



**Transforming
to serve a
changing world**



Financial Report
Olam Group Limited
Annual Report 2021

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About Olam

Olam is a leading food and agribusiness supplying food, ingredients, feed and fibre to 20,900 customers worldwide. Our value chain spans over 60 countries and includes farming, origination, processing and distribution operations.

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

Headquartered and listed in Singapore, Olam currently ranks among the top 30 largest primary listed companies in Singapore in terms of market capitalisation on SGX-ST and we are a Fortune Global 500 company.

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 its 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.

About this report

Our 2021 report is made up of three chapters: Strategy Report, Governance Report and Financial Report.

Financial Report: Our statutory accounts and 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. In some instances, images have been used from other Olam locations to illustrate programmes which we have been unable to photograph because of COVID-19 restrictions.

What You Should Know About the Financial Report FY2021

The Company was listed on the Mainboard of the SGX-ST on 16 March 2022 following the implementation of a scheme of arrangement (the “Scheme”) proposed by Olam International Limited (“OIL”) to its shareholders under Section 210 of the Companies Act 1967, as described in OIL’s circular to shareholders dated 27 January 2022 (the “Scheme Circular”).

As announced in the Scheme Circular, OIL had undertaken an exercise to reorganise its diverse business portfolio into three new operating groups – Olam Food Ingredients (“ofi”), Olam Global Agri (now known as Olam Agri) and the remaining businesses (comprising the gestating businesses and the businesses carried out by Olam Ventures Pte. Ltd. and Olam Technology and Business Services Pte. Ltd.). This re-organisation was initiated to simplify OIL’s portfolio, sharpen its focus, and unlock long-term value.

At the Extraordinary General Meeting of OIL held on 18 February 2022, the shareholders of OIL approved, inter alia, the Scheme. As announced by OIL on 3 March 2022, the Scheme was sanctioned by the High Court of the Republic of Singapore, and was to become effective

and binding upon the lodgement of the Scheme Court Order with the Registrar of Companies in Singapore.

On 15 March 2022, OIL issued an announcement stating that a copy of the Scheme Court Order will be lodged with the Registrar of Companies on 15 March 2022, and the Scheme would therefore become effective and binding on 15 March 2022. Upon the Scheme taking effect, the entire issued share capital of OIL was held indirectly by the Company.

On 16 March 2022, the Company commenced trading on the Mainboard of the SGX-ST, and OIL was delisted from the SGX-ST on the same date.

The Company has included in the Financial Report of the Annual Report, the Olam International Limited Directors’ Statement and the audited consolidated financial statements for the financial year ended 31 December 2021 (“FY2021”) together with the Auditors’ Report thereon and the Olam Group Limited Directors’ Statement and the audited financial statements for the FY2021 together with the Auditors’ Report thereon. The Financial Report may also be read on our website at olamgroup.com/investors/investor-library.html.

Transforming to serve a changing world

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Group Re-organisation

Olam International Limited (“OIL”) had on 20 January 2020 announced that it would pursue a group reorganisation exercise of its portfolio of businesses into two new operating groups, Olam Food Ingredients (“ofi”) and Olam Global Agri (“Olam Agri”), with the remaining business housed under Olam International Limited. This re-organisation was initiated to simplify OIL’s portfolio, sharpen its focus, and unlock long-term value via a proposed carve-out, IPO and demerger of the two operating groups (the “Proposed Transactions”).

On 14 December 2021, OIL announced that it is proposing to seek the approval of its shareholders to carry out the Proposed Transactions in relation to the proposed restructuring of OIL by way of a scheme of arrangement under Section 210 of the Companies Act 1967 (the “Scheme”). As part of the Scheme, Olam Group Limited (“OGL”), which was incorporated on 26 August 2021, will succeed OIL as the new public limited company trading on Singapore Exchange Securities Trading Limited (“SGX-ST”) and the concurrent delisting of OIL.

The circular in relation the Proposed Transactions through various corporate actions including the Scheme, proposed dividend in specie, proposed

disposals, dilution and demerger as part of the group re-organisation exercise; and seeking for shareholders’ approval through an extraordinary general meeting (“EGM”), was issued on 27 January 2022 (the “Circular”). The Circular stated that the intended OGL Directors as at the Scheme Effective Date are the same as the Directors of OIL. The EGM was held on 18 February 2022 and was approved by shareholders.

On 3 March 2022, the Court had sanctioned the Scheme and the Scheme shall become effective and binding upon the lodgement of the Scheme Court Order with the Registrar of Companies in Singapore. Other key information included Scheme effective date on 15 March 2022 and commencement of trading of OGL on 16 March 2022 on SGX-ST and concurrent delisting of OIL.

On 15 March 2022, OIL issued an announcement on Scheme effectiveness and the listing and quotation of OGL Shares on the Mainboard of the SGX-ST on 16 March 2022. OGL Directors similar to the OIL Directors were appointed.

On 16 March 2022, OGL commenced trading on the Mainboard of the SGX-ST, and succeeded OIL as the listed entity.

Directors' Statement

The director is pleased to present their statement to the member together with the audited financial statements of Olam Group Limited (the "Company") for the financial period from 26 August 2021 (date of incorporation) to 31 December 2021.

Opinion of the director

In the opinion of the director,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Company for the period from 26 August 2021 (date of incorporation) to 31 December 2021; 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

Directors

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

Lim Ah Doo	(Appointed on 15 March 2022)
Ajai Puri (Dr.)	(Appointed on 15 March 2022)
Joerg Wolle (Dr.)	(Appointed on 15 March 2022)
Kazuo Ito	(Appointed on 15 March 2022)
Marie Elaine Teo	(Appointed on 15 March 2022)
Nagi Adel Hamiyeh	(Appointed on 15 March 2022)
Nihal Vijaya Devadas Kaviratne CBE	(Appointed on 15 March 2022)
Norio Saigusa	(Appointed on 15 March 2022)
Sanjiv Misra	(Appointed on 15 March 2022)
Yap Chee Keong	(Appointed on 15 March 2022)
Sunny George Verghese	(Appointed on 26 August 2021)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in the financial statements, neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial period, had, according to the register of directors' shareholdings required to be kept under section 164 of the Companies Act 1967, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Held in the name of the director		Deemed interest	
	As at 26.8.2021	As at 31.12.2021	As at 26.8.2021	As at 31.12.2021
The Company				
Ordinary shares				
Sunny George Verghese	1	1	—	—

Except as disclosed in this statement, no other director who held office at the end of the financial period had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial period, or date of appointment if later, or at the end of the financial period.

Auditor

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

On behalf of the board of directors,

Lim Ah Doo

Director

Sunny George Verghese

Director

Singapore

16 March 2022

Independent Auditor's Report

For the financial period from 26 August 2021 (date of incorporation) to 31 December 2021
Independent auditor's report to the member of Olam Group Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Olam Group Limited (the "Company"), which comprise the balance sheet of the Company as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and the cash flow statement of the Company for the period from 26 August 2021 (date of incorporation) to 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company, the balance sheet, the statement of comprehensive income and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Company for the period from 26 August 2021 (date of incorporation) to 31 December 2021.

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 Company 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.

Other information

Management is responsible for other information. The other information comprises the general information and Directors' Statement set out on pages 4 to 5.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 Company'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 Company'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 Company 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.

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.

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 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
16 March 2022

Statement of Comprehensive Income

For the financial period from 26 August 2021 (date of incorporation) to 31 December 2021

There is no Statement of Comprehensive Income for the 31 December 2021 as the Company remains to be dormant since date of incorporation.

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

Balance Sheet

As at 31 December 2021

	Note	2021 US\$
ASSETS		
Current assets		
Cash balance	4	1
		1
Total assets		1
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		
Share capital	5	1
Total equity		1

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

Statement of Changes in Equity

For the financial period from 26 August 2021 (date of incorporation) to 31 December 2021

	Share capital (Note 5) US\$	Total US\$
At 26 August 2021 (date of incorporation)		
Issuance of ordinary shares (Note 5)	1	1
Total other comprehensive income for the year	–	–
Balance at 31 December 2021	1	1

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

Cash Flow Statement

For the financial period from 26 August 2021 (date of incorporation) to 31 December 2021

	26.8.2021 to 31.12.2021 US\$
Cash flows from operating activities:	
Profit before taxation	–
Operating cash flows before changes in working capital	–
Net cash flows generated from operating activities	–
Cash flows from financing activities:	
Proceeds from issuance of ordinary shares (Note 5)	1
Net cash generated from financing activities	1
Net increase in cash and cash equivalents	1
Cash and cash equivalents at 26 August 2021 (date of incorporation)	–
Cash and cash equivalents at 31 December (Note 4)	1

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

Notes to the Financial Statements

For the financial period from 26 August 2021 (date of incorporation) to 31 December 2021

1. Corporate information

Olam Group Limited (the “Company” or “OGL”) is a private limited liability company incorporated in the Republic of Singapore on 26 August 2021 and converted into a public company limited by shares on 8 December 2021. The Company comprise one (1) ordinary share held by Sunny George Verghese, Co-Founder, Group CEO and Executive Director, as the Subscriber Shareholder on trust for and on behalf of the Company.

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

The principal activities are wholesale trade of variety of goods without a dominant product, wholesale on a fee or commission basis. The Company is dormant as at 31 December 2021.

Related company is referred to Olam International Limited (“Olam”) which is deemed to be related through shareholdings by a common director.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements are presented in United States Dollars (USD or US\$).

2.2 Changes in accounting policies

The Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 26 August 2021. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116 <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to FRS 116 <i>Covid-19 Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to FRS 103 <i>References to the Conceptual Framework in FRS Standards</i>	1 January 2022
Amendments to FRS 16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to FRS 37 <i>Onerous Contracts – Costs of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to FRS 1 and FRS Practice Statements 2 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to FRS 12 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
FRS 117 <i>Insurance Contracts</i>	1 January 2023
Amendments to FRS 110 & FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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 Foreign currency

The financial statements are presented in United States Dollar (USD), which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency 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 end of the reporting period. 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 reporting period are recognised in profit and loss.

2.5 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the Company 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 Company 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 – Amortised cost

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

De-recognition

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

2.5 Financial instruments continued

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company 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.

De-recognition

A financial liability is de-recognised 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.

2.6 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 Company's cash management. Cash and cash equivalents carried in the balance sheets are classified and accounted as measured at amortised cost under FRS 109. The accounting policy for this category of financial assets is stated in Note 2.5.

2.7 Share capital and share issue expenses

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

2.8 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 at the end of the reporting period, in the countries where the Company operates and generates taxable income.

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

(b) Deferred tax

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

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

- Where the deferred tax liability 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 taxable temporary differences associated with investments in subsidiaries, 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.

2. Summary of significant accounting policies continued

2.8 Taxes continued

(b) Deferred tax continued

Deferred tax assets are recognised for all deductible temporary differences, carry forward 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 carry forward 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 accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, 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 assets 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 reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 end of each reporting period.

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.

2.9 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 Company; 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 Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company.

3. Significant accounting judgements and estimates

The preparation of the Company'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 end of each reporting period. 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 the future periods.

There were no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

4. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand amounting to US\$1 as of 31 December 2021.

Cash and cash equivalent denominated in foreign currency as at 31 December are as follows:

	2021 US\$
Singapore Dollars	1

5. Share capital

	2021	
	No. of shares	US\$
Issued and fully paid:		
At 26 August 2021 (date of incorporation)	—	—
Issuance of new ordinary share	1	1
At 31 December	1	1

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

6. Related party transactions

There were no significant related party transactions entered into by the Company in the ordinary course of business.

Compensation of key management personnel

Key management personnel of the Company comprise the director of the Company. No remuneration or any other fees were paid to the director during the financial year.

7. Financial risk management objectives and policies

There are no risks for the financial year ended year ended 31 December 2021 as the Company is dormant.

8. Fair values of financial instruments

The current asset as disclosed on the balance sheet approximate their carrying amount because of their short-term nature.

9. Capital management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may obtain new borrowings and/or rely on immediate holding company's financial support.

10. Subsequent event

On 20 January 2020, Olam International Limited (“Olam”) (Note 1) announced that it would pursue a group reorganisation exercise of its portfolio of businesses into two new operating groups: (1) Olam Food Ingredients (“ofi”) which focuses on cocoa, coffee, dairy, edible nuts and spices; and (2) Olam Global Agri (“Olam Agri”) which focuses on grains, animal feed, edible oils, rice, cotton, and commodity financial services, having proprietary and operating capabilities in farming, global origination, processing, trading, logistics, distribution and risk management; and (iii) Olam International Limited (“OIL”) which focusses on gestating and infrastructure assets and the packaged foods business. This reorganisation was initiated to simplify Olam’s portfolio, sharpen its focus, and unlock long-term value via a proposed carve-out, IPO and demerger of the two operating groups (the “Proposed Transactions”).

Following from the above, on 14 December 2021, Olam announced that it is proposing to seek the approval of its shareholders to carry out the Proposed Transactions in relation to the proposed restructuring of Olam by way of a scheme of arrangement under Section 210 of the Companies Act 1967 (the “Scheme”). As part of the Scheme, the Company will acquire all of the shares in the Company held by its shareholders through the Scheme. This would result in the Company taking over Olam as the new public limited company trading on SGX-ST and the concurrent delisting of the Company.

On 3 March 2022, the General Division of the High Court of Singapore sanctioned the Scheme and the Scheme shall become effective and binding upon the lodgement of the Scheme Court Order with the Registrar of Companies in Singapore.

Accordingly, on 9 March 2022, Olam has submitted the request for suspension of trading of its shares on SGX-ST in connection with the Proposed Transactions by way of the Scheme with immediate effect.

On 15 March 2022, the shares in Olam was transferred to the Company. On 16 March 2022, the Company commenced trading on the Mainboard of the Singapore Exchange Securities Trading Limited and Olam was concurrently delisted.

11. Comparative figures

The financial statements cover the financial period from 26 August 2021 (date of incorporation) to 31 December 2021. This being the first set of audited financial statements, there are no comparative figures.

12. Authorisation of financial statements for issue

The financial statements for the period ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 16 March 2022.

Olam International Limited and its subsidiary companies

Annual Financial Statements

For the financial year ended 31 December 2021

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 2021.

1. Opinion of the directors

In the opinion of the directors,

- (i) the financial statements set out on pages 14 to 95 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 2021, 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 director of the Company in office at the date of this statement is:-

Sunny George Verghese

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 2021 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:

Name of directors	Held in the name of the director or nominee			Deemed interest		
	As at 1.1. 2021 or date of appointment, if later	As at 31.12.2021	As at 21.1.2022	As at 1.1.2021 or date of appointment, if later	As at 31.12.2021	As at 21.1.2022
The Company						
Olam International Limited						
(a) Ordinary shares						
Lim Ah Doo ¹	139,300	305,600	305,600	—	—	—
Sunny George Verghese	136,530,385	158,035,000	158,035,000	—	—	—
Sanjiv Misra	45,799	103,153	103,153	—	—	—
Nihal Vijaya Devadas Kaviratne CBE	23,842	59,388	59,388	—	—	—
Yap Chee Keong	65,501	128,571	128,571	—	—	—
Marie Elaine Teo	47,482	104,600	104,600	—	—	—
Joerg Wollé (Dr.)	4,586	25,398	25,398	—	—	—
Ajai Puri (Dr.)	4,117	32,794	32,794	—	—	—

4. Directors' interests in shares and debentures continued

Name of directors	Held in the name of the director or nominee			Deemed interest		
	As at 1.1. 2021 or date of appointment, if later	As at 31.12.2021	As at 21.1.2022	As at 1.1.2021 or date of appointment, if later	As at 31.12.2021	As at 21.1.2022
Subsidiaries of the Company's ultimate holding company						
Temasek Group of companies						
(a) Mapletree Logistics Trust Management Ltd (Unit holdings in Mapletree Logistics Trust)						
Lim Ah Doo ¹	185,000	215,200	215,200	—	—	—
(b) Singapore Technologies Engineering Ltd (Ordinary Shares)						
Lim Ah Doo ¹	87,300	99,900	99,900	—	—	—
(c) Starhub Ltd (Ordinary Shares)						
Nihal Vijaya Devadas Kaviratne CBE	87,500	123,400	123,400	—	—	—
Sanjiv Misra ²	60,000	60,000	60,000	—	—	—
(d) Mapletree Industrial Trust Management Ltd. (Ordinary Shares in Mapletree Industrial Trust)						
Marie Elaine Teo	11,800	11,800	11,800	—	—	—
(e) Astrea IV Pte Ltd (4.35% bonds due 2028)						
Yap Chee Keong	\$250,000	\$250,000	\$250,000	—	—	—
(f) Astrea VI Pte Ltd (3.00 % bonds due 2031)						
Yap Chee Keong	—	\$30,000	\$30,000	—	—	—
(g) Ascott Residence Trust (3.88% fixed rate perpetual securities)						
Yap Chee Keong	\$250,000	\$250,000	\$250,000	—	—	—
(h) SembCorp Marine Ltd						
Yap Chee Keong	—	897,485	897,485	—	—	—
(i) Musel Private Trust (Unit holdings)						
Marie Elaine Teo	800	800	800	—	—	—
(j) CapitaLand Integrated Commercial Trust Management Limited (Ordinary Shares in CapitaLand Integrated Commercial Trust (fka CapitaLand Commercial Trust))						
Sanjiv Misra ²	111,618	111,618	111,618	—	—	—
(k) Mapletree Real Estate Advisors Pte. Ltd. (Unit holdings in Mapletree Europe Income Trust)						
Marie Elaine Teo ¹	—	1,655	1,655	—	—	—
(l) Mapletree US Logistics Private Trust (MUSLOG)						
Marie Elaine Teo	—	300	300	—	—	—

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
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 2021 are as follows:-

	Exercise price (\$)	Number of options
15 June 2022	1.76	15,907,000

Outstanding options under the Olam ESOS

The Company had on 14 December 2021 announced the proposed restructuring by way of a Scheme of Arrangement under Section 210 of the Companies Act 1967 (the “Scheme”), proposed listing of ofi Group Limited, and proposed demerger of the Olam Food Ingredients business (the “Announcement”). The Announcement described the ESOS outstanding in which information on how it would be addressed would be provided in the Circular to Shareholders (the “Circular”, issued for purpose of the proposed restructuring and the terms and conditions upon which the Scheme will be implemented set out in the composite document to be released by the Company to the Shareholders).

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.

Outstanding awards under the OSGP

The Company had on 14 December 2021 announced the proposed restructuring by way of a Scheme of Arrangement under Section 210 of the Companies Act 1967 (the "Scheme"), proposed listing of off Group Limited, and proposed demerger of the Olam Food Ingredients business (the "Announcement"). The Announcement described the outstanding Performance Share Awards and Restricted Share Awards in which information on how it would be addressed would be provided in the Circular to Shareholders (the "Circular", issued for purpose of the proposed restructuring and the terms and conditions upon which the Scheme will be implemented set out in the composite document to be released by the Company to the Shareholders).

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

Olam Share Grant Plan continued

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	9 April 2021	9 April 2021
Number of Shares which are subject of the Awards granted	16,262,314	9,767,329
Number of employees receiving Shares Awards	798	798
Market Value of Olam Shares on the Date of Grant	1.75	1.75
Number of Shares awarded granted to directors of the Company	Sunny George Verghese 912,214	Sunny George Verghese 547,329
	45,611 [#]	27,366 [#]
Vesting Date of Shares awarded	April 2024	Tranche 1 – 25%: 1 April 2022 Tranche 2 – 25%: 1 April 2023 Tranche 3 – 25%: 1 April 2024 Tranche 4 – 25%: 1 April 2025

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
	60,662 [#]	27,022 [#]
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

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
	18,434 [#]	9,192 [#]
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	Restricted share awards ('RSA')
Date of Grant	16 April 2018
Number of Shares which are subject of the Awards granted	491,500
Number of employees receiving Shares Awards	2
Market Value of Olam Shares on the Date of Grant	\$2.34
Number of Shares awarded granted to directors of the Company	Sunny George Verghese 286,800
	3,585 [#]
Vesting Date of Shares awarded	Tranche 1 – 25%: 1 April 2019 Tranche 2 – 25%: 1 April 2020 Tranche 3 – 25%: 1 April 2021 Tranche 4 – 25%: 1 April 2022

Additional share awards granted from the adjustment of outstanding share awards under the rules of the OSGP following the 2021 Rights Issue.

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.

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	1,036,921	4,298,990	1,183,679	496,468	2,618,843
Restricted Share Awards:					
Sunny George Verghese	614,494	2,791,706	1,381,232	–	1,410,474

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.

On 23 September 2021, the Company had announced that pursuant to the rules of the OSGP and ESOS and in relating to the Rights Issue (Note 27a(2)), the Nomination and Remuneration Committee ("NRC") in its absolute discretion, decided to adjust the class and/or number of shares which are the subject of an award to the extent not yet vested and/or the class and/or number of shares in respect of which future awards may be granted under the OSGP (the "Share Awards"), and in respect of the ESOS, the subscription price for the shares, the nominal amount, class and/or number of shares comprised in an option to the extent unexercised and/or the nominal amount, class and/or number of shares over which options may be granted under the ESOS (the "Share Options"). The Company with the advice of external remuneration consultants, had determined the adjustment basis for the outstanding Share Awards and Share Options to be adopted in connection with the Rights Issue, and Ernst & Young LLP, the external auditors of the Company, have confirmed that the adjustment basis is fair and reasonable. Following the adjustments, (i) an additional 2,955,250 Share Awards in respect of the outstanding Share Awards have been released under the OSGP; and (ii) the subscription/exercise price for the outstanding Share Options of 1,790,000 and 15,967,000 were adjusted from \$2.16 to \$2.05 and \$1.76 to \$1.66, respectively.

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 1967, 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 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 25 April 2022.

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.

Signed by the sole director of the Company,

Sunny George Verghese
Director

16 March 2022

Independent Auditor's Report

For the financial year ended 31 December 2021
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 13 to 99 which comprise the balance sheets of the Group and the Company as at 31 December 2021, 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 Companies Act 1967 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 2021 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 (including assessment of estimated useful lives) 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 and its estimated useful lives. 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.

Key audit matters continued

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

The Group has significant property, plant and equipment, goodwill and indefinite/definite life intangible assets as disclosed in Notes 11 and 12. Management performs periodic and annual impairment reviews of goodwill, intangible assets with indefinite/definite 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/definite 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, future revenues (yield), operating costs, growth rates and discount rates. The estimates and assumptions used in the cashflow projections which form the basis of recoverable amounts require significant judgement due to the inherent estimation uncertainty including the potential impact from the ongoing Covid 19 pandemic. 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.

For the value-in-use assessment, we have obtained the business units' cash flow forecasts assessment prepared by management 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 historical and market trends 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/definite 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 considering that climate risks factors could have an impact on the key assumptions, 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.

Key audit matters continued

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.

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 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.

We have also 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.

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 2021 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.

Auditor's responsibilities for the Audit of the Financial Statements continued

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
16 March 2022

Consolidated Profit and Loss Account

For the financial year ended 31 December 2021

		Group	
	Note	2021 \$'000	2020 \$'000
Sale of goods and services	4	47,001,951	35,820,043
Other income	5	77,429	136,175
Cost of goods sold	6	(43,095,117)	(32,663,155)
Net gain/(loss) from changes in fair value of biological assets	13	69,229	(60,277)
Depreciation and amortisation	10, 11, 12	(627,194)	(561,264)
Other expenses	7	(2,271,270)	(2,147,572)
Finance income		92,330	102,772
Finance costs	8	(530,395)	(518,475)
Share of results from joint ventures and associates		19,775	113,929
Profit before taxation		736,738	222,176
Income tax expense	9	(133,927)	(43,987)
Profit for the financial year		602,811	178,189
Attributable to:			
Owners of the Company		686,430	245,697
Non-controlling interests		(83,619)	(67,508)
		602,811	178,189
Earnings per share attributable to owners of the Company (cents)			As restated
Basic	26	18.29	5.81
Diluted	26	18.00	5.73

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 2021

	Group	
	2021 \$'000	2020 \$'000
Profit for the financial year	602,811	178,189
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net gain/(loss) on fair value changes during the financial year	35,111	(39,318)
Recognised in the profit and loss account on occurrence of hedged transactions	(18,436)	20,241
Foreign currency translation adjustments	3,425	(163,942)
Share of other comprehensive income of joint ventures and associates	(41,244)	21,583
	(21,144)	(161,436)
Items that will not be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on equity instrument at fair value through other comprehensive income	6,993	(39,738)
Other comprehensive income for the year, net of tax	(14,151)	(201,174)
Total comprehensive income for the year	588,660	(22,985)
Attributable to:		
Owners of the Company	654,732	62,242
Non-controlling interests	(66,072)	(85,227)
	588,660	(22,985)

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

Balance Sheet

As at 31 December 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current assets					
Property, plant and equipment	11	5,867,075	5,904,563	4,435	6,110
Right-of-use assets	10	782,659	712,249	112,875	62,565
Intangible assets	12	2,578,287	1,242,798	297,514	336,323
Biological assets	13	489,013	473,165	–	–
Subsidiary companies	14	–	–	8,225,032	9,099,919
Deferred tax assets	9	266,766	227,802	–	–
Investments in joint ventures and associates	15	572,292	664,946	416,770	448,078
Long-term investment	16	31,335	24,342	–	24,342
Other non-current assets	22	25,711	34,384	–	–
		10,613,138	9,284,249	9,056,626	9,977,337
Current assets					
Trade receivables	18	2,441,350	1,910,362	1,080,924	711,530
Margin accounts with brokers	19	555,260	121,663	498,185	96,593
Inventories	20	8,857,220	7,380,615	1,538,721	1,958,979
Advance payments to suppliers	21	543,456	621,943	84,789	125,425
Advance payments to subsidiary companies	21	–	–	446,598	496,552
Cash and short-term deposits	34	4,317,519	3,115,877	1,402,558	1,032,192
Derivative financial instruments	35	3,594,791	3,243,054	2,813,192	2,609,137
Other current assets	22	1,001,662	985,624	290,088	257,809
		21,311,258	17,379,138	8,155,055	7,288,217
Non-current assets held for sale	22	136,316	39,255	–	–
		21,447,574	17,418,393	8,155,055	7,288,217
Current liabilities					
Amounts due to subsidiary companies (net)	17	–	–	(2,722,718)	(2,833,243)
Trade payables and accruals	23	(4,679,678)	(3,070,057)	(2,567,188)	(1,424,718)
Borrowings	25	(6,937,615)	(6,466,457)	(1,115,104)	(1,318,482)
Lease liabilities	25	(138,015)	(96,472)	(60,294)	(24,981)
Derivative financial instruments	35	(2,335,888)	(2,276,851)	(2,045,056)	(2,006,753)
Provision for taxation		(180,089)	(203,655)	(16,547)	(33,724)
Other current liabilities	24	(740,013)	(533,710)	(131,041)	(92,410)
		(15,011,298)	(12,647,202)	(8,657,948)	(7,734,311)
Net current assets/(liabilities)		6,436,276	4,771,191	(502,893)	(446,094)
Non-current liabilities					
Deferred tax liabilities	9	(583,261)	(369,230)	(2,407)	(836)
Borrowings	25	(8,794,760)	(6,780,887)	(1,415,079)	(1,863,756)
Lease liabilities	25	(839,800)	(815,546)	(53,919)	(39,600)
Other non-current liabilities	24	(52,916)	(53,798)	–	–
		(10,270,737)	(8,019,461)	(1,471,405)	(1,904,192)
Net assets		6,778,677	6,035,979	7,082,328	7,627,051
Equity attributable to owners of the Company					
Share capital	27	4,339,545	3,748,994	4,339,545	3,748,994
Treasury shares	27	(114,446)	(140,172)	(114,446)	(140,172)
Capital securities	27	906,789	1,045,732	906,789	1,045,732
Reserves		1,639,341	1,307,905	1,950,440	2,972,497
		6,771,229	5,962,459	7,082,328	7,627,051
Non-controlling interests		7,448	73,520	–	–
Total equity		6,778,677	6,035,979	7,082,328	7,627,051

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 2021

Attributable to owners of the Company												
31 December 2021 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
At 1 January 2021	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
Profit for the financial year	–	–	–	–	–	–	–	686,430	686,430	686,430	(83,619)	602,811
Other comprehensive income												
Net gain on fair value changes during the financial year	–	–	–	–	–	42,104	–	–	42,104	42,104	–	42,104
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(18,436)	–	–	(18,436)	(18,436)	–	(18,436)
Foreign currency translation adjustments	–	–	–	–	(14,122)	–	–	–	(14,122)	(14,122)	17,547	3,425
Share of other comprehensive income of joint ventures and associates	–	–	–	–	(41,244)	–	–	–	(41,244)	(41,244)	–	(41,244)
Other comprehensive income for the financial year, net of tax	–	–	–	–	(55,366)	23,668	–	–	(31,698)	(31,698)	17,547	(14,151)
Total comprehensive income for the year	–	–	–	–	(55,366)	23,668	–	686,430	654,732	654,732	(66,072)	588,660
Contributions by and distributions to owners												
Issue of treasury shares for Performance Share and Restricted Share Award (Note 27)	–	25,611	–	–	–	–	(25,611)	–	(25,611)	–	–	–
Issue of treasury shares on exercise of share options	98	115	–	–	–	–	(115)	–	(115)	98	–	98
Issue of shares on account of rights issue, net of transaction costs (Note 27)	590,453	–	–	–	–	–	–	–	–	590,453	–	590,453
Repayment (net of proceeds from issue) of capital securities, net of transaction costs (Note 27)	–	–	(135,665)	–	–	–	–	–	–	(135,665)	–	(135,665)
Share-based expense	–	–	–	–	–	–	27,893	–	27,893	27,893	–	27,893
Dividends on ordinary shares (Note 28)	–	–	–	–	–	–	–	(267,872)	(267,872)	(267,872)	–	(267,872)
Accrued capital securities distribution	–	–	57,591	–	–	–	–	(57,591)	(57,591)	–	–	–
Payment of capital securities distribution	–	–	(60,869)	–	–	–	–	–	–	(60,869)	–	(60,869)
Total contributions by and distributions to owners	590,551	25,726	(138,943)	–	–	–	2,167	(325,463)	(323,296)	154,038	–	154,038
Total transactions with owners in their capacity as owners	590,551	25,726	(138,943)	–	–	–	2,167	(325,463)	(323,296)	154,038	–	154,038
At 31 December 2021	4,339,545	(114,446)	906,789	259,292	(1,314,669)	(439,255)	144,122	2,989,851	1,639,341	6,771,229	7,448	6,778,677

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

Financial Report

Statements of Changes in Equity continued

For the financial year ended 31 December 2021

Attributable to owners of the Company												
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
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	–	–	–	–	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.

Attributable to owners of the Company

31 December 2021 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 2021	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
Loss for the financial year	–	–	–	–	–	–	–	(879,613)	(879,613)	(879,613)
Other comprehensive income										
Net gain on fair value changes during the financial year	–	–	–	–	–	33,463	–	–	33,463	33,463
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	–	–	(18,436)	–	–	(18,436)	(18,436)
Foreign currency translation adjustments	–	–	–	–	165,980	–	–	–	165,980	165,980
Transfer of fair value reserve of equity instruments designated at FVOCI to revenue reserves upon sale	–	–	–	–	–	419,840	–	(419,840)	–	–
Other comprehensive income for the financial year, net of tax	–	–	–	–	165,980	434,867	–	(419,840)	181,007	181,007
Total comprehensive income for the year	–	–	–	–	165,980	434,867	–	(1,299,453)	(698,606)	(698,606)
Contributions by and distributions to owners										
Issue of treasury shares for Performance Share and Restricted Share Awards (Note 28)	–	25,611	–	–	–	–	(25,611)	–	(25,611)	–
Issue of treasury shares on exercise of share options	98	115	–	–	–	–	(115)	–	(115)	98
Issue of shares on account of rights issue, net of transaction costs (Note 27)	590,453	–	–	–	–	–	–	–	–	590,453
Repayment (net of proceeds from issue) of capital securities, net of transaction costs (Note 28)	–	–	(135,665)	–	–	–	–	–	–	(135,665)
Share-based expense	–	–	–	–	–	–	27,738	–	27,738	27,738
Dividends on ordinary shares (Note 28)	–	–	–	–	–	–	–	(267,872)	(267,872)	(267,872)
Accrued capital securities distribution	–	–	57,591	–	–	–	–	(57,591)	(57,591)	–
Payment of capital securities distribution	–	–	(60,869)	–	–	–	–	–	–	(60,869)
Total contributions by and distributions to owners	590,551	25,726	(138,943)	–	–	–	2,012	(325,463)	(323,451)	153,883
Total transactions with owners in their capacity as owners	590,551	25,726	(138,943)	–	–	–	2,012	(325,463)	(323,451)	153,883
At 31 December 2021	4,339,545	(114,446)	906,789	140,486	(60,586)	(27,970)	143,967	1,754,543	1,950,440	7,082,328

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

Financial Report

Statements of Changes in Equity continued

For the financial year ended 31 December 2021

Attributable to owners of the Company										
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
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

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 2021

	2021 \$'000	2020 \$'000
Cash flows from operating activities		
Profit before taxation	736,738	222,176
Adjustments for:-		
Allowance for doubtful debts	(7,165)	30,791
Amortisation of intangible assets, depreciation of property, plant and equipment and depreciation of right-of-use assets	627,194	561,264
Share-based expense	27,893	25,335
Fair value of biological assets (Note 13)	(69,229)	60,277
Gain on disposal of subsidiaries, net (Note 5)	(5,391)	–
Gain on disposal/partial divestment of joint venture and associate	(7,946)	(74,160)
Loss on disposal of property, plant and equipment and intangible assets	1,414	3,508
Impairment of investment in joint venture and associate	2,233	6,913
Impairment of goodwill, property, plant and equipment and intangible assets	46,969	500,950
Interest income	(92,330)	(102,772)
Interest expense	530,395	518,475
Inventories written down, net (Note 20)	16,266	58,478
Share of results from joint ventures and associates	(19,775)	(113,929)
Operating cash flows before reinvestment in working capital	1,787,266	1,697,306
Increase in inventories	(1,170,218)	(166,051)
(Increase)/decrease in receivables and other current assets	(729,454)	268,695
Decrease/(increase) in advance payments to suppliers	84,958	(60,084)
Increase in margin account with brokers	(431,149)	(137,429)
Increase/(decrease) in payables and other current liabilities	1,756,673	(1,066,077)
Cash flows from operations	1,298,076	536,360
Interest income received	92,330	102,772
Interest expense paid	(520,045)	(539,806)
Tax paid	(179,865)	(177,821)
Net cash flows generated from/(used in) operating activities	690,496	(78,495)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	67,564	26,161
Purchase of property, plant and equipment	(665,028)	(595,614)
Purchase of intangible assets (Note 12)	(28,426)	(83,351)
Acquisition of subsidiaries, net of cash acquired (Note 12)	(1,187,729)	(74,389)
Investment/loan to associates and joint ventures, net	(17,585)	36,587
Proceeds from partial stake sale of long term investment	–	7,423
Dividends received from associate and joint venture	12,541	4,226
Proceeds from disposal/partial divestment of joint venture and associate	84,499	165,260
Proceeds from divestment of subsidiaries (Note 14)	13,163	–
Net cash flows used in investing activities	(1,721,001)	(513,697)

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

Financial Report

Consolidated Cash Flow Statement continued
For the financial year ended 31 December 2021

	2021 \$'000	2020 \$'000
Cash flows from financing activities		
Dividends paid on ordinary shares by the Company	(274,799)	(253,708)
Proceeds from borrowings, net	2,378,553	1,019,750
Repayment of lease liabilities	(135,844)	(98,753)
Proceeds from issuance of shares on exercise of share options	98	–
Payment of capital securities, net of distribution	(60,869)	(56,575)
Repayment (net of proceeds from issue) of capital securities, net of transaction costs	(135,665)	–
Proceeds from issuance of shares on account of rights issue, net of transaction costs	590,453	–
Net cash flows generated from financing activities	2,361,927	610,714
Net effect of exchange rate changes on cash and cash equivalents	(20,467)	(145,544)
Net increase/(decrease) in cash and cash equivalents	1,310,955	(127,022)
Cash and cash equivalents at beginning of period	2,849,894	2,976,916
Cash and cash equivalents at end of period (Note 34)	4,160,849	2,849,894

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 2021

These notes form an integral part of the financial statements.

The financial statements for the financial year ended 31 December 2021 were authorised for issue by the Board of Directors on 16 March 2022.

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 in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies continued**2.3 Standards issued but not yet effective**

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

Description	Effective for financial year beginning on
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
SFRS(I) 17 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) 1-8: Definition of accounting estimates	1 January 2023
Amendments to SFRS(I) 1-1: Disclosure of accounting policies	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	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.

2.4 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.

2. Summary of significant accounting policies continued

2.4 Functional and foreign currency continued

(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.

2.5 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.

2. Summary of significant accounting policies continued

2.5 Subsidiary companies, basis of consolidation and business combinations continued

(b) Basis of consolidation

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

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

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

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

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

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

(c) Business combinations 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 hectareage.

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 approximates 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:

- Loan to associate (Note 15)
- Amount due from subsidiary companies (Note 17)
- Trade receivables (Note 18)
- 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)

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.

(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. Summary of significant accounting policies continued

2.24 Segment reporting

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

The segment managers report directly to the management of the Company which regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 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.

2.28 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. Summary of significant accounting policies continued

2.29 Derivative financial instruments and hedging activities

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

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

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.

(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. In addition, the Group also assesses the reasonableness of the estimated useful lives of such newly acquired assets which would also have an impact to the underlying fair valuation. 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/definite useful life

Management performs periodic reviews of goodwill, intangible assets with indefinite/definite 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/definite 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/definite 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. Key assumptions where judgement is involved includes choosing 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 and considering effect of climate risks factors on the assumptions. 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.

For open tax years, the Group assesses its liabilities and contingencies based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. The Group records reasoned estimates of uncertain tax positions where it is assessed on the balance of probabilities that an adjustment is likely. Management does not anticipate a significant risk of material changes in estimates in this matter in the next financial year.

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 2021 is disclosed in Note 9 to the financial statements.

4. Revenue from contracts with customers – disaggregation of revenue

	Group	
	2021 \$'000	2020 \$'000
Types of goods or services		
Sale of goods	45,701,687	35,561,529
Sale of services	1,300,264	258,514
Total revenue from contracts with customers	47,001,951	35,820,043
Timing of revenue recognition		
Goods transferred at point in time	45,701,687	35,561,529
Services transferred at point in time	1,292,974	257,837
Others	7,290	677
Total revenue from contracts with customers	47,001,951	35,820,043

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	
	2021 \$'000	2020 \$'000
Gain on disposal of subsidiaries, net (Note 14)	5,391	–
Gain on disposal/partial divestment of joint venture and associate (Note 15)	8,630	75,008
Commissions and claims, sale of packaging materials, sales of scrap and others	63,408	61,167
	77,429	136,175

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	
	2021 \$'000	2020 \$'000
Shipping, logistics, commission and claims	(5,261,654)	(3,556,399)
Foreign exchange on cost of goods sold ¹	(59,364)	(84,493)
(Losses)/gains on derivatives net of fair value changes	(786,949)	346,403
Inventories written down, net (Note 20)	(16,266)	(58,478)
Export incentives, subsidies and grant income received ²	43,980	28,220

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	
	2021 \$'000	2020 \$'000
Loss on disposal of joint venture and associate, net	(684)	(848)
Loss of disposal of property, plant and equipment and intangible assets, net	(1,414)	(3,508)
Employee benefits expenses (Note 31)	(1,294,870)	(1,045,581)
(Loss)/gain on foreign exchange, net	(117,219)	34,377
Bank charges	(79,118)	(73,047)
Travelling expenses	(45,812)	(38,946)
Transaction costs incurred in business combinations (Note 12)	(6,280)	(1,088)
Reversal/(impairment loss) on financial assets – Trade receivables (Note 18)	8,878	(26,705)
Allowance for doubtful debts – Advance payments to suppliers (Note 21)	(1,713)	(4,086)
Impairment of intangible assets (Note 12)	–	(2,315)
Impairment of property, plant and equipment (Note 11)	(46,969)	(498,635)
Impairment of investment in joint venture (Note 15(a))	(2,233)	–
Group re-organisation costs ¹	(107,184)	–
Business restructuring and closure costs	(72,358)	(101,982)
Auditor's remuneration:		
• Ernst & Young LLP, Singapore	(2,037)	(2,279)
• Other member firms of Ernst & Young Global	(7,622)	(6,955)
Non-audit fees:		
• Ernst & Young LLP, Singapore ²	(2,766)	(361)
• Other member firms of Ernst & Young Global ³	(7,221)	(1,694)

1. The Group re-organisation costs relates to the announcement of 20 January 2020, where the Group announced that it would pursue a re-organisation of its portfolio of businesses into two new operating groups: (1) Olam Food Ingredients ("ofi") and (2) Olam Global Agri ("Olam Agri").
2. The non-audit fees paid to Ernst & Young LLP, Singapore comprise of work performed arising from the re-organisation of the group into 3 operating groups, ofi, Olam Agri and the remaining businesses that included, amongst others, financial due diligence and audit of ofi and Olam Agri as standalone operating group in connection with the ofi IPO and significant minority sale in relation to Olam Agri.
3. Non-audit fees paid to other member firms of Ernst & Young Global also includes fees which relates to the reporting accountants' work performed in preparation for the premium listing of sub-group ofi on the London Stock Exchange.

8. Finance costs

Finance costs include the following:-

	Group	
	2021 \$'000	2020 \$'000
Interest expense:		
• On bank overdrafts	36,415	33,884
• On bank loans	358,658	371,253
• On medium-term notes	93,562	101,184
• On bonds	863	15,712
• On lease liabilities (Note 10, 25)	54,687	52,063
• Others	30,745	24,628
	574,930	598,724
Less: interest expense capitalised in:		
• Property, plant and equipment and biological assets	(44,535)	(80,249)
	530,395	518,475

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% (2020: from 2.70% to 7.50%) per annum.

9. Income tax

(a) Major components of income tax expense

	Group	
	2021 \$'000	2020 \$'000
Profit and loss account		
Current income tax:		
• Singapore	4,437	14,754
• Foreign	180,216	139,610
(Over)/under provision in respect of prior years	(15,187)	86
	169,466	154,450
Deferred income tax:		
• Singapore	(6,893)	(368)
• Foreign	(28,646)	(110,095)
Income tax expense	133,927	43,987

	Group	
	2021 \$'000	2020 \$'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	921	(168)
Deferred tax recorded in other comprehensive income	921	(168)

(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	
	2021 %	2020 %
Tax using Singapore tax rate 17% (2020: 17%)	17.0	17.0
Tax effect of non-deductible expenses	4.9	17.0
Higher statutory tax rates of other countries ¹	7.0	2.5
Tax effect on (over)/under provision in respect of prior years	(2.1)	0.0
Tax effect of income taxed at concessionary rate ²	(9.7)	(7.6)
Tax effect on non-taxable/exempt income ³	(0.9)	(20.2)
Tax effect of joint ventures/associates	(0.5)	(1.5)
Tax effect of deferred tax assets not recognised	1.9	12.2
Tax effect of others, net	0.6	0.4
Effective tax rate	18.2	19.8

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 six (2020: eight) subsidiaries within the Group that are taxed at the preferential tax rate ranging from 0% to 10% (as opposed to the local headline/statutory tax rates ranging from 20% to 30%) by the local tax authorities for periods ranging from 0 to 8 years (2020: 0.7 to 3 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Deferred tax assets	266,766	227,802	–	–
Deferred tax liabilities	(583,261)	(369,230)	(2,407)	(836)
Net deferred tax liabilities	(316,495)	(141,428)	(2,407)	(836)

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Deferred tax liabilities on:				
Property, plant and equipment	202,283	185,050	258	302
Right-of-use asset / lease liability	2,319	2,586	–	–
Intangible assets	209,078	11,209	–	–
Fair value adjustment on business combinations	160,676	169,609	2,369	2,375
Biological assets	100,853	106,839	–	–
Revaluation of financial instruments to fair value	49,510	19,106	396	–
Others	24,574	22,723	–	–
	749,293	517,122	3,023	2,677
Amount offset against deferred tax assets	(166,032)	(147,892)	(616)	(1,841)
	583,261	369,230	2,407	836
Deferred tax assets on:				
Property, plant and equipment	38,736	33,305	–	–
Right-of-use asset	60,188	61,696	–	–
Intangible assets	176,823	134,481	–	–
Allowance for impairment	3,778	2,362	–	–
Inventories written down	6,570	3,973	549	1,222
Revaluation of financial instruments to fair value	21	518	–	518
Unabsorbed losses	41,994	44,805	–	–
Others	104,688	94,554	67	101
	432,798	375,694	616	1,841
Amount offset against deferred tax liabilities	(166,032)	(147,892)	(616)	(1,841)
	266,766	227,802	–	–
Net deferred tax liabilities	(316,495)	(141,428)	2,407	(836)

9. Income tax continued**(c) Deferred income tax continued**

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

	Group	
	2021 \$'000	2020 \$'000
As at beginning of year	(141,428)	(224,064)
Business combinations (Note 12)	(202,322)	(12,311)
Tax income recognised in profit and loss	35,539	110,463
Tax (expense)/income recognised in equity	(921)	168
Foreign currency translation adjustments	(7,363)	(15,684)
	(316,495)	(141,428)

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

The Group has tax losses of approximately \$383,785,000 (2020: \$488,502,000) and capital allowances of \$27,721,000 (2020: \$39,597,000) 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 \$325,280,000 (2020: \$431,252,000) which will expire over financial years 2022 to 2034.

Unrecognised temporary differences relating to investments in subsidiaries and joint ventures

At the end of the financial years ended 31 December 2020 and 31 December 2021, 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 \$171,629,000 (2020: \$74,261,000). The deferred tax liability is estimated to be \$12,824,000 (2020: \$12,624,000).

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 2020	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 and 1 January 2021	296,715	164,348	137,302	113,884	712,249
Additions in relation to business combinations (Note 12)	–	60,514	–	368	60,882
Additions/(disposals), net	8,394	44,162	–	115,625	168,181
Non-current assets held for sale (Note 22)	(2,992)	–	–	–	(2,992)
Charge for the year	(18,674)	(59,437)	(5,651)	(63,576)	(147,338)
Foreign currency translation adjustments	(4,977)	1,604	(4,927)	(23)	(8,323)
As at 31 December 2021	278,466	211,191	126,724	166,278	782,659
Average remaining amortisation period (years) – 31 December 2021	1 - 40	1 - 37	1 - 23	1 - 10	
Average remaining amortisation period (years) – 31 December 2020	1-40	1-40	1-24	1-4	

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 2020	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 and 1 January 2021	18,412	44,153	62,565
Additions	482	96,228	96,710
Charge for the year	(7,065)	(40,782)	(47,847)
Foreign currency translation adjustments	351	1,096	1,447
As at 31 December 2021	12,180	100,695	112,875
Average remaining amortisation period (years) – 31 December 2021	1-3	1-4	
Average remaining amortisation period (years) – 31 December 2020	1-3	1-4	

Amount recognised in profit and loss

	Group	
	2021 \$'000	2020 \$'000
Interest expense on lease liabilities (Note 8)	54,687	52,063
Expenses relating to variable leases (included in Cost of Goods Sold)	28,754	29,830
Expenses relating to short-term leases (included in Other Operating Expenses)	63,163	62,223
Expenses relating to leases of low value assets (included in Other Operating Expenses)	3,136	2,683

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 \$277,928,000 in the current financial year (2020: \$241,602,000).

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 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 and 1 January 2021	410,856	2,366,209	2,721,305	402,535	551,246	2,201,511	8,653,662
Additions in relation to business combinations (Note 12)	551	23,023	76,290	6,354	1,327	–	107,545
Additions	975	32,631	103,009	53,849	401,895	74,318	666,677
Disposals	(14,543)	(29,413)	(36,465)	(38,842)	(44,452)	(15,371)	(179,086)
Reclassification	9,663	78,222	142,783	892	(230,315)	(1,245)	–
Sale of subsidiaries (Note 14)	–	(6,222)	(3,726)	(1,637)	(904)	(10,926)	(23,415)
Non-current assets held for sale (Note 22)	(155,290)	(23,029)	(51,218)	(8,169)	(1,079)	–	(238,785)
Foreign currency translation adjustments	(572)	(42,872)	(28,942)	(10,240)	(23,222)	(76,423)	(182,271)
As at 31 December 2021	251,640	2,398,549	2,923,036	404,742	654,496	2,171,864	8,804,327
Accumulated depreciation and impairment loss							
As at 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)
Reclassification	(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 and 1 January 2021	37,256	537,354	1,063,119	249,147	–	862,223	2,749,099
Charge for the year	–	111,290	204,847	55,971	–	52,462	424,570
Sale of subsidiaries (Note 14)	–	(1,619)	(3,445)	(1,436)	–	(354)	(6,854)
Disposals	(5,774)	(10,758)	(28,303)	(36,032)	–	(15,442)	(96,309)
Reclassification	(381)	348	1,407	(1,374)	–	–	–
Non-current assets held for sale (Note 22)	(49,926)	(23,029)	(42,899)	(8,170)	(1,079)	–	(125,103)
Impairment	18,853	16,370	9,530	1,141	1,075	–	46,969
Foreign currency translation adjustments	757	(6,401)	(13,372)	(6,900)	4	(29,208)	(55,120)
As at 31 December 2021	785	623,555	1,190,884	252,347	–	869,681	2,937,252
Net carrying value							
As at 31 December 2021	250,855	1,774,994	1,732,152	152,395	654,496	1,302,183	5,867,075
As at 31 December 2020	373,600	1,828,855	1,658,186	153,388	551,246	1,339,288	5,904,563

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 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 and 1 January 2021	398	498	994	9,045	872	25,474	37,281
Additions	–	–	471	13	63	1,767	2,314
Disposals	–	(71)	(412)	–	(7)	(19,289)	(19,779)
Foreign currency translation adjustments	8	10	20	184	18	455	695
As at 31 December 2021	406	437	1,073	9,242	946	8,407	20,511
Accumulated depreciation							
As at 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 and 1 January 2021	351	378	516	6,224	604	23,098	31,171
Charge for the year	7	25	171	1,835	154	1,676	3,868
Disposals	–	(70)	(262)	–	(3)	(19,205)	(19,540)
Foreign currency translation adjustments	7	8	10	132	12	408	577
As at 31 December 2021	365	341	435	8,191	767	5,977	16,076
Net carrying value							
As at 31 December 2021	41	96	638	1,051	179	2,430	4,435
As at 31 December 2020	47	120	478	2,821	268	2,376	6,110

In the previous financial year, an impairment loss of \$489,393,000 was recognised on bearer plants which mainly related 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 \$117,963,000 (2020: \$136,922,000) 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, pepper, palm and rubber plantations. All trees within the Group’s mature plantations presently consist of trees aged between 1 and 30 years (2020: 1 and 30 years).

Immature plantations mainly consist of almond orchards, pepper, palm and rubber trees aged between 1 and 7 years (2020: 1 and 7 years) amounting to \$351,458,000 (2020: \$695,657,000).

At the end of the financial year, the Group’s total planted area of plantations is approximately 106,707 (2020: 107,655) 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 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 and 1 January 2021	832,192	143,393	161,179	160,433	10,554	94,409	148,867	1,551,027
Additions in relation to business combinations (Note 12)	503,477	478,136	356,575	-	104	-	2,943	1,341,235
Additions	-	-	-	13,157	-	-	15,269	28,426
Disposals	-	-	-	(25,273)	-	-	(1,486)	(26,759)
Sale of subsidiaries (Note 14)	-	-	-	-	-	-	(3,616)	(3,616)
Foreign currency translation adjustments	21,823	7,961	7,089	2,293	(388)	(2,700)	2,171	38,249
As at 31 December 2021	1,357,492	629,490	524,843	150,610	10,270	91,709	164,148	2,928,562
Accumulated amortisation and impairment								
As at 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 and 1 January 2021	14,967	92,694	23,401	61,153	-	55,656	60,358	308,229
Amortisation	-	28,096	-	16,238	-	4,505	6,447	55,286
Disposals	-	-	-	(15,955)	-	-	(1,056)	(17,011)
Sale of subsidiaries (Note 14)	-	-	-	-	-	-	(924)	(924)
Foreign currency translation adjustments	419	1,951	476	472	-	650	727	4,695
As at 31 December 2021	15,386	122,741	23,877	61,908	-	60,811	65,552	350,275
Net carrying value								
As at 31 December 2021	1,342,106	506,749	500,966	88,702	10,270	30,898	98,596	2,578,287
As at 31 December 2020	817,225	50,699	137,778	99,280	10,554	38,753	88,509	1,242,798
Average remaining amortisation period (years)								
- 31 December 2021	-	1 - 10	-	1 - 13	-	5 - 15	1 - 44	
- 31 December 2020	-	1 - 11	-	1 - 13	-	6 - 16	1 - 45	

12. Intangible assets continued

Company	Goodwill \$'000	Brands and trademarks \$'000	Software \$'000	Others* \$'000	Total \$'000
Cost					
As at 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 and 1 January 2021	192,346	836	126,000	66,931	386,113
Additions	-	-	11,022	250	11,272
Disposals	-	-	(18,211)	(1,486)	(19,697)
Reclassification	(32,516)	-	-	-	(32,516)
Foreign currency translation adjustments	3,797	17	2,538	1,357	7,709
As at 31 December 2021	163,627	853	121,349	67,052	352,881
Accumulated amortisation					
As at 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 and 1 January 2021	-	-	33,062	16,728	49,790
Amortisation	-	-	13,642	1,156	14,798
Disposals	-	-	(9,194)	(1,056)	(10,250)
Foreign currency translation adjustments	-	-	689	340	1,029
As at 31 December 2021	-	-	38,199	17,168	55,367
Net carrying amount					
As at 31 December 2021	163,627	853	83,150	49,884	297,514
As at 31 December 2020	192,346	836	92,938	50,203	336,323
Average remaining amortisation period (years)					
- 31 December 2021	-	-	2-10	1-44	
- 31 December 2020	-	-	2-10	1-45	

- Brands and trademarks include 'OK Foods', 'OK Sweets', 'Jess Smith & Sons', 'Jain Farm Fresh Foods', 'Gel Spice' and 'Olde Thompson' brands/trademarks. The useful lives of the brands/trademarks are estimated to be indefinite as management believes there is no foreseeable limit to the period over which the brands/trademarks are expected to generate net cash flows for the Group.
- Water rights relate to perpetual access to share of water from a specified consumptive pool.
- Concession rights consist of rights to harvest trees in designated areas. Amortisation is charged over the estimated useful life of the concession rights.
- 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Olam OT Holdings, LLC	500,710	—	355,529	—	—	—
Jain Farm Fresh Foods, Inc.	8,143	—	—	—	105	—
Nigeria Wheat Milling Business ¹	269,617	264,240	—	—	—	—
Cocoa Processing Business ²	247,772	242,844	—	—	—	—
Olam Peanut Shelling Company Inc	124,529	122,046	—	—	—	—
Universal Blanchers	66,837	65,505	—	—	—	—
Packaged Foods brands	31,800	31,166	121,516	119,093	—	—
Caraway Africa Nigeria Limited	43,450	42,584	—	—	—	—
Progida Group	12,620	12,369	—	—	—	—
Olam Spices & Vegetables Ingredients	9,244	9,111	854	838	—	—
Olam Investment Australia Holdings	8,092	8,400	—	—	10,165	10,554
Jess Smith & Sons Cotton, Inc	6,846	6,709	18,211	17,847	—	—
Others	12,446	12,251	4,856	—	—	—
	1,342,106	817,225	500,966	137,778	10,270	10,554

1. In the previous 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 for DFM and Quint respectively have been assessed as one CGU for goodwill impairment testing.
2. In the previous financial year, entire Cocoa Processing business have been integrated together. As a result, goodwill of Olam Food Ingredients Holdings UK Limited \$7,643,000 and Olam Food Ingredients Spain, S.L. \$5,778,000 were assessed together with goodwill of Cocoa Processing business \$229,423,000 as single CGU for goodwill impairment testing.

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	
	2021 %	2020 %	2021 %	2020 %
Olam OT Holdings, LLC	2.00	—	8.00	—
Jain Farm Fresh Foods, Inc.	—	—	9.50	—
Nigeria Wheat Milling Business	—	—	11.40	11.40
Cocoa Processing Business	2.00	2.00	10.00	10.00
Olam Peanut Shelling Company Inc	2.00	1.50	7.50	8.00
Universal Blanchers	2.00	2.00	7.65	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	7.40
Jess Smith & Sons Cotton, Inc	1.00	—	7.55	9.00

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. At 1.00% change in growth rate assumption, the recoverable value would change in the range of 6.6% - 14.0% (2020: 6.5% - 17.7%).

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. At 1.00% change in discount rate assumption, the recoverable value would change in the range of 9.8% - 21.5% (2020: 7.9% - 25.6%).

12. Intangible assets continued

Business combinations

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

	Olam Chile Peppers \$'000	Jain Farm Fresh Foods, Inc. \$'000	Olam OT Holdings, LLC (Olde Thompson) \$'000	Total \$'000
Fair value of assets and liabilities				
Right-of-use assets (Note 10)	–	3,314	57,568	60,882
Property, plant and equipment (Note 11)	47,305	22,458	37,782	107,545
Intangible assets (Note 12)	23,941	6,123	807,694	837,758
Trade and other receivables	14,135	7,949	79,884	101,968
Advance payment to suppliers	–	2,131	–	2,131
Inventories	55,986	28,732	118,539	203,257
Other non-current assets	–	–	5,873	5,873
Other current assets	2,624	–	3,393	6,017
Cash and bank balances	–	–	37	37
	143,991	70,707	1,110,770	1,325,468
Trade and other payables	5,043	5,632	40,441	51,116
Borrowing (non-current)	–	–	315,490	315,490
Other current liabilities	1,015	26	6,400	7,441
Lease liabilities (current)	–	3,314	57,568	60,882
Deferred tax liabilities	–	–	202,322	202,322
	6,058	8,972	622,221	637,251
Total identifiable net assets at fair value	137,933	61,735	488,549	688,217
Goodwill arising from acquisition (Note 12)	–	8,074	495,403	503,477
	137,933	69,809	983,952	1,191,694
Consideration transferred for the acquisitions:				
Cash paid	137,933	69,809	980,024	1,187,766
Settlement of pre-existing intercompany balance	–	–	3,928	3,928
Total consideration	137,933	69,809	983,952	1,191,694
Less: Cash and cash equivalents acquired	–	–	(37)	(37)
Less: Settlement of pre-existing intercompany balance	–	–	(3,928)	(3,928)
Net cash outflow on acquisition of subsidiaries	137,933	69,809	979,987	1,187,729

12. Intangible assets continued

Business combinations continued

Acquisitions of subsidiaries

- (i) On 21 December 2020, the Company, through its subsidiary, Olam Americas, Inc. announced the acquisition of US-based chile pepper business ("CPB") of major maker of condiments and sauces, Mizkan America, Inc.. This is the first major acquisition for the OFI after the re-organisation and is in line with its strategy to provide customers with on-trend food products and sustainable, natural, value-added ingredients and solutions. Based in Deming, New Mexico, CPB is renowned for its high-quality New Mexico green chiles as well as other specialty chile peppers. These are highly sought after by CPB's manufacturing, retail, private label and foodservice customers. The acquisition was completed on 1 February 2022.
- (ii) On 5 January 2021, the Company, through its subsidiary, Olam West Coast, Inc. completed the acquisition of 100% of the dehydrated ingredients division of Jain Farm Fresh Foods, Inc.. Jain Farm Fresh Foods is a premier manufacturer and supplier of naturally grown and organic dehydrated onion products worldwide.
- (iii) On 29 April 2021, the Company announced the proposed acquisition of acquiring a leading US private label spices and seasonings manufacturer Olde Thompson at an EV of US\$950 million through its wholly owned subsidiary Olam Holdings Inc. This acquisition reinforces OFI's growth strategy of being a global leader in providing sustainable, natural, value-added food and beverage ingredients and solutions so that consumers can enjoy the healthy and tasty products that they love. The legal completion date of the acquisition was on 17 May 2021.

Assets acquired and liabilities assumed

Trade and other receivables acquired comprise gross trade and other receivables amounting to \$101,968,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

Transaction costs

Total transaction costs related to all acquisitions of \$6,280,000 have been recognised in the 'Other expenses' line item in the Group's profit and loss account for the financial year from 1 January 2021 to 31 December 2021 (Note 7).

Goodwill arising from acquisitions

Goodwill of \$503,477,000 represents the synergies expected to be achieved from integrating the value-added midstream processing business of the subsidiaries into the Group's existing supply chain business.

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 1.00% and increased the Group's profits for the financial year, net of tax by 2.51%. Had the acquisitions taken place at the beginning of the financial year, the sales of goods for the financial year would have increased by 1.43% and the Group's profit for the financial year, net of tax would have increased by 4.20%.

13. Biological assets

Group	Fruits on trees and annual crops \$'000	Livestock \$'000	Poultry \$'000	Total \$'000
As at 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 and 1 January 2021	291,144	171,594	10,427	473,165
Net (reductions)/additions	(47,198)	(115,635)	(594)	(163,427)
Capitalisation of expenses	42,676	93,745	–	136,421
Net change in fair value less estimated costs to sell	90,641	(21,412)	–	69,229
Reclassification as Assets held for Sale (Note 22)	–	(17,924)	–	(17,924)
Foreign currency translation adjustments	(10,798)	2,707	(360)	(8,451)
As at 31 December 2021	366,465	113,075	9,473	489,013

Fruits on trees

During the financial year, the Group harvested approximately 51,959 metric tonnes (2020: 55,272 metric tonnes) of almonds, which had a fair value less estimated point-of-sale costs of approximately \$363,621,000 (2020: \$483,060,000). 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% (2020: 8.5%) per annum	The estimated fair value increases as the estimated discount rate per annum decreases, and vice versa.
Market prices approximating \$9,308 (2020: \$7,934) per metric tonne	The estimated fair value increases as the respective inputs increase, and vice versa.
Estimated yields per annum from harvest approximating 47,100 metric tonnes	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 109,626 (2020: 116,819) 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.

Livestock

Livestock relates mainly to dairy cattle in Uruguay and Russia. At the end of the financial year, the Group held approximately 29,000 (2020: 34,000) cows, which are able to produce milk (mature assets) and approximately 31,000 (2020: 41,000) heifers and calves, being raised to produce milk in the future (immature assets). The cows produced approximately 290 million litres (2020: 282 million litres) of milk with a fair value less estimated point-of-sale costs of \$169,122,500 (2020: \$182,871,000) during the financial year.

The fair value of livestock is determined based on valuations by an independent professional valuer using market prices ranging from \$449 to \$4,015 (2020: \$476 to \$4,544) 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 966,000 (2020: 2,175,000) chickens.

13. Biological assets continued

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	
	2021 \$'000	2020 \$'000
Unquoted equity shares at cost	4,908,402	5,843,582
Less: Impairment loss	(48,191)	(184,410)
Foreign currency translation adjustments	51,277	(59,797)
	4,911,488	5,599,375
Loans to subsidiary companies	3,313,544	3,500,544
	8,225,032	9,099,919

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

	2021 \$'000	2020 \$'000
Euro	2,245,766	2,158,832

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 \$2,133,018,000 (2020: \$2,070,604,000) which bear interest ranging from 2.2% to 7.5% (2020: 4.7% to 7.5%) per annum.

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

Disposals of subsidiaries in relation to group re-organisation

In the current financial year, due to the group re-organisation as discussed in Note 1, various subsidiaries within the Group were transferred by the Company to other sub-holding entities within the Group. This resulted in the Company needing to account for these transfers as a disposal.

Total investment cost in subsidiaries, net of impairment amounting to \$1,494,604,000 were disposed in consideration for intercompany promissory note receivables of \$1,094,077,000. This resulted in a net loss on disposal of \$400,527,000 that has been recognised in 'Other expenses' in the profit and loss account at the Company level. There is no impact at the Group as the re-organisation did not result in any loss of control by the Group.

14. Subsidiary companies continued

Disposal of ownership interest in subsidiaries resulting in loss of control

During the current financial year, the Group entered into various sale agreements for the following subsidiaries:

- (a) Two wholly-owned subsidiaries were sold by the Company for total sale consideration of \$1,610,000 to third parties and a net gain on disposal of \$385,000 has been recognised in 'Other income' in the profit and loss account.
- (b) One wholly-owned subsidiary was sold into a newly incorporated joint venture of the Company, please refer to Note 15(a) for details.

The financial effects of disposal of ownership interest in subsidiaries resulting in loss of control during the year are as follows:-

	Total \$'000
Property, plant and equipment (Note 11)	16,561
Intangible assets (Note 12)	2,692
Trade and other receivables	1,654
Advance payment to suppliers	1,422
Inventories	214
Other current assets	2,839
Cash and bank balances	150
	25,532
Trade and other payables	2,676
Other current liabilities	58
Provision for taxation	538
	3,272
Total identifiable net assets at fair value	22,260
Non-controlling interest measured based on proportionate share of net identifiable assets	(36)
Net assets	22,224
Gain on disposal of subsidiaries, net	5,391
Foreign currency translation reserves reclassified to Profit and Loss account on loss of control	(4,212)
	23,403
Consideration received for the disposals:	
Cash received	13,313
Fair value of retained interest	10,090
Total consideration	23,403
Less: Cash and Cash equivalents disposed	(150)
Less: Non-cash items	(10,090)
Net cash outflow on disposal of subsidiaries	13,163

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	
			2021 %	2020 %
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 Tarım Ürünleri Sanayi ve Ticaret 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

(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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Joint ventures (Note 15(a))	14,603	28,680	13,305	25,404
Associates (Note 15(b))	557,689	636,266	403,465	422,674
	572,292	664,946	416,770	448,078

(a) Investments in joint ventures

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Unquoted equity shares at cost	18,763	31,976	12,833	25,493
Share of post-acquisition reserves	(1,263)	(2,034)	—	—
Less: Impairment loss	(2,233)	—	—	—
Foreign currency translation adjustments	(664)	(1,262)	472	(89)
	14,603	28,680	13,305	25,404

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

			Effective percentage of equity held	
Name of company (Country of incorporation)	Principal place of business	Principal activities	2021 %	2020 %
Held by the Company				
Aztec Agri B.V. ¹ (Netherlands)	Indonesia	Agricultural operations	50.0	—
Long Son Joint Stock Company ² (Vietnam)	Vietnam	Sourcing, processing and trading of agricultural commodities and technical services	—	30.0

1. Audited by Steens & Partners.

2. Audited by Vietnam Auditing and Valuation Company Limited.

Disposal of joint venture

In the previous financial year, the Group divested the remaining 50.0% 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 current financial year, the Group divested the 30.0% stake in Long Son Joint Stock Company for sales consideration of \$26,884,000 which is to be paid annually over four equal instalments of approximately \$6,721,000. As of 31 December 2021, the first instalment of \$6,721,000 was received. Gain on disposal of \$8,630,000 was recorded in 'Other Income' in the profit and loss account (Note 5).

Investment in new joint venture

In the current financial year, the Group divested its 100% stake in wholly-owned subsidiary PT Sumber Daya Wahana (Note 14) into the newly incorporated joint venture entity – Aztec Agri B.V.. This resulted in a disposal of the wholly-owned subsidiary for sales consideration of \$11,703,000 and a gain on disposal of \$5,006,000 recorded in 'Other Income' in the profit and loss account. Subsequently to the disposal, the Company's 50.0% shareholding in the entity has been re-measured at fair value and recorded at cost amounting to \$10,117,000 at 31 December 2021.

15. Investments in joint ventures and associates continued**(a) Investments in joint ventures continued**

As of 31 December 2021 and 31 December 2020, 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	
	2021 \$'000	2020 \$'000
Summarised balance sheet		
Non-current assets	28,976	56,402
Current assets	40,798	131,800
Total assets	69,774	188,202
Non-current liabilities	9,234	9,927
Current liabilities	26,523	112,322
Total liabilities	35,757	122,249
Net assets	34,017	65,953
Proportion of the Group's ownership:		
Group's share of net assets	14,455	20,300
Goodwill on acquisition	148	8,380
Carrying amount of the investments	14,603	28,680
Summarised statement of comprehensive income		
Revenue	220,133	320,529
(Loss)/profit after tax	(2,347)	483
Other comprehensive income	(1,345)	912
Total comprehensive income	(3,692)	1,395

15. Investments in joint ventures and associates continued

(b) Investments in associates

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Unquoted equity shares at cost	413,986	470,931	413,000	486,972
Share of post-acquisition reserves	130,061	208,106	–	–
Loan to associate ¹	18,490	18,121	–	–
Less: Impairment loss	–	(42,509)	–	(42,509)
Foreign currency translation adjustments	(4,848)	(18,383)	(9,535)	(21,789)
	557,689	636,266	403,465	422,674

1. Loan to associate is 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:-

			Effective percentage of equity held	
Name of company (Country of incorporation)	Principal place of business	Principal activities	2021 %	2020 %
Held by the Company				
Gabon Special Economic Zone Infrastructures SA (Gabon) ¹	Gabon	Managing special economic zones	40.49	40.49
Gabon Special Economic Zone Airport ¹ (Mauritius)	Gabon	Infrastructure management and development services	40.49	40.49
ARISE Integrated Industrial Platforms (Formally known as ARISE Special Economic Zone) ¹ (Mauritius)	Gabon	Managing special economic zones	30.44	30.44
ARISE P&L Limited ² (United Kingdom)	Gabon	Managing port and logistics infrastructure	32.41	32.73
Food Security Holding Company ³ (Saudi Arabia)	Saudi Arabia	Processing and trading of agricultural commodities	10.00	–
Open Country Dairy Limited ⁴ (New Zealand)	New Zealand	Processing and trading of agricultural commodities	–	15.19

1. Audited by member firms of Ernst & Young Global.

2. Audited by BDO LLP UK.

3. Appointment of auditors is in progress.

4. Audited by Baker Tilly Staples Rodway Auckland.

Investment in associate

In the current financial year, the Company invested \$17,920,000 in a newly incorporated associate - Food Security Holding Company with the consideration being fully paid in cash. Management has assessed and is satisfied that the Group has significant influence over Food Security Holding Company as the Group holds positions in the Board of Directors of the entity, actively participates in all board meetings and acts as a consultant to the operations of the underlying business.

Divestment of associates

In the previous 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 \$95,121,000 was recognised in 'Other income' and 'Share of results from joint ventures and associates', respectively, in the profit and loss account.

In the current financial year, the investment in Open Country Dairy Limited was fully divested for cash consideration of \$77,615,000 and the net loss of \$684,000 on divestment, net of reversal of impairment was recognised in 'Other expenses' in the profit and loss account (Note 7).

15. Investments in joint ventures and associates continued**(b) Investments in associates continued**

As of 31 December 2021 and 31 December 2020, 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	
	2021 \$'000	2020 \$'000
Summarised balance sheet		
Non-current assets	3,254,087	2,534,403
Current assets	1,569,643	1,710,548
Total assets	4,823,730	4,244,951
Non-current liabilities	1,049,674	754,821
Current liabilities	1,750,943	1,213,183
Total liabilities	2,800,617	1,968,004
Net assets	2,023,113	2,276,947
Proportion of the Group's ownership:		
Group's share of net assets	557,271	628,718
Goodwill on acquisition	–	7,548
Other adjustments	418	–
Carrying amount of the investments	557,689	636,266
Summarised statement of comprehensive income		
Revenue	1,257,981	2,669,913
Profit after tax	48,653	300,549
Other comprehensive income	(103,167)	110,719
Total comprehensive income	(54,514)	411,268

16. Long-term investment

In the current financial year, the Company disposed of the long-term investment in PureCircle to a wholly-owned subsidiary for a consideration amounting to \$22,349,000. The Company had recognised a loss on disposal amounting to \$7,913,000 through the Fair value adjustment reserve in Statement of changes in equity. As a result of the disposal, the Company had also transferred all net losses in Fair value adjustment reserve to Revenue reserves.

As the long-term investment remains to be in the Group, it 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).

17. Amounts due from/(to) subsidiary companies

	Company	
	2021 \$'000	2020 \$'000
Trade receivables	2,685,719	2,473,943
Loans from subsidiaries, net	(5,547,435)	(5,251,200)
Non-trade receivables/(payables)	138,998	(55,986)
	(2,722,718)	(2,833,243)

Loans from subsidiaries, net include loans to subsidiaries amounting to \$5,046,000 (2020: \$43,968,000) and loans from subsidiaries amounting to \$7,497,766,000 (2020: \$5,593,805,000) which are unsecured and bear interest ranging from 1.85% to 7.50% (2020: 2.00% 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	
	2021 \$'000	2020 \$'000
Indian Rupee	268,405	933,581
Thai Baht	671,086	406,598
Euro	411,236	69,520
Great Britain Pounds	(6,650)	(15,834)

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

	Company	
	2021 \$'000	2020 \$'000
Movement in allowance accounts:-		
As at beginning of year	12,844	13,075
Written off	(8,679)	-
Foreign currency translation adjustments	230	(231)
As at end of year	4,395	12,844

18. Trade receivables

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables	2,195,067	1,639,930	1,062,918	697,640
Indirect tax receivables	246,283	270,432	18,006	13,890
	2,441,350	1,910,362	1,080,924	711,530

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.

The Group have factoring facilities utilised by the Company and certain wholly-owned subsidiaries, whereby trade receivables are sold at their nominal value minus a discount ranging from 2.0% - 3.0% in exchange for cash, on a non-recourse basis. The amount of the receivables sold net of discounts and derecognised as at 31 December 2021 amounted to \$1,123,594,000 (2020: \$981,959,000).

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Euro	284,003	165,813	261,372	149,875
United States Dollar	249,130	161,819	—	—
Great Britain Pounds	67,613	37,204	41,913	28,052

Trade receivables include amounts due from associates of \$14,850,000 (2020: \$1,861,000), and due from joint ventures of \$2,152,000 (2020: \$197,000).

The expected credit loss provision as at 31 December 2021 and 2020 is determined as follows:-

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables measured at amortised cost	2,292,357	1,757,154	1,115,932	772,568
Less: Lifetime expected credit loss for trade receivables	(97,290)	(117,224)	(53,014)	(74,928)
Total trade receivables measured at amortised cost	2,195,067	1,639,930	1,062,918	697,640
Movement in allowance accounts:-				
As at beginning of year	117,224	89,615	74,928	53,837
Charge for the year	21,999	26,705	—	23,054
Written off	(9,341)	(1,688)	(3,060)	—
Written back	(30,877)	(2)	(20,295)	—
Foreign currency translation adjustments	(1,715)	2,594	1,441	(1,963)
As at end of year	97,290	117,224	53,014	74,928

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables past due but not impaired:-				
Less than 30 days	581,444	515,747	312,219	211,199
30 to 60 days	126,670	87,857	29,692	12,336
61 to 90 days	128,646	78,668	104,234	3,740
91 to 120 days	42,344	27,585	31,487	361
121 to 180 days	15,215	40,221	5,639	19,404
More than 180 days	122,134	10,195	—	—

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Margin deposits with brokers	620,308	275,888	520,405	202,502
Amounts due to brokers	(65,048)	(154,225)	(22,220)	(105,909)
	555,260	121,663	498,185	96,593

20. Inventories

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance sheets:				
Commodity inventories at fair value	6,091,770	5,413,888	1,295,647	1,803,650
Commodity inventories at the lower of cost and net realisable value	2,765,450	1,966,727	243,074	155,329
	8,857,220	7,380,615	1,538,721	1,958,979
Profit and loss account:				
Inventories recognised as an expense in cost of goods sold inclusive of the following (charge)/credit	(36,770,117)	(29,173,463)	(32,456,013)	(25,886,914)
• Inventories written down	(66,159)	(213,022)	–	(40,067)
• Reversal of write-down of inventories ¹	49,893	154,544	25,956	27,567

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Third parties	543,456	621,943	84,789	125,425
Subsidiary companies	–	–	446,598	496,552
	543,456	621,943	531,387	621,977

These represent advance payments to suppliers and subsidiary companies for procurement of physical commodities and purchase of property, plant and equipment.

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Euro	14,806	75,815	596,613	977,938
United States Dollar	36,698	5,886	–	–
Great Britain Pounds	11	13	(17,571)	(364)

21. Advance payments to suppliers/subsidiary companies continued

Advance payments to subsidiary companies are stated after deducting allowance for doubtful debts of \$22,830,000 (2020: \$44,615,000).

Advance payments to suppliers (third parties) for the Group and Company are stated after deducting allowance for doubtful debts of \$13,863,000 and \$237,000 (2020: \$14,654,000 and \$292,000) respectively.

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Movement in allowance accounts:-				
As at beginning of year	14,654	11,715	292	886
Charge for the year	6,098	4,086	136	–
Written off	(1,335)	(623)	(197)	(605)
Written back	(4,385)	–	–	–
Foreign currency translation adjustments	(1,169)	(524)	6	11
As at end of year	13,863	14,654	237	292

22. Other current/non-current assets

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current:				
Sundry receivables	247,928	335,798	2,222	49,218
Export incentives and subsidies receivable ¹	73,651	58,972	–	–
Amounts due from joint venture, associates and a shareholder ²	15,087	78,970	819	70,981
Deposits	35,077	59,174	1,920	1,960
Staff advances ³	10,610	8,385	115	79
Insurance receivables ⁴	22,730	23,386	20,355	19,323
Short-term investment	1,273	1,206	–	–
	406,356	565,891	25,431	141,561
Prepayments ⁵	496,523	317,239	264,657	116,248
Advance corporate tax paid	98,368	101,050	–	–
Taxes recoverable	415	1,444	–	–
	1,001,662	985,624	290,088	257,809
Non-current:				
Other non-current assets	25,711	34,384	–	–

- 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.
- 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. Included in the balance is an amount of \$4,317,000 which relates to a loan receivable from a joint venture that is unsecured and bear interest at 6.25% per annum, repayable on demand and is to be settled in cash.
- Staff advances are interest-free, unsecured, repayable within the next 12 months and are to be settled in cash.
- Insurance receivables pertain to pending marine and inventories insurance claims. The outstanding claims are currently being processed by the insurance companies for final settlement.
- 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 previous financial year, the Group started the closure process of Olam Tomato Processing business in California and relevant property, plant and equipment amounting to \$39,255,000 (Note 11) were classified as 'Non-current assets held for sale' in accordance with SFRS(I) 05. As at 31 December 2021, most of the property, plant and equipment has been sold and/or written off, with the remaining balance of \$1,718,000 left in the Group for further assessment of use of the assets.

In the current financial year, the Board had also approved the closure of NZ Farming System Uruguay in Uruguay and relevant right of use asset, property, plant and equipment and biological assets amounting to \$2,992,000 (Note 10), \$113,682,000 (Note 11) and \$17,924,000 (Note 13) respectively, 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade payables	3,774,316	2,314,076	2,351,245	1,257,485
Accruals	704,212	594,479	192,518	151,265
	4,478,528	2,908,555	2,543,763	1,408,750
Advances received from customers	112,915	107,986	-	-
GST payable and equivalent	88,235	53,516	23,425	15,968
	4,679,678	3,070,057	2,567,188	1,424,718

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Great Britain Pounds	561,643	231,624	560,584	231,219
Euro	95,708	101,742	70,035	79,033
United States Dollar	14,542	39,205	-	-
Singapore Dollar	15,063	17,025	12,854	16,837
Australian Dollar	146,612	7,744	146,612	7,744

Trade payables include amounts of \$Nil (2020: \$25,485,000) and \$Nil (2020: \$3,106,000) 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current:				
Interest payable on bank loans	49,259	44,479	28,372	29,317
Sundry payables	665,380	474,174	101,925	62,418
Amount due to joint ventures ¹	8,924	-	-	-
	723,563	518,653	130,297	91,735
Withholding tax payable	16,450	15,057	744	675
	740,013	533,710	131,041	92,410
Non-current:				
Other non-current liabilities	52,916	53,798	-	-

1. Amount due to joint ventures are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

25. Borrowings and lease liabilities

Borrowings

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current:				
Bank overdrafts (Note 34)	155,739	261,434	–	–
Bank loans	5,363,177	5,112,892	276,545	330,525
Term loans from banks	170,224	426,799	55,489	322,625
Medium-term notes	1,248,475	665,332	783,070	665,332
	6,937,615	6,466,457	1,115,104	1,318,482
Non-current:				
Term loans from banks	7,043,342	4,183,781	27,891	79,741
Medium-term notes	1,751,418	2,597,106	1,387,188	1,784,015
	8,794,760	6,780,887	1,415,079	1,863,756
Total borrowings	15,732,375	13,247,344	2,530,183	3,182,238
Lease liabilities – Current	138,015	96,472	60,294	24,981
Lease liabilities – Non-current	839,800	815,546	53,919	39,600
Total lease liabilities	977,815	912,018	114,213	64,581
Total borrowings and lease liabilities	16,710,190	14,159,362	2,644,396	3,246,819

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Singapore Dollar	1,081,642	1,180,960	1,081,642	981,265
Japanese Yen	1,360,115	1,288,153	482,663	412,220
United States Dollar	112,471	168,660	–	–
Euro	–	1,883	–	–

Bank overdrafts and bank loans

The bank loans to the Company are repayable within 12 months and bear interest of 0.82% to 1.20% (2020: 1.15% to 1.24%) per annum.

The bank loans and bank overdrafts of the subsidiary companies are repayable within 12 months and bear interest in a range from 0.30% to 40.00% (2020: 0.01% to 50.00%) per annum.

Bank loans include an amount of \$48,328,000 (2020: \$59,187,000) 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 rate of 1.45% (2020: 1.49% to 1.80%) 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% (2020: 0.60% to 10.00%) per annum. Term loans from banks to the subsidiary companies are repayable between one to nine years (2020: one to nine years).

Term loans from banks include an amount of \$102,969,000 (2020: \$100,070,000) 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	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'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
• 6.00% fixed rate notes	2022	484,723	–	484,723	–
• 0.47% fixed rate notes	2022	66,808	–	66,808	–
• 0.9725% fixed rate notes	2022	70,325	–	70,325	–
• 3.65% fixed rate notes	2022	67,436	–	67,436	–
• 0.9825% fixed rate notes	2022	93,778	–	93,778	–
Other medium-term notes:					
• 3.90% fixed rate notes	2022	236,075	–	–	–
• 3.73% fixed rate notes	2022	229,330	–	–	–
		1,248,475	665,332	783,070	665,332
Non-current:					
Euro medium-term note programme:					
• 6.00% fixed rate notes	2022	–	484,384	–	484,384
• 0.47% fixed rate notes	2022	–	72,943	–	72,943
• 0.9725% fixed rate notes	2022	–	76,797	–	76,797
• 3.65% fixed rate notes	2022	–	66,072	–	66,072
• 0.9825% fixed rate notes	2022	–	102,439	–	102,439
• 4.375% fixed rate notes	2023	403,788	394,865	403,788	394,865
• 2.05% fixed rate notes	2025	81,926	89,634	81,926	89,634
• 4.00% fixed rate notes	2026	596,920	496,881	596,920	496,881
• 3.25% fixed rate notes	2026	134,728	–	134,728	–
• 1.61% fixed rate notes	2026	105,353	–	105,353	–
• 1.403% fixed rate notes	2026	64,473	–	64,473	–
Other medium-term notes:					
• 3.90% fixed rate notes	2022	–	231,369	–	–
• 3.73% fixed rate notes	2022	–	224,757	–	–
• 4.35% fixed rate notes	2023	134,900	132,210	–	–
• 3.89% fixed rate notes	2024	161,880	158,651	–	–
• 3.27% fixed rate notes	2025	67,450	66,104	–	–
		1,751,418	2,597,106	1,387,188	1,784,015

25. Borrowings and lease liabilities continued**Lease liabilities**

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
As at 1 January	912,018	1,000,278	64,581	53,821
Additions/(derecognition), net	212,610	(33,792)	96,710	39,355
Accretion of interest (Note 8)	54,687	52,063	3,685	3,456
Payments	(182,875)	(146,866)	(52,249)	(30,562)
Foreign currency translation adjustment	(18,625)	40,335	1,486	(1,489)
As at 31 December	977,815	912,018	114,213	64,581
Current	138,015	96,472	60,294	24,981
Non-current	839,800	815,546	53,919	39,600

Lease liabilities include variable rent payments amounting to \$373,317,000 (2020: \$387,573,000) which is based on expected future harvest yields and future market prices of agricultural products.

Leases amounting to \$11,838,000 (2020: \$15,679,000) are guaranteed by a subsidiary company.

Lease liabilities bear interest ranging from 1.00% to 12.00% (2020: 1.60% to 12.80%) per annum and are repayable between 1 and 39 years (2020: 1 and 40 years).

Change in liabilities arising from financing activities

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

	2020 \$'000	Cash flows \$'000	Group			2021 \$'000
			Non-cash changes			
			Net movement in lease liabilities \$'000	Acquisition of subsidiary (Note 12) \$'000	Foreign exchange movement \$'000	
Bank borrowings (excluding bank overdrafts and lease liabilities)	9,723,472	2,706,305	–	315,490	(168,524)	12,576,743
Lease liabilities	912,018	(135,844)	159,384	60,882	(18,625)	977,815
Medium-term notes	3,262,438	(327,752)	–	–	65,207	2,999,893

	2019 \$'000	Cash flows \$'000	Group			2020 \$'000
			Net movement in lease liabilities \$'000	Non-cash changes 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	
	2021 \$'000	2020 \$'000
Net profit attributable to owners of the Company	686,430	245,697
Less: Accrued capital securities distribution	(57,591)	(56,440)
Adjusted net profit attributable to owners of the Company for basic and dilutive earnings per share	628,839	189,257
	No. of shares	No. of shares (As restated)
Weighted average number of ordinary shares on issue applicable to basic earnings per share	3,437,919,001	3,256,860,893
Effect of bonus factor resulting from Rights issue (Note 27(a))	498,275	853,354
Dilutive effect of performance share plan	54,476,211	42,861,629
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	3,492,893,487	3,300,575,876

With the completion of the issuance of rights shares on 19 July 2021 (Note 27(a)), prior year comparatives for earnings per share were restated per SFRS(I)1-33 through retrospective application of a bonus factor to the weighted average number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.

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 2021		31 December 2020	
	No. of shares	\$'000	No. of shares	\$'000
Ordinary shares issued and fully paid ¹				
Balance at beginning of year	3,271,018,657	3,748,994	3,271,018,657	3,748,994
Issuance of treasury shares on exercise of share options	60,000	98	–	–
Rights issue ²	481,364,524	590,453	–	–
Balance at end of year	3,752,443,181	4,339,545	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.
2. On 19 July 2021, the Company issued 481,364,524 rights shares, on the basis of 3 right issues for every 20 existing ordinary share in the capital of the Company at S\$1.25 per rights share held by the shareholders of the Company. The Company raised gross proceeds of approximately \$601,706,000 from the rights issue, net of expenses of \$2,382,000 recognised in equity as a deduction from proceeds.

(b) Treasury shares

	Group and Company			
	31 December 2021		31 December 2020	
	No. of shares	\$'000	No. of shares	\$'000
Ordinary shares issued and fully paid ¹				
Balance at beginning of year	75,395,038	140,172	84,701,879	158,807
Use of treasury shares for share awards/options ²	(13,533,212)	(25,726)	(9,306,841)	(18,635)
Balance at end of year	61,861,826	114,446	75,395,038	140,172

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 13,533,212 (2020: 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.

In the current financial year, the Company had fully redeemed this tranche of perpetual capital securities at a total value of \$674,500,000.

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.

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

(c) Capital securities continued

Combined \$550,375,000 5.375% Perpetual Capital Securities

On 18 January 2021, 26 April 2021 and 23 November 2021, the Company issued subordinated perpetual capital securities (the 'capital securities') with an aggregate combined principal amount of \$550,375,000 (\$250,000,000, \$100,000,000, \$50,000,000 and \$150,375,000 respectively) under the US\$5,000,000,000 EMTN Programme. Issuance costs incurred amounting to \$4,040,000 were recognised in equity as a deduction from proceeds.

The capital securities amounting to \$400,000,000 were priced at par and bear a distribution rate of 5.375% for the first five years. The remaining amount of \$150,375,000 which bears a distribution rate of 5.375% for the first five years was priced at a premium of 0.25%.

The distribution rate for all capital securities 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	
	2021 \$'000	2020 \$'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 2021: \$0.04 (2020: \$0.035) per share	128,181	110,678
• One tier tax exempted second and final dividend for financial year ended 31 December 2020: \$0.04 (2019: \$0.045) per share	146,618	143,030
• Less: unclaimed dividends	(6,927)	-
	267,872	253,708
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 2021: \$0.045 (2020: \$0.040) per share	166,073	127,825

29. Capital commitments

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

	Group	
	2021 \$'000	2020 \$'000
Capital commitments in respect of property, plant and equipment, intangible asset and biological asset	138,833	92,560

30. Contingent liabilities

	Company	
	2021 \$'000	2020 \$'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	15,087,826	11,600,859

1. Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to \$4,412,300,000 (2020: \$4,330,774,000).

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

30. Contingent liabilities continued

Legal and regulatory proceedings

The Group is subject to various legal proceedings as detailed below:

(i) The Brazilian Public Ministry of Labor filed proceedings in the 2nd Labor Court in Ilhéus/ State of Bahia in Brazil against the Group in connection with the regulatory and enforcement authorities investigations, with the case now currently awaiting scheduling of a hearing.

(ii) The Group was named in federal class action lawsuit in the United States District Court of New Columbia in connection with the regulatory and enforcement authorities investigations, with the Group having filed a 'Joint Motion to Dismiss' in the current financial year, for which is awaiting judgement as at year end.

The facts and circumstances of these proceedings are assessed on a regular basis to determine if the criteria for recognising a provision in accordance with SFRS(I) 1-37 are met. At 31 December 2021 and 31 December 2020, the Group has concluded that the recognition criteria have not been met, as such no liability has been recognised in relation to these matters in the consolidated statement of financial position at the end of the reporting periods as both have been assessed by the Group to be remote.

31. Employee benefits expenses

Employee benefits expenses (including executive directors):-

	Group	
	2021 \$'000	2020 \$'000
Salaries and employee benefits	1,220,292	981,453
Central Provident Fund contributions and equivalents	43,403	36,860
Retrenchment benefits	3,282	1,933
Share-based expense (relates to OSGP only)	27,893	25,335
	1,294,870	1,045,581

(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:-

	2021		2020	
	Number of share options	Weighted average exercise price \$	Number of share options	Weighted average exercise price \$
Outstanding at the beginning of the year	18,527,000	1.84	37,267,000	2.13
Forfeited during the year	(2,560,000)	2.32	(18,740,000)	2.42
Exercised during the year ¹	(60,000)	1.76	–	–
Outstanding at the end of the year ²	15,907,000	1.66	18,527,000	1.84
Exercisable at end of year	15,907,000	1.66	18,527,000	1.84

1. 60,000 share options were exercised in the current financial year (2020: Nil).

2. The exercise price for options outstanding at the end of the financial year was \$1.66 (2020: range from \$1.76 to \$2.70). The remaining contractual life for these options is 0.45 years (2020: 1.35 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	<ul style="list-style-type: none"> 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
Grant date:	9 April 2021	3 April 2020	12 April 2019	12 April 2018
Dividend yield (%)	4.571	5.070	4.387	2.507
Expected volatility (%)	23.006	23.482	21.023	22.015
Risk-free interest rate (%)	0.601	0.625	1.873	1.980
Expected term (years)	2.98	2.99	2.97	2.97
Index (for Relative TSR)	Not applicable	Not applicable	Not applicable	Not applicable
Index volatility (%)	Not applicable	Not applicable	Not applicable	Not applicable
Correlation with Index (%)	Not applicable	Not applicable	Not applicable	Not applicable
Share price at date of grant (\$)	1.750	1.360	1.980	2.360
Fair value at date of grant - PSA (\$)	1.516	1.164	1.844	2.221
Fair value at date of grant - RSA (\$)	1.556	1.198	1.781	2.218

The number of contingent shares granted but not released for both PSA and RSA awards as at 31 December 2021 was 61,194,683 (2020: 48,089,659).

Based on the achievement factor, the actual release of the PSA awards could range from zero to maximum of 80,879,896 (2020: 63,285,244) 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Subsidiary companies:				
• Sales of goods	—	—	5,884,303	4,305,486
• Sales of services, net	—	—	5,057	216
• Purchases	—	—	18,411,868	17,181,148
• Insurance premiums paid	—	—	21,987	11,377
• Commissions paid	—	—	33,794	36,777
• Interest received on loans, net	—	—	31,560	87,613
• Consultancy fee paid	—	—	217,166	168,558
• Management fee received	—	—	40,008	45,752
• Trademark income	—	—	—	41,855
• Dividend income received	—	—	112,195	—
• Toll processing charges paid	—	—	236,208	215,895
• Technical fees received	—	—	76,619	50,321
• Corporate guarantee received	—	—	24,493	11,222
Joint ventures:				
• Sales of goods	15,229	41,596	15,229	41,595
• Purchases	1,606	4,566	981	3,354
• Management fee received	122	49	—	—
• Dividend income received	2,809	—	2,809	—
• Finance income	—	223	—	223
Associates:				
• Sales of goods	187,023	180,706	186,672	180,681
• Purchases	40,957	238,706	40,957	238,706
• Dividend income	11,102	4,194	4,615	4,194
• Commission paid	379	825	379	825
Shareholder related companies:				
• Sale of goods	—	54	—	54
• Purchases	30,812	33,290	30,812	33,290
• Commission paid	102	55	102	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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Directors' fees	2,601	2,597	2,526	2,522
Salaries and employee benefits	33,029	32,660	28,622	29,362
Central Provident Fund contributions and equivalents	12,227	726	11,410	195
Share-based expense	10,517	9,058	8,674	7,943
	58,374	45,041	51,232	40,022
Comprising amounts paid to:-				
Directors of the Company	11,946	18,087	11,871	18,012
Key management personnel	46,428	26,954	39,361	22,010
	58,374	45,041	51,232	40,022

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:-

	2021 Options/shares	2020 Options/shares
Employee Share Option Scheme:		
Directors	—	3,250,000
Key management personnel	10,240,000	7,240,000
Olam Share Grant Plan:		
Directors	4,026,317	5,235,209
Key management personnel	10,658,349	6,750,375

34. Cash and short-term deposits

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash and bank balances	3,292,115	2,239,208	1,363,797	1,014,262
Deposits	1,025,404	876,669	38,761	17,930
	4,317,519	3,115,877	1,402,558	1,032,192

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 23.00% (2020: 0.01% to 17.90%) per annum.

Deposits include short-term and capital guaranteed deposits. Short-term deposits are made for varying periods between 1 and 90 days (2020: 1 and 90 days) depending on the immediate cash requirements of the Group, and interest earned at floating rates ranging from 0.30% to 16.50% (2020: 0.34% to 16.00%) per annum and may be withdrawn on demand.

Deposits include capital guaranteed, non-interest bearing, index-linked structured deposits of \$931,000 (2020: \$4,549,000) 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Euro	216,215	350,248	190,753	327,661
Great Britain Pounds	249,384	139,702	249,288	138,859
United States Dollar	102,593	128,758	—	—
Singapore Dollar	27,516	33,204	24,369	18,570
Australian Dollar	5,954	3,320	5,832	3,311
Swiss Franc	4,336	2,137	4,156	2,094
Japanese Yen	2,905	813	2,764	—

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	
	2021 \$'000	2020 \$'000
Cash and bank balances	3,292,115	2,239,208
Deposits	1,025,404	876,669
Structured deposits	(931)	(4,549)
Bank overdrafts (Note 25)	(155,739)	(261,434)
	4,160,849	2,849,894

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 \$16,080,000 (2020: \$7,120,000) 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
Loan to associate (Note 15)	
Amount due from subsidiary companies (Note 17)	
Trade receivables (Note 18)	Expected credit loss is calculated by applying the default sovereign risk rating of the counterparties' country of domicile based on external benchmarks
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)	

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
By operating segments:				
Olam Food Ingredients ('ofi')	998,648	730,822	304,537	146,147
Olam Global Agri ('Olam Agri')	1,158,602	837,817	758,381	536,353
Olam International Limited ('OIL')	37,817	71,291	–	15,140
	2,195,067	1,639,930	1,062,918	697,640

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			
	2021		2020	
	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%	(5,133)	7,075	(5,630)	2,516
GBP – strengthened 0.5%	(1,541)	(4,506)	(419)	(2,867)
USD – strengthened 0.5%	945	–	267	–
AUD – strengthened 0.5%	(661)	5,985	(10)	2,912
EUR – strengthened 0.5%	2,041	(9,666)	2,346	(17,696)
YEN – strengthened 0.5%	(5,434)	–	(4,946)	–

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.

	2021 \$'000				2020 \$'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial liabilities:								
Trade payables and accruals (Note 23)	4,478,528	–	–	4,478,528	2,908,555	–	–	2,908,555
Other current liabilities (Note 24)	674,304	–	–	674,304	474,174	–	–	474,174
Other non-current liabilities	–	52,916	–	52,916	–	53,798	–	53,798
Borrowings	7,115,127	8,862,507	164,333	16,141,967	6,687,666	6,142,350	939,878	13,769,894
Lease liabilities	179,163	494,223	983,419	1,656,805	140,889	478,444	1,024,043	1,643,376
Derivative financial instruments (Note 35(f))	2,335,888	–	–	2,335,888	2,276,851	–	–	2,276,851
Total undiscounted financial liabilities	14,783,010	9,409,646	1,147,752	25,340,408	12,488,135	6,674,592	1,963,921	21,126,648
Company								
Financial liabilities:								
Trade payables and accruals (Note 23)	2,543,763	–	–	2,543,763	1,408,750	–	–	1,408,750
Other current liabilities (Note 24)	101,925	–	–	101,925	62,418	–	–	62,418
Borrowings	1,220,024	1,525,067	–	2,745,091	1,441,928	1,504,834	503,014	3,449,776
Lease liabilities	62,438	55,049	–	117,486	27,309	40,913	–	68,222
Derivative financial instruments (Note 35(f))	2,045,056	–	–	2,045,056	2,006,753	–	–	2,006,753
Total undiscounted financial liabilities	5,973,206	1,580,116	–	7,553,321	4,947,158	1,545,747	503,014	6,995,919

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.

	2021 \$'000				2020 \$'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	4,412,300	–	–	4,412,300	4,330,774	–	–	4,330,774

(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 \$31,572,000 (2020: \$27,307,000).

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 2021, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 38 months (2020: 1 and 24 months).

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

	2021				2020			
	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:								
Commodity contracts	44,445	–	45,653	–	5,079	–	6,670	–
Cross currency interest rate swap – Fair value hedge	8,684	(56,770)	7,881	(28,744)	46,268	(5,574)	17,657	–
Fair value hedge	53,129	(56,770)	53,534	(28,744)	51,347	(5,574)	24,327	–
Foreign exchange contracts – Cash flow hedge	7,732	–	7,732	–	–	(9,336)	–	(9,336)
Interest rate swaps – Cash flow hedge	232	(32)	232	(32)	–	(1,014)	–	(1,014)
Cash flow hedge	7,964	(32)	7,964	(32)	–	(10,350)	–	(10,350)
Total derivatives held for hedging	61,093	(56,802)	61,498	(28,776)	51,347	(15,924)	24,327	(10,350)
Derivatives held for trading:								
Foreign exchange contracts	535,989	(558,189)	430,361	(528,256)	634,681	(572,200)	546,572	(485,180)
Commodity contracts	6,090,644	(4,813,832)	5,337,057	(4,503,748)	6,607,189	(5,738,890)	5,976,576	(5,449,561)
Total derivatives held for trading	6,626,633	(5,372,021)	5,767,418	(5,032,004)	7,241,870	(6,311,090)	6,523,148	(5,934,741)
Total derivatives, gross	6,687,726	(5,428,823)	5,828,916	(5,060,780)	7,293,217	(6,327,014)	6,547,475	(5,945,091)
Gross amounts offset in the balance sheet	(3,092,935)	3,092,935	(3,015,724)	3,015,724	(4,050,163)	4,050,163	(3,938,338)	3,938,338
Net amounts in the balance sheet	3,594,791	(2,335,888)	2,813,192	(2,045,056)	3,243,054	(2,276,851)	2,609,137	(2,006,753)

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 2021		Group 2020	
		Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Line item in the Balance Sheets where the hedging instrument is reported:					
Fair value hedge – Commodity contracts					
Hedged item:					
Inventories	Inventories	1,405,282	–	1,754,964	–
Sales and purchase contracts	Derivative assets	252,589	–	170,827	–
Hedging instruments:					
Commodity contracts	Derivative assets	44,445	–	6,715	–
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	–	(1,796,922)	–	(1,393,929)
Hedging instruments:					
Cross currency interest rate swap	Derivative assets/(liabilities)	8,684	(56,770)	46,268	(5,574)
Cash flow hedge – Foreign exchange contracts					
Hedged item:					
Forecasted transactions denominated in foreign currency	Fair value adjustment reserves	–	(28,562)	33,290	–
Hedging instruments:					
Foreign exchange contracts	Derivative liabilities	7,732	–	–	(9,336)
Cash flow hedge – Interest rate swap					
Hedged item:					
Forecasted transactions denominated in foreign currency	Fair value adjustment reserves	200	–	–	(1,014)
Hedging instruments:					
Interest rate swap	Derivative assets/(liabilities)	232	(32)	–	(1,014)

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 (2020: 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 \$221,981,000 (2020: \$178,264,000).

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 2021, the cross-currency swap is effective until 2026 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 48 months (2020: 38 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 \$18,436,000 (2020: \$20,241,000) for the current financial year. The net hedging gain recognised in the 'Other Comprehensive Income' in relation to such transactions amounts to \$7,732,000 (2020: net hedging loss of \$9,336,000) in the current financial year.

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 2021, these hedges are effective until 2022 (2020: 2021) with 1-month to 3-month (2020: 1-month to 3-month) LIBOR rate ranging from 0.091% to 0.216% (2020: 0.15% to 1.58%) 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 2021				Group 2020			
	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)	–	–	31,335	31,335	–	–	24,342	24,342
Derivative financial instruments:-								
Commodity contracts	187,358	2,781,999	72,797	3,042,154	485,859	2,000,929	75,317	2,562,105
Foreign exchange contracts – fair value hedge	–	535,989	–	535,989	–	634,681	–	634,681
Foreign exchange contracts – cash flow hedge	–	7,732	–	7,732	–	–	–	–
Cross currency interest-rate swap – fair value hedge	–	8,684	–	8,684	–	46,268	–	46,268
Interest rate swap – cash flow hedge	–	232	–	232	–	–	–	–
	187,358	3,334,636	104,132	3,626,126	485,859	2,681,878	99,659	3,267,396
Financial liabilities:								
Derivative financial instruments:-								
Commodity contracts	661,141	1,028,953	30,803	1,720,897	904,991	760,191	23,545	1,688,727
Foreign exchange contracts – fair value hedge	–	558,189	–	558,189	–	572,200	–	572,200
Foreign exchange contracts – cash flow hedge	–	–	–	–	–	9,336	–	9,336
Cross currency interest-rate swap – fair value hedge	–	56,770	–	56,770	–	5,574	–	5,574
Interest rate swap – cash flow hedge	–	32	–	32	–	1,014	–	1,014
	661,141	1,643,944	30,803	2,335,888	904,991	1,348,315	23,545	2,276,851
Non-financial assets:								
Biological assets (Note 13)	–	–	489,013	489,013	–	–	473,165	473,165
Inventories (Note 20)	–	5,648,598	443,172	6,091,770	–	5,183,099	230,789	5,413,888

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 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% (2020: 0.5%)
Commodity contracts	Comparable market approach	Premium on quality per metric tonne	0% to 34% (2020: 0% to 32%)
Commodity contracts	Comparable market approach	Discount on quality per metric tonne	0% to 32% (2020: 0% to 24%)
Non-financial assets:			
Inventories	Comparable market approach	Premium on quality per metric tonne	0% to 19% (2020: 0% to 23%)
Inventories	Comparable market approach	Discount on quality per metric tonne	0% to 19% (2020: 0% to 23%)

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.

	2021			2020		
	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%	31,335	–	157	24,342	–	122
Long-term investment – decreased by 0.5%	31,335	–	(157)	24,342	–	(122)
Commodity contracts	72,797	1,364	–	75,317	(1,740)	–
Financial liabilities:						
Commodity contracts	(30,803)	(2,390)	–	(23,546)	(1,849)	–
Non-financial assets:						
Biological assets – discount rate increased by 0.5%		(1,540)	–		(1,107)	–
Biological assets – discount rate decreased by 0.5%		1,554	–		1,118	–
Biological assets – pricing increased by 1.0%		3,604	–		4,040	–
Biological assets – pricing decreased by 1.0%	489,013	(3,604)	–	473,165	(4,247)	–
Biological assets – yields increased by 1.0%		3,888	–		2,843	–
Biological assets – yields decreased by 1.0%		(3,888)	–		(2,843)	–
Inventories	443,172	4,416	–	230,789	2,411	–

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 applied to fair values of the valuation model as follows: discount rate by 0.5% and pricing and yields by 1.0% each

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	Inventories \$'000	Long-term investment \$'000	Biological assets \$'000
At 1 January 2020	66,927	(5,399)	226,356	71,503	531,178
Total gain/(loss) for the year					
• Included in profit or loss	8,390	(18,146)	44,469	–	(60,277)
• Included in other comprehensive income	–	–	–	(39,738)	–
Growth / Birth (net of harvest/sale)	–	–	–	–	2,264
Purchases and sales, net	–	–	(40,036)	(7,423)	–
At 31 December 2020 and 1 January 2021	75,317	(23,545)	230,789	24,342	473,165
Total gain/(loss) for the year					
• Included in profit or loss	(2,520)	(7,258)	44,798	–	69,229
• Included in other comprehensive income	–	–	–	6,993	–
Growth / Birth (net of harvest/sale)	–	–	–	–	(53,381)
Purchases and sales, net	–	–	167,585	–	–
At 31 December 2021	72,797	(30,803)	443,172	31,335	489,013

(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) Loan to associate, bank loans and term loans from banks

The carrying amount of loan to associates, 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 2021				
Financial liabilities:				
Medium-term notes	2,999,893	3,048,183	2,170,259	2,218,549
31 December 2020				
Financial liabilities:				
Medium-term notes	3,262,438	3,319,979	2,449,347	2,506,888

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 2020 and 31 December 2021.

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	
	2021	2020
Gross debt to equity:		
• Before fair value adjustment reserve	2.32 times	2.20 times
Net debt to equity:		
• Before fair value adjustment reserve	1.72 times	1.72 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 2021			Group 2020		
	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:						
Loan to associate (Note 15(b))	18,490	–	–	18,121	–	–
Long-term investment (Note 16)	–	31,335	–	–	24,342	–
Trade receivables (Note 18)	2,195,067	–	–	1,639,930	–	–
Margin accounts with brokers (Note 19)	555,260	–	–	121,663	–	–
Other current assets (Note 22)	406,356	–	–	565,891	–	–
Other non-current assets (Note 22)	25,711	–	–	34,384	–	–
Cash and short-term deposits (Note 34)	4,317,519	–	–	3,115,877	–	–
Derivative financial instruments (Note 35(f))	–	7,964	3,586,827	–	–	3,243,054
	7,518,403	39,299	3,586,827	5,495,866	24,342	3,243,054
Financial liabilities:						
Trade payables and accruals (Note 23)	4,478,528	–	–	2,908,555	–	–
Other current liabilities (Note 24)	723,563	–	–	518,653	–	–
Other non-current liabilities (Note 24)	52,916	–	–	53,798	–	–
Borrowings (Note 25)	15,732,375	–	–	13,247,344	–	–
Lease liabilities (Note 25)	977,815	–	–	912,018	–	–
Derivative financial instruments (Note 35(f))	–	32	2,335,856	–	10,350	2,266,501
	21,965,197	32	2,335,856	17,640,368	10,350	2,266,501
	Company 2021			Company 2020		
	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:						
Long-term investment (Note 16)	–	–	–	–	24,342	–
Trade receivables (Note 18)	1,062,918	–	–	697,640	–	–
Margin accounts with brokers (Note 19)	498,185	–	–	96,593	–	–
Other current assets (Note 22)	25,431	–	–	141,561	–	–
Cash and short-term deposits (Note 34)	1,402,558	–	–	1,032,192	–	–
Derivative financial instruments (Note 35(f))	–	7,964	2,805,228	–	–	2,609,137
	2,989,092	7,964	2,805,228	1,967,986	24,342	2,609,137
Financial liabilities:						
Amounts due to subsidiary companies (Note 17)	2,722,718	–	–	2,833,243	–	–
Trade payables and accruals (Note 23)	2,543,763	–	–	1,408,750	–	–
Other current liabilities (Note 24)	130,297	–	–	91,735	–	–
Borrowings (Note 25)	2,530,183	–	–	3,182,238	–	–
Lease liabilities (Note 25)	114,213	–	–	64,581	–	–
Derivative financial instruments (Note 35(f))	–	32	2,045,024	–	10,350	1,996,403
	8,041,174	32	2,045,024	7,580,547	10,350	1,996,403

39. Segmental information

In the financial year ended 31 December 2020, the Group announced its re-organisation 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 ("Olam Agri") – 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)

In the current financial year, as the Group went through the re-organisation process to align the business into the new segmentation as mentioned above, there were certain changes made and approved by the Board as follows:

- Specialty grains and seeds, such as sesame, chia seeds and quinoa have been reclassified from ofi to Olam Agri;
- Wood products (sustainable forestry concessions and saw milling operations in the Republic of Congo) and the Rubber processing and supply chain business have been reclassified from OIL to Olam Agri; and
- Coffee plantation business have been reclassified from OIL to ofi.

Accordingly, the Group has restated previously reported segment information for the year ended 31 December 2020.

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
		As restated		As restated		As restated		As restated
Segment revenue:								
Sales to external customers	14,606,252	12,290,411	31,276,945	22,407,872	1,118,754	1,121,760	47,001,951	35,820,043
Segment result (EBIT)	875,256	749,477	752,922	497,017	(205,575)	(176,931)	1,422,603	1,069,563
Finance costs	–	–	–	–	–	–	(530,395)	(518,475)
Finance income	–	–	–	–	–	–	92,330	102,772
Exceptional items ¹	7,356	(40,189)	–	(5,910)	(255,156)	(385,585)	(247,800)	(431,684)
Profit before taxation							736,738	222,176
Taxation expense							(133,927)	(43,987)
Profit for the financial year							602,811	178,189
Segment assets	14,540,180	11,682,790	8,558,196	6,658,856	3,183,027	3,933,712	26,281,403	22,275,358
Unallocated assets ²							5,779,309	4,427,284
							32,060,712	26,702,642
Segment liabilities	3,348,395	2,370,636	3,316,166	2,448,152	351,005	528,120	7,015,566	5,346,908
Unallocated liabilities ³							18,266,469	15,319,755
							25,282,035	20,666,663
Other segmental information:								
Depreciation and amortisation	341,898	292,628	176,728	151,973	108,568	116,663	627,194	561,264
Share of results from joint ventures and associates	2,193	7,744	9,247	13	8,335	106,172	19,775	113,929
Investments in joint ventures and associates	14,982	105,879	50,904	32,628	506,406	526,439	572,292	664,946
Capital expenditure	427,010	346,620	83,023	71,532	156,644	223,095	666,677	641,247

(b) Geographical segments

	Asia, Middle East and Australia		Africa		Europe		Americas		Eliminations		Consolidated	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Segment revenue:												
Sales to external customers	22,085,816	16,515,754	7,757,461	5,939,927	9,266,761	7,239,921	7,891,913	6,124,441	–	–	47,001,951	35,820,043
Intersegment sales	11,579,961	9,744,131	3,058,739	2,328,722	393,697	214,542	2,098,138	1,637,772	(17,130,535)	(13,925,167)	–	–
	33,665,777	26,259,885	10,816,200	8,268,649	9,660,458	7,454,463	9,990,051	7,762,213	(17,130,535)	(13,925,167)	47,001,951	35,820,043
Non-current assets ⁴	4,041,694	4,056,728	3,092,028	3,138,556	756,169	736,041	2,723,248	1,352,924	–	–	10,613,139	9,284,249

(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	
	2021 \$'000	2020 \$'000
Gain on disposal of property, plant and equipment and intangible assets (Note 5)	-	1,966
Gain on partial divestment of associate (Note 15(b))	-	121,016
Gain on disposal of joint venture and associate, net (Note 15(a))	8,630	48,266
Gain on disposal of subsidiaries, net (Note 14)	4,895	-
Net loss on fair value of biological assets	(28,533)	-
Impairment of property, plant and equipment and intangible assets (Note 7)	(46,969)	(500,950)
Transaction costs incurred in business combinations (Note 7)	(6,280)	-
Group re-organisation costs (Note 7)	(107,184)	-
Business restructuring and closure costs (Note 7)	(72,359)	(101,982)
	(247,800)	(431,684)

Finance costs of \$530,395,000 includes an exceptional item amounting to \$26,868,000 in relation to the bridge financing bank loan that the Group has put in place relation to the group re-organisation in current financial year.

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

	Group	
	2021 \$'000	2020 \$'000
Cash and bank balances	3,292,115	2,239,208
Fixed deposits	1,025,404	876,669
Other current/non-current assets	1,027,373	1,020,008
Non-current assets held for sale	136,316	39,255
Long-term investments	31,335	24,342
Deferred tax assets	266,766	227,802
	5,779,309	4,427,284

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

	Group	
	2021 \$'000	2020 \$'000
Borrowings	15,732,375	13,247,344
Lease liabilities	977,815	912,018
Deferred tax liabilities	583,261	369,230
Other current/non-current liabilities	792,929	587,508
Provision for taxation	180,089	203,655
	18,266,469	15,319,755

- 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) Group re-organisation exercise

On 20 January 2020, the Company announced that it would pursue a group re-organisation exercise of its portfolio of businesses into two new operating groups: (1) Olam Food Ingredients ("ofi") which focuses on cocoa, coffee, dairy, edible nuts and spices; and (2) Olam Global Agri ("Olam Agri") which focuses on grains, animal feed, edible oils, rice, cotton, and commodity financial services, having proprietary and operating capabilities in farming, global origination, processing, trading, logistics, distribution and risk management; and (iii) Olam International Limited ("OIL") which focusses on gestating and infrastructure assets and the packaged foods business. This re-organisation was initiated to simplify OIL's portfolio, sharpen its focus, and unlock long-term value via a proposed carve-out, IPO and demerger of the two operating groups (the "Proposed Transactions").

Accordingly, on 14 December 2021, the Company announced that it is proposing to seek the approval of its shareholders to carry out the Proposed Transactions in relation to the proposed restructuring of the Company by way of a scheme of arrangement under Section 210 of the Companies Act 1967 (the "Scheme"). As part of the Scheme, Olam Group Limited ("OGL") (held by Sunny George Verghese, Co-Founder, Group CEO and Executive Director, as the subscriber shareholder on trust for and on behalf of the OGL) that was incorporated on 26 August 2021 and which converted into a public company limited by shares on 8 December 2021 would acquire all of the shares in the Company held by its shareholders through the Scheme. This would result in OGL taking over the Company as the new public limited company trading on Singapore Exchange Securities Trading Limited ("SGX-ST") and the concurrent delisting of the Company (as further described in details below).

This announcement led to a series of events post 31 December 2021 as indicated below:

- (i) 14 January 2022: The Company announced that the notice of the court hearing date to convene the Scheme meeting has been fixed for 25 January 2022.
- (ii) 18 January 2022: The Company commenced an invitation to the relevant holders of the certain notes and perpetual securities (the "Existing Securities") issued pursuant to its US\$5,000,000,000 Euro medium-term notes ("EMTN") programme to, inter alia:
 - (in respect of the 2022 SGD Notes, the 2023 USD Notes and the 2026 SGD Notes) seek the approval of the holders of such Existing Securities to waive any potential event of default or event of default under such Existing Securities that may arise as a result of the Proposed Transactions;
 - (in respect of the 2023 USD Notes, the 2017 Perpetual Securities and the 2021 Perpetual Securities) seek the approval of the holders of such Existing Securities to agree to the substitution of OGL on or after a copy of the Scheme Court Order has been lodged with the Registrar of Companies, in place of the Company as principal debtor and issuer of such Existing Securities, and to release the Company from all obligations and liabilities under such Existing Securities;
 - (in respect of the 2023 USD Notes) seek the approval of the holders of the 2023 USD Notes to introduce a call option in the novated 2023 USD Notes that will allow OGL to redeem the novated 2023 USD Notes (in whole or in part) at any time at the Make-Whole Amount; and
 - (in respect of the 2023 USD Notes) offer to the holders of the 2017 Perpetual Securities to exchange any and all of their 2017 Perpetual Securities for Singapore dollar denominated subordinated perpetual securities to be consolidated and form a single series with the existing 2021 Perpetual Securities for the Exchange Consideration.

40. Events occurring after the reporting period continued

(a) Group re-organisation exercise continued

- (iii) 27 January 2022: Issuance of the circular in relation to the Proposed Transactions through various corporate actions including the Scheme, proposed dividend in specie, proposed disposals, dilution and demerger as part of the group re-organisation exercise as mentioned above; and seeking for shareholders approval through an extraordinary general meeting (“EGM”). The EGM was held on 18 February 2022 and was approved by shareholders.
 - (iv) 23 February 2022: The Company filed its summons with the General Division of the High Court of Singapore (“the Court”) for an order for sanction of the Scheme and this was fixed for hearing on 3 March 2022.
 - (v) 3 March 2022: The Court had sanctioned the Scheme and the Scheme shall become effective and binding upon the lodgement of the Scheme Court Order with the Registrar of Companies in Singapore. Other key information included that the Scheme effective date is expected to be 15 March 2022, the shares in Olam is expected to be transferred to the OGL on 15 March 2022 and OGL is expected to start trading on 16 March 2022 on SGX-ST and concurrent delisting of the Company.
 - (vi) 9 March 2022: The Company submitted the request for suspension of trading of its shares on SGX-ST in connection with the Proposed Transactions by way of the Scheme and this is with immediate effect.
 - (vii) 11 March 2022: Subject to the satisfaction of the Scheme Condition on 15 March 2022, the Company intends to (i) execute the relevant deeds of novation in respect of the 2017 Perpetual Securities and the 2021 Perpetual Securities and (ii) issue the New 2021 Perpetual Securities pursuant to the Exchange Offer on 23 March 2022 following the satisfaction of the Scheme Condition. After the execution of the Deeds of Novation, Holders should note that Olam Group Limited will substitute Olam International Limited as the issuer of the 2017 Perpetual Securities and the 2021 Perpetual Securities.
 - (viii) 16 March 2022: All share transfers as mentioned at (v) above have been completed and OGL commenced trading on SGX-ST and the Company has been delisted.
- (b) The recent Ukraine-Russia crisis which started on 24 February 2022 has global implications for agri-commodities. The revenues generated from Ukraine & Russia are not material to the Group. However, we are closely monitoring the situation regarding the short-term impacts and potential longer-term implications to global food and agri supply chains.
- (c) On 11 February 2022, Olam has entered into definitive agreements with Africa Transformation and Industrialization Fund (“ATIF”), a management led buy-out group, for the sale of its remaining equity stakes in ARISE Integrated Industrial Platforms (“ARISE IIP”) and ARISE Infrastructure Services (“ARISE IS”), part of the ARISE group, for an aggregate cash consideration of approximately S\$255,203,000.

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