Contents

Directors' Report

For the financial year ended 31 December 2011

The directors present their report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2011 and the statement of financial position of the Company as at 31 December 2011.

Directors

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

Dr Cheo Tong Choon @ Lee Tong Choon
Ms Michelle Cheo Hui Ning
Ms Bianca Cheo Hui Hsin
Ms Leong Choi Foong
Ms Wong Lai Wan
Mr Giam Chin Toon
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor
Mr Lim How Teck
Tan Sri Datuk Dr Ong Soon Hock
Mr Cheo Seng Jin (resigned on 25 April 2011)

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' 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:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2011	At 1.1.2011	At 31.12.2011	At 1.1.2011
Dr Cheo Tong Choon @ Lee Tong Choon	18,686,000	8,871,000	527,041,220	527,041,220
Ms Michelle Cheo Hui Ning	-	-	527,041,220	527,041,220
Ms Bianca Cheo Hui Hsin	-	-	527,041,220	527,041,220
Ms Leong Choi Foong	94,000	94,000	-	-
Ms Wong Lai Wan	224,000	224,000	35,000	-

Directors' Report

For the financial year ended 31 December 2011

Directors' interests in shares or debentures (continued)

(a) (continued)

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2011	At 1.1.2011	At 31.12.2011	At 1.1.2011
Mr Giam Chin Toon	200,000	100,000	-	-
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor	20,000	20,000	-	-
Mr Lim How Teck	300,000	150,000	-	-
Tan Sri Datuk Dr Ong Soon Hock	30,000	10,000	-	-

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2012 were the same as those as at 31 December 2011, except for the following

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 21.01.2012	At 31.12.2011	At 21.01.2012	At 31.12.2011
Dr Cheo Tong Choon @ Lee Tong Choon	20,555,000	18,686,000	527,585,220	527,041,220
Ms Michelle Cheo Hui Ning	-	-	527,585,220	527,041,220
Ms Bianca Cheo Hui Hsin	-	-	527,585,220	527,041,220

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Directors' Report

For the financial year ended 31 December 2011

Audit Committee

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

Mr Lim How Teck (Chairman)
Tan Sri Dato' Ir. Muhammad Radzi Bin Haji Mansor
Mr Giam Chin Toon

All members of the Audit Committee are 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 statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2011 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group.

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

15 March 2012

Statement by Directors

For the financial year ended 31 December 2011

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 49 to 132 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors

Dr Cheo Tong Choon @ Lee Tong Choon
Director

Ms Michelle Cheo Hui Ning
Director

15 March 2012

Independent Auditor's Report

To the Members of Mewah International Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Mewah International Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 49 to 132, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2011, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 15 March 2012

Consolidated Income Statement

For the financial year ended 31 December 2011

	Note	2011 US$'000	2010 US$'000
Revenue	4	**4,467,933**	3,533,071
Cost of sales	5	**(4,282,314)**	(3,266,821)
Gross profit		**185,619**	266,250
Other income	6	**7,873**	5,161
Expenses			
- Selling and distribution expenses		**(109,747)**	(96,058)
- Administrative expenses		**(64,685)**	(62,039)
- Other operating gains	7	**31,868**	5,150
- Finance costs	8	**(12,887)**	(9,779)
Share of profit of associate		**123**	3
Profit before tax	10	**38,164**	108,688
Income tax credit/(expense)	11	**1,094**	(16,248)
Profit after tax		**39,258**	92,440
Profit after tax attributable to:			
Equity holders of the Company		**42,245**	92,352
Non-controlling interests		**(2,987)**	88
		39,258	92,440
Earnings per share attributable to equity holders of the Company (expressed in US cents per share)			
- Basic and diluted	12	**2.80**	7.08

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2011

	2011 US$'000	2010 US$'000
Profit after tax	**39,258**	92,440
Other comprehensive income:		
Currency translation differences arising from foreign subsidiaries	**(3,798)**	25,385
Total comprehensive income, net of tax	**35,460**	117,825
Total comprehensive income attributable to:		
Equity holders of the Company	**38,247**	117,637
Non-controlling interests	**(2,787)**	188
	35,460	117,825

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

Consolidated Statement of Financial Position

As at 31 December 2011

	Note	**2011 US$'000**	2010 US$'000
ASSETS			
Current assets			
Inventories	13	**307,490**	242,781
Trade receivables	14	**410,963**	427,109
Other receivables	15	**24,590**	26,920
Tax recoverable		**20,613**	5,847
Derivative financial instruments	16(a)	**38,747**	87,040
Cash and cash equivalents	17	**136,799**	215,322
		939,202	1,005,019
Non-current assets			
Property, plant and equipment	18	**287,796**	217,933
Leasehold prepayments	19	**13,514**	-
Investment in associate	20(a)	**204**	86
Intangible asset	21	**3,189**	5,846
Derivative financial instruments	16(b)	**185**	4,442
		304,888	228,307
Total assets		**1,244,090**	1,233,326
LIABILITIES			
Current liabilities			
Trade payables	22	**210,463**	253,322
Other payables	23	**51,353**	49,808
Tax payable		**1,157**	13,337
Derivative financial instruments	16(a)	**42,317**	66,674
Borrowings	24	**339,359**	307,797
		644,649	690,938
Non-current liabilities			
Borrowings	24	**46,771**	18,359
Deferred income tax liabilities	25	**14,880**	15,453
		61,651	33,812
Total liabilities		**706,300**	724,750
NET ASSETS		**537,790**	508,576
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	26	**1,507**	1,507
Share premium	26	**185,416**	185,416
Retained profits	28(a)	**368,334**	330,287
Other reserves	27	**(15,415)**	(9,506)
		539,842	507,704
Non-controlling interests		**(2,052)**	872
Total equity		**537,790**	508,576

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

Statement of Financial Position - Company

As at 31 December 2011

	Note	2011 US$'000	2010 US$'000
ASSETS			
Current assets			
Other receivables	15	**154,434**	61,890
Cash and cash equivalents	17	**41,082**	142,863
		195,516	204,753
Non-current assets			
Investment in subsidiaries	20(b)	**820**	*-
Total assets		**196,336**	204,753
LIABILITIES			
Current liabilities			
Other payables	23	**203**	20,935
Tax payables		**248**	-
Derivative financial instruments	16(a)	**30**	-
Total liabilities		**481**	20,935
NET ASSETS		**195,855**	183,818
EQUITY			
Capital and reserves attributable to equity holders of the Company:			
Share capital	26	**1,507**	1,507
Share premium	26	**185,416**	185,416
Retained profits/(accumulated losses)	28(b)	**8,932**	(3,105)
Total equity		**195,855**	183,818

* As at 31 December 2010, the nominal value of investment in subsidiaries was US$104.

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2011

	Note	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	General reserve US$'000	Asset revaluation reserve US$'000	Currency translation reserve US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		<------ Attributable to equity holders of the Company ------>									
2011											
Beginning of the financial year											
As previously stated		1,507	185,416	(50,749)	(832)	10,281	31,794	330,287	507,704	1,464	509,168
Finalisation of purchase price allocation	35	-	-	-	-	-	-	-	-	(592)	(592)
Beginning of the financial year (restated)		1,507	185,416	(50,749)	(832)	10,281	31,794	330,287	507,704	872	508,576
Acquisition of non-controlling interests	27(b)(ii)	-	-	-	(516)	-	-	-	(516)	(232)	(748)
Put option granted to non-controlling interests	27(b)(ii)	-	-	-	(1,260)	-	-	-	(1,260)	-	(1,260)
Realisation of reserve upon disposal	27(b)(iii)	-	-	-	-	(135)	-	135	-	-	-
Dividends	29	-	-	-	-	-	-	(4,333)	(4,333)	-	(4,333)
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	95	95
Total comprehensive income for the financial year		-	-	-	-	-	(3,998)	42,245	38,247	(2,787)	35,460
End of the financial year		1,507	185,416	(50,749)	(2,608)	10,146	27,796	368,334	539,842	(2,052)	537,790
2010											
Beginning of the financial year		11	-	(38,834)	-	11,031	6,509	259,290	238,007	1,006	239,013
Issue of new shares to existing shareholders	26(d)	1,270	-	-	-	-	-	-	1,270	-	1,270
Issue of shares pursuant to the Listing	26(e)	226	191,055	-	-	-	-	-	191,281	-	191,281
Placement and listing expenses	26(f)	-	(5,639)	-	-	-	-	-	(5,639)	-	(5,639)
Cash paid/payable arising from acquisition of subsidiaries under common control	27(b)(i)	-	-	(11,915)	-	-	-	-	(11,915)	-	(11,915)
Acquisition of non-controlling interests	27(b)(ii)	-	-	-	(832)	-	-	-	(832)	(426)	(1,258)
Realisation of reserve upon disposal	27(b)(iii)	-	-	-	-	(750)	-	750	-	-	-
Acquisition of subsidiaries	35	-	-	-	-	-	-	-	-	920	920
Dividends	29	-	-	-	-	-	-	(22,105)	(22,105)	(224)	(22,329)
Total comprehensive income for the financial year		-	-	-	-	-	25,285	92,352	117,637	188	117,825
End of the financial year (as previously stated)		1,507	185,416	(50,749)	(832)	10,281	31,794	330,287	507,704	1,464	509,168
Finalisation of purchase price allocation	35	-	-	-	-	-	-	-	-	(592)	(592)
End of the financial year (restated)		1,507	185,416	(50,749)	(832)	10,281	31,794	330,287	507,704	872	508,576

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2011

	Note	2011 US$'000	2010 US$'000
Cash flows from operating activities			
Profit after tax		**39,258**	92,440
Adjustments for:			
- Income tax		**(1,094)**	16,248
- Amortisation		**58**	-
- Depreciation		**14,142**	13,264
- Loss on disposal of property, plant and equipment		**367**	81
- Property, plant and equipment written off		**260**	977
- Placement and listing expenses	26(f)	**-**	4,737
- Impairment of goodwill		**2,717**	-
- Interest income		**(5,548)**	(4,148)
- Interest expense		**12,887**	9,779
- Share of profit of associate		**(123)**	(3)
- Exchange differences (net)		**4,864**	7,433
Operating cash flows before working capital changes		**67,788**	140,808
Changes in operating assets and liabilities:			
- Inventories		**(64,709)**	(76,634)
- Trade and other receivables		**15,690**	(150,600)
- Trade and other payables		**(40,993)**	90,737
- Derivative financial instruments		**28,193**	2,822
Cash flows generated from operations		**5,969**	7,133
Interest received		**4,753**	3,834
Interest paid		**(12,887)**	(9,779)
Income tax paid		**(26,424)**	(25,333)
Net cash flows used in operating activities		**(28,589)**	(24,145)
Cash flows from investing activities			
Acquisition of non-controlling interests		**(748)**	(1,258)
Acquisition of subsidiaries	35	**-**	3,604
Investment in associate		**-**	(83)
Other receivables		**2,723**	(6,164)
Purchase of property, plant and equipment		**(92,238)**	(40,552)
Addition in leasehold prepayments	19	**(14,063)**	-
Proceeds from disposal of property, plant and equipment		**574**	706
Net cash flows used in investing activities		**(103,752)**	(43,747)

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2011

	Note	**2011** **US$'000**	2010 US$'000
Cash flows from financing activities			
Proceeds from placement and listing	26(e)	**-**	191,281
Placement and listing expenses		**(1,422)**	(7,699)
Proceeds from issue of new shares to existing shareholders		**-**	1,270
Repayment of shareholders' loan		**-**	(22,819)
Dividends paid to equity holders of the Company	29	**(4,333)**	(24,085)
Dividends paid to non-controlling interests		**-**	(224)
Restricted short term deposit		**(1)**	(19)
Repayment from related parties		**-**	1,301
Proceeds from long term borrowings		**42,184**	9,905
Repayment of long term borrowings		**(17,023)**	(5,480)
Net proceeds from short term borrowings		**34,648**	99,555
Interest received		**795**	314
Net cash flows from financing activities		**54,848**	243,300
Net change in cash and cash equivalents		**(77,493)**	175,408
Cash and cash equivalents at beginning of the financial year		**215,152**	37,376
Effect of changes in exchange rate on cash and cash equivalents		**(1,195)**	2,368
Cash and cash equivalents at end of the financial year	17	**136,464**	215,152

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

Notes to the Financial Statements

For the financial year ended 31 December 2011

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 subsidiaries are disclosed in Note 40 of the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS 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 2011

On 1 January 2011, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company'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 2011

2. **Significant accounting policies** (continued)

2.2 Revenue recognition

Revenue for the Group represents the fair value of the consideration received or receivable from the gross inflow of economic benefits during the financial year arising from the course of the ordinary activities of the Group's business. Revenue is presented net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer and there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. **Significant accounting policies** (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 but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. 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 by the Group, except for business combination under common control.

For business combinations under acquisition method of accounting, 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 the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. **Significant accounting policies** (continued)

2.3 Group accounting (continued)

(a) ***Subsidiaries*** (continued)

(ii) ***Acquisitions*** (continued)

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 net identifiable assets.

The excess of (i) 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 (ii) fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to Note 2.5 for the subsequent accounting policy on goodwill.

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the financial statements at their existing carrying amounts from the perspective of the controlling party;
- The income statement includes the results of the acquired entities since the earliest date the entities are under common control;
- The comparative figures of the Group represent the income statement, statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity have been prepared as if the combination had occurred from the date when the combining entities or businesses first came under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary is taken to merger reserve. Cash paid/payable arising from the acquisition under common control is also taken to the merger reserves.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals of subsidiaries or businesses

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 earnings 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 2.6 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) Associate

Associate companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associate are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associate are 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 associate represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. **Significant accounting policies** (continued)

2.3 Group accounting (continued)

(c) Associate (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associate post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associate are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

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

(iii) Disposals

Gains and losses arising from partial disposals or dilutions in investments in associate in which significant influence is retained are recognised in profit or loss.

Investments in associate are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.6 for the accounting policy on investments in associate 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 are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(a) *Measurement* (continued)

(i) *Property, plant and equipment* (continued)

Increase in carrying amount arising from revaluation, including currency translation differences, are recognised in the asset revaluation reserve, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised against the asset revaluation reserve. All other decreases in carrying amounts are recognised as a loss in the statement of comprehensive income.

The Group on 1 January 2007 has elected to adopt FRS 101 exemption to deem the previous revaluation of certain property, plant and equipment as deemed cost (Note 18(c)).

(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. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to Note 2.8 on borrowing costs).

(b) *Depreciation*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The annual rates of depreciation are as follows:

Leasehold land and buildings	Amortised over the period of leases (30 to 99 years)
Freehold buildings	2%
Plant and equipment	5%
Furniture, fixtures and office equipment	5% to 20%
Motor vehicles	20%

Freehold land and capital expenditure in progress are stated at cost and not depreciated.

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

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. **Significant accounting policies** (continued)

2.4 Property, plant and equipment (continued)

(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 operating (gains)/expenses. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

2.5 Intangible assets

Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) 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 net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries and businesses prior to 1 January 2010 and on acquisition of associates represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associates is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associates include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

2.6 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.7 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 associates

Investments in subsidiaries and associates 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, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to Note 2.4 for the treatment of a revaluation decrease in property, plant and equipment.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. **Significant accounting policies** (continued)

2.7 Impairment of non-financial assets (continued)

(b) Property, plant and equipment (continued)

Investments in subsidiaries and associates (continued)

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.8 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 acquisition, construction or production of a qualifying assets. Capitalising of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to the acquisition, construction or production of qualifying assets that are financed by general borrowings.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "trade receivables" (Note 14), "other receivables" (Note 15) and "cash and cash equivalents" (Note 17) on the statement of financial position.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the statement of financial position date.

(b) 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 financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is transferred to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. **Significant accounting policies** (continued)

2.9 Financial assets (continued)

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(e) Impairment (continued)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

2.10 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.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. **Significant accounting policies** (continued)

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the statement of financial position 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.

2.12 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). If not, 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.

2.13 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.

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.14 Fair value estimation of financial assets and liabilities (continued)

The fair values of financial instruments that are not traded in an active market (such as commodities forward contracts) are determined by making references to the prices provided by the Malaysian Palm Oil Board, other similar products and other commodity exchanges, and makes assumptions that are based on market conditions existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

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.

2.15 Leases

(a) When the Group is the lessee:

(i) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are capitalised as prepayments and recognised in profit or loss over the lease term on a straight line basis.

Contingent rents are recognised as an expense in profit or loss when incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.15 Leases (continued)

(b) When the Group is the lessor:

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.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on 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) but excludes borrowing costs. Stores, spares and consumables are stated at cost and are determined on a weighted average basis. 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.

2.17 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 statement of financial position date.

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 associates, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.17 Income taxes (continued)

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 statement of financial position date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the statement of financial position 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.

2.18 Provisions

Provisions for restructuring costs and 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. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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 income statement as finance costs.

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

2.19 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. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. **Significant accounting policies** (continued)

2.20 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 ("presentation currency"), which is also the functional currency of the Company.

(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 translation differences 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 statement of financial position date are recognised in profit or loss.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within other operating (expenses)/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 dates;

(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.

2.21 Segment reporting

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

Notes to the Financial Statements

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

2.22 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.23 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.

2.24 Dividends to Company's shareholders

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

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) Fair value of derivative financial instruments

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. The Group uses a variety of methods, such as making references to the prices listed on Malaysian Palm Oil Board, other similar products and other exchanges, and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes are used to estimate the fair value.

As at 31 December 2011, if the commodities prices increase or decrease by 5% and other variables remain constant, the Group's profit after tax would have been US$6,457,000 lower or higher respectively, arising as a result of the changes in the fair value of the commodities forward contracts and futures contracts.

Notes to the Financial Statements

For the financial year ended 31 December 2011

3. Critical accounting estimates, assumptions and judgements (continued)

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment on a regular basis. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows increase or decrease by 5% from management's estimates for all past due loans and receivables, the Group's allowance for impairment will decrease or increase by US$1,062,000 or US$3,693,000 and correspondingly to profit or loss.

(c) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Intangible assets, property, plant and equipment and investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and where applicable, CGU, have been determined based on value-in-use calculations. These calculations require the use of estimates such as expected cash flows resulting from operating margin and expenses, discounting rate and growth rate (Note 21).

If the management's estimated operating margin used in the value-in-use calculation for this CGU at 31 December 2011 is decreased by 5%, the carrying value of goodwill for this CGU would have been decreased, requiring additional impairment of US$410,000.

If the management's estimated pre-tax discount rate applied to the discounted cash flows at 31 December 2011 is increased by 5%, the carrying value of goodwill for this CGU would have been decreased, requiring additional impairment of US$78,000.

If the management's estimated growth rate applied to the discounted cash flows at 31 December 2011 is decreased by 5%, the carrying value of goodwill for this CGU would have been decreased, requiring additional impairment of US$36,000.

Notes to the Financial Statements

For the financial year ended 31 December 2011

3. **Critical accounting estimates, assumptions and judgements** (continued)

(d) Uncertain tax positions

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, incentives and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. Where the final outcome of these matters is different from the amounts that were initially recorded, such as due to changes in tax rules or revised interpretations of existing tax laws and precedent such differences will impact the income tax provisions in the corresponding periods.

(e) Useful lives of plant and equipment

The cost of plant and equipment are depreciated on a straight-line basis over their useful lives, which management estimates to be of 20 years.

These estimates could change significantly as a result of technical innovations.

If the actual useful lives of these plant and equipment differ by 5% from management estimates, the carrying amount of the plant and equipment will be increased by US$622,000 or decreased by US$562,000 and correspondingly to profit or loss.

4. Revenue

	Group	
	2011	2010
	US$'000	US$'000
Sale of agricultural products including palm based edible oils and fats, and other consumer products	**4,467,933**	3,533,071

5. Cost of sales

	Group	
	2011	2010
	US$'000	US$'000
Cost of inventories	**4,212,598**	3,280,599
Losses/(gains) from derivative financial instruments	**31,139**	(48,341)
Labour costs and other overheads	**38,577**	34,563
	4,282,314	3,266,821

Notes to the Financial Statements

For the financial year ended 31 December 2011

6. Other income

	Group	
	2011	2010
	US$'000	US$'000
Interest income on bank deposits	**795**	314
Late interest charge on trade receivables	**4,753**	3,834
Rental income	**325**	349
Commission income	**426**	84
Other miscellaneous income	**1,574**	580
	7,873	5,161

Other miscellaneous income comprises mainly sales of by-products and waste.

7. Other operating gains

	Group	
	2011	2010
	US$'000	US$'000
Foreign exchange gains	**35,212**	6,208
Property, plant and equipment written off	**(260)**	(977)
Loss on disposal of property, plant and equipment	**(367)**	(81)
Impairment of goodwill (Note 21)	**(2,717)**	-
	31,868	5,150

8. Finance costs

	Group	
	2011	2010
	US$'000	US$'000
Interest expense:		
- Bank borrowings	**12,815**	9,673
- Finance lease	**72**	106
	12,887	9,779

In 2011, borrowing costs of US$612,000 (2010: US$113,000) was capitalised in property, plant and equipment at a rate of 5.22% (2010: 4.67%) per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2011

9. Employee compensation

	Group	
	2011	2010
	US$'000	US$'000
Salaries	**38,165**	38,465
Employer's contributions to defined contribution plans	**2,667**	2,115
Other staff benefits	**743**	768
	41,575	41,348

10. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2011	2010
	US$'000	US$'000
Freight	**68,912**	77,256
Transportation and forwarding	**12,235**	10,038
Insurance	**6,694**	4,935
Utilities	**9,808**	8,457
Lease rental	**986**	518
Employee compensation (Note 9)	**41,575**	41,348
Depreciation of property, plant and equipment (Note 18)	**14,142**	13,264
Bank charges	**6,278**	3,216
Allowance/(reversal) for doubtful debts	**5,086**	(4,027)
Amortisation of leasehold prepayments (Note 19)	**58**	-
Bad debts written off	**28**	266
Audit fees		
- Auditors of the Company	**299**	168
- Other auditors*	**230**	96
Non-audit fees		
- Auditors of the Company	**29**	650
- Other auditors*	**50**	211

* Includes the network of member firms of PricewaterhouseCoopers International Limited (PWCIL).

Notes to the Financial Statements

For the financial year ended 31 December 2011

11. Income tax (credit)/expense

	Group 2011 US$'000	Group 2010 US$'000
Tax (credit)/expense attributable to profit is made up of:		
Current income tax		
- Singapore	**1,286**	12,408
- Foreign	**1,458**	15,180
	2,744	27,588
Deferred income tax	**2,150**	(12,556)
Income tax relating to current year	**4,894**	15,032
(Over)/under provision in prior financial years		
- Current income tax	**(3,615)**	634
- Deferred income tax	**(2,373)**	582
(Over)/under provision in prior financial years	**(5,988)**	1,216
Income tax as per Consolidated Income Statement	**(1,094)**	16,248

Income tax relating to current year

The income tax on profit differs from the amount that would arise using the tax calculated at domestic rates of income tax as explained below:

	Group 2011 US$'000	Group 2010 US$'000
Profit before tax	**38,164**	108,688
Tax calculated at domestic rates applicable to profits in the respective countries	**7,384**	19,109
Effects of:		
- Tax incentives	**(8,893)**	(6,928)
- Expenses not deductible for tax purposes	**5,837**	2,576
- Income not subject to tax	**(50)**	(234)
- Deferred tax benefits not recognised	**916**	438
- Others	**(300)**	71
	4,894	15,032

The Singapore corporate tax rate was 17% for the financial years 2011 and 2010.

The Malaysia corporate tax rates was 25% for the financial years 2011 and 2010.

Notes to the Financial Statements

For the financial year ended 31 December 2011

11. Income tax (credit)/expense (continued)

The weighted average applicable tax rate was 19.3% and 17.6% for the financial years ended 31 December 2011 and 31 December 2010 respectively. The changes in weighted average applicable tax rates arose from changes in the mix of income subject to tax in different countries.

The weighted average effective tax rate was 12.8% and 13.8% for the financial years ended 31 December 2011 and 31 December 2010 respectively. The tax savings arise mainly from the following tax incentives:

- certain subsidiaries in Singapore pay tax at a concessionary tax rate of 5% on qualifying income under the Global Trader Programme of International Enterprise Singapore; and

- certain subsidiaries in Malaysia entitled to reinvestment allowance, which allows additional allowance on qualifying capital expenditure.

(Over)/under provision in prior financial years

Overprovision in prior financial years resulted from final tax outcome different from the amounts that were originally estimated consisting of:

- US$4,696,000 on account of lower tax rate approved this year under Global Trader Programme for Singapore-based operating subsidiaries impacting income tax relating to last year; and

- US$1,292,000 mainly due to reinvestment allowances on qualifying capital expenditure for Malaysian-based operating subsidiaries.

12. Earnings per share

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

	Group	
	2011	2010
Net profit attributable to equity holders of the Company (US$'000)	**42,245**	92,352
Weighted average number of ordinary shares outstanding for basic earnings per share ('000) (Note (i))	**1,507,061**	1,304,537
Basic earnings per share (US cents per share)	**2.80**	7.08

(i) The earnings per share for the financial year ended 31 December 2011 and 2010 were computed based on weighted average number of shares adjusted to take into account the subdivision and issue of new ordinary shares. The Company's pre-invitation capital of 1,281,002,440 shares were assumed to be issued throughout the relevant periods.

Diluted earnings per share was the same as the basic earnings per share for the financial years ended 31 December 2011 and 2010 as there were no potential dilutive ordinary shares outstanding.

Notes to the Financial Statements

For the financial year ended 31 December 2011

13. Inventories

	Group	
	2011	2010
	US$'000	US$'000
Raw materials	**92,899**	37,542
Finished goods	**206,254**	200,144
Stores, spares and consumables	**8,337**	5,095
	307,490	242,781

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US$4,212,598,000 (2010: US$3,280,599,000).

Inventories of US$Nil (2010: US$58,037,000) of the Group have been pledged as security for bank facilities of the Group (Note 24(a)).

Inventories include US$252,277,000 (2010: US$179,637,000) readily marketable inventories, which are agricultural commodity inventories that can be readily converted to cash due to their commodity nature, international pricing mechanism and widely available markets.

14. Trade receivables

	Group	
	2011	2010
	US$'000	US$'000
Trade receivables	**432,200**	443,500
Less: Allowance for impairment of trade receivables	**(21,237)**	(16,391)
Trade receivables - net	**410,963**	427,109

Trade receivables included US$19,735,000 (2010: US$8,631,000) due from related parties.

Related parties are companies in which the directors/shareholders of the Company have significant influence or control.

Notes to the Financial Statements

For the financial year ended 31 December 2011

15. Other receivables

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Non-trade receivables	**16,770**	9,774	**139,433**	44,616
Dividends receivable	**-**	-	**15,000**	17,273
Deposits	**3,990**	12,621	**-**	-
Prepayments	**3,830**	4,525	**1**	1
	24,590	26,920	**154,434**	61,890

Group

Non-trade receivables included US$6,837,000 (2010: US$6,167,000) subsidy receivable from Malaysian Palm Oil Board.

In 2011, non-trade receivables included US$5,513,000 held in commodity trading accounts in Bursa Malaysia Derivatives Clearing Bhd. In 2010, the commodity trading accounts with Bursa Malaysia Derivatives Clearing Bhd was in a net payable position (Note 23).

Deposits as at 31 December 2011 include US$Nil (2010: US$4,633,000) payment for the purchase of leasehold land.

Company

Non-trade receivables included US$91,295,000 (2010: US$38,404,000) short term loans to subsidiaries at interest rates of 2.0 - 3.0% (2010: 2.0%) per annum and advances to subsidiaries of US$48,138,000 (2010: US$6,212,000) which were repayable on demand.

Dividends receivable related to dividends declared and unpaid by subsidiaries. The amount was non-interest bearing and repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 December 2011

16. Derivative financial instruments

(a) Current portion

	Contract notional amount US$'000	Group Fair values Asset US$'000	Group Fair values Liability US$'000
2011			
Currency forward contracts (Note 32(e))	716,239	2,582	8,700
Commodities forward contracts (Note 32(e))	1,436,571	29,634	23,887
Futures contracts on commodity exchange (Note 32(e))	758,128	6,531	9,730
Total		38,747	42,317
2010			
Currency forward contracts (Note 32(e))	1,022,492	29,113	-
Commodities forward contracts (Note 32(e))	1,787,090	30,865	66,674
Futures contracts on commodity exchange (Note 32(e))	214,554	27,062	-
Total		87,040	66,674

	Contract notional amount US$'000	Company Fair values Asset US$'000	Company Fair values Liability US$'000
2011			
Currency forward contracts (Note 32(e))	1,959	-	30
2010			
Currency forward contracts (Note 32(e))	-	-	-

(b) Non-current portion

	Contract notional amount US$'000	Group Fair values Asset US$'000	Group Fair values Liability US$'000
2011			
Commodities forward contracts (Note 32(e))	7,744	172	-
Futures contracts on commodity exchange (Note 32(e))	5,183	13	-
Total		185	-
2010			
Commodities forward contracts (Note 32(e))	5,742	761	-
Futures contracts on commodity exchange (Note 32(e))	33,736	3,681	-
Total		4,442	-

Notes to the Financial Statements

For the financial year ended 31 December 2011

16. Derivative financial instruments (continued)

(i) Currency forward contracts are entered into by the Group entities in currencies other than their respective functional currencies to manage exposure to fluctuations in foreign currency exchange rates on their transactions.

(ii) The Group entities enter into commodities forward contracts and futures contracts to protect the Group from movements in market prices of crude palm oil and palm oil products by establishing the price at which the products will be sold or purchased.

17. Cash and cash equivalents

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and on hand	**49,352**	195,558	**15,509**	142,863
Short-term bank deposits	**87,447**	19,764	**25,573**	-
	136,799	215,322	**41,082**	142,863

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

	Group	
	2011	2010
	US$'000	US$'000
Cash and bank balances (as above)	**136,799**	215,322
Less: Bank overdrafts (Note 24)	**(164)**	-
Less: Restricted short-term bank deposits	**(171)**	(170)
Cash and cash equivalents per statement of cash flows	**136,464**	215,152

Restricted short-term bank deposits are deposits placed with a financial institution as security for banking facilities.

Notes to the Financial Statements

For the financial year ended 31 December 2011

18. Property, plant and equipment

	Freehold land and buildings US$'000	Leasehold land and buildings US$'000	Plant and equipment US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Capital expenditure in progress US$'000	Total US$'000
Group							
2011							
Cost							
Beginning of the financial year	207	60,140	186,202	13,720	6,553	44,617	311,439
Currency translation differences	1	(1,610)	(6,129)	(240)	(56)	(1,330)	(9,364)
Additions	-	10,840	7,904	2,529	731	70,234	92,238
Disposals	(74)	(6)	(2,172)	(202)	(432)	(35)	(2,921)
Write off	-	(10)	(234)	(30)	-	(76)	(350)
Reclassification	467	502	50,628	65	23	(51,685)	-
End of the financial year	601	69,856	236,199	15,842	6,819	61,725	391,042
Accumulated depreciation							
Beginning of the financial year	65	9,532	71,639	8,710	3,560	-	93,506
Currency translation differences	(2)	(219)	(1,909)	(160)	(42)	-	(2,332)
Depreciation charge	11	1,452	9,920	1,798	961	-	14,142
Disposals	(23)	-	(1,478)	(189)	(290)	-	(1,980)
Write off	-	-	(64)	(26)	-	-	(90)
Reclassification	20	(20)	-	-	-	-	-
End of the financial year	71	10,745	78,108	10,133	4,189	-	103,246
Net book value							
End of the financial year	530	59,111	158,091	5,709	2,630	61,725	287,796

Notes to the Financial Statements

For the financial year ended 31 December 2011

18. Property, plant and equipment (continued)

	Freehold land and buildings US$'000	Leasehold land and buildings US$'000	Plant and equipment US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Capital expenditure in progress US$'000	Total US$'000
Group							
2010							
Cost							
Beginning of the financial year	59	54,080	156,850	11,465	6,102	20,190	248,746
Currency translation differences	12	5,653	17,907	993	468	2,984	28,017
Additions	1	432	3,759	1,926	795	33,639	40,552
Acquisition of subsidiaries	-	86	6	-	31	-	123
Disposals	-	(2)	(365)	(495)	(843)	(491)	(2,196)
Write off	(2)	-	(3,625)	(174)	-	(2)	(3,803)
Reclassification	137	(109)	11,670	5	-	(11,703)	-
End of the financial year	207	60,140	186,202	13,720	6,553	44,617	311,439
Accumulated depreciation							
Beginning of the financial year	15	7,492	57,590	7,305	2,995	-	75,397
Currency translation differences	4	826	7,328	674	248	-	9,080
Depreciation charge	3	1,260	9,694	1,361	946	-	13,264
Disposals	-	(2)	(291)	(487)	(629)	-	(1,409)
Write off	(1)	-	(2,682)	(143)	-	-	(2,826)
Reclassification	44	(44)	-	-	-	-	-
End of the financial year	65	9,532	71,639	8,710	3,560	-	93,506
Net book value							
End of the financial year	142	50,608	114,563	5,010	2,993	44,617	217,933

(a) The carrying amounts of motor vehicles acquired under finance leases as at 31 December 2011 was US$945,000 (2010: US$987,000).

(b) Bank borrowings were secured on property, plant and equipment of the Group with carrying amounts of US$155,772,000 (2010: US$177,743,000).

(c) The revalued property, plant and equipment deemed as cost were as follows:

	Group	
	2011	2010
	US$'000	US$'000
Leasehold land and building	**10,214**	10,369
Plant and machinery	**19,158**	19,469
Furniture, fixture and office equipment	**231**	238
	29,603	30,076

Notes to the Financial Statements

For the financial year ended 31 December 2011

19. Leasehold prepayments

	Group 2011 US$'000	Group 2010 US$'000
Cost		
Beginning of the financial year	**-**	-
Addition	**14,063**	-
Currency translation differences	**(491)**	-
End of the financial year	**13,572**	-
Accumulated amortisation		
Beginning of the financial year	**-**	-
Amortisation	**(58)**	-
End of the financial year	**(58)**	-
Net book value		
End of the financial year	**13,514**	-

Leasehold prepayments represented land use rights paid by subsidiaries for industrial lands with leasehold period ranging from 16 to 30 years.

20. Investment in associate and subsidiaries

(a) Investment in associate

	Group 2011 US$'000	Group 2010 US$'000
Equity investment at cost		
Beginning of the financial year	**86**	-
Acquisition of an associate	**-**	83
Share of profit of an associate	**123**	3
Currency translation differences	**(5)**	-
End of the financial year	**204**	86

Notes to the Financial Statements

For the financial year ended 31 December 2011

20. Investment in associate and subsidiaries (continued)

(a) Investment in associate (continued)

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

	Group	
	2011	2010
	US$'000	US$'000
Assets	**826**	626
Liabilities	**416**	329
Revenue	**2,744**	2,056
Net profit	**251**	121

Details of the associate are included in Note 40.

(b) Investment in subsidiaries

	Company	
	2011	2010
	US$'000	US$'000
Equity investments at cost		
Beginning of the financial year	*-	*-
Increase in investment	**820**	-
End of the financial year	**820**	*-

* As at 31 December 2010, the nominal value of investment in subsidiaries held directly by the Company was US$104.

On 1 June 2011, the Company acquired 100% interest in Ngo Chew Hong Corporation Pte Ltd ("NCHC") from One Marthoma (CI) Inc., a wholly owned subsidiary of the Company, for a cash consideration of US$820,000 making NCHC held directly by the Company.

Details of the subsidiaries are included in Note 40.

Notes to the Financial Statements

For the financial year ended 31 December 2011

21. Intangible asset

	Group 2011 US$'000	Group 2010 US$'000
Composition:		
Goodwill		
Cost		
Beginning of the financial year	**5,846**	-
Acquisition of subsidiaries, as previously stated	**-**	5,205
Finalisation of purchase price allocation	**-**	641
Acquisition of subsidiaries, restated	**-**	5,846
Currency translation differences	**(128)**	-
End of the financial year	**5,718**	5,846
Accumulated impairment		
Beginning of the financial year	**-**	-
Impairment charge	**(2,717)**	-
Currency translation differences	**188**	-
End of the financial year	**(2,529)**	-
Net book value	**3,189**	5,846

Impairment test for goodwill

As at 31 December 2011, goodwill was wholly allocated to the Molly CGU. Molly CGU consist of Molly Foods bvba, a company incorporated in Belgium which through its wholly owned subsidiary, Bloom Land Enterprises Limited ("Bloomland"), a company incorporated in Hong Kong, owns 100% of BeCe S.à.r.l. ("BeCe"), a company incorporated in Togo. Molly CGU is involved primarily in importing commodities, including edible oils and fats products produced by the Group, for sale in West Africa (Note 35).

The recoverable amount of the Molly CGU has been determined based on value-in-use calculations using cash flow projection covering a five-year period. The projected operating margin ranged from US$39 to US$45 per metric tonne, the pre-tax discount rate applied to the cash flow projection was 12.0% and the forecasted growth used to extrapolate cash flow beyond the five-year period was 3.4%. The forecasted growth rate did not exceed the long term average growth rate for the industries in which the Molly CGU operates.

Management determined the projected operating margin based on past performance and its expectations of the market developments. The forecasted growth rate used was consistent with forecasts included in published economic reports. The discount rate used was pre-tax and reflected specific risks relating to the Molly CGU.

An impairment charge of US$2,717,000 (2010: US$Nil) was included in the income statement within "other operating gains" (Note 7). The impairment charge arose from the Molly CGU following tough market conditions and slowed demand resulting in high inventory carry cost and losses due to falling prices.

Notes to the Financial Statements

For the financial year ended 31 December 2011

22. Trade payables

	Group	
	2011	2010
	US$'000	US$'000
Trade payables	**210,463**	253,322

Trade payables included US$1,007,000 (2010: US$2,173,000) due to related parties, which were unsecured, interest-free and repayable on demand.

23. Other payables

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Non-trade payables	**24,893**	16,577	**5**	18,294
Accrual for operating expenses	**26,460**	33,231	**198**	2,641
	51,353	49,808	**203**	20,935

Group

Non-trade payables included US$362,000 (2010: US$147,000) due to an associate and US$16,000 (2010: US$11,000) due to related parties, mainly for forwarding services and rental of premises. The amounts were unsecured, interest-free and repayable on demand.

In 2011, non-trade payables include the financial liability amounting to US$1,260,000 recognised for the put option granted to certain non-controlling interests (Note 27(b)(ii)).

In 2010, non-trade payables included US$8,670,000 held in commodity trading accounts in Bursa Malaysia Derivatives Clearing Bhd. In 2011, the commodity trading accounts with Bursa Malaysia Derivatives Clearing Bhd was in a net receivable position (Note 15).

Company

Non-trade payables related to amounts owing to subsidiaries of the Company which were unsecured, interest-free and repayable on demand.

As at 31 December 2010, accrual for operating expenses of the Company mainly related to listing expenses payable at the end of the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2011

24. Borrowings

	Group	
	2011	2010
	US$'000	US$'000
Current		
Bank overdrafts	**164**	-
Bank borrowings		
- Export credit financing	**23,968**	31,658
- Bankers' acceptance	**153,122**	136,730
- Revolving credit	**11,823**	12,275
- Trust receipts and bills payable	**142,088**	116,226
- Term loans	**7,893**	6,819
- Istina/Ijarah financing	**-**	3,708
Finance lease liabilities (Note 24(c))	**301**	381
	339,359	307,797
Non-current		
Bank borrowings		
- Term loans	**46,513**	15,898
- Istina/Ijarah financing	**-**	1,936
Finance lease liabilities (Note 24(c))	**258**	525
	46,771	18,359
Total borrowings	**386,130**	326,156

(a) Securities granted

The borrowings of the Group are secured by:

- Letter of subordination of substantial shareholders and group entities
- Joint and several guarantees by certain director and related parties
- Specific fixed charge and legal charges against the assets of certain subsidiaries
- Fixed and floating debentures against existing and future assets of certain subsidiaries
- Corporate guarantees by the Company and certain subsidiaries

Finance lease liabilities are secured over the leased motor vehicles as at 31 December 2011 with carrying value of US$945,000 (2010: US$987,000) as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

Notes to the Financial Statements

For the financial year ended 31 December 2011

24. **Borrowings** (continued)

(b) Fair value of non-current borrowings

The fair value of borrowings approximated the carrying value of the borrowings at statement of financial position dates as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements, which the management expect to be available to the Group.

(c) Finance lease liabilities

The Group leases certain plant and equipment under finance leases.

	Group	
	2011	2010
	US$'000	US$'000
Minimum lease payments due		
- Not later than one year	**336**	387
- Between one and two years	**232**	476
- Between two and five years	**44**	149
	612	1,012
Less: Future finance charges	**(53)**	(106)
Present value of finance lease liabilities	**559**	906

The present values of finance lease liabilities were analysed as follows:

	Group	
	2011	2010
	US$'000	US$'000
Not later than one year	**301**	381
Later than one year		
- Between one and two years	**219**	425
- Between two and five years	**39**	100
	258	525
Total	**559**	906

Notes to the Financial Statements

For the financial year ended 31 December 2011

25. 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 statement of financial position as follows:

	Group	
	2011	2010
	US$'000	US$'000
Deferred income tax assets		
- expected to be settled within one year	**426**	-
- expected to be settled after one year	**-**	-
	426	-
Deferred income tax liabilities		
- expected to be settled within one year	**(5,781)**	(14,339)
- expected to be settled after one year	**(9,525)**	(1,114)
	(15,306)	(15,453)
	(14,880)	(15,453)

Notes to the Financial Statements

For the financial year ended 31 December 2011

25. Deferred income taxes (continued)

The amounts of deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) recognised in the statement of financial position and income statement on each type of temporary differences were as follows:

	Group			
	Consolidated Statement of Financial Position		Consolidated Income Statement	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Deferred income tax assets				
Unutilised tax losses	**110**	45	**74**	(47)
Unutilised reinvestment allowance	**8,166**	4,611	**3,787**	866
Unrealised loss on derivative financial instruments	**4,898**	6,572	**(1,562)**	13,981
Unutilised capital allowance	**-**	-	**-**	(271)
Others	**1,587**	991	**634**	(1,048)
	14,761	12,219		
Deferred income tax liabilities				
Accelerated tax depreciation	**(29,054)**	(24,981)	**(4,811)**	(1,883)
Revaluation of property, plant and equipments	**(587)**	(2,691)	**2,101**	376
	(29,641)	(27,672)	**223**	11,974

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group had unrecognised tax losses of US$4,960,000 (2010: US$771,000) at the statement of financial position date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses have no expiry date.

Notes to the Financial Statements

For the financial year ended 31 December 2011

26. Share capital and share premium

	No. of ordinary shares		<---- Amount ----		---->
	Authorised share capital at par value of US$0.001/ US$0.01 '000	Issued share capital at par value of US$0.001/ US$0.01 '000	Authorised share capital at par value of US$0.001/ US$0.01 US$'000	Share capital at par value of US$0.001/ US$0.01 US$'000	Share premium US$'000
Group and Company					
2011					
Beginning and end of the financial year, ordinary shares at par value, US$0.001	30,000,000	1,507,061	30,000	1,507	185,416
2010					
Beginning of the financial year, ordinary shares at par value, US$0.01	5,000	1,050	50	11	-
Listing of the Company, ordinary shares at par value, US$0.001					
Subdivision of authorised share capital and issued share capital from par value of US$0.01 to US$0.001 (Note (a) to (b))	50,000	10,500	50	11	-
Increase in authorised share capital (Note (c))	29,950,000	-	29,950	-	-
Issue of new shares to existing shareholders (Note (d))	-	1,270,502	-	1,270	-
Issue of shares pursuant to the Listing (Note (e))	-	226,059	-	226	191,055
Placement and listing expenses (Note (f))	-	-	-	-	(5,639)
End of the financial year	30,000,000	1,507,061	30,000	1,507	185,416

All issued ordinary shares are 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 2011

26. Share capital and share premium (continued)

On 1 October 2010, the Shareholders approved the following:

(a) the sub-division of the authorised share capital from US$50,000 divided into 5,000,000 shares of a par value of US$0.01 each in the capital of the Company to US$50,000 divided into 50,000,000 Shares of par value US$0.001 each in the capital of the Company;

(b) the sub-division of 1,050,002 issued and paid up shares of par value US$0.01 each in the capital of the Company into 10,500,020 Shares of par value US$0.001 each in the capital of the Company;

(c) the increase in the authorised share capital from US$50,000 divided into 50,000,000 Shares of par value US$0.001 each in the capital of the Company to US$30,000,000 of 30,000,000,000 Shares of par value US$0.001 each in the capital of the Company by the creation of 29,950,000,000 Shares of par value US$0.001 each in the capital of the Company; and

(d) the issue and allotment of 1,270,502,420 new Shares of par value US$0.001 each (US$1,270,000) in the capital of the Company to the shareholders as at the date of the resolution in proportion to their shareholding, for a cash consideration at US$0.001 per new share.

(e) On 24 November 2010, the Company issued 226,059,000 each at SGD1.10 per share as placement in connection with the Listing and raised gross proceeds of US$191,281,000 (SGD248,665,000). US$226,000 and US$191,055,000 have been recognised in share capital and share premium respectively. The net proceeds received from the placement and listing amounted to US$183,582,000, after deducting placement and listing expenses of the Company ("Listing Expenses") of US$7,699,000 paid during the year.

(f) During the financial year ended 31 December 2010, Listing Expenses amounted to US$10,376,000. Listing Expenses of US$5,639,000 which were directly attributable to the issuance of new shares were deducted against the share premium account. The remaining balance of US$4,737,000 were charged to the income statement within "administrative expenses".

The newly issued shares rank pari passu in all aspects with the previously issued shares.

Notes to the Financial Statements

For the financial year ended 31 December 2011

27. Other reserves

		Group	
		2011	2010
		US$'000	US$'000
(a)	Composition:		
	Merger reserve	**(50,749)**	(50,749)
	General reserve	**(2,608)**	(832)
	Asset revaluation reserve	**10,146**	10,281
	Currency translation reserve	**27,796**	31,794
		(15,415)	(9,506)

Merger reserve represents the difference between the cost of investment and nominal value of share capital of the merged subsidiary.

		Group	
		2011	2010
		US$'000	US$'000
(b)	Movements		
	(i) Merger reserve		
	Beginning of the financial year	**(50,749)**	(38,834)
	Cash paid/payable arising from acquisition of subsidiaries under common control	**-**	(11,915)
	End of the financial year	**(50,749)**	(50,749)
	(ii) General reserve		
	Beginning of the financial year	**(832)**	-
	Acquisition of non-controlling interests	**(516)**	(832)
	Put option granted to non-controlling interests *	**(1,260)**	-
	End of the financial year	**(2,608)**	(832)
	(iii) Asset revaluation reserve		
	Beginning of the financial year	**10,281**	11,031
	Realisation upon disposal of asset	**(135)**	(750)
	End of the financial year	**10,146**	10,281
	(iv) Currency translation reserve		
	Beginning of the financial year	**31,794**	6,509
	Net currency translation differences of foreign subsidiaries	**(3,798)**	25,385
	Non-controlling interests	**(200)**	(100)
	End of the financial year	**27,796**	31,794

The reserves are non-distributable.

Notes to the Financial Statements

For the financial year ended 31 December 2011

27. **Other reserves** (continued)

* Certain non-controlling interests have the option to put its shares to the Group for a cash consideration to be calculated in accordance with the provisions of the shareholders' agreement between the Group and the non-controlling interests. The Group recognises the present value of the estimated redemption amount as a financial liability (included in non-trade payables, Note 23) against equity.

28. Retained profits

(a) Retained profits of the Group are distributable, to the extent that it is in compliance with the local guidelines of the countries in which the subsidiaries operate and the restrictions imposed by the covenant underlying our borrowings.

(b) Movement in retained profits/(accumulated losses) for the Company was as follows:

	Company	
	2011	2010
	US$'000	US$'000
Beginning of the financial year	**(3,105)**	-
Dividends (Note 29)	**(4,333)**	(22,105)
Total comprehensive income for the financial year	**16,370**	19,000
End of the financial year	**8,932**	(3,105)

29. Dividends

	Group and Company	
	2011	2010
	US$'000	US$'000
Declared and paid during the financial year:		
Dividend on ordinary shares:		
Interim exempt dividends of S$0.0035 (2010: US$0.0173) per share	**4,333**	22,105
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final exempt one-tier dividends of S$0.005 (2010:Nil) per share	**5,830**	-

Notes to the Financial Statements

For the financial year ended 31 December 2011

30. Contingent liabilities

Group

(a) In March 2007, criminal charges in Malaysia were brought against Mewah-Oils Sdn Bhd ("MOSB"), a wholly-owned subsidiary, and a director of the Company alleging that between October 2003 and November 2003, MOSB used two falsified customs documents to discharge crude palm oil ("CPO"). MOSB has also been charged with dishonestly receiving 6,998 MT of CPO alleging that such CPO was stolen property belonging to Lushing Traders Pte Ltd ("Lushing"). The maximum penalty under law is a fine not exceeding Malaysia Ringgit 500,000 (US$158,000) or imprisonment for a term not exceeding five years, or both. The charges arose from a complaint made by Lushing. In 2003, MOSB had purchased and paid for CPO from Summerwind Trading Pte Ltd ("Summerwind") which Summerwind had purchased from Lushing.

In April 2010, a civil claim was made by Lushing against MOSB in the Malaysian High Courts for having wrongfully received and converted 6,998 MT of CPO and claimed US$2,650,000 and interest at 8.0% per annum from the alleged date of conversion of the CPO, which is between October 2003 and November 2003, costs and any other relief that may be granted by the court.

On 26 January 2012, the Sessions Court Judge in Klang dismissed all charges against MOSB and the director ruling that the prosecution had failed to establish a prima facie case and therefore there was no need for the defence to be called. The judge ruled that there was insufficient evidence to prove that MOSB was capable of forging or falsifying the documents, MOSB did not have any contractual relationship with Lushing in the said contracts of selling and buying of palm oil and that MOSB could not be blamed for discharging the cargo because it must have thought that the deal between Lushing and Summerwind would eventually be settled by those parties.

On 27 January 2012, the prosecution has appealed to the High Court of Malaysia against the judgement.

Shafee & Co, representing MOSB and the director, is of the view that the cases are without merit, as the documentary evidence available indicates MOSB had properly imported the CPO into Malaysia and that MOSB was not party to the contract between Lushing and Summerwind for the sale and purchase of the relevant CPO.

(b) In 2010, a claim against Moi Foods Malaysia Sdn Bhd ("Moi Foods"), a wholly-owned subsidiary, in the High Court of Malaya, Shah Alam, in the State of Darul Ehsan, Malaysia for the amount of Malaysian Ringgit 836,805 (US$216,321) for alleged non-payment by Moi Foods of a construction contract entered into in 2001 between the claimants and Mewah-Oils Sdn Bhd (which subsequently novated the contract to Moi Foods) to construct a building block consisting of warehouse and offices on Lot 40 Phase 2A Pulau Indah Industrial Park. Moi Foods is currently preparing to file a defence disputing the amount claimed. The Group has made a provision of approximately Malaysian Ringgit 514,000 (US$185,000).

The pleadings are closed. The matter has been pending without further action by the Plaintiffs to set the matter down for trial since 2010.

Notes to the Financial Statements

For the financial year ended 31 December 2011

30. Contingent liabilities (continued)

Company

The Company has issued corporate guarantees to banks for borrowings to certain subsidiaries. As at 31 December 2011, the borrowings under the guarantees amounted to US$292,420,000 (2010: US$53,125,000). The financial effects of FRS 39 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 is of the view that no loss is expected to arise from the guarantees.

31. Commitments

(a) Capital commitments

Capital expenditures contracted for at the statement of financial position date but not recognised in the consolidated financial statements were as follows:

	Group	
	2011	2010
	US$'000	US$'000
Property, plant and equipment	**40,063**	75,161

(b) Operating lease commitments - where the Group is a lessee

The Group leases office premises and equipments from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the statement of financial position date but not recognised as liabilities, were as follows:

	Group	
	2011	2010
	US$'000	US$'000
Not later than one year	**333**	220
Between one and five years	**1,186**	1,124
Later than five years	**3,984**	3,698
	5,503	5,042

Notes to the Financial Statements

For the financial year ended 31 December 2011

31. Commitments (continued)

(c) Operating lease commitments - where the Group is a lessor

The Group leases out office space under its leasehold buildings to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the statement of financial position date but not recognised as receivables, were as follows:

	Group	
	2011	2010
	US$'000	US$'000
Not later than one year	**364**	68
Between one and five years	**293**	23
Later than five years	**130**	-
	787	91

32. 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's risk management strategy provides for the use of financial instruments such as currency forward contracts, commodities forward and futures contracts of crude palm oil and palm oil products.

Financial risk management is carried out by a Risk Committee in accordance with the policies set by the Board of Directors. The Risk Committee works closely with the Group's operating units in identifying, evaluating and managing financial risks. Regular reports will be 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") and Singapore Dollar ("SGD"). 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 2011

32. **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$'000	SGD US$'000	Ringgit US$'000	Others US$'000	Total US$'000
At 31 December 2011					
Financial assets					
Cash and cash equivalents	48,284	31,646	12,455	44,414	136,799
Trade and other receivables	323,872	3,960	48,333	55,558	431,723
Intercompany receivables	699,619	66,093	206,304	80,632	1,052,648
	1,071,775	101,699	267,092	180,604	1,621,170
Financial liabilities					
Borrowings	(150,330)	(1,355)	(230,562)	(3,883)	(386,130)
Other financial liabilities	(105,051)	(16,822)	(133,445)	(6,498)	(261,816)
Intercompany payables	(699,619)	(66,093)	(206,304)	(80,632)	(1,052,648)
	(955,000)	(84,270)	(570,311)	(91,013)	(1,700,594)
Net financial assets/(liabilities)	116,775	17,429	(303,219)	89,591	(79,424)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	254,497	6,111	(90,593)	45,542	215,557
Less: Currency forward contracts	(581,934)	6,527	-	(36,051)	(611,458)
Currency profile	(210,662)	30,067	(393,812)	99,082	(475,325)
Financial (assets)/liabilities denominated in the respective entities' functional currencies	16,777	561	392,366	(10,743)	398,961
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	(193,885)	30,628	(1,446)	88,339	(76,364)

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. **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$'000	SGD US$'000	Ringgit US$'000	Others US$'000	Total US$'000
At 31 December 2010					
Financial assets					
Cash and cash equivalents	23,548	143,623	28,822	19,329	215,322
Trade and other receivables	305,412	3,514	55,268	85,310	449,504
Intercompany receivables	547,044	78,196	149,238	43,988	818,466
	876,004	225,333	233,328	148,627	1,483,292
Financial liabilities					
Borrowings	(128,103)	(1,696)	(192,883)	(3,474)	(326,156)
Other financial liabilities	(136,926)	(23,825)	(136,103)	(6,276)	(303,130)
Intercompany payables	(547,044)	(78,196)	(149,238)	(43,988)	(818,466)
	(812,073)	(103,717)	(478,224)	(53,738)	(1,447,752)
Net financial assets/(liabilities)	63,931	121,616	(244,896)	94,889	35,540
Add: Firm commitments and highly probable forecast transactions in foreign currencies	346,922	8,353	(424,551)	27,596	(41,680)
Less: Currency forward contracts	(686,267)	3,051	-	(71,193)	(754,409)
Currency profile	(275,414)	133,020	(669,447)	51,292	(760,549)
Financial (assets)/liabilities denominated in the respective entities' functional currencies	183,880	(4,556)	667,706	(41,535)	805,495
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	(91,534)	128,464	(1,741)	9,757	44,946

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. **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: (continued)

	USD US$'000	SGD US$'000	Ringgit US$'000	Total US$'000
At 31 December 2011				
Financial assets				
Cash and cash equivalents	13,008	28,074	-	41,082
Intercompany receivables	90,686	63,747	-	154,433
	103,694	91,821	-	195,515
Financial liabilities				
Other financial liabilities	(33)	(117)	(48)	(198)
Intercompany payables	(5)	-	-	(5)
	(38)	(117)	(48)	(203)
Net financial assets/(liabilities)	103,656	91,704	(48)	195,312
Less: Currency forward contracts	-	1,959	-	1,959
Currency profile	103,656	93,663	(48)	197,271
Financial (assets)/liabilities denominated in the Company's functional currency	(103,656)	-	-	(103,656)
Currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currency	-	93,663	(48)	93,615

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. 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: (continued)

	USD US$'000	SGD US$'000	Ringgit US$'000	Total US$'000
At 31 December 2010				
Financial assets				
Cash and cash equivalents	-	142,863	-	142,863
Intercompany receivables	-	44,616	17,274	61,890
	-	187,479	17,274	204,753
Financial liabilities				
Other financial liabilities	(835)	(1,777)	(29)	(2,641)
Intercompany payables	(150)	(18,144)	-	(18,294)
	(985)	(19,921)	(29)	(20,935)
Net financial assets/(liabilities)	(985)	167,558	17,245	183,818
Financial (assets)/liabilities denominated in the Company's functional currency	985	-	-	985
Currency exposure of financial assets/(liabilities) net of those denominated in the Company's functional currency	-	167,558	17,245	184,803

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

With all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	2011		2010	
	<---------- **Increase/(decrease)**		---------->	
	Change %	**Profit after tax US$'000**	Change %	Profit after tax US$'000
Group				
USD against SGD				
- Strengthened	5%	**722**	5%	(8,481)
- Weakened	5%	**(722)**	5%	8,481
USD against Ringgit				
- Strengthened	5%	**(13,350)**	5%	(4,038)
- Weakened	5%	**13,350**	5%	4,038
Company				
USD against SGD				
- Strengthened	5%	**(3,887)**	5%	(8,376)
- Weakened	5%	**3,887**	5%	8,376
USD against Ringgit				
- Strengthened	5%	**2**	5%	(862)
- Weakened	5%	**(2)**	5%	862

(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 their borrowings and deposits placed with creditworthy licensed banks and financial instituitions.

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(a) Market risk (continued)

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

The Group's policy is to enter into variable interest rates borrowings. As most of the Group's borrowings are short-term and trade related, accordingly, the Group has minimum cash flows interest rate exposure risk.

The Group's borrowings were denominated mainly in Ringgit and USD. As at 31 December 2011, profit after tax for the financial year would have been US$174,000 (2010: US$79,000) lower or higher if market interest rates had been 50 basis points higher or lower with all other variables held constant.

(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 prices. The Group minimises the risk arising from such fluctuations by entering into commodities forward contracts and futures contracts. The Group has not adopted hedge accounting.

In the course of entering into these contracts, the Group may be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place a risk management system to manage such risk exposure.

As at 31 December 2011, if the commodity prices increase or decrease by 5% and other variables held constant, the Group's profit after tax would have been US$6,457,000 (2010: US$6,305,000) lower or higher respectively, arising as a result of the change in fair value of the commodities forward and futures 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 and bank deposits. For trade and other receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral 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.

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(b) Credit risk (continued)

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 a Risk Committee. In addition, any increase in credit limit requires approval from the Risk Committee. The Risk Committee 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 doubtful debts provision and/or write-off.

As the Group does 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 statement of financial position, except as follows:

	Company	
	2011	2010
	US$'000	US$'000
Corporate guarantees provided to financial institutions for subsidiaries' borrowings	**292,420**	53,125

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

The major trade receivables of the Group comprised of 1 debtor for 2011 (2010: 1 debtor) and represented 26% of trade receivables (2010: 38%). The Company did not have trade receivables in 2011 and 2010.

The credit risk for trade receivables based on the information provided to key management was as follows:

	Group	
	2011	2010
	US$'000	US$'000
By geographical segment		
- Asia		
Malaysia	**158,152**	203,153
Singapore	**33,306**	32,850
Rest of Asia	**36,745**	23,725
- Africa	**39,903**	62,913
- Middle East	**73,492**	75,527
- Europe	**47,624**	18,143
- Pacific Oceania	**5,450**	3,146
- America	**16,291**	7,652
	410,963	427,109

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that were neither past due nor impaired were mainly deposits with banks of good credit-ratings. Trade receivables that were neither past due nor impaired were substantially companies with a good collection track record with the Group and for which there was no historical track record of default.

(ii) Financial assets that are past due and/or impaired

There was no other class of financial assets that was past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired was as follows:

	Group	
	2011	2010
	US$'000	US$'000
Past due < 3 months	**59,811**	47,001
Past due 3 to 6 months	**10,072**	1,196
Past due 6 to 12 months	**2,337**	623
Past due over 1 year	**1,646**	-
	73,866	48,820

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment were as follows:

	Group	
	2011	2010
	US$'000	US$'000
Gross amount	**21,237**	16,391
Less: Allowance for impairment	**(21,237)**	(16,391)
	-	-
Beginning of the financial year	**(16,391)**	(18,102)
Currency translation differences	**556**	(2,316)
Allowance (made)/reversed and utilised	**(5,402)**	4,027
End of the financial year	**(21,237)**	(16,391)

The impaired trade receivables arose mainly from sales to customers which were under financial difficulties.

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. **Financial risk management** (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations due to shortage of funds. The Group maintains sufficient liquidity by closely monitoring its cash flows. The Group adopts prudent liquidity risk management policies in maintaining flexibility in funding by keeping credit facilities available with different financial institutions.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting is not significant.

	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 2011					
Trade and other payables	(261,816)	-	-	-	(261,816)
Borrowings	(342,411)	(46,053)	(3,057)	-	(391,521)
Gross-settled currency forward contracts					
- Receipts	711,616	-	-	-	711,616
- Payments	(715,458)	-	-	-	(715,458)
	(3,842)	-	-	-	(3,842)
Gross-settled futures contracts and forward sales and purchase contracts					
- Receipts	1,189,202	-	-	-	1,189,202
- Payments	(1,005,497)	(12,927)	-	-	(1,018,424)
	183,705	(12,927)	-	-	170,778
At 31 December 2010					
Trade and other payables	(303,130)	-	-	-	(303,130)
Borrowings	(310,142)	(14,095)	(5,436)	-	(329,673)
Gross-settled currency forward contracts					
- Receipts	754,409	-	-	-	754,409
- Payments	(728,241)	-	-	-	(728,241)
	26,168	-	-	-	26,168
Gross-settled futures contracts and forward sales and purchase contracts					
- Receipts	959,664	-	-	-	959,664
- Payments	(1,041,980)	(39,478)	-	-	(1,081,458)
	(82,316)	(39,478)	-	-	(121,794)

Notes to the Financial Statements

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32. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year US$'000
Company	
At 31 December 2011	
Other payables	(203)
Gross-settled currency forward contracts	
- Receipts	1,959
- Payments	(1,929)
	30
At 31 December 2010	
Other payables	(20,935)

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

	Less than 1 year US$'000
Company	
At 31 December 2011	
Financial guarantee contracts	292,420
At 31 December 2010	
Financial guarantee contracts	53,125

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(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 over business cycles, the Group may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

Management manages capital based on tangible net worth 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 tangible 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 cash equivalents ("net debt") to total equity.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2011 and 31 December 2010.

	Group	
	2011	2010
	US$'000	US$'000
Tangible net worth	**534,601**	502,730
Debt-equity ratio		
Gross debt	**386,130**	326,156
Less: Cash and cash equivalents	**(136,799)**	(215,322)
Net debt	**249,331**	110,834
Total equity	**537,790**	508,576
Gross debt-equity ratio	**0.72**	0.64
Net debt-equity ratio	**0.46**	0.22

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 December 2011 and 2010.

(e) Fair value measurements

Fair value measurements 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 2011

32. **Financial risk management** (continued)

(e) Fair value measurements (continued)

The following table presents our financial assets and liabilities measured at fair value as at statement of financial position date.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
2011				
Financial Assets				
Derivative financial instruments (Note 16)				
- Currency forward contracts	-	2,582	-	2,582
- Commodities futures contracts	6,544	-	-	6,544
- Commodities forward contracts	-	29,806	-	29,806
As at 31 December 2011	6,544	32,388	-	38,932
Financial Liabilities				
Derivative financial instruments (Note 16)				
- Currency forward contracts	-	8,700	-	8,700
- Commodities futures contracts	9,730	-	-	9,730
- Commodities forward contracts	-	23,887	-	23,887
- Put option	-	-	1,260	1,260
As at 31 December 2011	9,730	32,587	1,260	43,577
2010				
Financial Assets				
Derivative financial instruments (Note 16)				
- Currency forward contracts	-	29,113	-	29,113
- Commodities futures contracts	30,743	-	-	30,743
- Commodities forward contracts	-	31,626	-	31,626
As at 31 December 2010	30,743	60,739	-	91,482
Financial Liabilities				
Derivative financial instruments (Note 16)				
- Commodities forward contracts	-	66,674	-	66,674
As at 31 December 2010	-	66,674	-	66,674

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 1 US$'000	Level 2 US$'000	Total US$'000
Company			
2011			
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	30	30
2010			
Financial Liabilities			
Derivative financial instruments (Note 16)			
- Currency forward contracts	-	-	-

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. These instruments are included in Level 1.

The fair values of financial instruments that are not traded in an active market (such as commodities forward contracts) are determined by making references to the prices listed on the Malaysian Palm Oil Board, other similar products and other commodity exchanges, and makes assumptions that are based on market conditions existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes are used. The fair values of currency forward contracts are determined using quoted forward exchange rates at the statement of financial position date. These instruments are included in Level 2.

The fair value of the financial liability recognized in respect of the put option granted to the non-controlling interests is the present value of the redemption amount to be determined in accordance with the provision of the shareholders' agreement between the Group and the non-controlling interests. The redemption amount is dependent on the future financial performance of the subsidiaries. The fair value is determined based on the management's best estimate of the future financial performance of the subsidiary. This financial instrument is included in Level 3.

The carrying value less impairment provision of trade receivables and payables approximates their fair values. 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 approximates their carrying amount.

Notes to the Financial Statements

For the financial year ended 31 December 2011

32. Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 16 to the financial statements, except for the following:

Loans and receivables

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables	**410,963**	427,109	**-**	-
Other receivables	**20,760**	22,395	**154,433**	61,889
Cash and cash equivalents	**136,799**	215,322	**41,082**	142,863
	568,522	664,826	**195,515**	204,752

Financial liabilities at amortised cost

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**210,463**	253,322	**-**	-
Other payables	**51,353**	49,808	**203**	20,935
Borrowings	**386,130**	326,156	**-**	-
	647,946	629,286	**203**	20,935

Notes to the Financial Statements

For the financial year ended 31 December 2011

33. 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	
	2011	2010
	US$'000	US$'000
Sales to related parties		
- Sales of finished goods	**97,711**	32,230
Purchase from related parties		
- Purchases of raw materials	**(5,800)**	(9,446)
Unrealised gains from derivative financial instruments	**152**	84
Service rendered by related parties		
- Transportation and forwarding	**(2,811)**	(2,359)
- Packing material	**(10,357)**	(9,909)
- Insurance	**(3,246)**	(3,195)
- Consultation fees	**(860)**	-
- Travelling expenses	**(367)**	(412)
Rental paid/payable to related parties	**(118)**	(112)
Rental received/receivable from related parties	**41**	-
Service agreement	**22**	-
Reimbursement of expenses for related parties	**-**	358

Related parties are companies in which the directors/shareholders of the Company have significant influence or control.

Outstanding balances at 31 December 2011 and 2010 arising from the above transactions are set out in Notes 14, 15, 22 and 23 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2011	2010
	US$'000	US$'000
Wages, salaries and other short-term employee benefits	**7,693**	8,788
Employer's contribution to defined contribution plans	**114**	89
	7,807	8,877

Notes to the Financial Statements

For the financial year ended 31 December 2011

34. Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business within each segment.

The Executive Committee considers the business from two segments:

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

(ii) The consumer pack segment which manufactures and sells edible oils and bakery fats to consumers in packaged form.

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

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

EBITDA is calculated as operating margin add other income (excluding interest income), less administrative expenses (excluding depreciation and amortisation) and other operating expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2011

34. Segment information (continued)

The segment information provided to the Executive Committee for the reportable segments for the financial year ended 31 December 2011 was as follows:

	Bulk US$'000	Consumer Pack US$'000	Total US$'000
Group			
Sales			
Total segment sales	3,945,834	1,401,159	5,346,993
Inter-segment sales	(757,968)	(121,092)	(879,060)
Sales to external parties	3,187,866	1,280,067	4,467,933
Operating margin	**76,593**	**42,446**	**119,039**
Other income, excluding interest income	1,346	979	2,325
Admin expenses, excluding depreciation and amortisation	(30,367)	(28,072)	(58,439)
Other operating expenses	(282)	(346)	(628)
EBITDA	**47,290**	**15,007**	**62,297**
Impairment of goodwill	-	(2,717)	(2,717)
Segment results	**47,290**	**12,290**	**59,580**
Unallocated			
Depreciation			(14,142)
Amortisation			(58)
Finance expense			(12,887)
Interest income			5,548
Income tax expense			1,094
Share of profit of an associate			123
Profit after tax			**39,258**
Total segment assets	**854,277**	**368,996**	**1,223,273**
Unallocated			
Tax recoverable			20,613
Investment in an associate			204
Total assets			1,244,090
Total assets include:			
Additions to:			
- property, plant and equipment	58,255	33,983	92,238
- leasehold prepayments	14,063	-	14,063
Total segment liabilities	**(549,547)**	**(140,716)**	**(690,263)**
Unallocated			
Tax payable			(1,157)
Deferred tax liabilities			(14,880)
Total liabilities			(706,300)

Notes to the Financial Statements

For the financial year ended 31 December 2011

34. **Segment information** (continued)

The segment information provided to the Executive Committee for the reportable segments for the financial year ended 31 December 2010 was as follows:

	Bulk US$'000	Consumer Pack US$'000	Total US$'000
Group			
Sales			
Total segment sales	3,051,237	1,030,969	4,082,206
Inter-segment sales	(493,257)	(55,878)	(549,135)
Sales to external parties	2,557,980	975,091	3,533,071
Operating margin	**102,257**	**82,156**	**184,413**
Other income, excluding interest income	822	191	1,013
Admin expenses, excluding depreciation	(24,397)	(27,654)	(52,051)
Other operating expenses	(802)	(256)	(1,058)
EBITDA / Segment results	**77,880**	**54,437**	**132,317**
Unallocated			
Depreciation			(13,264)
Finance expense			(9,779)
Interest income			4,148
Placement and listing expenses			(4,737)
Income tax expense			(16,248)
Share of profit of an associate			3
Profit after tax			**92,440**
Total segment assets	**790,687**	**436,706**	**1,227,393**
Unallocated			
Tax recoverable			5,847
Investment in an associate			86
Total assets			**1,233,326**
Total assets include:			
Additions to:			
- property, plant and equipment	28,441	12,111	40,552
Total segment liabilities	**(558,198)**	**(137,762)**	**(695,960)**
Unallocated			
Tax payable			(13,337)
Deferred tax liabilities			(15,453)
Total liabilities			**(724,750)**

Notes to the Financial Statements

For the financial year ended 31 December 2011

34. Segment information (continued)

Geographical information

Revenue is attributed to countries on the basis of the customers' billing locations. The non-current assets are analysed by the geographical area in which the non-current assets are located.

	Group	
	2011	2010
	US$'000	US$'000
Revenue by geography		
Malaysia	**1,674,177**	1,597,708
Singapore	**707,884**	335,871
	2,382,061	1,933,579
Other countries		
- Rest of Asia	**573,030**	371,112
- Africa	**491,994**	556,833
- Middle East	**516,116**	391,226
- Europe	**268,081**	136,794
- Pacific Oceania	**71,003**	56,070
- America	**165,648**	87,457
	2,085,872	1,599,492
	4,467,933	3,533,071
Non-current assets by geography		
Singapore	**12,681**	11,987
Malaysia	**274,294**	209,461
Other countries	**17,709**	6,773
	304,684	228,221

Approximately 12% of the Group's total revenue for the financial year ended 31 December 2011 was derived from a single external customer (2010: 21%). This revenue was attributable to revenue from Malaysia.

Notes to the Financial Statements

For the financial year ended 31 December 2011

35. Significant business combinations

On 27 December 2010, the Group completed the acquisition of 52.0% of the issued equity of Molly Foods bvba ("Molly Foods"), a company incorporated in Belgium, which through its wholly owned subsidiary, Bloom Land Enterprises Limited ("Bloom Land"), a company incorporated in Hong Kong, owns 100% of BeCe S.à.r.l. ("BeCe"), a company incorporated in Togo, involved primarily in importing commodities, including edible oils and fats products produced by the Group, for sale in West Africa.

In accordance with FRS 103 *Business Combinations*, the fair value of the identifiable assets, liabilities and contingent liabilities was determined provisionally for the acquisition of Molly Foods as at 31 December 2010. Additional information was obtained as part of the process of finalising the purchase price allocation during the 12-month period allowed under FRS 103. This resulted in certain aspects of the purchase price allocation being revisited to reflect finalisation of the allocation process. The impact of these revisions on the acquired net assets was as follows:

	As previously stated 2010 US$'000	Adjustments 2010 US$'000	**Restated 2010 US$'000**
Cash and cash equivalents	9,806	-	**9,806**
Property, plant and equipment	123	-	**123**
Inventories	23,919	(1,178)	**22,741**
Trade and other receivables	1,498	221	**1,719**
Goodwill	5,205	641	**5,846**
Trade and other payables	(31,677)	(450)	**(32,127)**
Borrowings	(1,404)	(23)	**(1,427)**
Current tax liabilities	(348)	197	**(151)**
Non-controlling interests at fair value	(920)	592	**(328)**
	6,202	-	**6,202**
Represented by:			
Cash paid	6,202	-	**6,202**

All the above fair value adjustments have been recorded with effect from the date of acquisition by restating the 2010 reported statement of financial position. There was no impact on the income statement for the year ended 31 December 2010 and statement of financial position as at 1 January 2010 due to the above fair value adjustments.

Notes to the Financial Statements

For the financial year ended 31 December 2011

35. Significant business combinations (continued)

The Group has allocated the purchase price to the acquired net assets based on fair values as follows:

	Group US$'000
(i) Purchase consideration	
Total purchase consideration	6,202
(ii) Effect on cash flows of the Group	
Cash paid (as above)	(6,202)
Less: Cash and cash equivalents in subsidiaries acquired	9,806
Cash inflow on acquisition	3,604

	At fair value (restated) US$'000
(iii) Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	9,806
Property, plant and equipment	123
Inventories	22,741
Trade and other receivables	1,719
Total assets	34,389
Trade and other payables	(32,127)
Borrowings	(1,427)
Current tax liabilities	(151)
Total liabilities	(33,705)
Total identifiable net assets	**684**
Less: Non-controlling interests at fair value	(328)
Add: Goodwill	5,846
Consideration transferred for the business	**6,202**

Notes to the Financial Statements

For the financial year ended 31 December 2011

36. Comparative figures

(a) During the financial year, the statement of financial position has been changed from the previous year due to the finalisation of the purchase price allocation to goodwill, other assets and liabilities associated with the acquisition of Molly Foods (see Note 35).

The changes in the comparative statement of financial position were as follows:

	Group		
	As previously stated 2010 US$'000	Adjustments 2010 US$'000	**Restated 2010 US$'000**
Assets/(Liabilities)			
Inventories	243,959	(1,178)	**242,781**
Other receivables	26,699	221	**26,920**
Goodwill	5,205	641	**5,846**
Trade payables	(252,785)	(537)	**(253,322)**
Other payables	(49,895)	87	**(49,808)**
Tax payables	(13,534)	197	**(13,337)**
Borrowings	(307,774)	(23)	**(307,797)**
Equity			
Non-controlling interests	(1,464)	592	**(872)**

(b) During the financial year, the cost of sales and selling and distribution expenses in the consolidated income statement have been reclassified for better comparability with current year's consolidated income statement.

The reclassifications in the comparative consolidated income statement were as follows:

	Group		
	As previously stated 2010 US$'000	Reclassification 2010 US$'000	**As adjusted 2010 US$'000**
Consolidated Income Statement			
Cost of sales	(3,272,973)	6,152	**(3,266,821)**
Selling and distribution expenses	(89,906)	(6,152)	**(96,058)**

Notes to the Financial Statements

For the financial year ended 31 December 2011

37. Events occurring after statement of financial position date

On 13 February 2012, the Company's wholly-owned subsidiary, Hua Guan Inc., through its wholly-owned subsidiary Hua Guan Oleo (S) Pte Ltd, has incorporated a company in the United Arab Emirates, Mewah Oils FZE with registered share capital of AED1,000,000 (US$272,000).

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 2012 or later periods and which the Group has not early adopted:

- Amendments to FRS 101 – *Secure Hyperinflation and Removal of Fixed Prices of First-time Adopters* (effective for annual periods beginning on or after 1 July 2011)
- Amendments to FRS 107 Disclosures – *Transfers of Financial Assets* (effective for annual periods beginning on or after 1 July 2011)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

39. Authorisation of consolidated financial statements

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mewah International Inc. on 15 March 2012.

Notes to the Financial Statements

For the financial year ended 31 December 2011

40. Listing of companies in the Group

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding 2011 %	Equity holding 2010 %
Directly held by the Company					
One Marthoma (CI) Inc. [j]	Cayman Islands	Investment holding	Cayman Islands	**100**	100
Subsidiaries of One Marthorma (CI) Inc.					
Mewah Oleo Malaysia Sdn Bhd [b]	Malaysia	Investment holding	Malaysia	**100**	100
Padat Gaya Sdn Bhd [c]	Malaysia	Investment holding	Malaysia	**100**	100
MOI International (Australia) Pty Ltd [e]	Australia	Trading	Australia	**83.4**	83.4
Ngo Chew Hong Corporation Pte Ltd [a] (Held by the Company w.e.f. 01 June 2011)	Singapore	Investment holding	Singapore	**-**	100
Agri Kurnia Sdn. Bhd. [j] [m]	Malaysia	Investment holding	Malaysia	**100**	-
Subsidiaries of Mewah Oleo Malaysia Sdn Bhd					
Mewah-Oils Sdn Bhd [b]	Malaysia	Manufacturing and selling of palm oil products	Malaysia	**100**	100
Ngo Chew Hong Oils & Fats (M) Sdn Bhd [b]	Malaysia	Refining and selling of palm oil products	Malaysia	**100**	100
Moi Foods Malaysia Sdn Bhd [b]	Malaysia	Manufacturing and selling of downstream palm oil products	Malaysia	**100**	100
Container Fabricator (M) Sdn Bhd [b]	Malaysia	Manufacturing of plastic containers	Malaysia	**100**	100

Notes to the Financial Statements

For the financial year ended 31 December 2011

40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding 2011 %	Equity holding 2010 %
Subsidiaries of Mewah Oleo Malaysia Sdn Bhd (continued)					
Mewaholeo Marketing Sdn Bhd [b]	Malaysia	Selling of palm oil and palm oil related products	Malaysia	**100**	100
Batam Heights Sdn Bhd [b]	Malaysia	Dormant	Malaysia	**100**	100
G & U Districenters (M) Sdn Bhd [b]	Malaysia	Dormant	Malaysia	**100**	100
Bremfield Sdn Bhd [b]	Malaysia	Dormant	Malaysia	**100**	100
Nilam Tekad Sdn Bhd [b] (Held by Agri Kurnia Sdn. Bhd. w.e.f. 20 June 2011)	Malaysia	Dormant	Malaysia	**-**	100
Associate of Mewah Oleo Malaysia Sdn Bhd					
Prelude Gateway Sdn Bhd [k]	Malaysia	Freight forwarding, transportation, warehousing and logistical services	Malaysia	**49**	49
Directly held by the Company					
Ngo Chew Hong Corporation Pte Ltd [a]	Singapore	Investment holding	Singapore	**100**	-
Subsidiaries of Ngo Chew Hong Corporation Pte Ltd					
Mewah Oils & Fats Pte Ltd [a]	Singapore	Trading of edible oils and providing commodity brokerage service	Singapore	**100**	100
Ngo Chew Hong Edible Oil Pte Ltd [a]	Singapore	Packaging and trading of edible oil	Singapore	**100**	100

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40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding 2011 %	Equity holding 2010 %
Subsidiaries of Ngo Chew Hong Corporation Pte Ltd (continued)					
MOI International (Singapore) Pte Ltd [a]	Singapore	Trading of edible oil products	Singapore	**100**	100
Mewah Brands (S) Pte Ltd [a]	Singapore	To own brands used by related parties and group corporations	Singapore	**100**	100
Moi Foods Romania S.R.L. [j]	Romania	Trading	Romania	**100**	100
Ngo Chew Hong Industries Pte Ltd [a]	Singapore	Dormant	Singapore	**100**	100
Ngo Chew Hong Investment Pte Ltd [a]	Singapore	Dormant	Singapore	**100**	100
Mewah Commodities Pte Ltd [a]	Singapore	Investment holding	Singapore	**100**	100
Krispi Oil and Food Products Marketing, Import, Export Trading Company (Turkey) [j] (50% equity held by Mewah Commodities Pte Ltd and 50% equity held by Ngo Chew Hong Corporation Pte Ltd)	Turkey	Trading	Turkey	**100**	100

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40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding 2011 %	Equity holding 2010 %
Subsidiaries of Mewah Commodities Pte Ltd					
Krispi Oil Russia LLC [j]	Russia	Trading	Russia	**100**	100
Krispi Oils Poland Sp. z.o.o [j] (90% equity held by Mewah Commodities Pte Ltd and 10% equity held by Ngo Chew Hong Corporation Pte Ltd)	Poland	Trading	Poland	**100**	100
Moi Foods Belgium N.V. [j] (90% equity held by Mewah Commodities Pte Ltd and 10% equity held by Ngo Chew Hong Corporation Pte Ltd)	Belgium	Investment holding	Belgium	**100**	100
Subsidiary of Moi Foods Belgium N.V.					
Molly Foods bvba [j] [n]	Belgium	Trading and investment holding	Belgium	**70**	52
Subsidiary of Molly Foods bvba					
Bloom Land Enterprises Limited [f] [n]	Hong Kong	Providing commodity brokerage service	Hong Kong	**70**	52
Subsidiary of Bloom Land Enterprises Limited					
BeCe S.à.r.l. [d] [n]	Togo	Trading	Togo	**70**	52
Subsidiaries of Padat Gaya Sdn Bhd					
Mewaholeo Industries Sdn Bhd [c]	Malaysia	Refining and selling of palm oil products	Malaysia	**100**	100
Mewah Datu Sdn Bhd [c]	Malaysia	Refining and selling of palm oil products	Malaysia	**100**	100

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40. **Listing of companies in the Group** (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding 2011 %	Equity holding 2010 %
Subsidiary of Agri Kurnia Sdn Bhd					
Nilam Tekad Sdn Bhd (j)	Malaysia	Dormant	Malaysia	**100**	-
Subsidiary of MOI (International) Australia Pty Ltd					
Frycycle Pty Ltd (e)	Australia	Dormant	Australia	**83.4**	83.4
Directly held by the Company					
Pandan Loop International Inc. (j)	Cayman Islands	Investment holding	Cayman Islands	**100**	100
Subsidiaries of Pandan Loop International Inc.					
Ngo Chew Hong Oleo (S) Pte Ltd (a)	Singapore	Dormant	Singapore	**100**	100
PT Seengatta Palm (j)	Indonesia	Dormant	Indonesia	**95**	95
Subsidiaries of Ngo Chew Hong Oleo (S) Pte Ltd					
MOI Foods (Shanghai) Co. Ltd. (g)	People's Republic of China	Trading	People's Republic of China	**100**	100
Mewah Oils (ZJG) Co. Ltd. (h)	People's Republic of China	Trading	People's Republic of China	**100**	100
Mewah Oils (Tianjin) Co. Ltd. (i) (l)	People's Republic of China	Trading	People's Republic of China	**100**	-
Directly held by the Company					
Cavenagh House International Inc. (j)	Cayman Islands	Investment holding	Singapore	**100**	100

Notes to the Financial Statements

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40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding 2011 %	Equity holding 2010 %
Subsidiaries of Cavenagh House International Inc.					
Cavenagh Oleo (S) Pte Ltd [a]	Singapore	Investment holding	Singapore	**100**	100
PT Utara Agro [j] (Held by Cavenagh Oleo (S) Pte Ltd w.e.f. 10 June 2011)	Indonesia	Dormant	Indonesia	**-**	95
Subsidiaries of Cavenagh Oleo (S) Pte Ltd					
PT Agro Murni [j]	Indonesia	Dormant	Indonesia	**95**	95
PT Timuran Agro [j]	Indonesia	Dormant	Indonesia	**95**	95
PT Agro Indah [j] [l] (95% equity held by Cavenagh Oleo (S) Pte Ltd and 5% equity held by Cavenagh House International Inc.)	Indonesia	Dormant	Indonesia	**100**	-
PT Utara Agro [j]	Indonesia	Dormant	Indonesia	**95**	-
PT Agro Perkasa [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Agro Harapan [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Mas Sejahtera [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Makmur Bestari [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Mas Bestari [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Fajar Bestari [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Sawit Bestari [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Mas Mewah [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Harapan Bestari [j] [l]	Indonesia	Dormant	Indonesia	**95**	-

Notes to the Financial Statements

For the financial year ended 31 December 2011

40. Listing of companies in the Group (continued)

Name of companies	Country of incorporation	Principal activities	Principal country of operation	Equity holding 2011 %	Equity holding 2010 %
PT Agro Baiduri [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Usaha Bestari [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Usaha Lestari [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Nilam Surya Harapan [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Usaha Surya [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Nilam Surya Perkasa [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
PT Nilam Surya Jaya [j] [l]	Indonesia	Dormant	Indonesia	**95**	-
Directly held by the Company					
Hua Guan Inc. [j]	British Virgin Islands	Investment holding	Cayman Islands	**100**	100
Subsidiary of Hua Guan Inc.					
Hua Guan Oleo (S) Pte Ltd [a]	Singapore	Investment holding	Singapore	**100**	100
Subsidiary of Hua Guan Oleo (S) Pte Ltd					
Mewah Oils India Pvt Ltd [j] (90% equity held by Hua Guan Oleo (S) Pte Ltd and 10% equity held by Hua Guan Inc.)	India	Trading	India	**100**	100
Directly held by the Company					
Moi International Inc. [j]	Mauritius	Dormant	Mauritius	**100**	100

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For the financial year ended 31 December 2011

40. Listing of companies in the Group (continued)

[a] *Audited by PricewaterhouseCoopers LLP, Singapore*
[b] *Audited by PricewaterhouseCoopers, Kuala Lumpur*
[c] *Audited by PricewaterhouseCoopers, Johor Bahru*
[d] *Not required to be audited under the laws of the country of incorporation. For the audit of consolidated financial statements of the Company, PricewaterhouseCoopers, Ivory Coast was engaged to perform an audit of BeCe S.à.r.l for the consolidation purposes.*
[e] *Audited by BDO Kendalls (QLD) Pty Ltd, Australia*
[f] *Audited by Yeung, Chan & Associate CPA Limited, Hong Kong*
[g] *Audited by Shanghai Shen Zhou Da Tong Certified Public Accountants Company Limited, People's Republic of China*
[h] *Audited by Suzhou Qinye Union Certified Public Accountants, People's Republic of China*
[i] *Audited by Tianjin Beiyang CPAs Co., Ltd., People's Republic of China*
[j] *Not required to be audited under the laws of the country of incorporation*
[k] *Audited by HALS & Associates, Malaysia*
[l] *Incorporated during the year 2011*
[m] *Acquired during the year 2011*
[n] *Increased its investment from 52% to 70% during the year 2011*