allowance for doubtful debts of		
– Trade	8,140	1,870
– Non-trade	24,027	3,126
	32,167	4,996

The movement of the allowance accounts is as follows:-

	Company	
	31 December 2015 $'000	30 June 2014 $'000
Movement in allowance accounts:-		
At 1 July	4,996	5,076
Charge for the year	25,130	–
Foreign currency translation adjustments	2,041	(80)
	32,167	4,996

17. Trade receivables

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Trade receivables	1,312,718	1,420,681	446,071	649,276
Indirect tax receivables	182,528	192,542	1,359	909
	1,495,246	1,613,223	447,430	650,185

Trade receivables are non-interest bearing and are subject to trade terms of 30 to 60 days' terms. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

17. Trade receivables continued

Trade receivables denominated in currencies other than functional currencies of Group companies are as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
United States Dollar	120,913	115,404	–	–
Great Britain Pounds	48,854	25,677	46,205	25,009
Euro	32,973	105,794	14,473	78,678

Trade receivables include amounts of $484,000 and $9,797,000 (30 June 2014: $9,403,000 and $68,000) due from an associate and a jointly controlled entity, respectively.

The Group's and the Company's trade receivables that are impaired at balance sheet date and the movement of the allowance accounts are as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Trade receivables – nominal amounts	1,373,439	1,454,869	488,511	666,763
Less: Allowance for doubtful debts	(60,721)	(34,188)	(42,440)	(17,487)
	1,312,718	1,420,681	446,071	649,276
Movement in allowance accounts:-				
At 1 July	34,188	27,970	17,487	13,794
Charge for the year	42,020	10,189	32,025	4,651
Written off	(2,526)	(1,699)	–	–
Written back	(15,021)	(2,026)	(10,636)	(697)
Foreign currency translation adjustments	2,060	(246)	3,564	(261)
	60,721	34,188	42,440	17,487

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables that are past due but not impaired

The Group and Company have trade receivables amounting to $527,708,000 (30 June 2014: $513,569,000) and $179,392,000 (30 June 2014: $126,494,000) that are past due at the end of the reporting period but not impaired respectively. The analysis of their ageing at the balance sheet date is as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Trade receivables past due but not impaired:-				
Less than 30 days	323,765	263,095	101,303	46,305
30 to 60 days	49,382	123,001	5,275	35,418
61 to 90 days	70,039	45,811	51,175	4,792
91 to 120 days	11,278	18,310	4,787	7,556
121 to 180 days	18,848	26,372	7,099	14,910
More than 180 days	54,396	36,980	9,753	17,513
	527,708	513,569	179,392	126,494

Indirect tax receivables comprise goods and services, value-added taxes and other indirect forms of taxes.

18. Margin accounts with brokers

Margin accounts are maintained with recognised futures dealers and brokers for trades done on the futures exchanges. These margin accounts move in relation to trades done on futures, variation margins required and prices of the commodities traded.

These amounts reflect the payments made to futures dealers as initial and variation margins depending on the volume of trades done and price movements.

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Margin deposits with brokers	294,096	268,598	224,847	181,729
Amounts due to brokers	(104,372)	(43,099)	(102,258)	(41,129)
	189,724	225,499	122,589	140,600

19. Inventories

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Balance sheets:				
Commodity inventories at fair value	4,644,101	2,823,363	573,962	713,811
Commodity inventories at the lower of cost and net realisable value	2,047,567	1,862,335	253,435	91,234
	6,691,668	4,685,698	827,397	805,045
Profit and loss account:				
Inventories recognised as an expense in cost of goods sold inclusive of the following (charge)/credit	(22,241,472)	(15,393,547)	(18,962,725)	(11,852,404)
– Inventories written down/ off	(25,679)	(27,113)	(10,083)	(10,088)
– Reversal of write-down of inventories [1]	12,290	3,425	10,780	1,286

1. The reversal of write-down of inventories is made when the related inventories are sold above their carrying amounts.

20. Advance payments to suppliers/subsidiary companies

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Third parties	714,972	706,652	128,680	207,495
Subsidiary companies	–	–	3,084,849	2,055,652
	714,972	706,652	3,213,529	2,263,147

These represent advance payments to suppliers and subsidiary companies for procurement of physical commodities.

Advance payments to suppliers and subsidiary companies denominated in currencies other than functional currencies of Group companies are as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Euro	43,204	25,624	600,792	409,205
United States Dollar	15,048	14,700	–	–
Great Britain Pounds	2,289	72	37,106	29,161

Advance payments to subsidiary companies are stated after deducting allowance for doubtful debts of $42,785,000 (30 June 2014: $10,416,000).

20. Advance payments to suppliers/subsidiary companies continued

Advance payments to suppliers (third parties) for the Group and Company are stated after deducting allowance for doubtful debts of $17,337,000 and $6,561,000 (30 June 2014: $16,819,000 and $5,402,000) respectively.

The movement in the allowance accounts for advance payment to suppliers is as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Movement in allowance accounts:-				
As at 1 July	16,819	12,149	5,402	5,082
Charge for the year	5,971	6,560	926	497
Written off	(2,600)	(1,385)	–	–
Written back	(653)	(575)	(534)	(92)
Foreign currency translation adjustments	(2,200)	70	767	(85)
	17,337	16,819	6,561	5,402

21. Other current / non-current assets

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Current:				
Sundry receivables [1]	604,866	180,253	1,386	2,410
Export incentives and subsidies receivable [2]	145,786	143,787	–	–
Amounts due from jointly-controlled entity and associates	70,290	–	68,831	–
Deposits	42,541	26,142	1,602	1,967
Option premium receivable	15,343	17,919	15,343	14,514
Staff advances [3]	10,177	8,504	309	729
Insurance receivables [4]	5,838	7,953	1,977	5,066
Short-term investment [5]	791	10,687	–	10,687
	895,632	395,245	89,448	35,373
Prepayments [6]	431,819	345,569	83,696	94,173
Advance corporate tax paid	60,628	–	–	–
Taxes recoverable	35,894	–	–	–
	1,423,973	740,814	173,144	129,546
Non-current:				
Other non-current assets [7]	557,005	23,148	–	–

1. Sundry receivables include receivables amounting to $184,461,000 (30 June 2014: $Nil) which relate to the sale-and-leaseback of the Awala palm plantations.
2. These relate to incentives and subsidies receivable from the Government agencies of various countries for export of agricultural products. There are no unfulfilled conditions or contingencies attached to these incentives and subsidies.
3. Staff advances are interest-free, unsecured, repayable within the next 12 months and are to be settled in cash.
4. Insurance receivables pertain to pending marine and inventories insurance claims. The outstanding claims are currently being processed by the insurance companies for final settlement.
5. In the previous financial year, short-term investment relates to investment in the Ektimo Commodity Relative Value Fund LP ('Fund'), which invests in a portfolio of commodity markets including agriculture, metals, energy and livestock, of which the investment wound down and all funds have been returned in the current financial year.
6. Prepayments mainly pertain to prepaid expenses incurred for sourcing, processing, packaging and merchandising of agricultural products and inputs.
7. Other non-current assets include an investment in a dairy co-operative in Uruguay, which is accounted at cost amounting to $10,596,000 (30 June 2014: $8,653,000) and the provisional goodwill arising from the acquisition of ADM Cocoa of $499,190,000 (30 June 2014: $Nil) (Note 11).

22. Trade payables and accruals

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Trade payables	1,208,275	1,066,914	364,132	530,300
Accruals	492,588	419,668	135,424	121,514
Advances received from customers	37,708	67,243	6,273	13,474
Amounts due to an associate	–	2,987	–	–
GST payable and equivalent	15,140	30,814	–	–
	1,753,711	1,587,626	505,829	665,288

Trade payables are non-interest bearing. Trade payables are subject to trade terms of 30 to 60 days' terms while other payables have an average term of two months.

Trade payables and accruals denominated in currencies other than functional currencies of Group companies are as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Great Britain Pounds	224,046	7,753	223,998	6,522
Euro	46,195	104,869	44,726	84,344
New Zealand Dollar	36,526	47,973	36,526	47,973
United States Dollar	10,585	41,817	–	–

Trade payables include amounts of $29,125,800 (30 June 2014: $47,974,200) and $Nil (30 June 2014: $4,273,522) due to an associate and a jointly controlled entity respectively.

Accruals mainly relate to provisions for operating costs such as logistics, insurance premiums and employee benefits.

23. Other current liabilities

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Interest payable on bank loans	80,157	87,476	70,079	79,107
Sundry payables	320,209	315,367	–	–
Option premium payable	37,794	20,720	37,794	20,595
	438,160	423,563	107,873	99,702
Withholding tax payable	6,545	4,759	–	–
	444,705	428,322	107,873	99,702

24. Borrowings

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Current:				
Bank overdrafts (Note 33)	196,044	298,179	–	–
Bank loans	3,661,987	4,082,463	2,603,010	2,867,998
Term loans from banks	1,319,412	108,947	1,288,252	108,947
Obligation under finance leases (Note 28(c))	5,936	5,722	–	–
Convertible bonds, unsecured	321,166	–	321,166	–
Other bonds	7,634	8,445	–	–
	5,512,179	4,503,756	4,212,428	2,976,945
Non-current:				
Term loans from banks	3,380,997	1,309,524	1,519,483	227,147
Medium-term notes	2,946,507	1,699,547	2,946,507	1,699,547
Obligation under finance leases (Note 28(c))	102,131	52,489	–	–
Convertible bonds, unsecured	–	575,528	–	575,528
Other bonds	352,101	1,199,062	352,101	1,190,602
	6,781,736	4,836,150	4,818,091	3,692,824
	12,293,915	9,339,906	9,030,519	6,669,769

Borrowings denominated in currencies other than functional currencies of Group companies are as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	31 December 2015 $'000
Singapore Dollar	1,478,663	1,109,270	1,478,663	1,109,270
United States Dollar	382,295	447,969	–	–
Australian Dollar	196,168	–	196,168	–
Japanese Yen	72,343	–	72,343	–
Euro	62,255	16,763	–	–

Bank overdrafts and bank loans

The bank loans to the Company are repayable within 12 months and bear interest in a range from 0.89% to 1.52% (30 June 2014: 0.55% to 1.13%) per annum.

The bank loans and bank overdrafts to the subsidiary companies are repayable within 12 months and bear interest in a range from 0.50% to 36.00% (30 June 2014: 1.05% to 34.00%) per annum.

Bank loans include an amount of $20,107,000 (30 June 2014: $23,564,000) secured by the assets of subsidiaries. The remaining amounts of bank loans are unsecured.

Term loans from banks

Term loans from banks to the Company bear interest at floating interest rates ranging from 1.34% to 2.05% (30 June 2014: 2.28% to 4.98%) per annum. Term loans to the Company are unsecured and are repayable within six years.

Term loans from banks to the subsidiary companies bear interest at floating interest rates ranging from 1.00% to 13.00% (30 June 2014: 1.27% to 12.50%) per annum. Term loans to the subsidiary companies are unsecured and are repayable between two and ten years.

Term loans from banks include an amount of $75,402,000 (30 June 2014: $145,431,000) secured by the assets of subsidiaries. The remaining amounts of term loans from banks are unsecured.

24. Borrowings continued

Medium-term notes

The Company has a $800,000,000 multicurrency medium-term notes (‘MTN’) programme and a US$5,000,000,000 Euro medium-term notes (‘EMTN’) programme. The draw downs from the MTN and EMTN are unsecured.

The MTN and EMTN are as follows:-

	Maturity	Group and Company 31 December 2015 $'000	Group and Company 30 June 2014 $'000
Non-current:			
Multicurrency medium term note programme:			
-6.00% fixed rate notes	2018	249,413	249,075
Euro medium term note programme:			
– 5.75% fixed rate notes	2017	707,418	620,185
– 4.25% fixed rate notes	2019	397,889	–
– 5.80% fixed rate notes	2019	348,671	348,107
– 4.50% fixed rate notes	2020	421,278	–
– 4.875% fixed rate notes	2020	196,168	–
– 1.375% fixed rate notes	2020	72,343	–
– 4.00% fixed rate notes	2020	70,637	–
– 6.00% fixed rate notes [1]	2022	482,690	482,180
		2,946,507	1,699,547

1. On 22 January 2014, the Company repurchased S$15,000,000 of the S$500,000,000 6.00% fixed rate notes due 2022, issued on 25 October 2012. The repurchase was made by way of on-market purchases. Upon settlement, the repurchased portion was cancelled and the aggregate outstanding principal amount following such cancellation is S$485,000,000.

Obligations under finance leases

Obligations under finance leases amounting to $19,219,000 (30 June 2014: $16,887,000) are guaranteed by a subsidiary company.

Obligations under finance leases bear interest ranging from 0.96% to 9.22% (30 June 2014: 1.56% to 9.22%) per annum and are repayable between 1 and 21 years.

Convertible bonds, unsecured

The liability portion of the convertible bonds is as follows:-

	Group and Company 31 December 2015 $'000	Group and Company 30 June 2014 $'000
Current:		
– 6.0% convertible bonds [1]	321,166	–
Non-current:		
– 6.0% convertible bonds [1]	–	575,528
	321,166	575,528

1. On 2 September 2009, the Company issued 6.0% interest bearing convertible bonds of US$400,000,000. The bonds will mature in seven years from the issue date and have an initial conversion price of $3.0853 per share with a fixed exchange rate of $1.4400 to US$1.00. On 1 October 2009, the Company increased the issue size of the bonds by an additional US$100,000,000 bringing the total issue size to US$500,000,000.
On 23 December 2015, the Company redeemed the convertible bonds up to US$269,500,000 (approximate $382,286,000) at a premium of 102.5% and the loss on redemption amounting to $21,797,000 has been recorded in the profit and loss account. As at 31 December 2015, the remaining balance of the bonds has been classified as current as the bonds will mature in September 2016. The same bonds were subsequently fully redeemed on 22 February 2016 (Note 39).

24. Borrowings continued

Convertible bonds, unsecured continued

The carrying amount of the liability component of the above convertible bonds at the balance sheet date is derived as follows:-

	Group and Company	
	31 December 2015 $'000	30 June 2014 $'000
Balance at the beginning of the period	575,528	592,156
Less: Redemption of convertible bonds	(355,971)	(27,402)
Less: Foreign currency translation adjustments	60,323	(9,158)
Add: Accretion of interest	41,286	19,932
	321,166	575,528

Other bonds

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Current:				
Outspan Ivoire SA bonds [1]	7,634	8,445	–	–
Non-current:				
7.5% unsecured senior bonds [2]	352,101	310,170	352,101	310,170
Outspan Ivoire SA bonds [1]	–	8,460	–	–
6.75% bonds [3]	–	880,432	–	880,432
	352,101	1,199,062	352,101	1,190,602
	359,735	1,207,507	352,101	1,190,602

1. Outspan Ivoire SA issued unsecured bonds of XOF 13.0 billion with a fixed annual interest rate of 7% per annum on the reducing principal. The interest is payable annually on 1 July each year. The principal is payable in four equal instalments of XOF 3.25 billion starting from 1 July 2013 annually. The final instalment is expected to be paid by 1 July 2016 and the balance has been classified as current as at 31 December 2015.
2. On 7 August 2010, the Company issued a 7.5% interest bearing unsecured senior bonds of US$250,000,000 due in 2020. The interest is payable semi-annually.
3. On 29 January 2013, the Company undertook a renounceable underwritten rights issue (the 'Rights Issue') of US$750,000,000 6.75% Bonds due 2018 (the 'Bonds'), with 387,365,079 free detachable warrants (the 'Warrants'). Each Warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company (the 'New Share') at an exercise price of US$1.291 for each New Share. The issue price of the Right Issue was 95% of the principal amount of the Bonds. In the previous financial year, as a result of the payment of the first and final dividend on 14 November 2013, adjustments were made to the exercise price from US$1.291 to US$1.250 and the number of the Warrants from 387,365,079 to 397,826,160 Warrants.
   Upon completion of the Rights Issue, the total proceeds net of transaction costs are allocated to the Bond, fair value of derivative financial instruments component and the warrants, which are separately presented on the balance sheet.
   The Bond is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the debt is extinguished on redemption of the Bond.
   The derivative financial instrument component is determined by the fair value of the embedded derivatives on the date of issue. The fair value is reassessed at every balance sheet date and the difference is recognised in the profit and loss account.
   The carrying amount of the Warrants is determined after reducing the fair values of the Bond and the embedded derivatives component from the net proceeds of the Rights Issue is presented as capital reserve under equity. The carrying amount of the Warrants is not adjusted in subsequent periods. When the Warrants are exercised, the carrying amount of the Warrants will be transferred to the share capital account. When the Warrant expires, its carrying amount will be transferred to retained earnings (Note 26(d)).
   The 6.75% bonds were fully redeemed during the current financial year.

25. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year adjusted for the effects of dilutive shares and options.

The following reflects the profit and share data used in the basic and diluted earnings per share computations for the financial years ended 31 December and 30 June:-

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Net profit attributable to owners of the Company	98,723	608,488
Less: Accrued capital securities distribution	(24,972)	(17,994)
Net profit attributable to owners of the Company for basic and dilutive earnings per share	73,751	590,494

	No. of shares	No. of shares
Weighted average number of ordinary shares on issue applicable to basic earnings per share	2,504,813,055	2,395,390,505
Dilutive effect of share options	2,493,763	379,225
Dilutive effect of performance share plan	5,790,360	–
Dilutive effect of warrants	91,697,250	43,351,520
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	2,604,794,428	2,439,121,250

The incremental shares relating to the outstanding convertible bonds have not been included in the calculation of diluted earnings per share as they are anti-dilutive.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and the date of these financial statements.

26. Share capital, treasury shares, perpetual capital securities and warrants

(a) Share capital

	Group and Company			
	31 December 2015		30 June 2014	
	No. of shares	$'000	No. of shares	$'000
Ordinary shares issued and fully paid [1]				
Balance at 1 July	2,490,857,869	2,162,642	2,442,409,869	2,077,038
Issue of shares for cash	332,727,273	915,000	–	–
Issue of shares on exercise of share options	2,060,000	4,857	48,448,000	85,604
Balance at	2,825,645,142	3,082,499	2,490,857,869	2,162,642

1. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

On 15 September 2015, the board approved the issue of 332,727,273 shares for cash consideration of $915,000,000.

26. Share capital, treasury shares, perpetual capital securities and warrants continued

(b) Treasury shares

	Group and Company			
	31 December 2015		30 June 2014	
	No. of shares	$'000	No. of shares	$'000
Balance at 1 July 2014 and at	52,196,000	96,081	52,196,000	96,081

(c) Perpetual capital securities

On 1 March 2012, the Company issued perpetual capital securities (the 'perpetual securities') with an aggregate principal amount of S$275,000,000. Issuance costs incurred amounting to $4,549,000 were recognised in equity as a deduction from proceeds.

Such perpetual securities bear distributions at a rate of 7% per annum, payable semi-annually. Subject to the relevant terms and conditions in the offering circular, the Company may elect to defer making distribution on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred.

As a result, the Company is considered to have no contractual obligations to repay its principal or to pay any distributions, and the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 Financial Instruments: Disclosure and Presentation. The whole instrument is presented within equity, and distributions are treated as dividends.

On 22 January 2014, the Company repurchased S$39,200,000 of the S$275,000,000 7% Perpetual Capital Securities issued on 1 March 2012 (the 'Perpetual Bonds'). The repurchase was made by way of on-market purchases. Upon settlement, the repurchased portion was cancelled and the aggregate outstanding principal amount following such cancellation is S$235,800,000.

(d) Warrants

On 29 January 2013, 387,365,079 Warrants were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited. Each Warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company (the 'New Share') at an original exercise price of US$1.291 for each New Share. These Warrants are exercisable from 29 January 2016 to 28 January 2018. The Warrants have been presented as capital reserves under equity.

During the current financial year, as a result of the payment of the first and final dividend and a special silver jubilee dividend in respect of the financial year ended 30 June 2014, the Company announced the issuance of 12,333,258 additional warrants and the exercise price was adjusted to US$1.21. Furthermore, as a result of the payment of interim dividend in respect of the financial year ended 31 December 2015, the exercise price was reduced to US$1.19 and an additional 5,789,345 warrants were listed resulting in a total of 415,948,763 warrants outstanding as at 31 December 2015.

27. Dividends

	Group and Company	
	31 December 2015 $'000	30 June 2014 $'000
Declared and paid during the financial year ended:-		
Dividends on ordinary shares:		
– One tier tax exempted interim dividend for financial year ended 31 December 2015: $0.025 (30 June 2014: $Nil) per share	61,018	–
– One tier tax exempted special silver jubilee dividend for financial year ended 30 June 2014: $0.025 (30 June 2013: $Nil) per share	62,093	–
– One tier tax exempted first and final dividend for financial year ended 30 June 2014: $0.05 (30 June 2013: $0.04) per share	124,186	99,302
	247,297	99,302
Proposed but not recognised as a liability as at:-		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– One tier tax exempted second and final dividend for financial year ended 31 December 2015: $0.035 per share	97,071	–
For comparison, the following dividends were proposed for financial year ended 30 June 2014 but not recognised as liability as at 30 June 2014:		
– One tier tax exempted first and final dividend for financial year ended 30 June 2014: $0.05 per share	–	121,933
– One tier tax exempted special silver jubilee dividend for financial year ended 30 June 2014: $0.025 per share	–	60,967
	97,071	182,900

28. Commitments

(a) Operating lease commitments

Operating lease expenses of the Group and Company (principally for land, offices, warehouses, employees' residences and vessels) were $173,063,000 (30 June 2014: $96,755,000) and $44,732,000 (30 June 2014: $16,982,000), respectively. These leases have an average tenure of between 1.0 and 21.0 years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rental payable under non-cancellable operating leases are as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Within one year	87,998	67,310	21,835	18,798
After one year but not more than five years	202,469	143,152	18,635	8,177
More than five years	536,642	270,738	–	–
	827,109	481,200	40,470	26,975

(b) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Capital commitments in respect of property, plant and equipment	18,592	67,976	–	–

(c) Finance lease commitments

The Group has finance leases for palm and almond plantations, land and buildings. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:-

	Group			
	31 December 2015 $'000	31 December 2015 $'000	30 June 2014 $'000	30 June 2014 $'000
	Minimum lease payments	Present value of payments (Note 24)	Minimum lease payments	Present value of payments (Note 24)
Not later than one year	15,632	5,936	9,023	5,722
Later than one year but not later than five years	61,425	38,444	43,472	27,688
Later than five years	115,549	63,687	37,265	24,801
Total minimum lease payments	192,606	108,067	89,760	58,211
Less: Amounts representing finance charges	(84,539)	–	(31,549)	–
Present value of minimum lease payments	108,067	108,067	58,211	58,211

29. Contingent liabilities

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Contingent liabilities not provided for in the accounts:				
Financial guarantee contracts given on behalf of subsidiary companies [1]	–	–	5,669,519	4,438,330

1. Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $1,150,568,538 (30 June 2014: $1,236,448,691).

The Company has agreed to provide continuing financial support to certain subsidiary companies.

30. Employee benefits expenses

Employee benefits expenses (including Executive Directors):

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Salaries and employee benefits	774,145	439,804	249,666	122,756
Central Provident Fund contributions and equivalents	41,835	23,790	4,239	2,375
Retrenchment benefits	1,764	1,567	–	–
Share-based expense	6,392	9,535	2,582	4,256
	824,136	474,696	256,487	129,387

(a) Employee share option scheme

The Olam Employee Share Option Scheme (the 'ESOS') was approved by shareholders at an Extraordinary General Meeting held on 4 January 2005. The ESOS rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS and all subsequent options issued to the Group's employees and Executive Directors shall have a life of 10 years, instead of 5 years. For Options granted to the Company's Non-Executive Directors and Independent Directors, the Option Period shall be no longer than 5 years.

The shares issued upon the options being exercised carry full dividend and voting rights.

Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

All these options have a contractual life of 10 years with no cash settlement alternatives.

The fair value of share options as at the date of grant, is estimated by the Company using the Black Scholes Model, taking into account the terms and conditions upon which the options are granted. The expected life of the option is based on the assumption that the options would be exercised within six months of the vesting date. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Pursuant to the voluntary conditional cash offer by Breedens International Pte Ltd approval was sought and granted on 8 April 2014 such that all outstanding options which have not been exercised at the expiry of the accelerated exercise period shall not automatically lapse and become null and void but will expire in accordance with their original terms.

The incremental fair value of outstanding share options as at the date of modification, is estimated by the Company using the Black Scholes Model, taking into account the fair value of the outstanding share options immediately before and after the modification. The range of inputs to the models used to fair value the outstanding share options immediately before and after the modification are shown below:-

Inputs	Before modification	After modification
Dividend yield (%)	–	2.02
Expected volatility (%)	28.00	28.00
Risk-free interest rate (%)	0.16	0.49 – 1.50
Expected life of the option (years)	0.50	1.78 – 5.00
Share price of underlying equity ($)	2.22	2.22

30. Employee benefits expenses continued

(a) Employee share option scheme continued

Details of all the options granted to subscribe for ordinary shares of the Company pursuant to the ESOS which have not fully vested as at 31 December 2015 are as follows:-

Date of issue	No. of share options issued	Vesting period	In annual tranches of
21 July 2009	34,105,000	4 years	0, 0, 25, 75
17 February 2010	15,000,000	3 years	33, 33, 34
23 July 2010	3,425,000	4 years	0, 0, 25, 75
17 December 2010	780,000	4 years	0, 0, 25, 75
14 March 2011	1,355,000	4 years	0, 0, 25, 75
30 December 2011	2,910,000	4 years	0, 0, 25, 75
15 June 2012	16,842,000	4 years	0, 0, 25, 75
	74,417,000		

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price of, and movements in, share options during the financial year:-

	31 December 2015		30 June 2014	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	79,252,000	2.22	134,040,000	2.06
Granted during the year [1]	–	–	750,000	1.70
Forfeited during the year	(2,775,000)	2.66	(7,090,000)	2.20
Exercised during the year [2]	(2,060,000)	2.28	(48,448,000)	1.77
Outstanding at the end of the year [3]	74,417,000	2.20	79,252,000	2.22
Exercisable at end of year	61,785,500	2.29	31,063,000	2.27

1. There were no new options granted during the year. The weighted average fair value of options granted during the previous financial year ended 30 June 2014 was $0.29.
2. The weighted average share price when the options were exercised in the current financial year was $2.51 (30 June 2014: $2.29).
3. The range of exercise prices for options outstanding at the end of the financial year was $1.76 to $3.10 (30 June 2014: $1.67 to $2.28). The weighted average remaining contractual life for these options is 4.51 years (30 June 2014: 5.99 years).

30. Employee benefits expenses continued

(b) Olam Share Grant Plan

On 30 October 2014, the Company had adopted the new Share Grant Plan ('OSGP'). The OSGP is a share-based incentive plan which involves the award of fully-paid shares, when and after pre-determined performance or service conditions are accomplished. Any performance targets set under the OSGP are intended to be based on longer-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The actual number of shares to be delivered pursuant to the award granted will range from 0% to 192.5% of the base award and is contingent on the achievement of pre-determined targets set out in the three year performance period and other terms and conditions being met.

The details of OSGP are described below:-

Olam Share Grant Plan ('OSGP')

Plan Description	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives
Performance Conditions	– Absolute Total Shareholder Return ('TSR') – Relative Total Shareholder Return – Return on Equity ('ROE')
Vesting Condition	Vesting based on meeting stated performance conditions over a three-year performance period
Payout	0% – 192.5% depending on the achievement of pre-set performance targets over the performance period.

Fair value of OSGP

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted under the OSGP. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns. The inputs to the model used for the shares granted during financial year ended 31 December 2015 are shown below:-

Grant date:	7 April 2015
Dividend yield (%)	2.87
Expected volatility (%)	7.82
Risk-free interest rate (%)	1.33
Expected term (years)	2.74
Index (for Relative TSR)	FTSE Straits Times Index
Index volatility (%)	7.82
Correlation with Index (%)	38.8
Share price at date of grant ($)	1.985
Fair value at date of grant ($)	1.848

The number of contingent shares granted but not released as at 31 December 2015 was 11,817,500 (30 June 2014: Nil). Based on the achievement factor, the actual release of the awards could range from zero to maximum of 22,748,688 (30 June 2014: Nil) fully-paid ordinary shares of the Company.

The total amount recognised in profit or loss for share-based transactions with employees can be summarised as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Employee share option scheme	586	9,535	207	4,246
Olam share grant plan	5,806	–	2,375	–
	6,392	9,535	2,582	4,246

31. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; ii) it is subject to common control or common significant influence.

The following are the significant related party transactions entered into by the Company and Group in the ordinary course of business on terms agreed between the parties:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Subsidiary companies:				
– Sales of goods	–	–	3,450,381	2,371,754
– Sales of services, net	–	–	–	1,397
– Purchases	–	–	10,086,559	6,108,436
– Insurance premiums paid	–	–	16,868	6,779
– Commissions paid	–	–	56,290	39,704
– Interest received on loan	–	–	67,559	54,930
– Consultancy fee paid	–	–	31,554	14,186
– Management fee received	–	–	53,823	30,634
Jointly controlled entity:				
– Sales of goods	24,702	29,902	24,702	29,902
– Purchases	–	25,891	–	–
Associate:				
– Finance income	26,863	–	26,863	–
– Sales of goods	26,525	11,115	26,525	11,115
– Purchases	218,543	164,367	218,543	164,367
Shareholder related companies:				
– Purchase of motor vehicles and other assets	991	1,248	–	–

32. Compensation of directors and key management personnel

The remuneration of directors and key management personnel during the years is as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Directors' fees	2,501	1,490	2,501	1,400
Salaries and employee benefits	39,561	13,996	34,064	12,513
Central Provident Fund contributions and equivalents	900	512	178	93
Share-based expense	1,100	3,926	884	3,636
	44,062	19,924	37,627	17,642
Comprising amounts paid to:-				
Directors of the Company	23,105	10,571	23,105	10,481
Key management personnel	20,957	9,353	14,522	7,161
	44,062	19,924	37,627	17,642

32. Compensation of directors and key management personnel continued

Directors' interests in employee share benefit plans

At the end of the reporting date, the total number of outstanding options/shares that were issued/allocated to the directors and key management personnel under existing employee benefit schemes is given below:-

	31 December 2015 Options/shares	30 June 2014 Options
Employee Share Option Scheme:		
Directors	20,000,000	20,000,000
Key management personnel	19,900,000	17,400,000
Olam Share Grant Plan:		
Directors	650,000	–
Key management personnel	1,575,000	–

33. Cash and short-term deposits

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Cash and bank balances	1,921,773	1,529,147	1,361,516	1,133,437
Deposits	221,399	60,928	56,740	49,582
	2,143,172	1,590,075	1,418,256	1,183,019

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.00% to 15.00% (30 June 2014: 0.02% to 11.50%) per annum.

Deposits include short-term and capital guaranteed deposits. Short-term deposits are made for varying periods between 1 and 365 days (30 June 2014: 1 and 365 days) depending on the immediate cash requirements of the Group, and interest earned at floating rates ranging from 0.10% to 11.00% (30 June 2014: 0.52% to 23.00%) per annum.

Deposits include capital guaranteed, non-interest bearing, index-linked structured deposits of $28,367,000 (30 June 2014: $43,624,000) with remaining maturity period ranging from one to two years and may be withdrawn on demand.

Cash at banks and deposits denominated in currencies other than functional currencies of Group companies are as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
United States Dollar	73,658	29,893	–	–
Great Britain Pounds	374,445	88,753	373,914	88,716
Euro	99,800	205,482	85,003	200,598
Australian Dollar	18,109	–	18,107	–
Singapore Dollar	9,696	4,827	9,447	4,714
New Zealand Dollar	1,335	43,903	1,335	43,903

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:-

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Cash and bank balances	1,921,773	1,529,147
Deposits	221,399	60,928
Structured deposits	(28,367)	(43,624)
Bank overdrafts (Note 24)	(196,044)	(298,179)
	1,918,761	1,248,272

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

34. Financial risk management policies and objectives

The Group's principal financial instruments, other than derivative financial instruments and investment in security, comprise bank loans, medium-term notes, term loans from banks, bonds, cash and bank balances, fixed deposits and bank overdrafts. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including interest rate swaps, commodity options, swaps and futures contracts and foreign currency forward contracts. The purpose is to manage the commodity price risk, foreign currency risk and interest rate risk arising from the Group's operations and its sources of financing.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees on the policies for managing each of these risks and they are summarised below:-

(a) Commodity price risk

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group purchases and sells various derivative products, primarily exchange traded futures and options with the purpose of managing market exposure to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of unhedged fixed price physical positions in each commodity.

The Group also enters into commodity derivatives for trading purposes. The Group's trading market risk appetite is determined by the Board of Directors, with detailed exposure limits recommended by the Executive Risk Committee and approved by the Board Risk Committee.

At balance sheet date, if the commodities price index moved by 1.0% with all other variables held constant, the Group's profit net of tax would have changed by $13,947,000 (30 June 2014: $8,145,000) arising as a result of fair value on Group's commodity futures, options contracts, physical sales and purchases commitments as well as the inventory held at balance sheet date.

(b) Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amounts of trade and other receivables, advances to suppliers, margin accounts with brokers, cash and short-term deposits payments, including derivatives with positive fair value represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable banks.

The Group has no significant concentration of credit risk with any single customer.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values.

The Group's maximum exposure to credit risk for trade debtors at the balance sheet date is as follows:-

	Group		Company	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
By operating segments:				
Edible nuts, spices and vegetable ingredients	448,650	470,284	367,928	226,241
Confectionery and beverage ingredients	519,179	383,829	28,805	216,745
Industrial raw materials	129,214	351,062	33,889	194,240
Food staples and packaged food business	205,730	215,161	7,928	12,050
Commodity financial services	9,945	345	7,521	–
	1,312,718	1,420,681	446,071	649,276

34. Financial risk management policies and objectives continued

(b) Credit risk continued

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade receivables).

(c) Foreign currency risk

The Group trades its products globally and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD), Great Britain Pounds (GBP), Euro (EUR), Australian Dollar (AUD) and Singapore Dollar (SGD).

The following table demonstrates the sensitivity of the Group's profit net of tax and equity to a reasonably possible change in the USD, GBP, EUR, AUD and SGD exchange rates, with all other variables held constant.

	Group			
	31 December 2015		30 June 2014	
	Profit net of tax $'000	Equity $'000	Profit net of tax $'000	Equity $'000
	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)
USD – strengthened 0.5%	(351)	–	(1,014)	–
GBP – strengthened 0.5%	(4,121)	(12,488)	(1,412)	(5,445)
EUR – strengthened 0.5%	(9,026)	(1,939)	(7,475)	(5,928)
AUD – strengthened 0.5%	172	984	10	(135)
SGD – strengthened 0.5%	(375)	8,113	(230)	6,135

34. Financial risk management policies and objectives continued

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations associated with its financial liabilities or due to shortage of funds.

To ensure continuity of funding, the Group primarily uses short-term bank facilities that are transaction-linked and self-liquidating in nature. The Group also has a multicurrency medium-term notes programme, as well as term loans from banks, to fund its ongoing working capital requirement and growth needs.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	31 December 2015 $'000				30 June 2014 $'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial liabilities:								
Trade payables and accruals (Note 22)	1,753,711	–	–	1,753,711	1,587,626	–	–	1,587,626
Other current liabilities (Note 23)	358,003	–	–	358,003	336,087	–	–	336,087
Borrowings	5,402,848	6,794,318	661,753	12,858,919	4,924,050	3,798,013	1,418,574	10,140,637
Derivative financial instruments (Note 35)	540,094	–	–	540,094	382,163	–	–	382,163
Total undiscounted financial liabilities	8,054,656	6,794,318	661,753	15,570,727	7,229,926	3,798,013	1,418,574	12,446,513
Company								
Financial liabilities:								
Trade payables and accruals (Note 22)	505,829	–	–	505,829	665,288	–	–	665,288
Other current liabilities (Note 23)	37,794	–	–	37,794	20,595	–	–	20,595
Borrowings	4,030,044	4,850,012	537,858	9,417,914	3,255,127	2,609,588	1,308,910	7,173,625
Derivative financial instruments (Note 35)	368,303	–	–	368,303	193,811	–	–	193,811
Total undiscounted financial liabilities	4,941,970	4,850,012	537,858	10,329,840	4,134,821	2,609,588	1,308,910	8,053,319

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	31 December 2015 $'000				30 June 2014 $'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial guarantees	–	–	–	–	–	–	–	–
Company								
Financial guarantees	1,150,569	–	–	1,150,569	1,236,449	–	–	1,236,449

(e) Interest rate risk

The Company's and the Group's exposure to market risk for changes in interest rates relate primarily to its floating rate loans and borrowings. Interest rate risk is managed on an ongoing basis such as hedging the risk through interest rate derivatives with the primary objective of limiting the extent to which net interest exposure could be affected by adverse movements in interest rates. The details of the interest rates relating to the interest-earning financial assets and interest-bearing financial liabilities are disclosed in various notes to the financial statements.

At the balance sheet date, if interest rates had moved by 25 basis points with all other variables held constant, the Group's profit net of tax would have changed inversely by $10,959,000 (30 June 2014: $19,932,000).

35. Fair values of assets and liabilities

(a) Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

(b) Fair value of assets and liabilities that are carried at fair value

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:-

	Group 31 December 2015			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements				
Financial assets:				
Long-term investment (Note 15)	257,146	–	12,061	269,207
Derivatives financial instruments				
– Foreign exchange contracts	–	187,517	–	187,517
– Commodity contracts	122,272	421,666	52,409	596,347
	379,418	609,183	64,470	1,053,071
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange contracts	–	(169,491)	–	(169,491)
– Commodity contracts	(197,563)	(171,987)	(1,053)	(370,603)
	(197,563)	(341,478)	(1,053)	(540,094)
Non-financial assets:				
Biological assets (Note 12)	–	–	1,009,513	1,009,513
Inventories (Note 19)	–	4,307,608	336,493	4,644,101
	–	4,307,608	1,346,006	5,653,614

35. Fair values of assets and liabilities continued

(b) Fair value of assets and liabilities that are carried fair value continued

	Group 30 June 2014			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements				
Financial assets:				
Long-term investment (Note 15)	393,976	–	13,709	407,685
Short-term investment (Note 15)	–	10,687	–	10,687
Derivatives financial instruments				
– Foreign exchange contracts	–	58,678	–	58,678
– Commodity contracts	61,002	391,507	26,216	478,725
– Convertible and other bonds	–	17,214	–	17,214
	454,978	478,086	39,925	972,989
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange contracts	–	(38,265)	–	(38,265)
– Commodity contracts	(155,294)	(185,129)	(3,475)	(343,898)
	(155,294)	(223,754)	(3,475)	(382,163)
Non-financial assets:				
Biological assets (Note 12)	–	–	914,766	914,766
Inventories (Note 19)	–	2,808,576	14,787	2,823,363
		2,808,576	929,553	3,738,129

Determination of fair value

Long-term investments relate to two investments, of which one is based on quoted closing prices at the balance sheet date; and the other being unquoted, is determined based on valuations using discounted cash flows of the underlying asset.

Short-term investment relate to an investment fund which is not quoted in an active market and is valued based on Net Asset Value ('NAV') per share, which reflects the fair value of underlying assets and liabilities of the fund (subject to adjustments), published by the administrator of the fund. The fund is redeemable at its NAV at the reporting date. The investment fund was wound down during the current financial year.

Foreign exchange contracts and interest rate swaps are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Commodity contracts and inventories are valued based on the following:-

- Level 1 – Based on quoted closing prices at the balance sheet date;
- Level 2 – Valued using valuation techniques with market observable inputs. The models incorporate various inputs including the broker quotes for similar transactions, credit quality of counter-parties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodities; and
- Level 3 – Valued using inputs that are not based on observable inputs such as historical transacted prices and estimates.

The fair value of biological assets (plantations, annual crops and livestock) has been determined through various methods and assumptions. Please refer to Note 12 for more details.

35. Fair values of assets and liabilities continued

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The significant unobservable inputs used in the valuation of biological assets are disclosed in Note 12.

The following table shows the information about fair value measurements of other assets and liabilities using significant unobservable inputs (Level 3):

Recurring fair value measurements	Valuation techniques	Unobservable inputs	Percentage
Financial assets/ liabilities:			
Long-term investment – unquoted	Discounted cash flow	Discount rate	14.6% (30 June 2014: 14.6%)
Commodity contracts	Comparable market approach	Premium on quality per metric tonne	0% to 28% (30 June 2014: 0% to 67%)
Commodity contracts	Comparable market approach	Discount on quality per metric tonne	0% to 25% (30 June 2014: 0% to 27%)
Non-financial assets:			
Inventories	Comparable market approach	Premium on quality per metric tonne	0% to 29% (30 June 2014: 0% to 44%)
Inventories	Comparable market approach	Discount on quality per metric tonne	0% to 35% (30 June 2014: 0% to 75%)

Impact of changes to key assumptions on fair value of Level 3 financial instruments

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	31 December 2015		
		Effect of reasonably possible alternative assumptions	
	Carrying amount $'000	Profit/ (loss) $'000	Other comprehensive income $'000
Recurring fair value measurements			
Financial assets:			
Long-term investment – unquoted	12,061	–	60
Commodity contracts	52,409	(1,823)	–
Financial liabilities:			
Commodity contracts	(1,053)	(184)	–
Non-financial assets:			
Biological assets – increased by 0.5%	1,009,513	(22,162)	–
Biological assets – decreased by 0.5%	1,009,513	23,027	–
Inventories	336,493	3,193	–

35. Fair values of assets and liabilities continued

(c) Level 3 fair value measurements continued

(i) Information about significant unobservable inputs used in Level 3 fair value measurements continued

Impact of changes to key assumptions on fair value of Level 3 financial instruments continued

	30 June 2014		
		Effect of reasonably possible alternative assumptions	
	Carrying amount $'000	Profit/ (loss) $'000	Other comprehensive income $'000
Recurring fair value measurements			
Financial assets:			
Long-term investment – unquoted	13,709	–	69
Commodity contracts	26,216	(505)	–
Financial liabilities:			
Commodity contracts	(3,475)	(343)	–
Non-financial assets:			
Biological assets – increased by 0.5%	914,766	(22,516)	–
Biological assets – decreased by 0.5%	914,766	23,476	–
Inventories	14,787	3,725	–

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

- For certain commodity contracts and inventories, the Group adjusted the market prices of the valuation model by 1%.
- For long-term investment (unquoted), the Group adjusted the assumptions to the model inputs of the valuation model by 0.5%.
- For biological assets, the Group adjusted the estimated discount rate applied to discounted cash flow model by 0.5%.

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value, except for biological assets (Note 12), based on significant unobservable inputs (Level 3):-

	Commodity contracts – assets $'000	Commodity contracts – liabilities $'000	Long-term investment – unquoted (Note 15) $'000	Inventories $'000
At 1 July 2013	15,840	(3,087)	–	16,994
Total gain /(loss) recognised in the profit and loss account				
– Net gain/(loss) on fair value changes, sales, purchases and settlements	10,376	(388)	–	(2,207)
– Net gain from remeasurement of retained interest in former subsidiary	–	–	13,709	–
At 30 June 2014 and 1 July 2014	26,216	(3,475)	13,709	14,787
Total gain recognised in the profit and loss account				
– Net gain on fair value changes	26,193	2,422	–	51,314
– Purchases and sales, net	–	–	–	270,392
– Foreign currency translation adjustments	–	–	(1,648)	–
At 31 December 2015	52,409	(1,053)	12,061	336,493

35. Fair values of assets and liabilities continued

(d) Derivative financial instruments

The Group and Company have master netting arrangements with certain dealers and brokers to settle the net amount due to or from each other. The Group's and Company's derivative financial instruments that are offset are as follows:-

	Group Fair value		Company Fair value	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
31 December 2015				
Derivatives held for hedging: [1]				
Foreign exchange contracts	184,736	(167,600)	160,595	(135,093)
Commodity contracts	1,954,385	(1,774,822)	1,637,062	(1,635,538)
Total derivatives held for hedging	2,139,121	(1,942,422)	1,797,657	(1,770,631)
Derivatives held for trading:				
Foreign exchange contracts	2,781	(1,892)	2,781	(1,892)
Commodity contracts	215,039	(168,857)	215,039	(168,857)
Total derivatives held for trading	217,820	(170,749)	217,820	(170,749)
Total derivatives, gross	2,356,941	(2,113,171)	2,015,477	(1,941,380)
Gross amounts offset in the balance sheet	(1,573,077)	1,573,077	(1,573,077)	1,573,077
Net amounts in the balance sheet	783,864	(540,094)	442,400	(368,303)

1. Derivatives held for hedging that were assessed to be ineffective or classified as fair value through profit or loss are recognised in profit and loss account.

	Group Fair value		Company Fair value	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
30 June 2014				
Derivatives held for hedging [1]				
Foreign exchange contracts	58,678	(38,265)	11,906	(23,608)
Commodity contracts	1,512,402	(1,340,444)	1,299,377	(1,207,714)
Total derivatives held for hedging	1,571,080	(1,378,709)	1,311,283	(1,231,322)
Derivatives held for trading				
Commodity contracts	3,834	(40,965)	–	–
Convertible and other bonds	17,214	–	17,214	–
Total derivatives held for trading	21,048	(40,965)	17,214	–
Total derivatives, gross	1,592,128	(1,419,674)	1,328,497	(1,231,322)
Gross amounts offset in the balance sheet	(1,037,511)	1,037,511	(1,037,511)	1,037,511
Net amounts in the balance sheet	554,617	(382,163)	290,986	(193,811)

1. Derivatives held for hedging that were assessed to be ineffective or classified as fair value through profit or loss are recognised in profit and loss account.

As at 31 December 2015, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 24 months (30 June 2014: 1 and 23 months).

The foreign exchange derivatives held for hedging are used to hedge the foreign currency risk of future purchases or sales. The commodity derivatives held for hedging are used to hedge the commodity price risk related to forecasted transactions. The interest rate derivatives held for hedging are used to hedge the interest rate risk related to the floating rate loans. In addition, a portion of the commodity derivatives are used for trading purposes.

35. Fair values of assets and liabilities continued

(d) Derivative financial instruments continued

For all the foreign exchange and commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 24 months (30 June 2014: 23 months). For all cases where the Group applies hedge accounting, the fair value of the derivative recorded in the fair value adjustment reserves will be recycled through the profit and loss account upon occurrence of the forecasted transactions.

Cash flow hedges of expected transactions that were assessed to be highly effective have resulted in a net fair value loss of $107,931,000 for both the Group and Company as at 31 December 2015 (30 June 2014: loss of $49,778,000 and $56,690,000 respectively).

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

(i) Cash and short-term deposits, trade receivables, advance payments to suppliers and subsidiary companies, other current assets, margin accounts with brokers, amounts due from subsidiary companies, trade payables and accruals, other current liabilities and bank overdrafts.

The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short-term maturity.

(ii) Bank loans, term loans from banks and other bonds (current)

The carrying amount of the bank loans, term loans from banks and other bonds (current) are an approximation of fair values as they are subjected to frequent repricing (floating rates) and/ or because of their short-term maturity.

(f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

(i) Loans to subsidiary companies, loans to jointly controlled entities and loan to associate

Loans to subsidiary companies, loans to jointly controlled entities and loan to associate have no fixed terms of repayment and are repayable only when the cash flow of the entities permits. Accordingly, the fair value of these amounts is not determinable as the timing of the future cash flow arising from these balances cannot be estimated reliably.

(ii) Other non-current assets – investment in dairy co-operative

The Group's investment in a dairy co-operative has been carried at cost because fair value cannot be measured reliably as the dairy co-operative is not listed and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

(iii) Convertible bonds, medium-term notes and other bonds

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:-

	Group		Company	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
31 December 2015				
Financial liabilities:				
Convertible bonds	321,166	334,321	321,166	334,321
Medium-term notes	2,946,507	2,986,593	2,946,507	2,986,593
Other bonds	352,101	390,741	352,101	390,741
30 June 2014				
Financial liabilities:				
Convertible bonds	575,528	689,415	575,528	689,415
Medium-term notes	1,699,547	1,787,487	1,699,547	1,787,487
Other bonds	1,199,062	1,337,865	1,190,602	1,329,404

The fair value of medium-term notes and all bonds is determined directly by reference to their published market bid price at the end of the respective financial years (Level 1).

36. Capital management

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors vis-a-vis the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long-term capital investments. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 30 June 2014.

The Group calculates the level of debt capital required to finance the working capital requirements using traditional and modified financial metrics including leverage/gearing ratios and asset turnover ratios.

As of balance sheet date, leverage ratios are as follows:-

	Group	
	31 December 2015	30 June 2014
Gross debt to equity:		
– Before fair value adjustment reserve	2.35 times	2.19 times
Net debt to equity:		
– Before fair value adjustment reserve	1.94 times	1.82 times

The Group assesses the level of debt capital used to finance capital investment in respect of the projected risk and returns of these investments using a number of traditional and modified investment and analytical models including discounted cash flows. It also assesses the use of debt capital to fund such investments relative to the impact on the Group's overall debt capital position and capital structure.

In order to manage its capital structure, the Group may issue debt of either a fixed or floating nature, arrange credit facilities, issue medium-term notes, issue new shares or convertible bonds and adjust dividend payments.

37. Classification of financial assets and liabilities

Group	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale $'000	Fair value through profit or loss/held for trading $'000
31 December 2015					
Financial assets:					
Loans to jointly controlled entities (Note 14(a))	121,757	–	–	–	–
Loan to associate (Note 14(b))	334,658	–	–	–	–
Long-term investments (Note 15)	–	–	–	269,207	–
Trade receivables (Note 17)	1,495,246	–	–	–	–
Margin accounts with brokers (Note 18)	189,724	–	–	–	–
Advance payments to suppliers (Note 20)	714,972	–	–	–	–
Other current assets (Note 21)	894,841	–	–	–	791
Cash and short-term deposits (Note 33)	2,114,805	–	–	–	28,367
Derivative financial instruments (Note 35)	–	–	733,767	–	50,097
Other non-current assets (Note 21)	47,219	–	–	–	10,596
	5,913,222	–	733,767	269,207	89,851
Financial liabilities:					
Trade payables and accruals (Note 22)	–	1,753,711	–	–	–
Other current liabilities (Note 23)	–	438,160	–	–	–
Borrowings (Note 24)	–	12,293,915	–	–	–
Derivative financial instruments (Note 35)	–	–	537,069	–	3,025
	–	14,485,786	537,069	–	3,025

37. Classification of financial assets and liabilities continued

Group	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale $'000	Fair value through profit or loss/held for trading $'000
30 June 2014					
Financial assets:					
Loans to jointly controlled entities (Note 14(a))	128,764	–	–	–	–
Loan to associate (Note 14(b))	317,854	–	–	–	–
Long-term investments (Note 15)	–	–	–	407,685	–
Trade receivables (Note 17)	1,613,223	–	–	–	–
Margin accounts with brokers (Note 18)	225,499	–	–	–	–
Advance payments to suppliers (Note 20)	706,652	–	–	–	–
Other current assets (Note 21)	384,558	–	–	–	10,687
Cash and short-term deposits (Note 33)	1,546,451	–	–	–	43,624
Derivative financial instruments (Note 35)	–	–	533,569	–	21,048
Other non-current assets (Note 21)	14,495	–	–	8,653	–
	4,937,496	–	533,569	416,338	75,359
Financial liabilities:					
Trade payables and accruals (Note 22)	–	1,587,626	–	–	–
Other current liabilities (Note 23)	–	423,563	–	–	–
Borrowings (Note 24)	–	9,339,906	–	–	–
Derivative financial instruments (Note 35)	–	–	341,198	–	40,965
	–	11,351,095	341,198	–	40,965

37. Classification of financial assets and liabilities continued

Company	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale $'000	Fair value through profit or loss/held for trading $'000
31 December 2015					
Financial assets:					
Loans to subsidiary companies (Note 13)	1,013,096	–	–	–	–
Loans to jointly controlled entities (Note 14(a))	121,826	–	–	–	–
Loan to associate (Note 14(b))	334,658	–	–	–	–
Long-term investments (Note 15)	–	–	–	257,146	–
Amounts due from subsidiary companies (Note 16)	1,789,599	–	–	–	–
Trade receivables (Note 17)	447,430	–	–	–	–
Margin accounts with brokers (Note 18)	122,589	–	–	–	–
Advance payments to suppliers (Note 20)	3,213,529	–	–	–	–
Other current assets (Note 21)	89,448	–	–	–	–
Cash and short-term deposits (Note 33)	1,389,889	–	–	–	28,367
Derivative financial instruments (Note 35)	–	–	392,303	–	50,097
	8,522,064	–	392,303	257,146	78,464
Financial liabilities:					
Trade payables and accruals (Note 22)	–	505,829	–	–	–
Other current liabilities (Note 23)	–	107,873	–	–	–
Borrowings (Note 24)	–	9,030,519	–	–	–
Derivative financial instruments (Note 35)	–	–	365,278	–	3,025
	–	9,644,221	365,278	–	3,025
30 June 2014					
Financial assets:					
Loans to subsidiary companies (Note 13)	1,031,402				
Loans to jointly controlled entities (Note 14(a))	128,130	–	–	–	–
Loan to associate (Note 14(b))	317,854	–	–	–	–
Long-term investments (Note 15)	–	–	–	393,976	–
Amounts due from subsidiary companies (Note 16)	1,783,155	–	–	–	–
Trade receivables (Note 17)	650,185	–	–	–	–
Margin accounts with brokers (Note 18)	140,600	–	–	–	–
Advance payments to suppliers (Note 20)	2,263,147	–	–	–	–
Other current assets (Note 21)	24,686	–	–	–	10,687
Cash and short-term deposits (Note 33)	1,139,395	–	–	–	43,624
Derivative financial instruments (Note 35)	–	–	273,772	–	17,214
	7,478,554	–	273,772	393,976	71,525
Financial liabilities:					
Trade payables and accruals (Note 22)	–	665,288	–	–	–
Other current liabilities (Note 23)	–	99,702	–	–	–
Borrowings (Note 24)	–	6,669,769	–	–	–
Derivative financial instruments (Note 35)	–	–	193,811	–	–
	–	7,434,759	193,811	–	–

38. Segmental information

The Group's businesses are organised and managed as five broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and merchandising span across a broad range of agricultural products.

The segmentation of products has been done in the following manner:-

- Edible Nuts, Spices and Vegetable Ingredients – cashews, peanuts, almonds, hazelnuts, spices and vegetable ingredients, sesame and beans (including pulses, lentils and peas).
- Confectionery and Beverage Ingredients – cocoa and coffee.
- Industrial Raw Materials – cotton, wool, wood products, rubber, agri inputs (fertiliser) and special economic zone project.
- Food Staples and Packaged Foods – rice, sugar and natural sweeteners, grains such as wheat, barley, corn, palm products, dairy products and packaged foods.
- Commodity Financial Services – market making, risk management solutions, commodity funds management.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate cash, fixed deposits, other receivables and corporate liabilities such as taxation, amounts due to bankers and medium-term notes. Assets which are unallocated are common and shared by segments and thus it is not practical to allocate them.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The measure used by management to evaluate segment performance is different from the operating profit or loss in the consolidated financial statements, as explained in the table below.

In the prior year, management assessed the performance of the operating segments based on a measure of Earnings Before Interest and Tax ('EBIT'). In the current year, following a strategy review, management has changed this measure to Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA'). Management also excludes certain items of income and expenses such as gain or loss on disposal of property, plant and equipment and gain or loss on disposal/ partial disposal of investments as these are not expected to recur every year and are analysed separately. Comparatives for this note have accordingly been restated to conform with this new measure.

Group financing (including finance cost), which is managed on group basis, and income tax which is evaluated on group basis are not allocated to operating segments.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are attributed to the location of those assets.

38. Segmental information continued

(a) Business segments

	Edible nuts, spices and vegetable ingredients		Confectionery and beverage ingredients		Industrial raw Materials		Food staples and packaged foods		Commodity financial services		Consolidated	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Segment revenue :												
Sales to external customers	6,073,053	3,452,046	9,569,240	5,048,759	3,902,286	3,654,831	8,686,007	7,265,443	–	723	28,230,586	19,421,802
Segment result (EBITDA)	538,531	362,650	471,876	275,359	255,382	215,476	351,228	339,928	8,430	(24,623)	1,625,447	1,168,790
Depreciation and amortisation	(115,094)	(68,604)	(65,608)	(31,315)	(34,362)	(36,066)	(126,461)	(79,341)	(452)	(251)	(341,977)	(215,577)
Finance costs	–	–	–	–	–	–	–	–	–	–	(835,733)	(519,240)
Finance income	–	–	–	–	–	–	–	–	–	–	49,992	14,399
Exceptional items [1]	(4,855)	34,062	(34,122)	(27,391)	(4,409)	(37,749)	(216,295)	329,532	–	955	(259,681)	299,409
Profit before taxation											238,048	747,781
Taxation expense											(141,577)	(106,509)
Profit for the financial year											96,471	641,272
Segment assets	4,076,152	3,480,240	6,851,488	3,849,224	2,350,998	2,385,498	3,604,910	3,766,729	88,156	40,902	16,971,704	13,522,593
Unallocated assets [2]											3,820,650	2,784,000
											20,792,354	16,306,593
Segment liabilities	595,293	313,225	1,133,569	719,286	223,629	264,877	373,503	655,630	5,605	37,491	2,331,599	1,990,509
Unallocated liabilities [3]											13,101,672	10,093,756
											15,433,271	12,084,265
Other segmental information:												
Share of results from jointly-controlled entities and associates	–	–	95	28	5,430	(8,846)	(3,240)	11,005	–	–	2,285	2,187
Investments in jointly-controlled entities and associates	–	650	1,275	1,082	587,369	539,085	310,251	294,576	–	–	898,895	835,393
Capital expenditure	136,080	68,046	105,309	67,969	84,971	232,506	238,899	198,966	685	59	565,944	567,546

(b) Geographical segments

	Asia, Middle East and Australia		Africa		Europe		Americas		Eliminations		Consolidated	
	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000	31 December 2015 $'000	30 June 2014 $'000
Segment revenue:												
Sales to external customers	10,682,446	8,035,828	4,088,419	4,127,563	7,616,115	3,972,257	5,843,606	3,286,154	–	–	28,230,586	19,421,802
Intersegment sales	6,076,699	3,213,746	3,197,365	2,515,608	1,791,671	985,545	3,744,856	2,132,729	(14,810,591)	(8,847,628)	–	–
	16,759,145	11,249,574	7,285,784	6,643,171	9,407,786	4,957,802	9,588,462	5,418,883	(14,810,591)	(8,847,628)	28,230,586	19,421,802
Non-current assets [4]	3,750,153	2,701,834	1,782,543	1,778,493	418,074	526,313	1,398,965	1,183,375	–	–	7,349,735	6,190,015

(c) Information on major customers

The Group has no single customer accounting for more than 10% of the turnover.

38. Segmental information continued

1 Exceptional items included the following items of income/ (expenses):-

	Group 31 December 2015 $'000	30 June 2014 $'000
Sale-and-leaseback of palm plantations assets, Gabon	33,634	–
Sale-and-leaseback of dairy farm land, Uruguay	23,429	–
Sale of dairy processing plant, Côte d'Ivoire	14,792	–
Fair valuation of investment in PureCircle Limited	(192,612)	270,315
Loss on bond buy-back – fair value component	(18,591)	–
Dairy restructuring costs, Uruguay	(76,946)	–
ADM Cocoa acquisition expenses	(34,123)	–
Sale of wool business, Australia	(2,739)	–
Closure of spices, vegetables ingredients dehydrates facility, USA	(4,855)	–
Impairment of cotton gins, USA	(1,670)	–
Sale and leaseback of almond plantation assets	–	65,362
Sale of stake in grain business, Australia	–	46,421
Non-operational gain on biological assets	–	17,826
Sale of cotton gins, Australia	–	12,161
Gain on bond buy-back	–	957
Impairment of mechanical cashew facility, Nigeria	–	(25,314)
Laos coffee impairment	–	(24,403)
Sale of timber subsidiary (CFA), Gabon	–	(22,594)
Accelerated amortisation of facility fees	–	(21,103)
Sale of timber assets, Gabon	–	(14,583)
Sale of additional stake in GSEZ, Gabon	–	(5,041)
Sale of stake in Open Country Dairy Limited, New Zealand	–	(595)
	(259,681)	299,409

The finance costs and tax expense related to the above items amounted to $107,957,000 (30 June 2014: $Nil) and $3,682,000 (30 June 2014: $16,308,000) respectively.

2 The following unallocated assets items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:-

	Group 31 December 2015 $'000	30 June 2014 $'000
Cash and bank balances	1,921,773	1,529,147
Other current/non-current assets	1,346,052	746,043
Long-term investments	269,207	407,685
Fixed deposits	221,399	60,928
Deferred tax assets	62,219	22,983
Fair value of derivative assets	–	17,214
	3,820,650	2,784,000

38. Segmental information continued

3 The following unallocated liabilities items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:-

	Group	
	31 December 2015 $'000	30 June 2014 $'000
Borrowings	12,293,915	9,339,906
Deferred tax liabilities	318,816	266,035
Other liabilities	406,911	407,602
Provision for taxation	82,030	80,213
	13,101,672	10,093,756

4 Non-current assets mainly relate to property, plant and equipment, intangible assets, biological assets, investments in jointly controlled entities and associates and long-term investments.

39. Events occurring after the reporting period

(a) On 11 January 2016, the Company announced that it has acquired Amber Foods Limited, which through its 100% owned subsidiary Quintessential Foods Nigeria Limited owns the wheat milling and pasta manufacturing assets of the BUA Group in Nigeria, for a total enterprise value of US$275.0 million.

The BUA Group, a diversified foods and infrastructure business group in Nigeria, is among the top five wheat millers in the country with wheat milling and pasta manufacturing capacities of 3,760 and 700 metric tonnes per day respectively. The assets to be acquired include two wheat mills and a pasta manufacturing facility in Lagos, a non-operating mill in Kano in the north of Nigeria, and a wheat mill and a pasta manufacturing plant under construction in Port Harcourt in the south-east of Nigeria.

(b) On 15 January 2016, the Company announced that the settlement for the repurchase of a principal amount of US$175.9 million of the US$500,000,000 6 per cent. Convertible Bonds due 2016 ('Bonds'), at a price of 102.5% of their principal amount, had been effected. On 22 January 2016, the Company announced the repurchase of a principal amount of US$10.3 million of Bonds.

On 23 February 2016, the Company announced that the outstanding US$44.3 million of Bonds have also been redeemed at 100% of their principal amount and following such redemption, all of the outstanding Bonds have been cancelled.

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