Financial Statements

Directors' Statement

For the financial year ended 31 December 2023

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2023 and the balance sheet of the Company as at 31 December 2023.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 86 to 173 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Dr Cheo Tong Choon @ Lee Tong Choon
Ms Michelle Cheo Hui Ning
Ms Bianca Cheo Hui Hsin
Dr Foo Say Mui (Bill)
Mr Robert Loke Tan Cheng
Datuk Dr Fawzia Binti Abdullah
Tan Sri Dato' A Ghani Bin Othman

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Statement

For the financial year ended 31 December 2023

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	No. of ordinary shares			
	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2023	At 1.1.2023	At 31.12.2023	At 1.1.2023
Mewah International Inc				
Dr Cheo Tong Choon @ Lee Tong Choon	-	-	728,180,520	726,180,520
Ms Michelle Cheo Hui Ning	2,163,600	2,163,600	706,399,020	704,399,020
Ms Bianca Cheo Hui Hsin	2,460,100	2,460,100	707,825,020	705,825,020

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2024 were the same as those as at 31 December 2023, except for the following:

	No. of ordinary shares			
	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 21.1.2024	At 31.12.2023	At 21.1.2024	At 31.12.2023
Mewah International Inc				
Dr Cheo Tong Choon @ Lee Tong Choon	-	-	728,184,020	728,180,520
Ms Michelle Cheo Hui Ning	2,163,600	2,163,600	706,402,520	706,399,020
Ms Bianca Cheo Hui Hsin	2,460,100	2,460,100	707,828,520	707,825,020

Directors' Statement

For the financial year ended 31 December 2023

AUDIT COMMITTEE

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

Mr Robert Loke Tan Cheng (Chairman)
Datuk Dr Fawzia Binti Abdullah
Tan Sri Dato' A Ghani Bin Othman

All members of the Audit Committee were non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Dr Cheo Tong Choon @ Lee Tong Choon Director	Ms Michelle Cheo Hui Ning Director

5 March 2024

Independent Auditor's Report

To the members of Mewah International Inc.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Mewah International Inc. (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards (International) ["SFRS(I)"] so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:
- the consolidated income statement of the Group for the financial year ended 31 December 2023;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheet of the Group as at 31 December 2023;
- the balance sheet of the Company as at 31 December 2023;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including material accounting policy information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 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.

Independent Auditor's Report

To the members of Mewah International Inc. (continued)

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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 for the financial year ended 31 December 2023. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of commodities forward contracts	
At 31 December 2023, the Group has recognised the following fair values of derivative financial assets/(liabilities) as disclosed in Note 16 to the financial statements: • Commodities forward contracts included within current assets: US$9,903,000 • Commodities forward contracts included within current liabilities: US$17,993,000 As these commodities forward contracts are not traded in an active market, the related fair values are estimated using a level 2 valuation technique as described in Note 34(e) to the financial statements. We focused on the valuation of the Group's commodities forward contracts because of the critical accounting estimates involved in determining the indicative market prices which are used in the valuation of these contracts, as disclosed in Note 34(e) to the financial statements.	We held discussions with management to understand the determination of the fair values of these commodities forward contracts. With the assistance of our internal valuation specialists, we assessed the appropriateness of the level 2 valuation technique adopted by management by evaluating the appropriateness of the valuation methodology and the basis of indicative market prices used by management. We also independently verified these indicative market prices to external sources. On a sample basis, we tested management's computation of the fair values of derivative financial assets/(liabilities). Based on the work performed, we found the valuation methodology to be appropriate and the indicative market prices used by management to be within acceptable range.

Independent Auditor's Report

To the members of Mewah International Inc. (continued)

OUR AUDIT APPROACH (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of certain property, plant and equipment ("PPE") of the Group	
At 31 December 2023, management has identified indications of impairment relating to certain PPE (manufacturing plants, manufacturing plants in progress and mature plantation) with total net book values of US$40,855,000 as disclosed in Note 3(b) to the financial statements. Accordingly, an assessment of the recoverable amount of the related PPE was carried out using value-in-use calculations or fair value less cost to sell, as disclosed in Note 3(b) to the financial statements. A total impairment charge of US$4,005,000 relating to the manufacturing plant and manufacturing plant in progress was recognised in the financial statements, which resulted in the carrying amount of certain PPE being reduced to US$36,850,000 as at 31 December 2023. We focused on the impairment assessment of the PPE where indications of the impairment were identified because of the significant judgements involved in estimating the revenue, discount rate, terminal growth rate and operating margin, which are the key assumptions used in the computation of the recoverable amount of the related PPE.	We held discussions with management to understand the basis of the assumptions used. We assessed the appropriateness of the valuation methodology and key assumptions based on our knowledge of the business and industry and with involvement of our valuation specialist. We tested management's source data to supporting evidence such as available market information, historical growth trends, production capacity of other similar asset of the Group and considered the reasonableness of the cash flow projections. We evaluated management's sensitivity analysis to assess the impact on the recoverable amount of the related PPE by reasonable possible changes to the key assumptions. Based on the work performed, we found management's assessment to be appropriate.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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.

Independent Auditor's Report

To the members of Mewah International Inc. (continued)

OTHER INFORMATION (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of financial statements in accordance with 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 financial statements that are free from material misstatement 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 are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

To the members of Mewah International Inc. (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

- 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.

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 5 March 2024

Consolidated Income Statement

For the financial year ended 31 December 2023

	Note	**2023**	2022
		US$'000	US$'000
Revenue	4	**4,123,796**	5,428,528
Cost of sales		**(3,864,724)**	(5,055,653)
Gross profit		**259,072**	372,875
Other income	5	**10,179**	6,145
Other gains/(losses) (net)			
- Impairment losses on property, plant and equipment (net)	6	**(3,784)**	(20,708)
- Others - net	6	**(23,982)**	(37,750)
(Provision)/Reversal of expected credit losses		**(2,750)**	1,597
Expenses			
- Selling and distribution		**(50,256)**	(60,460)
- Administrative		**(106,043)**	(100,479)
- Finance	9	**(27,322)**	(19,114)
Share of profit/(loss) of associated company	23	**28**	(54)
Profit before tax		**55,142**	142,052
Income tax expense	10(a)	**(16,570)**	(28,989)
Profit after tax		**38,572**	113,063
Profit/(Loss) after tax attributable to:			
Equity holders of the Company		**40,581**	113,644
Non-controlling interests		**(2,009)**	(581)
		38,572	113,063
Earnings per share attributable to equity holders of the Company (expressed in US cents per share)			
- Basic and diluted	12	**2.70**	7.57

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023

	Note	**2023**	2022
		US$'000	US$'000
Profit after tax		**38,572**	113,063
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from foreign subsidiaries, net of tax			
- Losses		**(9,456)**	(11,086)
Other comprehensive loss, net of tax		**(9,456)**	(11,086)
Total comprehensive income, net of tax		**29,116**	101,977
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**31,154**	102,460
Non-controlling interests		**(2,038)**	(483)
		29,116	101,977

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

Balance Sheet - Group

As at 31 December 2023

	Note	**2023** **US$'000**	2022 US$'000
ASSETS			
Current assets			
Inventories	13	**435,967**	464,351
Trade receivables	14	**304,366**	499,717
Other receivables	15	**97,440**	128,967
Current income tax recoverable	11	**5,468**	874
Derivative financial instruments	16(a)	**22,952**	51,361
Cash and bank balances	17	**131,922**	102,849
		998,115	1,248,119
Non-current assets			
Intangible asset	18	**5,235**	6,000
Property, plant and equipment	19	**484,998**	440,607
Investment in associated company	23	**494**	498
Deferred income tax assets	27	**365**	779
Derivative financial instruments	16(b)	**386**	7
		491,478	447,891
Total assets		**1,489,593**	1,696,010
LIABILITIES			
Current liabilities			
Trade payables	24	**114,416**	151,527
Other payables	25	**88,996**	95,488
Contract liabilities	4(b)	**21,966**	19,660
Lease liabilities	20(e)	**739**	572
Current income tax liabilities	11	**6,330**	14,960
Derivative financial instruments	16(a)	**37,401**	55,047
Borrowings	26	**288,060**	443,259
		557,908	780,513
Non-current liabilities			
Lease liabilities	20(e)	**9,030**	8,798
Deferred income tax liabilities	27	**32,651**	34,421
Borrowings	26	**103,514**	97,520
		145,195	140,739
Total liabilities		**703,103**	921,252
NET ASSETS		**786,490**	774,758

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

Balance Sheet - Group

As at 31 December 2023

	Note	**2023** **US$'000**	2022 US$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	28	**1,501**	1,501
Share premium	28	**180,012**	180,012
Other reserves	29	**(58,203)**	(48,931)
Retained profits		**660,474**	637,190
		783,784	769,772
Non-controlling interests		**2,706**	4,986
Total equity		**786,490**	774,758

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

Balance Sheet - Company

As at 31 December 2023

	Note	2023 US$'000	2022 US$'000
ASSETS			
Current assets			
Other receivables	15	**364,736**	318,641
Cash and bank balances	17	**98**	770
		364,834	319,411
Non-current assets			
Investments in subsidiaries	22	**849**	849
Total assets		**365,683**	320,260
LIABILITIES			
Current liabilities			
Other payables	25	**246**	205
Current income tax liabilities	11	**489**	91
		735	296
Non-current liabilities			
Deferred income tax liabilities	27	**2,414**	1,363
Total liabilities		**3,149**	1,659
NET ASSETS		**362,534**	318,601
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	28	**1,501**	1,501
Share premium	28	**180,012**	180,012
Other reserves	29	**3,509**	3,509
Retained profits	30	**177,512**	133,579
Total equity		**362,534**	318,601

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

Consolidated Statement of Changes In Equity

For the financial year ended 31 December 2023

	Note	Share capital	Share premium	Capital redemption reserve	Merger reserve	General reserve	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
		← Attributable to equity holders of the Company →									
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2023											
Balance at 1 January 2023		**1,501**	**180,012**	**3,509**	**(53,005)**	**(308)**	**873**	**637,190**	**769,772**	**4,986**	**774,758**
Profit/(Loss) for the year		-	-	-	-	-	-	40,581	40,581	(2,009)	38,572
Other comprehensive loss for the year		-	-	-	-	-	(9,427)	-	(9,427)	(29)	(9,456)
Total comprehensive income/ (loss) for the year		**-**	**-**	**-**	**-**	**-**	**(9,427)**	**40,581**	**31,154**	**(2,038)**	**29,116**
Acquisition of non-controlling interest	29(b)(ii)	-	-	-	-	155	-	-	155	(35)	120
Dividends	31	-	-	-	-	-	-	(17,297)	(17,297)	(207)	(17,504)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**-**	**155**	**-**	**(17,297)**	**(17,142)**	**(242)**	**(17,384)**
Balance at 31 December 2023		**1,501**	**180,012**	**3,509**	**(53,005)**	**(153)**	**(8,554)**	**660,474**	**783,784**	**2,706**	**786,490**
2022											
Balance at 1 January 2022		**1,501**	**180,012**	**3,509**	**(53,005)**	**(1,425)**	**12,057**	**533,985**	**676,634**	**6,949**	**683,583**
Profit/(Loss) for the year		-	-	-	-	-	-	113,644	113,644	(581)	113,063
Other comprehensive (loss)/ income for the year		-	-	-	-	-	(11,184)	-	(11,184)	98	(11,086)
Total comprehensive income/ (loss) for the year		**-**	**-**	**-**	**-**	**-**	**(11,184)**	**113,644**	**102,460**	**(483)**	**101,977**
Acquisition of non-controlling interest	29(b)(ii)	-	-	-	-	1,117	-	-	1,117	(1,237)	(120)
Dividends	31	-	-	-	-	-	-	(10,439)	(10,439)	(243)	(10,682)
Total transactions with owners, recognised directly in equity		**-**	**-**	**-**	**-**	**1,117**	**-**	**(10,439)**	**(9,322)**	**(1,480)**	**(10,802)**
Balance at 31 December 2022		**1,501**	**180,012**	**3,509**	**(53,005)**	**(308)**	**873**	**637,190**	**769,772**	**4,986**	**774,758**

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

	Note	**2023 US$'000**	2022 US$'000
Cash flows from operating activities			
Profit after tax		**38,572**	113,063
Adjustments for:			
- Income tax expense	10(a)	**16,570**	28,989
- Depreciation of property, plant and equipment	19	**25,789**	27,182
- (Gains)/Losses on disposal of property, plant and equipment	6	**(1,174)**	251
- Property, plant and equipment written off	6	**618**	72
- Impairment loss on property, plant and equipment - net	6	**3,784**	20,708
- Impairment losses on goodwill	6	**765**	-
- Interest income	5	**(3,642)**	(2,437)
- Interest expense	9	**27,322**	19,114
- Share of (profit)/loss of associated company	23	**(28)**	54
Operating cash flows before working capital changes		**108,576**	206,996
Changes in operating assets and liabilities:			
- Inventories		**10,706**	4,794
- Trade and other receivables		**233,348**	(267,588)
- Contract liabilities		**2,306**	1,043
- Trade and other payables		**(50,306)**	(4,457)
- Derivative financial instruments		**10,176**	(9,183)
Cash flows generated from/(used in) operations		**314,806**	(68,395)
Interest received		**3,642**	2,437
Interest paid		**(27,322)**	(19,114)
Income tax paid	11	**(29,495)**	(21,302)
Net cash flows from/(used in) operating activities		**261,631**	(106,374)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents acquired	37	**(1,647)**	(5,731)
Decrease/(Increase) in advance payment of property, plant and equipment		**8,447**	(4,464)
Additions to property, plant and equipment	19	**(85,547)**	(56,036)
Proceeds from disposal of property, plant and equipment		**5,917**	161
Dividend received from associated company		**11**	-
Net cash flows used in investing activities		**(72,819)**	(66,070)
Cash flows from financing activities			
Acquisition of non-controlling interests		**-**	(120)
Decrease/(Increase) in restricted short term bank deposits		**314**	(651)
Proceeds from long term borrowings		**39,956**	58,609
Repayment of long term borrowings		**(28,596)**	(16,143)
Net (repayment of)/ proceeds from short-term borrowings		**(150,264)**	80,026
Repayment of lease liabilities		**(683)**	(508)
Dividends paid to equity holders of the Company	31	**(17,297)**	(10,439)
Dividends paid to non-controlling interests		**(207)**	(243)
Net cash flows (used in)/from financing activities		**(156,777)**	110,531
Net change in cash and cash equivalents		**32,035**	(61,913)
Cash and cash equivalents at beginning of financial year		**102,198**	171,781
Effect of changes in exchange rate on cash and cash equivalents		**(2,648)**	(7,670)
Cash and cash equivalents at end of financial year		**131,585**	102,198

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

	Note	**2023 US$'000**	2022 US$'000
Represented by:			
Cash and bank balances	17	**131,922**	102,849
Less: Restricted short term bank deposits		**(337)**	(651)
Cash and cash equivalents per consolidated statement of cash flows		**131,585**	102,198

Reconciliation of liabilities arising from financing activities

				Non-cash changes				
	1 January 2023	**Proceeds from borrowings**	**Principal payments**	**Acquisition arising from business combination**	**Addition during the year**	**Remeasure-ment of lease liability**	**Foreign exchange movement**	**31 December 2023**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Borrowings	**540,779**	**39,956**	**(178,860)**	**2,171**	**-**	**-**	**(12,472)**	**391,574**
Lease liabilities	**9,370**	**-**	**(683)**	**-**	**1,289**	**(217)**	**10**	**9,769**

				Non-cash changes				
	1 January 2022	**Proceeds from borrowings**	**Principal payments**	**Acquisition arising from business combination**	**Addition during the year**	**Modification of lease liability**	**Foreign exchange movement**	**31 December 2022**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Borrowings	430,168	138,635	(16,143)	-	-	-	(11,881)	540,779
Lease liabilities	6,100	-	(508)	-	-	3,816	(38)	9,370

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Mewah International Inc. (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in the Cayman Islands. The address of its registered office is Harbour Place, 2nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman, KY1-1106, Cayman Islands. The principal place of business of the Company is at 5, International Business Park, #05-00, Mewah Building, Singapore 609914.

The principal activity of the Company is that of investment holding. The principal activities of its significant subsidiaries are disclosed in Note 41 of the financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2023

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2023 (continued)

Interest Rate Benchmark Reform – Phase 2

The Group and the Company have adopted the amendments to FRS 109, FRS 107 and FRS 116 *Interest Rate Benchmark Reform – Phase 2* effective 1 January 2023. In accordance with the transition provisions, the amendments shall be applied retrospectively to financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

Financial instruments measured at amortised cost

Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform ("IBOR reform") are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

These expedients are only applicable to changes that are required by IBOR reform, which is the case if, and only if, the change is necessary as a direct consequence of IBOR reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change.

Effect of IBOR reform

Following the global financial crisis, the reform and replacement inter-bank offered rates ("IBOR") has become a priority for global regulators. The Group and the Company's risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the USD London Interbank Offered Rate ("USD LIBOR").

USD LIBOR ceased publication after 30 June 2023, and is replaced by Term Secured Overnight Financing Rate ("Term SOFR") and Secured Overnight Financing Rate ("SOFR"). The Group and the Company have amended its USD LIBOR linked borrowing to reference to Term SOFR and SOFR during the financial year ended 31 December 2023. The transition from USD LIBOR to Term SOFR and SOFR had no material effect on the amounts reported for the current and prior financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Revenue

(a) Sale of goods

The Group produces and sells primarily vegetable-based edible oil and fat products. Sales are recognised at a point in time when control of the products has transferred to its customer, being when the right to payment accrues, significant risks and rewards of ownership are transferred, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Shipping services

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

(c) Charter income

Revenue from time charter is recognised on a straight-line basis over the period of the time charter agreement.

Revenue from voyage charter is recognised rateably over the estimated length of the voyage within the reporting period and ends in subsequent reporting period.

The Group determines the percentage of completion of voyage freight using the load-to-discharge method. Under this method, voyage revenue is recognised rateably over the period from the departure of a vessel from the port of loading to departure from the discharge port.

Demurrage is included if a claim is considered probable.

(d) Interest income

Interest income is recognised using the effective interest method.

If payments by the customers are received before the sale of goods or shipping services, a contract liability is recognised.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.25 for the subsequent accounting policy on goodwill.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

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

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.5 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

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

(c) Associated company

Associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3 Group accounting (continued)

(c) Associated company (continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise Group's share of its associated company's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated company is recognised as a reduction of the carrying amount of the investment. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

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

(iii) Disposals

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

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

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All property, plant and equipment including mature plants are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Mature plants are living plants used in the production or supply of agricultural produce that are expected to bear produce for more than one period; covering activities that are necessary to cultivate the mature plants before they are in the location and condition necessary to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.7 on borrowing costs).

(b) Depreciation

Freehold land and capital expenditure in progress (including immature plants) are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Freehold buildings	2%
Leasehold land and buildings	1% to 3%
	(Over the period of leases)
Plant and equipment	2% to 5%
Furniture, fixtures and office equipment	5% to 20%
Motor vehicles	20%
Vessels	4%
Mature plants	5%

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses) (net) – other losses (net)".

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 Investments in subsidiaries and associated company

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

2.6 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

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

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

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.6 Impairment of non-financial assets (continued)

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

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.7 Borrowing costs

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

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures of qualifying assets that are financed by general borrowings.

2.8 Financial assets

(a) Classification and measurement

The Group classifies its financial assets excluding derivative financial instruments as financial assets at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.8 Financial assets (continued)

(a) *Classification and measurement* (continued)

Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and bank balances, and trade and other receivables.

Financial assets of the Group are subsequently measured as follows:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.8 Financial assets (continued)

(c) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(d) Offsetting of financial instruments

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

2.9 Financial guarantees

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

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

(a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss allowance computed using the impairment methodology under SFRS(I) 9.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Borrowings

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

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

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

Trade payables settled via electronic cash transfer are derecognised when the Group has no ability to withdraw, stop or cancel the payment, has lost the practical ability to access the cash as a result of the electronic instructions, and the risk of a settlement not occurring is insignificant.

2.12 Derivative financial instruments

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.13 Fair value estimation of financial assets and liabilities

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

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 34(e).

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

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

2.14 Leases

(a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets are presented within "Property, plant and equipment".

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14 Leases (continued)

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

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14 Leases (continued)

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

- Short term and low value leases

  The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

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

The Group leases office space under operating leases to related and non-related parties.

- Lessor – Operating leases

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

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

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

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on the weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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

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

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

Deferred income tax is measured:

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

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

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

The Group accounts for investment tax credits similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.17 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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

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

2.18 Employee compensation

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

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

2.19 Currency translation

(a) Functional and presentation currency

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.19 Currency translation (continued)

(b) Transactions and balances

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

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses are presented in the income statement within "other (losses)/gains".

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

(c) Translation of Group entities' financial statements

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

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

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

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.20 Segment reporting

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

2.21 Cash and bank balances

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.22 Share capital

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

2.23 Dividends to Company's shareholders

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

2.24 Government grants

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

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

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

2.25 Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Valuation of commodities forward contracts

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts (Note 16). As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 34(e).

If the commodities forward prices had been higher or lower by 5% from the management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US$15,970,000 (2022: US$11,218,000) respectively, arising from the changes in the fair value of the commodities forward contracts.

(b) Impairment assessment of the Group's property, plant and equipment

Property, plant and equipment ("PPE") is tested for impairment whenever there are indications that these assets may be impaired. Management performs reviews to determine whether there are any indications of impairment in relation to the PPE held by the Group.

At 31 December 2023, management has identified indications of impairment relating to manufacturing plants, manufacturing plants in progress and mature plantation of the Group. The net book value of the PPE relating to the manufacturing plants, manufacturing plant in progress and the mature plantation that was recognised on the balance sheet amounted to approximately US$37,126,000, US$3,729,000 and US$Nil as at 31 December 2023 respectively.

The recoverable amounts of the identified PPE are determined based on the value-in-use calculations or fair value less cost to sell. The value-in-use calculations are based on a discounted cash flow model and requires the Group to make an estimate of the expected future cash flows from the continuing use of the PPE. The fair value less cost to sell is determined based on the Group's experience with disposal of assets using level 3 in the fair value hierarchy due to unobserved inputs.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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

(b) Impairment assessment of the Group's property, plant and equipment (continued)

The key assumptions used in the value-in-use calculation that were subject to critical accounting estimates were relating to the estimation of the revenue, discount rate, terminal growth rate and operating margin as follows:

PPE	Manufacturing plants	Manufacturing plant in progress	Mature plantation
Revenue	Growth rate 0%	Utilisation growth rate 14% to 23%	Yield/Hectarage growth rate 3.0 to 4.3
Operating margin growth	0% to 0.3%	1%	1.5% to 4.0%
Discount rate (pre-tax)	11.0%	11.8%	12.9%
Terminal growth rate	3.2%	3.1%	5.0%

Operating margin is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses and foreign exchange gains/(losses).

As the recoverable amount determined by management is less than the net book value of the PPE, the Group has recognised an impairment charge during the financial year amounting to US$466,000 and US$3,539,000 in relation to the manufacturing plant and manufacturing plants in progress respectively.

A reasonable possible change to any of the individual key assumptions as compared to management's estimates as listed above would have increased or decreased the impairment charge on the manufacturing plants and the Group's profit for the financial year ended 31 December 2023 as follows:

Manufacturing plants

Key assumptions	Change applied to management's estimate	Impact to impairment charge on PPE for the financial year ended 31 December 2023 (increase) US$'000	Change applied to management's estimate	Impact to impairment charge on PPE for the financial year ended 31 December 2023 (increase) US$'000
Operating margin growth rate	0.2%	*	(0.2%)	*
Discount rate	4%	1,300	(4%)	*
Terminal growth rate	3.2%	*	(3.2%)	*

* No impairment charge was recognised in relation to the PPE during the current financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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

(b) Impairment assessment of the Group's property, plant and equipment (continued)

Manufacturing plants in progress

A reasonable possible change to any of the individual key assumptions as compared to management's estimates as listed above would not have a material impact on the manufacturing plant in progress and mature plantation and the Group's profit for the financial year ended 31 December 2023.

(c) Purchase price allocation for acquisition of business

The acquisitions disclosed in Notes 37(a) and 37(b) to the financial statements are accounted for as business combinations which requires the identifiable assets and liabilities to be recognised at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values to be recognised as goodwill.

The assets and liabilities are identified and valued through a purchase price allocation. In assessing the identifiable assets acquired, consideration was given to whether potential intangible assets were acquired as part of the acquisition and management has assessed that no intangible assets were acquired.

In assessing the fair valuation of the identifiable assets acquired, management had engaged an external professional firm to perform the fair valuation of the property, plant and equipment acquired. The purchase price allocation is subject to a significant degree of judgement and critical accounting estimates required in the identification and fair valuation of the assets acquired and liabilities assumed.

Further details are disclosed in Notes 37(a) and 37(b) to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2023

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines.

	Group		
	At a point in time	**Over time**	**Total**
	US$'000	US$'000	US$'000
2023			
Sale of vegetable oil products and bioenergy products in bulk	2,847,473	-	2,847,473
Sale of consumer products including edible oils and fats, dairy, soap and rice in consumer packs	1,193,859	-	1,193,859
Shipping services*	-	74,880	74,880
Charter income	-	7,584	7,584
Total	**4,041,332**	**82,464**	**4,123,796**
2022			
Sale of vegetable oil products and bioenergy products in bulk	3,995,642	-	3,995,642
Sale of consumer products including edible oils and fats, dairy, soap and rice in consumer packs	1,294,184	-	1,294,184
Shipping services*	-	132,110	132,110
Charter income	-	6,592	6,592
Total	**5,289,826**	**138,702**	**5,428,528**

* Shipping services relate to revenue earned arising from the delivery of products sold to customers.

Included in the sale of vegetable oil products in bulk is the subsidy received from the Malaysian government under the cooking oil price stabilisation scheme amounting to US$49,574,000 (2022: US$85,326,000).

Notes to the Financial Statements

For the financial year ended 31 December 2023

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(b) *Contract liabilities*

	Group		
	31 December		1 January
	2023	2022	2022
	US$'000	US$'000	US$'000
Contract liabilities			
- Sale of goods contracts and shipping services	**21,966**	19,660	18,617
Total contract liabilities	**21,966**	19,660	18,617

(i) *Revenue recognised in relation to contract liabilities*

	Group	
	2023	2022
	US$'000	US$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Sale of goods contracts and shipping services	**14,502**	14,660

(ii) *Unsatisfied performance obligations*

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less is not disclosed.

(c) *Trade receivables from contracts with customers*

	Group		
	31 December		1 January
	2023	2022	2022
	US$'000	US$'000	US$'000
Trade receivables from contracts with customers	**313,515**	509,095	268,823
Less: Allowance for expected credit losses	**(9,149)**	(9,378)	(15,356)
Trade receivables (net)	**304,366**	499,717	253,467

Notes to the Financial Statements

For the financial year ended 31 December 2023

5. OTHER INCOME

	Group	
	2023	2022
	US$'000	US$'000
Interest income on bank deposits and others	**1,483**	991
Late interest charged on trade receivables	**2,159**	1,446
	3,642	2,437
Rental income	**319**	309
Commission income	**1**	1
Insurance claims	**3,370**	1,493
Other miscellaneous income	**2,847**	1,905
	10,179	6,145

Other miscellaneous income mainly comprises sales of scrap and waste.

6. OTHER GAINS/(LOSSES) (NET)

	Group	
	2023	2022
	US$'000	US$'000
Impairment losses on property, plant and equipment - net (Note 19)	**(3,784)**	(20,708)
Others		
- Foreign exchange losses – net	**(24,137)**	(33,789)
- Reversal/(Loss) of allowance on other receivables	**251**	(3,637)
- Gains/(Losses) on disposal of property, plant and equipment	**1,174**	(251)
- Property, plant and equipment written off	**(618)**	(72)
- Impairment losses on goodwill	**(765)**	-
- Reversal of provision for legal claim	**205**	-
- Others	**(92)**	(1)
	(23,982)	(37,750)

In the current financial year, the Group carried out a review of the recoverable amount of certain property, plant and equipment at 31 December 2023 and assessed that there are indications of impairment loss. Accordingly, the management of the Group had estimated the recoverable amount of these property, plant and equipment at 31 December 2023 and recorded an impairment loss of US$4,005,000 (Note 3(b)) (2022: US$22,132,000) in the consolidated income statement for the financial year ended 31 December 2023.

Notes to the Financial Statements

For the financial year ended 31 December 2023

7. EXPENSES BY NATURE

	Group	
	2023	2022
	US$'000	US$'000
Purchases of inventories	**3,703,585**	4,895,893
Changes in inventories	**11,379**	(262)
Gains from derivative financial instruments	**(1,495)**	(49,417)
Freight charges	**65,486**	125,397
Consultation fees	**4,179**	3,866
Transportation	**26,739**	26,489
Export duties	**8,652**	19,599
Insurance	**10,234**	8,484
Utilities	**19,520**	16,293
Rental on leases	**3,569**	2,854
Repair and maintenance	**11,883**	10,434
Employee compensation (Note 8)	**94,167**	82,527
Depreciation of property, plant and equipment (Note 19)	**25,789**	27,182
Bank charges	**3,183**	4,683
(Reversal of inventories written down)/Inventories written down	**(673)**	5,056
Audit fees		
- Auditors of the Company	**485**	437
- Other auditors*	**442**	316
Non-audit fees		
- Auditors of the Company	**88**	84
- Other auditors*	**212**	173
Others	**33,599**	36,504
Total cost of sales, selling and distribution and administrative expenses	**4,021,023**	5,216,592

* Includes the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

For the financial year ended 31 December 2023, the reversal of inventories written down mainly relate to inventories previously written down that were sold above their carrying amounts.

For the financial year ended 31 December 2022, the inventories written down mainly relate to inventories which were slow-moving.

Notes to the Financial Statements

For the financial year ended 31 December 2023

8. EMPLOYEE COMPENSATION

	Group	
	2023	2022
	US$'000	US$'000
Wages and Salaries	**83,479**	73,760
Employer's contributions to defined contribution plans	**6,447**	5,735
Other staff benefits	**4,241**	3,032
	94,167	82,527

9. FINANCE EXPENSES

	Group	
	2023	2022
	US$'000	US$'000
Interest expenses:		
- Bank borrowings	**26,600**	18,748
- Lease liabilities	**722**	366
	27,322	19,114

Notes to the Financial Statements

For the financial year ended 31 December 2023

10. INCOME TAXES

(a) Income tax expense

	Group	
	2023	2022
	US$'000	US$'000
Tax expense attributable to profit was made up of:		
Current income tax		
- Singapore	**1,979**	4,529
- Foreign	**14,214**	24,717
	16,193	29,246
Deferred income tax (credit)/expense	**(219)**	1,470
	15,974	30,716
Under/(Over) provision in prior financial years		
- Current income tax (Note 11)	**383**	(546)
- Deferred income tax	**213**	(1,181)
	596	(1,727)
Income tax expense	**16,570**	28,989

Notes to the Financial Statements

For the financial year ended 31 December 2023

10. INCOME TAXES (continued)

(a) ***Income tax expense*** (continued)

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the domestic rates of income tax as explained below:

	Group	
	2023	2022
	US$'000	US$'000
Profit before tax	**55,142**	142,052
Tax calculated at domestic rates applicable to profits in the respective countries	**12,836**	34,351
Effects of:		
- Tax incentives	**(1,302)**	(8,058)
- Expenses not deductible for tax purposes	**8,149**	7,778
- Income not subject to tax	**(1,454)**	(347)
- Deferred tax benefits not recognised	**1,481**	-
- Utilisation of previously unrecognised capital allowance/tax losses	**(3,878)**	(3,137)
- Under/(Over) provision of tax in prior financial years	**596**	(1,727)
- Others	**142**	129
	16,570	28,989

Singapore and Malaysia, two of the Group's main tax jurisdictions, had headline corporate tax rates of 17% and 24% (2022: 17% and 24%) respectively. The Group enjoys certain tax incentives such as concessionary tax rate in Singapore, and Malaysia.

Under/(Over) provision in prior financial years

For the financial year ended 31 December 2023 and 2022, the under/(over) provision of current income tax in respect of prior financial years mainly relates to the final tax outcome being different from the amounts that were originally estimated for capital allowances, incentives and the deductibility of certain expenses in the various tax jurisdictions.

Notes to the Financial Statements

For the financial year ended 31 December 2023

10. INCOME TAXES (continued)

(b) OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. In the Singapore 2023 Budget Statement, the Singapore government has announced that the country would implement the Global Anti-Base Erosion ("GloBE") rules including a domestic top-up tax ("DTT") from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure.

As the Group enjoys certain concessionary tax rates in Singapore and Malaysia, the Group might be liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction up to the minimum rate of 15%. Since the legislation was not effective at the reporting date, the Group will assess the potential full impact in the future reporting period depending on the applicable tax rates thereupon.

11. CURRENT INCOME TAXES LIABILITIES

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Beginning of the year	**(14,086)**	(6,916)	**(91)**	(110)
Currency translation differences	**305**	228	**(10)**	(1)
Income tax paid	**29,495**	21,302	**1,638**	490
Tax expense (Note 10)	**(16,193)**	(29,246)	**(1,932)**	(483)
(Under)/Over provision in prior financial years (Note 10)	**(383)**	546	**(94)**	13
End of the financial year	**(862)**	(14,086)	**(489)**	(91)
Represented by:				
At 31 December				
- Current income tax recoverable	**5,468**	874	**-**	-
- Current income tax liabilities	**(6,330)**	(14,960)	**(489)**	(91)

Notes to the Financial Statements

For the financial year ended 31 December 2023

12. EARNINGS PER SHARE

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

	Group	
	2023	2022
Net profit attributable to equity holders of the Company (US$'000)	**40,581**	113,644
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**1,500,667**	1,500,667
Basic earnings per share (US cents per share)	**2.70**	7.57

Diluted earnings per share was the same as the basic earnings per share for the financial years ended 31 December 2023 and 2022 as there were no potential dilutive ordinary shares outstanding.

13. INVENTORIES

	Group	
	2023	2022
	US$'000	US$'000
Raw materials	**140,667**	167,197
Finished goods	**284,914**	286,650
Stores, spares and consumables	**10,386**	10,504
	435,967	464,351

The cost of inventories recognised as an expense and included in "cost of sales" amounts to US$3,714,291,000 (2022: US$4,900,687,000).

As at 31 December 2023, bank borrowings (Note 26) are secured on inventories of the Group with carrying amounts of US$6,844,000 (2022: US$Nil).

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. TRADE RECEIVABLES

	Group	
	2023	2022
	US$'000	US$'000
Trade receivables		
- Related parties [Note 35(a)]	**12,533**	15,764
- Non-related parties	**300,982**	493,331
	313,515	509,095
Less: Allowance for expected credit losses		
- Non-related parties [Note 34(b)]	**(9,149)**	(9,378)
Trade receivables - net	**304,366**	499,717

15. OTHER RECEIVABLES

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Loans to subsidiaries	**-**	-	**444,304**	394,450
Less: Allowance for expected credit losses	**-**	-	**(80,583)**	(75,819)
	-	-	**363,721**	318,631
Non-trade receivables				
- Related parties [Note 35(a)]	**1**	50	**-**	-
- Non-related parties	**26,995**	27,644	**-**	-
	26,996	27,694	**-**	-
Dividend receivables from a subsidiary	**-**	-	**1,000**	-
Deposits	**35,809**	59,436	**-**	-
Prepayments	**34,635**	41,837	**15**	10
	97,440	128,967	**364,736**	318,641

Notes to the Financial Statements

For the financial year ended 31 December 2023

15. OTHER RECEIVABLES (continued)

Group

As at 31 December 2023, non-trade receivables included US$9,340,000 (2022: US$5,701,000) refundable Goods and Service Tax, and US$8,351,000 (2022: US$11,882,000) relating to subsidy receivable for cooking oil price stabilisation scheme.

As at 31 December 2023, deposits included US$35,169,000 (2022: US$58,634,000) paid to Bursa Malaysia Derivatives Clearing Bhd for commodity trading initial and variation margin payment.

As at 31 December 2023, prepayments included US$5,627,000 (2022: US$15,089,000) for capital expenditure and US$19,094,000 (2022: US$20,932,000) for purchase of raw materials.

Company

Loans to subsidiaries amounting to US$398,530,000 (2022: US$392,058,000) are unsecured, bear interests from 3.0% to 9.2% (2022: 0.1% to 6.6%) per annum and repayable on demand. The remaining amounts are unsecured, non-interest bearing and repayable on demand.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Currency forward contracts are entered into by the Group to manage exposure to fluctuations in foreign currency exchange rates.

The Group enters into commodities forward contracts and futures contracts to protect the Group from movements in market prices, primarily in crude palm oil and palm oil products by establishing the price at which the products will be sold or purchased.

(a) Current portion

	Contract notional amount	**Group Fair values**	
		Asset	**Liability**
	US$'000	US$'000	US$'000
31 December 2023			
Currency forward contracts [Note 34(e)]	**1,014,030**	13,049	(7,196)
Commodities forward contracts [Note 34(e)]	**743,122**	9,903	(17,993)
Futures contracts on commodity exchange [Note 34(e)]	**876,805**	-	(12,212)
Total		**22,952**	**(37,401)**

Notes to the Financial Statements

For the financial year ended 31 December 2023

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Current portion (continued)

	Contract notional amount	Group Fair values	
		Asset	**Liability**
	US$'000	US$'000	US$'000
31 December 2022			
Currency forward contracts [Note 34(e)]	881,672	8,793	(10,605)
Commodities forward contracts [Note 34(e)]	997,767	42,568	(27,194)
Futures contracts on commodity exchange [Note 34(e)]	630,909	-	(17,248)
Total		51,361	(55,047)

(b) Non-current portion

	Contract notional amount	Group Fair values	
		Asset	**Liability**
	US$'000	US$'000	US$'000
31 December 2023			
Futures contracts on commodity exchange [Note 34(e)]	**11,159**	**386**	**-**
31 December 2022			
Futures contracts on commodity exchange [Note 34(e)]	394	7	-

17. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**128,002**	100,106	**94**	766
Short-term bank deposits	**3,920**	2,743	**4**	4
	131,922	102,849	**98**	770

Notes to the Financial Statements

For the financial year ended 31 December 2023

17. CASH AND BANK BALANCES (continued)

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

	Group	
	2023	2022
	US$'000	US$'000
Cash and bank balances (as above)	**131,922**	102,849
Less: Restricted short term bank deposits	**(337)**	(651)
Cash and cash equivalents per consolidated statement of cash flows	**131,585**	102,198

Please refer to Note 37 for the effects of acquisition of subsidiaries in the cash flow of the Group.

Restricted short term bank deposits are pledged as security for certain product license.

18. INTANGIBLE ASSET

	Group	
	2023	2022
	US$'000	US$'000
Goodwill arising from acquisition of subsidiaries		
Beginning of financial year	**6,000**	4,473
Acquisition of a subsidiary	**-**	1,527
Impairment losses	**(765)**	-
End of financial year	**5,235**	6,000

In the current financial year, the Group completed the acquisition of 100% of the issued equity of PT Kencana Inti Perkasa ("PTKIP"), an Indonesian company which owns and operates facilities in palm oil business, from non-related parties, through its wholly owned subsidiaries, PT Agro Perkasa, a company incorporated in Indonesia and Cavenagh Oleo (S) Pte Ltd, a company incorporated in Singapore for a total purchase consideration of US$1,647,000.

In the previous financial year, the Group completed the acquisition of 100% of the issued equity of PT Simpang Kanan Lestarindo ("PTSKL"), an Indonesian company which owns and operates facilities in palm oil business, from non-related parties, through its wholly owned subsidiaries, PT Agro Perkasa, a company incorporated in Indonesia and Cavenagh Oleo (S) Pte Ltd, a company incorporated in Singapore for a total purchase consideration of US$5,731,000.

During the financial year, the Group has finalised the fair values of the identified assets acquired and liabilities assumed for the acquisition of PTSKL and PTKIP. Further details are disclosed in Note 37 to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2023

18. INTANGIBLE ASSET (continued)

Impairment tests for goodwill

Goodwill arising from business combinations have been allocated to the respective cash-generating units ("CGUs"). The carrying amount of goodwill allocated to each CGU are as follows:

	Bulk 1	Bulk 2	Consumer Pack	Total
	US$'000	US$'000	US$'000	US$'000
2023				
Goodwill	**205**	**1,527**	**3,503**	**5,235**
2022				
Goodwill	970	1,527	3,503	6,000

The recoverable amount of the CGUs was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	2023	2022
Discount rate (pre-tax)	**10.1% to 12.9%**	12.9%
Terminal growth rate	**4.0% to 5.0%**	5.1%

The terminal growth rate used is consistent with the forecast included in industry reports and did not exceed the long-term average growth rate for the business in which the CGUs operates. The discount rate used was pre-tax and reflected specific risks relevant to the CGUs.

Based on the recoverable amounts determined by management, the Group has recognised an impairment charge during the financial year amounting to US$765,000 (31 December 2022: US$Nil).

Notes to the Financial Statements

For the financial year ended 31 December 2023

19. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Furniture, fixtures and office equipment	Motor vehicles	Vessels	Mature plants	Capital expenditure in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
2023									
Cost									
Beginning of financial year	26,154	152,313	425,928	24,825	9,631	13,401	9,881	84,571	746,704
Currency translation differences	(1,121)	(2,707)	(16,920)	(436)	(109)	-	444	(1,986)	(22,835)
Additions	6	2,415	5,372	1,933	1,147	131	-	74,543	85,547
Acquisition of a subsidiary (Note 37)	-	3,226	3,361	45	126	-	-	-	6,758
Additions - Right-of-use assets	-	1,253	-	-	36	-	-	-	1,289
Remeasurement of lease liability	-	(217)	-	-	-	-	-	-	(217)
Disposals	-	(296)	(494)	(187)	(262)	(5,549)	-	-	(6,788)
Write off	-	-	(195)	(40)	(23)	-	-	(486)	(744)
Reclassification	752	2,144	25,459	33	-	(130)	-	(28,258)	-
End of financial year	25,791	158,131	442,511	26,173	10,546	7,853	10,325	128,384	809,714
Accumulated depreciation									
Beginning of financial year	3,999	35,446	183,369	18,740	6,697	4,220	1,008	-	253,479
Currency translation differences	(167)	(797)	(7,433)	(326)	(85)	-	25	-	(8,783)
Depreciation charge (Note 7)	579	3,100	18,211	1,695	1,127	951	126	-	25,789
Disposals	-	(66)	(291)	(180)	(264)	(1,244)	-	-	(2,045)
Write off	-	-	(65)	(38)	(23)	-	-	-	(126)
Reclassification	-	-	30	(30)	-	-	-	-	-
End of financial year	4,411	37,683	193,821	19,861	7,452	3,927	1,159	-	268,314
Accumulated impairment losses									
Beginning of financial year	-	18,579	45	247	66	-	6,815	26,866	52,618
Impairment losses (net) (Note 6)	-	(27)	272	-	-	-	-	3,539	3,784
End of financial year	-	18,552	317	247	66	-	6,815	30,405	56,402
Net book value									
End of financial year	**21,380**	**101,896**	**248,373**	**6,065**	**3,028**	**3,926**	**2,351**	**97,979**	**484,998**

Notes to the Financial Statements

For the financial year ended 31 December 2023

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Furniture, fixtures and office equipment	Motor vehicles	Vessels	Mature plants	Capital expenditure in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
2022									
Cost									
Beginning of financial year	24,059	150,086	435,883	24,967	9,190	12,390	12,957	52,715	722,247
Currency translation differences	(1,226)	(6,839)	(23,175)	(857)	(345)	-	(2,018)	(674)	(35,134)
Additions	3,230	2,048	7,247	2,000	675	1,814	-	39,022	56,036
Acquisition of a subsidiary (Note 37)	-	1,282	3,938	-	2	-	-	-	5,222
Remeasurement of lease liability	-	3,399	-	-	417	-	-	-	3,816
Disposals	-	(99)	(1,350)	(332)	(260)	-	-	-	(2,041)
Write off	-	(897)	(659)	(621)	(48)	(1,217)	-	-	(3,442)
Reclassification	91	3,333	4,044	(332)	-	414	(1,058)	(6,492)	-
End of financial year	26,154	152,313	425,928	24,825	9,631	13,401	9,881	84,571	746,704
Accumulated depreciation									
Beginning of financial year	3,633	34,732	174,753	18,806	5,974	4,022	472	-	242,392
Currency translation differences	(189)	(1,408)	(8,622)	(537)	(198)	-	(142)	-	(11,096)
Depreciation charge (Note 7)	555	3,117	18,715	1,503	1,199	1,415	678	-	27,182
Disposals	-	(99)	(947)	(323)	(260)	-	-	-	(1,629)
Write off	-	(896)	(619)	(620)	(18)	(1,217)	-	-	(3,370)
Reclassification	-	-	89	(89)	-	-	-	-	-
End of financial year	3,999	35,446	183,369	18,740	6,697	4,220	1,008	-	253,479
Accumulated impairment losses									
Beginning of financial year	-	1,261	69	247	66	-	2,816	27,451	31,910
Impairment losses (Note 6)	-	17,318	(24)	-	-	-	3,999	(585)	20,708
End of financial year	-	18,579	45	247	66	-	6,815	26,866	52,618
Net book value									
End of financial year	22,155	98,288	242,514	5,838	2,868	9,181	2,058	57,705	440,607

Notes to the Financial Statements

For the financial year ended 31 December 2023

19. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Right-of-use ("ROU") assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 20(a).

(b) As at 31 December 2023, bank borrowings (Note 26) are secured on property, plant and equipment of the Group with carrying amounts of US$329,105,000 (2022: US$210,436,000).

(c) Interest capitalised within capital expenditure in progress amounted to US$194,000 (2022: US$449,000) for the financial year ended 31 December 2023. Finance expenses were capitalised at interest rates ranging from 6.4% to 7.6% per annum (2022: 5.5% per annum).

20. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Property

The Group leases office space, warehouse for the purpose of back office operations, refining and selling vegetable oil products and dairy-based products.

Leasehold land

The Group makes monthly lease payments for leasehold land. The right-of-use of the land is recognised within property, plant and equipment (Note 19).

There is no externally imposed covenant on these lease arrangements.

Equipment and vehicles

The Group leases motor vehicles and equipment to render logistic services. The lease arrangements prohibit the Group from subleasing the equipment to third parties.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	2023	2022
	US$'000	US$'000
Group		
Leasehold land and buildings	**56,912**	69,063
Motor vehicles	**185**	321
Total	**57,097**	69,384

Notes to the Financial Statements

For the financial year ended 31 December 2023

20. LEASES – THE GROUP AS A LESSEE (continued)

(b) Depreciation charge during the year

	2023 US$'000	2022 US$'000
Group		
Leasehold land and buildings	**1,918**	2,216
Plant and equipment	**-**	10
Motor vehicles	**172**	100
Total	**2,090**	2,326

(c) Interest expense

	2023 US$'000	2022 US$'000
Group		
Interest expense on lease liabilities (Note 9)	**722**	366

(d) Lease expense not capitalised in lease liabilities

	2023 US$'000	2022 US$'000
Group		
Lease expense – short-term leases	**2,379**	1,786
Lease expense – low-value leases	**1,190**	1,068
Total (Note 7)	**3,569**	2,854

(e) Lease liabilities

	2023 US$'000	2022 US$'000
Group		
Current		
Lease liabilities	**739**	572
Non-current		
Lease liabilities	**9,030**	8,798

Notes to the Financial Statements

For the financial year ended 31 December 2023

20. LEASES – THE GROUP AS A LESSEE (continued)

(f) Total cash outflow for all the leases in 2023 was US$4,974,000 (2022: US$3,728,000).

(g) Addition of ROU assets during the financial year 2023 was US$3,506,000 (2022: US$4,363,000).

During the financial year, addition of ROU assets which were financed by lease liability and prepayment were US$1,289,000 (2022: US$Nil) (Note 19) and US$2,217,000 (2022: US$4,363,000) respectively.

(h) Future cash outflow which are not capitalised in lease liabilities:

Extension options

i. Extension option exercisable by the Group

The lease for certain asset contains extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise the extension option. The Group negotiates extension option to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension option is exercisable by the Group and not by the lessor.

ii. Extension option subject to terms and conditions

The lease for certain asset contains extension period, for which the related lease payments had not been included in lease liabilities as the option to extend is subject to the approval of the lessor.

21. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out office space to non-related parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from leasing of office space is disclosed in Note 5.

Maturity analysis of lease payments – Group as a lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases after the reporting date as follows:

	2023	2022
	US$'000	US$'000
Less than one year	**165**	140
One to two years	**139**	-
Total undiscounted lease payment	**304**	140

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For the financial year ended 31 December 2023

22. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	US$'000	US$'000
Equity investments at cost		
Beginning and end of financial year	**849**	849

Details of the significant subsidiaries are included in Note 41. There are no subsidiaries with non-controlling interest that are material to the Group as at 31 December 2023 and 2022.

23. INVESTMENT IN ASSOCIATED COMPANY

	Group	
	2023	2022
	US$'000	US$'000
Equity investment at cost		
Beginning of financial year	**498**	582
Share of profit/(losses)	**28**	(54)
Dividends	**(11)**	-
Currency translation differences	**(21)**	(30)
End of financial year	**494**	498

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

	Group	
	2023	2022
	US$'000	US$'000
Assets	**1,357**	1,399
Liabilities	**(349)**	(383)
Carrying value of associated company	**1,008**	1,016
Effective interest of the Group in associated company	**49%**	49%
Carrying value of group's interest in associated company	**494**	498

Notes to the Financial Statements

For the financial year ended 31 December 2023

23. INVESTMENT IN ASSOCIATED COMPANY (continued)

	Group	
	2023	2022
	US$'000	US$'000
Revenue	**3,694**	3,896
Net profit/(loss)	**58**	(111)
Effective interest of the Group in associated company	**49%**	49%
Share of profit/(loss) of associated company	**28**	(54)
Dividends received from associate	**11**	-

In the opinion of management, the associated company is not material to the Group.

24. TRADE PAYABLES

	Group	
	2023	2022
	US$'000	US$'000
Trade payables		
- Related parties [Note 35(a)]	**159**	336
- Non-related parties	**114,257**	151,191
	114,416	151,527

25. OTHER PAYABLES

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Non-trade payables				
- Associated company	**780**	955	**-**	-
- Non-related parties	**43,390**	42,865	**-**	-
	44,170	43,820	**-**	-
Deferred income	**4,775**	10,367	**-**	-
Accrual for operating expenses	**39,553**	36,577	**246**	205
Provision for legal claim	**498**	4,724	**-**	-
	88,996	95,488	**246**	205

Notes to the Financial Statements

For the financial year ended 31 December 2023

25. OTHER PAYABLES (continued)

Non-trade amounts due to associated company and related parties relate mainly to forwarding services and rental of premises, and are unsecured, interest-free and repayable on demand.

In the previous financial year, provision for legal claim amounting to US$4,200,000 mainly relates to a legal claim in relation to certain project construction contractual disputes between its wholly-owned subsidiary, and a contractor.

In the current financial year, the legal claim was fully settled and the remaining provision in respect of the above claim, of US$205,000 (Note 6) was written back.

26. BORROWINGS

	Group	
	2023	2022
	US$'000	US$'000
Current		
Bank borrowings:		
- Trade financing	**249,787**	415,156
- Revolving credit	**9,767**	1,589
- Hire purchase	**504**	498
- Term loans	**28,002**	26,016
	288,060	443,259
Non-current		
Bank borrowings:		
- Hire purchase	**938**	1,509
- Term loans	**102,576**	96,011
	103,514	97,520
Total borrowings	**391,574**	540,779

(a) Securities granted

Total borrowings include secured liabilities of US$126,885,000 (2022: US$107,962,000). The borrowings of the Group are secured by certain inventories as disclosed in Note 13 and property, plant and equipment as disclosed in Note 19(b).

(b) Fair value of non-current borrowings

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

27. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, were shown on the balance sheet as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Deferred income tax assets	**365**	779	**-**	-
Deferred income tax liabilities	**(32,651)**	(34,421)	**(2,414)**	(1,363)

Movement in the net deferred income tax account is as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**(33,642)**	(35,026)	**(1,363)**	(1,731)
Currency translation differences	**1,350**	1,673	**-**	-
Tax (charged)/credited to				
- Profit or loss	**6**	(289)	**(1,051)**	368
End of financial year	**(32,286)**	(33,642)	**(2,414)**	(1,363)

Notes to the Financial Statements

For the financial year ended 31 December 2023

27. DEFERRED INCOME TAXES (continued)

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

Group

Deferred income tax liabilities

	Accelerated tax depreciation	Unremitted foreign income	Unrealised gains on derivative financial instruments	Fair value adjustments on acquisition of subsidiaries	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2023						
At 1 January 2023	(38,025)	(1,514)	(2,612)	(1,262)	(557)	(43,970)
Currency translation differences	1,674	-	79	-	-	1,753
(Charged)/Credited to						
- Profit or loss	(3,457)	(1,051)	2,251	122	-	(2,135)
End of financial year	**(39,808)**	**(2,565)**	**(282)**	**(1,140)**	**(557)**	**(44,352)**
2022						
At 1 January 2022	(34,975)	(1,882)	(962)	(1,256)	(557)	(39,632)
Currency translation differences	1,760	-	74	-	-	1,834
(Charged)/Credited to						
- Profit or loss	(4,810)	368	(1,724)	(6)	-	(6,172)
End of financial year	(38,025)	(1,514)	(2,612)	(1,262)	(557)	(43,970)

Notes to the Financial Statements

For the financial year ended 31 December 2023

27. DEFERRED INCOME TAXES (continued)

Group (continued)

Deferred income tax assets

	Unutilised tax losses	Unutilised reinvestment allowance	Provision and others	Total
	US$'000	US$'000	US$'000	US$'000
2023				
Beginning of financial year	3,722	1,431	5,175	10,328
Currency translation differences	(156)	(76)	(171)	(403)
(Charged)/Credited to				
- Profit or loss	(1,102)	2,570	673	2,141
End of financial year	**2,464**	**3,925**	**5,677**	**12,066**
2022				
Beginning of financial year	53	858	3,695	4,606
Currency translation differences	11	(41)	(131)	(161)
Credited to				
- Profit or loss	3,658	614	1,611	5,883
End of financial year	3,722	1,431	5,175	10,328

Deferred income tax assets are recognised for unutilised tax losses and unutilised investment allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The unrecognised unutilised tax losses amounted to approximately US$22,677,000 as at 31 December 2023 (2022: US$20,199,000) and have no expiry dates except for US$15,794,000 (2022: US$14,001,000) which would expire between 2024 to 2028 (2022: 2023 to 2027) and US$4,631,000 (2022: US$4,445,000) which would expire between 2029 to 2033 (2022: 2028 to 2030). These unrecognised unutilised tax losses can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unutilised tax losses in their respective countries of incorporation. In addition, a foreign subsidiary has unrecognised unutilised investment allowance of US$57,705,000 as at 31 December 2023 (2022: US$59,803,000) with no expiry date.

Notes to the Financial Statements

For the financial year ended 31 December 2023

27. DEFERRED INCOME TAXES (continued)

Company

Deferred income tax liabilities

	Unremitted foreign income	
	2023	2022
	US$'000	US$'000
Beginning of financial year	**(1,363)**	(1,731)
(Charged)/Credited to		
- Profit or loss	**(1,051)**	368
End of financial year	**(2,414)**	(1,363)

28. SHARE CAPITAL AND SHARE PREMIUM

	No. of ordinary shares		Amount		
	Authorised share capital at par value of US$0.001	**Issued share capital at par value of US$0.001**	**Authorised share capital at par value of US$0.001**	**Share capital at par value of US$0.001**	**Share premium**
	'000	'000	US$'000	US$'000	US$'000
Group and Company					
2023					
Beginning and end of financial year, ordinary shares at par value, US$0.001	**30,000,000**	**1,500,667**	**30,000**	**1,501**	**180,012**
2022					
Beginning and end of financial year, ordinary shares at par value, US$0.001	30,000,000	1,500,667	30,000	1,501	180,012

All issued ordinary shares were fully paid. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2023

29. OTHER RESERVES

	Group	
	2023	2022
	US$'000	US$'000
(a) Composition:		
Merger reserve	**(53,005)**	(53,005)
General reserve	**(153)**	(308)
Currency translation reserve	**(8,554)**	873
Capital redemption reserve	**3,509**	3,509
	(58,203)	(48,931)

	Company	
	2023	2022
	US$'000	US$'000
Composition:		
Capital redemption reserve	**3,509**	3,509

Merger reserve represents the difference between the cost of investment (equivalent to the net asset value) and nominal value of share capital of the merged subsidiaries.

General reserve represents the difference between the carrying amounts of the non-controlling interest acquired and the fair value of the consideration paid.

Capital redemption reserve represents the difference between the nominal value of the shares repurchased and fair value of the consideration paid.

Other reserves are non-distributable.

Notes to the Financial Statements

For the financial year ended 31 December 2023

29. OTHER RESERVES (continued)

	Group	
	2023	2022
	US$'000	US$'000
(b) Movements		
(i) Merger reserve		
Beginning and end of financial year	**(53,005)**	(53,005)
(ii) General reserve		
Beginning of financial year	**(308)**	(1,425)
Acquisition of non-controlling interests*	**155**	1,117
End of financial year	**(153)**	(308)
(iii) Currency translation reserve		
Beginning of financial year	**873**	12,057
Net currency translation differences of foreign subsidiaries	**(9,456)**	(11,086)
Add/(Less): Non-controlling interests	**29**	(98)
	(9,427)	(11,184)
End of financial year	**(8,554)**	873

	Group and Company	
	2023	2022
	US$'000	US$'000
(iv) Capital redemption reserve		
Beginning and end of financial year	**3,509**	3,509

* Group acquired shares from its non-controlling shareholders. The amount is insignificant to the Group.

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30. RETAINED PROFITS

Movement in retained profits for the Company was as follows:

	Company	
	2023	2022
	US$'000	US$'000
Beginning of financial year	**133,579**	122,274
Total comprehensive income for the financial year	**61,230**	21,744
Dividends (Note 31)	**(17,297)**	(10,439)
End of financial year	**177,512**	133,579

31. DIVIDENDS

	Group and Company	
	2023	2022
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt one-tier dividend of S$0.0140 for 2022 (2021: S$0.0081) per share	**15,717**	8,806
- Interim exempt one-tier dividend of S$0.0014 for 2023 (2022: S$0.0015) per share	**1,580**	1,633
	17,297	10,439
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
- Final exempt one-tier dividend of S$0.0061 for 2023 (2022: S$0.0140) per share	**6,940**	15,237

Notes to the Financial Statements

For the financial year ended 31 December 2023

32. CONTINGENT LIABILITIES

Group

In the previous financial year, one of the wholly owned subsidiaries of the Company (the "Subsidiary") received notices from local land authorities in relation to revised project completion timelines and potential penalties due to delay in their manufacturing plant project. The project was suspended due to an ongoing arbitration with their contractor. Based on the legal advice obtained in previous financial year, the penalties, if any, is dependent on the local land authorities' judgment and decision based on the reasons for extension of the project. As of 31 December 2022, no provisions have been made for the penalties as the outcome was not determinable. In July 2023, the arbitration process was completed. Subsequently, the subsidiary received approval on its construction permits from the local authorities, allowing the resumption of the construction activities. The subsidiary did not receive any further notices from the local authorities regarding potential penalties for the delay in completion of the construction. Based on legal advice, the management assessed that the possibility of the potential penalties is remote.

Company

The Company has issued unsecured corporate guarantees to banks for borrowings to certain subsidiaries. As at 31 December 2023, the borrowings under the guarantees amounted to US$368,562,000 (31 December 2022: US$501,084,000). The financial effects of SFRS(I) 9 relating to the financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised. The management does not expect any loss to arise from the guarantees.

33. COMMITMENTS

Capital commitments

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

	Group	
	2023	2022
	US$'000	US$'000
Property, plant and equipment	**47,064**	56,530

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34. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, commodity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forward contracts, commodities forward and futures contracts to hedge certain financial risk exposures.

Financial risk management is carried out by the Executive Risk Management Team in accordance with the policies set by the Board of Directors. The Executive Risk Management Team works closely with the Group's operating units in identifying, evaluating and managing financial risks. Regular reports are submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group's revenue is denominated primarily in United States Dollar ("USD"), the functional and reporting currency of the Company. There are some exposures in other currencies, the most significant of which are the Malaysian Ringgit ("Ringgit"), Euro ("EUR"), Singapore Dollar ("SGD"), Australian Dollar ("AUD"), Indonesian Rupiah ("IDR"), Chinese Yuan ("CNY") and United Arab Emirates Dirham ("AED"). Currency risk arises within entities in the Group when transactions are denominated in currencies other than the entities' functional currencies.

The Group's risk management strategy provides for the use of currency forward contracts to hedge its future committed foreign exchange exposures, if necessary.

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management was as follows:

	USD* US$'000	Ringgit US$'000	EUR US$'000	SGD US$'000	AUD US$'000	IDR US$'000	CNY US$'000	AED US$'000
At 31 December 2023								
Financial assets								
Cash and bank balances	1,427	41,193	9,697	2,244	507	4,035	371	22,788
Trade and other receivables	10,414	94,802	53,805	5,998	4,358	1,483	1,315	343
Intercompany receivables	35,084	179,129	86,985	49	642	35,071	13,073	170
	46,925	315,124	150,487	8,291	5,507	40,589	14,759	23,301
Financial liabilities								
Borrowings	-	(198,937)	-	(9,417)	-	-	-	-
Lease liabilities	-	(1,505)	-	(6,996)	(303)	-	(102)	-
Trade and other payables	(13,313)	(88,089)	(14,498)	(13,064)	(439)	(8,700)	(620)	(879)
Intercompany payables	(249,035)	(179,129)	(86,985)	(49)	(642)	(35,071)	(13,073)	(170)
	(262,348)	(467,660)	(101,483)	(29,526)	(1,384)	(43,771)	(13,795)	(1,049)
Net financial (liabilities)/ assets	(215,423)	(152,536)	49,004	(21,235)	4,123	(3,182)	964	22,252
Add: Firm commitments and highly probable forecast transactions in foreign currencies	317,320	(18,241)	89,047	138	4,822	(13,988)	(12,563)	901
Less: Currency forward contracts	(144,619)	224,290	(183,561)	10,776	(7,960)	-	(5,105)	(457)
Currency profile	(42,722)	53,513	(45,510)	(10,321)	985	(17,170)	(16,704)	22,696
Financial liabilities/ (assets) denominated in the respective entities' functional currencies	-	(51,051)	47,691	1,975	(1,909)	36,498	24,558	1
Currency exposure of financial (liabilities) / assets net of those denominated in the respective entities' functional currencies	**(42,722)**	**2,462**	**2,181**	**(8,346)**	**(924)**	**19,328**	**7,854**	**22,697**

* This relates to the Group's exposure to USD arising from subsidiaries with Ringgit functional currency.

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(a) ***Market risk*** (continued)

(i) *Currency risk* (continued)

The Group's currency exposure based on the information provided to key management was as follows: (continued)

	USD* US$'000	Ringgit US$'000	EUR US$'000	SGD US$'000	AUD US$'000	IDR US$'000	CNY US$'000
At 31 December 2022							
Financial assets							
Cash and bank balances	14,224	38,841	6,603	6,094	211	6,425	606
Trade and other receivables	16,693	126,331	103,119	5,580	5,628	7,915	4,145
Intercompany receivables	79,345	224,551	174,363	97	7,627	20,132	11,546
	110,262	389,723	284,085	11,771	13,466	34,472	16,297
Financial liabilities							
Borrowings	-	(292,909)	-	(12,885)	-	(4,895)	-
Lease liabilities	-	(1,357)	-	(7,230)	(475)	-	(169)
Trade and other payables	(13,577)	(113,190)	(7,447)	(14,559)	(592)	(8,199)	(6,047)
Intercompany payables	(285,736)	(224,551)	(174,363)	(97)	(7,627)	(20,131)	(11,546)
	(299,313)	(632,007)	(181,810)	(34,771)	(8,694)	(33,225)	(17,762)
Net financial (liabilities)/ assets	(189,051)	(242,284)	102,275	(23,000)	4,772	1,247	(1,465)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	238,771	(47,493)	51,508	(5,010)	2,004	(16,786)	(8,043)
Less: Currency forward contracts	(137,534)	276,829	(251,412)	13,154	(13,711)	-	(10,262)
Currency profile	(87,814)	(12,948)	(97,629)	(14,856)	(6,935)	(15,539)	(19,770)
Financial liabilities denominated in the respective entities' functional currencies	-	2,196	92,418	2,394	4,390	35,049	22,700
Currency exposure of financial (liabilities) /assets net of those denominated in the respective entities' functional currencies	(87,814)	(10,752)	(5,211)	(12,462)	(2,545)	19,510	2,930

* This relates to the Group's exposure to USD arising from subsidiaries with Ringgit functional currency.

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management was as follows:

	SGD US$'000	IDR US$'000
At 31 December 2023		
Financial assets		
Cash and bank balances	32	-
Other receivables	-	19,599
	32	19,599
Financial liabilities		
Other payables	(246)	-
Net financial (liabilities)/assets	(214)	19,599
Currency profile/currency exposure of financial (liabilities)/ assets net of those denominated in the Company's functional currency	**(214)**	**19,599**
At 31 December 2022		
Financial assets		
Cash and bank balances	150	-
Other receivables	-	9,929
	150	9,929
Financial liabilities		
Other payables	(205)	-
Net financial (liabilities)/assets	(55)	9,929
Currency profile/currency exposure of financial (liabilities)/ assets net of those denominated in the Company's functional currency	(55)	9,929

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If Ringgit, EUR, SGD, AUD, IDR, CNY and AED change by 5% (2022: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position net of those denominated in the respective entities' functional currencies are as follows:

	Profit after tax Increase/(Decrease)	
	US$'000	US$'000
	Strengthened	**Weakened**
Group		
31 December 2023		
USD against Ringgit	**(1,494)**	**1,494**
Ringgit against USD	**86**	**(86)**
EUR against USD	**76**	**(76)**
SGD against USD	**(292)**	**292**
AUD against USD	**(32)**	**32**
IDR against USD	**676**	**(676)**
CNY against USD	**275**	**(275)**
AED against USD	**794**	**(794)**
31 December 2022		
USD against Ringgit	(3,495)	3,495
Ringgit against USD	(428)	428
EUR against USD	(207)	207
SGD against USD	(496)	496
AUD against USD	(101)	101
IDR against USD	776	(776)
CNY against USD	117	(117)

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(a) ***Market risk*** (continued)

(i) *Currency risk* (continued)

If SGD and IDR change against USD by 5% (2022: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the financial asset/liability position net of those denominated in the respective entities' functional currencies are as follows:

	Profit after tax Increase/(Decrease)	
	US$'000	US$'000
	Strengthened	**Weakened**
Company		
31 December 2023		
SGD against USD	**(10)**	**10**
IDR against USD	**933**	**(933)**
31 December 2022		
SGD against USD	(2)	2
IDR against USD	495	(495)

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(a) *Market risk* (continued)

(iii) *Commodity price risk*

The Group is exposed to fluctuations in the prices of agri-commodities it deals in, including crude palm oil and palm oil products. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. As the Group has not adopted hedge accounting, the fair value changes on these derivative financial instruments are recognised in the profit or loss when the changes arise.

The Group's commodities forward contracts are not traded in an active market and hence their fair values are estimated using a valuation technique as described in Note 34(e).

If the commodities forward prices had been higher or lower by 5% from the management's estimates and other variables remain constant, the Group's profit after tax would have been lower or higher by US$15,970,000 (2022: US$11,304,000) respectively, arising from the changes in the fair value of the commodities forward contracts.

(b) *Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are trade and other receivables, cash and bank balances, and derivative financial instruments. For trade and other receivables and commodities forward contracts, the Group adopts the policy of dealing only with customers of appropriate credit standing and history or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(b) *Credit risk* (continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2023	2022
	US$'000	US$'000
Corporate guarantees provided to financial institutions on subsidiaries' borrowings	**368,562**	501,084

The management is of the view that no loss is expected to arise from the guarantees.

The credit risk relating to each class of financial instruments presented on the balance sheet are as follows:

(i) *Cash and bank balances and other receivables*

The Group and the Company held cash and bank balances of US$131,922,000 and US$98,000 respectively (2022: US$102,849,000 and US$770,000) with banks which have good credit-ratings and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

The Group has assessed that other receivables are subject to immaterial credit loss.

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(b) ***Credit risk*** (continued)

(ii) Trade receivables

For specific trade receivables identified by the Group to be credit impaired, the Group recognised a loss allowance equal to lifetime expected credit loss of US$9,149,000 (2022: US$9,378,000) in respect of these receivables, as follows:

	Group	
	2023	2022
	US$'000	US$'000
Gross amount	**40,111**	23,970
Less: Allowance for expected credit losses	**(9,149)**	(9,378)
	30,962	14,592
Beginning of financial year	**(9,378)**	(15,356)
Currency translation differences	**108**	704
(Provision)/Reversal of expected credit losses	**(2,750)**	1,597
Allowance utilised	**2,871**	3,677
End of financial year	**(9,149)**	(9,378)

For the remaining receivables, they are grouped based on similar risk characteristics and days past due, and the Group uses a provision matrix to measure the lifetime expected credit loss allowance for these receivables. These receivables as at 31 December 2023 and 31 December 2022 are set out as follows:

	Group	
	2023	2022
	US$'000	US$'000
Trade receivables		
Not past due	**174,180**	229,703
Past due < 3 months	**93,318**	174,539
Past due 3 to 6 months	**2,470**	76,271
Past due 6 to 12 months	**825**	2,408
Past due over 1 year	**2,611**	2,204
	273,404	485,125

For the purpose of ascertaining the credit loss to be provided, the Group takes into consideration any deposits and payables to these customers, where there is a right of offset, as well as credit insurance coverage to determine the credit risk exposure to the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(b) *Credit risk* (continued)

(ii) *Trade receivables* (continued)

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on the above assessment, the Group has concluded that the credit loss from these receivables as at 31 December 2023 and 31 December 2022 is immaterial.

The Group considers a trade receivable as in default if the counterparty fails to make contractual payments within a commercially reasonable timeframe that is determined by the Group, and write off the trade receivable when there is no reasonable expectation of recovery. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(iii) *Loan to subsidiaries*

The Company monitors the credit risk of the subsidiaries to assess if there is any significant increase in credit risk.

For loans to subsidiaries identified by the Company to be credit impaired, the Company recognised credit loss of US$80,583,000 (2022: US$75,819,000). The remaining loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iv) *Financial guarantee contracts*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and maintaining flexibility in funding by keeping credit facilities available with different financial institutions. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 17.

The table below analyses financial liabilities (including derivative liabilities) of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting was not significant.

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(c) ***Liquidity risk*** (continued)

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
Group					
At 31 December 2023					
Trade and other payables	**(196,919)**	**-**	**-**	**-**	**(196,919)**
Borrowings	**(296,022)**	**(31,905)**	**(74,508)**	**(9,121)**	**(411,556)**
Lease liabilities	**(1,429)**	**(2,010)**	**(2,337)**	**(11,581)**	**(17,357)**
	(494,370)	**(33,915)**	**(76,845)**	**(20,702)**	**(625,832)**
Gross-settled currency forward contracts					
- Receipts	**674,541**	**-**	**-**	**-**	**674,541**
- Payments	**(339,489)**	**-**	**-**	**-**	**(339,489)**
	335,052	**-**	**-**	**-**	**335,052**
Gross-settled commodities futures contracts and forward sales and purchase contracts					
- Receipts	**542,046**	**386**	**-**	**-**	**542,432**
- Payments	**(213,289)**	**-**	**-**	**-**	**(213,289)**
	328,757	**386**	**-**	**-**	**329,143**
At 31 December 2022					
Trade and other payables	(236,515)	-	-	-	(236,515)
Borrowings	(450,394)	(33,728)	(57,600)	(15,724)	(557,446)
Lease liabilities	(1,015)	(958)	(2,061)	(12,971)	(17,005)
	(687,924)	(34,686)	(59,661)	(28,695)	(810,966)
Gross-settled currency forward contracts					
- Receipts	646,710	-	-	-	646,710
- Payments	(234,962)	-	-	-	(234,962)
	411,748	-	-	-	411,748
Gross-settled commodities futures contracts and forward sales and purchase contracts					
- Receipts	891,545	-	-	-	891,545
- Payments	(624,636)	(2)	-	-	(624,638)
	266,909	(2)	-	-	266,907

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(c) ***Liquidity risk*** (continued)

	Less than 1 year US$'000
Company	
At 31 December 2023	
Other payables	**(246)**
At 31 December 2022	
Other payables	(205)

The table below analyses the maturity profile of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts was allocated to the earliest period in which the guarantee could be called.

	Less than 1 year US$'000
Company	
At 31 December 2023	
Financial guarantee contracts	**(368,562)**
At 31 December 2022	
Financial guarantee contracts	(501,084)

(d) ***Capital risk***

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, obtain new borrowings or sell assets to reduce borrowings.

Management manages capital based on net assets of the Group and a number of key ratios including gross debt-equity ratio and net debt-equity ratio. The Group is required by the banks to maintain a certain amount of minimum net worth and gross debt-equity ratio. The gross debt-equity ratio is defined as total interest-bearing debts ("gross debt") to total equity. Net debt-equity ratio is defined as total interest-bearing debts less cash and bank balances ("net debt") to total equity.

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk (continued)

No changes were made to the objectives, policies or processes of managing capital during the financial years ended 31 December 2023 and 31 December 2022.

	Group	
	31 December	
	2023	2022
	US$'000	US$'000
Debt-equity ratio		
Gross debt*	**391,574**	540,779
Less: Cash and bank balances	**(131,922)**	(102,849)
Net debt	**259,652**	437,930
Total equity	**786,490**	774,758
Gross debt-equity ratio	**0.50**	0.70
Net debt-equity ratio	**0.33**	0.57

* Gross debt is calculated as total borrowings as disclosed in Note 26.

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2023 and 2022.

(e) Fair value measurements

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(e) ***Fair value measurements*** (continued)

	Level 1 US$'000	Level 2 US$'000	Total US$'000
Group			
31 December 2023			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	13,049	13,049
- Commodities forward contracts	-	9,903	9,903
- Futures contracts on commodity exchange	386	-	386
	386	**22,952**	**23,338**
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(7,196)	(7,196)
- Commodities forward contracts	-	(17,993)	(17,993)
- Futures contracts on commodity exchange	(12,212)	-	(12,212)
	(12,212)	**(25,189)**	**(37,401)**
31 December 2022			
Financial Assets			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	8,793	8,793
- Commodities forward contracts	-	42,568	42,568
- Futures contracts on commodity exchange	7	-	7
	7	51,361	51,368
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	(10,605)	(10,605)
- Commodities forward contracts	-	(27,194)	(27,194)
- Futures contracts on commodity exchange	(17,248)	-	(17,248)
	(17,248)	(37,799)	(55,047)

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

The Group's commodities forward contracts are not traded in an active market. Their fair values are estimated by a valuation technique that takes into consideration various sources of indicative market prices at the balance sheet date. The sources of indicative market prices include prices listed on the Malaysian Palm Oil Board (MPOB), prices obtained from an international news agency, quotes obtained from brokers, actual contracted prices entered on the balance sheet date. In determining the most appropriate and best estimated prices to be used, certain adjustments may be made depending on factors such as availability of prices on the forward delivery dates and whether the prices are reflective of market prices during the period when the volume of market transactions are low. The fair values of currency forward contracts are determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2.

The carrying value less allowance for expected credit losses of trade and other receivables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings and lease liabilities approximates their carrying amounts.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Financial assets at fair value through profit or loss	**23,338**	51,368	**-**	-
Financial liabilities at fair value through profit or loss	**(37,401)**	(55,047)	**-**	-
Financial assets at amortised cost	**489,753**	683,995	**364,819**	319,401
Financial liabilities at amortised cost	**(598,263)**	(786,666)	**(246)**	(205)

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. FINANCIAL RISK MANAGEMENT (continued)

(g) Offsetting financial assets and liabilities

Group

(i) *Financial assets subject to offsetting*

Description	(a) Gross amounts of financial assets US$'000	(b) Gross amount of financial liabilities set off on balance sheet US$'000	(c) = (a)-(b) Net amounts of financial assets presented on balance sheet US$'000
31 December 2023			
Commodities forward contracts	**11,281**	**(1,378)**	**9,903**
Futures contracts on commodity exchange	**9,310**	**(8,924)**	**386**
31 December 2022			
Commodities forward contracts	46,321	(3,753)	42,568

(ii) *Financial liabilities subject to offsetting*

Description	(a) Gross amounts of financial liabilities US$'000	(b) Gross amount of financial assets set off on balance sheet US$'000	(c) = (a)-(b) Net amounts of financial liabilities presented on balance sheet US$'000
31 December 2023			
Commodities forward contracts	**(19,371)**	**1,378**	**(17,993)**
Futures contracts on commodity exchange	**(21,136)**	**8,924**	**(12,212)**
31 December 2022			
Commodities forward contracts	(30,947)	3,753	(27,194)

Notes to the Financial Statements

For the financial year ended 31 December 2023

35. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services and other transactions

	Group	
	2023	2022
	US$'000	US$'000
Sales of finished goods to related parties	**14,643**	15,713
Purchases of raw materials from related parties	**1,529**	1,592
Purchases of plant and equipment from a related party	**200**	1,821
Gains/(Losses) from derivative financial instruments from related parties	**187**	(17)
Rental received/receivable		
- Associated company	**3**	3
- Related party	**44**	41
Service fee income received/receivable from an Associated company	**65**	61
Services paid/payable		
- Transportation and forwarding to an Associated company	**3,227**	3,218
- Packing material to related parties	**359**	214
- Consultation fees to related parties	**1,430**	1,567

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

Outstanding balances at 31 December 2023 and 2022 arising from the above transactions are set out in Notes 14, 15, 24 and 25.

Notes to the Financial Statements

For the financial year ended 31 December 2023

35. RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

Key management personnel compensation was as follows:

	Group	
	2023	2022
	US$'000	US$'000
Wages, salaries and other short-term employee benefits	**8,497**	7,959
Employer's contribution to defined contribution plans	**151**	144
	8,648	8,103

Key management compensation includes remuneration of Executive Directors and senior management of the Group.

36. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Management Committee ("Mancom") that are used to make strategic decisions, allocate resources, and assess performance. The Mancom is the Group's chief operating decision-maker and comprises the Chief Executive Officer, Chief Operating Officer, the Chief Financial Officer, and the department heads of each business within each segment.

The Mancom considers the business from two segments:

(i) The bulk segment which sources, manufactures and sells edible oils and specialty fats and oils in bulk and bioenergy products in bulk for a variety of end uses; and

(ii) The consumer pack segment which manufactures and sells edible oils and bakery fats, dairy related products, soap and rice to consumers in packaged form.

The Group measures and tracks the profitability in terms of operating margin and adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA").

Operating margin is calculated as revenue, less cost of sales (excluding depreciation), selling and distribution expenses, allowance for/(reversal of) expected credit losses and foreign exchange gains/(losses). Operating margin relating to inter-segment sales are reported under the segment where the final sales to third parties are made.

Adjusted EBITDA is calculated as operating margin add other income, less administrative expenses (excluding depreciation), Other gains/(losses) excluding foreign exchange gains or losses which has been considered in operating margin and also excluding impairment of assets.

Notes to the Financial Statements

For the financial year ended 31 December 2023

36. SEGMENT INFORMATION (continued)

The segment information provided to the Mancom for the reportable segments for the financial year ended 31 December 2023 was as follows:

	Bulk US$'000	**Consumer Pack** US$'000	**Total** US$'000
Group			
Revenue			
Total segment sales	3,162,427	1,252,013	4,414,440
Inter-segment sales	(275,595)	(15,049)	(290,644)
Revenue from external parties	2,886,832	1,236,964	4,123,796
Operating margin	**101,413**	**99,731**	**201,144**
Other income excluding interest income	4,011	2,526	6,537
Interest income	2,986	656	3,642
Administrative expenses, excluding depreciation	(44,803)	(54,666)	(99,469)
Other gains/(losses) (net) excluding foreign exchange gains/(losses) (net), impairment losses on property, plant and equipment (net)	106	49	155
Adjusted EBITDA	**63,713**	**48,296**	**112,009**
Depreciation	(17,014)	(8,775)	(25,789)
Finance expense	(15,355)	(11,967)	(27,322)
Impairment losses on property, plant and equipment	(2,922)	(862)	(3,784)
Segment results	**28,422**	**26,692**	**55,114**
Unallocated			
Income tax expense			(16,570)
Share of profit of an associate			28
Profit after tax			**38,572**
Total segment assets	**965,923**	**517,343**	**1,483,266**
Unallocated			
Current income tax recoverable			5,468
Investment in associated company			494
Deferred income tax assets			365
Total assets			**1,489,593**
Total assets include:			
Additions to:			
- Property, plant and equipment	74,302	11,245	85,547
Total segment liabilities	**(404,343)**	**(259,779)**	**(664,122)**
Unallocated			
Current income tax liabilities			(6,330)
Deferred income tax liabilities			(32,651)
Total liabilities			**(703,103)**

Notes to the Financial Statements

For the financial year ended 31 December 2023

36. SEGMENT INFORMATION (continued)

The segment information provided to the Mancom for the reportable segments for the financial year ended 31 December 2022 was as follows:

	Bulk US$'000	Consumer Pack US$'000	Total US$'000
Group			
Revenue			
Total segment sales	4,412,883	1,438,166	5,851,049
Inter-segment sales	(384,450)	(38,071)	(422,521)
Revenue from external parties	4,028,433	1,400,095	5,428,528
Operating margin	**215,943**	**84,961**	**300,904**
Other income excluding interest income	1,669	2,039	3,708
Interest income	2,113	324	2,437
Administrative expenses, excluding depreciation	(46,327)	(47,651)	(93,978)
Other losses (net) excluding foreign exchange losses (net) and impairment losses on property, plant and equipment (net)	(374)	(3,587)	(3,961)
Adjusted EBITDA	**173,024**	**36,086**	**209,110**
Depreciation	(17,680)	(9,502)	(27,182)
Finance expense	(11,539)	(7,575)	(19,114)
Impairment losses on property, plant and equipment - net	(6,631)	(14,077)	(20,708)
Segment results	**137,174**	**4,932**	**142,106**
Unallocated			
Income tax expense			(28,989)
Share of loss of an associate			(54)
Profit after tax			**113,063**
Total segment assets	**1,131,452**	**562,407**	**1,693,859**
Unallocated			
Current income tax recoverable			874
Investment in associated company			498
Deferred income tax assets			779
Total assets			**1,696,010**
Total assets include:			
Additions to:			
- Property, plant and equipment	48,035	8,001	56,036
Total segment liabilities	**(582,270)**	**(289,601)**	**(871,871)**
Unallocated			
Current income tax liabilities			(14,960)
Deferred income tax liabilities			(34,421)
Total liabilities			**(921,252)**

Notes to the Financial Statements

For the financial year ended 31 December 2023

36. SEGMENT INFORMATION (continued)

Geographical information

Revenue is attributed to countries on the basis of the customers' billing locations. The non-current assets, excluding deferred income tax assets and derivative financial assets, are analysed by the geographical area in which the non-current assets are located.

	Group	
	2023	2022
	US$'000	US$'000
Revenue by geography		
Malaysia	**1,614,855**	1,958,950
Singapore	**672,928**	1,217,237
	2,287,783	3,176,187
Other geographical areas		
- Rest of Asia	**737,089**	880,372
- Africa	**345,285**	433,749
- Middle East	**494,811**	556,889
- Europe	**133,284**	188,474
- Pacific Oceania	**74,697**	121,539
- America	**50,847**	71,318
	1,836,013	2,252,341
	4,123,796	5,428,528

	Group	
	2023	2022
	US$'000	US$'000
Non-current assets by geography		
Singapore	**14,014**	20,176
Malaysia	**318,634**	331,829
Indonesia	**156,254**	92,925
Other countries	**1,825**	2,175
	490,727	447,105

There is no transaction with a single external customer amounting to 10 per cent or more of the Group's revenues for the financial years ended 31 December 2023 and 2022.

Notes to the Financial Statements

For the financial year ended 31 December 2023

37. BUSINESS COMBINATION

Business combination under "acquisition method"

(a) PT Kencana Inti Perkasa ("PTKIP")

On 3 April 2023, the Group completed the acquisition of 100% of the issued equity of PTKIP, an Indonesian company which owns and operates facilities in palm oil business, from non-related parties, through its wholly owned subsidiaries, PT Agro Perkasa, a company incorporated in Indonesia and Cavenagh Oleo (S) Pte Ltd, a company incorporated in Singapore for a total purchase consideration of US$1,647,000.

During the financial year, the Group has finalised the fair values of the identified assets acquired and liabilities assumed under the purchase price allocation ("PPA") assessment.

Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		US$'000
(i)	*Purchase consideration*	
	Cash paid	1,647
	Total purchase consideration	**1,647**
(ii)	*Effect on cash flows of the Group*	
	Cash consideration paid (as above)	1,647
	Cash outflow on acquisition	**1,647**
(iii)	*Identifiable assets acquired and liabilities assumed*	
	Property, plant and equipment (Note 19)	6,758
	Inventories	28
	Other receivables	12
	Total assets	6,798
	Bank borrowings	(2,171)
	Other payables	(2,980)
	Total liabilities	(5,151)
	Total identifiable net assets/ Consideration transferred for the business	**1,647**

Notes to the Financial Statements

For the financial year ended 31 December 2023

37. BUSINESS COMBINATION (continued)

Business combination under "acquisition method" (continued)

(a) PT Kencana Inti Perkasa ("PTKIP") (continued)

(iv) Acquisition-related costs

Acquisition-related costs of US$52,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(v) Revenue and profit contribution

The acquired business contributed revenue of US$19,368,000 and net loss of US$1,362,000 to the Group from the period from 4 April 2023 to 31 December 2023.

Had PTKIP been acquired from 1 January 2023, the revenue and loss after tax for the year ended 31 December 2023 would have been US$19,368,000 and US$1,653,000 respectively.

(b) PT Simpang Kanan Lestarindo ("PTSKL")

In the previous financial year, on 30 September 2022, the Group completed the acquisition of 100% of the issued equity of PTSKL, an Indonesian company which owns and operates facilities in palm oil business, from non-related parties, through its wholly owned subsidiaries, PT Agro Perkasa, a company incorporated in Indonesia and Cavenagh Oleo (S) Pte Ltd, a company incorporated in Singapore for a total purchase consideration of US$5,731,000.

During the financial year, the Group has finalised the fair values of the identified assets acquired and liabilities assumed. Upon finalisation of purchase price allocation ("PPA"), no measurement period adjustment has been recognised.

Notes to the Financial Statements

For the financial year ended 31 December 2023

37. BUSINESS COMBINATION (continued)

Business combination under "acquisition method" (continued)

(b) PT Simpang Kanan Lestarindo ("PTSKL") (continued)

Details of the consideration paid, the assets acquired and liabilities assumed, and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		US$'000
(i)	*Purchase consideration*	
	Cash paid	5,731
	Total purchase consideration	**5,731**
(ii)	*Effect on cash flows of the Group*	
	Cash consideration paid (as above)	5,731
	Cash outflow on acquisition	**5,731**
(iii)	*Identifiable assets acquired and liabilities assumed*	
	Property, plant and equipment (Note 19)	5,222
	Inventories	44
	Total assets	5,266
	Bank borrowings	(1,062)
	Total liabilities	(1,062)
	Total identifiable net assets	**4,204**
	Add: Goodwill (Note 18 and Note (v) below)	1,527
	Consideration transferred for the business	**5,731**

Notes to the Financial Statements

For the financial year ended 31 December 2023

37. BUSINESS COMBINATION (continued)

Business combination under "acquisition method" (continued)

(b) PT Simpang Kanan Lestarindo ("PTSKL") (continued)

(iv) Acquisition-related costs

Acquisition-related costs of US$31,000 are included in "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(v) Goodwill

The goodwill of US$1,527,000 arising from the acquisition is attributable to the synergies expected to arise from further consolidation of the Group's position as a global food and agri-business. It is not deductible for tax purposes.

(vi) Revenue and profit contribution

The acquired business contributed revenue of US$5,512,000 and net loss of US$215,000 to the Group from the period from 1 October 2022 to 31 December 2022.

Had PTSKL been acquired from 1 January 2022, the revenue and loss after tax for the year ended 31 December 2022 would have been US$19,900,000 and US$1,566,000 respectively.

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2024 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:
Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)
Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: (continued)
Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024) (continued)
Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024) (continued)

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Statements: Disclosures:
Supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024)

The amendments clarify the characteristics of supplier finance arrangements ("SFA") and introduce new disclosures of such arrangements. The objective of the new disclosures is to provide information about supplier finance arrangements that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

There is a transitional relief of not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances.

The amendments will be effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 16 Leases:
Lease liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 16 explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The Group does not expect any significant impact arising from applying these amendments.

Notes to the Financial Statements

For the financial year ended 31 December 2023

39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mewah International Inc. on 5 March 2024.

40. LISTING OF SIGNIFICANT SUBSIDIARIES OF THE GROUP

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Group's equity holding	
				2023 %	2022 %
Mewah-Oils Sdn Bhd (b)	Malaysia	Manufacturing and selling of vegetable oil products	Malaysia	**100**	100
Ngo Chew Hong Oils & Fats (M) Sdn Bhd (b)	Malaysia	Manufacturing and selling of vegetable oil products	Malaysia	**100**	100
Mewaholeo Industries Sdn Bhd (b)	Malaysia	Manufacturing and selling of vegetable oil products	Malaysia	**100**	100
Mewah Datu Sdn Bhd (b)	Malaysia	Manufacturing and selling of vegetable oil products	Malaysia	**100**	100
MOI Foods Malaysia Sdn Bhd (b)	Malaysia	Manufacturing and selling of downstream vegetable oil based food and personal care products	Malaysia	**100**	100
Mewah Dairies Sdn Bhd (b)	Malaysia	Manufacturing and selling of dairy related products	Malaysia	**100**	100
Bremfield Sdn Bhd (b)	Malaysia	Manufacturing and selling of biodiesel related products	Malaysia	**100**	100
Mewah Oils & Fats Pte Ltd (a)	Singapore	Trading of edible oils, fats and related products	Singapore	**100**	100
Ngo Chew Hong Edible Oil Pte Ltd (a)	Singapore	Packaging and trading of dairy and edible oils	Singapore	**100**	100

Notes to the Financial Statements

For the financial year ended 31 December 2023

40. LISTING OF SIGNIFICANT SUBSIDIARIES OF THE GROUP (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Group's equity holding	
				2023 %	2022 %
MOI International (Singapore) Pte Ltd [(a)]	Singapore	Trading of dairy, food products and agricultural raw materials	Singapore	**100**	100
Mewah Marketing Pte Ltd [(a)]	Singapore	Trading of edible oils, fats and related products	Singapore	**100**	100
PT Able Commodities Indonesia [(c)]	Indonesia	Manufacturing and selling of vegetable oil products	Indonesia	**70**	70
PT Agro Murni [(c)]	Indonesia	Manufacturing and selling of vegetable oil products	Indonesia	**100**	100

(a) Audited by PricewaterhouseCoopers LLP, Singapore
(b) Audited by PricewaterhouseCoopers, Malaysia
(c) Audited by PricewaterhouseCoopers, Indonesia