Unlocking long-term value and driving sustainable growth

Financial Report

Annual Report 2020

Olam International Limited

About Olam

Olam International is a leading food and agri-business supplying food, ingredients, feed and fibre to 17,300 customers worldwide. Our value chain spans over 60 countries and includes farming, a direct and indirect sourcing network of an estimated five million farmers, processing, distribution and trading operations. We are organised by two operating groups – Olam Food Ingredients (OFI) and Olam Global Agri (OGA) both held by the parent Olam International Limited (OIL) which provides stewardship and acts as an accelerator, incubating new growth engines.

Through our Purpose to 'Re-imagine Global Agriculture and Food Systems', Olam aims to address the many challenges involved in meeting the food, feed and fibre needs of a growing global population, while achieving positive impact for farming communities, our planet and all our key stakeholders.

Headquartered and listed in Singapore, Olam currently ranks among the top 30 largest primary listed companies in terms of market capitalisation on SGX-ST.

Since June 2020, Olam has been included in the FTSE4Good Index Series, a global sustainable investment index series developed by FTSE Russell, following a rigorous assessment of Olam's supply chain activities, impact on the environment and governance transparency. The FTSE4Good Index Series identifies companies that demonstrate strong Environmental, Social and Governance (ESG) practices and is used by a variety of market participants to create and assess responsible investment funds.

Image Right:

Through our Purpose, we seek to achieve three outcomes, one of which is Re-generating the Living World. With one in three bites of food requiring insect pollination, it's critical that we consider all aspects of biodiversity and our ecosystem.

About this report

Our 2020 report is made up of three chapters: Strategy Report, Governance Report and Financial Report.

Financial Report: Our statutory accounts 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

Financial Report

The full report is available online at olamgroup.com/investors

Image disclaimer

A number of images used in this report were taken prior to COVID-19.

Unlocking long-term value and driving sustainable growth

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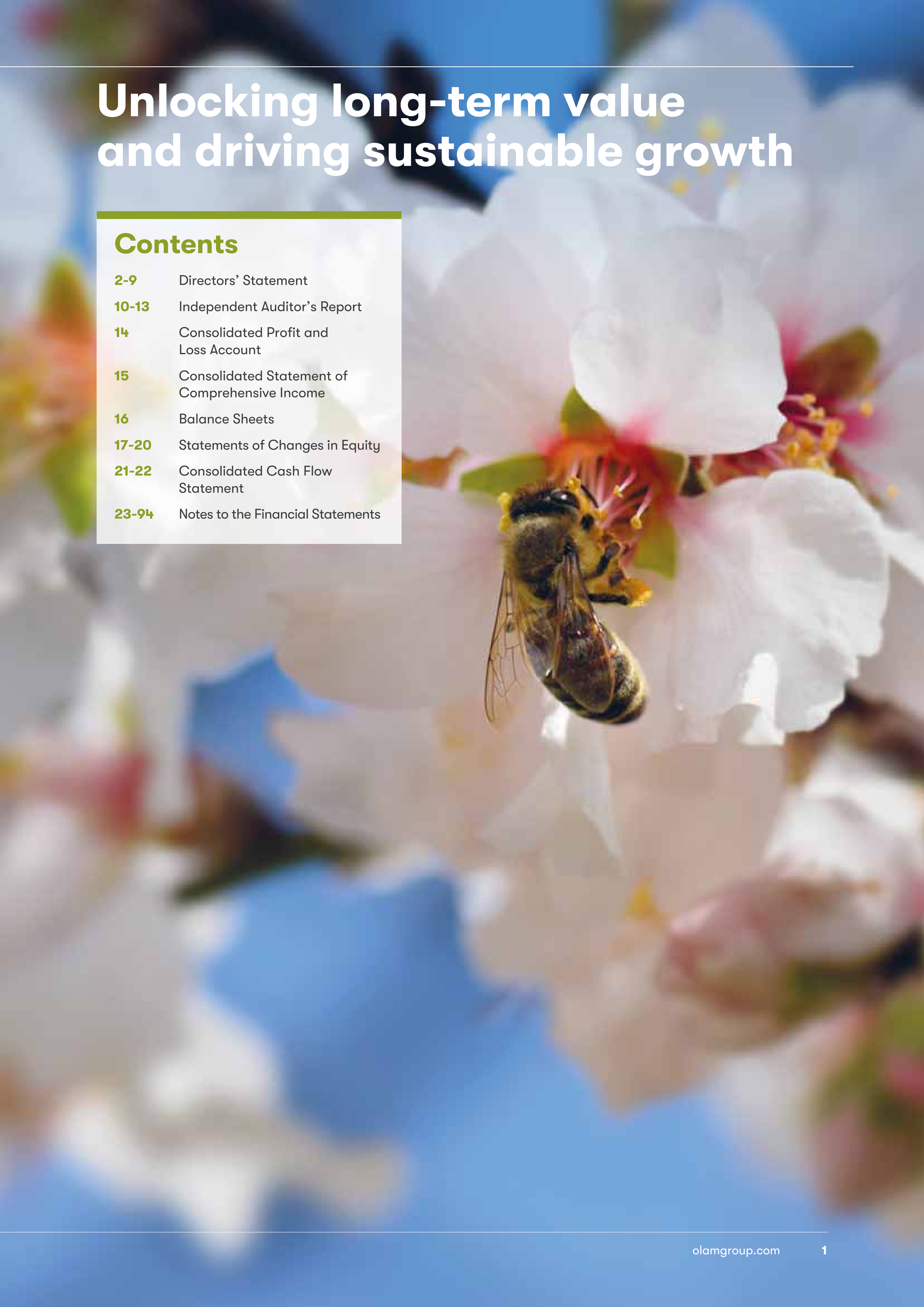

Directors' Statement

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 2020.

1. Opinion of the directors

In the opinion of the directors,

(i) the financial statements set out on pages 14 to 94 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 2020, changes in equity of the Group and of the Company, the financial performance 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	
Ajai Puri (Dr.)	
Joerg Wolle (Dr.)	
Kazuo Ito	
Marie Elaine Teo	
Nagi Adel Hamiyeh	
Nihal Vijaya Devadas Kaviratne CBE	
Norio Saigusa	(Appointed on 20 May 2020)
Sanjiv Misra	
Yap Chee Keong	
Sunny George Verghese	
Shekhar Anantharaman	

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 2020 was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interests in shares and debentures

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. 2020 or date of appointment, if later	**As at 31.12.2020**	**As at 21.1.2021**	As at 1.1.2020 or date of appointment, if later	**As at 31.12.2020**	**As at 21.1.2021**
The Company						
Olam International Limited						
(a) Ordinary shares						
Lim Ah Doo [1]	–	**139,300**	**139,300**	–	**–**	**–**
Sunny George Verghese	133,589,470	**136,530,385**	**136,530,385**	–	**–**	**–**
Sanjiv Misra	–	**45,799**	**45,799**	–	**–**	**–**
Nihal Vijaya Devadas Kaviratne CBE	–	**23,842**	**23,842**	–	**–**	**–**
Yap Chee Keong	–	**65,501**	**65,501**	–	**–**	**–**
Marie Elaine Teo	–	**47,482**	**47,482**	–	**–**	**–**
Shekhar Anantharaman	16,261,136	**16,769,702**	**16,769,702**	–	**–**	**–**
Joerg Wolle (Dr.)	–	**4,586**	**4,586**	–	**–**	**–**
Ajai Puri (Dr.)	–	**4,117**	**4,117**	–	**–**	**–**
(b) Options to subscribe for ordinary shares						
Sunny George Verghese	15,000,000	**–**	**–**	–	**–**	**–**
Shekhar Anantharaman	3,250,000	**3,250,000**	**3,250,000**	–	**–**	**–**

4. Directors' interests in shares and debentures continued

Name of directors	Held in the name of the director or nominee: As at 1.1. 2020 or date of appointment, if later	As at 31.12.2020	As at 21.1.2021	Deemed interest: As at 1.1.2020 or date of appointment, if later	As at 31.12.2020	As at 21.1.2021
Subsidiaries of the Company's ultimate holding company						
Temasek Group of companies						
(a) Mapletree North Asia Commercial Trust Management (fka Mapletree Greater China Commercial Trust Management Ltd) (Unit holdings in Mapletree North Asia Commercial Trust (fka Mapletree Greater China Commercial Trust))						
Sunny George Verghese [1]	510,000	–	–	–	–	–
(b) Mapletree Logistics Trust Management Ltd (Unit holdings in Mapletree Logistics Trust)						
Sunny George Verghese [1]	505,000	–	–	–	–	–
Lim Ah Doo [1]	185,000	**185,000**	**185,000**	–	–	–
(c) Singapore Technologies Engineering Ltd (Ordinary Shares)						
Lim Ah Doo [1]	72,400	**87,300**	**87,300**	–	–	–
(d) Starhub Ltd (Ordinary Shares)						
Nihal Vijaya Devadas Kaviratne CBE	45,000	**87,500**	**87,500**	–	–	–
Sanjiv Misra [2]	60,000	**60,000**	**60,000**	–	–	–
(e) Mapletree Industrial Trust Management Ltd. (Ordinary Shares in Mapletree Industrial Trust)						
Marie Elaine Teo	11,800	**11,800**	**11,800**	–	–	–
(f) Astrea IV Pte Ltd (4.35% bonds due 2028)						
Yap Chee Keong	$250,000	**$250,000**	**$250,000**	–	–	–
(g) Ascott Residence Trust (3.88% fixed rate perpetual securities)						
Yap Chee Keong	$250,000	**$250,000**	**$250,000**	–	–	–
(h) Musel Private Trust (Unit holdings)						
Marie Elaine Teo	800	**800**	**800**	–	–	–
(i) CapitaLand Integrated Commercial Trust Management (Ordinary Shares in CapitaLand Integrated Commercial Trust (fka CapitaLand Commercial Trust))						
Sanjiv Misra [2]	–	**111,618**	**111,618**	–	–	–
Sunny George Verghese [1]	617,980	–	–	–	–	–
(j) CapitaLand Limited (Ordinary Shares)						
Sunny George Verghese [1]	16,000	–	–	–	–	–

1. Held in trust by a trustee or nominee on behalf of the director.
2. 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 Nomination & Remuneration Committee ('NRC'), which comprises the following directors and co-opted member:-

Lim Ah Doo	
Sanjiv Misra	
Yap Chee Keong	
Joerg Wolle (Dr.)	
Norio Saigusa	(Appointed on 20 May 2020)
Chan Wai Ching	(Co-opted)

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 2020 are as follows:-

	Exercise price ($)	Number of options
14 March 2021	2.70	770,000
30 December 2021	2.16	1,790,000
15 June 2022	1.76	15,967,000
Total		18,527,000

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 expired since the commencement of the scheme to the end of the 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	1,750,000	3,250,000

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 aforesaid options were not exercised and had expired on 17 February 2020.

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. These options were not exercised and had expired on 21 July 2019. 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.

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, which was amended at the 2020 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;
- instil 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.

The OSGP was amended in May 2020 to enable non-executive directors of the Group (the 'Group Non-Executive Directors') to participate in the OSGP. The Company had also updated the OSGP to take into account the relevant changes to the Companies Act introduced since the OSGP was adopted to ensure consistency with the listing rules of the SGX-ST as well as to streamline and rationalise certain other provisions.

An employee's Award under the OSGP will be determined at the absolute discretion of the NRC. In considering an Award to be granted to an employee, the NRC 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 NRC), may be imposed in respect of Shares awarded to the employees under the OSGP.

In the case of a Group Non-Executive Director, no performance condition may be specified in relation to Awards granted to Group Non-Executive Directors under the OSGP. Where an award is to be made to a Group Non-Executive Director under the OSGP as part of his/her directors' remuneration in lieu of cash, approximately 30% (or such other percentage as may be determined for the relevant financial year) of his/her remuneration for a particular financial year will be paid out in the form of shares comprised in such awards (with the balance being paid out in cash). These awards will consist of the grant of fully paid shares outright, with no performance conditions attached and no vesting periods imposed.

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

Type of Grant	Performance share awards ('PSA')	Restricted share awards ('RSA')
Date of Grant	3 April 2020	3 April 2020
Number of Shares which are subject of the Awards granted	16,443,135	9,736,488
Number of employees receiving Shares Awards	767	767
Market Value of Olam Shares on the Date of Grant	1.36	1.36
Number of Shares awarded granted to directors of the Company	Sunny George Verghese 1,213,235	Sunny George Verghese 720,588
	Shekhar Anantharaman 647,100	Shekhar Anantharaman 382,400
Vesting Date of Shares awarded	April 2023	Tranche 1 – 25%: 1 April 2021 Tranche 2 – 25%: 1 April 2022 Tranche 3 – 25%: 1 April 2023 Tranche 4 – 25%: 1 April 2024

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

Olam Share Grant Plan continued

Type of Grant	Performance share awards ('PSA')	Restricted share awards ('RSA')
Date of Grant	12 April 2019	12 April 2019
Number of Shares which are subject of the Awards granted	7,974,087	4,946,477
Number of employees receiving Shares Awards	661	661
Market Value of Olam Shares on the Date of Grant	$1.98	$1.98
Number of Shares awarded granted to directors of the Company	Sunny George Verghese 368,687	Sunny George Verghese 367,677
	Shekhar Anantharaman 290,500	Shekhar Anantharaman 176,800
Vesting Date of Shares awarded	April 2022	Tranche 1 – 25%: 1 April 2020 Tranche 2 – 25%: 1 April 2021 Tranche 3 – 25%: 1 April 2022 Tranche 4 – 25%: 1 April 2023

Type of Grant	Performance share awards ('PSA')		Restricted share awards ('RSA')	
Date of Grant	16 April 2018	12 April 2018	16 April 2018	12 April 2018
Number of Shares which are subject of the Awards granted	779,800	8,183,700	491,500	4,932,400
Number of employees receiving Shares Awards	2	712	2	712
Market Value of Olam Shares on the Date of Grant	$2.34	$2.36	$2.34	$2.36
Number of Shares awarded granted to directors of the Company	Sunny George Verghese 478,000	–	Sunny George Verghese 286,800	–
	Shekhar Anantharaman 301,800	–	Shekhar Anantharaman 204,700	–
Vesting Date of Shares awarded	April 2021	April 2021	Tranche 1 – 25%: 1 April 2019 Tranche 2 – 25%: 1 April 2020 Tranche 3 – 25%: 1 April 2021 Tranche 4 – 25%: 1 April 2022	Tranche 1 – 25%: 1 April 2019 Tranche 2 – 25%: 1 April 2020 Tranche 3 – 25%: 1 April 2021 Tranche 4 – 25%: 1 April 2022

Type of Grant	Performance share awards ('PSA')		Restricted share awards ('RSA')	
Date of Grant	24 April 2017	5 May 2017	24 April 2017	5 May 2017
Number of Shares which are subject of the Awards granted	9,711,173	40,000	4,456,173	20,000
Number of employees receiving Shares Awards	320	1	319	1
Market Value of Olam Shares on the Date of Grant	$1.91	$1.90	$1.91	$1.90
Number of Shares awarded granted to directors of the Company	Sunny George Verghese 392,147	–	Sunny George Verghese 392,147	–
	Shekhar Anantharaman 323,026	–	Shekhar Anantharaman 323,026	–
Vesting Date of Shares awarded	April 2020	April 2020	Tranche 1 – 25%: 1 April 2018 Tranche 2 – 25%: 1 April 2019 Tranche 3 – 25%: 1 April 2020 Tranche 4 – 25%: 1 April 2021	Tranche 1 – 25%: 1 April 2018 Tranche 2 – 25%: 1 April 2019 Tranche 3 – 25%: 1 April 2020 Tranche 4 – 25%: 1 April 2021

The actual number of shares to be delivered pursuant to the PSA granted in the table above will range from 0% to 200.0% 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.

Type of Grant	Restricted share awards ('RSA')
Date of Grant	15 April 2016
Number of Shares which are subject of the Awards granted	5,423,000
Number of employees receiving Shares Awards	294
Market Value of Olam Shares on the Date of Grant	$1.72
Number of Shares awarded granted to directors of the Company	Sunny George Verghese 410,000
	Shekhar Anantharaman 232,000
Vesting Date of Shares awarded	Tranche 1 – 25%: 1 April 2017 Tranche 2 – 25%: 1 April 2018 Tranche 3 – 25%: 1 April 2019 Tranche 4 – 25%: 1 April 2020

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

Olam Share Grant Plan continued

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

Name of Participant	Share awards granted during financial year under review	Aggregate share awards granted since the commencement of the scheme to the end of financial year under review	Aggregate share awards vested since the commencement of the scheme to the end of financial year under review	Aggregate share awards cancelled since the commencement of the scheme to the end of the financial year under review	Aggregate share awards outstanding as at the end of financial year under review
Performance Share Awards:					
Sunny George Verghese	1,213,235	3,262,069	734, 359	467,788	2,059,922
Shekhar Anantharaman	647,100	2,162,426	547,934	375,092	1,239,400
Restricted Share Awards:					
Sunny George Verghese	720,588	2,177,212	939,430	–	1,237,782
Shekhar Anantharaman	382,400	1,318,926	620,821	–	698,105

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" or "Committee") comprises five Non-Executive directors of which majority are independent. The members of the AC are Mr. Yap Chee Keong (Chairman), Mr. Nihal Vijaya Devadas Kaviratne CBE, Ms. Marie Elaine Teo, Mr. Kazuo Ito and Dr. Ajai Puri.

The AC performed its functions in accordance with the Companies Act, Chapter 50, the Listing Manual of the SGX-ST and the Code of Corporate Governance 2018, which include, amongst others, the following:

- Review of the Group's half-yearly and annual financial statements and quarterly business performance for recommendation to the Board;
- Review of the salient accounting matters and legal and regulatory matters that may have a material impact on the financial statements and related compliance policies and programmes;
- Review, with the external auditors, their scope of work, audit plans, the results of their examinations and evaluation of the Group's internal accounting control systems, the adequacy of the Company's system of accounting controls, the cooperation given by the Management of the Company to the external auditors;
- Review the adequacy of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management systems through the integrated risk assurance framework;
- Review the assurance given by the Group CEO, CEO-OFI and GCFO in relation to the adequacy and effectiveness of the Group's risk management and internal control systems;
- Review, with the internal auditors, their scope of work and organisation, their audit plans, quarterly report of the results of their audits of the business, operations and functions and whistle-blowers' reports;
- Review the adequacy, independence and effectiveness of the internal auditors;
- Review the adequacy, independence and objectivity of the external auditors; and
- Review the interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

During the year under review, the AC:

- held meetings with the external auditors and internal auditors 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
- reported key issues discussed and actions taken from the AC meetings to the board of directors with such recommendations as the AC considered appropriate.

The AC has reviewed and considered the audit and non-audit arrangements and services provided by Ernst & Young LLP and considered the nature and extent of such arrangements and services performed by the external auditors. The Committee has opined that these arrangements and services would not affect the independence of Ernst & Young LLP.

The AC has recommended to the Board the re-appointment of Ernst & Young LLP as independent external auditor of the Company at the forthcoming Annual General Meeting of the Company on 23 April 2021.

Please refer to the additional disclosures on the AC provided 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 external auditor.

On behalf of the board of directors,

Lim Ah Doo
Director

Sunny George Verghese
Director

23 March 2021

Independent Auditor's Report

For the financial year ended 31 December 2020
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 14 to 94, which comprise the balance sheets of the Group and the Company as at 31 December 2020, 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 Singapore Financial Reporting Standards (International) in Singapore (SFRS(I)s) 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 2020 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 12. 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 intangible assets and contingent liabilities and their measurement at fair value is inherently judgemental, thus we considered this to be a key audit matter.

We have obtained the valuations prepared by independent valuers engaged by the Group for the assets and liabilities acquired through business combinations. 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 and also the reasonableness of the useful lives of the intangible and tangible assets and the consideration given.

2 Impairment assessment of property, plant and equipment, goodwill and indefinite life intangible assets

The Group has significant property, plant and equipment, goodwill and indefinite life intangible assets as disclosed in Notes 11 and 12. Management performs periodic and annual impairment reviews of goodwill, intangible assets with indefinite life and impairment assessments for identified property, plant and equipment where there are indications of impairment. Recoverable values of the property, plant and equipment, goodwill and indefinite life intangible assets are determined based on fair value less costs to sell or value-in-use assessment where relevant, and are performed by management with the help of independent professional valuers where applicable. These assessments involve judgement exercised in fair value less costs to sell, forecasting and discounting future cash flows. The COVID-19 pandemic has resulted in uncertainty in the current and future economic environment in which the Group operates. As a result, the estimates and assumptions used in the cashflow projections which form the basis of the recoverable amounts require significant judgement due to the high degree of estimation uncertainty inherent in assessing the duration and severity of the economic downturn. These judgements require estimates to be made over areas including those relating to future revenues (yield), operating costs, growth rates and discount rates. As such, we have considered this to be a key audit matter.

For fair value less costs to sell calculation where independent professional valuers are involved, we have reviewed, with the assistance of our internal valuation specialist where required, the competence, capabilities and objectivity of the independent professional valuers, and evaluated the appropriateness of the fair valuation prepared by independent professional valuers, including considerations of the impact of COVID-19 pandemic on the fair value.

For the value-in-use assessment, we reviewed management's impairment assessment process including their considerations of the impact of COVID-19 pandemic has on the operations and evaluated the reasonableness of management's conclusions on key assumptions including forecast cash flows focusing on revenues and earnings before interest, tax, depreciation and amortisation ('EBITDA'). We also assessed the appropriateness of discount rates with the assistance of our internal valuation specialist where required and growth rates to assess the reliability of management's forecast.

We also reviewed the adequacy of the Group's disclosures in relation to property, plant and equipment, goodwill and indefinite life intangible assets as disclosed in Notes 11 and 12.

3 Valuation of biological assets

The Group operates various farms and plantations for which the dairy cows, poultry, agricultural produce ('fruits on trees') and annual crops are subject to fair valuation. These significant biological assets are fair valued by management and/or independent professional valuers engaged by the Group using industry/market accepted valuation methodology and approaches. As the measurement of fair value involves judgement on the assumptions and estimates used, we have considered this to be a key audit matter.

We obtained the valuations of biological assets prepared by management and/or independent professional valuers engaged by the Group. We reviewed the fair value reports, together with our internal valuation specialists where required, for appropriateness of the fair value methodology used and reasonableness of the key assumptions used, including forecast cash flows, discount rates and yield rates for the plantations and market prices of the fruits or nuts/crop and livestock. To the extent where independent professional valuers are involved, we reviewed the competence, capabilities and objectivity and evaluated the appropriateness of the valuation models prepared by independent professional valuers.

We also reviewed the adequacy of the Group's disclosures in relation to biological assets as disclosed in Note 13.

4 Valuation of financial instruments

The Group entered into various financial instruments which are required to be carried at fair value as disclosed in Notes 35 and 36. These include fair value of financial assets and financial liabilities relating to Level 3 financial instruments. Estimation uncertainty is high for these financial instruments where significant valuation inputs are unobservable and judgement is involved on the assumptions and estimates used and therefore, this is considered a key audit matter.

Key audit matters continued

4 Valuation of financial instruments continued

We have reviewed and assessed the controls over identification, measurement and management of valuation risk, and evaluated the methodologies, inputs and assumptions used by the Group in determining fair values as at year end. We have also evaluated the assumptions and models used or performed an independent valuation to assess the reasonableness of the computed fair value with the help of our internal valuation specialist where required. The review also included testing of the evidence supporting significant unobservable inputs utilised in Level 3 measurements in the fair value hierarchy as outlined in Notes 35 and 36 to the financial statements, which included assessing management's valuation assumptions against independent price quotes, recent transactions and other verifiable supporting documentation.

Additionally, we have reviewed the adequacy of disclosures of fair value risks and sensitivities in Notes 35 and 36 to the financial statement to reflect the Group's exposure to valuation risk.

5 Accounting for tiered revenue sharing arrangement in a sale and leaseback transaction

In accounting for lease contracts containing a tiered revenue sharing arrangement in a sale and leaseback transaction, the Group's accounting policy was to recognise a full gain on sale in the profit or loss in the accounting period for which the sale was concluded with no right-of-use asset recognised due to the lease payments being totally variable. In June 2020, the IFRS Interpretations Committee clarified that regardless for sale and leaseback transactions where lease payments are fully variable, the seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

Following the clarification, the Group has restated the previous year's assessment of such transactions and determine the right-of-use assets retained using the present value of expected payments for the lease. We have determined this as a key audit matter as significant judgement and estimation have been applied in determining the present value of the expected lease payments which are totally variable.

We have evaluated management's approach and key assumptions used in the determination of the present value of expected lease payments which are tiered to future revenues. The present value of these revenues is subjected to volatilities related to the expected future harvest yields and future market prices of agriculture products at each point of harvest. We have also evaluated the management's approach and inputs used in the determination of the incremental borrowing rates of the leases. We have also reviewed the adequacy of the Group's disclosures in relation to the restatement, right-of-use assets and lease liabilities as disclosed in Notes 2.2, 10 and 25 respectively.

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 2020 comprises the information included in (i) Strategy Report, (ii) Governance Report and (iii) Directors' Statement (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 SFRS(I)s, 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 Christopher Wong.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
23 March 2021

Consolidated Profit and Loss Account

For the financial year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 (As restated) $'000
Sale of goods and services	4	**35,820,043**	32,992,722
Other income	5	**136,175**	188,488
Cost of goods sold	6	**(32,663,155)**	(30,053,735)
Net (loss)/gain from changes in fair value of biological assets	13	**(60,277)**	1,857
Depreciation and amortisation	10, 11, 12	**(561,264)**	(500,626)
Other expenses	7	**(2,147,572)**	(1,822,637)
Finance income		**102,772**	88,649
Finance costs	8	**(518,475)**	(629,483)
Share of results from joint ventures and associates		**113,929**	67,872
Profit before taxation		**222,176**	333,107
Income tax expense	9	**(43,987)**	(55,937)
Profit for the financial year		**178,189**	277,170
Attributable to:			
Owners of the Company		**245,697**	316,165
Non-controlling interests		**(67,508)**	(38,995)
		178,189	277,170
Earnings per share attributable to owners of the Company (cents)			
Basic	26	**5.93**	8.19
Diluted	26	**5.85**	8.10

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 2020

	Group	
	2020 **$'000**	2019 (As restated) $'000
Profit for the financial year	**178,189**	277,170
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net (loss)/gain on fair value changes during the financial year	**(39,318)**	93,243
Recognised in the profit and loss account on occurrence of hedged transactions	**20,241**	(105,532)
Foreign currency translation adjustments	**(163,942)**	(86,200)
Share of other comprehensive income of joint ventures and associates	**21,583**	(5,948)
	(161,436)	(104,437)
Items that will not be reclassified subsequently to profit or loss:		
Net fair value loss on equity instrument at fair value through other comprehensive income	**(39,738)**	(64,274)
Other comprehensive income for the year, net of tax	**(201,174)**	(168,711)
Total comprehensive income for the year	**(22,985)**	108,459
Attributable to:		
Owners of the Company	**62,242**	155,521
Non-controlling interests	**(85,227)**	(47,062)
	(22,985)	108,459

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

Balance Sheets

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 (As restated) $'000	Group 1 January 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current assets						
Property, plant and equipment	11	**5,904,563**	6,186,963	5,809,948	**6,110**	8,898
Right-of-use assets	10	**712,249**	719,250	–	**62,565**	53,524
Intangible assets	12	**1,242,798**	1,165,231	1,199,912	**336,323**	292,103
Biological assets	13	**473,165**	531,178	511,931	**–**	–
Subsidiary companies	14	**–**	–	–	**9,099,919**	9,004,517
Deferred tax assets	9	**227,802**	183,273	166,785	**–**	–
Investments in joint ventures and associates	15	**664,946**	661,105	691,692	**448,078**	403,708
Long-term investment	16	**24,342**	71,503	135,777	**24,342**	71,503
Other non-current assets	22	**34,384**	44,956	27,786	**–**	2,019
		9,284,249	9,563,459	8,543,831	**9,977,337**	9,836,272
Current assets						
Amounts due from subsidiary companies (net)	17	**–**	–	–	**–**	2,435,290
Trade receivables	18	**1,910,362**	2,316,519	2,435,168	**711,530**	991,427
Margin accounts with brokers	19	**121,663**	–	–	**96,593**	–
Inventories	20	**7,380,615**	7,211,465	6,468,157	**1,958,979**	1,985,021
Advance payments to suppliers	21	**621,943**	563,537	805,472	**125,425**	92,669
Advance payments to subsidiary companies	21	**–**	–	–	**496,552**	358,804
Cash and short-term deposits	34	**3,115,877**	3,179,584	2,480,374	**1,032,192**	1,200,479
Derivative financial instruments	35	**3,243,054**	1,847,715	1,835,043	**2,609,137**	1,374,556
Other current assets	22	**985,624**	1,129,743	878,772	**257,809**	313,603
		17,379,138	16,248,563	14,902,986	**7,288,217**	8,751,849
Non-current assets held for sale	22	**39,255**	–	–	**–**	–
		17,418,393	16,248,563	14,902,986	**7,288,217**	8,751,849
Current liabilities						
Amounts due to subsidiary companies (net)	17	**–**	–	–	**(2,833,243)**	–
Trade payables and accruals	23	**(3,070,057)**	(3,983,485)	(3,633,860)	**(1,424,718)**	(2,174,563)
Margin accounts with brokers	19	**–**	(12,961)	(121,017)	**–**	(110,918)
Borrowings	25	**(6,466,457)**	(6,675,458)	(4,766,411)	**(1,318,482)**	(3,597,553)
Lease liabilities	25	**(96,472)**	(118,517)	(10,710)	**(24,981)**	(18,513)
Derivative financial instruments	35	**(2,276,851)**	(1,162,135)	(928,631)	**(2,006,753)**	(959,691)
Provision for taxation		**(203,655)**	(259,077)	(151,994)	**(33,724)**	(26,037)
Other current liabilities	24	**(533,710)**	(596,936)	(456,399)	**(92,410)**	(88,214)
		(12,647,202)	(12,808,569)	(10,069,022)	**(7,734,311)**	(6,975,489)
Net current assets/(liabilities)		**4,771,191**	3,439,994	4,833,964	**(446,094)**	1,776,360
Non-current liabilities						
Deferred tax liabilities	9	**(369,230)**	(407,337)	(422,625)	**(836)**	(1,893)
Borrowings	25	**(6,780,887)**	(5,403,423)	(6,407,718)	**(1,863,756)**	(3,082,230)
Lease liabilities	25	**(815,546)**	(881,761)	(83,396)	**(39,600)**	(35,308)
Other non-current liabilities	24	**(53,798)**	(17,695)	–	**–**	–
		(8,019,461)	(6,710,216)	(6,913,739)	**(1,904,192)**	(3,119,431)
Net assets		**6,035,979**	6,293,237	6,464,056	**7,627,051**	8,493,201
Equity attributable to owners of the Company						
Share capital	27	**3,748,994**	3,748,994	3,748,994	**3,748,994**	3,748,994
Treasury shares	27	**(140,172)**	(158,807)	(166,280)	**(140,172)**	(158,807)
Capital securities	27	**1,045,732**	1,045,867	1,046,406	**1,045,732**	1,045,867
Reserves		**1,307,905**	1,549,111	1,696,246	**2,972,497**	3,857,147
		5,962,459	6,185,165	6,325,366	**7,627,051**	8,493,201
Non-controlling interests		**73,520**	108,072	138,690	**–**	–
Total equity		**6,035,979**	6,293,237	6,464,056	**7,627,051**	8,493,201

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 2020

31 December 2020 Group	Share capital (Note 27) $'000	Treasury shares (Note 27) $'000	Capital securities (Note 27) $'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 2020	3,748,994	(158,807)	1,045,867	280,168	(1,156,708)	(404,108)	135,255	2,941,327	1,795,934	6,431,988	108,072	6,540,060
Effect of change in accounting policy related to SFRS(I) 16 (Note 2.2.1)	–	–	–	–	1,169	–	–	(247,992)	(246,823)	(246,823)	–	(246,823)
At 1 January 2020, restated	3,748,994	(158,807)	1,045,867	280,168	(1,155,539)	(404,108)	135,255	2,693,335	1,549,111	6,185,165	108,072	6,293,237
Profit for the financial year	–	–	–	–	–	–	–	245,697	245,697	245,697	(67,508)	178,189
Other comprehensive income												
Net loss on fair value changes during the financial year	–	–	–	–	–	(79,056)	–	–	(79,056)	(79,056)	–	(79,056)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	20,241	–	–	20,241	20,241	–	20,241
Foreign currency translation adjustments	–	–	–	–	(146,223)	–	–	–	(146,223)	(146,223)	(17,719)	(163,942)
Share of other comprehensive income of joint ventures and associates	–	–	–	(20,876)	42,459	–	–	–	21,583	21,583	–	21,583
Other comprehensive income for the financial year, net of tax	–	–	–	(20,876)	(103,764)	(58,815)	–	–	(183,455)	(183,455)	(17,719)	(201,174)
Total comprehensive income for the year	–	–	–	(20,876)	(103,764)	(58,815)	–	245,697	62,242	62,242	(85,227)	(22,985)
Contributions by and distributions to owners												
Issue of treasury shares for Restricted Share Award (Note 27)	–	18,635	–	–	–	–	(18,635)	–	(18,635)	–	–	–
Share-based expense	–	–	–	–	–	–	25,335	–	25,335	25,335	–	25,335
Dividends on ordinary shares (Note 28)	–	–	–	–	–	–	–	(253,708)	(253,708)	(253,708)	–	(253,708)
Accrued capital securities distribution	–	–	56,440	–	–	–	–	(56,440)	(56,440)	–	–	–
Payment of capital securities distribution	–	–	(56,575)	–	–	–	–	–	–	(56,575)	–	(56,575)
Total contributions by and distributions to owners	–	18,635	(135)	–	–	–	6,700	(310,148)	(303,448)	(284,948)	–	(284,948)
Changes in ownership interests in subsidiaries												
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	50,675	50,675
Total transactions with owners in subsidiaries	–	–	–	–	–	–	–	–	–	–	50,675	50,675
Total transactions with owners in their capacity as owners	–	18,635	(135)	–	–	–	6,700	(310,148)	(303,448)	(284,948)	50,675	(234,273)
At 31 December 2020	3,748,994	(140,172)	1,045,732	259,292	(1,259,303)	(462,923)	141,955	2,628,884	1,307,905	5,962,459	73,520	6,035,979

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

31 December 2019 Group	Share capital (Note 27) $'000	Treasury shares (Note 27) $'000	Capital securities (Note 27) $'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 2019	3,748,994	(166,280)	1,046,406	295,563	(1,069,917)	(327,545)	127,315	2,670,830	1,696,246	6,325,366	138,690	6,464,056
Profit for the financial year	–	–	–	–	–	–	–	564,157	564,157	564,157	(38,995)	525,162
Effect of change in accounting policy related to SFRS(I) 16 (Note 2.2.1)	–	–	–	–	–	–	–	(247,992)	(247,992)	(247,992)	–	(247,992)
Profit for the financial year, as restated	–	–	–	–	–	–	–	316,165	316,165	316,165	(38,995)	277,170
Other comprehensive income												
Net gain on fair value changes during the financial year	–	–	–	–	–	28,969	–	–	28,969	28,969	–	28,969
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(105,532)	–	–	(105,532)	(105,532)	–	(105,532)
Foreign currency translation adjustments, as restated (Note 2.2.1)	–	–	–	–	(78,133)	–	–	–	(78,133)	(78,133)	(8,067)	(86,200)
Share of other comprehensive income of joint ventures and associates	–	–	–	1,541	(7,489)	–	–	–	(5,948)	(5,948)	–	(5,948)
Other comprehensive income for the financial year, net of tax, as restated	–	–	–	1,541	(85,622)	(76,563)	–	–	(160,644)	(160,644)	(8,067)	(168,711)
Total comprehensive income for the year, as restated	–	–	–	1,541	(85,622)	(76,563)	–	316,165	155,521	155,521	(47,062)	108,459
Contributions by and distributions to owners												
Buy back of treasury shares (Note 27)	–	(8,274)	–	–	–	–	–	–	–	(8,274)	–	(8,274)
Issue of treasury shares for Restricted Share Award (Note 27)	–	15,747	–	–	–	–	(15,747)	–	(15,747)	–	–	–
Share-based expense	–	–	–	–	–	–	23,687	–	23,687	23,687	–	23,687
Dividends on ordinary shares (Note 28)	–	–	–	–	–	–	–	(238,606)	(238,606)	(238,606)	–	(238,606)
Accrued capital securities distribution	–	–	55,054	–	–	–	–	(55,054)	(55,054)	–	–	–
Payment of capital securities distribution	–	–	(55,593)	–	–	–	–	–	–	(55,593)	–	(55,593)
Total contributions by and distributions to owners	–	7,473	(539)	–	–	–	7,940	(293,660)	(285,720)	(278,786)	–	(278,786)
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests without a change in control	–	–	–	(16,936)	–	–	–	–	(16,936)	(16,936)	(10,005)	(26,941)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	26,449	26,449
Total transactions with owners in subsidiaries	–	–	–	(16,936)	–	–	–	–	(16,936)	(16,936)	16,444	(492)
Total transactions with owners in their capacity as owners	–	7,473	(539)	(16,936)	–	–	7,940	(293,660)	(302,656)	(295,722)	16,444	(279,278)
At 31 December 2019, as restated	3,748,994	(158,807)	1,045,867	280,168	(1,155,539)	(404,108)	135,255	2,693,335	1,549,111	6,185,165	108,072	6,293,237

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

31 December 2020 Company	Share capital (Note 27) $'000	Treasury shares (Note 27) $'000	Capital securities (Note 27) $'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 2020	**3,748,994**	**(158,807)**	**1,045,867**	**140,486**	**(109,081)**	**(409,771)**	**135,255**	**4,100,258**	**3,857,147**	**8,493,201**
Loss for the financial year	–	–	–	–	–	–	–	(410,651)	(410,651)	(410,651)
Other comprehensive income										
Net loss on fair value changes during the financial year	–	–	–	–	–	(73,307)	–	–	(73,307)	(73,307)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	20,241	–	–	20,241	20,241
Foreign currency translation adjustments	–	–	–	–	(117,485)	–	–	–	(117,485)	(117,485)
Other comprehensive income for the financial year, net of tax	–	–	–	–	(117,485)	(53,066)	–	–	(170,551)	(170,551)
Total comprehensive income for the year	–	–	–	–	(117,485)	(53,066)	–	(410,651)	(581,202)	(581,202)
Contributions by and distributions to owners										
Issue of treasury shares for Restricted Share Awards (Note 27)	–	18,635	–	–	–	–	(18,635)	–	(18,635)	–
Share-based expense	–	–	–	–	–	–	25,335	–	25,335	25,335
Dividends on ordinary shares (Note 28)	–	–	–	–	–	–	–	(253,708)	(253,708)	(253,708)
Accrued capital securities distribution	–	–	56,440	–	–	–	–	(56,440)	(56,440)	–
Payment of capital securities distribution	–	–	(56,575)	–	–	–	–	–	–	(56,575)
Total contributions by and distributions to owners	–	18,635	(135)	–	–	–	6,700	(310,148)	(303,448)	(284,948)
Total transactions with owners in their capacity as owners	–	18,635	(135)	–	–	–	6,700	(310,148)	(303,448)	(284,948)
At 31 December 2020	**3,748,994**	**(140,172)**	**1,045,732**	**140,486**	**(226,566)**	**(462,837)**	**141,955**	**3,379,459**	**2,972,497**	**7,627,051**

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

	Attributable to owners of the Company									
31 December 2019 Company	Share capital (Note 27) $'000	Treasury shares (Note 27) $'000	Capital securities (Note 27) $'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 January 2019	3,748,994	(166,280)	1,046,406	140,486	(2,053)	(327,539)	127,315	3,781,319	3,719,528	8,348,648
Profit for the financial year	–	–	–	–	–	–	–	612,599	612,599	612,599
Other comprehensive income										
Net gain on fair value changes during the financial year	–	–	–	–	–	23,300	–	–	23,300	23,300
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(105,532)	–	–	(105,532)	(105,532)
Foreign currency translation adjustments	–	–	–	–	(107,028)	–	–	–	(107,028)	(107,028)
Other comprehensive income for the financial year, net of tax	–	–	–	–	(107,028)	(82,232)	–	–	(189,260)	(189,260)
Total comprehensive income for the year	–	–	–	–	(107,028)	(82,232)	–	612,599	423,339	423,339
Contributions by and distributions to owners										
Buy back of treasury shares (Note 27)	–	(8,274)	–	–	–	–	–	–	–	(8,274)
Issue of treasury shares for Restricted Share Awards (Note 27)	–	15,747	–	–	–	–	(15,747)	–	(15,747)	–
Share-based expense	–	–	–	–	–	–	23,687	–	23,687	23,687
Dividends on ordinary shares (Note 28)	–	–	–	–	–	–	–	(238,606)	(238,606)	(238,606)
Accrued capital securities distribution	–	–	55,054	–	–	–	–	(55,054)	(55,054)	–
Payment of capital securities distribution	–	–	(55,593)	–	–	–	–	–	–	(55,593)
Total contributions by and distributions to owners	–	7,473	(539)	–	–	–	7,940	(293,660)	(285,720)	(278,786)
Total transactions with owners in their capacity as owners	–	7,473	(539)	–	–	–	7,940	(293,660)	(285,720)	(278,786)
At 31 December 2019	3,748,994	(158,807)	1,045,867	140,486	(109,081)	(409,771)	135,255	4,100,258	3,857,147	8,493,201

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 and the share of capital reserve of a joint venture.

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 joint ventures 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 long term investment.

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 2020

	2020 $'000	2019 (As restated) $'000
Cash flows from operating activities		
Profit before taxation	**222,176**	333,107
Adjustments for:-		
Allowance for doubtful debts	**30,791**	14,474
Amortisation of intangible assets, depreciation of property, plant and equipment and depreciation of right-of-use assets	**561,264**	500,626
Share-based expense	**25,335**	23,687
Negative goodwill arising from acquisition of subsidiary	**–**	(7,857)
Fair value of biological assets (Note 13)	**60,277**	(1,857)
Gain on disposal of subsidiary	**–**	(593)
Gain on disposal/partial divestment of joint venture and associate	**(74,160)**	(39,214)
Loss/(gain) on disposal of property, plant and equipment and intangible assets	**3,508**	(86,210)
Impairment of investment in associate	**6,913**	–
Impairment of goodwill, property, plant and equipment and intangible assets	**500,950**	206,452
Interest income	**(102,772)**	(88,649)
Interest expense	**518,475**	629,483
Inventories written down, net	**58,478**	40,271
Share of results from joint ventures and associates	**(113,929)**	(67,872)
Operating cash flows before reinvestment in working capital	**1,697,306**	1,455,848
Increase in inventories	**(166,051)**	(514,572)
Decrease in receivables and other current assets	**268,695**	222,290
(Increase)/decrease in advance payments to suppliers	**(60,084)**	282,489
Increase in margin account with brokers	**(137,429)**	(112,060)
(Decrease)/increase in payables and other current liabilities	**(1,066,077)**	26,211
Cash flows from operations	**536,360**	1,360,206
Interest income received	**102,772**	88,649
Interest expense paid	**(539,806)**	(644,464)
Tax paid	**(177,821)**	(106,835)
Net cash flows (used in)/generated from operating activities	**(78,495)**	697,556
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**26,161**	12,925
Purchase of property, plant and equipment	**(595,614)**	(601,324)
Purchase of intangible assets (Note 12)	**(83,351)**	(18,385)
Acquisition of subsidiaries, net of cash acquired (Note 12)	**(74,389)**	(445,895)
Net proceeds from associates and joint ventures	**36,587**	6
Proceeds from partial stake sale of long term investment	**7,423**	–
Dividends received from associate and joint venture	**4,226**	4,617
Proceeds on disposal of intangible asset	**–**	463,270
Proceeds from disposal/partial divestment of joint venture and associate	**165,260**	20,281
Proceeds from divestment of subsidiary	**–**	1,817
Net cash flows used in investing activities	**(513,697)**	(562,688)

	2020 $'000	2019 (As restated) $'000
Cash flows from financing activities		
Dividends paid on ordinary shares by the Company	**(253,708)**	(238,606)
Proceeds from borrowings, net	**1,019,750**	877,130
Repayment of lease liabilities	**(98,753)**	(79,819)
Payment of capital securities, net of distribution	**(56,575)**	(55,593)
Purchase of treasury shares	**–**	(8,274)
Net cash flows generated from financing activities	**610,714**	494,838
Net effect of exchange rate changes on cash and cash equivalents	**(145,544)**	(45,936)
Net (decrease)/increase in cash and cash equivalents	**(127,022)**	583,770
Cash and cash equivalents at beginning of period	**2,976,916**	2,393,146
Cash and cash equivalents at end of period (Note 34)	**2,849,894**	2,976,916

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements for the financial year ended 31 December 2020 were authorised for issue by the Board of Directors on 23 March 2021.

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 immediate holding company is Temasek Capital (Private) Limited and its ultimate holding company is Temasek Holdings (Private) Limited, both companies are 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 14 to the financial statements.

The registered office and principal place of business of the Company is at 7 Straits View, #20-01 Marina One East Tower, Singapore 018936.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted the following standards as in the table below. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except for change in accounting policy as described in Note 2.2.1. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

Description	Effective for financial year beginning on
Amendments to SFRS(I) 3/FRS 103: Definition of a Business	1 January 2020
Amendments to SFRS(I)1-1 and SFRS(I) 1-8 / FRS 1 and FRS 8: Definition of Material	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7/FRS 109, FRS 39, FRS 107: Interest Rate Benchmark Reform	1 January 2020
Amendment to SFRS(I) 16/ FRS 116: COVID-19-Related Rent Concessions	1 June 2020

2. **Summary of significant accounting policies** continued

2.2 Changes in accounting policies continued

2.2.1 Accounting for tiered revenue sharing arrangements in a sale and lease back transaction

SFRS(I) 16 on lease accounting has been in effect from January 1, 2019, and the Group had adopted the same in its financial statements for FY2019. Adoption of this standard had resulted in most leases being recognised on the balance sheet, as a “right-of-use asset” which represented the right to use the underlying leased asset and a “lease liability” representing an obligation to make lease payments. However, for lease contracts where it contains a tiered revenue sharing arrangement in a sale and leaseback transaction, the Group’s accounting policy was to recognise a full gain on sale in the profit or loss in the accounting period for which the sale was concluded with no right-of-use asset recognised due to the lease payments being totally variable.

In June 2020, the IFRS Interpretations Committee (IFRIC Committee) clarified that regardless for sale and leaseback transactions where lease payments are fully variable, the seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

Following the clarification, the Group has adopted the treatment set out by the IFRIC Committee. This change in accounting treatment has been accounted for retrospectively and earliest prior period financial statements has been restated.

The tables below and in the following page show all adjustments recognised for each individual line item as a result of the change discussed above. 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		
Consolidated Profit and Loss – Extract	2019 (As previously reported) $'000	Effect of Change $'000	2019 (As restated) $'000
Other income (Note 5)	531,537	(343,049)	188,488
Cost of goods sold	(30,055,135)	1,400	(30,053,735)
Depreciation and amortisation (Note 10 and 11)	(500,334)	(292)	(500,626)
Finance cost (Note 8)	(628,381)	(1,102)	(629,483)
Profit before Tax	676,150	(343,043)	333,107
Income tax expense (Note 9)	(150,988)	95,051	(55,937)
Profit for the period	525,162	(247,992)	277,170
Earnings per share attributable to owners of the Company (cents)			
Basic	15.98	(7.79)	8.19
Diluted	15.79	(7.69)	8.10

2. **Summary of significant accounting policies** continued

2.2 Changes in accounting policies continued

2.2.1 Accounting for tiered revenue sharing arrangements in a sale and lease back transaction continued

	Group		
Consolidated Balance sheet -Extract	2019 (As previously reported) $'000	Effect of Change $'000	2019 (As restated) $'000
Right-of-use assets (Note 10)	577,589	141,661	719,250
Non-current assets	9,421,798	141,661	9,563,459
Lease liabilities (Note 25)	(82,032)	(36,485)	(118,517)
Current liabilities	(12,772,084)	(36,485)	(12,808,569)
Net current assets	3,476,479	(36,485)	3,439,994
Deferred tax liabilities (Note 9(c))	(502,031)	94,694	(407,337)
Lease liabilities (Note 25)	(435,068)	(446,693)	(881,761)
Non-current liabilities	(6,358,217)	(351,999)	(6,710,216)
Net assets	6,540,060	(246,823)	6,293,237
Reserves	1,795,934	(246,823)	1,549,111
Total equity	6,540,060	(246,823)	6,293,237
Statement of changes in equity (extract):			
Foreign currency translation reserve	(1,156,708)	1,169	(1,155,539)
Revenue reserves	2,941,327	(247,992)	2,693,335
Total reserves	1,795,934	(246,823)	1,549,111
Total equity	6,540,060	(246,823)	6,293,237

2.3 Standards issued but not yet effective

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

Description	Effective for financial year beginning on
Amendments to SFRS(I) 9/ FRS 109, SFRS(I) 1-39/ FRS 39, SFRS(I) 7/ FRS 107, SFRS(I) 4/ FRS 104, SFRS(I) 16/ FRS 116: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to SFRS(I) 3/ FRS 103: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16/ FRS 16: Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37/ FRS 37: Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to SFRS(I)s / FRSs 2018-2020	1 January 2022
Insurance Contracts	1 January 2023
Amendments to SFRS(I) 1-1/ FRS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to SFRS(I) 17/ FRS 117	1 January 2023
Amendments to SFRS(I) 10 & SFRS(I) 1-28/FRS 110 & FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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.

2. Summary of significant accounting policies continued

2.4 Functional and foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars as the Company is domiciled in Singapore.

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 as most of the Company's transactions are denominated in USD. 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.

(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 joint ventures that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(c) Translation to the presentation currency

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

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

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

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

2. 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 14.

(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 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 and goodwill

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.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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).

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.

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 profit and loss 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 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

2.8 Joint ventures and 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 account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

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

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 2.16. 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. Buildings and improvements are depreciable over the shorter of the estimated useful life of the asset or the lease period, where applicable.

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 Pty Ltd., 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
Buildings and improvements	• 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

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. Summary of significant accounting policies continued

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 on 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.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. 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.

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.

2. Summary of significant accounting policies continued

2.11 Biological assets

(a) Agricultural produce ('Fruits on trees') and annual crops

The agricultural produce ('fruits on trees') are valued at fair value less costs to sell, with any changes recognised in the profit or loss. 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 value 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 costs to sell, with any resultant gain or loss recognised in the profit or loss. Costs to sell 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 valuer using the market prices of livestock of similar age, breed and generic merit.

(c) Poultry

Poultry are stated at fair value less estimated costs to sell, with any resultant gain or loss recognised in the profit or loss. Costs to sell include all costs that would be necessary to sell the assets. The fair value of poultry is determined based on estimated market price of livestock of similar age, breed and generic merit.

Breeding chickens are carried at fair value, which approximates cost and are amortised over the economic egg-laying lives of the breeding chickens after it starts producing eggs.

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 indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. The Group makes an estimate of the asset's recoverable amount with the help of independent professional valuers where applicable.

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. 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 are recognised in profit or loss. 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 profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

2. Summary of significant accounting policies continued

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments – amortised costs

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.

Equity instruments

On initial recognition of an equity instrument 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 FVOCI are recognised in OCI and are not reclassified to profit or loss. Consequently, there is no need to review such instruments for impairment.

On derecognition of the equity instrument 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 may however be transferred to another component of equity.

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.

Impairment

For trade receivables, the Group applies a simplified approach in calculating expected credit losses ('ECLs'). The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. This is similar for other financial assets on the balance sheet. Impairment losses are reflected in the allowance account of the respective financial asset class on the balance sheet:

- Trade receivables (Note 18)
- Loans to joint ventures and associates (Note 15)
- Other current assets – Sundry receivables, export incentives and subsidies receivable, deposits, staff advances, insurance receivables, amount due from joint venture, associates and a shareholder related company (Note 22)
- Amount due from subsidiary companies (Note 17)

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 for debt instruments, is recognised in profit or loss.

2. Summary of significant accounting policies continued

2.13 Financial instruments continued

(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, financial liabilities that are not carried at fair value through profit or loss 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. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss. 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 SFRS(I) 9. The accounting policy for this category of financial assets is stated in Note 2.13.

2.15 Inventories

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.

Other inventories are stated at the lower of cost and net realisable value and are valued on a first-in-first-out basis. 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 trees 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.

2.16 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. Summary of significant accounting policies continued

2.17 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.

2.18 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 options or shares as consideration for services rendered ('equity-settled transactions').

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

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

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

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

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

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

2. **Summary of significant accounting policies** continued

2.19 Leases

Lease contracts, as defined by SFRS(I) 16 Leases, are recorded in the balance sheet, which leads to the recognition of:

- an asset representing a right-of-use of the asset leased during the lease term of the contract;
- a liability related to the payment obligation.

Right-of-use assets

Right-of-use assets are measured at cost, which comprise the following - lease liability, lease payments made at or prior to delivery, less lease incentives received, initial direct costs and restoration obligations.

Following initial recognition, right-of-use assets are subsequently measured at amortised cost and depreciated over the term of the lease using the straight-line method.

Lease liability

The lease liability at commencement date is recognised for an amount equal to the present value of the lease payments over the lease term.

The lease liability is subsequently measured based on a process similar to the amortised cost method using the discount rate: where the liability is increased by the accrued interests resulting from the discounting of the lease liability, at the beginning of the lease period and less payments made. The interest cost for the period as well as variable payments, not taken into account in the initial measurement of the lease liability and incurred over the relevant period are recognised as costs.

Variable lease payments

The Group enters into 'Tiered Revenue Sharing Arrangements' for certain leases of land, buildings, plant and machinery and other assets. Arising from such arrangements are variable lease payments that do not depend on an index or rate and are based on production volumes or revenues of the underlying performance of the respective business units. Such variable lease payments are recognised in profit or loss in the period in which the event that triggers the occurrence of payments.

To the extent that the lease contract is a tiered revenue sharing arrangement in a sale and leaseback transaction, the Group shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group. Accordingly, the Group shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

Short term leases and low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of land, buildings, plant and machinery and other assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to other assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies continued

2.20 Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods as performance obligation is judged to have been satisfied and revenue is therefore recognised.

Revenue is measured at the consideration promised in the contract with a customer, less discounts and rebates.

(b) Sale of services

Revenue from services rendered is recognised in the accounting period in which services are rendered.

2.21 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.

2. **Summary of significant accounting policies** continued

2.23 Taxes continued

(c) Sales tax

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

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

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

2.24 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 39, 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 terms and conditions of the securities issue. The Company is considered to have no contractual obligation to make principal repayments or distributions in respect of its perpetual capital securities issue. Accordingly, the perpetual capital securities do not meet the definition for classification as financial liability and are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual capital securities are deducted against the proceeds from the issue.

2. **Summary of significant accounting policies** continued

2.28 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, interest rate swap contracts and power purchase agreements. 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.

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 the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- 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.

2. Summary of significant accounting policies continued

2.29 Derivative financial instruments and hedging activities continued

Hedge accounting continued

(a) Fair value hedges

Fair value hedge accounting is applied to hedge the Group's exposure to changes in the 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 profit and loss account. 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 profit and loss account.

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 profit and loss account. 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 profit and loss account.

The application of hedge accounting is discontinued in cases where the Group revokes the hedging relationship. Effective from SFRS(I) 9, 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.

(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 profit and loss account 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 and loss account.

2. Summary of significant accounting policies continued

2.30 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 12 to the financial statements.

3. Significant accounting judgements and estimates continued

Key sources of estimation uncertainty continued

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

Management performs periodic reviews of goodwill, intangible assets with indefinite life for 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 forecasted EBITDA, 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 12 to the financial statements.

(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 Group had engaged independent professional valuers, where relevant to assess the fair values for certain assets using recognised valuation techniques.

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 value in use calculations are sensitive to forecasted EBITDA, growth rates and discount rates.

Changes in these above assumptions may result in changes in recoverable values. The carrying amount of the Group's property, plant and equipment at the balance sheet date is disclosed in Note 11 to the financial statements.

(d) Biological assets

The fair value of biological assets (other than livestock and poultry) 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 13.

(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 (Level 3). 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 36.

3. Significant accounting judgements and estimates continued

Key sources of estimation uncertainty continued

(f) Taxation

The Group establishes provisions, based on reasonable estimates, of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues including transfer pricing arrangements which vary by tax jurisdiction. In addition to the complexity of its tax environment, there is a level of unpredictability of tax authority's assessment of the Group's tax filings, which results in the application of management judgment in ascertaining reasonable estimates.

In addition to the above, deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised and when temporary differences are created if the carrying amount of an asset is less than its tax base.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the estimated unwinding of the deferred tax against taxable income or taxable temporary differences, together with future tax planning strategies. The carrying amounts of the Group's provision for taxation, deferred tax assets and deferred tax liabilities as at 31 December 2020 is disclosed in Note 9 to the financial statements.

(g) Accounting for tiered revenue sharing arrangement in a sale and lease back transaction

For sale and leaseback transactions with variable lease payments, management is required to measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

The approach and key assumptions used in the determination of the present value of expected lease payments are tiered to future revenues which are subject to volatilities related to the expected future harvest yields and future market prices of agricultural products. The carrying amount of the Group's right-of-use assets and lease liabilities at the balance sheet date is disclosed in Note 10 and 25 to the financial statements.

4. Revenue from contracts with customers – disaggregation of revenue

	Group	
	2020 $'000	2019 $'000
Types of goods or services		
Sale of goods	**35,561,529**	32,773,684
Sale of services	**258,514**	219,038
Total revenue from contracts with customers	**35,820,043**	32,992,722
Timing of revenue recognition		
Goods transferred at point in time	**35,561,529**	32,773,684
Services transferred at point in time	**257,837**	212,610
Others	**677**	6,428
Total revenue from contracts with customers	**35,820,043**	32,992,722

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

For further disaggregation disclosure of revenue from contracts with customers by business and geographical segments – refer to Note 39.

5. Other income

Other income included the following:-

	Group	
	2020 $'000	2019 (As restated) $'000
Gain on disposal of subsidiary (Note 14)	–	593
Gain on disposal of property, plant and equipment and intangible assets, net [1]	–	86,210
Gain on partial divestment of joint venture and associate (Note 15)	**75,008**	40,371
Negative goodwill arising from business combination (Note 12)	–	7,857
Commissions and claims, sale of packaging materials, sales of scrap and others	**61,167**	53,457
	136,175	188,488

1. As restated (note 2.2.1): In the previous financial year, net gain on disposal of property, plant and equipment and intangible asset included gain on sale of real estate assets of onion and garlic processing facility ('Facility') in USA amounting to $21,663,000 and gain on sale of permanent water rights in Australia amounting to $61,630,000 in a Tiered Revenue Sharing Arrangement.

6. Cost of goods sold

The significant portion of the cost of goods sold pertains to the purchase costs of inventories sold (Note 20). There are other directly attributable costs associated with cost of goods sold and these include:-

	Group	
	2020 $'000	2019 $'000
Shipping, logistics, commission and claims	**(3,556,399)**	(3,233,710)
Foreign exchange on cost of goods sold [1]	**(84,493)**	(76,894)
Gains on derivatives net of fair value changes	**346,403**	465,438
Inventories written down, net (Note 20)	**(58,478)**	(40,271)
Export incentives, subsidies and grant income received [2]	**28,220**	41,943

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	
	2020 $'000	2019 $'000
Loss on disposal of joint venture and associate	**(848)**	(1,157)
Loss of disposal of property, plant and equipment and intangible assets, net	**(3,508)**	–
Employee benefits expenses (Note 31)	**(1,045,581)**	(914,758)
Gain/(loss) on foreign exchange, net	**34,377**	(73,881)
Bank charges	**(73,047)**	(68,617)
Travelling expenses	**(38,946)**	(71,360)
Transaction costs incurred in business combinations (Note 12)	**(1,088)**	(4,043)
Impairment loss on financial assets – Trade receivables (Note 18)	**(26,705)**	(7,190)
Allowance for doubtful debts – Advance payments to suppliers (Note 21)	**(4,086)**	(7,284)
Impairment of intangible assets (Note 12)	**(2,315)**	(40,885)
Impairment of property, plant and equipment (Note 11)	**(498,635)**	(165,567)
Auditor's remuneration:		
• Ernst & Young LLP, Singapore	**(2,279)**	(2,174)
• Other member firms of Ernst & Young Global	**(6,955)**	(6,560)
Non-audit fees:		
• Ernst & Young LLP, Singapore	**(361)**	(956)
• Other member firms of Ernst & Young Global	**(1,694)**	(649)

8. Finance costs

Finance costs include the following:-

	Group	
	2020 $'000	2019 (As restated) $'000
Interest expense:		
• On bank overdrafts	**33,884**	26,099
• On bank loans	**371,253**	451,236
• On medium-term notes	**101,184**	161,044
• On bonds	**15,712**	25,468
• On lease liabilities (Note 10, 25)	**52,063**	29,482[1]
• Others	**24,628**	27,031
	598,724	720,360
Less: interest expense capitalised in:		
• Property, plant and equipment and biological assets	**(80,249)**	(90,877)
	518,475	629,483

1. As restated: Refer to Note 2.2.1 for details.

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 2.70% to 7.50% (2019: from 3.50% to 7.50%) per annum.

9. Income tax

(a) Major components of income tax expense

	Group	
	2020 **$'000**	2019 (As restated) $'000
Profit and loss account		
Current income tax:		
• Singapore	**14,754**	29,480
• Foreign	**139,610**	140,616
Under/(over) provision in respect of prior years	**86**	(8,407)
	154,450	161,689
Deferred income tax:		
• Singapore	**(368)**	816
• Foreign	**(110,095)**	(106,568)[1]
Income tax expense	**43,987**	55,937

1. As restated: Refer to Note 2.2.1 for details.

	Group	
	2020 **$'000**	2019 $'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	**(168)**	(979)
Deferred tax recorded in other comprehensive income	**(168)**	(979)

(b) Relationship between tax expense and accounting profit

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

	Group	
	2020 **%**	2019 (As restated – Note 2.2.1) %
Tax using Singapore tax rate 17% (2019: 17%)	**17.0**	17.0
Tax effect of non-deductible expenses	**17.0**	20.3
Higher statutory tax rates of other countries [1]	**2.5**	5.7
Tax effect on under/(over) provision in respect of prior years	**0.0**	(2.5)
Tax effect of income taxed at concessionary rate [2]	**(7.6)**	(21.6)
Tax effect on non-taxable/exempt income [3]	**(20.2)**	(5.8)
Tax effect of joint ventures/associates	**(1.5)**	(3.5)
Tax effect of deferred tax assets not recognised	**12.2**	4.2
Tax effect of others, net	**0.4**	3.0
Effective tax rate	**19.8**	16.8

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 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% and 5.5% respectively for a period of 5 years from 1 July 2018 until and including 31 December 2022 on qualifying activities, products and income.
3. There are eight (2019: 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 0.7 to 3 years (2019: 0.5 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	
	2020 $'000	2019 (As restated – Note 2.2.1) $'000	1 January 2019 $'000	**2020 $'000**	2019 $'000
Deferred tax assets	**227,802**	183,273	166,785	**–**	–
Deferred tax liabilities	**(369,230)**	(407,337)	(422,625)	**(836)**	(1,893)
Net deferred tax liabilities	**(141,428)**	(224,064)	(255,840)	**(836)**	(1,893)

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

	Group			Company	
	2020 $'000	2019 (As restated – Note 2.2.1) $'000	1 January 2019 $'000	**2020 $'000**	2019 $'000
Deferred tax liabilities on:					
Property, plant and equipment	**185,050**	287,289	221,717	**302**	494
Right-of-use asset/lease liability	**2,586**	1,108	–	**–**	–
Intangible assets	**11,209**	8,165	6,073	**–**	–
Fair value adjustment on business combinations	**169,609**	169,680	125,203	**2,375**	2,471
Biological assets	**106,839**	85,079	75,132	**–**	–
Revaluation of financial instruments to fair value	**19,106**	15,973	16,014	**–**	86
Others	**22,723**	14,823	25,314	**–**	–
	517,122	582,117	469,453	**2,677**	3,051
Amount offset against deferred tax assets	**(147,892)**	(174,780)	(46,828)	**(1,841)**	(1,158)
	369,230	407,337	422,625	**836**	1,893
Deferred tax assets on:					
Property, plant and equipment	**33,305**	36,507	46,971	**–**	–
Right-of-use asset	**61,696**	92,261	–	**–**	–
Intangible assets	**134,481**	77,293	83,777	**–**	–
Allowance for impairment	**2,362**	1,939	2,462	**–**	–
Inventories written down	**3,973**	6,103	3,120	**1,222**	1,143
Revaluation of financial instruments to fair value	**518**	860	8,706	**518**	–
Unabsorbed losses	**44,805**	54,421	6,738	**–**	–
Others	**94,554**	88,669	61,839	**101**	15
	375,694	358,053	213,613	**1,841**	1,158
Amount offset against deferred tax liabilities	**(147,892)**	(174,780)	(46,828)	**(1,841)**	(1,158)
	227,802	183,273	166,785	**–**	–
Net deferred tax liabilities	**(141,428)**	(224,064)	(255,840)	**(836)**	(1,893)

9. **Income tax** continued

(c) Deferred income tax continued

Movements in deferred tax during the financial year is as follows:-

	Group		
	2020 $'000	2019 (As restated – Note 2.2.1) $'000	1 January 2019 $'000
As at beginning of year	**(224,064)**	(255,840)	(321,120)
Business combinations (Note 12)	**(12,311)**	(81,375)	(2,530)
Tax income recognised in profit and loss	**110,463**	105,752	55,324
Tax income recognised in equity	**168**	979	3,324
Foreign currency translation adjustments	**(15,684)**	6,420	9,162
	(141,428)	(224,064)	(255,840)

Unrecognised tax losses and capital allowances for which no deferred tax assets have been recognised
The Group has tax losses of approximately $488,502,000 (2019: $456,667,000) and capital allowances of $39,597,000 (2019: $46,958,000) 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 $431,252,000 (2019: $365,180,000) which will expire over financial years 2020 to 2039.

Unrecognised temporary differences relating to investments in subsidiaries and joint ventures
At the end of the financial years ended 31 December 2019 and 31 December 2020, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries and joint ventures as:-

- The Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future; and
- The joint ventures of the Group cannot distribute its earnings until it obtains the consent of both parties. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $74,261,000 (2019: $184,087,000). The deferred tax liability is estimated to be $12,624,000 (2019: $31,295,000).

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 28).

10. Right-of-use assets

Group	Leasehold land $'000	Leasehold buildings $'000	Water rights $'000	Other assets[1] $'000	Total $'000
Cost					
As at 1 January 2019 – effects of adoption of SFRS(I) 16	381,352	202,149	–	46,498	629,999
Finance lease assets reclass from property, plant and equipment (Note 11)	63,561	–	–	13,258	76,819
As at 1 January 2019 – as adjusted	444,913	202,149	–	59,756	706,818
Additions in relation to business combinations (Note 12)	26,713	–	–	8,059	34,772
Additions/(disposals), net (as restated)	(139,356)	43,292	132,874	51,341	88,151
Charge for the year	(21,100)	(52,555)	–	(26,217)	(99,872)
Foreign currency translation adjustments	(6,198)	(3,529)	–	(892)	(10,619)
As at 31 December 2019 and 1 January 2020, as restated	304,972	189,357	132,874	92,047	719,250
Additions in relation to business combinations (Note 12)	734	–	–	–	734
Additions/(disposals), net	460	33,297	–	62,756	96,513
Charge for the year	(16,252)	(56,336)	(5,513)	(41,079)	(119,180)
Foreign currency translation adjustments	6,801	(1,970)	9,941	160	14,932
As at 31 December 2020	**296,715**	**164,348**	**137,302**	**113,884**	**712,249**
Average remaining amortisation period (years) – 31 December 2020	1-40	1-40	1-24	1-4	
Average remaining amortisation period (years) – 31 December 2019	1-41	1-39	–	1-5	

1. Other assets comprise of vessel charter contracts, motor vehicles, office equipment and computers.

Company	Leasehold buildings $'000	Other assets[1] $'000	Total $'000
Cost			
As at 1 January 2019	18,437	14,128	32,565
Additions	567	35,034	35,601
Charge for the year	(4,743)	(9,216)	(13,959)
Foreign currency translation adjustments	(177)	(506)	(683)
As at 31 December 2019	**14,084**	**39,440**	**53,524**
Additions	12,152	27,080	39,232
Charge for the year	(7,365)	(21,422)	(28,787)
Foreign currency translation adjustments	(459)	(945)	(1,404)
As at 31 December 2020	**18,412**	**44,153**	**62,565**
Average remaining amortisation period (years) – 31 December 2020	1-3	1-4	
Average remaining amortisation period (years) – 31 December 2019	1-3	1-4	

Amount recognised in profit and loss

	Group	
	2020 $'000	2019 (As restated – Note 2.2.1) $'000
Interest expense on lease liabilities (Note 8)	**52,063**	29,482
Expenses relating to variable leases (included in Cost of Goods Sold)	**29,830**	9,389
Expenses relating to short-term leases (included in Other Operating Expenses)	**62,223**	66,782
Expenses relating to leases of low value assets (included in Other Operating Expenses)	**2,683**	2,077

These leases have no 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. The Group had total cash outflows for leases of $241,602,000 in the current financial year (2019: $183,586,000).

11. Property, plant and equipment

Group	Freehold land $'000	Buildings and improvements $'000	Plant and machinery $'000	Other assets[1] $'000	Capital work-in-progress $'000	Bearer plants $'000	Total $'000
Cost							
As at 1 January 2019	349,708	2,172,278	2,461,747	298,980	396,522	1,828,355	7,507,590
Additions in relation to business combinations	50,225	147,636	343,571	57,644	7,573	–	606,649
Additions	1,057	42,405	103,129	37,935	184,989	240,806	610,321
Disposals	(11,556)	(80,826)	(136,437)	(21,407)	(3,037)	(23,726)	(276,989)
Reclassification	12,357	38,070	94,406	(1,212)	(156,037)	12,416	–
Finance Lease Assets reclass to Right-of-use assets (Note 10)	–	–	(17,138)	(524)	–	(63,561)	(81,223)
Sale of subsidiary	(824)	(6,343)	(1,838)	(390)	–	–	(9,395)
Foreign currency translation adjustments	(3,867)	(30,573)	(46,650)	(4,519)	(10,551)	(52,472)	(148,632)
As at 31 December 2019 and 1 January 2020	397,100	2,282,647	2,800,790	366,507	419,459	1,941,818	8,208,321
Additions in relation to business combinations (Note 12)	15,212	20,784	5,853	5,681	3,899	–	51,429
Additions	27,037	50,232	89,115	43,979	265,316	165,568	641,247
Disposals	(25,013)	(24,774)	(58,057)	(13,846)	(1,650)	–	(123,340)
Reclassification	3,320	59,604	68,093	7,771	(141,358)	2,570	–
Non-current assets held for sale (Note 22)	(206)	(7,211)	(95,516)	(325)	–	–	(103,258)
Foreign currency translation adjustments	(6,594)	(15,073)	(88,973)	(7,232)	5,580	91,555	(20,737)
As at 31 December 2020	**410,856**	**2,366,209**	**2,721,305**	**402,535**	**551,246**	**2,201,511**	**8,653,662**
Accumulated depreciation and impairment loss							
As at 1 January 2019	–	391,061	903,757	188,163	–	214,661	1,697,642
Charge for the year	–	91,989	189,590	43,142	–	42,609	367,330
Disposals	(2,469)	(33,643)	(127,782)	(19,750)	–	(688)	(184,332)
Reclassification	–	1,456	414	(1,870)	–	–	–
Finance Lease Assets reclass to Right-of-use assets (Note 10)	–	–	(4,206)	(198)	–	–	(4,404)
Impairment	52,947	14,350	45,935	158	–	52,177	165,567
Sale of subsidiary	–	–	(499)	(450)	–	–	(949)
Foreign currency translation adjustments	(644)	(2,006)	(11,310)	(547)	–	(4,989)	(19,496)
As at 31 December 2019 and 1 January 2020	49,834	463,207	995,899	208,648	–	303,770	2,021,358
Charge for the year	–	100,102	196,716	52,132	–	57,137	406,087
Disposals	(10,485)	(27,679)	(39,787)	(12,624)	–	–	(90,575)
Re-classification	(1,901)	3,134	(2,921)	1,688	–	–	–
Non-current assets held for sale (Note 22)	–	(4,503)	(59,173)	(327)	–	–	(64,003)
Impairment	81	3,415	5,495	251	–	489,393	498,635
Foreign currency translation adjustments	(273)	(322)	(33,110)	(621)	–	11,923	(22,403)
As at 31 December 2020	**37,256**	**537,354**	**1,063,119**	**249,147**	**–**	**862,223**	**2,749,099**
Net carrying value							
As at 31 December 2020	**373,600**	**1,828,855**	**1,658,186**	**153,388**	**551,246**	**1,339,288**	**5,904,563**
As at 31 December 2019	347,266	1,819,440	1,804,891	157,859	419,459	1,638,048	6,186,963

1. Other assets comprise of motor vehicles, furniture and fittings, office equipment and computers.

11. Property, plant and equipment continued

Company	Buildings and improvements $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost							
As at 1 January 2019	563	897	1,607	9,420	1,133	25,473	39,093
Additions	–	–	–	5	18	2,497	2,520
Disposals	–	(384)	(582)	(271)	(292)	(3,140)	(4,669)
Foreign currency translation adjustments	(7)	(6)	(13)	(114)	(10)	(309)	(459)
As at 31 December 2019 and 1 January 2020	556	507	1,012	9,040	849	24,521	36,485
Additions	–	–	–	172	62	1,457	1,691
Disposals	(155)	–	–	–	(22)	(7)	(184)
Foreign currency translation adjustments	(3)	(9)	(18)	(167)	(17)	(497)	(711)
As at 31 December 2020	**398**	**498**	**994**	**9,045**	**872**	**25,474**	**37,281**
Accumulated depreciation							
As at 1 January 2019	431	586	757	3,013	614	22,970	28,371
Charge for the year	43	90	170	1,839	157	1,812	4,111
Disposals	–	(313)	(572)	(274)	(278)	(3,110)	(4,547)
Foreign currency translation adjustments	(6)	(4)	(4)	(58)	(6)	(270)	(348)
As at 31 December 2019 and 1 January 2020	468	359	351	4,520	487	21,402	27,587
Charge for the year	41	27	179	1,866	148	2,175	4,436
Disposals	(155)	–	–	–	(17)	(7)	(179)
Foreign currency translation adjustments	(3)	(8)	(14)	(162)	(14)	(472)	(673)
As at 31 December 2020	**351**	**378**	**516**	**6,224**	**604**	**23,098**	**31,171**
Net carrying value							
As at 31 December 2020	**47**	**120**	**478**	**2,821**	**268**	**2,376**	**6,110**
As at 31 December 2019	88	148	661	4,520	362	3,119	8,898

In the current financial year, the sale of real estate assets of onion and garlic processing facility ('Facility') in USA was terminated and the Facility was bought back by the Group and recognised at its fair value under 'Building and improvements' and 'Plant and machinery'.

In the current financial year, an impairment loss of $489,393,000 was recognised on bearer plants, which relate mainly to palm plantation assets in Gabon. The impairment was recognised in "Other expenses" (Note 7) in the profit and loss account, against the recoverable amount based on its value in use.

The Group's land, buildings, plant and machinery with a carrying amount of $136,922,000 (2019: $169,092,000) have been pledged to secure the Group's borrowings as set out in Note 25 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 30 years and 1 and 9 years respectively (2019: 1 and 30 years and 1 and 15 years respectively). The cocoa plantations presently consist of trees aged between 1 and 6 years (2019: 1 and 18 years).

Immature plantations mainly consist of almond, palm and rubber trees aged between 1 and 7 years (2019: 1 and 6 years) amounting to $633,134,000 (2019: $858,360,000).

At the end of the financial year, the Group's total planted area of plantations is approximately 107,655 (2019: 109,393) hectares, excluding hectares for those commodities whose plantations are not managed by the Group.

12. 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 January 2019	654,197	134,690	147,763	92,095	171,173	84,615	129,572	1,414,105
Additions in relation to business combinations	196,200	5,044	–	–	–	–	6,020	207,264
Additions	–	–	–	16,605	–	–	1,780	18,385
Disposals	–	–	–	(5,685)	(168,447)	–	(377)	(174,509)
Re-classification	–	–	(9)	42	–	–	(33)	–
Foreign currency translation adjustments	(10,690)	(1,790)	(1,843)	(1,517)	(2,726)	577	(1,757)	(19,746)
As at 31 December 2019 and 1 January 2020	839,707	137,944	145,911	101,540	–	85,192	135,205	1,445,499
Additions in relation to business combinations (Note 12)	7,016	8,296	18,665	–	–	–	15,623	49,600
Additions	–	–	–	72,718	10,109	–	524	83,351
Disposals	–	–	–	(8,024)	–	–	(71)	(8,095)
Foreign currency translation adjustments	(14,531)	(2,847)	(3,397)	(5,801)	445	9,217	(2,414)	(19,328)
As at 31 December 2020	**832,192**	**143,393**	**161,179**	**160,433**	**10,554**	**94,409**	**148,867**	**1,551,027**
Accumulated amortisation and impairment								
As at 1 January 2019	3,717	67,792	–	47,274	–	47,819	47,591	214,193
Amortisation	–	11,384	–	9,560	–	4,553	7,635	33,132
Impairment	11,837	4,918	24,130	–	–	–	–	40,885
Disposals	–	–	–	(3,617)	–	–	(376)	(3,993)
Re-classification	–	–	–	(12)	–	–	12	–
Foreign currency translation adjustments	(199)	(1,100)	(308)	(830)	–	(785)	(727)	(3,949)
As at 31 December 2019 and 1 January 2020	15,355	82,994	23,822	52,375	–	51,587	54,135	280,268
Amortisation	–	11,726	–	15,010	–	4,625	4,636	35,997
Impairment	–	–	–	–	–	–	2,315	2,315
Disposals	–	–	–	(3,576)	–	–	(2)	(3,578)
Foreign currency translation adjustments	(388)	(2,026)	(421)	(2,656)	–	(556)	(726)	(6,773)
As at 31 December 2020	**14,967**	**92,694**	**23,401**	**61,153**	–	**55,656**	**60,358**	**308,229**
Net carrying value								
As at 31 December 2020	**817,225**	**50,699**	**137,778**	**99,280**	**10,554**	**38,753**	**88,509**	**1,242,798**
As at 31 December 2019	824,352	54,950	122,089	49,165	–	33,605	81,070	1,165,231
Average remaining amortisation period (years)								
– 31 December 2020	**–**	**1–11**	**–**	**1–13**	**–**	**6–16**	**1–45**	
– 31 December 2019	–	1–12	–	1–14	–	7–17	1–46	

12. Intangible assets continued

Company	Goodwill $'000	Brands and trademarks $'000	Software $'000	Others[4] $'000	Total $'000
Cost					
As at 1 January 2019	198,282	862	58,092	67,156	324,392
Additions	–	–	15,402	1,369	16,771
Disposals	–	–	(2,750)	–	(2,750)
Foreign currency translation adjustments	(2,473)	(11)	(887)	(855)	(4,226)
As at 31 December 2019 and 1 January 2020	195,809	851	69,857	67,670	334,187
Additions	–	–	69,430	479	69,909
Disposals	–	–	(9,426)	–	(9,426)
Foreign currency translation adjustments	(3,463)	(15)	(3,861)	(1,218)	(8,557)
As at 31 December 2020	**192,346**	**836**	**126,000**	**66,931**	**386,113**
Accumulated amortisation					
As at 1 January 2019	–	–	20,577	13,757	34,334
Amortisation	–	–	6,780	2,229	9,009
Disposals	–	–	(726)	–	(726)
Foreign currency translation adjustments	–	–	(333)	(200)	(533)
As at 31 December 2019 and 1 January 2020	–	–	26,298	15,786	42,084
Amortisation	–	–	11,064	1,279	12,343
Disposals	–	–	(3,504)	–	(3,504)
Foreign currency translation adjustments	–	–	(796)	(337)	(1,133)
As at 31 December 2020	**–**	**–**	**33,062**	**16,728**	**49,790**
Net carrying amount					
As at 31 December 2020	**192,346**	**836**	**92,938**	**50,203**	**336,323**
As at 31 December 2019	195,809	851	43,559	51,884	292,103
Average remaining amortisation period (years)					
– 31 December 2020	**–**	**–**	**2–10**	**1–45**	
– 31 December 2019	–	–	1–9	1–46	

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.

12. **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	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
Nigeria Wheat Milling Business [1]	**264,240**	268,998	**–**	–	**–**	–
Cocoa Processing Business [2]	**242,844**	247,176	**–**	–	**–**	–
Olam Peanut Shelling Company Inc	**122,046**	124,243	**–**	–	**–**	–
Universal Blanchers	**65,505**	66,684	**–**	–	**–**	–
Packaged Foods brands	**31,166**	31,727	**119,093**	121,236	**–**	–
Caraway Africa Nigeria Limited	**42,584**	43,350	**–**	–	**–**	–
Progida Group	**12,369**	12,591	**–**	–	**–**	–
Olam Spices & Vegetables Ingredients	**9,111**	9,233	**838**	853	**–**	–
Olam Investment Australia Holdings	**–**	–	**–**	–	**10,554**	–
Others	**27,360**	20,350	**17,847**	–	**–**	–
Acacia Investments Limited [3]	**–**	–	**–**	–	**–**	–
	817,225	824,352	**137,778**	122,089	**10,554**	–

1. In the current financial year, the Group achieved full integration of Nigeria wheat flour milling business of Dangote Flour Mills Limited ("DFM") and Quintessential Foods Nigeria Limited ("Quint") with Crown Flour Mills Limited. As a result, the goodwill of $190,270,000 and $73,970,000 (2019: $193,696,000 and $75,302,000) for DFM and Quint respectively have been assessed as one CGU for goodwill impairment testing.
2. In the current financial year, entire Cocoa Processing business have been integrated together. As a result, goodwill of Olam Food Ingredients Holdings UK Limited $7,643,000 (2019: $7,741,000) and Olam Food Ingredients Spain, S.L. $5,778,000 (2019: $5,882,000) were assessed together with goodwill of Cocoa Processing business $229,423,000 (2019: $233,553,000) as single CGU for goodwill impairment testing.
3. The recoverable amount of Acacia Investment Limited as at 31 December 2019 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. As a result of this analysis, management has recognised a full impairment charge in the previous financial year against both goodwill and indefinite life brand. The impairment charge is recorded within Other Expenses in the profit or loss account and is not to be reversed.

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	
	2020 %	2019 %	**2020 %**	2019 %
Nigeria Wheat Milling Business	**–**	–	**11.40**	11.50
Cocoa Processing Business	**2.00**	2.00	**10.00**	10.00
Olam Peanut Shelling Company Inc	**1.50**	1.50	**8.00**	8.00
Universal Blanchers	**2.00**	2.00	**8.00**	8.00
Packaged Foods brands	**3.00**	3.00	**13.50**	13.50
Caraway Africa Nigeria Limited	**3.00**	3.00	**14.00**	14.00
Progida Group	**2.00**	2.00	**12.50**	12.50
Olam Spices & Vegetables Ingredients	**2.00**	2.00	**12.00**	12.00
Olam Investment Australia Holdings	**–**	–	**7.40**	–
Acacia Investment Limited	**–**	3.00	**–**	17.70
Others	**Range from 0.00 – 2.00**		**Range from 9.00 – 13.00**	

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

Forecasted EBITDA – Forecasted EBITDA 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.

12. **Intangible assets** continued

Business combinations

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

	Total $'000
Fair value of assets and liabilities	
Right-of-use assets (Note 10)	734
Property, plant and equipment (Note 11)	51,429
Intangible assets (Note 12)	42,584
Trade and other receivables	40,914
Advance payment to suppliers	460
Inventories	34,594
Other current assets	29,771
Cash and bank balances	24,394
	224,880
Trade and other payables	10,408
Short term loans	34,334
Other current liabilities	19,024
Fair value of derivative financial instruments	80
Lease liabilities (non-current)	730
Deferred tax liabilities	12,311
	76,887
Total identifiable net assets at fair value	147,993
Non-controlling interest measured based on proportionate share of net identifiable assets	(50,675)
Foreign currency translation reserve	970
Net identifiable assets	98,288
Goodwill arising from acquisitions (Note 12)	7,016
	105,304
Consideration transferred for the acquisitions:	
Cash paid	98,783
Deferred consideration	9,609
Settlement of pre-existing intercompany balance	(3,088)
Total consideration	105,304
Less: Cash and cash equivalents acquired	(24,394)
Less: Non-cash items	(6,521)
Net cash outflow on acquisition of subsidiaries	**74,389**

12. Intangible assets continued

Business combinations continued

Acquisitions of subsidiaries

On 30 November 2020, the Group completed the acquisition of 51.0% interest in Togo's state-owned cotton company Nouvelle Société Cotonnière du Togo ("NSCT"). NSCT is responsible for all activities related to cotton in Togo, including engaging with farmers, ginning, sales and marketing of cotton and cottonseed.

On 4 November 2020, the Group through its wholly owned subsidiaries, Global Agri Marketing Inc. and Olam Brands BV completed the acquisition of the assets of Western Commodities Trading, Ltd and Eastern Commodities Trading, Ltd which facilitated a strategic partnership with Jess Smith & Sons ("JSS") in The United States of America, on origination, storage and marketing of US cotton. This will enable the Group to enhance its supply footprint in the US and deliver traceable cotton and customised solutions to its customers worldwide.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $40,914,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

Transaction costs

Total transaction costs related to all acquisitions of $1,088,000 have been recognised in the 'Other expenses' line item in the Group's profit and loss account for the financial year from 1 January 2020 to 31 December 2020.

Goodwill arising from acquisitions

Goodwill of $7,016,000 represents the synergies expected to be achieved from integrating the supply chain business of the subsidiaries into the Group's existing business.

Impact of the acquisitions on profit and loss

From acquisition date, subsidiaries acquired during the financial year have increased the Group's sales of goods by 0.07% and decreased the Group's profits for the financial year, net of tax by 0.91%. Had the acquisitions taken place at the beginning of the financial year, the sales of goods for the financial year would have increased by 0.50% and the Group's profit for the financial year, net of tax would have decreased by 7.30%.

13. Biological assets

Group	Fruits on trees and annual crops $'000	Livestock $'000	Poultry $'000	Total $'000
As at 1 January 2019	340,446	160,371	11,114	511,931
Net (reductions)/additions	(43,408)	(70,662)	7,326	(106,744)
Capitalisation of expenses	42,488	83,339	–	125,827
Net change in fair value less estimated costs to sell	24,138	(22,281)	–	1,857
Foreign currency translation adjustments	(8,171)	6,778	(300)	(1,693)
As at 31 December 2019 and 1 January 2020	355,493	157,545	18,140	531,178
Net (reductions)/additions	(133,183)	(50,536)	(6,079)	(189,798)
Capitalisation of expenses	134,711	61,353	–	196,064
Net change in fair value less estimated costs to sell	(81,117)	20,840	–	(60,277)
Foreign currency translation adjustments	15,240	(17,608)	(1,634)	(4,002)
As at 31 December 2020	**291,144**	**171,594**	**10,427**	**473,165**

Fruits on trees

During the financial year, the Group harvested approximately 55,272 metric tonnes (2019: 50,662 metric tonnes) of almonds, which had a fair value less estimated point-of-sale costs of approximately $483,060,000 (2019: $427,798,000). The fair value of almonds was determined with reference to the market prices at the date of harvest.

The fair value of fruits on trees (almonds) is estimated 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 8.5% (2019: 8.5%) per annum	The estimated fair value increases as the estimated discount rate per annum decreases, and vice versa.
Market prices approximating $7,934 (2019: $9,553) per metric tonne	The estimated fair value increases as the respective inputs increase, and vice versa.

Annual crops

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 116,819 (2019: 115,794) hectares, excluding for those commodities where farms are not managed by the Group.

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.

13. Biological assets continued

Livestock

Livestock relates mainly to dairy cattle in Uruguay and Russia. At the end of the financial year, the Group held approximately 34,000 (2019: 42,000) cows, which are able to produce milk (mature assets) and approximately 41,000 (2019: 45,000) heifers and calves, being raised to produce milk in the future (immature assets). The cows produced approximately 282 million litres (2019: 275 million litres) of milk with a fair value less estimated point-of-sale costs of $182,871,000 (2019: $166,382,000) during the financial year.

The fair value of livestock is determined based on valuations by an independent professional valuer using market prices ranging from $476 to $4,544 (2019: $485 to $4,304) of livestock of similar age, breed and generic merit.

Poultry

Poultry relates mainly to breeding chickens for meat and laying eggs in Nigeria. At the end of the financial year, the Group held approximately 2,175,000 (2019: 1,703,000) chickens.

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.

14. Subsidiary companies

	Company	
	2020 $'000	2019 $'000
Unquoted equity shares at cost	**5,843,582**	5,869,079
Less: Impairment loss	**(184,410)**	(17,981)
Foreign currency translation adjustments	**(59,797)**	(5,060)
	5,599,375	5,846,038
Loans to subsidiary companies	**3,500,544**	3,158,479
	9,099,919	9,004,517

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

	2020 $'000	2019 $'000
Euro	**2,158,832**	1,619,645

In the current financial year, impairment of $166,429,000 was recognised as the carrying value is more than recoverable value of the investment cost (2019: no impairment loss recognised).

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 $2,070,604,000 (2019: $1,439,018,000) which bear interest ranging from 4.7% to 7.5% (2019: 5.0% to 7.5%) per annum.

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

Disposal of subsidiary

In the previous financial year, the Group sold its 100% equity interest in wholly owned subsidiary, Olam Alimentos S.A., a company incorporated in Argentina with principal activity in peanut shelling and blanching. Net assets amounting to $11,313,000 were disposed against cash consideration of $11,906,000, resulting in a gain on disposal of $593,000 that has been recognised in 'Other income' in the profit and loss account (Note 5).

14. **Subsidiary companies** continued

Composition of the Group

Details of significant subsidiary companies are as follows:-

Name of company	Country of incorporation	Principal activities	Effective percentage of equity held by the Group 2020 %	2019 %
Olam Ghana Limited [1]	Ghana	(a)	**100**	100
Olam Cocoa Processing Ghana Limited [1]	Ghana	(a)	**100**	100
Olam Ivoire SA [1]	Ivory Coast	(a)	**100**	100
Outspan Ivoire SA [1]	Ivory Coast	(a)	**100**	100
Olam Cocoa Processing Cote d'Ivoire [1]	Ivory Coast	(a)	**100**	100
Olam Nigeria Limited [1]	Nigeria	(a)	**100**	100
Crown Flour Mills Limited [1]	Nigeria	(a)	**100**	100
Quintessential Foods Nigeria Limited [1]	Nigeria	(a)	**100**	100
Dangote Flour Mills Limited [1]	Nigeria	(a)	**100**	100
Olam Vietnam Limited [1]	Vietnam	(a)	**100**	100
Café Outspan Vietnam Limited [1]	Vietnam	(a)	**100**	100
Olam South Africa (Proprietary) Limited [1]	South Africa	(a)	**100**	100
PT Olam Indonesia [1]	Indonesia	(a)	**100**	100
Olam Agro India Private Limited [1]	India	(a)	**100**	100
Olam Agricola Ltda. [1]	Brazil	(a)	**100**	100
LLC Russian Dairy Company [1]	Russia	(c)	**100**	100
Olam Holdings Inc [3]	The United States of America	(a), (b) & (c)	**100**	100
Olam Orchards Australia Pty Ltd [1]	Australia	(a) & (c)	**100**	100
Queensland Cotton Holdings Pty Ltd [1]	Australia	(a) & (b)	**100**	100
Congolaise Industrielle des Bois SA [1]	Congo	(a)	**100**	100
Seda Outspan Iberia S.L. [1]	Spain	(a)	**100**	100
Progida Tarim Űrűnleri Sanayi ve Ticaret A.Ş. [1]	Turkey	(a)	**100**	100
Progida Pazarlama A.Ş. [1]	Turkey	(a)	**100**	100
Olam Cam SA [1]	Cameroon	(a)	**100**	100
Olam Holdings B.V. [2]	Netherlands	(b)	**100**	100
Olam Cocoa B.V. [2]	Netherlands	(a)	**100**	100
Olam Cocoa Pte Limited [1]	Singapore	(a)	**100**	100
Olam Treasury Pte Ltd [1]	Singapore	(d)	**100**	100
Caraway Pte Ltd [1]	Singapore	(a)	**75**	75
OK Foods Limited [1]	Nigeria	(a) & (b)	**75**	75
Caraway Africa Nigeria Limited [1]	Nigeria	(a)	**75**	75
Nutrifoods Ghana Limited [1]	Ghana	(a)	**75**	75
Olam Sanyo Foods Limited [1]	Nigeria	(a)	**75**	75
Gabon Fertilizer Company SA [1]	Gabon	(a)	**80**	80
Olam Palm Gabon SA [1]	Gabon	(a) & (c)	**60**	60
Olam Rubber Gabon SA [1]	Gabon	(a) & (c)	**60**	60
NZ Farming Systems Uruguay Limited [1]	New Zealand	(a), (b) & (c)	**100**	100
Olam Moçambique, Limitada [1]	Mozambique	(a)	**100**	100

(a) Sourcing, processing, packaging and merchandising of agricultural products and inputs.
(b) Investment holding.
(c) Agricultural operations.
(d) Treasury activities.

1. Audited by member firms of Ernst & Young Global.
2. Audited by Steens & Partners.
3. No statutory audit required as per local laws.

15. Investments in joint ventures and associates

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Joint ventures (Note 15(a))	**28,680**	122,936	**25,404**	110,017
Associates (Note 15(b))	**636,266**	538,169	**422,674**	293,691
	664,946	661,105	**448,078**	403,708

(a) Investments in joint ventures

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Unquoted equity shares at cost [1]	**31,976**	87,782	**25,493**	75,305
Share of post-acquisition reserves	**(2,034)**	2,406	–	–
Loans to joint ventures [2]	–	35,666	–	35,666
Foreign currency translation adjustments	**(1,262)**	(2,918)	**(89)**	(954)
	28,680	122,936	**25,404**	110,017

1. In the current financial year, the Group divested the remaining 50% stake in Far East Agri Pte Ltd for sales consideration of $105,618,000 and net gain of $49,114,000 was recorded in 'Other Revenue' in the profit and loss account. The Group had also sold its stake in Mungindi gin, Australia for sales consideration of $4,665,000 and net loss of $848,000 was recorded in 'Other operating expenses' in the profit and loss account. In the previous financial year, the Group divested the 50% stake in Collymongle Ginning Pty Ltd for sales consideration of $3,922,000 and net loss of $1,157,000 was recorded in 'Other expenses' in the profit and loss account.

2. In the prior financial year, loans to joint ventures were unsecured, not expected to be repayable within the next 12 months and bears interest ranging from 3.25% to 4.00%. The loans were fully paid up and received during the year as part of the divestment of Far East Agri Pte Ltd disclosed above.

List of key joint ventures of the Group are as follows:-

Name of company (Country of incorporation)	Principal place of business	Principal activities	Effective percentage of equity held 2020 %	2019 %
Held by the Company				
Far East Agri Pte Ltd [1] (Singapore)	Singapore	Processing and trading of agricultural commodities	–	50
Long Son Joint Stock Company [2] (Vietnam)	Vietnam	Sourcing, processing and trading of agricultural commodities and technical services	**30**	30

1. Audited by Ernst & Young LLP, Singapore.
2. Audited by Vietnam Auditing and Valuation Company Limited.

15. Investments in joint ventures and associates continued

(a) Investments in joint ventures continued

As of 31 December 2020 and 31 December 2019, no joint venture was individually material to the Group. The summarised financial information in respect of the joint ventures, based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investments in the combined financial statements are as follows:-

	Group	
	2020 $'000	2019 $'000
Summarised balance sheet		
Non-current assets	**56,402**	130,669
Current assets	**131,800**	213,347
Total assets	**188,202**	344,016
Non-current liabilities	**9,927**	17,648
Current liabilities	**112,322**	183,352
Total liabilities	**122,249**	201,000
Net assets	**65,953**	143,016
Proportion of the Group's ownership:		
Group's share of net assets	**20,300**	58,819
Goodwill on acquisition	**8,380**	28,451
Loan to joint ventures	**–**	35,666
Carrying amount of the investments	**28,680**	122,936
Summarised statement of comprehensive income		
Revenue	**320,529**	459,519
Profit after tax	**483**	6,503
Other comprehensive income	**912**	1,158
Total comprehensive income	**1,395**	7,661

15. Investments in joint ventures and associates continued

(b) Investments in associates

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Unquoted equity shares at cost	**470,931**	330,615	**486,972**	346,919
Share of post-acquisition reserves	**208,106**	229,004	**–**	–
Loans to associates [1]	**18,121**	18,447	**–**	–
Less: Impairment loss	**(42,509)**	(35,596)	**(42,509)**	(35,596)
Foreign currency translation adjustments	**(18,383)**	(4,301)	**(21,789)**	(17,632)
	636,266	538,169	**422,674**	293,691

1. Loans to associates are unsecured, not expected to be repayable within the next 12 months and are interest-free.

List of key associates of the Group are as follows:-

Name of company (Country of incorporation)	Principal place of business	Principal activities	Effective percentage of equity held 2020 %	Effective percentage of equity held 2019 %
Held by the Company				
ARISE Integrated Industrial Platforms (Formally known as ARISE Special Economic Zone) [1] (Mauritius)	Gabon	Managing special economic zones	**30.44**	30.44
ARISE Infrastructure Services [1] (Mauritius)	Gabon	Infrastructure management and development services	**40.49**	40.49
ARISE P&L Limited [2] (United Kingdom)	Gabon	Managing port and logistics infrastructure	**32.73**	40.49
Open Country Dairy Limited [3] (New Zealand)	New Zealand	Processing and trading of agricultural commodities	**15.19**	15.19

1. Audited by member firms of Ernst & Young Global.
2. Audited by BDO LLP UK.
3. Audited by Baker Tilly Staples Rodway Auckland.

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.

Partial divestment of associate
In the previous financial year, the Group announced that Gabon Special Economic Zone ("GSEZ"), an associate of the Group, is reorganising its infrastructure and logistics business into three verticals - ARISE Port & Logistics ("ARISE P&L"), ARISE Integrated Industrial Platforms ("ARISE IIP") and ARISE Infrastructure Services ("ARISE IS"). On 24 December 2019, as part of this re-organisation, the Company sold an effective equity interest of 10% in ARISE SEZ business. The divestment was against cash consideration of $80,435,000, resulting in a gain on disposal of $40,371,000 that has been recognised in 'Other income' in the profit and loss account (Note 5).

During the current financial year, a new third-party shareholder had invested into ARISE Port & Logistics ("ARISE P&L") through a sale and purchase arrangement. As a result of the transaction, the Group's interest in ARISE P&L reduced from 40.49% to 32.73% and an amount of $25,894,000 and $95,122,000 was recognised in 'Other income' and 'Share of results from joint ventures and associates', respectively, in the profit and loss account.

15. Investments in joint ventures and associates continued

(b) Investments in associates continued

As of 31 December 2020 and 31 December 2019, no associate was individually material to the Group. The summarised financial information in respect of the associates based on its SFRS(I) financial statements and reconciliation with the carrying amount of the investment in the combined financial statements are as follows:-

	Group	
	2020 $'000	2019 $'000
Summarised balance sheet		
Non-current assets	**2,534,403**	1,920,653
Current assets	**1,710,548**	1,397,588
Total assets	**4,244,951**	3,318,241
Non-current liabilities	**754,821**	702,610
Current liabilities	**1,213,183**	864,871
Total liabilities	**1,968,004**	1,567,481
Net assets	**2,276,947**	1,750,760
Proportion of the Group's ownership:		
Group's share of net assets	**628,718**	523,708
Goodwill on acquisition	**7,548**	14,461
Carrying amount of the investments	**636,266**	538,169
Summarised statement of comprehensive income		
Revenue	**2,669,913**	2,308,727
Profit after tax	**300,549**	188,865
Other comprehensive income	**110,719**	(11,061)
Total comprehensive income	**411,268**	177,804

16. Long-term investment

During the year, the Group and Company's long-term investment PureCircle was acquired by Ingredion SRSS Holdings Limited ("Ingredion SRSS") by means of a Scheme of Arrangement.

Upon completion of Scheme of Arrangement on 27 July 2020, PureCircle was delisted from the London Stock Exchange and became a wholly owned subsidiary of Ingredion SRSS. As a result, the Group and Company was issued ordinary shares representing an interest of 5.9% in Ingredion SRSS. The investment continues to be accounted for as fair value through other comprehensive income and the fair value is determined based on Level 3 inputs for the current financial year (Note 36(a)).

17. Amounts due from/(to) subsidiary companies

	Company	
	2020 $'000	2019 $'000
Trade receivables	**2,473,943**	2,398,173
Loans from subsidiaries, net	**(5,251,200)**	96,717
Non-trade payables	**(55,986)**	(59,600)
	(2,833,243)	2,435,290

Loans from subsidiaries, net include loans to subsidiaries amounting to $43,968,000 (2019: $202,110,000) and loans from subsidiaries amounting to $5,593,805,000 (2019: $349,934,000) which are unsecured and bear interest ranging from 2.00% to 7.50% (2019: 3.00% 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/(to) subsidiary companies denominated in currencies other than functional currency of the Company are as follows:-

	Company	
	2020 $'000	2019 $'000
Indian Rupee	**933,581**	360,874
Thai Baht	**406,598**	–
Euro	**69,520**	263,733
Great Britain Pounds	**(15,834)**	29,383

The movement in the allowance accounts for amounts due from subsidiary companies is as follows:-

	Company	
	2020 $'000	2019 $'000
Movement in allowance accounts:-		
As at beginning of year	**13,075**	13,331
Written off	**–**	(90)
Foreign currency translation adjustments	**(231)**	(166)
As at end of year	**12,844**	13,075

18. Trade receivables

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Trade receivables	**1,639,930**	2,024,819	**697,640**	989,332
Indirect tax receivables	**270,432**	291,700	**13,890**	2,095
	1,910,362	2,316,519	**711,530**	991,427

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	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Euro	**165,813**	280,771	**149,875**	233,837
United States Dollar	**161,819**	160,076	**–**	–
Great Britain Pounds	**37,204**	66,094	**28,052**	56,000

Trade receivables include amounts due from associates of $1,861,000 (2019: $16,099,000), and due from joint ventures of $197,000 (2019: $975,000).

The expected credit loss provision as at 31 December 2020 is determined as follows:-

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Trade receivables measured at amortised cost	**1,757,154**	2,114,434	**772,568**	1,043,169
Less: Lifetime expected credit loss for trade receivables	**(117,224)**	(89,615)	**(74,928)**	(53,837)
Total trade receivables measured at amortised cost	**1,639,930**	2,024,819	**697,640**	989,332
Movement in allowance accounts:-				
As at beginning of year	**89,615**	99,797	**53,837**	62,224
Charge for the year	**26,705**	7,190	**23,054**	–
Written off	**(1,688)**	(6,789)	**–**	–
Written back	**(2)**	(8,955)	**–**	(7,710)
Foreign currency translation adjustments	**2,594**	(1,628)	**(1,963)**	(677)
As at end of year	**117,224**	89,615	**74,928**	53,837

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	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Trade receivables past due but not impaired:-				
Less than 30 days	**515,747**	697,839	**211,199**	191,326
30 to 60 days	**87,857**	201,625	**12,336**	44,062
61 to 90 days	**78,668**	54,994	**3,740**	14,318
91 to 120 days	**27,585**	31,125	**361**	4,447
121 to 180 days	**40,221**	13,342	**19,404**	3,882
More than 180 days	**10,195**	40,666	**–**	4,749

19. 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	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Margin deposits with brokers	**275,888**	335,282	**202,502**	237,199
Amounts due to brokers	**(154,225)**	(348,243)	**(105,909)**	(348,117)
	121,663	(12,961)	**96,593**	(110,918)

20. Inventories

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Balance sheets:				
Commodity inventories at fair value	**5,413,888**	5,196,333	**1,803,650**	1,905,995
Commodity inventories at the lower of cost and net realisable value	**1,966,727**	2,015,132	**155,329**	79,026
	7,380,615	7,211,465	**1,958,979**	1,985,021
Profit and loss account:				
Inventories recognised as an expense in cost of goods sold inclusive of the following (charge)/credit	**(29,173,463)**	(27,340,735)	**(25,886,914)**	(23,833,685)
• Inventories written down	**(213,022)**	(79,752)	**(40,067)**	(27,183)
• Reversal of write-down of inventories [1]	**154,544**	39,481	**27,567**	20,036

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

21. Advance payments to suppliers/subsidiary companies

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Third parties	**621,943**	563,537	**125,425**	92,669
Subsidiary companies	**–**	–	**496,552**	358,804
	621,943	563,537	**621,977**	451,473

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	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Euro	**75,815**	22,444	**977,938**	741,412
United States Dollar	**5,886**	20,422	**–**	–
Great Britain Pounds	**13**	20	**(364)**	(65,505)

21. Advance payments to suppliers/subsidiary companies continued

Advance payments to subsidiary companies are stated after deducting allowance for doubtful debts of $44,615,000 (2019: $48,549,000).

Advance payments to suppliers (third parties) for the Group and Company are stated after deducting allowance for doubtful debts of $14,654,000 and $292,000 (2019: $11,715,000 and $886,000) respectively.

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

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Movement in allowance accounts:-				
As at beginning of year	**11,715**	13,474	**886**	852
Charge for the year	**4,086**	7,284	**–**	45
Written off	**(623)**	(5,273)	**(605)**	–
Written back	**–**	(3,464)	**–**	–
Foreign currency translation adjustments	**(524)**	(306)	**11**	(11)
As at end of year	**14,654**	11,715	**292**	886

22. Other current/non-current assets

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Current:				
Sundry receivables	**335,798**	424,750	**49,218**	87,238
Export incentives and subsidies receivable [1]	**58,972**	118,814	**–**	–
Amounts due from joint venture, associates and a shareholder related company [2]	**78,970**	27,822	**70,981**	27,281
Deposits	**59,174**	38,578	**1,960**	1,845
Option premium receivable	**–**	867	**–**	867
Staff advances [3]	**8,385**	10,236	**79**	292
Insurance receivables [4]	**23,386**	33,244	**19,323**	29,935
Short-term investment	**1,206**	4,219	**–**	–
	565,891	658,530	**141,561**	147,458
Prepayments [5]	**317,239**	343,171	**116,248**	166,145
Advance corporate tax paid	**101,050**	126,621	**–**	–
Taxes recoverable	**1,444**	1,421	**–**	–
	985,624	1,129,743	**257,809**	313,603
Non-current:				
Other non-current assets	**34,384**	44,956	**–**	2,019

1. 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.
2. Amounts due from joint venture, associates and a shareholder related company are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.
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 shipping and logistics related expenses incurred for sourcing, processing, packaging and merchandising of agricultural products and inputs.

Non-current assets held for sale

In the current financial year, the Group completed the closure of Olam Tomato Processing business in California and relevant property, plant and equipment amounting to $39,255,000 (Note 11) have been classified as 'Non-current assets held for sale' in accordance with SFRS(I) 05. The sale is expected to be completed within one year from the date of initial classification.

23. Trade payables and accruals

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Trade payables	**2,314,076**	3,198,701	**1,257,485**	1,948,054
Accruals	**594,479**	630,400	**151,265**	217,530
Advances received from customers	**107,986**	102,133	**–**	1,333
GST payable and equivalent	**53,516**	52,251	**15,968**	7,646
	3,070,057	3,983,485	**1,424,718**	2,174,563

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	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Great Britain Pounds	**231,624**	205,262	**231,219**	204,288
Euro	**101,742**	621,198	**79,033**	579,482
United States Dollar	**39,205**	39,108	**–**	–
Australian Dollar	**7,744**	58,684	**7,744**	58,684

Trade payables include amounts of $25,485,000 (2019: $35,059,000) and $3,106,000 (2019: $1,048,000) due to an associate and a joint venture respectively.

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

24. Other current/non-current liabilities

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Current:				
Interest payable on bank loans	**44,479**	69,761	**29,317**	55,939
Sundry payables	**474,174**	496,480	**62,418**	17,050
Option premium payable	**–**	15,226	**–**	15,225
Amount due to joint ventures [1]	**–**	658	**–**	–
	518,653	582,125	**91,735**	88,214
Withholding tax payable	**15,057**	14,811	**675**	–
	533,710	596,936	**92,410**	88,214
Non-current:				
Other non-current liabilities	**53,798**	17,695	**–**	–

1. Amount due to joint ventures are non-interest bearing, unsecured, repayable on demand and are to be settled in cash. There are no such balances in the current year.

25. Borrowings and lease liabilities

Borrowings

	Group			Company	
	2020 $'000	2019 (As restated) $'000	1 January 2019 $'000	**2020 $'000**	2019 $'000
Current:					
Bank overdrafts (Note 34)	**261,434**	198,826	84,161	**–**	–
Bank loans	**5,112,892**	3,813,276	2,220,091	**330,525**	995,966
Term loans from banks	**426,799**	1,610,472	1,712,692	**322,625**	1,548,704
Medium-term notes	**665,332**	717,798	749,467	**665,332**	717,798
Other bonds	**–**	335,086	–	**–**	335,085
	6,466,457	6,675,458	4,766,411	**1,318,482**	3,597,553
Non-current:					
Term loans from banks	**4,183,781**	2,773,071	2,848,187	**79,741**	1,212,313
Medium-term notes	**2,597,106**	2,630,352	3,220,467	**1,784,015**	1,869,917
Other bonds	**–**	–	339,064	**–**	–
	6,780,887	5,403,423	6,407,718	**1,863,756**	3,082,230
Total borrowings	**13,247,344**	12,078,881	11,174,129	**3,182,238**	6,679,783
Lease liabilities – Current (Note 2.2.1)	**96,472**	118,517	10,710	**24,981**	18,513
Lease liabilities – Non-current (Note 2.2.1)	**815,546**	881,761	83,396	**39,600**	35,308
Total lease liabilities	**912,018**	1,000,278	94,106	**64,581**	53,821
Total borrowings and lease liabilities	**14,159,362**	13,079,159	11,268,235	**3,246,819**	6,733,604

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

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Singapore Dollar	**1,180,960**	484,046	**981,265**	484,046
Japanese Yen	**1,288,153**	1,068,238	**412,220**	388,765
United States Dollar	**168,660**	293,648	**–**	–
Australian Dollar	**–**	170,052	**–**	170,052
Euro	**1,883**	20,408	**–**	–

Bank overdrafts and bank loans

The bank loans to the Company are repayable within 12 months and bear interest of 1.15% to 1.24% (2019: 2.39% to 2.44%) per annum.

The bank loans and bank overdrafts of the subsidiary companies are repayable within 12 months and bear interest in a range from 0.01% to 50.00% (2019: 0.90% to 27.00%) per annum.

Bank loans include an amount of $59,187,000 (2019: $78,086,000) 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 1.49% to 1.80% (2019: 2.54% to 3.48%) 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 0.60% to 10.00% (2019: 2.09% to 10.00%) per annum. Term loans from banks to the subsidiary companies are repayable between one to nine years (2019: one to nine years).

Term loans from banks include an amount of $100,070,000 (2019: $107,587,000) secured by the assets of subsidiaries. The remaining amounts of term loans from banks are unsecured.

25. Borrowings and lease liabilities continued

Medium-term notes

The Company has a US$5,000,000,000 Euro medium-term notes ('EMTN') programme. The drawdowns from the EMTN is unsecured. The EMTN are as follows:-

		Group		Company	
	Maturity	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
Current:					
Euro medium-term note programme:					
• 4.50% fixed rate notes	2021	**594,925**	–	**594,925**	–
• 1.427% fixed rate notes	2021	**70,407**	–	**70,407**	–
• 4.50% fixed rate notes	2020	**–**	403,673	**–**	403,673
• 4.875% fixed rate notes	2020	**–**	170,052	**–**	170,052
• 1.375% fixed rate notes	2020	**–**	76,782	**–**	76,782
• 4.00% fixed rate notes	2020	**–**	67,291	**–**	67,291
		665,332	717,798	**665,332**	717,798
Non-current:					
Euro medium-term note programme:					
• 4.50% fixed rate notes	2021	**–**	605,562	**–**	605,562
• 1.427% fixed rate notes	2021	**–**	67,988	**–**	67,988
• 6.00% fixed rate notes	2022	**484,384**	484,046	**484,384**	484,046
• 0.47% fixed rate notes	2022	**72,943**	70,557	**72,943**	70,557
• 0.9725% fixed rate notes	2022	**76,797**	74,300	**76,797**	74,300
• 3.65% fixed rate notes	2022	**66,072**	67,241	**66,072**	67,241
• 0.9825% fixed rate notes	2022	**102,439**	99,136	**102,439**	99,136
• 4.375% fixed rate notes	2023	**394,865**	401,087	**394,865**	401,087
• 2.05% fixed rate notes	2025	**89,634**	–	**89,634**	–
• 4.00% fixed rate notes	2026	**496,881**	–	**496,881**	–
Other medium-term notes:					
• 3.90% fixed rate notes	2022	**231,369**	235,534	**–**	–
• 3.73% fixed rate notes	2022	**224,757**	228,803	**–**	–
• 4.35% fixed rate notes	2023	**132,210**	134,590	**–**	–
• 3.89% fixed rate notes	2024	**158,651**	161,508	**–**	–
• 3.27% fixed rate notes	2025	**66,104**	–	**–**	–
		2,597,106	2,630,352	**1,784,015**	1,869,917

Other bonds

	Group and Company	
	2020 $'000	2019 $'000
Current:		
7.50% unsecured senior bonds [1]	**–**	335,086

1. 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. The remaining balance has been repaid fully on 11 August 2020.

25. Borrowings and lease liabilities continued

Lease liabilities

	Group		Company	
	2020 $'000	2019 (As restated) $'000	**2020 $'000**	2019 $'000
As at 1 January	**1,000,278**	–	**53,821**	–
Effect of SFRS(I) 16 adoption	**–**	699,905	**–**	32,565
(Derecognition)/additions, net	**(33,792)**	386,129	**39,355**	35,600
Accretion of interest (Note 8)	**52,063**	29,482	**3,456**	1,025
Payments	**(146,866)**	(105,338)	**(30,562)**	(14,684)
Foreign currency translation adjustment	**40,335**	(9,900)	**(1,489)**	(685)
As at 31 December	**912,018**	1,000,278	**64,581**	53,821
Current	**96,472**	118,517	**24,981**	18,513
Non-current	**815,546**	881,761	**39,600**	35,308

Lease liabilities include variable rent payments amounting to $387,573,000 (2019: $483,178,000) which is based on expected future harvest yields and future market prices of agricultural products.

Leases amounting to $15,679,000 (2019: $20,245,000) are guaranteed by a subsidiary company.

Lease liabilities bear interest ranging from 1.60% to 12.80% (2019: 1.60% to 10.60%) per annum and are repayable between 1 and 40 years (2019: 1 and 41 years).

Change in liabilities arising from financing activities

A reconciliation of liabilities arising from financing activities is as follows:-

	Group					
	2019 $'000	**Cash flows $'000**	**Non-cash changes**			**2020 $'000**
			Net movement in lease liabilities $'000	**Acquisition of subsidiary (Note 12) $'000**	**Foreign exchange movement $'000**	
Bank borrowings (excluding bank overdrafts and lease liabilities)	8,196,819	**1,391,740**	**–**	**34,334**	**100,579**	**9,723,472**
Lease liabilities – as restated	1,000,278	**(98,753)**	**(30,572)**	**730**	**40,335**	**912,018**
Medium-term notes	3,348,150	**(27,610)**	**–**	**–**	**(58,102)**	**3,262,438**
Other bonds	335,086	**(344,380)**	**–**	**–**	**9,294**	**–**

26. 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	
	2020 **$'000**	2019 (As restated) $'000
Net profit attributable to owners of the Company	**245,697**	316,165
Less: Accrued capital securities distribution	**(56,440)**	(55,054)
Adjusted net profit attributable to owners of the Company for basic and dilutive earnings per share	**189,257**	261,111
	No. of shares	No. of shares
Weighted average number of ordinary shares on issue applicable to basic earnings per share	**3,193,284,194**	3,186,355,548
Dilutive effect of share options	–	1,021,998
Dilutive effect of performance share plan	**42,861,629**	37,425,900
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**3,236,145,823**	3,224,803,446

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

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

(a) Share capital

	Group and Company			
	31 December 2020		31 December 2019	
	No. of shares	**$'000**	No. of shares	$'000
Ordinary shares issued and fully paid [1]				
Balance at beginning of year and at end of year	**3,271,018,657**	**3,748,994**	3,271,018,657	3,748,994

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 2020		31 December 2019	
	No. of shares	**$'000**	No. of shares	$'000
Ordinary shares issued and fully paid [1]				
Balance at beginning of year	**84,701,879**	**158,807**	88,589,323	166,280
Use of treasury shares for share awards/options [2]	**(9,306,841)**	**(18,635)**	(8,142,544)	(15,747)
Share buyback during the year	–	–	4,255,100	8,274
Balance at end of year	**75,395,038**	**140,172**	84,701,879	158,807

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.
2. The Company used 9,306,841 treasury shares during the current financial period towards the release of the performance share awards and restricted share awards.

(c) Capital securities

US$500,000,000 5.35% Perpetual Capital Securities

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 US$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.

Combined S$350,000,000 5.50% Perpetual Capital Securities

On 11 July 2017 and 4 August 2017, the Company issued subordinated perpetual capital securities (the 'capital securities') with an aggregate combined principal amount of S$350,000,000 (S$300,000,000 and S$50,000,000 respectively) under the US$5,000,000,000 EMTN Programme. Issuance costs incurred amounting to $2,273,000 were recognised in equity as a deduction from proceeds.

The capital securities were priced at par and bear a distribution rate of 5.50% 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.

28. Dividends

	Group and Company	
	2020 $'000	2019 $'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 2020: $0.035 (2019: $0.035) per share	**110,678**	110,427
• One tier tax exempted second and final dividend for financial year ended 31 December 2019: $0.045 (2018: $0.040) per share	**143,030**	128,179
	253,708	238,606
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 2020: $0.040 (2019: $0.045) per share	**127,825**	143,384

29. Capital commitments

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

	Group	
	2020 $'000	2019 $'000
Capital commitments in respect of property, plant and equipment	**92,560**	82,253

30. Contingent liabilities

	Company	
	2020 $'000	2019 $'000
Contingent liabilities not provided for in the accounts:		
Financial guarantee contracts given on behalf of subsidiary companies that were drawn-down at 31 December [1]	**11,600,859**	16,576,483

1. Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $4,330,774,000 (2019: $2,111,311,000).

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

31. Employee benefits expenses

Employee benefits expenses (including executive directors):-

	Group	
	2020 $'000	2019 $'000
Salaries and employee benefits	**981,453**	841,682
Central Provident Fund contributions and equivalents	**36,860**	38,594
Retrenchment benefits	**1,933**	10,795
Share-based expense (relates to OSGP only)	**25,335**	23,687
	1,045,581	914,758

(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.

31. 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:-

	2020		2019	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**37,267,000**	**2.13**	68,952,000	2.20
Forfeited during the year	**(18,740,000)**	**2.42**	(31,685,000)	2.29
Exercised during the year [1]	**–**	**–**	–	–
Outstanding at the end of the year [2]	**18,527,000**	**1.84**	37,267,000	2.13
Exercisable at end of year	**18,527,000**	**1.84**	37,267,000	2.13

1. No options were exercised in the current and previous financial year.
2. The range of exercise prices for options outstanding at the end of the financial year was $1.76 to $2.70 (2019: $1.76 to $3.10). The weighted average remaining contractual life for these options is 1.35 years (2019: 1.30 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% and 200% 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’) • Profit after Tax and Minority Interest (‘PATMI’) Growth
Vesting Condition	Vesting based on meeting stated performance conditions over a three-year performance period
Payout	0% – 192.5% and 200% depending on the achievement of pre-set performance targets over the performance period.

31. Employee benefits expenses continued

(b) Olam Share Plans continued

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	RSA and PSA	RSA and PSA	RSA and PSA	RSA and PSA
Grant date:	3 April 2020	12 April 2019	12 April 2018	24 April 2017	15 April 2016
Dividend yield (%)	5.070	4.387	2.507	2.333	2.753
Expected volatility (%)	23.482	21.023	22.015	22.035	22.747
Risk-free interest rate (%)	0.625	1.873	1.980	1.394	1.197
Expected term (years)	2.99	2.97	2.97	2.94	2.72
Index (for Relative TSR)	Not applicable	Not applicable	Not applicable	Not applicable	FTSE Straits Times Index
Index volatility (%)	Not applicable	Not applicable	Not applicable	Not applicable	14.081
Correlation with Index (%)	Not applicable	Not applicable	Not applicable	Not applicable	35.4
Share price at date of grant ($)	1.360	1.980	2.360	1.910	1.720
Fair value at date of grant - PSA ($)	1.164	1.844	2.221	1.594	1.400
Fair value at date of grant - RSA ($)	1.198	1.781	2.218	1.739	1.620

The number of contingent shares granted but not released for both PSA and RSA awards as at 31 December 2020 was 48,089,659 (2019: 36,802,122).

Based on the achievement factor, the actual release of the PSA awards could range from zero to maximum of 63,285,244 (2019: 49,861,920) fully-paid ordinary shares of the Company.

32. 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 Group and Company in the ordinary course of business on terms agreed between the parties:-

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Subsidiary companies:				
• Sales of goods	**–**	–	**4,305,486**	3,870,488
• Sales of services, net	**–**	–	**216**	113,691
• Purchases	**–**	–	**17,181,148**	16,338,577
• Insurance premiums paid	**–**	–	**11,377**	21,251
• Commissions paid	**–**	–	**36,777**	29,040
• Interest received on loans, net	**–**	–	**87,613**	117,549
• Consultancy fee paid	**–**	–	**168,558**	155,636
• Management fee received	**–**	–	**45,752**	63,287
• Trademark income	**–**	–	**41,855**	248,530
• Toll processing charges paid	**–**	–	**215,895**	293,065
• Technical fees received	**–**	–	**50,321**	–
• Corporate guarantee received	**–**	–	**11,222**	–
Joint ventures:				
• Sales of goods	**41,596**	116,770	**41,595**	115,441
• Purchases	**4,566**	–	**3,354**	–
• Management fee received	**49**	3,399	**–**	2,999
• Dividend income	**–**	1,091	**–**	1,091
• Finance income	**223**	284	**223**	284
• Finance cost	**–**	243	**–**	–
• Toll processing fee paid	**–**	841	**–**	–
• Purchase of plant & machinery	**–**	20	**–**	–
Associates:				
• Sales of goods	**180,706**	199,669	**180,681**	192,018
• Purchases	**238,706**	214,764	**238,706**	214,764
• Dividend income	**4,194**	30,593	**4,194**	30,593
• Finance income	**–**	791	**–**	791
• Management fee received	**–**	3,340	**–**	3,340
• Commission paid	**825**	–	**825**	–
Shareholder related companies:				
• Sale of goods	**54**	111	**54**	111
• Purchases	**33,290**	–	**33,290**	–
• Commission paid	**55**	–	**55**	–

33. Compensation of directors and key management personnel

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

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Directors' fees	**2,597**	2,354	**2,522**	2,279
Salaries and employee benefits	**32,660**	20,503	**29,362**	16,071
Central Provident Fund contributions and equivalents	**726**	579	**195**	140
Share-based expense	**9,058**	5,228	**7,943**	4,317
	45,041	28,664	**40,022**	22,807
Comprising amounts paid to:-				
Directors of the Company	**18,087**	13,240	**18,012**	13,165
Key management personnel	**26,954**	15,424	**22,010**	9,642
	45,041	28,664	**40,022**	22,807

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:-

	2020 Options/shares	2019 Options/shares
Employee Share Option Scheme:		
Directors	**3,250,000**	18,250,000
Key management personnel	**7,240,000**	6,900,000
Olam Share Grant Plan:		
Directors	**5,235,209**	3,585,247
Key management personnel	**6,750,375**	4,091,025

34. Cash and short-term deposits

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Cash and bank balances	**2,239,208**	2,310,648	**1,014,262**	1,114,958
Deposits	**876,669**	868,936	**17,930**	85,521
	3,115,877	3,179,584	**1,032,192**	1,200,479

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 17.90% (2019: 0.01% to 16.87%) per annum.

Deposits include short-term and capital guaranteed deposits. Short-term deposits are made for varying periods between 1 and 90 days (2019: 1 and 90 days) depending on the immediate cash requirements of the Group, and interest earned at floating rates ranging from 0.34% to 16.00% (2019: 0.25% to 17.00%) per annum and may be withdrawn on demand.

Deposits include capital guaranteed, non-interest bearing, index-linked structured deposits of $4,549,000 (2019: $3,842,000) and may be withdrawn on demand.

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

	Group		Company	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Euro	**350,248**	300,293	**327,661**	276,764
Great Britain Pounds	**139,702**	97,021	**138,859**	96,082
United States Dollar	**128,758**	75,766	**–**	–
Singapore Dollar	**33,204**	46,173	**18,570**	45,720
Australian Dollar	**3,320**	5,439	**3,311**	5,400
Swiss Franc	**2,137**	4,383	**2,094**	4,369
Japanese Yen	**813**	14,800	**–**	14,800

34. 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	
	2020 $'000	2019 $'000
Cash and bank balances	**2,239,208**	2,310,648
Deposits	**876,669**	868,936
Structured deposits	**(4,549)**	(3,842)
Bank overdrafts (Note 25)	**(261,434)**	(198,826)
	2,849,894	2,976,916

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

35. 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 Board Risk 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 increased by 1.0% with all other variables held constant, the Group's profit net of tax would have increased by $7,120,000 (2019: $10,338,000) given its net long commodity positions, 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.

35. 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 18) Loans to joint ventures and associates (Note 15) Other current assets – Sundry receivables, export incentives and subsidies receivable, deposits, staff advances, insurance receivables, amount due from joint venture, associates and a shareholder related company (Note 22) Amount due from subsidiary companies (Note 17)	Expected credit loss is calculated by applying the default sovereign risk rating of the counterparties' country of domicile 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. Cash and bank balances and deposits 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	
	2020 $'000	2019 (As restated) $'000	**2020 $'000**	2019 (As restated) $'000
By operating segments:				
Olam Food Ingredients ('OFI')	**730,822**	862,954	**146,147**	261,248
Olam Global Agri ('OGA')	**837,817**	1,051,657	**536,353**	705,831
Olam International Limited ('OIL')	**71,291**	110,208	**15,140**	22,253
	1,639,930	2,024,819	**697,640**	989,332

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

35. 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 and cross currency interest rate swap to hedge firm commitments.

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), Singapore Dollar (SGD) and Japanese Yen (YEN).

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, SGD and YEN exchange rates, with all other variables held constant.

	Group			
	2020		2019	
	Profit net of tax $'000	**Equity $'000**	Profit net of tax $'000	Equity $'000
	Increase/ (decrease)	**Increase/ (decrease)**	Increase/ (decrease)	Increase/ (decrease)
SGD – strengthened 0.5%	**(5,630)**	**2,516**	(2,327)	3,159
GBP – strengthened 0.5%	**(419)**	**(2,867)**	(1,346)	(6,298)
USD – strengthened 0.5%	**267**	**–**	(305)	–
AUD – strengthened 0.5%	**(10)**	**2,912**	(253)	1,166
EUR – strengthened 0.5%	**2,346**	**(17,696)**	(390)	(7,671)
YEN – strengthened 0.5%	**(4,946)**	**–**	(2,378)	–

35. 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.

	2020 $'000				2019 (As restated) $'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:								
Margin accounts with brokers (Note 19)	–	–	–	–	12,961	–	–	12,961
Trade payables and accruals (Note 23)	**2,908,555**	–	–	**2,908,555**	3,829,101	–	–	3,829,101
Other current liabilities (Note 24)	**474,174**	–	–	**474,174**	512,364	–	–	512,364
Other non-current liabilities	–	**53,798**	–	**53,798**	–	17,695	–	17,695
Borrowings	**6,687,666**	**6,142,350**	**939,878**	**13,769,894**	6,977,281	5,660,225	82,733	12,720,239
Lease liabilities	**140,889**	**478,444**	**1,024,043**	**1,643,376**	136,190	495,218	1,024,259	1,655,667
Derivative financial instruments (Note 35(f))	**2,276,851**	–	–	**2,276,851**	1,162,135	–	–	1,162,135
Total undiscounted financial liabilities	**12,488,135**	**6,674,592**	**1,963,921**	**21,126,648**	12,630,032	6,173,138	1,106,992	19,910,162
Company								
Financial liabilities:								
Margin accounts with brokers (Note 19)	–	–	–	–	110,918	–	–	110,918
Trade payables and accruals (Note 23)	**1,408,750**	–	–	**1,408,750**	2,165,584	–	–	2,165,584
Other current liabilities (Note 24)	**62,418**	–	–	**62,418**	32,275	–	–	32,275
Borrowings	**1,441,928**	**1,504,834**	**503,014**	**3,449,776**	3,816,631	3,234,180	–	7,050,811
Lease liabilities	**27,309**	**40,913**	–	**68,222**	20,422	37,258	–	57,680
Derivative financial instruments (Note 35(f))	**2,006,753**	–	–	**2,006,753**	959,691	–	–	959,691
Total undiscounted financial liabilities	**4,947,158**	**1,545,747**	**503,014**	**6,995,919**	7,105,521	3,271,438	–	10,376,959

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

	2020 $'000				2019 $'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
Company								
Financial guarantees	**4,330,774**	–	–	**4,330,774**	2,111,311	–	–	2,111,311

(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 $27,307,000 (2019 restated: $25,324,000).

35. 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 2020, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 38 months (2019: 1 and 24 months). The power purchase agreement (2019: 10 years) in the previous financial year has been cancelled in the current financial year

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

	2020				2019			
	Fair value				Fair value			
	Group		Company		Group		Company	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Derivatives held for hedging:								
Foreign exchange contracts	592,561	(535,630)	504,452	(448,610)	360,778	(354,224)	316,287	(337,803)
Commodity contracts	6,506,895	(5,657,196)	5,877,873	(5,367,867)	2,973,170	(2,323,287)	2,534,673	(2,105,938)
Power purchase agreement	–	–	–	–	–	(13,459)	–	–
Cross currency interest rate swap	46,268	(5,574)	17,657	–	29,668	(12,891)	8,025	(12,891)
Interest rate swaps	–	–	–	–	–	(2,762)	–	(2,762)
Fair value hedge	**7,145,724**	**(6,198,400)**	**6,399,982**	**(5,816,477)**	3,363,616	(2,706,623)	2,858,985	(2,459,394)
Foreign exchange contracts – Cash flow hedge	–	(9,336)	–	(9,336)	–	(1,951)	–	(1,951)
Cross currency interest rate swap – Cash flow hedge	–	–	–	–	5,597	–	–	–
Interest rate swaps – Cash flow hedge	–	(1,014)	–	(1,014)	18,821	(980)	11,105	(980)
Cash flow hedge	**–**	**(10,350)**	**–**	**(10,350)**	24,418	(2,931)	11,105	(2,931)
Total derivatives held for hedging	**7,145,724**	**(6,208,750)**	**6,399,982**	**(5,826,827)**	3,388,034	(2,709,554)	2,870,090	(2,462,325)
Derivatives held for trading:								
Foreign exchange contracts	42,120	(36,570)	42,120	(36,570)	22,342	(16,394)	22,342	(16,394)
Commodity contracts	105,373	(81,694)	105,373	(81,694)	48,755	(47,603)	48,755	(47,603)
Total derivatives held for trading	**147,493**	**(118,264)**	**147,493**	**(118,264)**	71,097	(63,997)	71,097	(63,997)
Total derivatives, gross	**7,293,217**	**(6,327,014)**	**6,547,475**	**(5,945,091)**	3,459,131	(2,773,551)	2,941,187	(2,526,322)
Gross amounts offset in the balance sheet	(4,050,163)	4,050,163	(3,938,338)	3,938,338	(1,611,416)	1,611,416	(1,566,631)	1,566,631
Net amounts in the balance sheet	**3,243,054**	**(2,276,851)**	**2,609,137**	**(2,006,753)**	1,847,715	(1,162,135)	1,374,556	(959,691)

35. Financial risk management policies and objectives continued

(f) Derivative financial instruments and hedge accounting continued

The Group applies hedge accounting in accordance with SFRS(I) 9 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 2020		Group 2019	
	Line item in the Balance Sheets where the hedging instrument is reported:	**Assets $'000**	**Liabilities $'000**	Assets $'000	Liabilities $'000
Fair value hedge – Commodity contracts					
Hedged item:					
Inventories	Inventories	**1,754,964**	**–**	1,613,278	–
Sales and purchase contracts	Derivative assets	**170,827**	**–**	93,337	–
Hedging instruments:					
Commodity contracts	Derivative assets	**6,715**	**–**	10,864	–
Fair value hedge – Cross currency interest rate swap					
Hedged item:					
Forecasted transactions relating to borrowings denominated in foreign currency	Borrowings – Bank loans, Term loans and EMTN	**–**	**(1,393,929)**	–	(847,012)
Hedging instruments:					
Cross currency interest rate swap	Derivative assets/(liabilities)	**46,268**	**(5,574)**	29,668	(12,891)
Cash flow hedge – Foreign exchange contracts					
Hedged item:					
Forecasted transactions denominated in foreign currency	Fair value adjustment reserves	**33,290**	**–**	–	(86,634)
Hedging instruments:					
Foreign exchange contracts	Derivative liabilities	**–**	**(9,336)**	–	(1,951)
Cash flow hedge – Cross currency interest rate swap					
Hedged item:					
Forecasted transactions relating to borrowings denominated in foreign currency	Fair value adjustment reserves	**–**	**–**	–	(5,597)
Hedging instruments:					
Cross currency interest rate swap	Derivative assets	**–**	**–**	5,597	–
Cash flow hedge – Interest rate swap					
Hedged item:					
Forecasted transactions denominated in foreign currency	Fair value adjustment reserves	**–**	**(1,014)**	–	(940)
Hedging instruments:					
Interest rate swap	Derivative assets/(liabilities)	**–**	**(1,014)**	18,821	(980)

Fair value hedge – Commodity contracts

The Group is exposed to price risk on the purchase side due to increase in commodity prices, on the sales sides and inventory held to decrease in commodity prices. Therefore, the Group applies fair value hedge accounting to hedge its commodity prices embedded in its inventories, sales and purchase contracts and uses commodity derivatives to manage its exposure. The Group determines its hedge effectiveness based on the volume of both hedged item and hedging instruments.

For the relevant commodity derivatives used for above hedge accounting purposes, the forecasted transactions are expected to occur within 3 to 24 months (2019: 3 to 24 months). These commodity derivatives held for hedge accounting are used to hedge the commodity price risk related to inventories, sales and purchases contracts. The accumulated amount of fair value hedge adjustments included in the carrying amount of the inventories for the current financial year amounts to $178,264,000 (2019: $241,895,000).

Fair value hedge – Cross currency interest rate swaps

The Group entered into cross-currency interest rate swap contracts in order to hedge the currency and interest rate exposures of the (i) JPY Term Loans and SGD Bank Loans and (ii) AUD, SGD and JPY EMTNs issued under the EMTN programme of the Group. The hedge on the exposure linked to future interest payments on these EMTNs and term loans are booked at fair value through profit or loss as a fair value hedge. The hedge on currency and interest rate exposure are booked at fair value through profit and loss, and is recorded in "Other expenses" and "Finance costs" respectively in the profit and loss account. At 31 December 2020, the cross-currency swap is effective until 2025 and is linked to the payment due date of the term loans or EMTNs. The critical terms of these swap contracts and their corresponding hedged items are matched, and the Group expects a highly effective hedging relationship with the swap contracts and the value of the corresponding hedged items to change systematically in opposite direction in response to movements in the underlying interest rate and exchange rates.

35. Financial risk management policies and objectives continued

(f) Derivative financial instruments and hedge accounting continued

Cash flow hedge – Foreign exchange contracts

For the relevant foreign exchange derivatives used for above hedging accounting purposes, the forecasted transactions are expected to occur within 38 months (2019: 24 months). The fair value of these derivatives recorded in the 'Other Comprehensive Income' are reclassified through the profit and loss account upon occurrence of the forecasted transactions and this amounts to $20,241,000 (2019: $105,532,000) for the current financial year. The net hedging loss recognised in the 'Other Comprehensive Income' in relation to such transactions amounts to $9,336,000 (2019: net hedging loss of $1,951,000) in the current financial year.

Cash flow hedge – Cross currency interest rate swaps

In the previous financial year, the Group entered into cross-currency swap contracts in order to hedge the currency and interest rate exposures of two JPY term loans draw down by the Group. The hedge on the interest exposure linked to future interest payments on these term loans is booked at fair value through OCI as a cash flow hedge.

The hedge on currency exposure is booked at fair value through profit and loss, and is recorded in "Other expenses" in the profit and loss account. The critical terms of these swap contracts and their corresponding hedged items are matched, and the Group expects a highly effective hedging relationship with the swap contracts and the value of the corresponding hedged items to change systematically in opposite direction in response to movements in the underlying interest rate and exchange rates.

Cash flow hedge – Interest rate swaps

The Group entered into interest rate swap contracts to hedge against fluctuation in the international rates (LIBOR) on the floating rate exposure of its Structured Letter of Credit ("SLC"). All interest rate derivative financial instruments are in a cash flow hedge relationship resulting in changes in fair value are recognised in other comprehensive income. As at 31 December 2020, these hedges are effective until 2021 (2019: 2020 and 2021) with 1-month to 3-month (2019: 1-month to 3-month) LIBOR rate ranging from 0.15% to 1.58% (2019: 1.5% to 3.0%) per year.

36. 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.

36. Fair values of assets and liabilities continued

(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 2020				Group 2019			
	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	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 16)	–	–	24,342	24,342	–	–	71,503	71,503
Derivative financial instruments:-								
Commodity contracts	485,859	2,000,929	75,317	2,562,105	105,516	1,238,066	66,927	1,410,509
Foreign exchange contracts – fair value hedge	–	634,681	–	634,681	–	383,120	–	383,120
Foreign exchange contracts – cash flow hedge	–	–	–	–	–	–	–	–
Cross currency interest-rate swap – fair value hedge	–	46,268	–	46,268	–	29,668	–	29,668
Cross currency interest rate swap – cash flow hedge	–	–	–	–	–	5,597	–	5,597
Interest rate swap – cash flow hedge	–	–	–	–	–	18,821	–	18,821
	485,859	2,681,878	99,659	3,267,396	105,516	1,675,272	138,430	1,919,218
Financial liabilities:								
Derivative financial instruments:-								
Commodity contracts	904,991	760,191	23,545	1,688,727	120,510	633,565	5,399	759,474
Foreign exchange contracts – fair value hedge	–	572,200	–	572,200	–	370,618	–	370,618
Foreign exchange contracts – cash flow hedge	–	9,336	–	9,336	–	1,951	–	1,951
Cross currency interest-rate swap – fair value hedge	–	5,574	–	5,574	–	12,891	–	12,891
Interest rate swap – cash flow hedge	–	1,014	–	1,014	–	980	–	980
Interest rate swaps – fair value hedge	–	–	–	–	–	2,762	–	2,762
Power purchase agreement	–	–	–	–	–	–	13,459	13,459
	904,991	1,348,315	23,545	2,276,851	120,510	1,022,767	18,858	1,162,135
Non-financial assets:								
Biological assets (Note 13)	–	–	473,165	473,165	–	–	531,178	531,178
Inventories (Note 20)	–	5,183,099	230,789	5,413,888	–	4,969,977	226,356	5,196,333

Determination of fair value

Long-term investment (Note 16) is fair valued based on adjusted enterprise valuation model using comparable companies price/book multiples as a basis in computing the fair value per share.

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, inventories, interest rate swaps and cross currency interest rate swaps and power purchase agreement 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.

Certain commodity contracts which were valued based on Level 3 in the previous financial year, are valued based on Level 2 in the current financial year as there were available third party quotes unlike in the previous financial year.

The fair value of biological assets has been determined through various methods and assumptions. Please refer to Note 13 for more details.

36. Fair values of assets and liabilities continued

(c) Level 3 fair value measurements

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

The significant unobservable inputs used in the valuation of biological assets are disclosed in Note 13.

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	Comparable market approach	Price/book multiples	0.5% (2019: 0.5%)
Commodity contracts	Comparable market approach	Premium on quality per metric tonne	0% to 32% (2019: 0% to 31%)
Commodity contracts	Comparable market approach	Discount on quality per metric tonne	0% to 24% (2019: 0% to 16%)
Power purchase agreement	Discounted Cash Flow	Electricity Pricing per megawatt hour	Not applicable as contract was cancelled in the current financial year (2019: 0% to 14%)
Non-financial assets:			
Inventories	Comparable market approach	Premium on quality per metric tonne	0% to 23% (2019: 0% to 25%)
Inventories	Comparable market approach	Discount on quality per metric tonne	0% to 23% (2019: 0% to 25%)

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.

	2020			2019		
		Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions	
	Carrying amount $'000	**Profit/(loss) $'000**	**Other comprehensive income $'000**	Carrying amount $'000	Profit/(loss) $'000	Other comprehensive income $'000
Recurring fair value measurements						
Financial assets:						
Long-term investment – increased by 0.5%	**24,342**	**–**	**122**	71,503	–	358
Long-term investment – decreased by 0.5%	**24,342**	**–**	**(122)**	71,503	–	(358)
Commodity contracts	**75,317**	**(1,740)**	**–**	66,927	(717)	–
Financial liabilities:						
Commodity contracts	**(23,545)**	**(1,849)**	**–**	(5,399)	177	–
Power purchase agreement	**–**	**–**	**–**	(13,459)	(505)	–
Non-financial assets:						
Biological assets – increased by 0.5%	**473,165**	**(2,018)**	**–**	531,178	(2,317)	–
Biological assets – decreased by 0.5%	**473,165**	**2,028**	**–**	531,178	2,331	–
Inventories	**230,789**	**2,411**	**–**	226,356	(6,913)	–

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 long-term investment, the Group adjusted the share price of the valuation model by 0.5%.
- For certain commodity contracts and inventories, the Group adjusted the market prices of the valuation model by 1%.
- For biological assets, the Group adjusted the key assumptions (discount rate/ pricing) applied to fair values by 0.5%.

36. Fair values of assets and liabilities continued

(c) Level 3 fair value measurements continued

(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 13), based on significant unobservable inputs (Level 3):-

	Commodity contracts – assets $'000	Commodity contracts – liabilities $'000	Power purchase agreement – assets $'000	Inventories $'000	Long-term investment $'000
At 1 January 2019	64,118	(5,316)	10,438	291,920	–
Transfer into Level 3	–	–	–	–	135,777
Total gain/(loss) for the year					
• Included in profit or loss	2,809	(83)	(23,897)	(13,164)	–
• Included in other comprehensive income	–	–	–	–	(64,274)
Purchases and sales, net	–	–	–	(52,400)	–
At 31 December 2019 and 1 January 2020	**66,927**	**(5,399)**	**(13,459)**	**226,356**	**71,503**
Total gain/(loss) for the year					
• Included in profit or loss	**8,390**	**(18,146)**	**–**	**44,469**	**–**
• Included in other comprehensive income	**–**	**–**	**–**	**–**	**(39,738)**
Purchases and sales, net	**–**	**–**	**13,459**	**(40,036)**	**(7,423)**
At 31 December 2020	**75,317**	**(23,545)**	**–**	**230,789**	**24,342**

(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, other current assets, margin accounts with brokers, amounts due from/(to) 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) Loans to joint ventures, bank loans and term loans from banks

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

36. Fair values of assets and liabilities continued

(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 subsidiary companies 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) 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 2020				
Financial liabilities:				
Medium-term notes	**3,262,438**	**3,319,979**	**2,449,347**	**2,506,888**
31 December 2019				
Financial liabilities:				
Medium-term notes	3,348,150	3,411,532	2,587,715	2,651,099
Other bonds	335,086	344,031	335,086	344,031

The fair value of medium-term notes and all bonds is determined directly by reference to their published market bid price (Level 1) or valued using valuation techniques with market observable inputs (Level 2), where relevant at the end of the respective financial years.

37. 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 2019 and 31 December 2020.

The Group calculates the level of debt capital required to finance the working capital requirements using leverage/gearing ratio and the Group's policy is to maintain the net leverage ratio within 2 times.

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

	Group	
	2020	2019 Restated
Gross debt to equity:		
• Before fair value adjustment reserve	**2.20 times**	1.98 times
Net debt to equity:		
• Before fair value adjustment reserve	**1.72 times**	1.50 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.

38. Classification of financial assets and financial liabilities

	Group 2020			Group (As restated) 2019		
	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000
Financial assets:						
Loans to joint ventures (Note 15(a))	–	–	–	35,666	–	–
Loans to associates (Note 15(b))	18,121	–	–	18,447	–	–
Long-term investment (Note 16)	–	24,342	–	–	71,503	–
Trade receivables (Note 18)	1,639,930	–	–	2,024,819	–	–
Margin accounts with brokers (Note 19)	121,663	–	–	–	–	–
Other current assets (Note 22)	565,891	–	–	658,530	–	–
Other non-current assets (Note 22)	34,384	–	–	44,956	–	–
Cash and short-term deposits (Note 34)	3,115,877	–	–	3,179,584	–	–
Derivative financial instruments (Note 35(f))	–	–	3,243,054	–	24,418	1,823,297
	5,495,866	24,342	3,243,054	5,962,002	95,921	1,823,297
Financial liabilities:						
Trade payables and accruals (Note 23)	2,908,555	–	–	3,829,101	–	–
Margin accounts with brokers (Note 19)	–	–	–	12,961	–	–
Other current liabilities (Note 24)	518,653	–	–	582,125	–	–
Other non-current liabilities (Note 24)	53,798	–	–	17,695	–	–
Borrowings (Note 25)	13,247,344	–	–	12,078,881	–	–
Lease liabilities (Note 25)	912,018	–	–	1,000,278	–	–
Derivative financial instruments (Note 35(f))	–	10,350	2,266,501	–	2,931	1,159,204
	17,640,368	10,350	2,266,501	17,521,041	2,931	1,159,204

	Company 2020			Company 2019		
	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000	Amortised cost $'000	Fair value through Other Comprehensive Income $'000	Fair value through Profit or Loss $'000
Financial assets:						
Loans to joint ventures (Note 15(a))	–	–	–	35,666	–	–
Long-term investment (Note 16)	–	24,342	–	–	71,503	–
Amounts due from subsidiary companies (Note 17)	–	–	–	2,435,290	–	–
Trade receivables (Note 18)	697,640	–	–	989,332	–	–
Margin accounts with brokers (Note 19)	96,593	–	–	–	–	–
Other current assets (Note 22)	141,561	–	–	147,458	–	–
Other non-current assets (Note 22)	–	–	–	2,019	–	–
Cash and short-term deposits (Note 34)	1,032,192	–	–	1,200,479	–	–
Derivative financial instruments (Note 35(f))	–	–	2,609,137	–	11,105	1,363,451
	1,967,986	24,342	2,609,137	4,810,244	82,608	1,363,451
Financial liabilities:						
Amounts due to subsidiary companies (Note 17)	2,833,243	–	–	–	–	–
Margin accounts with brokers (Note 19)	–	–	–	110,918	–	–
Trade payables and accruals (Note 23)	1,408,750	–	–	2,165,584	–	–
Other current liabilities (Note 24)	91,735	–	–	88,214	–	–
Borrowings (Note 25)	3,182,238	–	–	6,679,783	–	–
Lease liabilities (Note 25)	64,581	–	–	53,821	–	–
Derivative financial instruments (Note 35(f))	–	10,350	1,996,403	–	2,931	956,760
	7,580,547	10,350	1,996,403	9,098,320	2,931	956,760

39. Segmental information

In the previous financial year, the Group's businesses were organised and managed as five broad segments grouped in relation to different types and nature of products traded namely: (i) Edible Nuts and Spices, (ii) Confectionery and Beverage Ingredients, (iii) Industrial Raw Materials, Infrastructure and Logistics, (iv) Food Staples and Packaged Foods and (v) Commodity Financial Services.

In the current financial year, the Group announced its re-organization wherein all businesses are re-organised and managed as three broad segments grouped in line with key customer trends and market opportunities with the aim of unlocking long-term shareholder value. The Group's supply chain activities of sourcing, processing and merchandising span across a broad range of agricultural products.

The new segmentation has been done in the following manner: -

- Olam Food Ingredients ("OFI") - Cocoa, Coffee, Edible nuts, Spices and Dairy
- Olam Global Agri ("OGA") – Grains, Animal Feed & Protein, Edible Oil, Rice, Cotton and Commodity Financial Services
- Olam International Limited ("OIL") - De-prioritised businesses (Sugar, Wood Products, Rubber and Fertiliser and other de-prioritised assets), Gestating businesses (Olam Palm Gabon, Packaged foods, Infrastructure and Logistics) and Incubating businesses (Engine 2 growth platforms)

Accordingly, the Group has restated previously reported segment information for the year ended 31 December 2019.

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 and borrowings. 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 39(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.

39. Segmental information continued

(a) Business segments

	Olam Food Ingredients		Olam Global Agri		Olam International Limited		Consolidated	
	2020 $'000	2019 (As restated) $'000	**2020 $'000**	2019 (As restated) $'000	**2020 $'000**	2019 (As restated) $'000	**2020 $'000**	2019 (As restated) $'000
Segment revenue:								
Sales to external customers	**12,546,781**	12,144,810	**21,515,887**	18,850,338	**1,757,375**	1,997,574	**35,820,043**	32,992,722
Segment result (EBIT)	**771,082**	793,655	**462,398**	329,487	**(163,917)**	(65,778)	**1,069,563**	1,057,364
Finance costs	**–**	–	**–**	–	**–**	–	**(518,475)**	(629,483)
Finance income	**–**	–	**–**	–	**–**	–	**102,772**	88,649
Exceptional items[1]	**(40,189)**	88,927	**(5,910)**	(9,514)	**(385,585)**	(262,836)	**(431,684)**	(183,423)
Profit before taxation							**222,176**	333,107
Taxation expense							**(43,987)**	(55,937)
Profit for the financial year							**178,189**	277,170
Segment assets	**11,826,217**	11,727,313	**6,174,051**	4,892,100	**4,275,090**	4,585,180	**22,275,358**	21,204,593
Unallocated assets [2]							**4,427,284**	4,607,429
							26,702,642	25,812,022
Segment liabilities	**2,383,350**	2,830,925	**2,394,484**	1,920,455	**569,074**	423,085	**5,346,908**	5,174,465
Unallocated liabilities [3]							**15,319,755**	14,344,320
							20,666,663	19,518,785
Other segmental information:								
Depreciation and amortisation	**294,593**	269,704	**135,616**	100,491	**131,055**	130,431	**561,264**	500,626
Share of results from joint ventures and associates	**7,744**	11,354	**13**	(477)	**106,172**	56,995	**113,929**	67,872
Investments in joint ventures and associates	**105,879**	111,988	**32,628**	37,271	**526,439**	511,846	**664,946**	661,105
Capital expenditure	**342,195**	235,979	**59,092**	61,420	**239,960**	312,922	**641,247**	610,321

(b) Geographical segments

	Asia, Middle East and Australia		Africa		Europe		Americas		Eliminations		Consolidated	
	2020 $'000	2019 (As restated) $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 (As restated) $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 (As restated) $'000
Segment revenue:												
Sales to external customers	**16,515,754**	16,409,323	**5,939,927**	4,490,889	**7,239,921**	6,599,226	**6,124,441**	5,493,284	**–**	–	**35,820,043**	32,992,722
Intersegment sales	**9,744,131**	10,057,104	**2,328,722**	1,790,811	**214,542**	186,864	**1,637,772**	1,149,490	**(13,925,167)**	(13,184,269)	**–**	–
	26,259,885	26,466,427	**8,268,649**	6,281,700	**7,454,463**	6,786,090	**7,762,213**	6,642,774	**(13,925,167)**	(13,184,269)	**35,820,043**	32,992,722
Non-current assets [4]	**4,056,728**	4,001,090	**3,138,556**	3,471,843	**736,041**	686,784	**1,352,924**	1,403,742	**–**	–	**9,284,249**	9,563,459

(c) Information on major customers

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

39. Segmental information continued

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

	Group	
	2020 $'000	2019 (As restated) $'000
Gain on disposal of property, plant and equipment and intangible assets (Note 5)	**1,966**	61,630
Gain on sale of USA spices, vegetables dehydrate facilities (Note 5)	**–**	21,663
Gain on partial divestment of associate (Note 15(b))	**121,016**	40,371
Negative goodwill (Note 5)	**–**	7,857
Gain on disposal of subsidiary (Note 13)	**–**	593
Impairment of property, plant and equipment and intangible assets	**(500,950)**	(206,452)
Closure and restructuring costs	**(101,982)**	(107,928)
Gain/(loss) on disposal of joint venture and associate, net (Note 15(a))	**48,266**	(1,157)
	(431,684)	(183,423)

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

	Group	
	2020 $'000	2019 $'000
Cash and bank balances	**2,239,208**	2,310,648
Fixed deposits	**876,669**	868,936
Other current/non-current assets	**1,059,263**	1,173,069
Long-term investments	**24,342**	71,503
Deferred tax assets	**227,802**	183,273
	4,427,284	4,607,429

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

	Group	
	2020 $'000	2019 (As restated) $'000
Borrowings	**13,247,344**	12,078,881
Lease liabilities	**912,018**	1,000,278
Deferred tax liabilities	**369,230**	407,337
Other current/non-current liabilities	**587,508**	598,747
Provision for taxation	**203,655**	259,077
	15,319,755	14,344,320

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

40. Events occurring after the reporting period

(a) On 6 January 2021, the Group completed the acquisition of US-based dehydrated onion ingredients business (formerly Cascade Specialties) for US$51,500,000 (approximately S$68,088,000).

(b) On 4 February 2021, the Group through its wholly-owned subsidiary Olam Americas, Inc., completed the acquisition of 100% equity stake in a US-based chile pepper business of major maker of condiments and sauces, Mizkan America, Inc. for US$108,500,000 (approximately S$150,012,000).

(c) On 18 February 2021, the Group divested its entire 15.19% stake in Open Country Dairy ("OCD") to Talley Group Limited ("Talley's") for approximately NZ$80,900,000 (approximately S$76,800,000).

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