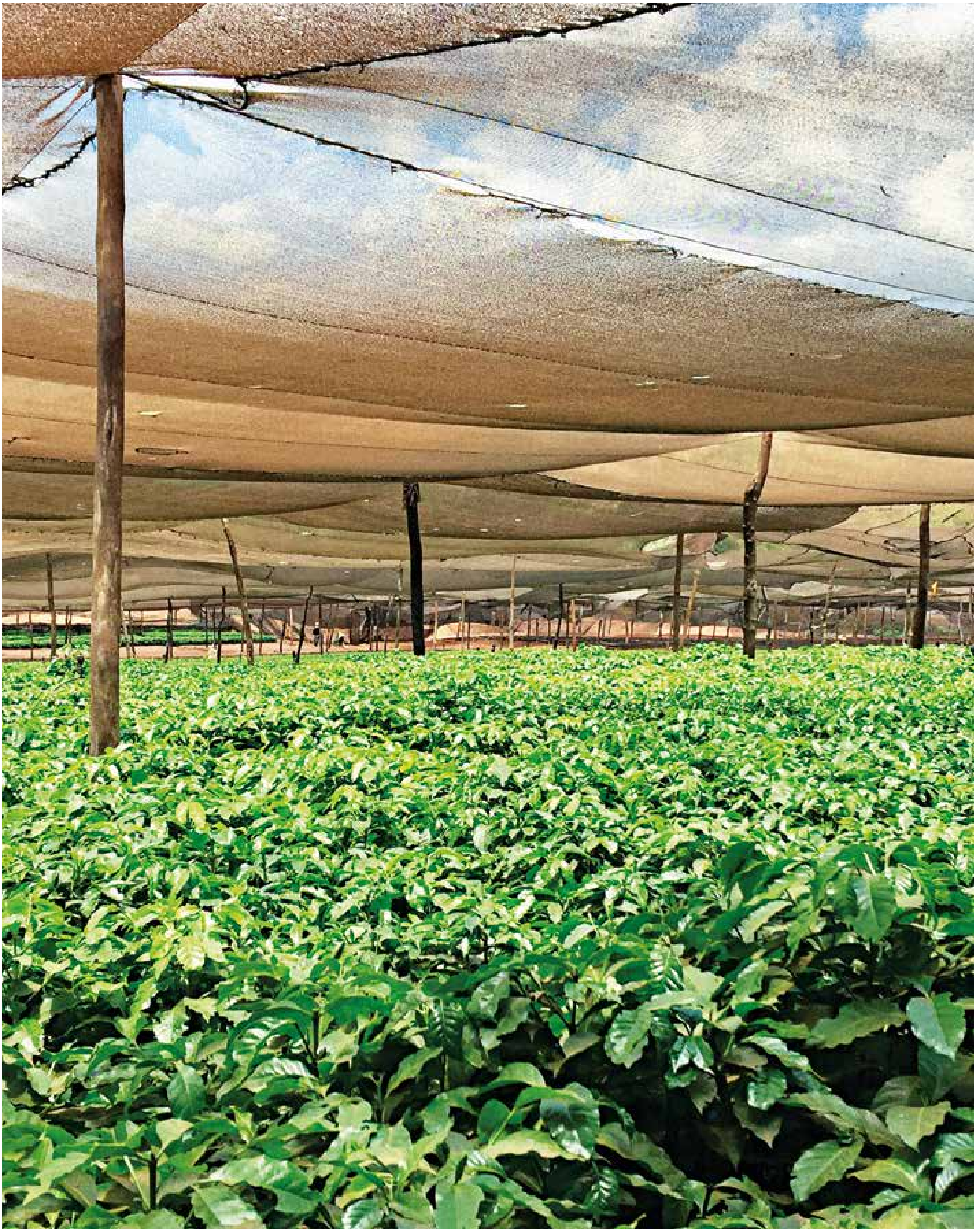
Financial Report

Annual Report 2016

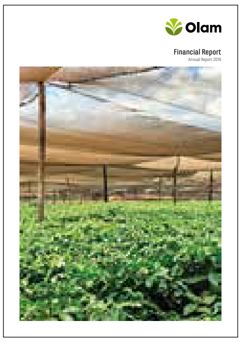


Contents

Annual financial statements

About this report

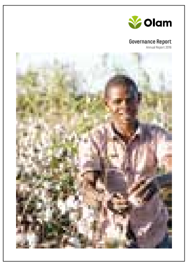
This annual report has 3 chapters. These can be read independently, however for the purpose of compliance they are intended to be viewed as a single document.



Financial Report

Our figures and respective notes are enclosed within this chapter. It should be read in conjunction with the Strategy Report to give a balanced account of internal and external factors.

Strategy Report



Governance Report

These are available to download at olamgroup.com/investor-relations along with additional information, or can be requested in print from ir@olamnet.com.

Cover image

Cultivating coffee plants in our nursery to supply Olam Aviv's plantation and local smallholders, Tanzania

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 ended 31 December 2016.

1. Opinion of the directors

In the opinion of the directors,

(i) the financial statements set out on pages 10 to 86 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 2016 and the financial performance, changes in equity of the Group and of the Company, and the cash flows of the Group for the financial year 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:-

Lim Ah Doo (Appointed on 1 November 2016)
Sunny George Verghese
Jean-Paul Pinard
Sanjiv Misra
Nihal Vijaya Devadas Kaviratne CBE
Yap Chee Keong
Marie Elaine Teo
Yutaka Kyoya
Katsuhiro Ito
Rachel Eng Yaag Ngee (Appointed on 25 April 2016)
Shekhar Anantharaman

In accordance with the Company's Articles of Association comprising part of the Constitution of the Company, Messrs. Jean-Paul Pinard, Sanjiv Misra, Sunny George Verghese and Shekhar Anantharaman will retire under Article 103 and Mr. Lim Ah Doo will retire under Article 109. They 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 ended 31 December 2016 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.

Directors' Statement continued

4. Directors' interests in shares and debentures

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

	Held in the name of the director or nominee			Deemed interest		
Name of directors	As at 1.1. 2016 or date of appointment, if later	**As at 31.12.2016**	**As at 21.1.2017**	As at 1.1.2016 or date of appointment, if later	**As at 31.12.2016**	**As at 21.1.2017**
The Company						
Olam International Limited						
(a) Ordinary shares						
Sunny George Verghese	111,646,477	**111,646,477**	**111,646,477**	–	–	–
Shekhar Anantharaman	12,619,672	**12,619,672**	**12,619,672**	–	–	–
(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) 428,934,252 Warrants issued at an exercise price of US$1.14 for each new share [1]						
Sunny George Verghese	19,421,192	**20,178,230**	**20,178,230**	–	–	–
Shekhar Anantharaman	2,684,452	**2,789,093**	**2,789,093**	–	–	–
Jean-Paul Pinard	751,647	**780,949**	**780,949**	–	–	–
(d) Euro Medium Term Note Programme						
Nihal Vijaya Devadas Kaviratne, CBE [2]	US$200,000	**US$200,000**	**US$200,000**	–	–	–
(e) 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) Mapletree Greater China Commercial Trust Management Ltd						
(Unit holdings in Mapletree Greater China Commercial Trust)						
Sunny George Verghese	–	**510,000**	**510,000**	–	–	–
(b) Mapletree Logistics Trust Management Ltd						
(Unit holdings in Mapletree Logistics Trust)						
Sunny George Verghese	–	**505,000**	**505,000**	–	–	–
Lim Ah Doo [3]	185,000	**185,000**	**185,000**	–	–	–
(c) Mapletree Commercial Trust Management Ltd.						
(3.25% Bonds Maturity 3 February 2023)						
Yap Chee Keong	$250,000	**$250,000**	**$250,000**	–	–	–
(d) Singapore Technologies Engineering Ltd						
Lim Ah Doo [3]	31,300	**31,300**	**31,300**	–	–	–
(e) Starhub Ltd						
(Ordinary Shares)						
Nihal Vijaya Devadas Kaviratne, CBE [4]	37,900	**19,000**	**19,000**	–	–	–
Sanjiv Misra [5]	60,000	**60,000**	**60,000**	–	–	–
Rachel Eng Yaag Ngee	6,900	**6,900**	**6,900**	–	–	–

1. On 29 January 2013, the Company undertook a renounceable underwritten rights issue (the 'Rights Issue') of US$750,000,000 6.75 per cent. 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 ('SGX-ST'). 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 Company has fully redeemed the Bonds. These Warrants are exercisable from 29 January 2016 to 29 January 2018. Under the terms and conditions of the Warrants, the exercise price of the Warrants and the number of Warrants may be adjusted as a result of certain events. At the end of the financial year, the exercise price of the Warrants was adjusted to US$1.14 and a total of 428,934,252 Warrants were outstanding.
2. This refers to the Notes issued under Series 006 of the US$5,000,000,000 Euro Medium Term 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 per cent fixed rate notes due 2020.
3. Lim Ah Doo was appointed as director of the Company on 1 November 2016.
4. Partial interest held through The Kaviratne Family Trust which was disposed in the course of the year.
5. Held in trust by Windsor Castle Holding Ltd for Sanjiv Misra and spouse.

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

The Company offers the following share plans to its employees:

(a) Olam Employee Share Option Scheme, and

(b) Olam Share Grant Plan.

These share plans are administered by the Human Resource & Compensation Committee ('HRCC'), which comprises the following directors:-

Lim Ah Doo	(Appointed on 1 November 2016)
Yutaka Kyoya	
Jean-Paul Pinard	
Sanjiv Misra	
Rachel Eng Yaag Ngee	(Appointed 25 April 2016)

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.

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 ESOS has expired on 3 January 2015. The terms of the ESOS continue to apply to outstanding options granted under the ESOS. The ESOS rules amended on 29 October 2008 may be read in the Appendix 1 of the Company's circular dated 13 October 2008.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS outstanding as at 31 December 2016 are as follows:-

Expiry date	Exercise price ($)	Number of options
21 July 2019	2.28	33,010,000
17 February 2020	2.35	15,000,000
23 July 2020	2.64	3,425,000
17 December 2020	3.10	650,000
14 March 2021	2.70	1,295,000
30 December 2021	2.16	2,690,000
15 June 2022	1.76	16,672,000
Total		**72,742,000**

The details of options granted to the directors, 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	–	–	30,000,000	15,000,000	15,000,000
Shekhar Anantharaman	–	–	5,800,000	800,000	5,000,000

The 15,000,000 options granted to Sunny George Verghese in financial year 2010 were 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 where the vesting conditions were met. The options will expire ten years after the date of grant.

The 1,750,000 options granted to Shekhar Anantharaman in financial year 2010 were exercisable in tranches of 25% and 75% at the end of the third and fourth anniversary from the date of grant (21 July 2009) at the exercise price of $2.28 where the vesting conditions were 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.

Directors' Statement continued

5. 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 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.

An employee's Award under the OSGP will be determined at the absolute discretion of the HRCC. In considering an Award to be granted to an employee, the HRCC may take into account, inter alia, the employee's performance during the relevant period, and his capability, entrepreneurship, scope of responsibility and skills set. The OSGP contemplates 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. Examples of performance targets include targets based on criteria such as total shareholders' return, return on invested capital, economic value added, or on the Company meeting certain specified corporate target(s). It is also currently intended that a Retention Period, during which the Shares awarded may not be transferred or otherwise disposed of (except to the extent set out in the Award Letter or with the prior approval of the HRCC), may be imposed in respect of Shares awarded to the employees under the OSGP.

Details of the Awards granted to the directors, are as follows:-

Type of Grant		Performance share awards ('PSA')	Restricted share awards ('RSA')
Date of Grant	7 April 2015	15 April 2016	15 April 2016
Number of Shares which are subject of the Awards granted(*)	11,817,500	10,397,000	5,423,000
Number of employees receiving Shares Awards	280	297	294
Market Value of Olam Shares on the Date of Grant	$1.985	$1.72	$1.72
Number of Shares awarded Granted to directors and Controlling Shareholders (and their Associates) of the Company, if any.	Sunny George Verghese 400,000	Sunny George Verghese 410,000	Sunny George Verghese 410,000
	Shekhar Anantharaman 250,000	Shekhar Anantharaman 350,000	Shekhar Anantharaman 232,000
Vesting Date of Shares awarded	April 2018	April 2019	Tranche 1 – 25%: 1 April 2017 Tranche 2 – 25%: 1 April 2018 Tranche 3 – 25%: 1 April 2019 Tranche 4 – 25%: 1 April 2020

The actual number of shares to be delivered pursuant to the PSA 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.

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.

6. Audit Committee

The Audit Committee (the 'AC') comprises three Independent directors and a Non-Executive director. The members of the AC are Yap Chee Keong (Chairman), Katsuhiro Ito, Nihal Vijaya Devadas Kaviratne CBE and Rachel Eng Yaag Ngee (appointed on 25 April 2016). The AC performed the functions specified in section 201B(5) of the Singapore Companies Act, Chapter 50, the Singapore Code of Corporate Governance and the Listing Manual of the SGX-ST.

The AC held five meetings during the year under review. The AC 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 AC 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 SGX-ST); and
- the scope and results of the audit.

Further, the AC

- 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 AC;
- made recommendations to the board of directors in relation to the external auditor's reappointment and their compensation for the renewed period; and
- reported actions and minutes of the AC meetings to the board of directors with such recommendations as the AC considered appropriate.

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

The AC 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 AC 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 SGX-ST.

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

7. Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as independent auditor.

On behalf of the board of directors,

Lim Ah Doo
Director

Sunny George Verghese
Director
20 March 2017

Independent Auditor's Report

For the financial year ended 31 December 2016
To the Members of Olam International Limited

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 10 to 86, which comprise the balance sheets of the Group and the Company as at 31 December 2016, 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 then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1 Valuation of goodwill, intangible assets and tangible assets/liabilities through business combinations

During the year, the Group completed various acquisitions as disclosed in Note 11. The Group has determined these acquisitions to be business combinations for which the purchase price is to be allocated between acquired assets and liabilities, identified intangible assets and contingent liabilities, and leading to the resultant recognition of goodwill at their respective fair values. As a policy, for significant acquisitions, independent professional valuers were engaged by the Group to perform purchase price allocation exercise, fair valuation of acquired assets and liabilities and/or identification and valuation of intangible assets. The identification of such assets and liabilities, including contingent assets and liabilities and their measurement at fair value is inherently judgemental, thus we considered this area to be a key audit matter.

We have obtained the valuations prepared by management or independent valuers engaged by the Group. We, together with our valuation specialists, assessed the competence and capabilities of the valuers and objectivity of the valuers, and assessed the reasonableness of their conclusions having regard to the key assumptions including forecast cash flows focusing on revenues and earnings before interest, tax depreciation and amortisation ('EBITDA'), appropriateness of discount and growth rates and cross-checking valuation calculations against comparable companies, whilst considering the risk of management bias.

We have also assessed the Group's determination of the fair value of the remaining assets and liabilities having regard to the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations and this would also include assessment on the reasonableness of the useful lives of the intangible and tangible assets and the consideration given. We also considered the adequacy of disclosures on contingent liabilities and assets in relation to the acquisition.

Key audit matters continued

2 Impairment assessment of goodwill, indefinite life intangible assets and fixed assets

The Group makes and has significant investments in fixed assets, goodwill and intangible assets that are associated with its operations and business units around the world. Management performs an annual impairment review of goodwill and intangible assets with indefinite life and performs an impairment assessment of the identified fixed assets when there are indicators of impairment. These valuations of the fixed assets, goodwill and indefinite life intangible assets are performed by management with the help of independent professional valuers where applicable. Valuation models based on the business units' cash flow forecast are used to determine the realisable values for the purposes of the impairment assessments. Due to the element of judgement exercised in forecasting and discounting future cash flows, we have considered this to be a key audit matter. Details of fixed assets and goodwill and indefinite life intangible assets are disclosed in Notes 10 and 11 respectively.

We have obtained the value in use assessment prepared by management and assessed the reasonableness of management's conclusions having regard to the key assumptions including forecast cash flows focusing on revenues and earnings before interest, tax depreciation and amortisation ('EBITDA'), appropriateness of discount and growth rates to historical trends to assess the reliability of management's forecast, in addition to comparing forecast assumptions to external market analysis and confirming the mathematical accuracy of the underlying calculations, whilst considering the risk of management bias.

We also reviewed the Group's disclosures of the application of judgement in estimating cash-generating units cash flows and the sensitivity of the results of those estimates adequately reflect the risks associated with goodwill, indefinite life intangible assets and fixed assets impairment.

3 Valuation of biological assets

The Group operates various farms and plantations for which either the livestock, agricultural produce ('fruits on trees') or annual crops are subject to valuation. These biological assets, where significant, are fair valued by professional independent valuers engaged by the Group using industry/ market accepted valuation methodology and approaches. Due to the measurement of fair value being inherently judgemental, we have considered this to be a key audit matter.

We had obtained the valuations of biological assets prepared by management and independent professional valuers engaged by the Group. The fair value reports are reviewed by us together with our valuation specialists for appropriateness of the fair value methodology used and reasonableness of the assumptions used which include forecast cash flows, discount rates and yield rates for the plantations and market prices of the fruits or nuts/crop and livestock. We assessed the competence, capabilities and objectivity of the independent professional valuers and assessed the reasonableness of their conclusions having regard to the key assumptions mentioned above.

We also reviewed the Group's disclosures of the application of judgement in estimating cash-generating units cash flows and the sensitivity of the results of those estimates adequately reflect the risks associated with biological assets valuation.

4 Valuation of financial instruments

In the ordinary course of business, the Group enter into various financial instruments which are required to be carried at fair value. The fair value of financial instruments which are not measured by quoted prices (unadjusted) in active market are determined through the application of valuation techniques which often involve the exercise of judgement by management and the use of assumptions and estimates. Due to the significance of financial instruments and the related judgement in estimation, this is considered a key audit matter.

We have reviewed and assessed the controls over identification, measurement and management of valuation risk, and evaluating the methodologies, inputs and assumptions used by the Group in determining fair values. The review also included comparisons of observable inputs against independent sources and externally available market data.

For financial instruments with significant unobservable valuation inputs and with the assistance of our own valuation specialists, we have reviewed and assessed the assumptions and models used or re-performed an independent valuation assessment to assess the reasonableness of the computed fair value. Additionally, we reviewed the appropriateness and adequacy of disclosures of fair value risks and sensitivities in Note 34 and 35 to the financial statement to reflect the Group's exposure to valuation risk.

Independent Auditor's Report continued

For the financial year ended 31 December 2016

To the Members of Olam International Limited

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information in the Annual Report 2016 comprises the information included in (i) Strategy Report, (ii) Governance Report and (iii) Shareholding Information (within the Financial Report) sections, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Vincent Toong.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
20 March 2017

Consolidated Profit and Loss Account

For the financial year ended 31 December 2016

		Group	
	Note	**1 January 2016 to 31 December 2016 $'000**	1 July 2014 to 31 December 2015 (As restated) $'000
Sale of goods and services	4	**20,587,032**	28,230,586
Other income	5	**47,265**	142,237
Cost of goods sold	6	**(18,363,777)**	(25,045,117)
Net gain/(loss) from changes in fair value of biological assets	12	**14,141**	(101,980)
Depreciation and amortisation	10, 11	**(353,481)**	(387,058)
Other expenses	7	**(1,103,939)**	(1,877,463)
Finance income		**30,248**	49,992
Finance costs	8	**(446,248)**	(835,733)
Share of results from jointly controlled entities and associates	14	**22,160**	2,285
Profit before taxation		**433,401**	177,749
Income tax expense	9	**(94,314)**	(125,808)
Profit for the financial year		**339,087**	51,941
Attributable to:			
Owners of the Company		**351,312**	54,193
Non-controlling interests		**(12,225)**	(2,252)
		339,087	51,941
Earnings per share attributable to owners of the Company (cents)			
Basic	25	**11.54**	1.17
Diluted	25	**11.14**	1.12

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2016

	Group	
	1 January 2016 to 31 December 2016 $'000	1 July 2014 to 31 December 2015 (As restated) $'000
Profit for the financial year	**339,087**	51,941
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net loss on fair value changes during the financial year	**(44,170)**	(189,049)
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	**(54,111)**	(51,290)
Foreign currency translation adjustments	**(306,122)**	97,953
Share of other comprehensive income of jointly controlled entities and associates	**(19,616)**	(12,839)
Other comprehensive income for the year, net of tax	**(424,019)**	37,387
Total comprehensive income for the year	**(84,932)**	89,328
Attributable to:		
Owners of the Company	**(80,320)**	86,649
Non-controlling interests	**(4,612)**	2,679
	(84,932)	89,328

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

Balance Sheets

For the financial year ended 31 December 2016

		Group			Company	
	Note	**31 December 2016 $'000**	31 December 2015 (As restated) $'000	1 July 2014 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000
Non-current assets						
Property, plant and equipment	10	**5,367,039**	4,721,980	3,910,125	**12,581**	19,172
Intangible assets	11	**1,313,608**	1,114,339	648,758	**304,573**	218,851
Biological assets	12	**450,564**	336,146	341,923	**–**	–
Subsidiary companies	13	**–**	–	–	**5,550,460**	4,731,656
Deferred tax assets	9	**95,735**	62,219	22,983	**–**	2,622
Investments in jointly controlled entities and associates	14	**889,838**	898,895	835,393	**724,826**	740,663
Long-term investments	15	**148,492**	269,207	407,685	**136,321**	257,146
Other non-current assets	21	**30,400**	30,966	23,148	**–**	–
		8,295,676	7,433,752	6,190,015	**6,728,761**	5,970,110
Current assets						
Amounts due from subsidiary companies	16	**–**	–	–	**3,583,148**	1,789,599
Trade receivables	17	**1,656,457**	1,495,246	1,613,223	**385,620**	447,430
Margin accounts with brokers	18	**164,958**	189,724	225,499	**153,544**	122,589
Inventories	19	**7,414,311**	6,691,668	4,685,698	**1,144,986**	827,397
Advance payments to suppliers	20	**880,602**	714,972	706,652	**142,456**	128,680
Advance payments to subsidiary companies	20	**–**	–	–	**2,196,193**	3,084,849
Cash and short-term deposits	33	**2,144,051**	2,143,172	1,590,075	**1,274,672**	1,418,255
Derivative financial instruments	34	**1,926,151**	783,864	554,617	**1,118,686**	442,400
Other current assets	21	**986,678**	1,402,495	740,814	**151,116**	173,144
		15,173,208	13,421,141	10,116,578	**10,150,421**	8,434,343
Current liabilities						
Trade payables and accruals	22	**(2,201,494)**	(1,753,711)	(1,587,626)	**(949,283)**	(505,829)
Borrowings	24	**(5,983,035)**	(5,512,179)	(4,503,756)	**(3,632,631)**	(4,212,428)
Derivative financial instruments	34	**(987,942)**	(540,094)	(382,163)	**(681,162)**	(368,303)
Provision for taxation		**(84,949)**	(82,030)	(80,213)	**(24,739)**	(17,289)
Other current liabilities	23	**(383,731)**	(444,705)	(428,322)	**(115,176)**	(107,873)
		(9,641,151)	(8,332,719)	(6,982,080)	**(5,402,991)**	(5,211,722)
Net current assets		**5,532,057**	5,088,422	3,134,498	**4,747,430**	3,222,621
Non-current liabilities						
Deferred tax liabilities	9	**(505,876)**	(420,782)	(266,035)	**(8,103)**	(6,817)
Borrowings	24	**(7,687,553)**	(6,781,736)	(4,836,150)	**(6,435,337)**	(4,818,091)
		(8,193,429)	(7,202,518)	(5,102,185)	**(6,443,440)**	(4,824,908)
Net assets		**5,634,304**	5,319,656	4,222,328	**5,032,751**	4,367,823
Equity attributable to owners of the Company						
Share capital	26	**3,087,894**	3,082,499	2,162,642	**3,087,894**	3,082,499
Treasury shares	26	**(190,465)**	(96,081)	(96,081)	**(190,465)**	(96,081)
Perpetual capital securities	26	**930,416**	237,525	237,379	**930,416**	237,525
Reserves		**1,570,498**	1,855,140	1,896,246	**1,204,906**	1,143,880
		5,398,343	5,079,083	4,200,186	**5,032,751**	4,367,823
Non-controlling interests		**235,961**	240,573	22,142	**–**	–
Total equity		**5,634,304**	5,319,656	4,222,328	**5,032,751**	4,367,823

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

Statements of Changes in Equity
For the financial year ended 31 December 2016

31 December 2016 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 January 2016	**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**
Effects of Biological assets adjustment (FRS 16, FRS 41) (Note 2.2)	–	–	–	–	5,103	–	–	(44,530)	(39,427)	(39,427)	–	(39,427)
Effects of FRS 109 early adoption	–	–	–	–	–	(192,612)	–	192,612	–	–	–	–
At 1 January 2016, as restated	3,082,499	(96,081)	237,525	280,647	(369,954)	(300,543)	106,238	2,138,752	1,855,140	5,079,083	240,573	5,319,656
Profit for the financial year	–	–	–	–	–	–	–	351,312	351,312	351,312	(12,225)	339,087
Other comprehensive income												
Net loss on fair value changes during the financial year	–	–	–	–	–	(44,170)	–	–	(44,170)	(44,170)	–	(44,170)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(54,111)	–	–	(54,111)	(54,111)	–	(54,111)
Foreign currency translation adjustments	–	–	–	–	(313,735)	–	–	–	(313,735)	(313,735)	7,613	(306,122)
Share of other comprehensive income of jointly controlled entities and associates	–	–	–	–	(19,616)	–	–	–	(19,616)	(19,616)	–	(19,616)
Other comprehensive income for the financial year, net of tax	–	–	–	–	(333,351)	(98,281)	–	–	(431,632)	(431,632)	7,613	(424,019)
Total comprehensive income for the year	–	–	–	–	(333,351)	(98,281)	–	351,312	(80,320)	(80,320)	(4,612)	(84,932)
Contributions by and distributions to owners												
Buy back of shares (Note 26)	–	(94,384)	–	–	–	–	–	–	–	(94,384)	–	(94,384)
Issue of shares on exercise of warrants (Note 26)	5,096	–	–	–	–	–	–	–	–	5,096	–	5,096
Issue of shares on exercise of share options (Note 26)	299	–	–	–	–	–	–	–	–	299	–	299
Issue of capital securities, net of transaction costs (Note 26)	–	–	675,874	–	–	–	–	–	–	675,874	–	675,874
Share-based expense	–	–	–	–	–	–	13,282	–	13,282	13,282	–	13,282
Dividends on ordinary shares (Note 27)	–	–	–	–	–	–	–	(184,036)	(184,036)	(184,036)	–	(184,036)
Accrued capital securities distribution	–	–	33,568	–	–	–	–	(33,568)	(33,568)	–	–	–
Payment of capital securities distribution	–	–	(16,551)	–	–	–	–	–	–	(16,551)	–	(16,551)
Total contributions by and distributions to owners	5,395	(94,384)	692,891	–	–	–	13,282	(217,604)	(204,322)	399,580	–	399,580
Total transactions with owners in their capacity as owners	5,395	(94,384)	692,891	–	–	–	13,282	(217,604)	(204,322)	399,580	–	399,580
At 31 December 2016	3,087,894	(190,465)	930,416	280,647	(703,305)	(398,824)	119,520	2,272,460	1,570,498	5,398,343	235,961	5,634,304

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 ended 31 December 2016

	Attributable to owners of the Company											
31 December 2015 (As restated) 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
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, as previously restated	–	–	–	–	–	–	–	98,723	98,723	98,723	(2,252)	96,471
Effects of Biological assets adjustment (FRS 16, FRS 41) (Note 2.2)	–	–	–	–	–	–	–	(44,530)	(44,530)	(44,530)	–	(44,530)
Profit for the financial year, as restated	–	–	–	–	–	–	–	54,193	54,193	54,193	(2,252)	51,941
Other comprehensive income												
Net loss 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	–	–	–	–	93,022	–	–	–	93,022	93,022	4,931	97,953
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	–	–	–	–	80,183	(47,727)	–	–	32,456	32,456	4,931	37,387
Total comprehensive income for the year	–	–	–	–	80,183	(47,727)	–	54,193	86,649	86,649	2,679	89,328
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	–	–	–	31,913[1]	–	–	–	–	31,913	31,913	102,904	134,817
Partial divestment of subsidiary	–	–	–	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, as restated	3,082,499	(96,081)	237,525	280,647	(369,954)	(107,931)	106,238	1,946,140	1,855,140	5,079,083	240,573	5,319,656

1. In the previous financial 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.
2. In the previous financial 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.

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

31 December 2016 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 January 2016	**3,082,499**	**(96,081)**	**237,525**	**140,486**	**175,744**	**(107,925)**	**106,238**	**829,337**	**1,143,880**	**4,367,823**
Effects of FRS 109 early adoption	–	–	–	–	–	(192,612)	–	192,612	–	–
At 1 January 2016, as restated	3,082,499	(96,081)	237,525	140,486	175,744	(300,537)	106,238	1,021,949	1,143,880	4,367,823
Profit for the financial year	–	–	–	–	–	–	–	240,717	240,717	240,717
Other comprehensive income										
Net loss on fair value changes during the financial year	–	–	–	–	–	(44,170)	–	–	(44,170)	(44,170)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(54,111)	–	–	(54,111)	(54,111)
Foreign currency translation adjustments	–	–	–	–	122,912	–	–	–	122,912	122,912
Other comprehensive income for the financial year, net of tax	–	–	–	–	122,912	(98,281)	–	–	24,631	24,631
Total comprehensive income for the year	–	–	–	–	122,912	(98,281)	–	240,717	265,348	265,348
Contributions by and distributions to owners										
Buy back of shares (Note 26)	–	(94,384)	–	–	–	–	–	–	–	(94,384)
Issue of shares on exercise of warrants (Note 26)	5,096	–	–	–	–	–	–	–	–	5,096
Issue of shares on exercise of share options (Note 26)	299	–	–	–	–	–	–	–	–	299
Issue of capital securities, net of transaction costs (Note 26)	–	–	675,874	–	–	–	–	–	–	675,874
Share-based expense	–	–	–	–	–	–	13,282	–	13,282	13,282
Dividends on ordinary shares (Note 27)	–	–	–	–	–	–	–	(184,036)	(184,036)	(184,036)
Accrued capital securities distribution	–	–	33,568	–	–	–	–	(33,568)	(33,568)	–
Payment of capital securities distribution	–	–	(16,551)	–	–	–	–	–	–	(16,551)
Total contributions by and distributions to owners	5,395	(94,384)	692,891	–	–	–	13,282	(217,604)	(204,322)	399,580
Total transactions with owners in their capacity as owners	5,395	(94,384)	692,891	–	–	–	13,282	(217,604)	(204,322)	399,580
At 31 December 2016	**3,087,894**	**(190,465)**	**930,416**	**140,486**	**298,656**	**(398,818)**	**119,520**	**1,045,062**	**1,204,906**	**5,032,751**

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 ended 31 December 2016

	Attributable to owners of the Company									
31 December 2015 Company	Share capital (Note 26) $'000	Treasury shares (Note 26) $'000	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
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

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 ended 31 December 2016

	1 January 2016 to 31 December 2016 $'000	1 July 2014 to 31 December 2015 (As restated) $'000
Cash flows from operating activities		
Profit before taxation	**433,401**	177,749
Adjustments for:-		
Allowance for doubtful debts	**39,403**	47,991
Amortisation of intangible assets and depreciation of property, plant and equipment	**353,481**	387,055
Share-based expense	**13,282**	6,392
Fair value of biological assets (Note 12)	**(14,141)**	101,983
Loss/(gain) on disposal of property, plant and equipment and intangible assets	**5,405**	(25,359)
Fixed asset written off	**–**	4,115
Impairment of property, plant and equipment, goodwill and intangible assets	**–**	2,664
Interest income	**(30,248)**	(49,992)
Interest expense	**446,248**	835,733
Inventories written down, net	**18,910**	13,389
Net measurement of derivative instruments	**–**	(4,220)
Reclassification of fair value changes from equity to profit and loss account	**–**	192,612
Share of results from jointly controlled entities and associates	**(22,160)**	(2,285)
Loss on bond buy-back	**–**	18,060
Operating cash flows before reinvestment in working capital	**1,243,581**	1,705,887
Increase in inventories	**(259,677)**	(1,019,243)
Increase in receivables and other current assets	**(132,885)**	(443,772)
Increase in advance payments to suppliers	**(119,522)**	(3,950)
Decrease in margin account with brokers	**14,061**	53,473
Increase in payables and other current liabilities	**270,258**	21,011
Cash flows from operations	**1,015,816**	313,406
Interest income received	**30,248**	49,992
Interest expense paid	**(378,028)**	(715,286)
Tax paid	**(48,420)**	(166,861)
Net cash flows generated from/(used in) operating activities	**619,616**	(518,749)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**31,981**	121,904
Purchase of property, plant and equipment (Note 10)	**(751,793)**	(565,944)
Purchase of intangibles (Note 11)	**(11,686)**	(11,739)
Acquisition of subsidiaries, net of cash acquired (Note 11)	**(588,137)**	(1,958,778)
Net proceeds from associates and jointly controlled entities	**(65,863)**	38,368
Proceeds on disposal of intangible asset	**10**	11
Capital injection from non-controlling interests	**–**	23,681
Proceeds from sale of partial divestment in subsidiary	**–**	219,040
Net cash flows used in investing activities	**(1,385,488)**	(2,133,457)

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

Consolidated Cash Flow Statement continued

For the financial year ended 31 December 2016

	1 January 2016 to 31 December 2016 $'000	1 July 2014 to 31 December 2015 (As restated) $'000
Cash flows from financing activities		
Dividends paid on ordinary shares by the Company	**(184,036)**	(247,297)
Proceeds from borrowings, net	**831,556**	4,008,021
Proceeds from issuance of shares on exercise of share options	**299**	4,857
Proceeds from conversion of warrants	**5,096**	–
Proceeds from/(payment) of capital securities, net of distribution	**659,323**	(24,826)
Proceeds from issuance of shares for cash	**–**	915,000
Payment for bond buy-back	**(318,401)**	(1,451,581)
Purchase of treasury shares	**(94,384)**	–
Net cash flows from financing activities	**899,453**	3,204,174
Net effect of exchange rate changes on cash and cash equivalents	**(112,924)**	118,521
Net increase in cash and cash equivalents	**20,657**	670,489
Cash and cash equivalents at beginning of period	**1,918,761**	1,248,272
Cash and cash equivalents at end of period (Note 33)	**1,939,418**	1,918,761

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 ended 31 December 2016 were authorised for issue by the Board of Directors on 20 March 2017.

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.

2. Summary of significant accounting policies

2.1 Basis of preparation

In 2015, the Group changed its fiscal year end from 30 June to 31 December. Accordingly, the previous financial year numbers presented in the financial statements for the Group and Company are for an 18-month period from 1 July 2014 to 31 December 2015.

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.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Changes in accounting policies and restatements

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except for FRS 109 Financial Instruments and Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants as described in Note 2.2.1 and 2.2.2.

2.2.1 FRS 109 Financial Instruments

On 1 January 2016, the Group early adopted FRS 109 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018. The main impacts of the new standard were on the classification and measurement of financial assets, impairment of financial assets and hedge accounting. The Group has elected to apply the limited exemption in FRS 109 and has not restated comparative periods in the year of initial application. The impact arising from FRS 109 adoption were included in the opening retained earnings at the date of initial application, 1 January 2016.

(a) Classification and measurement

As a result of the early adoption of FRS 109, the Group has classified its financial assets as measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income, depending on its business model for managing those financial assets and the assets' contractual cash flow characteristics. The previous classification at 'fair value through profit or loss', 'loans and receivables', 'available-for-sale' and 'financial liabilities at amortised cost' was discontinued from 1 January 2016.

Based on the new classification, the Group will account the quoted available-for-sale asset as 'fair value through other comprehensive income'. This has resulted in a restatement of $192,612,000 from Retained Earnings at 31 December 2015 to Fair Value Adjustment Reserves at 1 January 2016. The amount relates to the impairment recorded in the previous financial year due to a prolonged decline in the share price of the quoted available-for-sale asset. The unquoted available-for-sale asset continues to be accounted for as 'fair value through profit or loss'.

In accordance with the transitional provisions of FRS 109, the Group has not restated prior periods other than the above, but has classified the financial assets held at 1 January 2016 retrospectively according to the business model and based on facts and circumstances under which the assets were held at that date as disclosed in the tables in the next two pages and there are no further restatements.

The classification of financial liabilities remained unchanged for the Group.

Notes to the Financial Statements continued

For the financial year ended 31 December 2016

2. Summary of significant accounting policies continued

2.2 Changes in accounting policies and restatements continued

2.2.1 FRS 109 Financial Instruments continued

(a) Classification and measurement continued

The following table summarises the classification and measurement changes for the Group and Company's financial assets and financial liabilities on initial application of FRS 109 (1 January 2016):

	Original measurement category and carrying amount under FRS 39					New measurement category and carrying Amount under FRS 109				
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	Remeasurements upon application of FRS 109 (1 January 2016) $'000	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit and Loss $'000	Retained earnings effect on 1 January 2016 $'000
31 December 2015										
Financial assets:										
Loans to jointly controlled entities (Note 14(a))	121,757	–	–	–	–	–	121,757	–	–	–
Loan to associate (Note 14(b))	334,658	–	–	–	–	–	334,658	–	–	–
Long-term investments (Note 15)	–	–	–	269,207	–	–	–	257,146	12,061	(192,612)
Trade receivables (Note 17)	1,495,246	–	–	–	–	–	1,495,246	–	–	–
Margin accounts with brokers (Note 18)	189,724	–	–	–	–	–	189,724	–	–	–
Advance payments to suppliers (Note 20)	714,972	–	–	–	–	–	–	–	–	–
Other current assets (Note 21)	894,841	–	–	–	791	–	894,841	–	791	–
Cash and short-term deposits (Note 33)	2,114,805	–	–	–	28,367	–	2,114,805	–	28,367	–
Derivative financial instruments (Note 35)	–	–	733,767	–	50,097	–	–	27,518	756,346	–
Other non-current assets, as restated (Note 21)	20,370	–	–	–	10,596	–	20,370	–	10,596	–
	5,886,373	–	733,767	269,207	89,851	–	5,171,401	284,664	808,161	(192,612)
Financial liabilities:										
Trade payables and accruals (Note 22)	–	1,753,711	–	–	–	–	1,753,711	–	–	–
Other current liabilities (Note 23)	–	438,160	–	–	–	–	438,160	–	–	–
Borrowings (Note 24)	–	12,293,915	–	–	–	–	12,293,915	–	–	–
Derivative financial instruments (Note 35)	–	–	537,069	–	3,025	–	–	–	540,094	–
	–	14,485,786	537,069	–	3,025	–	14,485,786	–	540,094	–

2. Summary of significant accounting policies continued

2.2 Changes in accounting policies and restatements continued

2.2.1 FRS 109 Financial Instruments continued

(a) Classification and measurement continued

	Original measurement category and carrying amount under FRS 39					New measurement category and carrying Amount under FRS 109				
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	Remeasurements upon application of FRS 109 (1 January 2016) $'000	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit and Loss $'000	Retained earnings effect on 1 January 2016 $'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	–	–	–	–	–	121,826	–	–	–
Loan to associate (Note 14(b))	334,658	–	–	–	–	–	334,658	–	–	–
Long-term investments (Note 15)	–	–	–	257,146	–	–	–	257,146	–	(192,612)
Amounts due from subsidiary companies (Note 16)	1,789,599	–	–	–	–	–	1,789,599	–	–	–
Trade receivables (Note 17)	447,430	–	–	–	–	–	447,430	–	–	–
Margin accounts with brokers (Note 18)	122,589	–	–	–	–	–	122,589	–	–	–
Advance payments to suppliers (Note 20)	3,213,529	–	–	–	–	–	–	–	–	–
Other current assets (Note 21)	89,448	–	–	–	–	–	89,448	–	–	–
Cash and short-term deposits (Note 33)	1,389,889	–	–	–	28,367	–	1,389,889	–	28,367	–
Derivative financial instruments (Note 35)	–	–	392,303	–	50,097	–	–	27,518	414,882	–
	8,522,064	–	392,303	257,146	78,464	–	4,295,439	284,664	443,249	(192,612)
Financial liabilities:										–
Trade payables and accruals (Note 22)	–	505,829	–	–	–	–	505,829	–	–	–
Other current liabilities (Note 23)	–	107,873	–	–	–	–	107,873	–	–	–
Borrowings (Note 24)	–	9,030,519	–	–	–	–	9,030,519	–	–	–
Derivative financial instruments (Note 35)	–	–	365,278	–	3,025	–	–	–	368,303	–
	–	9,644,221	365,278	–	3,025	–	9,644,221	–	368,303	–

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

2. Summary of significant accounting policies continued

2.2 Changes in accounting policies and restatements continued

2.2.1 FRS 109 Financial Instruments continued

(b) Impairment of financial assets

On 1 January 2016, the Group adjusted the impairment of its financial assets from the incurred loss model under FRS 39 to the expected credit loss concept under FRS 109. Until 31 December 2015, the Group estimated the incurred losses arising from the failure or inability of customers to make payments when due. These estimates were assessed on an individual basis, taking into account the aging of customers' balances, specific credit circumstances and the Group's historical default experience. Under the new approach, it is no longer necessary for a loss event to occur before an impairment loss is recognised. Impairment is made on expected credit losses, which are present value of the cash shortfalls over the expected life of the financial assets. As at 31 December 2015, the impairment made on expected credit losses did not have any impact on the Profit and Loss Account.

(c) Hedge accounting

On early adoption of FRS 109, starting from 1 January 2016, the Group adopted fair value hedge accounting model with respect to certain commodity price risk. The model under FRS 109 facilitates better alignment of hedge accounting with risk management as it makes it possible to apply hedge accounting for specific risk components of non-financial items.

Under the new model, the Group applies the fair value option for its executory forward purchase and sale contracts (available under FRS 109) in the processing environment. This fair value option is applied for those specific contracts where the measurement eliminates or significantly reduces an accounting mismatch that would otherwise occur on own use contracts. Contracts accounted for as derivatives and commodity futures are designated as hedging instruments under the fair value hedge accounting model. This designation is done in order to hedge the commodity price risk components embedded in the processed commodity inventories (being the hedged items).

The new hedge accounting model primarily affected the amounts recognised for inventories on the balance sheet (as more inventories have become eligible for hedge accounting) and did not have a major impact on the Profit and Loss Accounts.

2.2.2 Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants

Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants, distinguishes bearer plants from other biological assets. Bearer plants solely used to grow produce over their productive lives will be accounted for under FRS 16. However, the fruits on trees growing on bearer plants will remain within scope of FRS 41 and continue to be measured at fair value less cost to sell.

The Group's bearer plants include palm oil, rubber, coffee, walnut, pistachio and almond trees and as required under the standards, the change in accounting policy has been applied retrospectively to the beginning of the earliest period presented, which is 1 July 2014 and prior year financial statements have been restated as shown in the table on Page 23.

The bearer plants are now measured at cost and first depreciated from maturity to end of useful lives as disclosed in Note 2.9. As permitted under the transitional rules, the fair value of the bearer plants at 1 July 2014 were deemed to be their cost at that date.

2.2.3 Completion of purchase price allocation exercise of ADM Cocoa business acquisition ('ADM Cocoa')

In the current financial year, the purchase price allocation exercise of ADM Cocoa business that was acquired in the prior financial year was completed within one year from the acquisition date as allowed under FRS 103 Business Combinations.

The completion of the purchase price allocation exercise resulted in the fair values of the assets acquired to be re-classified and residual goodwill to be recognised as this was previously provisional and recorded as 'Other non-current assets' in Note 21. Accordingly, comparative financial statements of the Group and Company for year ended 31 December 2015 have been restated as shown in the table on Page 23.

There is no change in the balance sheet of the Company as at 1 July 2014.

2. Summary of significant accounting policies continued

2.2 Changes in accounting policies and restatements continued

The following table show all adjustments recognised for each individual line item as a result of all changes discussed in Note 2.2.2 and 2.2.3 in the Group. Line items that were not affected by the change have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	Group			
		Prior year restatements		
	1 July 2014 to 31 December 2015 (Previously stated) $'000	**Effects of FRS 16 and 41 restatement Increase/ (decrease) $'000**	**Effects of ADM Cocoa restatement Increase/ (decrease) $'000**	1 July 2014 to 31 December 2015 (Restated) $'000
Consolidated Profit and Loss Accounts (extract):				
Net loss from changes in fair value of biological assets	(86,762)	**(15,218)**	–	(101,980)
Depreciation and amortisation	(341,977)	**(45,081)**	–	(387,058)
Profit before taxation	238,048	**(60,299)**	–	177,749
Income tax expense	(141,577)	**15,769**	–	(125,808)
Profit after taxation attributable to owners of the Company	96,471	**(44,530)**	–	51,941
Earnings per share attributable to owners of the Company (cents)				
Basic	2.94	–	–	1,17
Diluted	2.83	–	–	1.12
Consolidated Balance Sheets (extract):				
Property, plant and equipment	3,366,434	**994,738**	**360,808**	4,721,980
Intangible assets	809,321	–	**305,018**	1,114,339
Biological assets	1,386,654	**(1,050,508)**	–	336,146
Other non-current assets	557,005	–	**(526,039)**	30,966
Other current assets	1,423,973	–	**(21,478)**	1,402,495
Total assets	20,792,354	**(55,770)**	**118,309**	20,854,893
Deferred tax liabilities	(318,816)	**16,343**	**(118,309)**	(420,782)
Net assets	5,359,083	**(39,427)**	–	5,319,656
Reserves	1,894,567	**(39,427)**	–	1,855,140
Total equity	5,359,083	**(39,427)**	–	5,319,656
Statement of Changes in Equity (extract):				
Foreign currency translation reserves	(375,057)	**5,103**	–	(369,954)
Revenue reserves	1,990,670	**(44,530)**	–	1,946,140
Total reserves	1,894,567	**(39,427)**	–	1,855,140
Total equity	5,359,083	**(39,427)**	–	5,319,656

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

2. Summary of significant accounting policies continued

2.3 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
Amendments to FRS 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Improvements to FRSs (December 2016) – Amendments to FRS 28: Measuring an Associate or Joint Venture at fair value	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018

Except for FRS 115 Revenue from Contracts with Customers, Amendments to FRS 115 and FRS 116 Leases, 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 FRS 115 Revenue from Contracts with Customers, Amendments to FRS 115 and FRS 116 Leases is described below.

FRS 115 Revenue from Contracts with Customers and Amendments to FRS 115

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 116 Leases

FRS 116 requires lessees to recognise for most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019. The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies continued

2.4 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.

(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.

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

2. Summary of significant accounting policies continued

2.5 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.

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 2.10(a).

2. Summary of significant accounting policies continued

2.6 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.

2.7 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.

2.8 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.

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

2. Summary of significant accounting policies continued

2.9 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:-

Bearer plants	• 15 to 30 years
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.

Bearer plants - Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, farming inputs 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 hectarage.

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.

2.10 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 2.4.

2. Summary of significant accounting policies continued

2.10 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.

2.11 Biological assets

Biological assets mainly include annual crops and livestock.

(a) Annual crops

The fruits on trees are valued in accordance with FRS 41 Agriculture. The fair value amount is an aggregate of the fair valuation of the current financial year and the reversal of the prior year's fair valuation. The fair valuation takes into account current selling prices and related costs. The calculated value is then discounted by a suitable factor to take into account the agricultural risk until maturity.

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.

2.12 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.

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.

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

2. Summary of significant accounting policies continued

2.12 Impairment of non-financial assets continued
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.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement
Financial assets are recognised when, only when the Group becomes a party to the contractual provisions of the instruments. 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
Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ('FVOCI')

Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI 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 for impairment losses, foreign exchange gains and losses 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 de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

Equity instruments

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss.

Changes in fair value of financial assets at FVOCI are recognised in OCI.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

2. Summary of significant accounting policies continued

2.13 Financial instruments continued

(a) Financial assets continued

Subsequent measurement continued

Impairment

The Group assesses on a forward looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI. For trade receivables only, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses.

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

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.

(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.

2.14 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 as measured at amortised cost under FRS 109. The accounting policy for this category of financial assets is stated in Note 2.13.

Notes to the Financial Statements continued

For the financial year ended 31 December 2016

2. Summary of significant accounting policies continued

2.15 Impairment of financial assets

On 1 January 2016, the Group adjusted the impairment of its financial assets from the incurred loss model under FRS 39 to the expected credit loss model FRS 109. Until 31 December 2015, Group 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. 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.

Under the new approach, impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of the financial assets.

Trade receivables

The Group measures the loss allowance for its trade receivables at an amount equal to lifetime expected credit losses.

Other financial assets

Accordingly, other financial assets are classified as measured at amortised cost less expected impairment losses. The Group's other financial assets have contractual cash flows that are solely principal, and interest and the business model's objective is to hold these assets to collect contractual cash flows. Impairment allowances for other financial assets are determined based on the 12-month expected credit loss model.

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 fruits on tress that are harvested, are stated at fair value less estimated point-of-sale costs at the time of harvest (the 'initial cost'). Thereafter these inventories are 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 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

2.19 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.

Notes to the Financial Statements continued

For the financial year ended 31 December 2016

2. Summary of significant accounting policies continued

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2. Summary of significant accounting policies continued

2.23 Taxes continued

(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.

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.

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

2. Summary of significant accounting policies continued

2.24 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.

2.25 Share capital and share issue expenses

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

2.26 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.

2.27 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.

2.28 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.

2.29 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.

2. Summary of significant accounting policies continued

2.29 Derivative financial instruments and hedging activities continued

Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment; and
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

(a) Fair value hedges

Fair value hedge accounting is applied to hedge the Group's exposure to change in fair value portion of such an asset or liability or an identified portion of such an asset or liability that is attributable to a particular risk – commodity price risk that could affect the Consolidated Profit and Loss Accounts. For fair value hedges, the carrying amount of the hedged item (inventories) is adjusted for gains and losses attributable to the risk being hedged, the derivative (hedging instrument) is remeasured at fair value, gains and losses from both are taken to the Consolidated Profit and Loss Accounts.

When inventories are designated as a hedged item, the subsequent cumulative change in the fair value of these inventories attributable to the hedged commodity price risk is recognised as part of inventories with a corresponding gain or loss in the Consolidated Profit and Loss Accounts. The hedging instrument is recorded at fair value as an asset or liability and the changes in the fair value of the hedging instrument are also recognised in the Consolidated Profit and Loss Accounts.

The application of hedge accounting is discontinued in cases where the Group revokes the hedging relationship. Effective from FRS 109, hedging relationships may not be voluntarily revoked unless there is a change in risk management objective. Accordingly, in cases where a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains unchanged, the Group adjusts the hedging ratio to re-establish the effectiveness of the hedging relationship. Furthermore, the Group discontinues the application of hedge accounting in cases where there is a change in the risk management objective for the hedging relationship. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is expensed to profit from the date on which the Company discontinues hedge accounting.

(b) Cash flow hedges

For each cash flow hedge relationship, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the Consolidated Profit and Loss Accounts at the time hedge effectiveness is tested.

When a cash flow hedge is discontinued, any cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur. If the hedged future cash flows no longer expected to occur, the net cumulative gain or loss is immediately reclassified to profit or loss.

2.30 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.

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

2. Summary of significant accounting policies continued

2.31 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.

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) Valuation of goodwill, intangible and tangible assets/liabilities through 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. The fair value of such assets and liabilities are estimated by independent professional valuers where significant, or using the discounted cash flow model, which requires the Group to make an estimate of the expected future cash flows of the acquired business and choosing a suitable discount rate. The business combinations completed during the current financial year are disclosed in Note 11 to the financial statements.

(b) 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, with the help of independent professional valuers where applicable, 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. The carrying amount of the Group's goodwill and indefinite life intangible assets at the balance sheet date is disclosed in Note 11 to the financial statements.

3. Significant accounting judgements and estimates continued

Key sources of estimation uncertainty continued

(c) 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, with the help of independent professional valuers where applicable, 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.

(d) 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 or fair valued by independent professional valuers where significant. The valuation of these biological assets is particularly sensitive to discount rates and they are disclosed in Note 12.

(e) 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 January 2016 to 31 December 2016 $'000	1 July 2014 to 31 December 2015 $'000
Sale of goods	**20,422,256**	27,959,167
Sale of services	**164,776**	271,419
	20,587,032	28,230,586

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 ginning and toll processing income and freight charter income.

5. Other income

Other income included the following:-

	Group	
	1 January 2016 to 31 December 2016 $'000	1 July 2014 to 31 December 2015 $'000
Gain on disposal of property, plant and equipment and intangible assets, net [1]	**–**	25,359
Commissions and claims, sale of packaging materials, sales of scrap and others	**47,265**	116,878
	47,265	142,237

1. Net gain on disposal of property, plant and equipment in the prior 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. There was no such gain arising from any sale and leaseback transactions in the current financial year.

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

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 January 2016 to 31 December 2016 $'000	1 July 2014 to 31 December 2015 $'000
Shipping, logistics, commission and claims	**(2,682,495)**	(2,815,924)
Foreign exchange on cost of goods sold [1]	**179,348**	(231,281)
Gains on derivatives net of fair value changes	**63,609**	610,344
Inventories (written down)/written back, net (Note 19)	**(18,911)**	(13,389)
Export incentives, subsidies and grant income received [2]	**51,384**	40,627
Net measurement of derivative instruments	**–**	(13,840)
Net measurement of derivative instruments is stated after crediting/(charging):		
• Convertible and other bonds	**–**	(18,591)
• Derivatives held for trading	**–**	4,751
	–	(13,840)

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 January 2016 to 31 December 2016 $'000	1 July 2014 to 31 December 2015 $'000
Employee benefits expenses (Note 30)	**(617,887)**	(824,136)
Reclassification of fair value changes from equity to profit and loss account	–	(192,612)
Gain/(loss) on foreign exchange, net	**21,566**	(150,456)
Bank charges	**(57,530)**	(79,343)
Travelling expenses	**(55,829)**	(78,303)
Transaction costs incurred in business combinations	**(3,257)**	(35,125)
Impairment loss on financial assets:		
• Trade receivables (Note 17)	**(37,016)**	(42,020)
• Advance payments to suppliers (Note 20)	**(2,387)**	(5,971)
Bad debts written back:		
• Trade receivables	**35,083**	4,736
• Advance payments to suppliers	**756**	653
Impairment of property, plant and equipment/ written off (Note 10)	**–**	(4,115)
Impairment of intangible assets (Note 11)	**–**	(2,664)
Audit fees:		
• Auditor of the Company	**(2,000)**	(2,863)
• Other auditors	**(8,207)**	(12,691)
Non-audit fees:		
• Auditor of the Company	**(586)**	(1,892)
• Other auditors	**(1,351)**	(3,217)

8. Finance costs

Finance costs include the following:-

	Group	
	1 January 2016 to 31 December 2016 $'000	1 July 2014 to 31 December 2015 $'000
Interest expense:		
• On bank overdrafts	**44,390**	71,864
• On bank loans	**207,896**	266,492
• On medium-term notes	**174,899**	221,711
• On bonds	**40,213**	292,740
• Others	**35,419**	49,537
	502,817	902,344
Less: interest expense capitalised in:		
• Property, plant and equipment and biological assets	**(56,569)**	(66,611)
	446,248	835,733

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 5.00% to 7.50% (31 December 2015: from 5.50% to 7.50%) per annum.

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

9. Income tax

(a) Major components of income tax expense

	Group	
	1 January 2016 to 31 December 2016 $'000	1 July 2014 to 31 December 2015 (As restated) $'000
Profit and loss account		
Current income tax:		
• Singapore	**29,493**	9,383
• Foreign	**54,218**	104,525
(Over)/under provision in respect of prior years	**(1,527)**	890
	82,184	114,798
Deferred income tax:		
• Singapore	**(347)**	709
• Foreign	**12,477**	10,301
Income tax expense	**94,314**	125,808

	Group	
	1 January 2016 to 31 December 2016 $'000	1 July 2014 to 31 December 2015 $'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	**(1,457)**	2,348
Deferred tax recorded in other comprehensive income	**(1,457)**	2,348

(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 January 2016 to 31 December 2016 %	1 July 2014 to 31 December 2015 (As restated) %
Statutory tax rate	**17.0**	17.0
Tax effect of non-deductible expenses	**5.7**	65.4
Higher statutory tax rates of other countries [1]	**10.4**	20.3
Tax effect on (over)/under provision in respect of prior years	**(0.4)**	2.0
Tax effect of income taxed at concessionary rate [2]	**(0.2)**	(42.7)
Tax effect on non-taxable/ exempt income [3]	**(9.4)**	(16.2)
Tax effect of jointly controlled entities/associates	**(0.9)**	(0.2)
Tax effect of deferred tax assets not recognised	**6.7**	21.3
Tax effect of others, net	**(7.1)**	3.9
	21.8	70.8

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 (31 December 2015: seven) 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.

9. Income tax continued

(c) 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 2016 $'000	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) '000
Deferred tax assets	**95,735**	62,219	**–**	2,622
Deferred tax liabilities	**(505,876)**	(420,782)	**(8,103)**	(6,817)
Net deferred tax liabilities	**(410,141)**	(358,563)	**(8,103)**	(4,195)

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 2016 $'000	31 December 2015 (As restated) $'000	**1 January 2016 to 31 December 2016 $'000**	1 July 2014 to 31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000
Deferred tax liabilities:						
Differences in depreciation	**207,620**	170,372	**39,267**	(25,158)	**680**	990
Fair value adjustment on business combinations	**198,461**	207,138	**(16,319)**	(4,785)	**9,634**	6,817
Biological assets	**63,814**	65,330	**(13,289)**	25,499	**–**	–
Convertible bonds	**483**	475	**323**	(350)	**483**	475
Others	**–**	–	**13,695**	(11,158)	**–**	–
Gross deferred tax liabilities	**470,378**	443,315			**10,797**	8,282
Deferred tax assets:						
Allowance for doubtful debts	**(3,467)**	544	**(649)**	1,682	**76**	–
Inventories written down	**76**	92	**–**	(87)	**–**	92
Revaluation of financial instruments to fair value	**2,618**	3,995	**(2,420)**	2,623	**2,618**	3,995
Unabsorbed losses	**43,912**	51,492	**(22,316)**	58,934	**–**	–
Others	**17,098**	28,629	**13,838**	(36,190)	**–**	–
Gross deferred tax assets	**60,237**	84,752			**2,694**	4,087
Net deferred tax liabilities	**(410,141)**	(358,563)			**(8,103)**	(4,195)
Deferred income tax expense			**12,130**	11,010		

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

The Group has tax losses of $320,957,000 (31 December 2015: $198,618,000) and capital allowances of $99,149,000 (31 December 2015: $126,689,000) 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 $272,996,000 (31 December 2015: $162,059,000) 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 2016 and 31 December 2015, 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).

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

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	Bearer plants $'000	Total $'000
Cost							
As at 1 July 2014	397,018	1,103,464	1,585,758	223,213	471,255	–	3,780,708
Effects of Biological assets adjustment (FRS 41) (Note 2.2)	–	–	–	–	–	766,239	766,239
As at 1 July 2014, as restated	397,018	1,103,464	1,585,758	223,213	471,255	766,239	4,546,947
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, as restated	449,780	1,322,131	1,922,101	258,058	324,610	766,239	5,042,919
Effects of ADM acquisition (Note 2.2)	3,199	215,287	122,633	12,033	7,656	–	360,808
Effects of Biological assets adjustment (FRS 41) (Note 2.2)	–	–	–	–	–	273,577	273,577
As at 1 January 2016, as restated	452,979	1,537,418	2,044,734	270,091	332,266	1,039,816	5,677,304
Additions	13,146	96,630	81,504	34,206	312,137	214,170	751,793
Acquired through business combination	58	186,215	181,611	4,685	76,489	2,607	451,665
Disposals	(6,986)	(19,395)	(39,539)	(8,512)	(1,344)	–	(75,776)
Reclassification	(23,616)	83,808	51,843	(14,402)	(110,492)	12,859	–
Foreign currency translation adjustments	(12,927)	(110,360)	(141,105)	(13,150)	27,063	23,803	(226,676)
As at 31 December 2016	**422,654**	**1,774,316**	**2,179,048**	**272,918**	**636,119**	**1,293,255**	**6,578,310**
Accumulated depreciation and impairment loss:							
As at 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
Effects of Biological assets adjustment (FRS 41) (Note 2.2)	–	–	–	–	–	45,078	45,078
As at 1 January 2016, as restated	–	219,790	565,656	124,800	–	45,078	955,324
Charge for the year	–	67,347	162,300	38,946	–	53,192	321,785
Disposals	–	(2,386)	(14,068)	(6,762)	–	–	(23,216)
Reclassification	–	(8,055)	8,494	(439)	–	–	–
Foreign currency translation adjustments	–	(14,395)	(27,683)	(7,107)	–	6,563	(42,622)
As at 31 December 2016	**–**	**262,301**	**694,699**	**149,438**	**–**	**104,833**	**1,211,271**
Net carrying value							
As at 31 December 2016	**422,654**	**1,512,015**	**1,484,349**	**123,480**	**636,119**	**1,188,422**	**5,367,039**
As at 31 December 2015, as restated	452,979	1,317,628	1,479,078	145,291	332,266	994,738	4,721,980
As at 30 June 2014, as restated	389,756	949,278	1,201,034	132,563	471,255	766,239	3,910,125

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 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 and 1 January 2016	585	922	1,540	2,150	1,156	28,287	34,640
Additions	–	11	–	4	–	185	200
Disposal	–	–	(285)	(8)	(21)	(17)	(331)
Foreign currency translation adjustments	12	19	20	42	22	571	686
As at 31 December 2016	**597**	**952**	**1,275**	**2,188**	**1,157**	**29,026**	**35,195**
Accumulated depreciation							
As at 1 July 2014	194	121	967	1,837	837	6,996	10,952
Charge for the year	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 and 1 January 2016	296	290	975	2,103	1,054	10,750	15,468
Charge for the period	49	128	166	16	33	6,461	6,853
Disposal	–	–	(271)	(8)	(21)	(13)	(313)
Foreign currency translation adjustments	9	11	15	42	21	508	606
As at 31 December 2016	**354**	**429**	**885**	**2,153**	**1,087**	**17,706**	**22,614**
Net carrying value							
As at 31 December 2016	**243**	**523**	**390**	**35**	**70**	**11,320**	**12,581**
As at 31 December 2015	289	632	565	47	102	17,537	19,172

The carrying amount of freehold land, leasehold buildings, plant and machinery and bearer plant of the Group held under financial lease at the end of the reporting period was $124,600,000 (31 December 2015: $8,844,000). The Group's land, buildings, plant and machinery with a carrying amount of $201,931,000 (31 December 2015: $224,889,000) have been pledged to secure the Group's borrowings as set out in Note 24 to the financial statements.

Bearer plants consist of mature and immature almond orchards, coffee, cocoa, palm and rubber plantations.

The almond orchards and coffee plantations presently consist of trees aged between 1 and 27 years and 1 and 15 years respectively (31 December 2015: 1 and 26 years and 1 and 14 years respectively). The cocoa plantations presently consist of trees aged between 13 and 15 years (31 December 2015: 12 and 14 years).

Immature plantations mainly consist of palm and rubber trees aged between 1 and 5 years amounting to $509,965,000 (31 December 2015, as restated: $346,114,000).

At the end of the financial year, the Group's total planted area of plantations is approximately 78,324 (31 December 2015: 59,678) hectares, excluding hectares for those commodities whose plantations are not managed by the Group.

Notes to the Financial Statements continued

For the financial year ended 31 December 2016

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 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
Effects of ADM acquisition (Note 2.2)	246,150	1,985	–	–	–	–	56,883	305,018
As at 1 January 2016, as restated	538,939	115,628	128,728	68,031	184,141	81,337	124,986	1,241,790
Acquired through business combinations	139,022	17,650	24,144	–	–	–	13,064	193,880
Additions	–	–	–	10,872	–	–	814	11,686
Disposal	–	–	–	(1,973)	–	–	(758)	(2,731)
Foreign currency translation adjustments	16,606	3,586	3,755	1,513	1,670	(486)	2,646	29,290
As at 31 December 2016	**694,567**	**136,864**	**156,627**	**78,443**	**185,811**	**80,851**	**140,752**	**1,473,915**
Accumulated amortisation and impairment								
As at 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 and 1 January 2016	4,512	33,636	–	30,153	–	35,899	23,251	127,451
Amortisation	–	12,537	–	5,632	–	4,301	9,226	31,696
Disposals	–	–	–	(746)	–	–	(570)	(1,316)
Foreign currency translation adjustments	(789)	1,232	–	617	–	729	687	2,476
As at 31 December 2016	**3,723**	**47,405**	**–**	**35,656**	**–**	**40,929**	**32,594**	**160,307**
Net carrying value								
As at 31 December 2016	**690,844**	**89,459**	**156,627**	**42,787**	**185,811**	**39,922**	**108,158**	**1,313,608**
As at 31 December 2015, as restated	534,427	81,992	128,728	37,878	184,141	45,438	101,735	1,114,339
Average remaining amortisation period (years) – 31 December 2016	**–**	**1–15**	**–**	**1–8**	**–**	**10–20**	**1–49**	
Average remaining amortisation period (years) – 31 December 2015	–	3–12	–	1–8	–	11–21	4–32	

11. Intangible assets continued

Company	Goodwill $'000	Brands and trademarks $'000	Software $'000	Others[4] $'000	Total $'000
Cost					
As at 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
Effects of ADM acquisition	141,083	–	–	40,101	181,184
As at 1 January 2016	147,327	897	35,001	52,660	235,885
Additions	–	–	10,295	443	10,738
Disposal	–	–	(1,907)	–	(1,907)
Reclassification	44,837	–	–	12,744	57,581
Foreign currency translation adjustments	18,324	18	1,079	5,444	24,865
As at 31 December 2016	**210,488**	**915**	**44,468**	**71,291**	**327,162**
Accumulated amortisation					
As at 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 and 1 January 2016	–	–	9,911	7,123	17,034
Amortisation	–	–	3,211	2,494	5,705
Disposal	–	–	(718)	–	(718)
Foreign currency translation adjustments	–	–	311	257	568
As at 31 December 2016	**–**	**–**	**12,715**	**9,874**	**22,589**
Net carrying amount					
As at 31 December 2016	**210,488**	**915**	**31,753**	**61,417**	**304,573**
As at 31 December 2015 (restated)	147,327	897	25,090	45,537	218,851
Average remaining amortisation period (years) – 31 December 2016	**–**	**–**	**1–10**	**3–49**	
Average remaining amortisation period (years) – 31 December 2015	–	–	1–8	4–12	

1. Brands and trademarks include 'Dona', '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.

Notes to the Financial Statements continued

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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 2016 $'000	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Olam Orchards Australia Pty Ltd	**–**	–	**–**	–	**185,811**	184,141
ADM Cocoa	**251,062**	246,150	**–**	–	**–**	–
Amber Foods Limited	**80,947**	–	**–**	–	**–**	–
McCleskey Mills Inc.	**80,864**	79,283	**–**	–	**–**	–
Packaged Foods brands	**34,108**	33,440	**130,130**	127,830	**–**	–
Kayass Enterprise S.A. (Ranona Limited)	**46,599**	45,687	**–**	–	**–**	–
Universal Blanchers	**71,684**	70,281	**–**	–	**–**	–
Brooks Peanuts Company	**52,694**	–	**–**	–	**–**	–
Progida Group	**13,535**	13,272	**–**	–	**–**	–
Acacia Investments Limited	**12,562**	–	**25,608**	–	**–**	–
Olam Spices & Vegetables Ingredients	**9,965**	9,777	**889**	898	**–**	–
Olam Food Ingredients Holdings UK Limited	**8,226**	8,309	**–**	–	**–**	–
Olam International – Brazilian Cotton (Queensland Cotton Holdings)	**6,367**	6,243	**–**	–	**–**	–
Olam Food Ingredients Spain, S.L. (formerly known as 'Olam Macao Spain, S.L.')	**6,323**	6,199	**–**	–	**–**	–
Dehydro Foods S.A.E.	**5,086**	4,987	**–**	–	**–**	–
Queensland Cotton Holdings:						
• Australian Cotton	**5,021**	4,976	**–**	–	**–**	–
• Australian Pulses	**1,437**	1,424	**–**	–	**–**	–
• USA Cotton	**2,154**	2,135	**–**	–	**–**	–
Hemarus Industries Limited	**1,410**	1,479	**–**	–	**–**	–
Usicam S.A.	**800**	785	**–**	–	**–**	–
	690,844	534,427	**156,627**	128,728	**185,811**	184,141

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 2016 %	31 December 2015 %	**31 December 2016 %**	31 December 2015 %
ADM Cocoa	**2.00**	–	**10.00**	–
Amber Foods Limited	**–**	–	**11.40**	–
Brooks Peanuts Company	**1.50**	–	**10.00**	–
Acacia Investment Limited	**3.00**	–	**17.70**	–
Universal Blanchers	**2.00**	2.00	**10.00**	10.00
McCleskey Mills Inc.	**1.50**	1.50	**14.00**	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 (Queensland Cotton Holdings)	**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.

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

11. Intangible assets continued

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

	Amber Foods Limited $'000	Acacia Investment Limited $'000	SIAT Gabon $'000	Brooks Peanuts Company $'000	Others $'000	Total $'000
Fair value of assets and liabilities						
Property, plant and equipment (Note 10)	297,479	65,233	31,237	42,869	14,847	451,665
Intangible assets (Note 11)	5,945	37,783	–	11,130	–	54,858
Inventories	–	1,805	3,082	17,593	7,272	29,752
Trade and other receivables	–	2,739	–	17,238	1,969	21,946
Other current assets	2	434	–	3,954	528	4,918
Other non-current assets	–	–	–	98	–	98
Cash and bank balances	5	7,371	–	–	1,774	9,150
Advance payment to suppliers	–	–	–	74	56	130
	303,431	**115,365**	**34,319**	**92,956**	**26,446**	**572,517**
Trade and other creditors	–	16,091	–	2,816	1,098	20,005
Amount due to Bankers	–	–	–	–	8,602	8,602
Deferred Tax liabilities	–	30,554	–	–	–	30,554
Other Current Liabilities	–	–	1,404	596	684	2,684
	–	**46,645**	**1,404**	**3,412**	**10,384**	**61,845**
Total identifiable net assets at fair value	**303,431**	**68,720**	**32,915**	**89,544**	**16,062**	**510,672**
Net identifiable assets	303,431	68,720	32,915	89,544	16,062	510,672
Goodwill arising from acquisitions (Note 11)	77,499	11,844	–	49,679	–	139,022
	380,930	**80,564**	**32,915**	**139,223**	**16,062**	**649,694**
Consideration transferred for the acquisitions						
Cash paid	380,930	32,824	32,915	139,223	16,062	601,954
Fair value of previously held equity	–	47,740	–	–	–	47,740
	380,930	80,564	32,915	139,223	16,062	649,694
Total consideration	380,930	80,564	32,915	139,223	16,062	649,694
Less: Cash and cash equivalents acquired	5	7,371	–	–	1,774	9,150
Less: Non-cash items	–	39,556	–	–	–	39,556
Less: Deferred consideration	6,926	1,364	–	–	4,561	12,851
Net cash outflow on acquisition of subsidiaries	**373,999**	**32,273**	**32,915**	**139,223**	**9,727**	**588,137**

11. Intangible assets continued

Business combinations continued

Acquisition of subsidiaries

(i) Amber Foods Limited

On 9 January 2016, the Company acquired Amber Foods Limited ('Amber'), which through its 100% owned subsidiary Quintessential Foods Nigeria Limited owns the wheat milling and pasta manufacturing assets of the BUA Group in Nigeria. The assets acquired include wheat mills and pasta manufacturing facilities in various parts of Nigeria.

(ii) Acacia Investment Limited

On 1 April 2016, the Company acquired the remaining 50.0% interest in Acacia Investments Limited ('Acacia') from its joint venture partner and Acacia has since become a wholly-owned subsidiary of the Company. The acquisition of the remaining 50.0% interest in Acacia allows the Company to consolidate all edible oils operations in Mozambique and realise synergies in distribution and brands.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $2,739,000 which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

(iii) SIAT Gabon

On 8 June 2016, Olam Palm Gabon, a wholly owned subsidiary of the Company acquired a 100% stake in SIAT Gabon. SIAT Gabon is in the business of development and operation of palm operations, and production and sale of palm oil.

(iv) Brooks Peanuts Company ('Brooks')

On 8 June 2016, the Company acquired a 100% stake in Brooks. Brooks has been the sixth largest peanut sheller in the US and the largest Alabama-based sheller, processing approximately 110,000 Farmer Stock Tons (FST) with an annual capacity at 175,000 FST.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $17,238,000 which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

Other acquisitions

(i) Soceite Agro Industrielle de la Comoe ('SAIC')

On 26 January 2016, the Company acquired a 90% stake in SAIC. SAIC is an Ivorian Rubber Processor of crumb rubber with rated capacity of 20,700 MT of natural rubber per annum.

(ii) Schluter S.A.

On 21 October 2016, the Company acquired a 100% stake in East African coffee specialist, Schluter S.A. ('Schluter'). Schluter is an independent coffee company which specialises in trading East African specialty and premium Arabica coffees.

Transaction costs

Total transaction costs related to all acquisitions of $3,257,000 have been recognised in the 'Other operating expenses' line item in the Group's profit and loss account for the financial year from 1 January 2016 to 31 December 2016.

Goodwill arising from acquisitions

Goodwill of $139,022,000 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. Goodwill of $246,150,000 arising from acquisition of ADM Cocoa in the prior financial year, whose purchase price allocation exercise was completed in the current financial year has been recognised retrospectively (Note 2.2).

Impact of the acquisitions on profit and loss

From acquisition date, subsidiaries acquired during the financial year would have increased by 0.76% to the Group's sales of goods and services and increased the Group's profits by 4.17% 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 1.33% and the Group's profit for the financial year, net of tax would have increased by 5.91%.

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For the financial year ended 31 December 2016

12. Biological assets

Group	Fruits on trees and annual crops $'000	Livestock $'000	Total $'000
As at 30 June 2014 and 1 July 2014	905,111	203,051	1,108,162
Effects of Biological assets (FRS 41) (Note 2.2)	(766,239)	–	(766,239)
As at 1 July 2014, as previously stated	138,872	203,051	341,923
As at 30 June 2014 and 1 July 2014	905,111	203,051	1,108,162
Net additions/ (reductions)	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, as previously stated	1,278,098	108,556	1,386,654
Effects of Biological assets (FRS 41) (Note 2.2)	(1,050,508)	–	(1,050,508)
As at 31 December 2015 and 1 January 2016, as restated	227,590	108,556	336,146
Net additions/ (reductions)	41,687	(52,351)	(10,664)
Capitalisation of expenses	32,029	62,637	94,666
Net change in fair value less estimated costs to sell	18,160	(4,019)	14,141
Foreign currency translation adjustments	4,733	11,542	16,275
As at 31 December 2016	**324,199**	**126,365**	**450,564**

Fruits on trees and annual crops
During the financial year, the Group harvested approximately 44,071 metric tonnes (31 December 2015: 45,989 metric tonnes) of almonds, which had a fair value less estimated point-of-sale costs of approximately $463,805,000 (31 December 2015: $518,460,000). 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 annual crops is approximately 111,712 (31 December 2015: 111,239) hectares, excluding for those commodities where farms are not managed by the Group.

Fair value determination
The fair value of fruits on trees 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
Discount rates of 15% (31 December 2015: 15%) per annum	The estimated fair value increases as the estimated discount rate per annum decreases, and vice versa.
Market prices approximating $9,500 (31 December 2015: $12,000) per metric tonne	The estimated fair value increases as the respective inputs increase, and vice versa.

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. At the end of the financial year, the Group held 32,290 (31 December 2015: 33,954) cows, which are able to produce milk (mature assets) and 39,579 (31 December 2015: 41,227) heifers and calves, being raised to produce milk in the future (immature assets). The cows produced 166 million litres (31 December 2015: 336 million litres) of milk with a fair value less estimated point-of-sale costs of $94,051,000 (31 December 2015: $176,757,000) 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 $69 to $3,796 (31 December 2015: $384 to $4,667) 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 2016 $'000	31 December 2015 (As restated) $'000
Unquoted equity shares at cost	**3,101,835**	3,484,888
Less: Impairment loss	**(16,130)**	(16,130)
Foreign currency translation adjustments	**314,602**	249,802
	3,400,307	3,718,560
Loans to subsidiary companies	**2,150,153**	1,013,096
	5,550,460	4,731,656

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

	Company	
	31 December 2016 $'000	31 December 2015 $'000
Euro	**513,596**	397,419

The Company has recognised impairment loss during the financial year of $Nil (31 December 2015: $Nil) 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 $722,690,000 (31 December 2015: $430,702,000) which bear interest ranging from 1.0% to 7.5% (31 December 2015: 1.5% to 7.5%) per annum.

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

Composition of the Group

Details of significant subsidiary companies are as follows:-

Name of company			Effective percentage of equity held by the Group	
	Country of incorporation	Principal activities	**31 December 2016 %**	31 December 2015 %
Olam Ghana Limited [1]	Ghana	(a)	**100**	100
Olam Ivoire SA [1]	Ivory Coast	(a)	**100**	100
Olam Nigeria Limited [1]	Nigeria	(a)	**100**	100
Outspan Ivoire SA [1]	Ivory Coast	(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
Olam Agricola Ltda.[1,4]	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 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**	60

Notes to the Financial Statements continued

For the financial year ended 31 December 2016

13. Subsidiary companies continued

Composition of the Group continued

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 2016 %	31 December 2015 %
OK Foods Limited [1]	Nigeria	(a) & (b)	**75**	75
Olam Cocoa Processing Cote d'Ivoire [1]	Ivory Coast	(a)	**100**	100
Seda Outspan Iberia S.L.[1]	Spain	(a)	**100**	100
Ranona Limited [1]	Nigeria	(a)	**75**	75
Nutrifoods Ghana Limited [1]	Ghana	(a)	**100**	100
Dehydro Foods S.A.E.[1]	Egypt	(a)	**100**	100
Queensland Cotton Holdings Pty Ltd [1]	Australia	(a) & (b)	**100**	100
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)	**93**	93
Gabon Fertilizer Company SA [1]	Gabon	(a)	**80**	80
Olam Rubber Gabon SA [1]	Gabon	(a)	**60**	60
Olam Cam SA [1]	Cameroon	(a)	**100**	100
Panasia International FZCO [2]	United Arab Emirates	(a)	**100**	100
Olam Sanyo Foods Limited [1]	Nigeria	(a)	**75**	75
Olam International UK Limited [2]	United Kingdom	(b)	**100**	100
Caraway Pte Ltd [1]	Singapore	(a)	**75**	75
Olam Cocoa Processing Ghana Limited [2]	Ghana	(a)	**100**	100
Olam Cocoa Ivoire SA [2]	Ivory Coast	(a)	**100**	100
Olam Cocoa B.V.[2]	Netherlands	(a)	**100**	100
Olam Cocoa Deutschland GmbH [2]	Germany	(a)	**100**	100
Olam Suisse Sarl [1]	Switzerland	(a)	**100**	100
Olam Cocoa Pte Limited [2]	Singapore	(a)	**100**	100
Acacia Investment Limited [3]	United Arab Emirates	(b)	**100**	50
Fasorel Sarl [2]	Mozambique	(a)	**100**	50
Quintessential Foods Nigeria Limited [1]	Nigeria	(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.

3. No statutory audit is required.

4. There was a merger between Outspan Brasil Importação e Exportação Ltda. ('Outspan Brasil') and Joanes Industrial Ltda. (a subsidiary of Outspan Brasil) during the current financial year and has been renamed as Olam Agricola Ltda.

14. Investments in jointly controlled entities and associates

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Jointly controlled entities (Note 14(a))	**247,748**	290,334	**124,256**	172,375
Associates (Note 14(b))	**642,090**	608,561	**600,570**	568,288
	889,838	898,895	**724,826**	740,663

(a) Investments in jointly controlled entities

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Unquoted equity shares at cost [1]	**1,551**	60,011	**–**	45,135
Share of post-acquisition reserves	**102,376**	91,072	**–**	–
Loans to jointly controlled entities [2]	**124,256**	121,826	**124,256**	121,826
Foreign currency translation adjustments	**19,565**	17,425	**–**	5,414
	247,748	290,334	**124,256**	172,375

1. During the current financial year, the Group has acquired the remaining 50% stake in Acacia Investment Limited (Note 11) and is now accounted for as a wholly-owned subsidiary. Accordingly, cost of investment in Acacia Investment Limited amounting to $45,135,000 (31 December 2015: $Nil) has been reclassified to Investment in subsidiaries (Note 13).
2. Loans to jointly controlled entities include a loan to Nauvu Investments Pte Ltd amounting to $123,563,000 (31 December 2015: $121,147,000). The loans are unsecured, non-interest bearing and not expected to be repayable within the next 12 months.

As of 31 December 2016 and 31 December 2015, 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 2016 %**	31 December 2015 %
Held by the Company				
Nauvu Investments Pte Ltd [1]	Singapore	(a)/(b)	**50**	50
Acacia Investment Limited	United Arab Emirates	(a)/(b)	**–**	50

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

(b) Technical services.

1. Audited by Ernst & Young LLP, Singapore.

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

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 2016 $'000	31 December 2015 $'000
Summarised balance sheet		
Non-current assets	**563,044**	646,516
Current assets	**62,261**	97,888
Total assets	**625,305**	744,404
Non-current liabilities	**368,685**	365,418
Current liabilities	**7,387**	59,642
Total liabilities	**376,072**	425,060
Net assets	**249,233**	319,344
Proportion of the Group's ownership:		
Group's share of net assets	**123,492**	158,578
Goodwill on acquisition	**–**	9,930
Loan to jointly-controlled entities	**124,256**	121,826
Carrying amount of the investments	**247,748**	290,334
Summarised statement of comprehensive income		
Revenue	**13,535**	64,058
Profit/(Loss) after tax	**10,026**	(31,384)
Other comprehensive income	**–**	(12,839)
Total comprehensive income	**10,026**	(44,223)

14. Investments in jointly controlled entities and associates continued

(b) Investments in associates

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Unquoted equity shares at cost	**350,714**	249,709	**373,424**	257,488
Share of post-acquisition reserves	**42,797**	44,379	**–**	–
Loan to associates [1]	**258,794**	334,658	**256,683**	334,658
Less: Impairment loss	**(35,596)**	(35,596)	**(35,596)**	(35,596)
Foreign currency translation adjustments	**25,381**	15,411	**6,059**	11,738
	642,090	608,561	**600,570**	568,288

1. Loan to associates are unsecured, not expected to be repayable within the next 12 months and are interest-free except for an amount of $256,683,000 (31 December 2015: $334,658,000) that bears interest ranging from 5.00% to 7.50% (31 December 2015: 5.50%) per annum.

As of 31 December 2016 and 31 December 2015, no associate was individually material to the Group. Details of significant associates are as follows:-

			Percentage of equity held	
Name of company	Country of incorporation	Principal activities	**31 December 2016 %**	31 December 2015 %
Held by the Company				
Gabon Special Economic Zone SA [1]	Gabon	Infrastructure development	**40.49**	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.

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 2016 $'000	31 December 2015 $'000
Summarised balance sheet		
Non-current assets	**1,335,418**	950,811
Current assets	**1,026,082**	740,106
Total assets	**2,361,500**	1,690,917
Non-current liabilities	**838,299**	466,539
Current liabilities	**377,695**	346,839
Total liabilities	**1,215,994**	813,378
Net assets	**1,145,506**	877,539
Proportion of the Group's ownership:		
Group's share of net assets	**364,688**	256,352
Goodwill on acquisition	**18,608**	17,551
Loan to associates	**258,794**	334,658
Carrying amount of the investments	**642,090**	608,561
Summarised statement of comprehensive income		
Revenue	**1,072,362**	1,071,388
Profit after tax	**87,785**	75,332
Other comprehensive income	**(19,616)**	–
Total comprehensive income	**68,169**	75,332

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For the financial year ended 31 December 2016

15. Long-term investments

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Quoted equity shares	**136,321**	257,146	**136,321**	257,146
Unquoted equity shares	**12,171**	12,061	**–**	–
	148,492	269,207	**136,321**	257,146

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. PureCircle is accounted for as fair value through other comprehensive income whilst Olam Grains Australia Pty Ltd is accounted for as fair value through profit or loss in accordance to FRS 109.

16. Amounts due from subsidiary companies

	Company	
	31 December 2016 $'000	31 December 2015 $'000
Trade receivables	**1,886,313**	811,788
Loans to subsidiaries	**1,790,805**	945,354
Non-trade (payables)/ receivables	**(93,970)**	32,457
	3,583,148	1,789,599

Loans to subsidiaries include amounts totalling $1,479,030,000 (31 December 2015: $324,498,000) which are unsecured and bear interest ranging from 0.60% to 7.50% (31 December 2015: 2.58% to 7.50%) 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 2016 $'000	31 December 2015 $'000
Euro	**1,504,480**	453,568
India Rupee	**877,662**	–
Great Britain Pounds	**508,675**	227,843
Amounts due from subsidiary companies are stated after deducting impairment loss:		
• Trade	**8,261**	8,140
• Non-trade	**24,506**	24,027
	32,767	32,167

17. Trade receivables

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Trade receivables	**1,407,854**	1,312,718	**385,144**	446,071
Indirect tax receivables	**248,603**	182,528	**476**	1,359
	1,656,457	1,495,246	**385,620**	447,430

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

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

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
United States Dollar	**165,922**	120,913	**–**	–
Great Britain Pounds	**87,844**	48,854	**–**	46,205
Euro	**24,619**	32,973	**12,337**	14,473

Trade receivables include amounts of $295,000, $Nil and $2,318,000 (31 December 2015: $484,000, $9,797,000 and $Nil) due from associates, a jointly controlled entity and a shareholder related company, respectively.

The Group provides for lifetime expected credit losses for trade receivables. The loss allowance provision as at 31 December 2016 is determined as follows: -

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Trade receivables measured at amortised cost	**1,458,774**	1,373,439	**414,387**	488,511
Less: Lifetime expected credit loss for trade receivables	**(50,920)**	(60,721)	**(29,243)**	(42,440)
Total trade receivables measured at amortised cost	**1,407,854**	1,312,718	**385,144**	446,071
Movement in allowance accounts:-				
As at beginning of year	**60,721**	34,188	**42,440**	17,487
Charge for the year	**37,016**	42,020	**27,972**	32,025
Written off	**(542)**	(2,526)	**–**	–
Written back	**(44,319)**	(15,021)	**(41,405)**	(10,636)
Foreign currency translation adjustments	**(1,956)**	2,060	**236**	3,564
As at end of year	**50,920**	60,721	**29,243**	42,440

Receivables that are past due but not impaired

The analysis of the Group and Company's ageing for receivables that are past due but not impaired is as follows: -

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Trade receivables past due but not impaired:-				
Less than 30 days	**346,694**	323,765	**56,932**	101,303
30 to 60 days	**194,829**	49,382	**9,584**	5,275
61 to 90 days	**38,006**	70,039	**10,832**	51,175
91 to 120 days	**20,578**	11,278	**813**	4,787
121 to 180 days	**8,459**	18,848	**1,880**	7,099
More than 180 days	**39,961**	54,396	**6,234**	9,753
Total trade receivables measured at amortised cost	**648,527**	527,708	**86,275**	179,392

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Margin deposits with brokers	**1,037,352**	294,096	**970,574**	224,847
Amounts due to brokers	**(872,394)**	(104,372)	**(817,030)**	(102,258)
	164,958	189,724	**153,544**	122,589

19. Inventories

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Balance sheets:				
Commodity inventories at fair value	**5,365,835**	4,644,101	**1,038,380**	573,962
Commodity inventories at the lower of cost and net realisable value	**2,048,476**	2,047,567	**106,606**	253,435
	7,414,311	6,691,668	**1,144,986**	827,397
Profit and loss account:				
Inventories recognised as an expense in cost of goods sold inclusive of the following (charge)/credit	**(15,940,068)**	(22,241,472)	**(11,875,179)**	(18,962,725)
• Inventories written down/ off	**(38,664)**	(25,679)	**(11,435)**	(10,083)
• Reversal of write-down of inventories [1]	**19,754**	12,290	**10,366**	10,780

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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Third parties	**880,602**	714,972	**142,456**	128,680
Subsidiary companies	**–**	–	**2,196,193**	3,084,849
	880,602	714,972	**2,338,649**	3,213,529

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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Euro	**30,269**	43,204	**613,857**	600,792
United States Dollar	**67,803**	15,048	**–**	–
Great Britain Pounds	**168**	2,289	**62,596**	37,106

20. Advance payments to suppliers/subsidiary companies continued

Advance payments to subsidiary companies are stated after deducting allowance for doubtful debts of $43,482,960 (31 December 2015: $42,785,000).

Advance payments to suppliers (third parties) for the Group and Company are stated after deducting allowance for doubtful debts of $12,450,000 and $472,000 (31 December 2015: $17,337,000 and $6,561,000) respectively.

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

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Movement in allowance accounts:-				
As at beginning of year	**17,337**	16,819	**6,561**	5,402
Charge for the year	**2,387**	5,971	**452**	926
Written off	**(7,285)**	(2,600)	**(5,956)**	–
Written back	**(756)**	(653)	**(446)**	(534)
Foreign currency translation adjustments	**767**	(2,200)	**(139)**	767
As at end of year	**12,450**	17,337	**472**	6,561

21. Other current/non-current assets

	Group		Company	
	31 December 2016 $'000	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 $'000
Current:				
Sundry receivables [1]	**362,123**	583,388	**1,189**	1,386
Export incentives and subsidies receivable [2]	**69,983**	145,786	**–**	–
Amounts due from jointly-controlled entity, associates and a shareholder related company	**29,425**	70,290	**23,314**	68,831
Deposits	**59,772**	42,541	**2,565**	1,602
Option premium receivable	**3,632**	15,343	**3,632**	15,343
Staff advances [3]	**8,182**	10,177	**492**	309
Insurance receivables [4]	**32,493**	5,838	**3,548**	1,977
Short-term investment	**4,478**	791	**–**	–
	570,088	874,154	**34,740**	89,448
Prepayments [5]	**356,819**	431,819	**116,376**	83,696
Advance corporate tax paid	**35,633**	60,628	**–**	–
Taxes recoverable	**24,138**	35,894	**–**	–
	986,678	1,402,495	**151,116**	173,144
Non-current:				
Other non-current assets [6]	**30,400**	30,966	**–**	–

1. Sundry receivables include receivables amounting to $162,449,000 (31 December 2015: $184,461,000) which relate to the sale-and-leaseback of the Awala palm plantations in the prior financial year.
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. Prepayments mainly pertain to prepaid expenses incurred for sourcing, processing, packaging and merchandising of agricultural products and inputs.
6. Other non-current assets include an investment in a dairy co-operative in Uruguay, which is accounted at cost amounting to $11,978,000 (31 December 2015: $10,596,000). In the prior financial year, included in other non-current assets was the provisional goodwill arising from the acquisition of ADM Cocoa of $499,190,000, of which has been re-classified and restated upon completion of the purchase price allocation exercise in the current financial year (Note 2.2).

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

22. Trade payables and accruals

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Trade payables	**1,538,786**	1,208,275	**799,160**	364,132
Accruals	**567,802**	492,588	**150,123**	135,424
Advances received from customers	**51,459**	37,708	**–**	6,273
GST payable and equivalent	**43,447**	15,140	**–**	–
	2,201,494	1,753,711	**949,283**	505,829

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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Great Britain Pounds	**340,044**	224,046	**293,772**	223,998
Euro	**124,705**	46,195	**121,564**	44,726
New Zealand Dollar	**–**	36,526	**–**	36,526
United States Dollar	**37,336**	10,585	**–**	–

Trade payables include amounts of $Nil (31 December 2015: $29,125,800) and $18,000 (31 December 2015: $Nil) 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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Interest payable on bank loans	**81,355**	80,157	**75,110**	70,079
Sundry payables	**261,081**	320,209	**6,647**	–
Option premium payable	**33,419**	37,794	**33,419**	37,794
	375,855	438,160	**115,176**	107,873
Withholding tax payable	**7,876**	6,545	**–**	–
	383,731	444,705	**115,176**	107,873

24. Borrowings

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Current:				
Bank overdrafts (Note 33)	**190,165**	196,044	**–**	–
Bank loans	**3,220,351**	3,661,987	**1,694,362**	2,603,010
Term loans from banks	**1,842,830**	1,319,412	**1,218,610**	1,288,252
Medium-term notes	**719,659**	–	**719,659**	–
Obligation under finance leases (Note 28(c))	**10,030**	5,936	**–**	–
Convertible bonds, unsecured	**–**	321,166	**–**	321,166
Other bonds	**–**	7,634	**–**	–
	5,983,035	5,512,179	**3,632,631**	4,212,428
Non-current:				
Term loans from banks	**4,232,530**	3,380,997	**3,092,015**	1,519,483
Medium-term notes	**2,983,926**	2,946,507	**2,983,926**	2,946,507
Obligation under finance leases (Note 28(c))	**111,701**	102,131	**–**	–
Other bonds	**359,396**	352,101	**359,396**	352,101
	7,687,553	6,781,736	**6,435,337**	4,818,091
	13,670,588	12,293,915	**10,067,968**	9,030,519

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

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Singapore Dollar	**1,480,199**	1,478,663	**1,480,199**	1,478,663
United States Dollar	**253,992**	382,295	**–**	–
Australian Dollar	**200,279**	196,168	**200,279**	196,168
Japanese Yen	**146,690**	72,343	**146,690**	72,343
Great Britain Pound	**18,703**	–	**–**	–
Euro	**–**	62,255	**–**	–

Bank overdrafts and bank loans

The bank loans to the Company are repayable within 12 months and bear interest in a range from 1.26% to 1.61% (31 December 2015: 0.89% to 1.52%) per annum.

The bank loans and bank overdrafts to the subsidiary companies are repayable within 12 months and bear interest in a range from 0.80% to 26.00% (31 December 2015: 0.50% to 36.00%) per annum.

Bank loans include an amount of $24,079,000 (31 December 2015: $20,107,000) 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 1.56% to 2.76% (31 December 2015: 1.34% to 2.05%) per annum. Term loans to the Company are unsecured and are repayable within five years.

Term loans from banks to the subsidiary companies bear interest at floating interest rates ranging from 1.20% to 12.00% (31 December 2015: 1.00% to 13.00%) per annum. Term loans to the subsidiary companies are unsecured and are repayable between two and seven years.

Term loans from banks include an amount of $93,992,000 (31 December 2015: $75,402,000) secured by the assets of subsidiaries. The remaining amounts of term loans from banks are unsecured.

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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 drawdowns from the MTN and EMTN are unsecured.

The MTN and EMTN are as follows:-

		Group and Company	
	Maturity	**31 December 2016 $'000**	31 December 2015 $'000
Current:			
Multicurrency medium term note programme:			
• 5.75% fixed rate notes	2017	**719,659**	–
Non-current:			
Multicurrency medium term note programme:			
• 6.00% fixed rate notes	2018	**249,638**	249,413
Euro medium term note programme:			
• 5.75% fixed rate notes	2017	**–**	707,418
• 4.25% fixed rate notes	2019	**398,484**	397,889
• 5.80% fixed rate notes	2019	**349,047**	348,671
• 4.50% fixed rate notes	2020	**430,748**	421,278
• 4.875% fixed rate notes	2020	**200,279**	196,168
• 1.375% fixed rate notes	2020	**73,860**	72,343
• 4.00% fixed rate notes	2020	**72,119**	70,637
• 6.00% fixed rate notes	2022	**483,030**	482,690
• 4.50% fixed rate notes	2021	**653,891**	–
• 1.427% fixed rate notes	2021	**72,830**	–
		2,983,926	2,946,507

Obligations under finance leases
Obligations under finance leases amounting to $19,602,000 (31 December 2015: $19,219,000) are guaranteed by a subsidiary company.

Obligations under finance leases bear interest ranging from 0.96% to 9.22% (31 December 2015: 0.96% to 9.22%) per annum and are repayable between 1 and 20 years.

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

	Group and Company	
	31 December 2016 $'000	31 December 2015 $'000
Current:		
• 6.00% convertible bonds [1]	**–**	321,166

1. On 2 September 2009, the Company issued 6.00% 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 102.50% 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 remaining balance of the bonds were redeemed on 22 February 2016 and following such redemption, all of the outstanding bonds have been cancelled as at 31 December 2016.

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 2016 $'000	31 December 2015 $'000
Balance at the beginning of the period	**321,166**	575,528
Less: Redemption of convertible bonds	**(313,626)**	(355,971)
Less: Foreign currency translation adjustments	**(7,540)**	60,323
Add: Accretion of interest	**–**	41,286
	–	321,166

Other bonds

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Current:				
Outspan Ivoire SA bonds [1]	**–**	7,634	**–**	–
Non-current:				
7.50% unsecured senior bonds [2]	**359,396**	352,101	**359,396**	352,101

1. Outspan Ivoire SA issued unsecured bonds of XOF 13.0 billion with a fixed annual interest rate of 7.00% 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 bond has been fully repaid as at 31 December 2016.
2. On 7 August 2010, the Company issued 7.50% interest bearing unsecured senior bonds of US$250,000,000 due in 2020. The interest is payable semi-annually. On 9 July 2014, the Company repurchased US$917,000 of the senior bonds. Upon settlement, the repurchased portion was cancelled and the aggregate outstanding principal amount following such cancellation is US$249,083,000.

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 adjusted 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:-

	Group	
	31 December 2016 $'000	31 December 2015, as restated $'000
Net profit attributable to owners of the Company	**351,312**	54,193
Less: Accrued capital securities distribution	**(33,568)**	(24,972)
Adjusted net profit attributable to owners of the Company for basic and dilutive earnings per share	**317,744**	29,221

	No. of shares	No. of shares
Weighted average number of ordinary shares on issue applicable to basic earnings per share	**2,753,842,602**	2,504,813,055
Dilutive effect of convertible bonds	**6,332,446**	–
Dilutive effect of share options	**1,035,086**	2,493,763
Dilutive effect of performance share plan	**23,098,975**	5,790,360
Dilutive effect of warrants	**66,835,892**	91,697,250
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**2,851,145,001**	2,604,794,428

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.

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

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

(a) Share capital

	Group and Company			
	31 December 2016		31 December 2015	
	No. of shares	$'000	No. of shares	$'000
Ordinary shares issued and fully paid [1]				
Balance at beginning of year	**2,825,645,142**	**3,082,499**	2,490,857,869	2,162,642
Issue of shares for cash	**–**	**–**	332,727,273	915,000
Issue of shares on exercise of warrants	**3,221,695**	**5,096**	–	–
Issue of shares on exercise of share options	**170,000**	**299**	2,060,000	4,857
Balance at end of year	**2,829,036,837**	**3,087,894**	2,825,645,142	3,082,499

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.

(b) Treasury shares

	Group and Company			
	31 December 2016		31 December 2015	
	No. of shares	$'000	No. of shares	$'000
Ordinary shares issued and fully paid [1]				
Balance at beginning of year	**52,196,000**	**96,081**	52,196,000	96,081
Share buyback during the year	**48,969,100**	**94,384**	–	–
Balance at end of year	**101,165,100**	**190,465**	52,196,000	96,081

During the current financial year, the Company bought back a total of 48,969,100 shares for cash of $94,384,000.

(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.

Current financial year:

On 20 July 2016, the Company issued subordinated perpetual capital securities (the 'capital securities') with an aggregate principal amount of US$500,000,000 under the S$5,000,000,000 EMTN Programme. Issuance costs incurred amounting to $6,126,000 were recognised in equity as a deduction from proceeds.

The capital securities were priced at par and bear a distribution rate of 5.35% for the first five years. The distribution rate will then be reset at the end of five years from the issue date of the capital securities and each date falling every 5 years thereafter. Additionally, Olam may choose to redeem in whole the capital securities on or after the fifth anniversary of the issuance of the capital securities.

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.

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

(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 29 January 2018. The Warrants have been presented as capital reserves under equity.

In the previous financial year, as a result of the payment of the interim dividend in respect of the financial year ended 31 December 2016, the Company announced the issuance of 9,243,790 additional warrants with the exercise price adjusted to US$1.16. Further, as a result of the payment of the final dividend in respect of the financial year ended 31 December 2016, the exercise price was adjusted to US$1.14 with an additional 6,963,394 warrants issued. Consequent to the adjustments and the issuance of additional warrants, the total warrants outstanding were 430,788,918. Taking into consideration the conversion of warrants during the financial year, a total of 428,934,252 warrants remained outstanding as at 31 December 2016.

27. Dividends

	Group and Company	
	31 December 2016 $'000	31 December 2015[1] $'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 2016: $0.030 (31 December 2015: $0.025) per share	**82,296**	61,018
• One tier tax exempted second and final dividend for financial year ended 31 December 2015: $0.035 (31 December 2014: $Nil) per share	**101,740**	
• 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
	184,036	247,297
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 2016: $0.030 (31 December 2015: $0.035) per share	**81,836**	97,071

1. Relates to dividends paid out for the 18 months period from 1 July 2014 to 31 December 2015.

28. Commitments

(a) Operating lease commitments

Operating lease expenses of the Group and Company (principally for land, offices, warehouses, employees' residences and vessels) were $117,866,000 (31 December 2015: $173,063,000) and $37,536,000 (31 December 2015: $44,732,000), respectively. These leases have an average tenure of between 1.0 and 20.0 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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Within one year	**98,816**	87,998	**26,511**	21,835
After one year but not more than five years	**229,080**	202,469	**21,477**	18,635
More than five years	**581,424**	536,642	**1,398**	–
	909,320	827,109	**49,386**	40,470

(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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Capital commitments in respect of property, plant and equipment	**15,267**	18,592	**–**	–

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

28. Commitments continued

(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 2016 $'000	**31 December 2016 $'000**	31 December 2015 $'000	31 December 2015 $'000
	Minimum lease payments	**Present value of payments (Note 24)**	Minimum lease payments	Present value of payments (Note 24)
Not later than one year	**14,812**	**10,030**	15,632	5,936
Later than one year but not later than five years	**65,743**	**40,740**	61,425	38,444
Later than five years	**132,860**	**70,961**	115,549	63,687
Total minimum lease payments	**213,415**	**121,731**	192,606	108,067
Less: Amounts representing finance charges	**(91,684)**	**–**	(84,539)	–
Present value of minimum lease payments	**121,731**	**121,731**	108,067	108,067

29. Contingent liabilities

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Contingent liabilities not provided for in the accounts: Financial guarantee contracts given on behalf of subsidiary companies[1]	**–**	–	**6,954,277**	5,669,519

1. Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $1,089,198,008 (31 December 2015: $1,150,568,538).

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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Salaries and employee benefits	**571,963**	774,145	**135,572**	249,666
Central Provident Fund contributions and equivalents	**31,813**	41,835	**2,810**	4,239
Retrenchment benefits	**829**	1,764	**–**	–
Share-based expense	**13,282**	6,392	**5,667**	2,582
	617,887	824,136	**144,049**	256,487

(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 ESOS has expired on 3 January 2015. The terms of the ESOS continue to apply to outstanding options granted under the ESOS. The ESOS rules amended on 29 October 2008 may be read in the Appendix 1 of the Company's circular dated 13 October 2008.

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

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 2016 are as follows:-

Date of issue	No. of share options issued	Vesting period	In annual tranches of
21 July 2009	33,010,000	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	650,000	4 years	0, 0, 25, 75
14 March 2011	1,295,000	4 years	0, 0, 25, 75
30 December 2011	2,690,000	4 years	0, 0, 25, 75
15 June 2012	16,672,000	4 years	0, 0, 25, 75
	72,742,000		

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

30. Employee benefits expenses continued

(a) Employee share option scheme continued

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 2016		31 December 2015	
	Number of share options	**Weighted average exercise price $**	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**74,417,000**	**2.20**	79,252,000	2.22
Granted during the year [1]	**–**	**–**	–	–
Forfeited during the year	**(1,505,000)**	**2.66**	(2,775,000)	2.66
Exercised during the year [2]	**(170,000)**	**2.28**	(2,060,000)	2.28
Outstanding at the end of the year [3]	**72,742,000**	**2.20**	74,417,000	2.20
Exercisable at end of year	**60,238,000**	**2.29**	61,785,500	2.29

1. There were no new options granted during the year.
2. The weighted average share price when the options were exercised in the current financial year was $2.28 (31 December 2015: $2.51).
3. The range of exercise prices for options outstanding at the end of the financial year was $1.76 to $3.10 (31 December 2015: $1.76 to $3.10). The weighted average remaining contractual life for these options is 4.52 years (31 December 2015: 4.51 years).

(b) Olam Share Plans

Olam Share Grant Plan ('OSGP')
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') – Performance and Restricted Share Awards ('PSA' and 'RSA')	
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 are shown below:-

Plan:	**RSA and PSA**	**PSA**
Grant date:	15 April 2016	7 April 2015
Dividend yield (%)	2.753	2.87
Expected volatility (%)	22.747	7.82
Risk-free interest rate (%)	1.197	1.33
Expected term (years)	2.72	2.74
Index (for Relative TSR)	FTSE Straits Times Index	FTSE Straits Times Index
Index volatility (%)	14.081	7.82
Correlation with Index (%)	35.4	38.8
Share price at date of grant ($)	1.720	1.985
Fair value at date of grant ($)	1.400	1.848

30. Employee benefits expenses continued

(b) Olam Share Plans continued

Olam Share Grant Plan ('OSGP') continued

The number of contingent shares granted but not released for both PSA and RSA awards as at 31 December 2016 was 27,637,500 (31 December 2015: 11,817,500).

Based on the achievement factor, the actual release of the PSA awards could range from zero to maximum of 42,762,913 (31 December 2015: 22,748,688) 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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Employee share option scheme	**–**	586	**–**	207
Olam share grant plan	**13,282**	5,806	**5,667**	2,375
	13,282	6,392	**5,667**	2,582

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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Subsidiary companies:				
• Sales of goods	**–**	–	**3,288,693**	3,450,381
• Sales of services, net	**–**	–	**29,125**	–
• Purchases	**–**	–	**7,113,429**	10,086,559
• Insurance premiums paid	**–**	–	**13,295**	16,868
• Commissions paid	**–**	–	**56,074**	56,290
• Interest received on loan	**–**	–	**80,824**	67,559
• Consultancy fee paid	**–**	–	**30,850**	31,554
• Management fee received	**–**	–	**35,049**	53,823
• Trademark income	**–**	–	**204,817**	–
• Dividend received	**–**	–	**101**	–
Jointly controlled entity:				
• Sales of goods	**–**	24,702	**–**	24,702
• Management fee received	**204**	–	**–**	–
Associate:				
• Sales of goods	**31,347**	26,525	**19,659**	26,525
• Purchases	**165,859**	218,543	**165,852**	218,543
• Finance income	**14,659**	26,863	**14,659**	26,863
• Dividend received	**12**	–	**12**	–
• Management fee received	**664**	–	**664**	–
• Director Fees received	**77**	–	**77**	–
• Miscellaneous income	**255**	–	**255**	–
Shareholder related companies:				
• Purchase of motor vehicles and other assets	**–**	991	**–**	–
• Sale of goods	**58,002**	–	**48,585**	–
• Purchases	**1,278**	–	**485**	–
• Others	**78**	–	**–**	–

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Directors' fees	**1,866**	2,501	**1,806**	2,501
Salaries and employee benefits	**19,581**	39,561	**16,629**	34,064
Central Provident Fund contributions and equivalents	**448**	900	**130**	178
Share-based expense	**2,803**	1,100	**2,279**	884
	24,698	44,062	**20,844**	37,627
Comprising amounts paid to:-				
Directors of the Company	**10,550**	23,105	**10,490**	23,105
Key management personnel	**14,148**	20,957	**10,354**	14,522
	24,698	44,062	**20,844**	37,627

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 2016 Options/shares	31 December 2015 Options/shares
Employee Share Option Scheme:		
Directors	**20,000,000**	20,000,000
Key management personnel	**16,800,000**	19,900,000
Olam Share Grant Plan:		
Directors	**2,052,000**	650,000
Key management personnel	**3,700,000**	1,575,000

33. Cash and short-term deposits

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
Cash and bank balances	**1,556,636**	1,921,773	**723,680**	1,361,516
Deposits	**587,415**	221,399	**550,992**	56,740
	2,144,051	2,143,172	**1,274,672**	1,418,256

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.00% to 12.50% (31 December 2015: 0.00% to 15.00%) per annum.

Deposits include short-term and capital guaranteed deposits. Short-term deposits are made for varying periods between 1 and 365 days (31 December 2015: 1 and 365 days) depending on the immediate cash requirements of the Group, and interest earned at floating rates ranging from 0.00% to 9.96% (31 December 2015: 0.10% to 11.00%) per annum.

Deposits amounting to $1,545,000 (31 December 2015: $Nil) have been pledged to secure the Group's borrowings as set out in Note 24 to the financial statements.

Deposits include capital guaranteed, non-interest bearing, index-linked structured deposits of $14,468,000 (31 December 2015: $28,367,000) with remaining maturity period of three months (31 December 2015: ranging 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 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
United States Dollar	**86,235**	73,658	**–**	–
Great Britain Pounds	**103,304**	374,445	**102,285**	373,914
Euro	**294,709**	99,800	**290,061**	85,003
Australian Dollar	**3,625**	18,109	**3,324**	18,107
Swiss Franc	**210,833**	1,967	**210,015**	1,967
Japanese Yen	**267,271**	4,408	**267,208**	4,368
Singapore Dollar	**49,808**	9,696	**49,806**	9,447

33. Cash and short-term deposits continued

Cash and cash equivalents

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

	Group	
	31 December 2016 $'000	31 December 2015 $'000
Cash and bank balances	**1,556,636**	1,921,773
Deposits	**587,415**	221,399
Structured deposits	**(14,468)**	(28,367)
Bank overdrafts (Note 24)	**(190,165)**	(196,044)
	1,939,418	1,918,761

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 and the Company are exposed to financial risks from its operations and the use of financial instruments. The board of directors and board risk committee reviews and agrees on policies and procedures for the management of these risks, which are executed by the Chief Financial Officer and Head of Risk. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

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 $22,991,000 (31 December 2015: $13,947,000) 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.

Notes to the Financial Statements continued

For the financial year ended 31 December 2016

34. Financial risk management policies and objectives continued

(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.

For computation of impairment losses on financial assets, the Group uses a provision matrix as presented below:-

Balance Sheet	Expected credit loss
Trade receivables (Note 17) Loans to jointly-controlled entities and associates (Note 14) and Other current assets – Amount due from jointly-controlled entity, associates and a shareholder related company (Note 21) Amount due from subsidiary companies (Note 16) Other current assets – Sundry receivables, Export incentives and subsidies receivable, deposits, staff advances, insurance receivables (Note 21)	A percentage of the financial asset calculated by taking the default rate of the counterparties based on external benchmarks

The carrying amounts of trade receivables, other non-current and current assets, 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.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the operating segment profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:-

	Group		Company	
	31 December 2016 $'000	31 December 2015 $'000	**31 December 2016 $'000**	31 December 2015 $'000
By operating segments:				
Edible nuts, spices and vegetable ingredients	**253,620**	448,650	**68,467**	367,928
Confectionery and beverage ingredients	**556,669**	519,179	**77,805**	28,805
Industrial raw materials	**79,105**	129,214	**47,890**	33,889
Food staples and packaged food business	**518,460**	205,730	**190,982**	7,928
Commodity financial services	**–**	9,945	**–**	7,521
	1,407,854	1,312,718	**385,144**	446,071

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

34. Financial risk management policies and objectives continued

(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 2016		31 December 2015	
	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%	**689**	**–**	(351)	–
GBP – strengthened 0.5%	**(322)**	**(2,983)**	(4,121)	(12,488)
EUR – strengthened 0.5%	**(2,954)**	**(10,129)**	(9,026)	(1,939)
AUD – strengthened 0.5%	**(134)**	**2,609**	172	984
SGD – strengthened 0.5%	**(6,692)**	**6,275**	(375)	8,113

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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 2016 $'000				31 December 2015 $'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)	**2,201,494**	**–**	**–**	**2,201,494**	1,753,711	–	–	1,753,711
Other current liabilities (Note 23)	**294,500**	**–**	**–**	**294,500**	358,003	–	–	358,003
Borrowings	**6,465,152**	**7,727,079**	**689,751**	**14,881,982**	5,402,848	6,794,318	661,753	12,858,919
Derivative financial instruments (Note 34f)	**987,942**	**–**	**–**	**987,942**	540,094	–	–	540,094
Total undiscounted financial liabilities	**9,949,088**	**7,727,079**	**689,751**	**18,365,918**	8,054,656	6,794,318	661,753	15,510,727
Company								
Financial liabilities:								
Trade payables and accruals (Note 22)	**949,283**	**–**	**–**	**949,283**	505,829	–	–	505,829
Other current liabilities (Note 23)	**40,066**	**–**	**–**	**40,066**	37,794	–	–	37,794
Borrowings	**4,010,284**	**6,492,154**	**508,758**	**11,011,196**	4,030,044	4,850,012	537,858	9,417,914
Derivative financial instruments (Note 34f)	**681,162**	**–**	**–**	**681,162**	368,303	–	–	368,303
Total undiscounted financial liabilities	**5,680,795**	**6,492,154**	**508,758**	**12,681,707**	4,941,970	4,850,012	537,858	10,329,840

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 2016 $'000				31 December 2015 $'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	**1,089,198**	**–**	**–**	**1,089,198**	1,150,569	–	–	1,150,569

(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 $25,393,000 (31 December 2015: $10,959,000).

34. Financial risk management policies and objectives continued

(f) Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage the Group's exposure to risks associated with foreign currency and commodity price. Certain derivatives are also used for trading purposes. The Group and Company have master netting arrangements with certain dealers and brokers to settle the net amount due to or from each other.

As at 31 December 2016, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 24 months (31 December 2015: 1 and 24 months).

The Group's and Company's derivative financial instruments that are offset are as follows:-

	Group		**Company**	
	Fair value		**Fair value**	
	Assets $'000	**Liabilities $'000**	**Assets $'000**	**Liabilities $'000**
31 December 2016				
Derivatives held for hedging:				
Foreign exchange contracts	**231,380**	**(195,339)**	**206,572**	**(154,642)**
Foreign exchange contracts – Cash flow hedge	**–**	**(41,305)**	**–**	**(41,305)**
Commodity contracts	**5,739,831**	**(4,846,050)**	**4,840,466**	**(4,463,259)**
Total derivatives held for hedging	**5,971,211**	**(5,082,694)**	**5,047,038**	**(4,659,206)**
Derivatives held for trading:				
Foreign exchange contracts	**6,224**	**(9,768)**	**6,224**	**(9,768)**
Commodity contracts	**305,170**	**(251,933)**	**305,170**	**(251,934)**
Total derivatives held for trading	**311,394**	**(261,701)**	**311,394**	**(261,702)**
Total derivatives, gross	**6,282,605**	**(5,344,395)**	**5,358,432**	**(4,920,908)**
Gross amounts offset in the balance sheet	**(4,356,454)**	**4,356,453**	**(4,239,746)**	**4,239,746**
Net amounts in the balance sheet	**1,926,151**	**(987,942)**	**1,118,686**	**(681,162)**

	Group		Company	
	Fair value		Fair value	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
31 December 2015				
Derivatives held for hedging:				
Foreign exchange contracts	157,218	(167,600)	133,077	(135,093)
Foreign exchange contracts – Cash flow hedge	27,518	–	27,518	–
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)

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34. Financial risk management policies and objectives continued

(f) Derivative financial instruments and hedge accounting continued

From 1 January 2016, the Group applies hedge accounting in accordance with FRS 109 for certain hedging relationships which qualify for hedge accounting. The effects of applying hedge accounting for expected future sales and purchases on the Group's balance sheet and profit or loss are as follows:-

		Group 31 December 2016	
	Line item in the Balance Sheets where the hedging instrument is reported:	Assets $'000	Liabilities $'000
Fair value hedge			
Hedged item:			
Inventories	Inventories	**767,870**	**–**
Hedging instruments:			
Commodity contracts	Derivative assets/ (liabilities)	**–**	**(225,817)**
Cash flow hedge			
Hedged item:			
Forecasted transactions denominated in foreign currency	Fair value adjustment reserves	**76,655**	**–**
Hedging instruments:			
Foreign exchange contracts	Derivative assets/ (liabilities)	**–**	**(41,305)**

Fair value hedge

In order to calculate the price exposure for inventories, the Group uses hedging instruments which are based on input and output conversion factors; these conversion factors are also periodically adjusted where required.

For all the commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 3 to 24 months. The commodity derivatives held for hedging are used to hedge the commodity price risk related to inventories. The accumulated amount of fair value hedge adjustments included in the carrying amount of the inventories amounts to $276,553,000 in the current financial year.

Cash flow hedge

For all the foreign exchange and commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 24 months (31 December 2015: 24 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 and this amounts to $54,111,000 for the current financial year. The net hedging loss recognised in the 'Other Comprehensive Income' in relation to such transactions amounts to $41,305,000 in the current financial year.

Cash flow hedges of expected transactions that were assessed to be highly effective have resulted in a net fair value loss of $277,999,000 for both the Group and Company as at 31 December 2016 (31 December 2015: loss of $107,931,000). There was no hedge ineffectiveness recorded in Profit and Loss during the current financial year.

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 than 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 2016			
	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)	**136,321**	**–**	**12,171**	**148,492**
Derivatives financial instruments				
• Foreign exchange contracts	**–**	**237,604**	**–**	**237,604**
• Commodity contracts	**492,907**	**1,073,034**	**122,606**	**1,688,547**
	629,228	**1,310,638**	**134,777**	**2,074,643**
Financial liabilities:				
Derivatives financial instruments				
• Foreign exchange contracts	**–**	**205,108**	**–**	**205,108**
• Foreign exchange contracts – Cash flow hedge	**–**	**41,305**	**–**	**41,305**
• Commodity contracts	**129,122**	**599,632**	**12,775**	**741,529**
	129,122	**846,045**	**12,775**	**987,942**
Non-financial assets:				
Biological assets (Note 12)	**–**	**–**	**450,565**	**450,565**
Inventories (Note 19)	**–**	**4,550,262**	**815,573**	**5,365,835**
	–	**4,550,262**	**1,266,138**	**5,816,400**

	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	–	159,999	–	159,999
• Foreign exchange contracts – Cash flow hedge	–	27,518	–	27,518
• 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, as restated (Note 12)	–	–	336,142	336,142
Inventories (Note 19)	–	4,307,608	336,493	4,644,101
	–	4,307,608	672,635	4,980,243

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35. Fair values of assets and liabilities continued

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

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.

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 (fruits on trees, annual crops and livestock) has been determined through various methods and assumptions. Please refer to Note 12 for more details.

(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% (31 December 2015: 14.6%)
Commodity contracts	Comparable market approach	Premium on quality per metric tonne	0% to 17% (31 December 2015: 0% to 28%)
Commodity contracts	Comparable market approach	Discount on quality per metric tonne	0% to 21% (31 December 2015: 0% to 25%)
Non-financial assets:			
Inventories	Comparable market approach	Premium on quality per metric tonne	0% to 20% (31 December 2015: 0% to 29%)
Inventories	Comparable market approach	Discount on quality per metric tonne	0% to 20% (31 December 2015: 0% to 35%)

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 2016		
		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	**12,171**	**–**	**61**
Commodity contracts	**122,606**	**6,666**	**–**
Financial liabilities:			
Commodity contracts	**(12,775)**	**612**	**–**
Non-financial assets:			
Biological assets – increased by 0.5%	**450,565**	**(1,853)**	**–**
Biological assets – decreased by 0.5%	**450,565**	**1,864**	**–**
Inventories	**815,573**	**7,801**	**–**

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

	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, as restated – increased by 0.5%	336,142	(803)	–
Biological assets, as restated – decreased by 0.5%	336,142	796	–
Inventories	336,493	3,193	–

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 2014	26,216	(3,475)	13,709	14,787
Total gain/(loss) 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 and 1 January 2016	52,409	(1,053)	12,061	336,493
Total gain/(loss) recognised in the profit and loss account				
• Net gain/(loss) on fair value changes	**70,197**	**(11,722)**	**–**	**53,154**
• Purchases and sales, net	**–**	**–**	**–**	**425,926**
• Foreign currency translation adjustments	**–**	**–**	**110**	**–**
At 31 December 2016	**122,606**	**(12,775)**	**12,171**	**815,573**

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35. Fair values of assets and liabilities continued

(d) 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.

(e) 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 2016				
Financial liabilities:				
Medium-term notes	**3,703,585**	**3,700,546**	**3,703,585**	**3,700,546**
Other bonds	**359,396**	**390,468**	**359,396**	**390,468**
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

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 2016 and 31 December 2015.

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 2016	31 December 2015 (As restated)	31 December 2015
Gross debt to equity:			
• Before fair value adjustment reserve	**2.36 times**	2.37 times	2.35 times
Net debt to equity:			
• Before fair value adjustment reserve	**1.99 times**	1.96 times	1.94 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	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000
31 December 2016			
Financial assets:			
Loans to jointly controlled entities (Note 14(a))	**124,256**	**–**	**–**
Loan to associate (Note 14(b))	**258,794**	**–**	**–**
Long-term investments (Note 15)	**–**	**136,321**	**12,171**
Trade receivables (Note 17)	**1,656,457**	**–**	**–**
Margin accounts with brokers (Note 18)	**164,958**	**–**	**–**
Other current assets (Note 21)	**565,610**	**–**	**4,478**
Cash and short-term deposits (Note 33)	**2,129,583**	**–**	**14,468**
Derivative financial instruments (Note 34f)	**–**	**–**	**1,926,151**
Other non-current assets (Note 21)	**18,422**	**–**	**11,978**
	4,918,080	**136,321**	**1,969,246**
Financial liabilities:			
Trade payables and accruals (Note 22)	**2,201,494**	**–**	**–**
Other current liabilities (Note 23)	**375,855**	**–**	**–**
Borrowings (Note 24)	**13,670,588**	**–**	**–**
Derivative financial instruments (Note 34f)	**–**	**41,305**	**946,637**
	16,247,937	**41,305**	**946,637**

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37. Classification of financial assets and liabilities continued

Company	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000
31 December 2016			
Financial assets:			
Loans to jointly controlled entities (Note 14(a))	124,256	–	–
Loan to associate (Note 14(b))	256,683	–	–
Long-term investments (Note 15)	–	136,321	–
Amounts due from subsidiary companies (Note 16)	3,583,148	–	–
Trade receivables (Note 17)	385,620	–	–
Margin accounts with brokers (Note 18)	153,544	–	–
Other current assets (Note 21)	34,740	–	–
Cash and short-term deposits (Note 33)	1,260,204	–	14,468
Derivative financial instruments (Note 34f)	–	–	1,118,686
	5,798,195	136,321	1,133,154
Financial liabilities:			
Trade payables and accruals (Note 22)	949,283	–	–
Other current liabilities (Note 23)	115,176	–	–
Borrowings (Note 24)	10,067,968	–	–
Derivative financial instruments (Note 34f)	–	41,305	639,857
	11,132,427	41,305	639,857

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 – Edible Nuts (cashew, peanuts, almonds, hazelnuts, pistachios, walnuts, sesame and beans including pulses, lentils and peas), spices and vegetable ingredients (including pepper, onion, garlic, capsicums and tomato).
- Confectionery and Beverage Ingredients – cocoa and coffee.
- Industrial Raw Materials, Ag Logistics and Infrastructure – cotton, wood products, rubber, fertiliser and Gabon Special Economic Zone (GSEZ including ports and infrastructure).
- Food Staples and Packaged Foods – rice, sugar and sweeteners, grains and animal feed, edible oils, dairy and packaged foods.
- Commodity Financial Services – risk management solutions, market-making, volatility and asset management, and trade and structured finance.

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 in Note 38(a).

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, Ag Logistics and Infrastructure		Food staples and packaged foods		Commodity financial services		Consolidated	
	31 December 2016 $'000	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000
Segment revenue :												
Sales to external customers	**3,981,093**	6,073,053	**7,710,976**	9,569,240	**2,784,204**	3,902,286	**6,110,759**	8,686,007	**–**	–	**20,587,032**	28,230,586
Segment result (EBITDA)	**331,790**	566,942	**407,288**	428,247	**135,182**	255,382	**330,230**	351,228	**(1,608)**	8,430	**1,202,882**	1,610,229
Depreciation and amortisation	**(134,707)**	(158,630)	**(97,192)**	(66,332)	**(24,271)**	(34,362)	**(96,996)**	(127,282)	**(315)**	(452)	**(353,481)**	(387,058)
Finance costs	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(446,248)**	(835,733)
Finance income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**30,248**	49,992
Exceptional items[1]	**–**	(4,855)	**–**	(34,122)	**–**	(4,409)	**–**	(216,295)	**–**	–	**–**	(259,681)
Profit before taxation											**433,401**	177,749
Taxation expense											**(94,314)**	(125,808)
Profit for the financial year											**339,087**	51,941
Segment assets	**4,185,983**	4,058,249	**7,212,619**	6,932,779	**2,794,927**	2,350,998	**5,642,221**	3,604,061	**260,835**	88,156	**20,096,585**	17,034,243
Unallocated assets [2]											**3,372,299**	3,820,650
											23,468,884	20,854,893
Segment liabilities	**543,317**	595,293	**1,103,141**	1,133,569	**349,162**	223,629	**1,120,138**	373,503	**107,053**	5,605	**3,222,811**	2,331,599
Unallocated liabilities[3]											**14,611,769**	13,203,638
											17,834,580	15,535,237
Other segmental information:												
Share of results from jointly-controlled entities and associates	**–**	–	**(232)**	95	**6,772**	5,430	**15,620**	(3,240)	**–**	–	**22,160**	2,285
Investments in jointly-controlled entities and associates	**1,245**	–	**2,726**	1,275	**495,865**	587,369	**390,002**	310,251	**–**	–	**889,838**	898,895
Capital expenditure	**139,153**	136,080	**132,139**	105,309	**129,561**	84,971	**350,480**	238,899	**460**	685	**751,793**	565,944

(b) Geographical segments

	Asia, Middle East and Australia		Africa		Europe		Americas		Eliminations		Consolidated	
	31 December 2016 $'000	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000	**31 December 2016 $'000**	31 December 2015 (As restated) $'000
Segment revenue:												
Sales to external customers	**6,823,304**	10,682,446	**3,646,339**	4,088,419	**5,466,757**	7,616,115	**4,650,632**	5,843,606	**–**	–	**20,587,032**	28,230,586
Intersegment sales	**6,279,030**	6,076,699	**2,932,461**	3,197,365	**2,628,457**	1,791,671	**2,645,897**	3,744,856	**(14,485,845)**	(14,810,591)	**–**	–
	13,102,334	16,759,145	**6,578,800**	7,285,784	**8,095,214**	9,407,786	**7,296,529**	9,588,462	**(14,485,845)**	(14,810,591)	**20,587,032**	28,230,586
Non-current assets [4]	**5,677,185**	3,395,716	**809,494**	1,887,223	**891,059**	760,019	**917,938**	1,390,794	**–**	–	**8,295,676**	7,433,752

(c) Information on major customers

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

Notes to the Financial Statements continued
For the financial year ended 31 December 2016

38. Segmental information continued

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

	Group	
	31 December 2016 $'000	31 December 2015 $'000
Loss on bond buy-back – fair value component	–	(18,591)
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, Ivory Coast	–	14,792
Fair valuation of investment in PureCircle Limited	–	(192,612)
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)
	–	(259,681)

Finance costs of $446,248,000 includes an exceptional item amounting to $12,504,000 in relation to the buy-back of the convertible bond in the current financial year (Note 24).

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 2016 $'000	31 December 2015 $'000
Cash and bank balances	**1,556,636**	1,921,773
Fixed deposits	**587,415**	221,399
Other current/non-current assets	**984,021**	1,346,052
Long-term investments	**148,492**	269,207
Deferred tax assets	**95,735**	62,219
	3,372,299	3,820,650

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 2016 $'000	31 December 2015 (As restated) $'000
Borrowings	**13,670,588**	12,293,915
Deferred tax liabilities	**505,876**	420,782
Other liabilities	**350,356**	406,911
Provision for taxation	**84,949**	82,030
	14,611,769	13,203,638

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 8 February 2017, the Company announced its intention to repurchase up to S$235,800,000 in aggregate principal amount of the S$275,000,000 7 per cent. perpetual capital securities issued in 2012 for cash in the open market at 100% of the principal amount, together with distributions accrued to (but not excluding) the settlement date.

(b) On 2 March 2017, the Company announced that it will be issuing US$300,000,000 4.375 per cent. fix rate senior unsecured notes due 2023 (the 'Notes') at an issue price of 99.37 per cent. of the principal amount of the Notes under the US$5,000,000,000 Euro Medium Term Note Programme. The Notes will bear interest at a fixed rate of 4.375 per cent. per annum payable semi-annually in arrears save for an additional interest payment on 9 July 2017. Proceeds from the issue of the Notes will be used by the Group and the Company for working capital purposes and general corporate purposes.

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