Report of Directors and Audited Consolidated Financial Statements

COFCO INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

From 16 May 2014 (date of incorporation) to 31 December 2014

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Kamer van Koophandel

COFCO INTERNATIONAL LIMITED

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REPORT OF THE DIRECTORS

The directors present their first report and the audited consolidated financial statements of COFCO International Limited (the "Company") and its subsidiaries (together "the Group") for the period from 16 May 2014 (date of incorporation) to 31 December 2014.

Principal activities
The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 32 to the financial statements.

Results
The Group's loss for the period from 16 May 2014 (date of incorporation) to 31 December 2014 and its state of affairs at that date are set out in the financial statements on pages 5 to 11.

Property, plant and equipment
Details of movements in the property, plant and equipment of the Group are set out in note 9 to the financial statements.

Share capital
Details of movements in the Company's share capital during the period from 16 May 2014 (date of incorporation) to 31 December 2014 are set out in note 28 to the financial statements.

Reserves
Details of movements in the Group's reserves during the period from 16 May 2014 (date of incorporation) to 31 December 2014 are set out in the consolidated statement of changes in equity.

Directors
The directors of the Company during the period from 16 May 2014 (date of incorporation) to 31 December 2014 and up to the date of this report were:

Ning Gaoning (appointed on 6 June 2014)
Yu Xubo (appointed on 6 June 2014)
Ma Jianping (appointed on 9 October 2014)
Chi Jingtao (appointed on 9 October 2014)
Wu Yibing (appointed on 9 October 2014)
Bi Mingjian (appointed on 9 October 2014 and resigned on 14 April 2015)
Zhang Wendong (appointed on 14 April 2015)
Oscar Chemerinski (appointed on 14 April 2015)

COFCO INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS

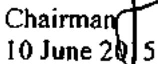
Directors' interests in securities
At no time during the period from 16 May 2014 (date of incorporation) to 31 December 2014 was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in contracts
No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party during the period from 16 May 2014 (date of incorporation) to 31 December 2014.

Events after the reporting period
Details of the Company's significant events after the reporting period are set out in note 39 to the financial statements.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



Chairman
10 June 2015

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Independent auditors' report
To the shareholders of COFCO International Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of COFCO International Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 5 to 68, which comprise the consolidated statement of financial position of the Group as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 16 May 2014 (date of incorporation) to 31 December 2014, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated 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 the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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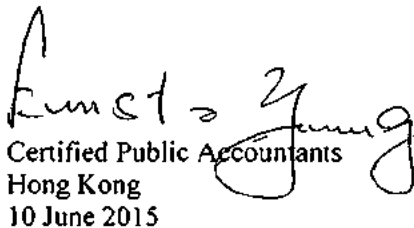
Building a better working world

Independent auditors' report (continued)
To the shareholders of COFCO International Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's loss and cash flows for the period from 16 May 2014 (date of incorporation) to 31 December 2014 in accordance with International Financial Reporting Standards.



Certified Public Accountants
Hong Kong
10 June 2015

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COFCO INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD FROM 16 MAY 2014 (DATE OF INCORPORATION) TO 31 DECEMBER 2014

	Notes	Period from 16 May 2014 (date of incorporation) to 31 December 2014 US$'000
CONTINUING OPERATIONS		
Revenue		7,959,309
Cost of sales and services	5	(8,068,579)
GROSS LOSS		(109,270)
Other income, net of other expenses	4	68,804
Selling, administrative and operating expenses	5	(145,109)
Share of profit and loss of associates and joint ventures		364
LOSS BEFORE INTEREST AND TAX		(185,211)
Finance income	6	15,720
Finance costs	6	(72,373)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		(241,864)
Income tax	8	23,805
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(218,059)
DISCONTINUED OPERATION		
Loss from discontinued operation, net of tax	7	(16,140)
LOSS FOR THE PERIOD		(234,199)
Attributable to:		
Equity holders of the Company		(109,844)
Non-controlling interests		(124,355)
		(234,199)

COFCO INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 16 MAY 2014 (DATE OF INCORPORATION) TO 31 DECEMBER 2014

	Note	Period from 16 May 2014 (date of incorporation) to 31 December 2014 US$'000
LOSS FOR THE PERIOD		(234,199)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items to be reclassified to profit or loss in subsequent periods:		
Net credit to cash flow hedging reserve, net of tax		9,549
Gains on revaluation of long term investments, net of tax	15	319
Net debit to exchange differences on translation of foreign operations		(16,114)
		(6,246)
Item not to be reclassified to profit or loss in subsequent periods:		
Re-measurement losses on defined benefit plans		(4,200)
		(4,200)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(10,446)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(244,645)
Attributable to:		
Equity holders of the Company		(120,238)
Non-controlling interests		(124,407)
		(244,645)

COFCO INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2014

	Notes	2014 US$'000
NON-CURRENT ASSETS		
Property, plant and equipment	9	3,048,420
Goodwill	10	739,295
Prepaid land leases	11	114,421
Intangible assets	12	475,651
Investments in joint ventures	13	9,452
Investments in associates	14	49,465
Long term investments	15	13,675
Agricultural assets	16	256,794
Loan receivables	17	33,467
Deferred tax assets	27	251,125
Tax recoverable	18	61,510
Investment property		10,612
Other non-current assets	19	191,055
		5,254,942
CURRENT ASSETS		
Inventories	20	3,329,416
Trade and bills receivables	21	1,914,449
Prepayments, deposits and other receivables	22	2,567,392
Agricultural assets	16	133,209
Loan receivables	17	56,455
Tax recoverable	18	49,060
Cash and cash equivalents	23	743,767
Due from related parties	34	210,870
		9,004,618
Assets of disposal group classified as held for sale	7	123,925
		9,128,543
CURRENT LIABILITIES		
Trade payables	24	2,087,013
Other payables and accrued liabilities	25	1,844,628
Interest-bearing bank borrowings	26	4,479,056
Tax payable		14,532
Due to related parties	34	125,889
		8,551,118
Liabilities directly associated with disposal group classified as held for sale	7	18,611
		8,569,729
NET CURRENT ASSETS		558,814
TOTAL ASSETS		14,383,485
TOTAL ASSETS LESS CURRENT LIABILITIES		5,813,756

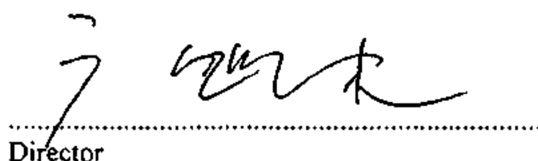
continued/...

COFCO INTERNATIONAL LIMITED

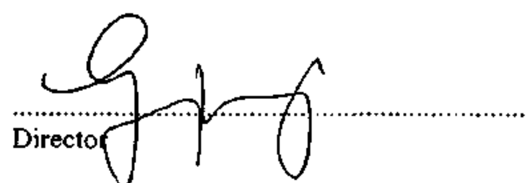
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 DECEMBER 2014

	Notes	2014 US$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	26	2,255,001
Deferred tax liabilities	27	388,256
Loan payable to minority interest of a subsidiary	34	70,000
Other non-current liabilities		18,426
		2,731,683
TOTAL LIABILITIES		11,301,412
NET ASSETS		3,082,073
EQUITY		
Equity attributable to owners of the Company		
Share capital	28	1,430,724
Reserves	29	(120,238)
		1,310,486
Non-controlling interests		1,771,587
TOTAL EQUITY		3,082,073



Director



Director

COFCO INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 16 MAY 2014 (DATE OF INCORPORATION) TO 31 DECEMBER 2014

	Notes	Attributable to equity holders of the Company							
		Issued capital US$'000	Cash flow hedging reserve US$'000	Exchange fluctuation reserve US$'000	Other reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 16 May 2014 (date of incorporation)		-	-	-	-	-	-	-	-
Loss for the period		-	-	-	-	(109,844)	(109,844)	(124,355)	(234,199)
Other comprehensive income/(loss) for the period, net of tax		-	9,549	(16,062)	319	(4,200)	(10,394)	(52)	(10,446)
Total comprehensive income/(loss), net of tax		-	9,549	(16,062)	319	(114,044)	(120,238)	(124,407)	(244,645)
Issuance of shares	28	1,430,724	-	-	-	-	1,430,724	-	1,430,724
Acquisition of subsidiaries	31	-	-	-	-	-	-	1,895,994	1,895,994
Transfer to reserve		-	-	-	1,015	(1,015)	-	-	-
At 31 December 2014		1,430,724	9,549	(16,062)	1,334	(115,059)	1,310,486	1,771,587	3,082,073

COFCO INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 16 MAY 2014 (DATE OF INCORPORATION) TO 31 DECEMBER 2014

	Period from 16 May 2014 (date of incorporation) to 31 December 2014 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax from continuing operations	(241,864)
Loss before tax from discontinued operation	(16,067)
Loss before tax, total	(257,931)
Adjustments to loss before tax:	
Fair value movement of financial assets recognised on acquisition of Nidera	(63,000)
Share of profits and loss of associates and joint ventures	(364)
Net finance costs	56,653
Net loss on disposal of property, plant and equipment	1,041
Impairment of trade and bills receivables	10,689
Fair value gain of agricultural assets less point-of-sale costs	(329)
Impairment of indirect tax receivable	4,368
Impairment of property, plant and equipment	2,000
Depreciation and amortisations	58,660
Operating loss before working capital changes	(188,213)
Decrease in trade and bills receivables, prepayments, deposits and other receivables	312,269
Increase in inventories	(105,994)
Increase in trade payables, other payables and accrued liabilities	649,457
Changes in amounts with related companies	(52,497)
Interest received	15,720
Interest paid	(72,373)
Taxes paid	(27,798)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**530,571**
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property, plant and equipment and intangible assets	(48,426)
Increase in agricultural assets	(87,310)
Net cash paid on acquisition of subsidiaries	(2,038,685)
Net cash paid on acquisition of an associate company	(20,891)
Dividend income from an associate	932
Proceeds from disposal of property, plant and equipment	3,870
NET CASH USED IN INVESTING ACTIVITIES	**(2,190,510)**

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COFCO INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE PERIOD FROM 16 MAY 2014 (DATE OF INCORPORATION) TO 31 DECEMBER 2014

	Period from 16 May 2014 (date of incorporation) to 31 December 2014 US$'000
CASH FLOWS FROM FINANCIANG ACTIVITIES	
Net inflow of loans and borrowings	974,672
Proceeds from issuance of shares	1,430,724
NET CASH GENERATED FROM FINANCING ACTIVITIES	**2,405,396**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**745,457**
Net foreign exchange differences	(1,690)
Cash and cash equivalents at date of incorporation	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**743,767**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	**743,767**

1. CORPORATE INFORMATION

COFCO International Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 16 May 2014. The registered office of the Company is located at Floor 4, Willow House, Cricket Square, P. O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

The principal activities of the Group comprise managing the global supply chain of agricultural products. Details of the principal activities of the principal subsidiaries are set out in note 32 to the financial statements.

In the opinion of the directors, the ultimate holding company of the Company is COFCO Corporation ("COFCO"), which is a state-owned enterprise registered in the People's Republic of China (the "PRC").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION AND PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which also include all International Accounting Standards ("IASs") and Interpretations) approved by the International Accounting Standards Board (the "IASB").

The financial statements have been prepared under the historical cost convention, except for periodic re-measurement to fair value of certain items as explained in note 2.3 below. The financial statements are presented in United States dollars and all values are rounded to the nearest thousand except where otherwise indicated.

2.2 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and revised IFRSs that are issued, but not yet effective, up to the date of issuance of these financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

<u>IFRS 9 *Financial Instruments*</u>
IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2.2 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

Annual improvements 2011-2013 Cycle
These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:
- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

2.2 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the period ended 31 December 2014.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

When relevant, total comprehensive income within a subsidiary is attributed to the non-controlling interest even if this results in a deficit balance.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Consolidation ceases on the date when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary disposed of during the period are included in the consolidated financial statements until the date the Group ceased to control the subsidiary.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)
Non-controlling interests represent the portion of the results and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position. An acquisition of non-controlling interests is accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity while any resultant gain or loss is recognised in the statement of profit or loss. Any investment retained is recognised at fair value.

Business combinations and disposals
Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred, liabilities assumed to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair values. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through the statement of profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Non-controlling interests in subsidiaries are identified separately from the Group's equity and are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and disposals (continued)
If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Subsidiaries
A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

Investments in associates and joint ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are accounted for using the equity method of accounting and include in the consolidated statement of financial position at the Group's share of net assets and goodwill identified on acquisition, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)
If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in statement of profit or loss.

Fair value measurement
The Group measures its investment properties, agricultural assets, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	2½ % to 4% or over the terms of the leases, if shorter
Leasehold improvements	Over the terms of the leases
Plant and equipment	5% to 50%
Motor vehicles	9 % to 14%

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
Land held on a freehold basis is not depreciated.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at least at each statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the accounting period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Assets under development as at 31 December 2014 include crushing plants, warehouses under construction and computer systems under development, which are stated at cost less any impairment losses. These assets are not depreciated. Cost comprises direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Assets under development are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Goodwill
Goodwill acquired in a business combination is initially measured as the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interest in the acquiree and, in a business combination achieved in stages, any fair value of previously held equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised and is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

In the case of associates and joint ventures, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated statement of financial position.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- is not larger than an operating segment determined in accordance with IFRS 8 "Operating Segments".

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)
Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than its carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill will not be reversed in a subsequent period.

On disposal of subsidiaries or associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remained and any relevant reserves, as appropriate.

Intangible assets other than goodwill
Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and any expenditure is charged to the statement of profit or loss in the year which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as change in the accounting estimates. The amortisation expense from intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset. Intangible assets with indefinite useful lives are tested for impairment annually at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Technologies are amortised on the straight-line basis over their estimated useful lives of 7 to 20 years. Trademark is estimated to have indefinite useful life, for which impairment test is conducted together with goodwill attributable to each cash generating unit. Key assumptions used to undertake the impairment test is in note 10.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Agricultural assets

Agricultural assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the statement of profit or loss.

The fair value of the plantation of various agricultural products is estimated with reference to a valuation using the discounted cash flows of the underlying agricultural assets. The expected cash flows from the whole life cycle of the plantations are determined using the market price of the estimated yield of the agricultural products, net of maintenance and harvesting costs and any costs required to bring the plantations to maturity or a ready-for-sale market condition. The estimated yield of the plantations is affected by the age of the plants, the location, soil type and infrastructure. The market price of plants is largely dependent on the prevailing market price of the processed products after harvest.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, goodwill and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. The value in use calculation is based on a discounted cash flow model. The estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Commodity forward purchase and sale contracts
Certain business divisions of the Group are involved in manufacturing and processing commodities. Commodity forward contracts that form part of the Group's normal purchase, sale or usage requirements for these activities are accounted for as executory contracts and are recorded when the delivery of the commodities has taken place.

All other commodity forward contracts are accounted for as derivatives and are recorded in the statement of financial position at their fair values.

Loan and trade receivables
Loan and trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and including fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the statement of profit or loss when the loan and trade receivables are derecognised or impaired, as well as through the amortisation process.

Long term investments
Long term investments are those non-derivative financial assets that are designated as available-for-sale investments. After initial recognition, these long term investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investments are derecognised or until the investments are determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of profit or loss.

For investments actively traded in recognised financial markets, fair value is generally determined with reference to stock exchange quoted market prices at the close of business on the statement of financial position date. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of a substantially similar instrument, or is calculated based on the expected future cash flows of the underlying net asset base of the investment. Equity investments where there is no quoted market price in an active market and where the fair value cannot be reliably measured are stated at cost less any impairment losses.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments
Derivative financial instruments are initially recognised at fair value on the date on which the contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as other receivables when the fair value is positive and as other payables when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are recorded in the statement of profit or loss in the cost of sales and services in the period of change. When sales contracts have been settled, the associated revenue is recorded in revenue.

(a) Futures contracts
Futures contracts are measured at fair value. Unrealised gains and losses are reported in the statement of profit or loss in the cost of sales and services. Fair value is determined by reference to quoted futures prices on recognised futures markets at the close of business at the statement of financial position date. The accounting treatment of cash provided as margin to futures brokers is described below under cash and cash equivalents.

(b) Hedge accounting
The Group applies hedge accounting for certain derivative financial instruments that are used to hedge risks associated primarily with fluctuations of foreign currency, interest rate and commodity prices. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship for which the Group wishes to apply hedge accounting. Such hedges are expected to be highly effective in achieving the task of offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

For the purposes of hedge accounting, cash flow hedges refer to hedges against exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, a firm commitment, or a forecast transaction. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the statement of profit or loss.

When a hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or the carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the statement of profit or loss in the same period in which the hedged transaction affects the statement of profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit or loss for the period.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprise cash on hand and at banks, short term time deposits and short term highly liquid investments with original maturity of three months or less when acquired, less bank overdrafts.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Inventories

Inventories principally comprise commodities held for trading and inventories that form part of the Group's normal purchase, sale or usage requirements for its manufacturing or processing activities.

All the inventories of the Group for commodity trading businesses are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the statement of profit or loss in the period of the change.

All the other inventories are stated at the lower of cost and net realisable value. Raw material cost is determined on the first-in, first-out basis, weighted average basis or on a specific basis if such inventories are not ordinarily interchangeable. Finished products include raw material costs, direct labour and a proportion of manufacturing overheads based on normal operating capacity. Net realisable value is based on estimated selling prices less estimated costs of completion and the estimated costs necessary to make the sales.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables, and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contracts are recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures financial guarantee contracts at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the statement of financial position date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that a future outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Derecognition of financial assets and liabilities
(a) Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset through a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of the ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. The Group applies this accounting policy to financing arrangements related to the Group's trade receivables when the cost of these financing arrangements takes the form of discounts, these discounts are recorded in cost of goods sold.

(b) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(a) Assets carried at amortised cost
If there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible. The amount of the loss shall be recognised in the statement of profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the statement of profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Assets carried at cost
If there is objective evidence of an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(c) Long term investments at fair value
If a long term investment at fair value is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is transferred from equity to the statement of profit or loss. Reversals in respect of equity instruments classified as long term investments at fair value are not reversed through the statement of profit or loss. Reversals of impairment losses on debt instruments are reversed through the statement of profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Valuation for financial assets and financial liabilities with offsetting positions
The Group has used the exemption in IFRS 13 in relation to the measurement of fair value for financial assets and financial liabilities which are managed on the basis of the Group's net exposure to either market risk or credit risk. The Group measures the fair value of these groups of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position for a particular risk exposure or paid to transfer a net short position for a particular risk exposure in an orderly transaction between market participants at the measurement date under current market condition.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the statement of profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute such amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax is recognised, using the liability method, on temporary difference arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred tax is determining using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realisable or the deferred tax liability is settled.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Sales tax

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

(a) where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(b) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension costs

(a) Defined contribution plan

The Group operates a number of defined contribution plans throughout the world, the assets of which are held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant Group companies.

The Group's contributions to defined contribution pension plans are charged to the statement of profit or loss in the period to which the contributions relate.

(b) Defined benefit plan

Nidera Capital B.V., one of the Group's non-wholly-owned subsidiaries, operates a defined benefit pension plan for all its qualifying employees in the Netherlands, which requires contributions to be made to a separately administered fund. These benefits are unfunded. Under the plan, the employees are entitled to retirement benefits at rates based on a certain percentage of their final salaries on attainment of a fixed retirement age.

The Group's defined benefit plan is a final salary plan, which requires contributions to be made to a separately administered fund. The plan has the legal form of a foundation and it is administrated by independent trustees with the assets held separately from those of the Group. The trustees are responsible for the determination of the investment strategy of the plan.

The trustees review the level of funding in the plan by the end of each reporting period. Such a review includes the asset-liability matching strategy and investment risk management policy. The trustees decide the contribution based on the results of the annual review. The investment portfolio targets a mix of equity and debt instruments.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses for the defined benefit plan are recognised in full in retained earnings through statement of comprehensive income in the period in which they occur.

Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan.

The defined benefit asset or liability comprises the present value of the defined benefit obligation, less unrecognised past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any unrecognised past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A related party is defined as follows:

(a) the party is a person or a close member of that person's family and that person:
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:
- (iv) the entity and the Group are members of the same group;
- (v) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (vi) the entity and the Group are joint ventures of the same third party;
- (vii) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (viii) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (ix) the entity is controlled or jointly controlled by a person identified in (a); and
- (x) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently charged to the statement of profit or loss on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in United States dollars, which is the Company's functional and the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the statement of financial position date. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss, except for monetary items that are designated as part of the hedge of the Group's net investment of a foreign entity. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded with in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the United States dollar. As at the statement of financial position date, the assets and liabilities of these entities are translated into the presentation currency of the Company (the United States dollar) at the rate of exchange ruling at the statement of financial position date and their statement of profit or losses are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income and accumulated to the exchange fluctuation reserve, which is a separate component of equity. On disposal of a foreign operation, the component of the exchange fluctuation reserve relating to that particular foreign operation is recycled to the consolidated statement of profits or loss.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(a) Supply of agricultural products

Revenue is recognised when significant risks and rewards of ownership of the products have been passed to the buyer.

During the normal course of business, the Group may enter into sales contracts with counterparties with an option but not an obligation to buy back the products. The Group makes an assessment of whether substantially all the risks and rewards have been passed to the buyer, and, when this is the case, revenue is recognised. The embedded options are accounted for as derivative financial instruments.

(b) Others

Commissions and rental are recognised on an accrual basis. Interest is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the instrument. Dividends are recognised when the shareholders' right to receive payment has been established.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Impairment assessments

(a) Loans and trade receivables
Impairment is determined based on the evaluation of collectability and aging analysis of each trade receivable and on management's judgment. A considerable amount of judgment is required in assessing the result on ultimate realisation of the trade receivables, including the current creditworthiness and the past repayment history of each trade receivable. If the financial condition of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(b) Long term investments
The Group determines that long term investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is a significant or prolonged decline requires judgment. In making this judgment, the Group evaluates among other factors, the normal market price volatility in respect of the relevant long term investments. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(c) Goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 10 to the financial statements.

(d) Other assets
The Group has to exercise judgment in determining whether an asset is impaired or an event previously causing an asset impairment no longer exists, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management when assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value determined by the impairment test.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Fair value measurement of the financial instruments, derivative financial instruments, commodity forward and option contracts and long term investments

The Group values certain of its financial instruments, including commodity inventories at fair value, derivative financial instruments, commodity forward and option contracts, and long term investments, at fair value. Estimating the value of these financial instruments requires the Group to make certain estimates and assumptions, and hence the values are judgmental. Further details are given in note 36 to the financial statements.

Fair value measurement of agricultural assets

The Group's agricultural assets are carried in the consolidated statement of financial position at their fair values. The agricultural assets are valued based on the expected cash flows discounted at the current rate applicable for items with similar terms and risk characteristics. The valuation requires the Group to make estimates about expected cash flows, commodity prices, exchange rates and discount rates, and hence they are subject to uncertainty. Further details are included in note 16 of the financial statements.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes worldwide. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the statement of profit or loss in the period in which such determination is made. Further details are given in notes 8, 18 and 27 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 27 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Control and significant influence

The Group has exercised judgement in the control and significant influence assessments under IFRS 10 and 11. These assessments are based on a number of different factors including but not limited to the following:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

Based on these assessments, the Group concluded that the classifications of subsidiaries, joint ventures, associates and long term investments are in compliance with IFRS 10 and 11.

In determining whether group conduct is subjected to significant restrictions, the Group considered a range of matters, including, but not limited to:

(i) Those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the Group.

(ii) Guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the Group.

There is no significant restriction on the Group's ability to access or use assets, and settle liabilities, of the subsidiaries. Furthermore, there is no significant restriction from the Group's non-controlling interest that will restrict the Group's ability to access or use the assets, and settle the liabilities of the Group.

4. OTHER INCOME, NET OF OTHER EXPENSES

	Notes	Period from 16 May 2014 (date of incorporation) to 31 December 2014 US$'000
Other income, net of other expenses:		
Fair value movement on financial asset recognised in the acquisition of Nidera	31	63,000
Impairment of property, plant and equipment	9	(2,000)
Others		7,804
		68,804

5. LOSS BEFORE INTEREST AND TAX

The Group's loss before interest and tax is arrived at after charging/(crediting):

	Notes	Period from 16 May 2014 (date of incorporation) to 31 December 2014 US$'000
Cost of sales and services:		
Cost of inventories sold and unrealised marked-to-market movement		8,002,581
Amortisation of prepaid land leases	11	366
Amortisation of intangible assets	12	6,439
Depreciation		48,833
Fair value gain of agricultural assets less point-of-sale costs	16	(329)
Impairment of trade and bills receivables	21	10,689
		8,068,579
Selling, administrative and operating expenses:		
Employee benefit expense:		
Salaries and bonuses		62,821
Pension scheme contributions		(6,192)
Others		10,596
		67,225
Depreciation		3,022
Operating lease payments on land and buildings		3,741
Legal and professional fees		43,085
Impairment of indirect tax receivable		4,368
Others		23,668
		145,109

6. FINANCE INCOME AND COSTS

	Period from 16 May 2014 (date of incorporation) to 31 December 2014 US$'000
Finance income	15,720
Interest expense:	
Bank loans and overdrafts wholly repayable within 5 years	68,029
Others	4,344
Total finance costs	72,373

The Group has interest costs capitalised for the construction of qualifying assets. For the period from 16 May 2014 (date of incorporation) to 31 December 2014, the borrowing costs have been capitalised at rates ranging from 4.50% to 7.25% per annum.

7. DISCOUNTINUED OPERATION

During the reporting period, management has initiated a solid plan to wind down the operation of the cocoa business of Noble Agri Limited, a 51% owned subsidiary of the Group by June 2015. This is consistent with the Group's strategy to focus on its larger agricultural interests such as grain and oilseeds, sugar, coffee and cotton.

(a) ***Statement of financial position disclosures***

The major classes of assets and liability classified as held for sale as at 31 December 2014 are as follows:

	2014 US$'000
Assets	
Inventories	96,401
Financial derivatives at fair value	27,524
	123,925
Liability	
Financial derivatives at fair value	(18,611)
Net assets of disposal group classified as held for sale	105,314

7. DISCOUNTINUED OPERATION (continued)

(b) *Income statement disclosures*

The results of cocoa division for the period from 16 May 2014 (date of incorporation) to 31 December 2014 are as follows:

	Period from 16 May 2014 (date of incorporation) to 31 December 2014 US$'000
Revenue	150,865
Costs and expenses	(166,932)
Loss from operations	(16,067)
Taxation	(73)
Loss from discontinued operation, net of tax	(16,140)

(c) *Cash flow statement disclosures*

The cash flows attributable to cocoa division is not significant to the Group's cash flows.

8. INCOME TAX

The Group's taxes on assessable profits have been calculated at tax rates prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Tax benefits (credited) /charged to the consolidated statement of profit or loss comprise the following:

	Period from 16 May 2014 (date of incorporation) to 31 December 2014 US$'000
Current Tax	
Provision for the period	1,706
Tax rebate	(231)
Withholding tax on the dividend income	(674)
Net deferred tax (note 27)	(24,606)
	(23,805)

A reconciliation between the tax benefit of the Group applicable to loss before tax using applicable rates to the tax benefit for the period is as follows:

	Period from 16 May 2014 (date of incorporation) to 31 December 2014 US$'000
Loss before tax	(241,864)
Tax at the applicable rates in the countries concerned	(193,799)
Income not subject to tax	(17,586)
Non-deductible expenses	83,255
Unrecognised tax losses	93,848
Utilisation of previously unrecognised tax losses	(7,951)
Others	18,428
Tax benefit for the period	(23,805)

During the period ended 31 December 2014, the share of the tax charge attributable to a joint venture and associates of US$581,000 in total was included in "Share of profit and losses of associates and joint ventures" in the consolidated statement of profit or loss.

The Group and Noble Group Limited have executed a Tax Deed of Covenant under which Noble Group Limited agreed to indemnify the tax risks of the Group for the periods prior to 31 December 2014 to the extent that the tax assessment (when issued by the relevant tax authorities) exceeds the amount of tax provision already made by the Group.

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$'000	Leasehold improve-ments US$'000	Plant and equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Others US$'000	Total US$'000
Cost:							
At 16 May 2014 (date of incorporation)	-	-	-	-	-	-	-
Additions	7,899	275	32,079	1,085	3,109	414	44,861
Acquisition of subsidiaries	755,136	1,465	2,032,265	101,328	176,278	9,307	3,075,779
Disposals	(2,263)	(166)	(3,853)	(1,629)	(1,526)	(9)	(9,446)
Exchange adjustments	(4,957)	(9)	(10,594)	(536)	889	(141)	(15,348)
At 31 December 2014	755,815	1,565	2,049,897	100,248	178,750	9,571	3,095,846
Accumulated depreciation:							
At 16 May 2014 (date of incorporation)	-	-	-	-	-	-	-
Depreciation during the period	(5,223)	(362)	(41,602)	(4,061)	-	(607)	(51,855)
Disposals	150	166	3,228	982	-	9	4,535
Exchange adjustments	578	6	960	260	-	90	1,894
At 31 December 2014	(4,495)	(190)	(37,414)	(2,819)	-	(508)	(45,426)
Impairment:							
At 16 May 2014 (date of incorporation)	-	-	-	-	-	-	-
Movement during the period	-	-	-	-	-	(2,000)	(2,000)
At 31 December 2014	-	-	-	-	-	(2,000)	(2,000)
Net book value:							
At 31 December 2014	751,320	1,375	2,012,483	97,429	178,750	7,063	3,048,420

As at 31 December 2014, certain property, plant and equipment with net carrying amount of approximately US$221,106,000 are pledged to certain banks as security for bank borrowings granted to the Group.

10. GOODWILL

	2014 US$'000
At 16 May 2014 (date of incorporation)	-
Acquisition of subsidiaries	739,295
At 31 December 2014	739,295

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to respective cash-generating units, for impairment testing. The carrying amounts of goodwill allocated to cash-generating units are as follows:

	2014 US$'000
Grains and oilseeds unit	522,180
Softs unit	79,983
Sugar mills unit	3,649
Crop technology unit	133,483
	739,295

Assumptions were used in the value in use calculation of each of the cash-generating units for 31 December 2014.

The recoverable amount of each cash-generating unit has been determined based on a value in use calculation using a cash flow projection based on financial budgets covering a five-year period approved by senior management. The discount rate applied to each cash flow projection and the growth rate used to extrapolate the cash flows beyond the five-year period are as follows :

	Discount rate	Growth rate beyond five-years period
Grains and oilseeds unit	8.2% - 9.13%	0% - 3%
Softs unit	11%	2%
Sugar mills unit	10.8%	2%
Crop technology unit	11.2%	3%

10. GOODWILL (continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rates – The discount rates used are after tax and reflect specific risks relating to the relevant units.

Raw materials price inflation – The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year for countries from where the raw materials are sourced.

The values assigned to the key assumptions on discount rates and raw materials price inflation are consistent with external information sources.

11. PREPAID LAND LEASES

The Group's land leases are held under medium term leases and are mainly situated in Romania, Brazil and Mainland China.

	2014 US$'000
At 16 May 2014 (date of incorporation)	-
Acquisition of subsidiaries	115,614
Amortisation during the period	(366)
Exchange adjustments	(250)
At 31 December 2014	114,998
Current portion included in prepayments, deposits and other receivables	577
Non-current portion	114,421
	114,998

12. INTANGIBLE ASSETS

	Technologies US$'000	Trademark US$'000	Other intangible assets US$'000	Total US$'000
Cost:				
At 16 May 2014 (date of incorporation)	-	-	-	-
Acquisition of subsidiaries	246,638	199,979	31,934	478,551
Additions	-	-	3,565	3,565
Exchange adjustments	-	-	(437)	(437)
At 31 December 2014	246,638	199,979	35,062	481,679
Accumulated amortisation:				
At 16 May 2014 (date of incorporation)	-	-	-	-
Amortisation during the period	(5,160)	-	(1,279)	(6,439)
Exchange adjustments	-	-	411	411
At 31 December 2014	(5,160)	-	(868)	(6,028)
Net carrying amount:				
At 31 December 2014	241,478	199,979	34,194	475,651

13. INVESTMENTS IN JOINT VENTURES

	2014 US$'000
Share of net assets	7,636
Due from joint ventures	225
Goodwill on acquisition	1,591
	9,452

The amounts due from joint ventures are unsecured, interest-free and have no fixed terms of repayment.

The joint ventures are all indirectly held by the Group. In the opinion of the directors, none of the joint ventures is considered material to the Group as at 31 December 2014.

14. INVESTMENTS IN ASSOCIATES

	2014 US$'000
Share of net assets	49,350
Goodwill on acquisition	115
	49,465

The associates are all indirectly held by the Group. In the opinion of the directors, none of the associates is considered to be material to the Group as at 31 December 2014.

15. LONG TERM INVESTMENTS

	2014 US$'000
Listed equity investments, at fair value	9,537
Unlisted equity investments, at cost	4,138
	13,675

The Group's long term investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate. The fair values of listed equity investments are based on quoted market prices.

During the period ended 31 December 2014, the net gain on revaluation of the Group's long term investments recognised in other comprehensive income amounted to US$319,000.

16. AGRICULTURAL ASSETS

	2014 US$'000
At 16 May 2014 (date of incorporation)	-
Acquisition of subsidiaries	385,344
Additions	87,310
Reclassification to inventories	(82,980)
Increase in fair value less point-of-sale costs	329
At 31 December 2014	390,003
Less: current portion	(133,209)
Non-current portion	256,794

At the end of the reporting period, the Group's agricultural assets mainly comprised the sugar cane plantation with carrying amount of US$343,275,000 in Brazil of approximately 25,798 hectares. The growing cycle of sugar cane is six years with an annual harvest. During the period ended 31 December 2014, the Group harvested approximately 2,217,902 tons and left 157,495 tons sugar cane unharvested. The sugar cane crop is fully utilised for the Group's Brazilian sugar cane crushing facility. In addition, the Group's agricultural assets also include multiplication of seeds and crops of wheat, corn, soybeans, sunseed, barley and sorghum with carrying amount of US$46,728,000 in Argentina and Brazil of approximately 62,975 hectares. The growing seeds and crops is generally harvested within one year. During the reporting period, the Group harvested yields of 68,701 tons from plantation of crops and seeds.

17. LOAN RECEIVABLES

As at 31 December 2014, the Group has made loans to trade counterparties to secure contracts with interest rates ranging from 1.4% to 8.0%. The loans are collectible in instalments over a period ranging from one to five years.

18. TAX RECOVERABLE

Presented in the consolidated statement of financial position as:

	2014 US$'000
Tax recoverable, non-current	61,510
Tax recoverable, current	49,060
	110,570

The amounts mainly represent tax prepayment made in certain jurisdictions which are expected to be recovered by offsetting against income tax liabilities in respect of future tax years.

The above amounts represent available for offset against future tax liabilities or will be refunded in the respective jurisdictions. Significant management assumptions have been applied in determining the ability to utilise or recover the amount from the relevant tax authorities.

19. OTHER NON-CURRENT ASSETS

	2014 US$'000
Financial asset recognised in the acquisition of Nidera (note 31)	155,000
Long term prepayments	29,596
Others	6,459
	191,055

20. INVENTORIES

	2014 US$'000
Commodity inventories at fair value	2,485,225
Other inventories at the lower of cost and net realisable value	861,310
Impairments	(17,119)
	3,329,416

As at 31 December 2014, inventories amounting to approximately US$972,972,000 are pledged to certain banks as security for the bank borrowings granted to the Group.

21. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are partly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables are related to a large number of diversified customers, there is no significant concentration of credit risk by product line or geographical location. Trade and bills receivables are non-interest-bearing.

As at 31 December 2014, trade receivables amounting to approximately US$351,376,000 are pledged to certain banks to secure the bank borrowings granted to the Group.

As at 31 December 2014, an aged analysis of the trade and bills receivables, based on the invoice date and bill issue date, net of provision for impairment, is as follows:

	2014 US$'000
Within 3 months	1,779,650
3 to 12 months	121,956
1 to 2 years	12,599
More than 2 years	244
	1,914,449

21. TRADE AND BILLS RECEIVABLES (continued)

The movements in the provision for impairment of trade and bills receivables are as follows:

	2014 US$'000
At 16 May 2014 (date of incorporation)	-
Impairment losses recognised	10,689
Impairment write-off	(880)
Exchange realignment	(1,000)
At 31 December 2014	8,809

An aged analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	2014 US$'000
Neither past due nor impaired	1,204,126
Less than 1 month past due	332,485
1 to 3 months past due	186,289
More than 3 months but less than 12 months past due	139,428
More than 1 year but less than 2 years past due	51,877
More than 2 years past due	244
	1,914,449

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 US$'000
Fair value gains on derivative financial instruments including commodity forward and option contracts	1,166,624
Prepayments	626,177
Deposits and other receivables (Note)	774,591
	2,567,392

Note: Among the deposits and other receivables, US$310,812,000 represents margin deposits with brokers to satisfy margin requirements or further trading needs.

23. CASH AND CASH EQUIVALENTS

	2014 US$'000
Bank balances and short term time deposits	743,767

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

24. TRADE PAYABLES

As at 31 December 2014, an aged analysis of the trade payables, based on the invoice date, is as follows:

	2014 US$'000
Within 3 months	1,826,434
3 to 12 months	146,088
1 to 2 years	52,342
Over 2 years	62,149
	2,087,013

The trade payables are non-interest-bearing and are normally settled within 90 days.

25. OTHER PAYABLES ANS ACCRUED LIABILITIES

	2014 US$'000
Fair value losses on derivative financial instruments including commodity forward and option contracts	709,190
Other payables and accrued liabilities	1,135,438
	1,844,628

26. INTEREST-BEARING BANK BORROWINGS

	2014 US$'000
Current bank borrowings	
- secured portion	1,705,212
- unsecured portion	2,773,844
	4,479,056
Long term bank borrowings	
- secured portion	580,437
- unsecured portion	1,674,564
	2,255,001

Notes:

(a) The average effective interest rate of bank borrowings and overdrafts is 4.1% and 3.7% per annum for Nidera and NAL respectively.

(b) Certain bank borrowings and overdrafts as at 31 December 2014 were guaranteed by way of corporate guarantees from COFCO (Hong Kong) Limited and Noble Group Limited.

(c) Certain bank borrowings were secured by certain of the Group's land and buildings, inventories and trade receivables at 31 December 2014, as set out in note 9, note 20 and note 21.

(d) As of the statement of financial position date, certain bank covenants in relation to two banking facilities were breached, while only the lenders of one of the banking facilities had issued the waiver letter before 31 December 2014. Accordingly, bank borrowings of US$145,053,000 was reclassified from non-current liabilities to current liabilities. Subsequent to 31 December 2014, the waiver letter is received from the lenders for the other banking facility.

27. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets have been recognised at 31 December 2014 in respect of tax losses arising in different tax jurisdictions that are available for offsetting against future taxable profits of the Group companies in which the losses arose.

Deferred tax assets of US$171,242,000 have not been recognised in respect of tax losses of US$522,374,000 that have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that sufficient taxable profits will be available against which to utilise the tax losses. These unrecognised tax losses can be carried forward indefinitely.

The Group has recorded deferred tax assets for certain subsidiaries due to the Group's expectation that future taxable profit is probable to utilize those tax losses and deductible temporary differences, including entities that have suffered losses in either the current or preceding periods. The Group has assessed that their losses in current or preceding periods were resulted from temporary activities, and therefore concluded it is probable that these tax losses and deductible temporary differences can be utilised by future taxable profit.

Deferred tax liabilities have been provided at 31 December 2014 mainly for the temporary differences arising from the tax depreciation allowance in excess of related accounting depreciation and fair value adjustments from derivative financial instruments calculated at prevailing applicable tax rates.

The movements of the Group's deferred tax assets and liabilities during the period are as follows:

<u>Deferred tax assets</u>

	Tax losses available for offsetting future taxable income US$'000	Unrealised derivative financial instruments losses US$'000	Others US$'000	Total US$'000
At 16 May 2014 (date of incorporation)	-	-	-	-
Acquisition of subsidiaries	438.340	199,277	99,717	737,334
Deferred tax credited/(charged) during the period				
- in the statement of profit or loss	(104,806)	(48,014)	11,365	(141,455)
- in equity	-	-	1,400	1,400
Exchange adjustments	(1,008)	266	(67)	(809)
At 31 December 2014	332,526	151,529	112,415	596,470

27. DEFERRED TAX ASSETS/LIABILITIES (continued)

Deferred tax liabilities

	Difference between tax and accounting depreciable value of fixed assets and intangible assets US$'000	Unrealised derivative financial instruments gains US$'000	Others US$'000	Total US$'000
At 16 May 2014 (date of incorporation)	-	-	-	-
Acquisition of subsidiaries	640,287	262,231	(2,723)	899,795
Deferred tax charged/ (credited) during the period				
- in the statement of profit or loss	(66,285)	(108,186)	8,410	(166,061)
Exchange adjustments	-	(39)	(94)	(133)
At 31 December 2014	574,002	154,006	5,593	733,601

For presentation purpose, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

Recognised in the consolidated statement of financial position:	2014 US$'000
- Net deferred tax assets	251,125
- Net deferred tax liabilities	388,256

28. SHARE CAPITAL

	2014 US$'000
Authorised:	
2,000,000,000 ordinary shares of US$1 each	2,000,000
Issued and fully paid:	
1,430,724,045 ordinary shares of US$1 each	1,430,724

The Company was incorporated in the Cayman Islands on 16 May 2014. Upon its incorporation, the Company had an authorised ordinary share capital of US$50,000 divided into 50,000 shares of a par value of US$1 each, which was then increased to US$2,000,000,000 divided into 2,000,000,000 of a par value of US$1 each on 9 June 2014. On 16 May 2014, one share was issued at par to Offshore Incorporations Limited, which was then transferred to Rosy Wisdom Limited for a consideration of US$1 on 6 June 2014. On 9 October 2014, 1,430,724,044 ordinary shares were issued for cash of US$1,430,724,044 at a subscription price of US$1 each.

29. RESERVES

The amounts of the Group's reserves and the movements therein during the period from 16 May 2014 (date of incorporation) to 31 December 2014 are presented in the consolidated statement of changes in equity.

30. PERFORMANCE SHARE PLAN AND SHARE OPTION SCHEMES

During the reporting period, no share option scheme is granted at the Company's level.

Noble Agri Limited, one principal subsidiary of the Group, has made effective a Restricted Cash Awards program ("RCA") but no grant was made effective as of 31 December 2014. This annual discretionary bonus is designed to incentivise and reward employees who demonstrate sustained high performance and consistently contribute to the success of the Noble Agri Limited, its subsidiaries and associates. Once granted, it is restricted for up to 4 years.

31. BUSINESS COMBINATIONS

As of the date of the consolidated financial statements, the Group has not finalised the fair value assessment for net assets acquired from these business combination activities as stated below. Accordingly, the fair value of net assets stated below are on a provisional basis.

Acquisition of Noble Agri Limited
On 30 September 2014, the Group acquired a 51% equity interest in Noble Agri Limited ("NAL") from a third party seller at a cash consideration of approximately US$1,463,125,000. NAL is mainly engaged in managing the global supply chain of agricultural products. Goodwill generated is attributable to the expected synergies with the existing agricultural processing business of COFCO. The goodwill is not deductible for tax purposes.

The fair values of the identifiable assets and liabilities of NAL at the date of acquisition were as follows:

	US$'000
Property, plant and equipment	2,390,385
Prepaid land leases	33,959
Intangible assets	77,000
Investment in associates and joint ventures	21,174
Agricultural assets	356,987
Deferred tax assets, net of deferred tax liabilities	70,391
Other non-current assets, net	4,226
Net working capital excluding cash and cash equivalents	2,501,864
Cash and cash equivalents	249,575
Bank and other borrowings	(3,275,168)
Non-controlling interests	(9,067)
Total identifiable net assets at fair value	2,421,326
Non-controlling interests	(1,186,450)
Goodwill	228,249
	1,463,125
Satisfied by cash	1,463,125

An analysis of the cash flows in respect of the acquisition of NAL is as follows:

	US$'000
Cash consideration	1,463,125
Cash acquired	(249,575)
Net outflow of cash and cash equivalents	1,213,550

Since the acquisition date, NAL contributed revenue of approximately US$3,956,324,000 and net loss of approximately US$191,701,000 to the Group for the period ended 31 December 2014.

31. BUSINESS COMBINATIONS (continued)

Acquisition of Nidera Capital B.V.
On 14 October 2014, the Group acquired a 51% equity interest in Nidera Capital B.V. ("Nidera") from a third party at a cash consideration of approximately US$1,288,749,000. Nidera is mainly engaged in managing the global supply chain of agricultural products. Goodwill generated is attributable to the expected synergies with the existing agricultural processing business of COFCO. The goodwill is not deductible for tax purposes.

The fair values of the identifiable assets and liabilities of Nidera at the date of acquisition were as follows:

	Note	US$'000
Property, plant and equipment		606,725
Prepaid land leases		28,452
Intangible assets		401,551
Investment property		10,612
Investment in associates and joint ventures		17,436
Agricultural assets		28,357
Deferred tax assets, net of deferred tax liabilities		(219,308)
Other non-current assets, net		22,381
Net working capital excluding cash and cash equivalents		2,465,637
Cash and cash equivalents		596,409
Bank and other borrowings		(2,530,170)
Non-controlling interest		(1,404)
Total identifiable net assets at fair value		1,426,678
Non-controlling interest		(699,072)
Goodwill		469,143
		1,196,749
Satisfied by:		
Cash		1,288,749
Financial asset recognised	(a)	(92,000)
		1,196,749

31. BUSINESS COMBINATIONS (continued)

Acquisition of Nidera Capital B.V. ("Nidera") (continued)

(a) Pursuant to the terms in the agreement to acquire a 51% equity interest in Nidera, the Group is entitled to an additional equity interest of Nidera at nil consideration with a cap of 14.5% of the total equity interest which is calculated based on a pre-determined formula in the agreement with reference to the operating results of Nidera for the period from 1 October 2013 to 30 September 2016 (the "Earn-Out Period"). Accordingly, a financial asset has been recognised as of the acquisition date for the potential additional equity interest of Nidera to be obtained by the Group and on the acquisition date the fair value of the financial asset is US$ 92,000,000 based on the then forecasted operating results of Nidera of the Earn-Out Period. As of 31 December 2014, based on updated operating results forecast, the fair value of the financial asset is US$155,000,000, giving rise to a fair value gain of US$63,000,000 (note 4), which was recorded in the statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of Nidera is as follows:

	US$'000
Cash consideration	1,288,749
Cash acquired	(596,409)
Net outflow of cash and cash equivalents	692,340

Since the acquisition date, Nidera contributed revenue of approximately US$4,002,985,000 and net loss of approximately US$53,857,000 to the Group for the period ended 31 December 2014.

31. BUSINESS COMBINATIONS (continued)

Acquisition of S.C. United Shipping Agency S.A. and S.C. United Shipping and Chartering S.A.
On 17 December 2014, the Group acquired a 100% equity interest in S.C. United Shipping Agency S.A. and S.C. United Shipping and Chartering S.A. (collectively "United Shipping") from a third party at cash consideration of approximately US$137,051,000. United Shipping is engaged in providing efficient discharge and storage services. Goodwill generated is attributable to the expected synergies with the existing agricultural processing business of COFCO. The goodwill is not deductible for tax purposes.

The fair values of the identifiable assets and liabilities of United Shipping at the date of acquisition were as follows:

	US$'000
Property, plant and equipment	78,669
Prepaid land leases	53,203
Other non-current assets, net	493
Net working capital excluding cash and cash equivalents	(3,882)
Cash and cash equivalent	4,256
Bank and other borrowings	(24,047)
Deferred tax liabilities	(13,544)
Total identifiable net assets at fair value	95,148
Goodwill	41,903
	137,051
Satisfied by cash	137,051

An analysis of the cash flows in respect of the acquisition of United Shipping is as follows:

	US$'000
Cash consideration	137,051
Cash acquired	(4,256)
Net outflow of cash and cash equivalents	132,795

There are no revenues and expenses recognised since the acquisition since there were no activities between acquisition date and 31 December, 2014.

32. INFORMATION ABOUT SUBSIDIARIES

The list of principal subsidiaries is set out below:

Name	Place of incorporation/ registration	Percentage of shareholding %	Principal activities
Maoling Limited	British Virgin Islands	100	Investment holding
Noble Agri Limited	Bermuda	51	Investment holding
Nidera Capital B.V.	Netherlands	51	Investment holding
Casa Nobre Comércio e Armazenagem de Grãos Ltda	Brazil	51	Coffee processing and storage facility
Chongqing Xinfu Food Co, Ltd.	PRC	51	Soybean crushing and refining activities
Cocaf Ivoire SA	Ivory Coast	51	Supply of agricultural products
Longkou Xinlong Edible Oil Co, Ltd.	PRC	51	Soybean crushing and refining activities
Ming Fat International Oil % Fat Chemical (Tai Xing) Company Limited	PRC	51	Soybean crushing and refining activities
Nantong Noble Grain and Protein Co, Ltd.	PRC	51	Soybean crushing and refining activities
Noble Agri Resources Limited	Bermuda	51	Investment holding
Noble Argentina SA	Argentina	51	Supply of agricultural products
Noble Asset Holdings (Proprietary) Limited	South Africa	51	Investment holding
Noble Brasil SA	Brazil	51	Sugar crushing and ethanol production
Noble Japan KK	Japan	51	Supply of agricultural products
Noble Paraguay Sociedad Anonima	Paraguay	51	Operation of ports elevators
Noble Natural Resources India Private Limited	India	51	Supply of agricultural products
Noble Resources Australia Pty Ltd.	Australia	51	Supply of agricultural products
Noble Resources Netherlands BV	Netherlands	51	Supply of agricultural products

32. INFORMATION ABOUT SUBSIDIARIES (continued)

The list of principal subsidiaries is set out below (continued):

Name	Place of incorporation/ registration	Percentage of shareholding %	Principal activities
Noble Resources Pte Ltd.	Singapore	51	Supply of agricultural products
Qinzhou Dayang Cereals and Oils Company Limited	PRC	51	Soybean crushing and refining activities
Satellite LLC	Ukraine	51	Supply of agricultural products
Sino Agri Trade Pte Ltd.	Singapore	51	Investment holding
Standerton Oil Mills (Proprietary) Limited	South Africa	51	Supply of agricultural products
Stelmont Group Limited	British Virgin Islands	51	Investment holding
Aredin Futures LLC	USA	51	Corporate
Aredin Investment Ltd.	Mauritius	51	Corporate
Cereal Sul Terminal Maritmo SA	Brazil	51	Grains & Oilseeds
Chicago Illinois River Marketing LLC	USA	51	Grains & Oilseeds
Concordia Agritrading Pte Ltd.	Singapore	51	Grains & Oilseeds
Concordia Trading (Shanghai) Ltd.	PRC	51	Grains & Oilseeds
Nidera SA	Argentina	51	Mixed
Nidera Agrocomercial SA	Spain	51	Grains & Oilseeds
Nidera Energy US LLC	USA	51	Grains & Oilseeds
Nidera North America LLC	USA	51	Corporate
Nidera Paraguay Granos y Oleaginosas SA	Paraguay	51	Grains & Oilseeds
United Shipping Agency S.A.	Romania	51	Grains & Oilseeds
Nidera Sementes Ltda	Brazil	51	Mixed
Nidera SpA	Italy	51	Grains & Oilseeds
Nidera US LLC	USA	51	Grains & Oilseeds

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

32. INFORMATION ABOUT SUBSIDIARIES (continued)

Financial information of subsidiaries that have material non-controlling interests is provided below:

Percentage of equity interest held by non-controlling interests as at 31 December 2014:

NAL and its subsidiaries	49%
Nidera and its subsidiaries	49%

Accumulated balances of non-controlling interests at the reporting date:

	2014 US$'000
NAL and its subsidiaries	1,092,517
Nidera and its subsidiaries	672,682
	1,765,199

Loss allocated to non-controlling interests from the respective dates of the acquisition to 31 December 2014 ("respective Post-acquisition Periods"):

	US$'000
NAL and its subsidiaries	93,933
Nidera and its subsidiaries	26,390
	120,323

The following tables illustrate the summarised financial information of the above subsidiaries for the respective Post-acquisition Periods. The amounts disclosed are before any inter-company eliminations:

	NAL US$'000	Nidera US$'000
Revenue	4,042,324	4,069,985
Total expenses	4,531,305	4,117,392
Loss for the period	488,981	47,407
Total comprehensive income for the period	487,898	58,884
Current assets	4,876,540	4,145,861
Non-current assets	2,884,005	870,818
Current liabilities	5,095,937	3,449,834
Non-current liabilities	465,213	571,100
Net cash generated from/(used in) operating activities	607,291	(22,273)
Net cash used in investing activities	(82,608)	(173,386)
Net cash generated from/(used in) financing activities	(484,912)	340,491

33. COMMITMENTS

As lessee

The Group leases certain of its office properties and equipment under operating lease arrangements for terms from 1 year to 15 years. Future minimum lease rentals payable under non-cancellable operating leases as at 31 December 2014 were as follows:

	2014 US$'000
Within one year	101,492
In the second to fifth years inclusive	226,170
After five years	23,131
	350,793

Capital Commitments

At 31 December 2014, the Group has entered into contracts to acquire certain property, plant and equipment for US$330,692,000 which has not been provided for in the financial statements.

34. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the period.

(a) ***Name and relationship***

Name of the key related parties	**Relationship with the group**
COFCO and its subsidiaries ("COFCO Group")	Ultimate holding company and its subsidiaries
Noble Group Limited and its subsidiaries ("Noble Group")	49% shareholder of NAL
Cygne B.V.	49% shareholder of Nidera

(b) ***Related party transactions***

		2014 US$'000
Revenue from Noble Group		792,252
Cost of sales from Noble Group		812,726
Interest cost	c(ii)	963

(c) ***Outstanding balances with related parties***

(i) As at 31 December 2014, other than the loan payable to a non-controlling interest of a subsidiary of US$70,000,000, amounts with related parties are unsecured, interest free and payable on demand.

(ii) As at 31 December 2014, the loan payable to a non-controlling interest of a subsidiary of US$70,000,000 refers to a loan borrowed from Cygne B.V., which bears an interest rate of 5.5% per annum and interest is paid semiannually. The loan is repayable at 30 September 2016.

(d) At 31 December 2014, certain banking facilities and receivables discounting facilities were guaranteed by COFCO (Hong Kong) Limited and Noble Group Limited.

(e) Under the terms of the Share Sales Agreement signed by COFCO (Hong Kong) Limited and Noble Group, Noble Group has agreed to indemnify certain tax risks of NAL group related to the periods prior to 31 December 2014. As at 31 December 2014, NAL has estimated an amount of US$4,270,000 to be recoverable from Noble Group Limited and accordingly recorded the amount to the statement of financial position, which represents management's best estimate of the amount of undischarged income tax liability of NAL as at 31 December 2014.

35. FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2014 US$'000
Financial assets	
Financial assets at fair value through profit or loss	
Other non-current asset	155,000
Derivatives not designated as hedges	1,166,624
	1,321,624
Available-for-sale investments	
Long term investments	13,675
Loans and receivables	
Loan receivables	89,922
Other non-current assets	2,894
Trade receivables	1,914,449
Prepayments, deposits and other receivables	774,591
Cash and cash equivalents	743,767
Due from related parties	210,870
	3,736,493
Total financial assets	5,071,792
Financial liabilities	
Financial liabilities at fair value through profit or loss	
Derivatives not designated as hedges	709,190
	709,190
Financial liabilities at amortised cost	
Non-current bank borrowings	2,255,001
Loan payable to non-controlling interest of a subsidiary	70,000
Other non-current liabilities	18,426
Trade payables	2,087,013
Other payables and accrued liabilities	1,032,812
Current bank borrowings	4,479,056
Due to related parties	125,889
	10,068,197
Total financial liabilities	10,777,387

36. FAIR VALUE MEASUREMENT

The Group has a designated team which includes finance, risk, quantitative research and business development personnel to prepare valuation model. Valuation models are reviewed for continuing applicability on a regular basis.

The Group's agricultural assets, investment property, long term listed equity investments, derivative financial instruments, commodity inventories and financial asset recognised in the acquisition of Nidera are carried in the consolidated statement of financial position at their fair values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of its assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets/liabilities measured at fair value:

	Level 1	Level 2	Level 3
	US$'000	US$'000	US$'000
As at 31 December 2014			
Assets:			
Long term investments	9,537	-	-
Agricultural assets	-	-	390,003
Investment property	-	-	10,612
Other non-current asset	-	-	155,000
Derivative financial instruments	112,744	1,040,976	12,904
Commodity inventories at fair value	-	2,399,986	81,632
Liabilities:			
Derivative financial instruments	183,903	497,186	28,101

During the period from 16 May 2014 (date of incorporation) to 31 December 2014, there were no transfers between Level 1 and Level 2 of the fair value hierarchy and no transfers into or out of Level 3 of the fair value hierarchy for both assets and liabilities.

The fair value of the long term investments, futures and options and commodity contracts in Level 1 valuation are determined with reference to quoted market/futures prices at the close of business at the end of the reporting period.

36. FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)
Level 2 valuation covers commodity inventories, certain commodity forward purchase and sales contracts, foreign exchange forward contracts and interest rate swaps. Fair value of commodity inventories is primarily determined from market price quoted on public commodity exchanges, adjusted for expected freight costs to normal delivery points and a price premium or discount to cover local supply and demand factors as estimated by management. The fair value of commodity forward purchase and sales contracts is determined on the basis of income approach which represents the discounted present value of future cash flows. This is equal to the volume multiplied by the differential between contracted price and forward price for purchase and sale contracts discounted using a risk adjusted discount factor. In determining the risk adjusted discount factor, management judgment is applied. Management considers the quality and tenor in determining the adjusted discount factor. Fair value of foreign exchange forward contracts and interest rate swaps are determined using forward exchange rates quoted in active markets.

The fair values in Level 3 have been estimated using discounted cash flow model. The expected cash flows from the whole life cycle of the underlying agricultural assets are determined using the market prices of the estimated yield of the agricultural products, net of maintenance and harvesting costs and any costs required to bring the plantation to maturity or ready-for-sale market condition. The estimated yield of the plantations is affected by the age of the plants, the location, soil type and infrastructure. The market price of plants is largely dependent on the prevailing market price of the processed products after harvest. As of 31 December 2014, the fair value of financial asset arising from acquisition of Nidera is determined on the business value of Nidera and the estimated compensation shares applying a discount factor reflecting its lack of marketability. Business value of Nidera is calculated using the discounted cash flows of Nidera based on the profit forecast of Nidera.

The fair values of investment properties are determined by using discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate. The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment or refurbishment. A significant increase/decrease in the estimated rental value and the market rent growth rate per annum and a significant decrease/increase in the long term vacancy rate and the discount rate in isolation would result in a significant increase/decrease in the fair value of the investment properties.

36. FAIR VALUE MEASUREMENT (continued)

Financial assets and liabilities not carried at fair value

The following financial assets and liabilities are not carried at fair value in the consolidated statement of financial position:

- Unlisted long term equity investments , which are generally carried at cost as their fair values could not be reliably measured.

- Cash and cash equivalents, trade receivables and payables, other receivables and payables, bank borrowings, and amounts with related parties. The carrying amounts of these balances approximate to their fair values because of the immediate or short term nature of these financial instruments.

- Long term loan receivables , of which their carrying amounts approximate to their fair values as they are priced to market rate.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Effective risk management is a fundamental aspect of the Group's business operations. In the ordinary course of the Group's business, it is exposed to market risk, credit risk, political and country risk and liquidity risk. The policies for managing each of these risks are summarised below.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of assets held by the Group including financial instruments, physical commodities and industrial assets will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and commodity prices. The Group classifies exposures to market risk into either trading or non-trading portfolios. The market risk for the trading portfolio is managed and monitored using a fully diversified portfolio Value at Risk ("VaR") methodology and stress analysis. VaR limits have been established for all trading operations and exposures are reviewed daily against the limits by the respective NAL and Nidera's risk management department and senior management team. Non-trading positions are managed and monitored using other sensitivity analyses.

Market risk - Trading

Market risk for the Group's trading activities includes commodity price risk, foreign exchange risk and interest rate risk. The Group's overall trading risk program seeks to minimise potential adverse effects on the Group's financial performance by using a range of derivative financial instruments to hedge these risk exposures.

The vast majority of the Group's purchase and sales transactions arising from its trading activities are denominated in US dollars, which represents the functional currency for a majority of the business operations of the Group. In transactions denominated in currencies other than the functional currency, the specific future cash flows are hedged through foreign currency hedging instruments. Accordingly, the impact arising from foreign currency risk on the Group's trading activities is minimal.

The Group's operating profit is substantially independent of changes in market interest rates as the majority of the Group's working capital financing represents floating rate debt. The Group is able to substantially pass through a variation in interest rates to its clients.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

Objectives and limitations of the VaR Methodology
The Group uses simulation models to assess possible changes in the market value of the trading portfolio. The VaR models are designed to measure market risk in a normal market environment. The models assume that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution. The distribution is calculated by using exponentially weighted historical data. The use of VaR has limitations because it is based on historical correlations and volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated if changes in risk factors fail to align with the normal distribution assumption. The VaR may also be under or over-estimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 95% confidence level.

In practice the actual trading results will differ from the inferred VaR calculation and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR models, actual outcomes are back tested regularly to test the validity of the assumptions and the parameters used in the VaR calculation. Market risk positions are also subject to regular stress tests to ensure that the Group would withstand an extreme market event.

VaR assumptions
Within the model limitations the VaR that the Group measures is an estimate, using a confidence level of 95% of the potential loss that is not expected to be exceeded if the current market risk positions were to be held unchanged for one day. The use of a 95% confidence level means that, within a one day horizon, losses exceeding the VaR figure are not expected to occur, on average, more than once every twenty days.

Market risk - Non-trading

Interest rate risk
The Group's non-trading interest rate risk arises from interest bearing cash and cash equivalents, loan receivables as well as from debt obligations and other loans. The Group manages its exposure to interest rate risk by using a combination of fixed and floating rate debt as well as interest rate swaps in consideration of the Group's overall interest rate exposure from time to time as well as the current and forecast interest rate environment. Management considered the Group's interest rate risk is not material.

Foreign currency risk
The Group is exposed to currency risks from its operating, investing and financing activities. Foreign exchange management is overseen by the treasury department as well as through some regional offices subject to the Group's foreign exchange policies. As stated above, the vast majority of the Group's trading activities are denominated in US dollars ("USD"), which represents the functional currency for the majority of the business operations of the Group. Other major foreign currencies in which the Group's operating activities are denominated are Argentina Peso ("ARS"),, Brazilian Real ("BRL") and Chinese Yuan ("CNY"). The Group has a policy of reducing its foreign currency risk from its trading activities. The Group also uses foreign exchange hedging in respect of its more significant non-functional currency operating expenses such as BRL.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk

The Group is exposed to credit risk from its operating activities and certain financing and investing activities. Concentrations of credit risks exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's exposure to credit risk is broadly diversified along industry, product and geographic lines, and transactions are entered into with a diverse group of counterparties. Financial assets which potentially expose the Group to credit risk consist of cash and cash equivalents, marketable securities, receivables, prepayments and derivative instruments. The Group manages its exposure to credit risk via credit risk management policies which establish credit risk limits based on the overall financial strength of a counterparty.

The Group's cash and cash equivalents and short term deposits are placed with a diversified group of financial institutions. Significant cash levels are maintained with institutions which are investment grade rated.

Counterparty credit risk arises from the Group's normal business operations involving purchases and sales transactions, and thus receivables, transactions which may involve a financing risk, for example associated with prepayments, and both physically and financially settled transactions that may generate mark-to-market credit risk. These risks are addressed by individual counterparty analysis and the creation of risk limits which are monitored on an ongoing basis. Given the nature of the Group's business operations, which involves a diversified counterparty base across a global business platform, the impact of individual risk exposure is limited. Further, trade receivables related payment risk is mitigated as a significant proportion of trade receivables are either investment grade rated or the Group has received letters of credit from an investment grade rated financial institution. The Group also frequently utilises insurance and banking markets to lay off counterparty risk exposure.

Credit risk associated with the Group's hedging activities is largely managed through trading on established commodity exchanges. Hedging activities in the over-the-counter market are largely confined to investment grade counterparties.

The maximum exposure to credit risk before the consideration of collateral or other credit enhancements received is represented by the carrying amounts of the financial assets that are carried in the statement of financial position, including derivatives with positive market value.

The Group also obtains guarantees, collateral, credit enhancements, and insurance to manage, reduce or minimise other credit risk.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Political and country risk

The Group trades its products in many countries and manages its exposure to country risk through the insurance department. The Group mitigates political and country risk by transferring such risk to or otherwise covering such risk with major financial institutions and in the political risk insurance market. The Group may be required to retain a small portion of the risk in conjunction with the transfer of the risk.

(d) Liquidity risk

The Group's liquidity risk management strategy includes: (a) projecting cash flows from operations and investment activities by a major currency; (b) maintaining sufficient cash and liquid investments; and (c) availing of funding through banking facilities and its shareholders.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2014 based on contractual undiscounted payments.

	Due to related parties US$'000	Bank borrowings US$'000	Trade payables US$'000	Other payables and accrued liabilities US$'000	Derivative financial instruments US$'000	Total US$'000
31 December 2014						
On demand	125,889	-	1,230,062	230,764	69,819	1,656,534
<3 months	-	1,672,772	596,373	328,037	81,184	2,678,366
3 - 12 months	-	2,721,277	146,088	464,448	470,429	3,802,242
1 - 5 years	76,738	979,141	114,490	9,563	87,758	1,267,690
> 5 years	-	1,606,485	-	-	-	1,606,485
Total	202,627	6,979,675	2,087,013	1,032,812	709,190	11,011,317

(e) Capital management

During the reporting period, the Group managed its capital at different corporate levels. Other than the capital management at the Company's level, the newly acquired Nidera and NAL are the other two principal centers to manage their capital risks respectively. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

38. CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no contingent liabilities in respect of guarantees given to banks and financial institutions for banking facilities granted.

The Group, in the ordinary course of business, is involved in various legal claims that arise from time to time. Provision is made only when the Group believes that the likelihood of an outflow of resources is probable through consultation with outside counsel. Certain of the claims are either partially or fully indemnified by Noble Group Limited and Cygne B.V. according to the respective share sale agreements.

39. EVENTS AFTER THE REPORTING PERIOD

As at 31 December 2014, significant loss was recorded in the financial statements of Nidera as a result of fair value losses of forward contracts and inventories, and counterparty losses incurred in its biofuel business. Subsequent to the statement of financial position date, internal investigations have been carried out by Nidera to identify the root cause for such significant loss, and internal control deficiencies, fraudulent behaviors, if any, for potential legal actions and control improvement purpose. Up to the date of the financial statements, these investigations are still ongoing.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 10 June 2015.