
ANNUAL REPORT 2015
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CWT LIMITED

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CWT LIMITED ANNUAL REPORT 2015

2015 was an incredibly historic year for our great nation of Singapore. We celebrated our 50th anniversary with an unprecedented sense of unity amongst ourselves as a people. This inspired us to produce this year's CWT Annual Report to be a means of both celebration and reflection. Being a homegrown company and a pioneer in our logistics industry, it made perfect sense for us to pay tribute to Singapore. We look back at our history and feature some of the most iconic elements in our rich heritage and culture.

We hope you all enjoy this meaningful concept and we invite you to celebrate the Singapore spirit with us as we share our progress and financial results for FY2015.

FY2015
PERFORMANCE HIGHLIGHTS

REVENUE
S$9.9B
▼ *DOWN 30%*

NET TANGIBLE ASSETS
S$712.5M
▲ *UP 13%*

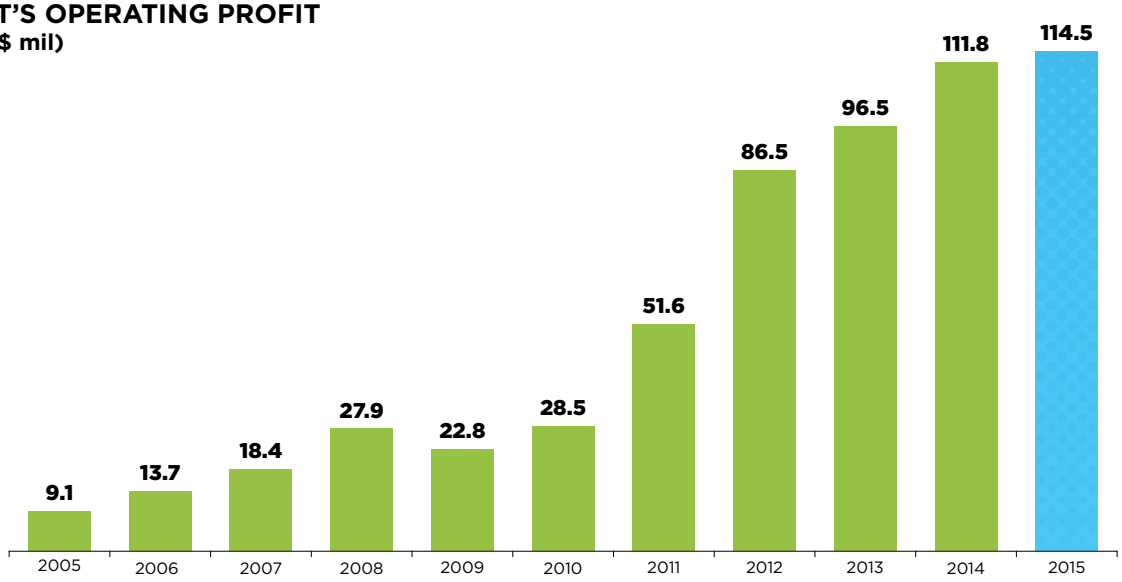
RECORD GROSS PROFIT
S$336.2M
▲ *UP 2%*

NET ASSET VALUE
S$839.4M
▲ *UP 10%*

RECORD OPERATING PROFIT
S$114.5M
▲ *UP 2%*

OPERATING EARNINGS PER SHARE
19.1 CENTS
▲ *UP 3%*

CWT'S OPERATING PROFIT
(in S$ mil)



Note:
CWT was founded in 1970 and listed on the Singapore Exchange since 1993. The current management took over in January 2005.

GROUP FIVE-YEAR FINANCIAL SUMMARY

	Financial Year Ended 31 December				
	2015	2014	2013	2012	2011
FOR THE YEAR (S$ MILLION)					
Revenue	**9,931.6**	14,194.4^	9,097.0	5,397.0	2,579.7
EBIT	**151.6**	148.8	124.1	116.4	70.4
Operating EBIT*	**157.2**	148.2	114.6	94.7	63.8
EBITDA	**180.2**	154.0	117.5	112.8	64.7
Operating EBITDA*	**185.8**	153.4	108.0	91.2	58.1
Profit					
- PBT	**131.7**	131.6	115.7	118.5	65.1
- Operating PBT*	**137.3**	131.0	106.2	96.8	58.5
- PATNCI	**108.9**	112.4	106.0	107.9	57.1
- Operating PATNCI*	**114.5**	111.8	96.5	86.5	51.6
Capex	**48.4**	116.2	183.8	64.9	71.5
PER SHARE					
Earnings (Singapore cents)					
- PBT	**21.9**	21.9	19.3	19.7	10.9
- PATNCI	**18.1**	18.7	17.7	18.0	9.6
- Operating PATNCI	**19.1**	18.6	16.1	14.4	8.7
Weighted average number of issued shares (million)	**600.3**	600.3	600.3	600.3	595.0
Number of issued shares as at 31 December (million)	**600.3**	600.3	600.3	600.3	600.3
AT YEAR-END (S$ MILLION)					
Net tangible assets	**712.5**	629.1	531.9	452.3	336.6
Shareholders' funds	**839.4**	765.1	659.5	582.8	476.2
Non-controlling Interests	**28.7**	26.4	27.7	32.6	33.0
Capital employed	**1,537.0**	1,432.2	978.3	860.6	787.8
Net cash/(borrowings)	**(385.2)**	(384.7)	(201.9)	78.9	59.4
Gross gearing (x)	**0.6**	0.6	0.7	0.5	0.4
Net gearing (x)	**0.3**	0.3	0.2	–	–
Net Debt/Equity (x)	**(0.4)**	(0.5)	(0.3)	0.1	0.1
RETURN ON SHAREHOLDERS' FUNDS (%)					
PBT	**15.7**	17.2	17.5	20.3	13.7
PATNCI	**13.0**	14.7	16.1	18.5	12.0
Operating ROTA (using Operating EBIT)	**3.5%**	3.4%	2.8%	4.3%	4.0%
Operating ROE (using Operating PATNCI)	**13.6%**	14.6%	14.8%	15.4%	11.0%
SHAREHOLDERS' VALUE					
Distribution (Singapore cents per share)					
- Interim dividend (net)	**3.0**	–	–	–	–
- Final dividend (net)	–	4.0	3.5	3.0	2.5
- Total distribution	**3.0**	4.0	3.5	3.0	2.5
Share price as at 31 December (S$)	**1.920**	1.600	1.355	1.225	0.990
Share price/Book Value	**1.373**	1.256	1.234	1.261	1.249

Note:

- *Profits for 2011 and 2012 included non-recurring items from the sale and leaseback of properties.*
- *Net Cash/(borrowings) excludes revolving short term trade facilities.*
- *Gross gearing is the ratio of total borrowings to the sum of total borrowings and total equity.*
- *Net gearing is the ratio of net borrowings (total borrowings excluding revolving short term trade facilities less cash and cash equivalents) to the sum of net borrowings and total equity.*
- *Net tangible assets exclude non-controlling interests.*
- ** Excluding non-recurring items, where applicable.*
- *^ Revenue for 2014 is restated to better reflect the nature and the underlying economic substance of certain structured transactions.*

CWT LIMITED
CORPORATE PERFORMANCE

CWT IS A LEADING PROVIDER OF INTEGRATED LOGISTICS SOLUTIONS.

We are focused on creating better supply chain and opportunities for world trade. We help customers accelerate time-to-market, realise new cost efficiencies and ensure supply chain integrity. To achieve this, we combine our logistics capabilities with our global network and resources to create value and deliver productivity for customers. Our assets and investments complement and enhance our logistics activities. We operate an integrated business structure with logistics at the core of our global activities. Our diversified business solutions include commodity marketing, financial and engineering services. We support a diverse worldwide customer base through our regional offices and network of service partners.

In SGD million unless otherwise stated.

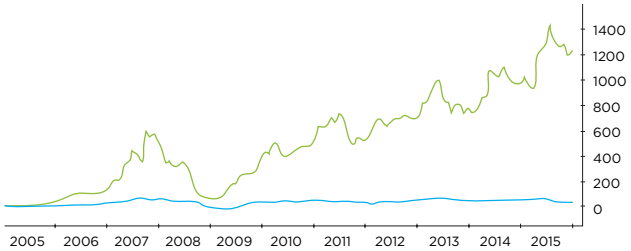
Year	Revenue	Operating Profit	Operating ROE (%)	Net Asset Value	Net Tangible Assets
2005	248	9.1	8.8	103.8	101.2
2006	327	13.7	10.8	137.6	118.6
2007	535	18.4	9.7	204.9	176.4
2008	603	27.9	12.7	266.4	217.0
2009	624	22.8	8.1	292.0	246.0
2010	747	28.5	10.3	428.3	378.3
2011	2,580	51.6	11.0	476.2	336.6
2012	5,397	86.5	15.4	582.8	452.3
2013	9,097	96.5	14.8	659.6	531.9
2014	14,194^	111.8	14.6	765.1	629.1
2015	**9,932**	**114.5**	**13.6**	**839.4**	**712.5**
CAGR	**44.6%**	**28.8%**	**4.5%**	**23.3%**	**21.6%**

Note:
- *CWT was incorporated in 1970 and listed on the Singapore Exchange since 1993. The current management team took over in January 2005.*
- *^ Revenue for 2014 is restated to better reflect the nature and the underlying economic substance of certain structured transactions.*

TOTAL SHAREHOLDER RETURNS FROM 2005-2015

CWT LIMITED (CWT):
1,232%

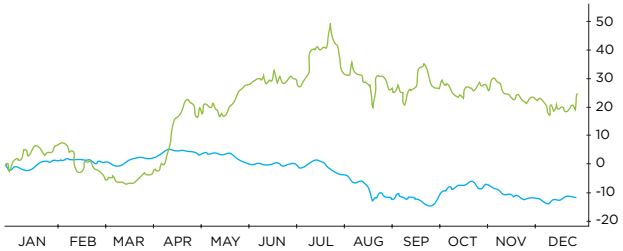
STRAITS TIME INDEX (STI):
44%



TOTAL SHAREHOLDER RETURNS IN 2015

CWT LIMITED (CWT):
24%

STRAITS TIME INDEX (STI):
-12%



Source: Bloomberg

CWT STI



GROWING WITH OUR SINGAPORE

Celebrating 45 Years of Logistics Heritage



As Singapore commemorated its 50th year in 2015, we also marked our 45th anniversary here at CWT – four and a half decades of strong performance and leadership in providing integrated logistics and supply chain solutions.

CHAIRMAN MESSAGE

DEAR SHAREHOLDERS,

For 2015, CWT delivered S$108.9 million of profits attributable to shareholders on the back of S$9.9 billion turnover, earnings per share of 18.1 cents and shareholder returns of 24%. Our operating and financial performance amidst macro uncertainty reflects the energies of an evolving company. We continued to execute our strategy to deliver value to shareholders, with a renewed focus on discipline and synergy. We have strengthened our resolve to be successful in the market and to take informed, appropriate business risks. Our ability to adapt to changes in the environment and deliver results demonstrates management bench strength and the resilience of our multifaceted business model.

Industry recognition continues to reinforce CWT's consistent performance, focus on productivity and our progress as a growth company. In 2015, CWT debut on Forbes Global 2000 and became a three-time Forbes Asia Fab 50 winner in consecutive years. We won an award for excellence in innovation and productivity at the Singapore Productivity Awards 2015. And we have been included in DP Information Group's Singapore 1000 and Singapore 100 International earlier this year.



LOI KAI MENG
Chairman

STRENGTHENING OUR BUSINESSES

Our strategy for growth is playing out well. We are driving our core businesses in supply chain and logistics solutions, building on those capabilities and assets to enlarge our foundation, strengthening CWT's position in niche market segments, and continuing our relentless pursuit of growth. The diversity and scale of CWT solutions today put us in a unique position to compete effectively while creating value for our customers.

During the year, we worked on strengthening our platforms. We tightened control over our operations and liquidity. We sharpened our competencies, raised productivity and enhanced market competitiveness. We improved our risk management and capitalised on opportunities presented by market volatility. Through these actions, we have increased our operating profitability and financial muscle.

Going forward, we remain focused on operational execution, reducing costs and improving profitability. We will continue to expand our competitive advantage and align our business portfolio effectively to take advantage of growth opportunities.

MAINTAINING CORPORATE GOVERNANCE

Corporate governance is an enduring CWT value that delivers returns for our company and shareholders. CWT Board of Directors continues to govern with transparency and integrity in the best interests of the company and our shareholders. During 2015, the board actively engaged in discussions about the strategy behind CWT's investments as well as a wide range of compliance, risk and sustainability related issues.

The board's balance of skills, expertise and attributes, including its diversity of perspective, continues to constructively challenge and support the management team. We will continue to develop CWT in accordance with the principles of good corporate governance. That is the foundation upon which we build our leadership culture and reputation for integrity, which in turn provides investors with competitive returns over the long term.

DELIVERING SHAREHOLDER VALUE

CWT works to increase shareholder value by investing in growth and capital additions to build capabilities critical to business success. For example, we began construction of our mega integrated logistics hub in Singapore last year. Investments such as these solidify CWT's leading position as an integrated logistics provider. During the year, we also issued the third tranche of S$100 million securities notes from our S$500 million multi-currency debt issuance programme. The proceeds were used to fund corporate developments and for working capital.

Part of the role of the board is to help balance how CWT uses the cash that the company generates to maximise shareholder value. Last August, we rewarded shareholders with an interim dividend payment of 3 cents per share. With confidence in CWT's business going forward, the board voted again in February 2016 to distribute another interim dividend of 6 cents a share. In total, we returned about S$54 million in cash dividends to shareholders since July 2015. These actions extend CWT's commitment to deliver long-term value to shareholders.

A WORD OF THANKS

In closing, I would like to thank our shareholders, bankers, business associates, customers, employees and other stakeholders for their confidence and unwavering support. CWT generated a decent set of financial results in 2015, indicated by good profits, strong cash generation, and a healthy balance sheet. This performance enabled CWT to deliver tangible value for shareholders. Looking ahead, I remain confident that our growth strategy, resources and competitive advantage will continue to drive CWT's success and shareholder returns.

LOI KAI MENG
Chairman, CWT Limited
28 March 2016

CORPORATE STRUCTURE

CWT Limited defines common values, goals and strategies for the entire group.

CWT LIMITED

LOGISTICS

Commodity Logistics
- CWT COMMODITES PTE LTD
- CWT EUROPE B.V.

Integrated Logistics
- CWT INTEGRATED PTE LTD

Freight Logistics
- CWT GLOBELINK PTE LTD

Contract Logistics
- CWT LOGISTICS PTE LTD
- SINGAPORE WINE VAULT PTE LTD

Warehousing
- CWT LIMITED

Defence Services
- CWT LIMITED (FREIGHT & PROJECT MANAGEMENT)
- FORCE 21 EQUIPMENT PTE LTD
- INDECO ENGINEERS (PTE) LTD

COMMODITY MARKETING

Non-ferrous Concentrates and Energy Products Marketing
- MRI GROUP PTE LTD
- MRI TRADING AG
- MRI CHINA CO. LTD

FINANCIAL SERVICES

Brokerage and Financial Services
- STRAITS FINANCIAL GROUP PTE LTD

Trust and Asset Management
- ARA-CWT TRUST MANAGEMENT (CACHE) LIMITED

ENGINEERING SERVICES

Design, Build and Maintenance
- INDECO ENGINEERS (PTE) LTD

Property Management
- CACHE PROPERTY MANAGEMENT PTE LTD

Note:
This is a simplified graphic of CWT corporate structure as of March 28, 2016 and therefore may be subject to change.

GLOBAL OPERATIONS

CWT operates in more than 90 countries through our regional offices and network of service partners. We support a diverse customer base around the globe.



CWT Footprint

REGIONAL OFFICES

Asia / Pacific	Europe	Middle East	Africa	North America	Latin America
Singapore	Belgium	Kuwait	Cote d'Ivoire	Canada	Chile
Australia	Bulgaria	Qatar	Egypt	USA	Costa Rica
Cambodia	Croatia	UAE	Ghana		Guatemala
China	Netherlands		Malawi		Mexico
Hong Kong	Portugal		Mauritius		Peru
India	Romania		Morocco		
Indonesia	Slovenia		Mozambique		
Malaysia	Spain		Nigeria		
Mongolia	Switzerland		South Africa		
Pakistan	Turkey				
South Korea	UK				
Sri Lanka					
Taiwan					
Thailand					
Vietnam					

NETWORK OF SERVICE PARTNERS

Asia / Pacific	Europe	Middle East	Africa	North America	Latin America
Bangladesh	Austria	Israel	Cote d'Ivoire	Canada	Argentina
Cambodia	Belgium	Jordan	Ghana	USA	Bolivia
Fiji Island	Cyprus	Lebanon	Kenya		Brazil
Japan	Czech Republic	Oman	Madagascar		Chile
Malaysia	Denmark	Saudi Arabia	Mauritius		Colombia
Myanmar	Finland		Nigeria		Ecuador
New Zealand	France		South Africa		Mexico
Philippines	Georgia		Tanzania		Panama
South Korea	Germany		Togo		Paraguay
Taiwan	Greece		Zambia		Peru
Thailand	Hungary		Zimbabwe		Uruguay
Vietnam	Ireland				Venezuela
	Italy				
	Latvia				
	Lithuania				
	Malta				
	Netherlands				
	Norway				
	Poland				
	Russia				
	Slovakia				
	Sweden				
	Turkey				
	Ukraine				

PROGRESS BUILT FROM HOME

A Salute To Where We Started



As a homegrown logistics company and a pioneer in our industry, we at CWT are proud to represent Singapore on the world stage, as we continue to grow a diversified portfolio and enhance our global presence in over 90 countries.



GROUP CEO REPORT

STRENGTHENING BALANCE SHEET AMID MARKET TURMOIL

Uncertainty feels like the "new normal" as the relative tranquility of the past seems now a distant memory. Financial markets had been roiled throughout 2015. The oil glut continues to keep crude oil prices low and depressed. China's economy slowdown continues triggering a prolonged downturn in the commodity sector and significant ripple effects in the wider global markets. In times of market turbulence, growth opportunities will be harder to find and trends more volatile.

As we navigate these unchartered waters, we see this environment as an opportunity to consolidate and strengthen CWT for the future. We sharpened our focus this past fiscal year in strengthening our balance sheet. We adopted a prudent conservative approach by not expanding aggressively in 2015. We executed with financial discipline and were rewarded with a decent financial performance amidst uneven markets.

CWT reported revenue of S$9.9 billion, S$336.2 million of gross profit and S$114.5 million in operating income for fiscal 2015. We earned S$108.9 million and generated S$317.3 million of cash. And we finished the period much stronger than we started. We improved our financial strength and flexibility. We increased CWT shareholders' equity by S$76.6 million to S$868.1 million during 2015. We ended the year with S$291.7 million in cash and cash equivalents. And we returned about S$54 million to shareholders since July 2015.

SNAPSHOT OF FY2015 RESULTS

FINANCIAL HIGHLIGHTS

In S$'000	FY2015	FY2014	% Change +/(-)
Revenue	**9,931,619**	14,194,352^	(30)
Gross Profit	**336,198**	330,803	2
Net Operating PATNCI	**114,482**	111,752	2
Net Profit Attributable to Owners	**108,911**	112,411	(3)
Operating Earnings Per Ordinary Share (cents)	**19.1**	18.6	3
Earnings Per Ordinary Share (cents)	**18.1**	18.7	(3)
NAV Per Ordinary Share (cents)	**139.8***	127.5**	10

^ Revenue for 2014 is restated to better reflect the nature and the underlying economic substance of certain structured transactions.
** As at 31 December 2015*
*** As at 31 December 2014*

Revenue was down 30% from the prior year as a result of lower trading volume of naphtha and a general drop in commodity prices caused by softness in the commodity market. However, gross profit improved 2% over fiscal 2014 due to better performance by Financial Services, Freight Logistics and Commodity Marketing businesses. Notably, profit from Financial Services surged in the second half of 2015 whilst Commodity Marketing witnessed a profit decline in the fourth quarter after three quarters of good results in 2015. As a result, net profit after tax increased marginally from the prior year, despite absorbing the losses associated with the Tianjin blasts. After accounting for minority interest, profit attributable to Owners of the Company slid 3% to S$108.9 million.

We have taken an S$83 million business since late 2004 and built it into a billion dollar company over ten years. Our competitive advantage, passion for innovation and focus on productivity continue to deliver value to customers and growth to investors over the long-term. And we are moving forward from a position of strength: a highly scalable foundation, numerous avenues for growth and leading positions in niche logistics markets.

SUSTAINING LOGISTICS EDGE

We are building CWT to help companies operate their supply chains as effectively as possible. To sustain our competitive advantage, we continue to expand our capabilities while optimising intra-group synergies to better serve worldwide customers. Our broad resources, deep capacity and ingrained service culture, as well as logistics infrastructure and technology investments, are all evidence of how strongly we are committed to our customers' success.

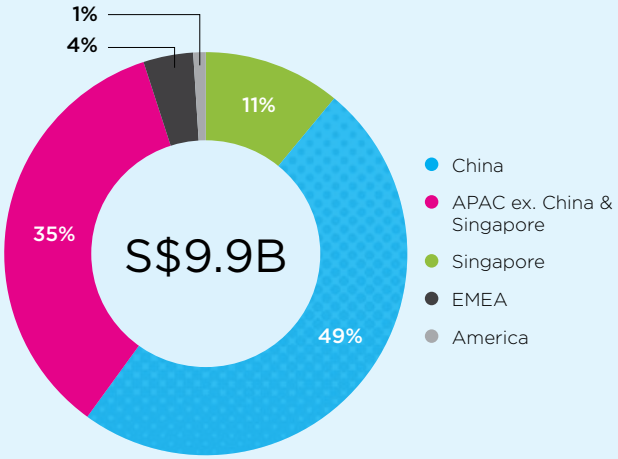
We have positioned the company for profitable growth by creating an infrastructure capable of supporting tremendous scale. By first half 2017, we would have increased our 7-plus million square feet of existing global warehouse portfolio by a third when CWT's mega integrated logistics hub becomes operational in Singapore. The larger capacity and integrated services offering of our mega hub will allow for business scalability and create supply chain efficiency and flexibility for our customers. We continue to lead the local industry in logistics infrastructure development.

We remain focused on our strategy to dominate in niche logistics segments. In the chemical sector, supply chain and logistics represent a high share of cost and are critical for service level and top-line results. Logistics service providers like CWT have a crucial role to play in helping chemical companies reduce supply chain costs and manage their operations more efficiently. We continue to improve our value proposition by providing strategic advice on the design of logistical systems, supplementing the skill base and adding an external perspective. In this space, we spare no efforts in enabling a safety culture that serves to make chemical safety an overriding priority in our company.

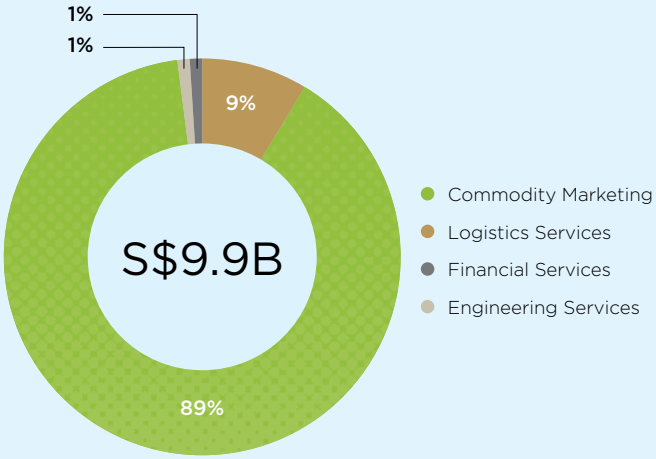
We have taken strong actions to simplify and focus CWT around our core competitive advantages. We responded to the commodity sector downturn by restructuring our commodity logistics arm to drive performance more effectively. We applied a tighter focus on operations and liquidity. We put in place better risk management and credit controls. We cut down on fixed overheads. We got rid of unprofitable businesses. Our

FY2015 SEGMENTAL REVENUE

REVENUE BY GEOGRAPHY

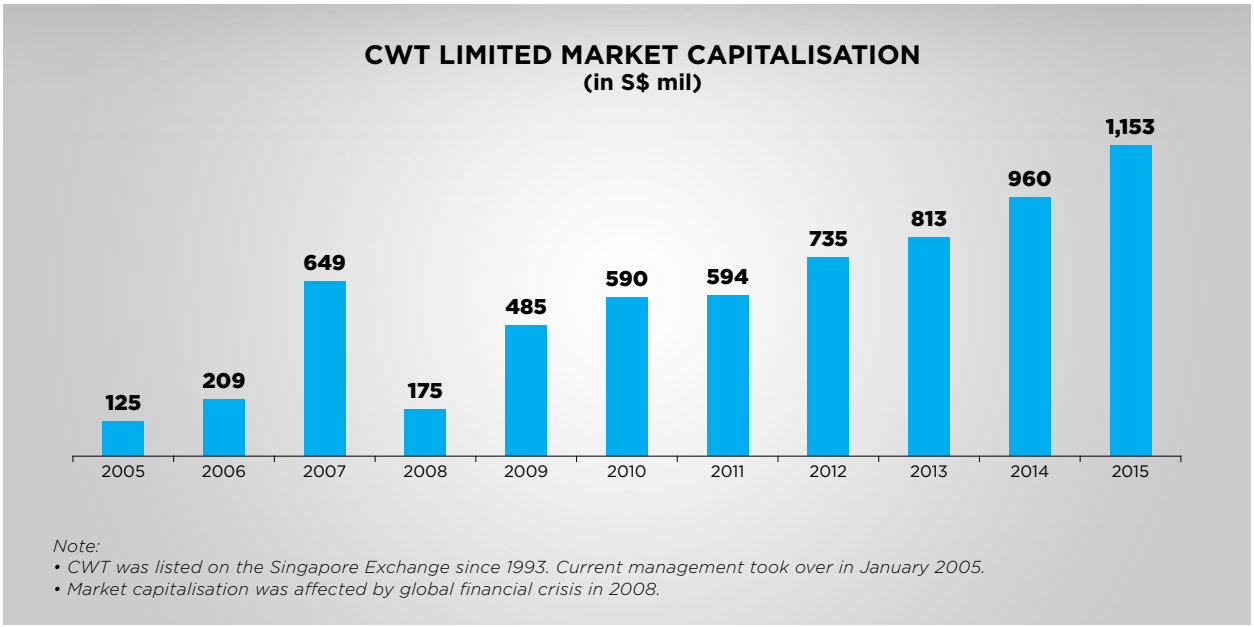


REVENUE BY BUSINESS SEGMENT



CWT Group has four operating business segments: (1) Logistics Services; (2) Commodity Marketing; (3) Financial Services; and (4) Engineering Services. Logistics Services and Commodity Marketing are managed on a worldwide basis and the Group operates principally in Singapore, China, other parts of Asia Pacific, Europe and Africa. Financial Services operates mainly in China, Singapore and North America. Engineering Services are primarily in Singapore.

GROUP CEO REPORT



Note:
- *CWT was listed on the Singapore Exchange since 1993. Current management took over in January 2005.*
- *Market capitalisation was affected by global financial crisis in 2008.*

commodity logistics operations have come off leaner, stronger and better prepared for volatility. These practices will remain in place even as the industry improves.

We continue to concurrently pursue both growth and cost efficiency in our freight logistics business. In 2015, high frequency of freight fluctuation had made projections and costing difficult. Despite the challenging environment, many branches from our freight logistics network turned in a strong performance. For 2016, we expect a weak economy to affect volume and keener market competition to erode margins. To compete and win, we will continue to fine-tune our growth strategy which has served us well in good times and bad. We will increase our focus on seeking out organic growth. We will leverage and invest in technology. We will continue to develop new markets and products to strengthen our global coverage.

We are a supply chain engineering company. We differentiate ourselves by providing a holistic logistics solution – from warehousing, trucking and freight management to channel capabilities, value-added services like packing and packaging – to trade financing services and design-and-build turnkey solutions for logistics properties. Our strong fundamentals, coupled with our ability to continually grow our logistics competencies and create value for customers, point to an in-demand and enduring business. We will work hard to preserve and improve on our leading logistics edge.

MAINTAINING TRADING FOCUS

Our businesses are market driven. We continue to stay focused in our trading business and responded well to a very challenging year for the commodities market. China's economic slowdown and transition from investment to service-led growth have resulted in highly volatile commodity prices. Oil and metal prices are near multi-year lows. In 2015, the price of brent crude oil had dropped significantly by 37%, from $57.67 per barrel at the start to $36.58 per barrel by the end of the year. The price of Copper which began 2015 at $6,247 per MT had fallen 25% to $4,701 per MT by the close of 2015.

Despite the negative backdrop, MRI performance was not significantly compromised. On the contrary, we were able to tap on our strong risk management and customer base to improve our financial results for our trading business in 2015. During the year, we grew non-ferrous concentrate volumes. We achieved higher margins from energy products on the back of strong sourcing and benefitted from the optionality in the physical contracts created by increased volatility. We supported our trades with strong physical logistics network on the ground thereby maintaining good control of the supply value chain.

Nevertheless, we expect tough trading conditions ahead. We will remain prudent and disciplined with our execution. We will continue to adapt and adjust our business structure to capitalise on market opportunities. With long-standing relationships with multiple international banks and access to short-term trade facilities

to finance our trades, we are well-positioned to take advantage of potential upsides.

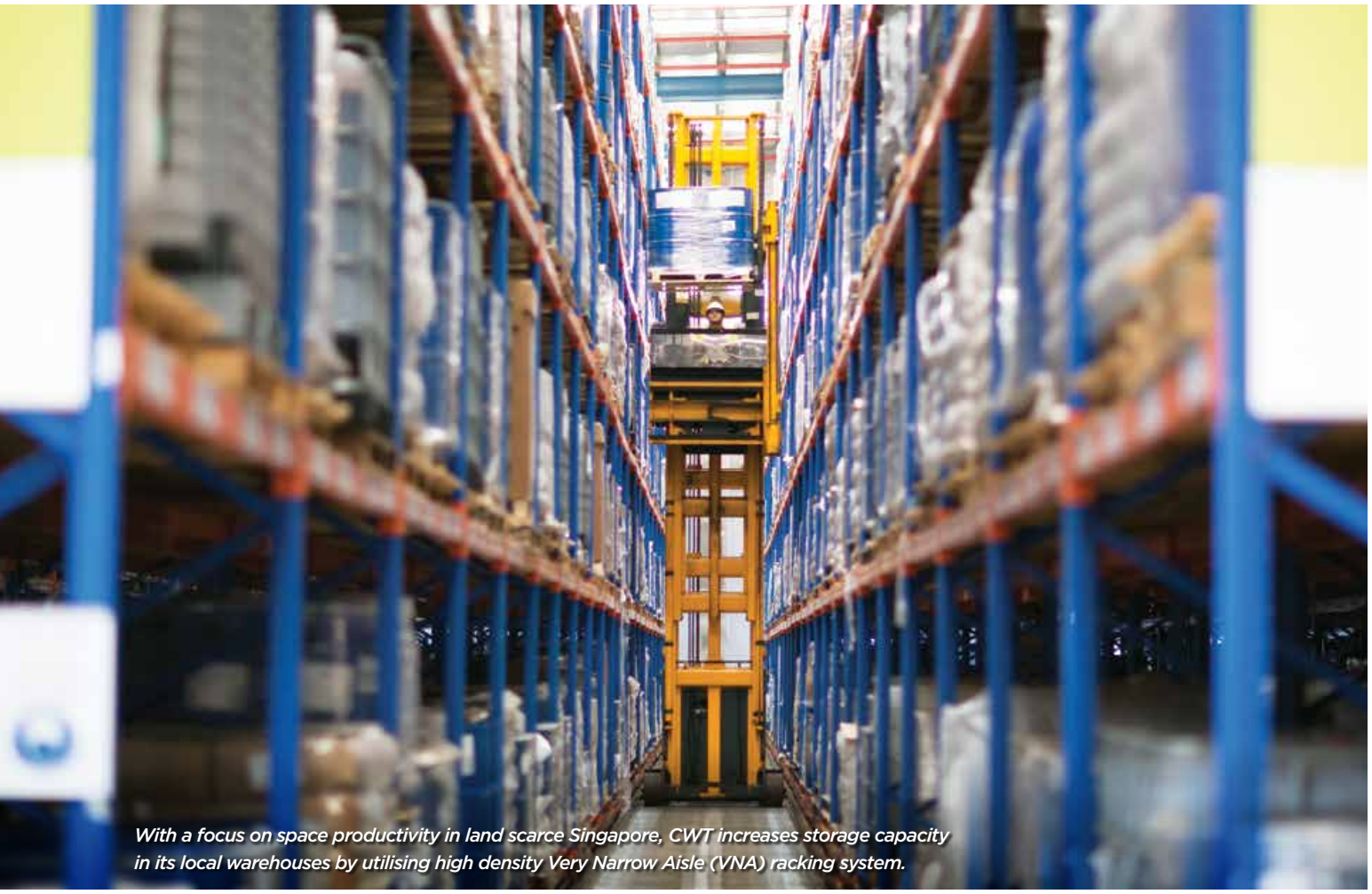
DELIVERING ON FINANCIAL SERVICES

We set up our financial services arm organically in 2011. Straits Financial has since developed a strong reputation and trusted brand name within the commodity derivatives and OTC clearing space. We will continue to expand our product offerings with a focus to remain boutique and specialised for our clients. We intend to build a presence in new markets to capture both the buy and sell sides and to better serve our clients.

In 2015, we took advantage of more trading opportunities presented by the volatile market as market participants rebalanced their portfolios and hedged through derivatives. We grew our global derivatives business net revenue by 70%. We increased total customer equity by more than 60%. We recorded a 15% rise in trade services business net revenue. We operated with good governance and sound risk management policies. And because we do not engage in proprietary trading, we remained largely unaffected by market volatility. Our financial services business has todate constantly outperformed expectations with exponential growth.

SECURING ENGINEERING PROJECTS

Indeco Engineers secured contracts worth more than S$160 million in 2015. We maintained market leadership in the Facility Management and Maintenance industry. We retained existing key contracts and secured new maintenance jobs with airports, aviation facilities and government institutions. We grew market share in the Military and Commercial Vehicle market. We secured key contracts with the Singapore Armed Forces, Home Team and dnata, a ground handling company operating at Singapore Changi Airport.



With a focus on space productivity in land scarce Singapore, CWT increases storage capacity in its local warehouses by utilising high density Very Narrow Aisle (VNA) racking system.

GROUP CEO REPORT

"We are committed to developing and maintaining sustainable, responsible practices in our global operations. Our continued engagement with our stakeholders helps build strong relationships and identify strengths and opportunities to improve our performance."



In product engineering and installation, we supplied customised vehicles to Singapore Civil Defence Force, Singapore Police Force and Central Narcotics Bureau, amongst others, and maintained high-volume-low-speed fans at elevated MRT stations in Singapore. For our design-and-build business, we completed two warehouses and secured a new warehouse construction project during the year.

Our engineering services arm faces tough business challenges brought about by intense competition in the maintenance business and an ageing workforce which creates a tight labour market situation. To overcome these challenges, we will continue to invest in information technology, better equipment and staff training to increase our productivity and competitiveness.

ON-GOING COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

We are committed to developing and maintaining sustainable, responsible practices in our global operations. Our continued engagement with our stakeholders helps build strong relationships and identify strengths and opportunities to improve our performance.

We engage with employees regularly through a variety of internal communication channels. We believe that diversity in workforce and motivated employees drive organisational growth. We continue to create a safe, positive and inclusive workplace for our employees. And we continue to encourage and reward good performance.

We build and maintain a safety culture through integration and involvement. Our safety committees and work teams lead and drive employee responsibility and participation towards this cause. In 2015, we invested in 2,470 man hours of safety training, meetings, joint drills and related activities. Our ongoing focus in Environment, Health and Safety provides a safe and healthy workplace for employees, contractors and visitors.

We support the communities where we live and work in alignment with our business objectives. During the year, we continued to support the Children's Cancer Foundation's "Hair for Hope" campaign as Official Logistics Partner and make charitable contributions towards the young and underprivileged. We celebrated SG50 and marched in Singapore's National Day Parade for the third year running as the largest homegrown logistics company.

We continue to promote ethical behaviour in the company's operations, practices and procedures. Our corporate governance standards are set at the highest level of the company, starting with the Board of Directors, and flow down through every level of the company. By adhering to sound corporate governance practices, we strive to protect shareholders and stakeholders while maximising investor returns.



LOI POK YEN
Group CEO

LOOKING AHEAD

2016 is shaping up to be a difficult year and we have prepared ourselves to weather the storm. We will continue to build on our competitive advantage, maintain financial discipline and deliver on our execution while capitalising on potential upsides and market opportunities along the way. Our substantial investments in new businesses and logistics infrastructure over the years have created the foundation for a much larger company and will set us up for future growth. My team and I, together with our dedicated global workforce, will continue to work hard for the company, our customers and shareholders.

LOI POK YEN
Group CEO, CWT Limited
28 March 2016

POISED FOR A BRIGHTER TOMORROW

Commending the People Behind Our Story



With an exceptional team of over 6,000 people driving our success and putting our strategies in place, CWT has what it takes to ensure future growth and continue delivering solutions that help our customers succeed and communities thrive.



BOARD OF DIRECTORS



FIRST ROW (SITTING) FROM LEFT TO RIGHT:
Loi Pok Yen, Loi Kai Meng, Jimmy Yim Wing Kuen

SECOND ROW (STANDING) FROM LEFT TO RIGHT:
Liao Chung Lik, Dr Tan Wee Liang, Dr Hu Jian Ping

LOI KAI MENG
CHAIRMAN

Mr Loi joined the Board as Chairman in November 2004. He is an accountant by profession and has been in the logistics sector for over 40 years. Mr Loi is also the Group Managing Director of C & P Holdings Pte Ltd and a Director of a number of private companies.

LIAO CHUNG LIK
DIRECTOR

Mr Liao joined the Board in November 2004. He is the Deputy Group Managing Director of C & P Holdings Pte Ltd. Mr Liao is also a Non-executive Director of ARA-CWT Trust Management (Cache) Limited since March 2010 and a Director of a number of private companies. He graduated from the National University of Singapore with a degree in Bachelor of Business Administration.

LOI POK YEN
DIRECTOR & GROUP CEO

Mr Loi joined the Board in November 2004. He is also CWT Group CEO. With his extensive experience in strategic and logistics business management, Mr Loi leads the Executive Team in strengthening the Group's businesses and competitiveness for the long-term success of the CWT Group. Prior to joining CWT, Mr Loi was responsible for the construction of warehouses and running the logistics business operations at C & P Holdings Pte Ltd. From 1995 to 1997, he helped oversee and build Myanmar International Terminals Thilawa (MITT), Myanmar's largest port. Mr Loi has been instrumental in transforming the CWT Group into a global enterprise and a Forbes Global 2000 company. In 2013, he was named EY Entrepreneur of the Year – Logistics Winner. Mr Loi graduated from the National University of Singapore with a Bachelor of Business Administration (Hons) degree.

DR TAN WEE LIANG, PBM
LEAD INDEPENDENT DIRECTOR

Dr Tan joined the Board in June 2008 and was appointed Lead Independent Director on March 1, 2013. He is Associate Professor of Strategic Management at the Singapore Management University (SMU). Prior to joining SMU, he taught at National University of Singapore (NUS) and Nanyang Technological University. Dr Tan is chairman of the management council of the Singapore Association of the Institute of Chartered Secretaries and Administrators. He served as the International President of the Institute of Chartered Secretaries and Administrators, U.K. in 2004. In 2009, Dr Tan received the Public Service Medal for his contributions as a member of the Criminal Law Advisory Committee of the Ministry of Home Affairs. He is currently vice-chairman of the executive board of the Presbyterian Community Services. Dr Tan was educated at NUS, University of Cambridge, MIT and the Technological University of Eindhoven.

JIMMY YIM WING KUEN
INDEPENDENT DIRECTOR

Mr Yim joined the Board as an Independent Director in May 2003. He is a senior director of one of Singapore's most established law firms, Drew & Napier LLC. Mr Yim was admitted to the Singapore Bar in 1983 and was appointed Senior Counsel in 1998. His legal practice covers most areas of civil and commercial law, and international commercial arbitrations. His various appointments include Fellow of the Singapore Institute of Arbitrators and regional arbitrator with the Singapore International Arbitration Centre. At CWT, he is also Chairman of the Audit Committee.

DR HU JIAN PING
INDEPENDENT DIRECTOR

Dr Hu was appointed to the Board in December 2004. He is senior vice president of Microvast Ltd, and is also holding a position in Beijing as executive vice chairman with China Public Transportation Association (CPTA). Dr Hu has more than 20 years of experience in the transportation industry. He was the Chairman from 2007 to 2011 and General Manager from 2001 to 2006 of Shenzhen Bus Group Company Ltd, a China based company that owns the largest bus network in the Shenzhen Special Economic Area. Prior to this, he was the Executive Deputy General Manager of Shenzhen Metro Co., Ltd and the Shenzhen Transportation Bureau from 1992 to 2001. Dr Hu was also the Civil Engineer, Project Manager and Deputy Division-Chief of the Department of Construction of Shenzhen Metro Co., Ltd and the Shenzhen Transportation Bureau from 1992 to 1996. Dr Hu did a research study in the Transportation Research Centre, University of Kansas, USA.

EXECUTIVE TEAM

LOI POK YEN
GROUP CEO

Mr Loi was appointed Group CEO in January 2005 after privately-owned logistics company C & P Holdings Pte Ltd acquired CWT. He leads the executive team in strengthening the Group's businesses and market competitiveness for the long term success of the CWT Group. Prior to joining CWT, Mr Loi was responsible for the construction of warehouses and running the logistics business operations at C & P Holdings Pte Ltd. From 1995 to 1997, he helped oversee and build Myanmar International Terminals Thilawa (MITT), Myanmar's largest port. Mr Loi has been instrumental in transforming the CWT Group into a global enterprise and a Forbes Global 2000 company. In 2013, he was named EY Entrepreneur of the Year – Logistics Winner. Mr Loi graduated from the National University of Singapore with a Bachelor of Business Administration (Hons) degree.

LYNDA GOH
DEPUTY GROUP CEO & GROUP CFO

Mrs Goh was appointed Deputy Group CEO & Group CFO in July 2008. She leads the CWT Group with a very strong financial and operating background, having held various senior positions in CWT since 1991. In her current capacity, Mrs Goh's key role is to assist the Group CEO in the corporate development and strategic expansion, corporate finance and general management of the CWT Group of companies. She is also responsible for managing the Group's engineering business, investments, treasury, financial, human resource and corporate affairs. In 2013, she was named Best CFO for listed companies in the mid cap category at the Singapore Corporate Awards in recognition of her financial leadership. Mrs Goh is a Chartered Accountant of Singapore and Fellow of Chartered Certified Accountant (UK).

ADAM SLATER
DEPUTY GROUP CEO & CEO, COMMODITY LOGISTICS

Mr Slater joined CWT as CEO, Commodity Logistics in October 2006 and was promoted to Deputy Group CEO in July 2012. In his current capacity, he oversees the development and expansion of Supply Chain Management business of the Group. He is also responsible for the day-to-day management of the commodity logistics related businesses across Asia, Europe, Africa, the Middle East, North & South America and Oceania. Mr Slater has been working in the commodity logistics industry since 1997. Prior to that, he was a metal trader in China for five years. Mr Slater holds a Bachelor of Art in East Asian Studies from McGill University and also studied Chinese language at Fudan University.

TAN CHOON WEI
EXECUTIVE CHAIRMAN, CWT GLOBELINK GROUP

Mr Tan is Executive Chairman of CWT Globelink Group since 2003 and held the position of CEO, Freight Logistics from 2005 to 2015. He spearheads and oversees the freight consolidation business of CWT Group. Mr Tan joined CWT in 1988 and has been instrumental in the Group's regional development and expansion over the past two decades. He brings to CWT vast industry domain knowledge and experience, having worked in the logistics and marine related industry since 1973. Prior to joining CWT, Mr Tan held various senior positions with PSA in Container Terminal, conventional wharves, bulk cargo operations and warehousing business.

ALAN KUEK
CEO, COMMODITY MARKETING

Mr Kuek was appointed CEO, Commodity Marketing in May 2013 and heads up MRI Group. As the commodity marketing business arm of the CWT Group, the division is actively marketing physical non-ferrous metals, bulk minerals and energy products. Mr Kuek has been working in origination and structured financing in banks and commodity traders since 1997. He joined MRI in February 2012 as Global Head of Structured Commodity Finance and Origination and is instrumental in developing the energy marketing business. Prior to joining MRI, he held senior positions with Trafigura and BNP Paribas Singapore, where one of his transactions was awarded Deal of the Year by Trade and Forfaiting Review in 2008. Mr Kuek graduated from the National University of Singapore with a Bachelor of Social Science (Hons) in Economics.

JEREMY ANG
CEO, FINANCIAL SERVICES

Mr Ang was appointed CEO, Financial Services in April 2011. He heads up Straits Financial Group, the financial services arm of the CWT Group engaged in the offering of futures and derivatives trade, forex, bullion and Over-the-Counter (OTC) brokerage services. Mr Ang is an industry veteran, especially in the global derivatives market, having worked in the futures industry since 1980. Prior to joining CWT, he held leadership positions with the Singapore Exchange (SGX), Singapore Commodity Exchange (SICOM), DBS Vickers Securities (Singapore) and the REFCO Group.

MARTIN VERSTEEG
CEO, CWT EUROPE

Mr Versteeg was appointed CEO, CWT Europe in January 2011. He is responsible for the development and expansion of the Group's logistics business in Europe and Africa. Mr Versteeg is an industry veteran, having worked in the soft commodities logistics industry since 1974. In 2009, Mr Versteeg was awarded the prestigious Amsterdam Ports Medal by the Amsterdam Ports Association in recognition of

his significant contribution towards strengthening and reinforcing the prestige of Amsterdam ports. He is currently a board member of the European Cocoa Association in Brussels, the European Warehouse Keepers Federation in Amsterdam and Amsterdam Ports Association. Mr Versteeg holds a Master's degree in law from VU University of Amsterdam.

FOO SAY CHUANG

MANAGING DIRECTOR, WAREHOUSING & BUSINESS DEVELOPMENT

Mr Foo was appointed Managing Director, Warehousing & Business Development in July 2007. He is responsible for the development and expansion of the Group's logistics business in Singapore and the regional market. Mr Foo brings to CWT strong domain knowledge and vast experience across various industries including Port Terminals, Shipping, Food & Beverage and Fast Moving Consumer Goods. He has been involved in logistics and related work since 1979. Mr Foo holds a Bachelor of Business in Transport from the Royal Melbourne Institute of Technology, a Diploma in Shipping Management (Maritime Studies) and a Diploma in Sales & Marketing.

KAY KONG SWAN

CEO, INTEGRATED LOGISTICS

Mr Kay is CEO, Integrated Logistics since December 2013. His portfolio includes transportation, yard storage, distribution and warehousing as well as other value-adding logistics businesses of CWT Integrated Group. Mr Kay had been instrumental in developing and expanding the logistics businesses in CWT as CEO, Container Logistics since May 2007 and as the General Manager of OCWS Logistics (now known as CWT Integrated) since 1995. Prior to joining the logistics industry, he was involved in engineering and management consultancy for more than ten years. Mr Kay holds a Master's degree in Business Analysis (with distinction) from the University of Lancaster, UK.

LEAW TIEW SAN

CEO, CONTRACT LOGISTICS (ASIA PACIFIC)

Mr Leaw was appointed CEO, Contract Logistics (Southeast Asia) in July 2012 and subsequently expanded his portfolio to cover Asia Pacific in 2014. He heads up Cold Chain Logistics (Food & Beverage), Chemical Logistics, Industrial & Consumer Logistics and Bonded Logistics for contract logistics business in Asia Pacific. Mr Leaw is also charged with overall responsibility for Singapore Wine Vault Pte Ltd, which stores and handles Fine Wines. He has been instrumental in developing and expanding the contract logistics business in the region. Formerly from C & P Holdings, Mr Leaw joined CWT as a sales director and was soon promoted to managing director. He has been working in sales & marketing and the logistics sector since 1998. Mr Leaw was appointed as Director (Logistics & Distribution) for Singapore Chemical Industry Council (SCIC) in 2013. He graduated from Curtin University with a Bachelor degree in Logistics & Supply Chain Management.

DANIEL TOK

CEO, FREIGHT LOGISTICS

Mr Tok is CEO, Freight Logistics since July 2015. He oversees the overall development of the freight logistics arm and implements the strategic directions of CWT Globelink network. Mr Tok held the position of Deputy CEO, Freight Logistics from 2012 to 2015. He joined CWT Globelink as its Chief Operating Officer in 2008. Mr Tok has been working in the freight industry since 1982.

ONG YAN WAH OLIVER

MANAGING DIRECTOR, INFRASTRUCTURE DEVELOPMENT

Mr Ong is Managing Director, Infrastructure Development for CWT Group since 2011. He is the key person in designing, developing, building and expanding the Group's logistics infrastructure facilities in Singapore and the regional market. Under his leadership, the Group has also embarked and successfully completed various build-to-suit and turnkey construction projects for customers from financial institutions and multinational companies. Mr Ong joined CWT as a senior manager in 2006 and was promoted to Director in 2008 prior to his current appointment. He has 20 years of experience in property development, construction and engineering. Mr Ong graduated from the National University of Singapore with a Bachelor of Business Administration degree.

CORPORATE DATA

BOARD OF DIRECTORS

Loi Kai Meng (Chairman)
Liao Chung Lik
Loi Pok Yen
Dr Tan Wee Liang
Jimmy Yim Wing Kuen
Dr Hu Jian Ping

AUDIT COMMITTEE

Jimmy Yim Wing Kuen (Chairman)
Dr Tan Wee Liang
Liao Chung Lik

NOMINATION CUM REMUNERATION COMMITTEE

Dr Hu Jian Ping (Chairman)
Dr Tan Wee Liang
Loi Kai Meng

EXECUTIVE COUNCIL

Loi Kai Meng (Chairman)
Liao Chung Lik (Vice Chairman)
Loi Pok Yen
Lye Siew Hong – Lynda Goh
Adam Slater
Tan Choon Wei
Alan Kuek
Jeremy Ang
Foo Say Chuang

COMPANY SECRETARY

Lye Siew Hong – Lynda Goh

REGISTERED OFFICE

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Partner in-charge of the audit:
Tran Phuoc
(appointed in financial year 2015)

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Singapore 018982

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65 Chulia Street
OCBC Centre
Singapore 049513

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Marina Bay Financial Centre Tower 1
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Drew & Napier LLC
10 Collyer Quay
#10-01 Ocean Financial Centre
Singapore 049315

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

CORPORATE WEBSITE

www.cwtlimited.com

CORPORATE GOVERNANCE

CWT believes in having high standards of corporate governance and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long-term shareholder value.

In its aim to achieve the best practices in corporate governance, CWT subscribes to the Code of Corporate Governance (the Code) dated May 2, 2012 by the Monetary Authority of Singapore, which forms a sound platform for supporting good governance and transparency practices.

The Board is pleased to report that throughout the reporting period for the financial year ended December 31, 2015, CWT largely complied with the Code's principles and guidelines. This statement outlines CWT's corporate governance practices with specific reference to the principles and guidelines of the Code.

BOARD MATTERS

Board's Conduct of Affairs (Principle 1)

The Board charts the long-term strategic direction and oversees the business affairs of the CWT Group. It assumes responsibility for the Group's overall strategic plans and key business initiatives, significant investments and major funding, and financial performance reviews and corporate governance practices. The Board also determines the compensation policies for Senior Management and monitors standards of performance and issue policy, both directly and through board committees, ensuring the Group's compliance with all laws and regulations as may be relevant to the business.

To support its role and assist in the execution of its responsibilities, the Board has established two board committees, namely, the Nominating cum Remuneration Committee (NRC) and the Audit Committee (AC). The terms of reference and composition of each board committee are described in the respective section on Board Membership and Audit Committee.

The Board meets regularly and holds at least four meetings a year, with ad-hoc meetings being convened as and when circumstances require. Meetings via teleconference are permitted by CWT's Articles of Association (the Articles). The frequency of meeting and attendance of each Director at every board and board committee meeting are hereby disclosed.

Board of Directors	No. of Board Meetings Held	No. of Board Meetings Attended	No. of NRC Meetings Held	No. of NRC Meetings Attended	No. of AC Meetings Held	No. of AC Meetings Attended
Loi Kai Meng	6	6	2	2	N.A.	N.A.
Liao Chung Lik	6	6	N.A.	N.A.	4	4
Loi Pok Yen	6	6	N.A.	N.A.	N.A.	N.A.
Jimmy Yim Wing Kuen	6	6	N.A.	N.A.	4	4
Dr Hu Jian Ping	6	4	2	2	N.A.	N.A.
Dr Tan Wee Liang	6	6	2	2	4	4

Note: N.A. denotes Not Applicable

All board directors objectively take decisions in the interests of the Group. Matters which specifically require the Board's decision are those involving a conflict of interest for a substantial shareholder or a director (such transactions are subject to AC's prior approval), material capital expenditure/investments, material acquisitions and disposal of investments/assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders as well as matters which require the Board's approval as specified under the CWT's interested person transaction policy. Specific approval from the Board is also required for any investment or expenditure exceeding 5% of the Group Net Tangible Assets.

CORPORATE GOVERNANCE

In line with best practices in corporate governance and the Code, CWT has available budget for Directors to receive further relevant training of their choice in relation with their duties. Relevant courses include programmes conducted by the Singapore Institute of Directors.

Directors are aware of their duties and obligations and the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interest in transactions involving CWT, prohibitions on dealings in CWT's securities and restrictions on disclosure of price-sensitive information. Directors are also informed of regulatory changes affecting CWT.

Board Composition and Guidance (Principle 2)

As at December 31, 2015, the Board comprises the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of Appointment
Loi Kai Meng	Chairman	26 November 2004	23 April 2015	Non-executive/ Non-independent
Liao Chung Lik	Director	26 November 2004	23 April 2014	Non-executive/ Non-independent
Loi Pok Yen	Director	26 November 2004	23 April 2015	Executive/ Non-independent
Jimmy Yim Wing Kuen	Director	28 May 2003	23 April 2015	Non-executive/ Independent
Dr Hu Jian Ping	Director	10 December 2004	23 April 2014	Non-executive/ Independent
Dr Tan Wee Liang	Director	15 June 2008	25 April 2013	Non-executive/ Independent

The Board currently comprises 6 Directors. The Board is of the view that the present board size of 6 Directors is adequate to provide for a diversity of views, facilitate effective decision-making and that the Board has an appropriate balance of executive, independent and non-independent Directors, taking into account the scope and nature of operations of the Group. Each Director has been appointed on the strength of his calibre, experience and potential to contribute to the Group and its businesses. Directors bring valuable insights from different perspectives vital to the strategic interests of the Group. The Board is of the view that its Directors as a group possess the necessary competencies to lead and govern the Group effectively. Their profiles are found on page 21.

The NRC noted that all Independent Directors (IDs) had completed their self-assessment and confirmed their independence of the Group.

There is a fairly strong independent element in the Board, with the NRC considering 3 out of 6 Directors to be independent from Management and the Group. The independence of each Independent Director is reviewed annually by the NRC. The NRC adopts the Code's definition of what constitutes an Independent Director in its review and it is satisfied that no individual or small group of individuals dominate the Board's decision-making process.

The Non-executive Directors (NEDs) participate in board and board committee activities, provide necessary advice and guidance and contribute to the overall strategic development of the Group. The NEDs may be called upon by the AC and NRC if necessary to formally meet without the presence of Management or Executive Director to review any matters that must be raised privately. The NRC, comprising only NEDs, reviews Management's performance and determines the rewards for such performance.

CORPORATE GOVERNANCE

Chairman and Group Chief Executive Officer (Principle 3)

CWT has a separate Chairman and Group Chief Executive Officer (CEO). There is appropriate division of responsibilities between the Chairman and the Group CEO, which ensures a balance of power and authority within the Group. The Chairman leads the Board and is responsible for its workings and proceedings. The Group CEO is the most senior executive in CWT and bears executive responsibility for the Group's business. The Group CEO, Loi Pok Yen, is the son of the Chairman, Loi Kai Meng.

Lead Independent Director
The Board appointed Dr Tan Wee Liang as Lead Independent Director (LID) on 1 March 2013 to lead and coordinate the activities of the IDs of the Company. The LID aids the IDs to constructively challenge business proposals and review business strategies put up by Management and provide necessary advice and guidance to Management.

Board Membership (Principle 4)

CWT's Executive Council (EXCO), AC and NRC have been formed to assist the Board in the execution of its responsibilities. These committees have written mandate and operating procedures, which are reviewed periodically.

Executive Council (EXCO)
The EXCO comprised two NEDs, Loi Kai Meng and Liao Chung Lik, one Executive Director, Loi Pok Yen, and members of Senior Management. The EXCO oversees the management of CWT and its group of companies. Its principal responsibilities include strategy formulation and review of the Group's long-term objectives, organisation and resource structure, financial performance, cost management, business sustainability and corporate effectiveness.

Audit Committee (AC)
The AC comprised two IDs, Jimmy Yim Wing Kuen (AC Chairman) and Dr Tan Wee Liang, and one NED, Liao Chung Lik. The role and responsibilities of the AC are described in the section on Audit Committee (Principle 12).

Nominating cum Remuneration Committee (NRC)
The NRC is chaired by Dr Hu Jian Ping, who has a wealth of experience in corporate management and is not associated with a substantial shareholder. The other members of the NRC are LID Dr Tan Wee Liang and NED Loi Kai Meng.

The NRC covers dual roles in Directors' nomination cum evaluation and remuneration. The NRC's functions include considering and making recommendations to the Board concerning the appointment and re-election of Directors, and determining the independence of the Directors; evaluating Board and individual Director's performance and effectiveness; and reviewing the board composition of the Group and salary and variable bonus for Senior Management.

The NRC recommends all appointments and re-appointments of Directors to the Board and Board Committees. It takes into consideration whether Directors who serve on many boards are able to commit the necessary time to discharge their responsibilities. The Board has determined that each Director can hold up to a maximum number of 6 listed company board representations in a year. The NRC also conducts an annual review of Director's independence. Based on the Code's criteria for independence, the NRC has ascertained that all IDs are independent.

Article 92 of the Articles requires one-third of the Board to retire by rotation at every Annual General Meeting (AGM). In other words, no directors stay in office for more than 3 years without being re-elected by shareholders. New Directors are at present appointed by way of a board resolution, after the NRC approves their appointments. Such new Directors must submit themselves for re-election at the next AGM of the Group.

Jimmy Yim Wing Kuen and Dr Hu Jian Ping have served more than nine years from the date of their respective first appointment. In addition, Dr Tan Wee Liang and Dr Hu Jian Ping are due for re-election at the upcoming Annual General Meeting (AGM).

CORPORATE GOVERNANCE

In assessing and confirming their independence, the Board has conducted a very rigorous review on their independent character and judgement, as well as evaluated existing relationships or circumstances which are likely to affect, or could appear to affect their judgement. The Board also evaluated and noted their strong understanding of CWT's business and their significant contributions to the Board and board committees on various fronts, including being active in the evaluation and deliberation of business initiatives and investments of CWT. The Board strongly believes that they will continue to make valuable contributions to the Board, while taking an objective and independent view.

Taking into account the scope and nature of the operations of the company, the requirements of the business, the need to avoid undue disruptions from changes to the composition of the Board and board committees, and business continuity, the Board fully supports the re-election of Dr Tan Wee Liang and Dr Hu Jian Ping as Independent Directors of CWT at the AGM in April 2016.

A record of the Directors' appointment and re-election dates is set out on page 26.

Board Performance (Principle 5)

The Board and NRC will evaluate together the Board's performance as a whole. The assessment process adopts objective performance criteria such as comparison of the Group's performance with its industry peers. The Board's performance targets include a measure aligned with shareholders' interests, such as Total Shareholder Returns (TSR) and a comparison of CWT's TSR against industry peers. The performance criteria also consider CWT's share price performance over a three-year period vis-a-vis the Singapore Straits Times Index and a benchmark index of its industry peers.

The NRC, in considering the re-appointment of any director, will evaluate the performance of the Director. The assessment of each Director's performance is undertaken by the Board Chairman and NRC Chairman. The criteria for assessment include, but are not limited to, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings and the quality of contributions. Other performance criteria include Return on Total Assets and Return on Equity.

Access to Information (Principle 6)

Directors are provided with relevant information containing facts, analysis and recommendations in advance of each Board and Board Committee meeting to properly inform them on matters to be discussed and/or approved. Management staffs who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the paper or attend at the relevant time during Board and Board Committee meetings.

The Board also receives regular reports pertaining to the operational and financial performance of the Group. In addition, all analyst reports on the Group are forwarded to the Board as and when received to keep the Directors abreast of analysts' views on the Group's performance.

Directors have separate and independent access to Senior Management and Company Secretary at all times. The Company Secretary attends all Board meetings and advises the Board on all governance matters; ensures that legal and regulatory requirements as well as board policies and procedures are complied with; and facilitates and organises directors' training. The Board is involved in the appointment and removal of the Company Secretary.

Procedures are in place for Directors and Board Committees, where necessary, to seek independent professional advice, paid for by the Group.

CORPORATE GOVERNANCE

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 7)

The NRC, in consultation with the Board Chairman, has recommended to the Board a framework of director fees for NEDs. It also regularly reviews the compensation package for key executives, which is performance-based, and seeks to enhance the compensation structure with the view to incentivise performance. Where necessary, the NRC shall seek expert advice inside and/or outside the Group on remuneration of all Directors. No NRC member or Director is involved in the deliberation of any remuneration, compensation or any form of benefits to be granted to him.

Presently, other than fixed term contract with certain key executives approved by the Board before their appointment, there is no provision in the current employment contract with the Executive Director or other key executives for compensation or parachute payment upon termination of their contract. Any such contractual commitment requires the prior approval of the NRC before execution.

Level and Mix of Remuneration (Principle 8)

The NRC has given due consideration to the Code's principles and guidance notes on the level and mix of remuneration so as to ensure that the level of remuneration is appropriate to attract, retain and motivate Directors to run the Group successfully.

It has also taken into account factors such as efforts and time spent, and the responsibilities of NEDs. The NRC has ensured that that the proportion of the remuneration especially that of key executives is linked to corporate and individual performance, and that the performance-related elements of remuneration should form a significant portion of the total remuneration package of the Executive Director, whose remuneration package was designed to align his interests with those of shareholders.

Presently, there is no long-term incentive scheme for employees in place.

CWT shall review the pay and employment conditions within the industry and those from peer companies to ensure that Directors and Senior Management are adequately remunerated.

Additionally, the NRC has come to a consensus that it is not feasible to enforce contractual provision on reclaim of incentive components of remuneration from the Executive Director or key executives. Such provision is presently absent from the relevant employment contracts.

Disclosure on Remuneration (Principle 9)

All Directors received a basic fee in Fiscal Year 2015 (FY2015). In addition, they received allowances tied to their respective roles on the Board and Board Committees. There is an overall cap on the total fees and allowances for each Director. If a Director occupied a position for part of FY2015, the fee or allowance payable will be prorated accordingly.

Based on the existing fee structure, the proposed Directors' fees for FY2015 have been computed and summarised as follow:

DIRECTOR	**FY2015 FEES**
Loi Kai Meng	S$260,000
Jimmy Yim Wing Kuen	S$150,000
Liao Chung Lik	S$140,000
Dr Tan Wee Liang	S$140,000
Dr Hu Jian Ping	S$100,000
Total Fees for FY2015	**S$790,000**

CORPORATE GOVERNANCE

All NEDs received 100% fixed fees for their services in FY2015 in accordance with the existing fee structure. There are no variable components in Directors' fees.

The Board has endorsed the NRC's recommendation of the proposed Directors' fees which will be tabled for shareholders' approval at the AGM in April 2016.

Management remuneration is made up of salary, variable bonus, allowances, benefits and CPF contribution. With regard to the remuneration of key executives, there are both fixed and variable components, with the latter being tied to organisational and business units' performance. The overall average fixed and variable components paid to key executives, including the Executive Director, in FY2015 were 25% and 75% respectively.

Having considered the highly competitive industry conditions and the sensitivity and confidentiality of staff remuneration matters, CWT believes that the disclosure of remuneration of its top 5 executives on a named basis as recommended by the Code would be disadvantageous to the Group's interests and hamper its ability to retain and nurture the Group's talent pool. CWT has instead presented the remuneration band by the number of key executives as follows:

Annual Remuneration	**Number of Executives**
More than S$10,750,000	1
S$3,250,001 to S$3,500,000	1
S$1,750,001 to S$2,000,000	1
S$1,000,001 to S$1,250,000	1
S$750,001 to S$1,000,000	1
Total Remuneration	**S$18,215,820**

The Group CEO's remuneration package falls in the highest band above. The Group CEO's remuneration in 2015 was S$10,773,650, of which 20% was fixed and 80% made up of variable component. While the Group CEO is a board director, he does not receive any director fees.

ACCOUNTABILITY AND AUDIT

Accountability (Principle 10)

The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and understandable assessment of the Group's performance and prospects. Results for the first three quarters are released to shareholders within 45 days of the end of the quarter. Annual results are released within 60 days of the financial year end.

Management provides Directors with a quarterly financial management report, which includes the quarterly management accounts, other financial statements and an analysis of those accounts and an update of business and development projects. The report is submitted within 45 days of the quarter end. Management may also provide more frequent management reports to the Board or Board Committees for specific considerations.

CWT has clear policies and guidelines for dealings in securities by Directors and employees, as recommended by the SGX-ST's Best Practices Guide. Directors and employees are cautioned to observe the insider trading laws at all times.

Risk Management and Internal Controls (Principle 11)

The Group carries out periodic assessments of risks and controls to ensure the adequacy of financial and operational controls and compliance with those policies, procedures and controls.

The Audit Controller, who reports directly to the AC, conducts regular audit of internal control systems of the group companies and recommends necessary improvement and enhancement.

CORPORATE GOVERNANCE

CWT's auditors, KPMG LLP, also carry out a review of the internal controls to the extent that these are relevant to the preparation of true and fair financial statements. In addition, the AC reviews the audit plans and findings of the external auditors including performance improvement observations noted by the auditors in connection with their audit.

Further, the AC reviews the actions taken by Management to address findings by both the internal and external auditors.

The Board, with the concurrence of the AC, is of the opinion that CWT's internal controls are adequate in addressing financial, operational and compliance risks in the Group's current business environment based on:

a) Reviews of internal controls established and maintained by the Group;

b) Management's annual undertaking confirming their responsibilities for and effectiveness of the internal controls;

c) Reviews and assessment of risks; and

d) Reports issued by the internal and external auditors.

The Board has also received assurance from the Group CEO and Group Chief Financial Officer (CFO) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances, and with regard to the effectiveness of the company's risk management and internal control systems.

Audit Committee (Principle 12)

The AC comprises three NEDs, the majority of whom, including the AC Chairman, is independent. As stated under Board Membership on page 27, the members of the AC are Jimmy Yim Wing Kuen (AC Chairman), Dr Tan Wee Liang and Liao Chung Lik. The members of the AC, collectively, have the expertise in financial management and are qualified to discharge the AC's responsibilities.

The AC has full access to and cooperation by the Group's Management and auditors, and has full discretion to invite any Director or management executive to attend its meetings. The auditors have unrestricted access to the AC. The AC has reasonable resources to enable it to discharge its functions properly.

The AC holds at least four meetings a year and performs the following functions:

a) reviews the quarterly financial results before submission to the Board and announcement to the shareholders;

b) reviews the consolidated financial statements of the Group before submission to the Board and the auditors' report on those financial statements;

c) reviews the scope and results of the external and internal audits, and to evaluate, with the assistance of internal and external auditors, the adequacy of the systems of internal and accounting controls, risk management and compliance;

d) reviews the audit plans of the Group's auditors and their evaluation of the systems of internal accounting controls arising from their audit examination;

e) reviews that the system of internal controls maintained by the Group is sufficient to provide reasonable assurances that assets are safeguarded against loss from unauthorised use, transactions are properly authorised and proper accounting records are maintained;

f) reviews the independence of the auditors;

g) reviews interested person transactions; and

h) recommends the nomination of auditors, approves the compensation of the auditors, and reviews the scope and results of the audit and its cost-effectiveness.

The AC may examine whatever aspects it deems appropriate of the Group's financial affairs, its internal reviews and external audits and its exposure to risks of a regulatory or legal nature. It keeps under review the effectiveness of CWT's system of accounting and financial controls, for which the Directors are responsible. It also keeps under review the Group's programme to monitor compliance with its legal, regulatory and contractual obligations.

The AC has the explicit authority to conduct or authorise investigations into any matters within its terms of reference. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

The AC reviews with the Group CFO and auditors all audit matters including:

a) Auditors' report to Management on significant audit findings and recommendations for improvement in control systems;

b) CWT's quarterly and audited annual financial statements and related footnotes, and the integrity of financial reporting of the Group and accounting principles, for recommendation to the Board for approval; and

c) The auditors' audit of the annual financial statements and reports.

Where necessary, the AC meets with internal and external auditors – without the presence of Management – to review any matters that might be raised privately.

The AC has received the requisite information from the external auditors evidencing the latter's independence. It has also reviewed the volume and nature of non-audit services provided by the external auditors during the current financial year. Based on this information, the AC is satisfied that the financial, professional and business relationships between CWT and the external auditors will not prejudice the independence and objectivity of the external auditors.

The AC reviewed the performance of the existing auditors and decided to nominate for re-appointment, KPMG LLP, as the Group's auditors for the financial year 2016.

CWT has an open culture where there is no restriction for employees to gain access to the AC, Board Chairman, Group CEO, members of the EXCO, the Audit Controller, the Group CFO and the Manager of Human Resources to raise concerns about improprieties. Contact details of these persons are accessible to all employees.

In the review of the financial statements for the year ended December 31, 2015, the AC discussed with Management and the external auditors the accounting principles that were applied and their judged opinions of items that might affect the financial statements. Based on the review and discussions, the AC is of the view that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects.

Internal Audit (Principle 13)

CWT has put in place an internal audit function that is independent of the activities it audits. The Audit Controller is an independent qualified resource reporting directly to the AC on all audit matters, and to the Group CFO on administrative matters.

The Audit Controller meets the standards set out by recognised professional bodies and operates within the framework stated in its Internal Audit Charter, which is approved by the AC. Its mission is to provide independent review, objective assessment of CWT's internal control framework/systems to add value and improve CWT's operations. It helps CWT achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

CORPORATE GOVERNANCE

The Audit Controller plans its internal audit schedules annually in consultation with, but independent of, Management and its plan is submitted to and approved by the AC. The audit plans are aligned to the business objectives of the Group and the scope of the audit is driven primarily from a risk-based audit approach, with audit resources being focused on higher risk assignments.

The Audit Controller's reports are distributed to the AC, Management and the external auditors as and when issued. These reports are discussed with Senior Management periodically, and with the AC quarterly.

In addition, the Audit Controller also works with the external auditors to discuss the audit scope and findings as well as to coordinate their specific audit efforts to achieve maximum synergies. Supervisory reports issued by the external auditors and the Audit Controller are actively followed up for implementation by Management based on the agreed timelines.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholders' Rights (Principle 14)

CWT fully supports and encourages shareholder participation at the AGM. All shareholders of CWT receive the annual report and notice of AGM in advance of the AGM. The notice is also advertised in newspapers and made available on CWT's website.

CWT ensures that shareholders have the opportunity to participate effectively in and vote at the AGM. Shareholders are informed of the rules that govern general meeting of shareholders.

While CWT does not have a specific limit in the Articles on the number of proxy votes for nominee companies, there is a limit for the number of proxies. This is because CWT does not want to create separate classes of rights in shareholders.

Communication with Shareholders (Principle 15)

CWT is committed to maintaining high standards of disclosure and corporate transparency. The Group strives to convey to shareholders pertinent information in a clear, forthcoming, detailed, timely manner and on a regular basis, and take into consideration their views and inputs in addressing shareholders' concerns.

CWT also monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis.

Financial results are reported quarterly and made publicly available to shareholders and stakeholders on the SGXNET and CWT corporate website at www.cwtlimited.com. Information on the Group's new initiatives is also announced on the SGXNET and CWT corporate website.

The investor relations section of CWT corporate website contains extensive investor-related information on CWT which serves as a one-stop resource platform for shareholders and investors to gain access to company, financial and stock data, assisting them in their investment decisions. Further, shareholders and investors can subscribe to email alerts on CWT corporate website to receive real-time CWT's updates as and when they are announced.

CWT does not practise selective disclosure. Results and annual reports are announced or issued within the mandatory period and are available on CWT corporate website.

Conduct of Shareholder Meetings (Principle 16)

At the AGM, shareholders are given the opportunity to air their views and ask Directors and/or Management questions regarding CWT. The Articles also allow a shareholder of CWT to appoint one proxy to attend and vote in place of the shareholder.

CORPORATE GOVERNANCE

The Articles presently do not provide for shareholders to vote at the AGM in absentia such as by mail, email or fax to ensure proper authentication of the identity of shareholders and their voting intent. CWT will consider implementing the relevant amendment to the Articles if the Board is of the view that there is a demand for the same, and after CWT has evaluated and put in place the necessary security and other measures to facilitate absentia voting and protect against errors, fraud and other irregularities.

Each item of special business included in the notice of AGM is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each separate issue at the meeting. Chairpersons of the AC and NRC as well as the external auditors will be present and available to address questions at the AGM. Additionally, minutes of the AGM, including a summary of the questions and answers raised at the AGM, are available to shareholders upon request.

CWT will start to use electronic polling for all the resolutions tabled at the upcoming AGM for greater transparency in the voting process. Votes cast for, or against, each resolution will be tallied and displayed live-on-screen to shareholders immediately at the meeting. The total numbers and percentage of votes cast for or against the resolutions will also be announced after the meeting via SGXNET.

SUPPLEMENTARY INFORMATION

Share Dealing and Interested Person Transaction Policy

CWT has complied with the best practices on dealing in securities in relation to Listing Rule 1207(19). The Group issues email notification to all its officers including Directors and employees in which they are reminded that they should refrain from dealing in the securities of CWT:

a) During the two weeks before and up to the date of announcement of quarterly results and four weeks before and up to the date of announcement of full year results;

b) On short term considerations; and

c) At any time if they are in possession of unpublished material price-sensitive information.

Management staffs have been advised of the guideline on Share Dealings, the implications of insider trading and the recommendations of the Best Practices Guide issued by the Singapore Exchange Limited.

CWT has put in place an internal policy in respect of any interested person transactions of the Group (IPT Policy). All division heads are required to understand and be familiar with the IPT Policy, and highlight any such transactions to the Group's Corporate Services Division, where a register of CWT's interested person transactions is maintained. The IPT Policy also sets out the levels and procedures to obtain approval for applicable transaction.

CORPORATE GOVERNANCE

The Group has not obtained a general mandate from shareholders for interested person transactions. The aggregate value of all interested person transactions for the year ended 31 Dec 2015 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	FY 2015 S$'000	FY 2014 S$'000	FY 2015 S$'000	FY 2014 S$'000
Purchases				
- C & P Leasing Pte Ltd (fka C&P Capital Pte Ltd)	1,404	1,193	N.A.	N.A.
- C & P Transport Pte Ltd	3,800	4,018	N.A.	N.A.

Other than what was already disclosed in respect of the transactions conducted for the year ended 31 December 2015, CWT did not have further interested person transactions during the financial year under review which are required to be disclosed pursuant to Listing Rule 907.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2016

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	121	3.90	2,812	0.00
100 - 1,000	209	6.75	153,710	0.02
1,001 - 10,000	1,904	61.46	10,632,079	1.77
10,001 - 1,000,000	832	26.86	48,667,934	8.11
1,000,001 AND ABOVE	32	1.03	540,848,115	90.10
TOTAL	**3,098**	**100.00**	**600,304,650**	**100.00**

DISTRIBUTION OF SHAREHOLDINGS

Based on information available to the Company as at 16 March 2016, approximately 34.6% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	C & P HOLDINGS PTE LTD	191,680,000	31.93
2	DBS NOMINEES (PRIVATE) LIMITED	57,605,019	9.60
3	RAFFLES NOMINEES (PTE) LIMITED	43,357,993	7.22
4	LOI KAI MENG	39,440,000	6.57
5	CITIBANK NOMINEES SINGAPORE PTE LTD	39,096,055	6.51
6	LOI KAI MENG (PTE) LIMITED	37,356,900	6.22
7	DB NOMINEES (SINGAPORE) PTE LTD	23,116,993	3.85
8	LOI POK YEN	16,000,000	2.67
9	PENJURU CAPITAL PTE LTD	15,000,000	2.50
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	13,564,300	2.26
11	STANLEY K K LIAO	9,397,000	1.57
12	PRECISE DEVELOPMENT PTE LTD	8,450,000	1.41
13	EDB INVESTMENTS PTE LTD	6,004,000	1.00
14	HSBC (SINGAPORE) NOMINEES PTE LTD	5,867,204	0.98
15	PEH SOON LI	3,438,000	0.57
16	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	3,106,000	0.52
17	UOB KAY HIAN PRIVATE LIMITED	3,009,400	0.50
18	OCBC SECURITIES PRIVATE LIMITED	2,908,110	0.48
19	LIM SOO SENG (PTE) LIMITED	2,624,000	0.44
20	LYE SIEW HONG	2,000,000	0.33
	TOTAL	**523,020,974**	**87.13**

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2016

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2016

NAME	DIRECT INTEREST	DEEMED INTEREST	TOTAL	%
C & P HOLDINGS PTE LTD[1]	191,680,000	–	191,680,000	31.93
LOI KAI MENG (PTE) LIMITED[1][2]	37,356,900	191,680,000	229,036,900	38.15
STANLEY LIAO PRIVATE LIMITED[1][3]	19,581,000	191,680,000	211,261,000	35.19
LIM SOO SENG (PTE) LIMITED[1][4]	2,624,000	191,680,000	194,304,000	32.37
LOI KAI MENG[5]	70,000,000	230,986,900	300,986,900	50.14
LIAO CHUNG LIK[6]	16,301,000	19,581,000	35,882,000	5.98
LOI POK YEN[7]	16,000,000	16,100,000	32,100,000	5.35

Notes:

(1) C & P Holdings Pte Ltd is majority-owned by Loi Kai Meng (Pte) Limited, Stanley Liao Private Limited and Lim Soo Seng (Pte) Limited, each of whom owns more than 20% of its issued share capital.

(2) Loi Kai Meng (Pte) Limited is deemed to be interested in the shares held by C & P Holdings Pte Ltd.

(3) Stanley Liao Private Limited is deemed to be interested in the shares held by C & P Holdings Pte Ltd.

(4) Lim Soo Seng (Pte) Limited is deemed to be interested in the shares held by C & P Holdings Pte Ltd.

(5) Mr Loi Kai Meng is the legal and beneficial owner of 39,440,000 shares and is also the beneficial owner of 30,560,000 shares registered in the name of DBS Nominees Pte Ltd. Mr Loi Kai Meng is deemed to be interested in the shares held by C & P Holdings Pte Ltd and Loi Kai Meng (Pte) Limited. He is also deemed to be interested in 1,950,000 shares which are held by his spouse, Mdm Lim Lay Khia@Lim Lay Choo.

(6) Mr Liao Chung Lik is the beneficial owner of 16,301,000 shares registered in the name of Raffles Nominees (Pte) Ltd. Mr Liao Chung Lik is deemed to be interested in 19,581,000 shares which are directly held by Stanley Liao Private Limited.

(7) Mr Loi Pok Yen is the legal and beneficial owner of 16,000,000 shares. Mr Loi Pok Yen is deemed to be interested in 15,000,000 shares which are directly held by Penjuru Capital Pte Ltd. He is also deemed to be interested in 1,100,000 shares which are held by his spouse, Mdm Tong Siow Oon Sylvia.

FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 44 to 155 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Loi Kai Meng (Chairman)
Liao Chung Lik
Loi Pok Yen
Jimmy Yim Wing Kuen
Dr Tan Wee Liang
Dr Hu Jian Ping

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	At 1/1/2015	At 31/12/2015	At 1/1/2015	At 31/12/2015
CWT Limited Ordinary shares				
Loi Kai Meng	67,000,000	70,000,000	226,702,000	230,986,900
Liao Chung Lik	16,301,000	16,301,000	19,581,000	19,581,000
Loi Pok Yen	16,000,000	16,000,000	16,100,000	16,100,000
Jimmy Yim Wing Kuen	1,089,000	1,089,000	–	–
C & P Holdings Pte Ltd Ordinary shares				
Loi Kai Meng	–	–	2,790,551	2,790,551
Liao Chung Lik	–	–	3,331,735	3,331,735

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS (CONT'D)

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

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

During the financial year, the Company paid professional fees amounting to $40,295 (2014: $30,000) to a firm in which a director of the Company, Jimmy Yim Wing Kuen, is a member. However, the director has neither received nor become entitled to receive benefits arising out of these transactions other than those which he is ordinarily entitled to as a member of the professional firm.

SHARE OPTIONS

Share options of a subsidiary – MRI Group Pte Ltd

i) At the end of the financial year, there were no unissued shares of MRI Group Pte Ltd under option relating to the MRI Deferred Share Plan Scheme (the "DSP"). The DSP is administered by CWT Limited corporate office comprising Mrs Lynda Goh, Ms Chan Chai Ling, Ms Tai Siew Yoong and Ms Syazana Leong.

ii) The DSP is an award granted to certain key management personnel of MRI Group Pte Ltd and its subsidiaries who have earned a bonus under an annual bonus plan.

iii) The DSP can be in the form of a conditional award or an option. In a conditional award, the employee receives the shares of MRI Group Pte Ltd as soon as the award vests. In an option, the employee is entitled to exercise the option when the award vests. MRI Group Pte Ltd only granted options to the key management personnel since the commencement of the DSP. The option is a nil cost option.

iv) Each award vests in three equal tranches on the first, second and third anniversary of the grant date. The options can be exercised after vesting.

v) The options granted expire 10 years after vesting.

At the end of the financial year, details of the options granted under the DSP on the unissued ordinary shares of MRI Group Pte Ltd, are as follows:

Date of grant of options	Outstanding as 1 January 2015	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2015	Exercise period
29 May 2014	2,672,140	–	(24,020)	(30,074)	2,618,046	28 May 2015 to 28 May 2026
29 May 2015	–	688,868	–	–	688,868	28 May 2016 to 28 May 2028
	2,672,140	688,868	(24,020)	(30,074)	3,306,914	

DIRECTORS' STATEMENT

SHARE OPTIONS (CONT'D)

Share options of a subsidiary – MRI Group Pte Ltd (cont'd)

Since the commencement of the DSP, no options have been granted to the directors, controlling shareholders of the Company or their associates and no participant under the DSP has been granted 5% or more of the total options available under the DSP.

There is no option granted at a discount during the financial year.

During the financial year, other than those disclosed above there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option granted by the Company or its subsidiaries as at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are:

Jimmy Yim Wing Kuen (Chairman)
Liao Chung Lik
Dr Tan Wee Liang

The Audit Committee performs the functions specified by section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and of the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONT'D)

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Loi Kai Meng
Director

Jimmy Yim Wing Kuen
Director

28 March 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company CWT Limited and its Subsidiaries

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of CWT Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 155.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group		Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-current assets					
Property, plant and equipment	4	562,684	571,958	164,887	144,846
Intangible assets	5	126,933	136,011	821	758
Subsidiaries	6	–	–	470,221	465,743
Associates	7	30,755	30,604	200	200
Joint ventures	8	32,030	30,782	4,888	4,116
Financial assets	9	93,960	129,745	33,672	68,420
Non-current receivables	10	23,003	10,259	107,594	19,875
Deferred tax assets	12	6,355	6,272	–	–
Other non-current assets	13	6,000	5,626	–	–
		881,720	921,257	782,283	703,958
Current assets					
Inventories	14	536,911	771,469	1,662	1,581
Trade and other receivables	16	2,171,912	2,102,506	305,365	380,636
Warrantable LME commodities	21	306,298	114,777	–	–
Financial assets	9	212,744	114	–	–
Derivative financial instruments	28	126,620	98,698	118	56
Tax recoverable		1,834	1,371	–	–
Cash and cash equivalents	22	310,341	341,997	40,342	11,395
		3,666,660	3,430,932	347,487	393,668
Assets held for sale	24	1,374	4,394	–	–
		3,668,034	3,435,326	347,487	393,668
Total assets		4,549,754	4,356,583	1,129,770	1,097,626
Equity attributable to owners of the Company					
Share capital	25	174,338	174,338	174,338	174,338
Reserves	26	665,064	590,774	178,942	171,396
		839,402	765,112	353,280	345,734
Non-controlling interests	41	28,664	26,371	–	–
Total equity		868,066	791,483	353,280	345,734
Non-current liabilities					
Trade and other payables	31	8,134	9,282	–	–
Loans and borrowings	27	610,175	557,751	531,661	478,528
Derivative financial instruments	28	733	1,375	–	–
Employee benefits	29	20,239	19,703	–	–
Deferred tax liabilities	12	19,228	30,082	–	–
Deferred gains	32	10,410	22,568	10,410	22,568
		668,919	640,761	542,071	501,096

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group		Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current liabilities					
Trade and other payables	31	2,082,120	1,940,229	209,521	163,966
Loans and borrowings	27	817,249	872,876	11,101	66,956
Derivative financial instruments	28	65,652	67,636	95	56
Employee benefits	29	3,544	3,913	–	–
Current tax payable		26,518	18,329	–	–
Deferred gains	32	12,185	18,560	12,185	18,560
Provisions	33	5,439	2,735	1,517	1,258
		3,012,707	2,924,278	234,419	250,796
Liabilities held for sale	24	62	61	–	–
		3,012,769	2,924,339	234,419	250,796
Total liabilities		3,681,688	3,565,100	776,490	751,892
Total equity and liabilities		4,549,754	4,356,583	1,129,770	1,097,626

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	35	9,931,619	14,194,352*
Cost of sales		(9,595,421)	(13,863,549)*
Gross profit		336,198	330,803
Other income		13,297	6,795
Administrative expenses		(184,067)	(168,077)
Other operating expenses		(25,899)	(12,740)
Profit from operations		139,529	156,781
Finance income		29,013	24,101
Finance expenses		(50,970)	(61,244)
Net finance expenses	38	(21,957)	(37,143)
Share of profit of associates and joint ventures, net of tax		14,148	12,010
Profit before income tax		131,720	131,648
Income tax expense	39	(17,801)	(17,787)
Profit for the year	36	113,919	113,861
Profit attributable to:			
Owners of the Company		108,911	112,411
Non-controlling interests		5,008	1,450
Profit for the year		113,919	113,861
Earnings per share (cents)			
Basic and diluted	40	18.14	18.73

** Refer note 48 for details on change in presentation of revenue and cost of sales from sale of commodities.*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 $'000	2014 $'000
Profit for the year	113,919	113,861
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Defined benefit plan remeasurements	396	(5,113)
Tax on other comprehensive income	(44)	493
	352	(4,620)
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences relating to foreign operations	23,936	13,379
Foreign currency translation differences reclassified to profit or loss on disposal of subsidiaries	71	888
Net change in fair value of available-for-sale financial assets	(10,279)	3,749
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon disposals	(7,493)	(1,778)
Effective portion of changes in fair value of cash flow hedges	601	394
Share of other comprehensive income of associates and joint ventures	(69)	1,557
Tax on other comprehensive income	176	(201)
	6,943	17,988
Other comprehensive income for the year, net of income tax	7,295	13,368
Total comprehensive income for the year	121,214	127,229
Total comprehensive income attributable to:		
Owners of the Company	116,500	126,542
Non-controlling interests	4,714	687
Total comprehensive income for the year	121,214	127,229

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

2014	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Statutory reserve $'000	Other reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non - controlling interests $'000	Total equity $'000
At 1 January 2014	174,338	17,071	(24,104)	(1,395)	(813)	1,307	(661)	493,807	659,550	27,659	687,209
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	–	112,411	112,411	1,450	113,861
Other comprehensive income											
Exchange differences arising from translation of foreign operations	–	–	14,269	–	–	–	–	–	14,269	(890)	13,379
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	–	888	–	–	–	–	–	888	–	888
Fair value changes on available-for-sale financial assets	–	3,749	–	–	–	–	–	–	3,749	–	3,749
Fair value changes on available-for-sale financial assets reclassified to profit or loss arising on disposals	–	(1,778)	–	–	–	–	–	–	(1,778)	–	(1,778)
Effective portion of changes in fair value of cash flow hedges	–	–	–	267	–	–	–	–	267	127	394
Share of other comprehensive income of associates and joint ventures	–	(19)	1,568	30	–	(23)	–	1	1,557	–	1,557
Defined benefit plan remeasurements	–	–	–	–	–	–	–	(5,113)	(5,113)	–	(5,113)
Tax on other comprehensive income	–	(201)	–	–	–	–	–	493	292	–	292
Total other comprehensive income	–	1,751	16,725	297	–	(23)	–	(4,619)	14,131	(763)	13,368
Total comprehensive income for the year	–	1,751	16,725	297	–	(23)	–	107,792	126,542	687	127,229

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

2014	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Statutory reserve $'000	Other reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non - controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividend paid to equity holders (3.5 cents per share)	–	–	–	–	–	–	–	(21,011)	(21,011)	–	(21,011)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(2,352)	(2,352)
Capital contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	453	453
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(21,011)	(21,011)	(1,899)	(22,910)
Transfer of reserves											
Transfer to statutory reserve in compliance with foreign entities' statutory requirements	–	–	–	–	6	190	–	(196)	–	–	–
Changes in ownership interest in subsidiaries											
Changes in non-controlling interests	–	–	(4)	–	53	–	–	(18)	31	(415)	(384)
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	–	–	–	339	339
Total changes in ownership interest in subsidiaries	–	–	(4)	–	53	–	–	(18)	31	(76)	(45)
Total transactions with owners	–	–	(4)	–	59	190	–	(21,225)	(20,980)	(1,975)	(22,955)
At 31 December 2014	174,338	18,822	(7,383)	(1,098)	(754)	1,474	(661)	580,374	765,112	26,371	791,483

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

2015	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Statutory reserve $'000	Other reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non - controlling interests $'000	Total equity $'000
At 1 January 2015	174,338	18,822	(7,383)	(1,098)	(754)	1,474	(661)	580,374	765,112	26,371	791,483
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	–	108,911	108,911	5,008	113,919
Other comprehensive income											
Exchange differences arising from translation of foreign operations	–	–	24,423	–	–	–	–	–	24,423	(487)	23,936
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	–	71	–	–	–	–	–	71	–	71
Fair value changes on available-for-sale financial assets	–	(10,279)	–	–	–	–	–	–	(10,279)	–	(10,279)
Fair value changes on available-for-sale financial assets reclassified to profit or loss arising on disposals	–	(7,493)	–	–	–	–	–	–	(7,493)	–	(7,493)
Effective portion of changes in fair value of cash flow hedges	–	–	–	408	–	–	–	–	408	193	601
Share of other comprehensive income of associates and joint ventures	–	–	(116)	47	–	–	–	–	(69)	–	(69)
Defined benefit plan remeasurements	–	–	–	–	–	–	–	396	396	–	396
Tax on other comprehensive income	–	176	–	–	–	–	–	(44)	132	–	132
Total other comprehensive income	–	(17,596)	24,378	455	–	–	–	352	7,589	(294)	7,295
Total comprehensive income for the year	–	(17,596)	24,378	455	–	–	–	109,263	116,500	4,714	121,214

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

2015	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Statutory reserve $'000	Other reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non - controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividend paid to equity holders (7.0 cents per share)	–	–	–	–	–	–	–	(42,021)	(42,021)	–	(42,021)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(4,177)	(4,177)
Capital contribution by non-controlling interests	–	–	–	–	–	–	–	–	–	1,643	1,643
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(42,021)	(42,021)	(2,534)	(44,555)
Transfer of reserves											
Transfer to statutory reserve in compliance with foreign entities' statutory requirements	–	–	–	–	–	107	–	(107)	–	–	–
Changes in ownership interest in subsidiaries											
Changes in non-controlling interests	–	–	(41)	–	(91)	–	–	(57)	(189)	113	(76)
Total transactions with owners	–	–	(41)	–	(91)	107	–	(42,185)	(42,210)	(2,421)	(44,631)
At 31 December 2015	174,338	1,226	16,954	(643)	(845)	1,581	(661)	647,452	839,402	28,664	868,066

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	2015 $'000	2014 $'000
Cash flows from operating activities		
Profit before income tax	131,720	131,648
Adjustments for:		
Interest expense	37,025	33,844
Interest income	(17,100)	(16,667)
Dividend income from financial assets	(4,303)	(5,276)
Gain on fair value change of financial assets designated at fair value through profit or loss	–	(26)
Depreciation of property, plant and equipment	37,179	31,016
Net (gain)/loss on disposal or liquidation of:		
- Financial assets	(7,432)	(1,772)
- Property, plant and equipment and intangible assets	(629)	27
- Subsidiaries and joint ventures	(361)	1,199
- Other non-current assets	–	6
Property, plant and equipment written-off	12,663	–
Gain on exercise of put and call options	–	(4)
Share of profit of associates and joint ventures	(14,148)	(12,010)
Amortisation of intangible assets	10,465	9,615
Amortisation and reversal of deferred gains	(19,136)	(35,445)
Impairment losses on:		
- Property, plant and equipment	1,281	–
- Intangible assets	3,069	637
- Trade and other receivables	4,107	841
- A subsidiary held-for-sale	1,517	–
Insurance recovery	(5,639)	–
Employee benefits expense net payments	(1,062)	1,342
Provisions	2,702	387
Operating profit before working capital changes	171,918	139,362
Changes in working capital:		
Inventories	285,749	91,075
Trade and other receivables	44,483	153,081
Trade and other payables	47,870	(14,161)
Derivative financial instruments	(27,732)	(79,943)
Current financial assets	(183,506)	(40,290)
Cash from operations	338,782	249,124
Income taxes paid	(21,514)	(12,000)
Net cash from operating activities	317,268	237,124

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from investing activities			
Interest received		15,694	16,243
Dividends received from:			
- Associates and joint ventures		11,693	6,116
- Financial assets		4,303	5,276
Purchases of:			
- Property, plant and equipment		(44,887)	(111,440)
- Intangible assets		(1,327)	(2,009)
- Financial assets		(212,836)	–
Investment in exploration and evaluation assets		(38)	(293)
Guarantee deposits with a clearing corporation		(1,962)	(99)
Net proceeds from disposals of:			
- Property, plant and equipment and intangible assets		2,727	1,494
- Financial assets		25,446	3,710
- Other non-current assets		–	3
- Subsidiaries, net of cash disposed of		(8)	(13)
- Joint venture		–	61
Acquisition of interests in subsidiaries, net of cash acquired	42	–	(20,461)
Deferred consideration paid for acquisition of subsidiary		(24,856)	(27,658)
Loans to non-controlling interests		(35)	(66)
Repayment of loans from:			
- Non-controlling interests		–	6
- Joint ventures		–	1,812
Net cash used in investing activities		(226,086)	(127,318)
Cash flows from financing activities			
Interest paid		(35,553)	(34,656)
Dividends paid:			
- Owners of the Company		(42,021)	(21,011)
- Non-controlling interests		(4,177)	(2,352)
Acquisition of non-controlling interests		(311)	–
Capital contributions from non-controlling interests		1,643	453
Repayment of finance lease obligations		(1,313)	(1,376)
Repayment of loans from non-controlling interests		(160)	(200)
Net repayment from short-term bank borrowings		(107,034)	(176,302)
Proceeds from long-term bank borrowings		4,840	175,261
Repayment of long-term bank borrowings		(51,617)	(6,256)
Net proceeds from issue of notes payable		99,181	99,381
Loans from non-controlling interests		26	23
Changes in pledged cash balances and fixed deposits		7,392	(26,136)
Net cash (used in)/from financing activities		(129,104)	6,829

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Net (decrease)/increase in cash and cash equivalents		(37,922)	116,635
Cash and cash equivalents at beginning of the year		313,368	191,064
Effect of exchange rate fluctuations on balances held in foreign currencies		16,219	5,669
Cash and cash equivalents at end of the year	22	291,665	313,368

Significant non-cash transactions:

During the year, the dividend income of $986,000 (2014: $2,051,000) from an associate was converted to a loan.

In 2014, the Group acquired an available-for-sale financial asset, being the convertible bonds issued by a customer amounting to $57,535,000 as part of the consideration received for a construction project.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2016.

1 DOMICILE AND ACTIVITIES

CWT Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039.

The principal activities of the Company are those relating to the provision of warehousing and logistics services, transportation services and investment holding.

The principal activities of the Group are those relating to the provision of warehousing and logistics services, transportation services, import and export services cargo consolidation and freight forwarding services, container depot operations, commodity marketing, inventory management services, engineering services, design-and-build of logistics facilities and financial services.

The consolidated financial statements relate to the Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and joint ventures.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.11 – Accounting for repurchase and resale agreements
- Note 3.6 – Accounting for an arrangement containing a sale and leaseback transaction

The key assumptions concerning the future, and other key sources at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are described in the following notes:

- Note 4 – Impairment assessment, provision for restoration costs and depreciation of property, plant and equipment
- Note 5 – Measurement of recoverable amounts for goodwill impairment test
- Note 6 – Impairment on investments in subsidiaries
- Note 15 – Measurement of allowance for foreseeable losses
- Note 29 – Measurement of other long term employee benefit obligations
- Note 30 – Measurement of retirement benefit obligations
- Note 33 – Measurement of provisions
- Note 39 – Assessment of income tax provision
- Note 42 – Determination of purchase considerations (including deferred and contingent considerations), valuation of assets, liabilities and contingent liabilities acquired in business combinations
- Note 43 – Allowance for doubtful receivables and valuation of financial instruments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a Group Accounts Department ("GAD") that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Chief Financial Officer.

The GAD regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the GAD assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Significant valuation issues are reported to the Group Chief Financial Officer.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- ***Level 1:*** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ***Level 2:*** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ***Level 3:*** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 42 – Acquisition of subsidiaries
- Note 43 – Financial risk management

2.5 Changes in accounting policies

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2015. The adoption of these new and revised FRSs and INT FRSs does not result in substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current and prior periods.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquirer's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis specified is required by FRSs.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost, which includes transaction costs. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Investments in associates and joint ventures (equity-accounted investees) (cont'd)

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity. Significant unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. The functional currencies of the Group entities are mainly the Singapore dollar, United States dollar, Euro and the Renminbi. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss except for the following differences which are recognised in other comprehensive income arising on the translation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss); or

- qualifying cash flow hedges to the extent the hedge is effective.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (currency translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation, while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment. Freehold land and assets-under-construction are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives are as follows:

Leasehold land and buildings	5 to 52 years
Leasehold improvements	15 years
Plant, machinery and equipment	5 to 10 years
Motor vehicles and trailers	5 to 10 years
Furniture, fittings, computers and office equipment	1 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Assets-under-construction are stated at cost. Expenditure directly attributable to assets-under-construction is capitalised when incurred. Depreciation will commence when the asset is ready for use.

3.4 Mining properties

Costs directly attributable to the construction and development of a mine are capitalised as mine development until such time as production commences.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Mining properties (cont'd)

The construction and development costs together with the capitalised exploration costs, are amortised over the unit of production from the period when production commences. Costs that are not directly attributable to construction and development are recognised in profit or loss as incurred.

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalised into the cost of mining properties. Such costs are estimated on the basis of a formal closure plan and are subject to regular review.

Capitalised restoration, rehabilitation and decommissioning costs are charged to profit or loss through depreciation of the assets and unwinding of the discount on the provision.

The costs for restoration of site damage, which arises during production, are provided at their net present values and charged against profit or loss as extraction progresses.

The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

3.5 Mineral exploration, evaluation, stripping and development costs

Pre-mining rights

Costs incurred prior to obtaining mining rights are expensed in the period in which they are incurred.

Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation cost for an area of interest, other than that acquired from the purchase of another company, is charged to profit or loss as incurred, except when the costs will be recouped from future exploitation or sale of the area of interest and it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the cost is capitalised. Exploration and evaluation costs include researching and analysing historical exploration data, exploratory drilling, trenching, sampling, and the costs of pre-feasibility studies. Purchased exploration and evaluation assets are recognised at their fair value at acquisition if purchased as part of a business combination.

General and administrative costs are allocated to an exploration and evaluation asset only to the extent that these costs can be related directly to operational activities in the relevant area of interest.

All capitalised exploration and evaluation cost is monitored for indications of impairment. Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level.

Once reserves are established and development is sanctioned, exploration and evaluation assets are transferred to "Mining Properties". No amortisation is charged during the exploration and evaluation phase.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Mineral exploration, evaluation, stripping and development costs (cont'd)

Stripping costs

Stripping costs are costs incurred in the waste removal activity known as stripping activity.

Pre-production stripping costs

Pre-production stripping costs are capitalised as part of "Mines Development" if it improves access to a mine and meet the following criteria:

- it is probable that the future economic benefits will flow to the entity;
- the entity can identify the component of the ore body to which access has been improved; and
- the costs incurred can be measured reliably.

These capitalised costs are amortised on a systematic basis using the units of production method once production begins.

Pre-production stripping costs are expensed as incurred if it does not meet the above criteria.

Capitalisation of pre-production stripping costs ceases at the time that saleable material begins to be extracted from the mine.

Production stripping costs

Production stripping commences at the time that saleable materials begin to be extracted from the mine and normally continues throughout the life of a mine.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future.

The production stripping costs are accounted for as part of the cost of producing inventories if the benefits are realised in the form of inventory produced in the period.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the production stripping costs are recognised as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

- future economic benefits (being improved access to the ore body) are probable;
- the component of the ore body for which access will be improved can be accurately identified; and
- the costs associated with the improved access can be reliably measured.

Production stripping costs that are not used for the production of inventory and do not meet the above criteria are expensed as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Mineral exploration, evaluation, stripping and development costs (cont'd)

Stripping costs (cont'd)

(i) Recognition

Stripping costs are recognised when the stripping activity takes place.

(ii) Measurement

The stripping activity asset is initially measured at cost, which comprises the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition of mining properties.

After initial recognition, the stripping activity asset shall be carried at cost less accumulated depreciation and accumulated impairment.

(iii) Depreciation

The stripping asset is depreciated on a systematic basis over the expected useful life of the identified component of the mine/ore. The unit of production method is applied unless another method is more appropriate.

Development costs

Development costs incurred is accumulated for each area of interest in which economically recoverable resources have been identified and recognised as "Mines Development". Such costs comprise costs directly attributable to the construction of a mine and the related infrastructure. Mines Development is reclassified as "Mining Properties" at the end of the commissioning phase when the mine is capable of operating in the manner intended by management.

When further development cost is incurred in respect of a mining property after the commencement of production, such costs are capitalised as part of the mining property when it is probable that additional economic benefits associated with the expenditure will flow to the Group. Otherwise, such costs are charged to profit or loss when incurred.

No depreciation is recognised in respect of development properties until they are reclassified as "Mining Properties".

Development properties are tested for impairment on each reporting period.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases

Finance leases are recognised as assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, if not the incremental borrowing rate shall be used.

When entities within the Group are lessors of a finance lease

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant rate of return on the Group's net investment outstanding in respect of the leases.

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

When the entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in leasehold buildings and are stated at cost less accumulated depreciation and impairment losses. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

When the entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease.

Sale and leaseback transactions

In a sale and leaseback of an asset, the excess of the sale proceeds over the carrying amount of the asset is recognised immediately in income except where the transaction results in a finance lease or where the sale price is above the fair value of asset leased back in an operating lease. Where the sale and leaseback results in a finance lease, the excess of the sale proceeds over the carrying amount of the asset is deferred and amortised over the term of the finance lease. Where the sale proceeds are in excess of the fair value of an asset sold and leased back in an operating lease, the excess of the sale proceeds over the fair value of the asset is deferred and amortised over the period for which the asset is expected to be used.

If the sale results in a loss, the loss is recognised immediately except where the sale price is below fair value which is compensated by future lease payments at below market price; in which case, the difference is deferred and amortised over the period the asset is expected to be used.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a negative goodwill is recognised immediately in profit or loss.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

Other intangible assets

Other intangible assets are measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

- ***Computer software***

  Computer software which is acquired by the Group, where it is not an integral part of the related hardware, is treated as an intangible asset. Computer software is stated at cost less accumulated amortisation and impairment losses.

  Computer software is amortised to profit or loss using the straight-line method over its estimated useful life of 3 to 5 years.

- ***Customer contracts***

  Customer contracts relate to the estimated value of contracts acquired in a business combination; and have finite lives and are measured at cost less accumulated amortisation and impairment losses.

  Customer contracts are amortised to profit or loss using the straight-line method over the customers' contract periods of 1 to 10 years.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Intangible assets (cont'd)

Other intangible assets (cont'd)

- ***London Metal Exchange ("LME") licence***

  The licence relates to the estimated licence value acquired in a business combination and has finite life and is measured at cost less accumulated amortisation and impairment losses.

  LME licence is amortised to profit or loss using the straight-line method over its estimated useful life of 30 years.

- ***Port Concession Rights ("PCR")***

  PCR relates to the estimated value of PCR arising from a foreign warehouse located and operated within a port concession area that was acquired in a business combination. It has finite life and is measured at cost less accumulated amortisation and impairment losses.

  PCR is amortised to profit or loss using the straight-line method over its estimated useful life of 36 years.

- ***Business Relationships ("BRS")***

  BRS relates to the estimated economic benefits from business relationship arising from a business combination. BRS refers to business relationships between suppliers and customers. BRS is estimated to have finite life and is measured at cost less accumulated amortisation and accumulated impairment losses.

  BRS is amortised to profit or loss using the straight-line basis over its estimated useful life of 4 to 10 years.

- ***Brand ("BD")***

  BD relates to the estimated economic benefits from brand arising from a business combination. BD refers to the acquired company's good reputation and name known in the market. BD is estimated to have finite life and is measured at cost less accumulated amortisation and accumulated impairment losses.

  BD is amortised to profit or loss on a straight-line basis over its estimated useful life of 5 years.

  Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.8 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 processing activities.

Inventories of metals and energy commodities acquired with the purpose of selling them in the near term and generating a profit from fluctuations in price, where the Group acts as a broker-trader, are measured at fair value less cost to sell.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Inventories (cont'd)

All other inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost is determined on a first-in, first-out (FIFO) basis and includes the full costs of materials, freight and insurance and all other costs incurred in bringing the inventories to their present location and condition.

Allowance is made where necessary for obsolete, slow moving and defective inventories.

3.9 Warrantable LME commodities

Warrantable LME commodities comprise highly liquid commodities with the intention of selling them in the near term, where the Group acts as a broker-trader. These are measured at fair value less costs to sell.

3.10 Contract work-in-progress

Contract work-in-progress comprises uncompleted service contracts.

Contract work-in-progress at the reporting date is recorded in the statement of financial position at cost plus attributable profit less recognised losses, net of progress billings and allowances for foreseeable losses, and is presented in the statement of financial position as contract work-in-progress (as an asset) or as excess of progress billings over contract work-in-progress (as a liability), as applicable. Cost includes all expenditure related directly to specific contracts and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Allowance is made where applicable for any foreseeable losses on uncompleted contracts as soon as the possibility of the loss is ascertained.

Progress claims not yet paid by the customer are included in the statement of financial position under progress billings receivable.

3.11 Financial instruments

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency, commodity price and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair values at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial instruments (cont'd)

Derivative financial instruments (cont'd)

Derivative financial instruments relate to the commodity trading activities and consist of instruments such as commodity futures, commodity options, commodity fixed price forward contracts and other forward contracts with determinable pricing. All purchases and sales of derivative financial instruments are recognised on the trade date, which is the date that the Group commits to sell or purchase the asset. All realised and unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in profit or loss in the period in which they arise.

The fair value of publicly traded derivatives is based on quoted market prices at the balance sheet date. The fair value of commodity fixed price forward contracts is calculated as the present value of the estimated future cash flows. The fair value of foreign exchange forward contracts is determined using forward foreign exchange market rates at the balance sheet date.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, as well as its risk management objectives and strategy for undertaking the hedge transactions. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of risk being hedged and how the entity assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value of or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of comprehensive income/income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial instruments (cont'd)

Derivative financial instruments (cont'd)

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Repurchase and resale agreements

In the ordinary course of business, certain subsidiaries of the Group enter into commodity trading transactions where inventories or financial instruments are sold subject to repurchase agreements ("repos"). In these instances, the inventories remain on the statement of financial position with the recording of a corresponding liability. Inventories or financial instruments purchased with agreements to re-sell at a fixed price on a future date ("reverse-repos") are recorded as trade receivables, and the underlying asset is not recognised in the Group's financial statements.

The Group also enters into non-structured commodity purchase and sale agreements with the option, but not the obligation, to re-purchase the inventories. In such instance, the option to repurchase is accounted for as a separately recognised derivative financial instrument at fair value through profit or loss.

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables, available-for-sale financial assets, and financial assets at fair value through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks, bank overdrafts and fixed deposits net of bank balances and fixed deposits pledged with banks.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities and commodities warrants and warrant option that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Financial instruments (cont'd)

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other non-derivative financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.12 Impairment – non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment – non-derivative financial assets (cont'd)

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impairment of available-for-sale equity security is recognised in other comprehensive income.

3.13 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment – non-financial assets (cont'd)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro-rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.14 Provisions

Provision is recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Non-current asset held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale. Immediately before classification as held-for-sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro-rata* basis. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.16 Revenue recognition

Provision of logistics services

Provided it is probable that the economic benefits will flow to the Group, and that the revenue and costs can be measured reliably, revenues from the provision of logistics services are recognised as follows:

Freight forwarding

Export revenue is recognised when the cargos are delivered to the carriers and import revenue is recognised upon the arrival of cargos.

Distribution services, repair and maintenance services and surface preparation services

Revenues from distribution services, repair and maintenance services and surface preparation services are recognised as and when the services are rendered.

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of certain commodities is initially recorded based on 100% of the provisional sales prices. Until final settlement occurs, adjustments to the provisional sales price are made to take into account metal price changes, based upon the month-end spot price and metal quantities upon receipt of the final assay and weight certificates, if different from the initial certificates. The Group marks to market its provisional sales based on the forward price for the estimated month of settlement. In the statement of financial position, such mark to market adjustments is included within 'accrued income' or 'accrued expenses'.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue recognition (cont'd)

Financial services income

Commission and brokerage fee income

When the Group acts in the capacity of an agent rather than as a principal in a transaction, the revenue recognised is the net amount of commission earned by the Group. Commission income is recognised as earned when trades are executed by clients.

Transaction fee income

Transaction fee represents the margin earned from executing sale and purchase contracts. Transaction fee is recognised in income when the contracts are executed.

Service income and interest income

Service income is recognised when the services are rendered. Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the effective interest rate applicable.

Warehouse rental income

Warehouse rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Contract revenue

When the outcome of the service contract can be estimated reliably, contract revenue and costs are recognised as income and expense using the percentage of completion method, measured by reference to the contract activity. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred and revenue is recognised only to the extent of contract costs incurred that can probably be recovered.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue recognition (cont'd)

Construction contracts (cont'd)

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus representing amounts due from customers is shown as 'construction contracts in progress' and included under 'trade and other receivables'. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus representing amounts due to customers is shown as 'advance billings and billings in excess of costs incurred and recognised profits' and included under 'trade and other payables'. Amounts received before the related work is performed are shown as 'customer advances' and included under 'deferred income'.

3.17 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the period in which the employees render their services.

Short-term employee benefits

All short-term employee benefits, including accumulated compensated absences, are recognised in profit or loss in the period in which the employees render their services.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset to the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Employee benefits (cont'd)

Other employee benefits

The Group operates other long-term employee benefit schemes. Every year the Group calculates the amount to be debited/credited to the bonus pool under the schemes. Such amounts are recognised in the profit or loss. Payments to beneficiaries are dependent on certain conditions such as minimum service period and long-term profitability. Payments within 12 months to beneficiaries after the service period are reclassified from non-current liabilities to current liabilities.

3.18 Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gain on disposal of available-for-sale financial assets and gain on fair value adjustment of derivative financial instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on deferred consideration, loss on fair value adjustment of derivative financial instruments and bank commissions that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.19 Government grants

Government grants received in relation to the purchase or construction of assets are deducted against the costs of the assets acquired. These government grants are recognised in profit or loss on a straight-line basis over the useful lives of the assets by way of a reduced depreciation charge.

3.20 Income tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Income tax expense (cont'd)

- temporary differences related to investments in subsidiaries, associates and joint ventures entities to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.21 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities and corporate expenses arising from group functions.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Segment reporting (cont'd)

Segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.23 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company. The Group does not plan to adopt these standards early.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2017 and 1 January 2018 respectively.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments*: *Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group has set up project teams to assess the potential impact on its financial statements and to implement the standards.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold land, buildings and improvements $'000	Freehold land $'000	Exploration and evaluation assets $'000	Plant, machinery and equipment $'000	Motor vehicles and trailers $'000	Furniture, fittings, computers and office equipment $'000	Assets-under-construction $'000	Total $'000
Group									
Cost									
At 1 January 2014		333,378	6,370	5,923	64,106	27,889	18,097	165,734	621,497
Additions		6,328	154	293	5,593	3,452	2,773	95,640	114,233
Disposal of subsidiaries		–	–	–	(4)	(27)	(19)	–	(50)
Acquisition through business combinations	42	3,850	–	–	115	22	25	–	4,012
Transfers		173,080	–	–	2,384	–	–	(175,464)	–
Disposals		(728)	–	–	(2,634)	(2,585)	(124)	–	(6,071)
Effect of movement in exchange rates		(7,399)	(2,872)	(651)	(1,462)	(205)	(309)	5	(12,893)
At 31 December 2014		508,509	3,652	5,565	68,098	28,546	20,443	85,915	720,728
Additions		9,727	116	38	5,746	2,640	3,601	25,182	47,050
Transfers and reclassifications		95,724	–	–	(4,289)	153	(505)	(91,083)	–
Disposals		(5,687)	–	–	(7,781)	(5,127)	(2,198)	–	(20,793)
Write-off		(14,045)	–	–	–	–	–	–	(14,045)
Effect of movement in exchange rates		(3,218)	(868)	64	(340)	(140)	(102)	3	(4,601)
At 31 December 2015		591,010	2,900	5,667	61,434	26,072	21,239	20,017	728,339

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land, buildings and improvements $'000	Freehold land $'000	Exploration and evaluation assets $'000	Plant, machinery and equipment $'000	Motor vehicles and trailers $'000	Furniture, fittings, computers and office equipment $'000	Assets-under-construction $'000	Total $'000
Group								
Accumulated depreciation and impairment losses								
At 1 January 2014	66,449	3,150	–	32,432	13,241	10,961	–	126,233
Depreciation charge for the year	18,397	–	–	6,479	3,311	2,829	–	31,016
Disposals	(549)	–	–	(2,267)	(1,747)	(52)	–	(4,615)
Disposal of subsidiaries	–	–	–	(1)	(8)	(7)	–	(16)
Effect of movement in exchange rates	(1,509)	(1,426)	–	(643)	(123)	(147)	–	(3,848)
At 31 December 2014	82,788	1,724	–	36,000	14,674	13,584	–	148,770
Depreciation charge for the year	23,868	–	–	7,096	3,151	3,064	–	37,179
Reclassifications	530	–	–	(666)	199	(63)	–	–
Impairment loss	–	1,281	–	–	–	–	–	1,281
Disposals	(5,291)	–	–	(7,195)	(4,053)	(2,067)	–	(18,606)
Write-off	(1,382)	–	–	–	–	–	–	(1,382)
Effect of movement in exchange rates	(740)	(538)	–	(191)	(40)	(78)	–	(1,587)
At 31 December 2015	99,773	2,467	–	35,044	13,931	14,440	–	165,655
Carrying amounts								
At 1 January 2014	266,929	3,220	5,923	31,674	14,648	7,136	165,734	495,264
At 31 December 2014	425,721	1,928	5,565	32,098	13,872	6,859	85,915	571,958
At 31 December 2015	491,237	433	5,667	26,390	12,141	6,799	20,017	562,684

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold buildings and improvements $'000	Plant, machinery and equipment $'000	Motor vehicles and trailers $'000	Furniture, fittings, computers and office equipment $'000	Assets-under-construction $'000	Total $'000
Company						
Cost						
At 1 January 2014	52,425	11,525	9,992	6,505	86,001	166,448
Additions	249	–	–	282	31,993	32,524
Disposals	(469)	(1,273)	–	(33)	–	(1,775)
Transfers	107,353	–	–	9	(107,362)	–
At 31 December 2014	159,558	10,252	9,992	6,763	10,632	197,197
Additions	3,883	676	591	140	23,026	28,316
Disposals	(3,410)	(261)	(408)	(194)	–	(4,273)
Transfers	14,061	–	–	–	(14,061)	–
At 31 December 2015	174,092	10,667	10,175	6,709	19,597	221,240
Accumulated depreciation						
At 1 January 2014	26,207	7,532	8,167	5,974	–	47,880
Depreciation charge for the year	3,886	1,110	748	408	–	6,152
Disposals	(416)	(1,232)	–	(33)	–	(1,681)
At 31 December 2014	29,677	7,410	8,915	6,349	–	52,351
Depreciation charge for the year	6,343	961	556	277	–	8,137
Disposals	(3,316)	(238)	(386)	(195)	–	(4,135)
At 31 December 2015	32,704	8,133	9,085	6,431	–	56,353
Carrying amounts						
At 1 January 2014	26,218	3,993	1,825	531	86,001	118,568
At 31 December 2014	129,881	2,842	1,077	414	10,632	144,846
At 31 December 2015	141,388	2,534	1,090	278	19,597	164,887

During the year, the Group acquired property, plant and equipment with an aggregate cost of $1,938,000 (2014: $305,000) under finance lease arrangements. At the reporting date, the carrying amount of property, plant and equipment of the Group and Company held under finance lease and hire purchase arrangements amounted to $2,492,000 (2014: $1,794,000) and $118,000 (2014: $158,000) respectively.

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

During the financial year, the Group and Company capitalised the following expenses in assets-under-construction:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Operating lease expense	1,766	1,448	1,690	358
Interest expense	188	2,273	–	868
	1,954	3,721	1,690	1,226

The Group and Company capitalised interest expense in assets-under-construction, with a capitalisation rate of 2.35% (2014: 2.51%) and nil% (2014: 2.51%), respectively.

The following are the significant accounting estimates on the Group's property, plant and equipment and judgements used in applying accounting policies:

(a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on the straight-line basis over their estimated useful lives, after taking into account the estimated residual values. The Group reviews the estimated useful lives and residual values of the assets regularly in order to determine the amount of depreciation expense to be recorded in each financial year. Changes in the expected level of use of the assets and the Group's historical experience with similar assets, after taking into account anticipated technological changes, could impact the economic useful lives and the residual values of the assets; therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charge and consequently, affect the Group's results.

During the year, there were no changes in the useful lives or residual values of the Group's property, plant and equipment.

(b) Provisions for restoration

In some lease agreements, the Group and Company are required to carry out site restoration work upon expiry of the leases. At 31 December 2015, the Group and Company have provisions for site restoration of $1,667,000 (2014: $1,356,000) and $1,497,000 (2014: $1,238,000), respectively. The expected site restoration costs are based on estimated costs of dismantling and removing assets and restoring the premises to their original conditions provided by external contractors.

(c) Impairment assessment

The Group has substantial investments in property, plant and equipment for its logistics and warehousing businesses. Each of these warehouse properties (including land) and the related plant and equipment forms a separate cash-generating unit ("CGU"). Management evaluates the performance of the CGUs annually and performs an impairment assessment for CGUs with impairment trigger. The recoverable amount of a CGU is determined based on the higher of fair value less costs to sell and value-in-use.

During the year, one of the subsidiaries, Pryzma Ltd, recognised an impairment loss of $1,281,000 on the remaining carrying amount of its freehold land which has become idle since the termination of the warehouse property project. The impairment loss, determined by fair value less cost to sell, was recognised in other operating expenses in the profit or loss.

The Group wrote-off leasehold buildings and improvements with a carrying amount of $12,663,000 as a result of the damage suffered from the Tianjin blast on 12 August 2015. The Group has also recognised the estimated insurance recovery of $5,639,000 for the building based on the discussion with the insurer.

5 INTANGIBLE ASSETS

	Note	Goodwill $'000	Computer software $'000	Customer contracts $'000	LME licence $'000	Port concession rights $'000	Business relationship $'000	Brand $'000	Total $'000
Group									
Cost									
At 1 January 2014		75,338	4,555	7,935	10,198	11,340	32,341	20,869	162,576
Additions		–	2,009	–	–	–	–	–	2,009
Acquisition through business combinations	42	14,927	–	811	–	–	–	–	15,738
Disposals		–	(248)	–	–	–	–	–	(248)
Disposal of subsidiaries		(1,199)	(3)	–	–	–	–	–	(1,202)
Effect of movement in exchange rates		1,232	(73)	–	–	(862)	1,599	1,032	2,928
At 31 December 2014		90,298	6,240	8,746	10,198	10,478	33,940	21,901	181,801
Additions		–	1,327	–	–	–	–	–	1,327
Disposals		–	(20)	–	–	–	–	–	(20)
Disposal of subsidiaries		(533)	–	–	–	–	–	–	(533)
Effect of movement in exchange rates		1,660	(40)	–	–	(403)	2,370	1,529	5,116
At 31 December 2015		91,425	7,507	8,746	10,198	10,075	36,310	23,430	187,691

5 INTANGIBLE ASSETS (CONT'D)

	Goodwill $'000	Computer software $'000	Customer contracts $'000	LME licence $'000	Port concession rights $'000	Business relationship $'000	Brand $'000	Total $'000
Accumulated amortisation and impairment loss								
At 1 January 2014	2,672	2,775	6,882	2,465	1,644	8,085	10,435	34,958
Amortisation charge for the year	–	801	561	340	303	3,408	4,202	9,615
Impairment loss	637	–	–	–	–	–	–	637
Disposals	–	(183)	–	–	–	–	–	(183)
Disposal of subsidiaries	–	(2)	–	–	–	–	–	(2)
Effect of movement in exchange rates	(104)	(231)	–	–	(137)	544	693	765
At 31 December 2014	3,205	3,160	7,443	2,805	1,810	12,037	15,330	45,790
Amortisation charge for the year	–	1,199	606	340	275	3,489	4,556	10,465
Impairment loss	2,588	–	–	–	–	481	–	3,069
Disposals	–	(20)	–	–	–	–	–	(20)
Disposal of subsidiaries	(533)	–	–	–	–	–	–	(533)
Effect of movement in exchange rates	(112)	10	–	–	(66)	954	1,201	1,987
At 31 December 2015	5,148	4,349	8,049	3,145	2,019	16,961	21,087	60,758
Carrying amounts								
At 1 January 2014	72,666	1,780	1,053	7,733	9,696	24,256	10,434	127,618
At 31 December 2014	87,093	3,080	1,303	7,393	8,668	21,903	6,571	136,011
At 31 December 2015	86,277	3,158	697	7,053	8,056	19,349	2,343	126,933

5 INTANGIBLE ASSETS (CONT'D)

	Computer software $'000
Company	
Cost	
At 1 January 2014 and 31 December 2014	3,036
Additions	620
At 31 December 2015	3,656
Accumulated amortisation	
At 1 January 2014	1,823
Amortisation charge for the year	455
At 31 December 2014	2,278
Amortisation charge for the year	557
At 31 December 2015	2,835
Carrying amounts	
At 1 January 2014	1,213
At 31 December 2014	758
At 31 December 2015	821

The amortisation charge is recognised in the following line items in profit or loss:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cost of sales	35	32	1	11
Administration expenses	1,164	769	556	444
Other operating expenses	9,266	8,814	–	–
	10,465	9,615	557	455

5 INTANGIBLE ASSETS (CONT'D)

Impairment testing for cash-generating units ("CGUs") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the following CGUs, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes:

	Group	
	2015	**2014**
	$'000	**$'000**
LME warehousing	3,269	3,269
General warehousing – Africa	1,539	2,977
General warehousing – Europe	8,610	9,142
Inventory management services	6,038	5,967
Freight forwarding	3,278	3,310
Defence logistics	5,482	5,482
Commodity marketing	42,629	41,504
Integrated logistics	14,927	14,927
Others	505	515
	86,277	87,093

In 2014, the general warehousing CGU was further allocated into two CGUs, namely general warehousing – Africa and general warehousing – Europe due to the restructuring of the entities under the general warehousing CGU.

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections derived from financial budgets covering five-year periods and approved by senior management.

The key assumptions used in the value-in-use calculation of the CGUs are as follows:

Revenue – The revenue growth rates used are estimated taking into account past performance trends and forecasts included in industry reports.

Budgeted gross margins – The budgeted gross margins used in the forecasts are based on past performance trends and expectations of market developments.

Terminal value – The terminal value is estimated by using the fifth year cash flow through perpetuity at zero growth rate and discounting it.

Discount rates – The discount rates used are pre-tax and reflect the weighted average cost of capital adjusted for the risks specific to the respective CGUs.

5 INTANGIBLE ASSETS (CONT'D)

Impairment testing for cash-generating units ("CGUs") containing goodwill (cont'd)

The pre-tax discount rates applied to the cash flow projections of each of the CGUs are as follows:

	2015	2014
LME warehousing	9.5%	8.8%
General warehousing – Africa	15.7%	14.0%
General warehousing – Europe	8.7%	8.7%
Inventory management services	14.6%	9.4%
Freight forwarding	10.8%	10.0%
Defence logistics	9.3%	9.2%
Commodity marketing	7.9%	7.4% - 7.8%
Integrated logistics	9.5%	9.8%

Management has identified that a reasonably possible change in the discount rate could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which this assumption would need to change for individual CGU for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	2015	2014
Discount rate		
LME warehousing	3.1%	1.8%
General warehousing – Africa	0.0%	6.0%
General warehousing – Europe	7.2%	4.3%
Inventory management services	2.4%	18.9%
Freight forwarding	9.6%	11.1%
Defence logistics	0.0%	6.6%
Commodity marketing	3.6%	6.4%
Integrated logistics	2.3%	6.2%

For the year ended 31 December 2015, an impairment charge of $987,000 has been recorded in the profit or loss for the goodwill arising from the general warehousing – Africa. This resulted from a decline in the value-in-use of the cash generating unit as cash flow projections were reduced. The decline in cash flow projection for the CGU was driven by the increased likelihood of lower cargo flow into South Africa due to the anticipated slower recovery in African markets. Following the impairment loss recognised for the CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in the key assumptions would lead to further impairment.

The Group also recognised impairment loss amounting to $1,601,000 and $481,000 for the goodwill and business relationship respectively arising from the commodity marketing CGU. This resulted from the cessation of business operations of certain subsidiaries in the commodity marketing CGU during the year.

For the year ended 31 December 2014, an impairment charge of $637,000 had been recorded in the profit or loss for the goodwill arising from the commodity marketing CGU. This resulted from a decline in the value-in-use of the CGU as cash flow projections were reduced. The decline in the cash flow projection for the CGU was due to the uncertainty in the metal trading business.

6 SUBSIDIARIES

	Company	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost	229,203	214,088
Quasi-equity loans	259,842	270,498
	489,045	484,586
Less: Accumulated impairment losses		
At 1 January	(18,843)	(18,843)
Write back	19	–
At 31 December	(18,824)	(18,843)
	470,221	465,743

Quasi-equity loans to subsidiaries are interest-free and form part of the Company's net investments in subsidiaries. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Impairment of investment in subsidiaries - Company only

When a subsidiary is in net liabilities position or has suffered recurring operating losses, a test is made whether the investment in the subsidiary has suffered any impairment by determining the recoverable amount. This determination requires significant judgment. An estimate is made of the future profitability of the subsidiary, the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The recoverable amount of the investee could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/business	Effective interest held by the Group	
		2015	2014
		%	%
[1] MRI Group Pte Ltd	Singapore	100.0	100.0
[2] MRI Trading AG	Switzerland	100.0	100.0
[1] Straits (Singapore) Pte Ltd	Singapore	97.4	97.8

[1] *Audited by KPMG LLP, Singapore*
[2] *Audited by other member firms of KPMG International*

A subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

7 ASSOCIATES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Investments in associates	30,380	30,251	200	200
Quasi-equity loan	375	353	–	–
	30,755	30,604	200	200

Investments in associates include goodwill on acquisition of $2,401,000 (2014: $2,401,000).

The quasi-equity loan to an associate is interest-free and forms part of the Group's net investment in associates. The loan is unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

The Group has one (2014: one) associate that is material and a number of associates that are individually immaterial to the Group. All are equity accounted.

The following are details for the material associate:

Name of associate	Country of incorporation/ business	Nature of relationship with the Group	Effective interest held by the Group 2015 %	2014 %
[1] Globelink Westar Shipping LLC ("Westar")	United Arab Emirates	Provider of air, ocean and ground transportation, custom clearing and warehousing services	49.0	49.0

[1] *Audited by other member firm of KPMG International*

The Group has not recognised share of losses of $nil (2014: $74,000) and cumulative share of losses of $327,000 (2014: $348,000) relating to an associate.

The following table summarises the financial information of the Group's material associate based on its financial statements prepared in accordance with FRS, modified for differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial associates, based on the amounts reported in the Group's consolidated financial statements.

7 ASSOCIATES (CONT'D)

	Westar $'000	Immaterial associates $'000	Total $'000
2015			
Revenue	318,323		
Profit	12,480		
Other comprehensive income	3,833		
Total comprehensive income	16,313		
Non-current assets	9,516		
Current assets	70,275		
Non-current liabilities	(8,874)		
Current liabilities	(29,858)		
Net assets	41,059		
Group's interest in net assets of investee at beginning of the year	20,654	9,950	30,604
Group's share of:			
- profit	6,115		
- other comprehensive income	1,878		
- total comprehensive income	7,993	2,462	10,455
Quasi-equity loan	22	–	22
Reclassification of an associate to joint venture	–	(933)	(933)
Dividends received during the year	(7,175)	(2,218)	(9,393)
Carrying amount of interest in investee at end of the year	21,494	9,261	30,755
2014			
Revenue	286,727		
Profit	9,068		
Other comprehensive income	1,795		
Total comprehensive income	10,863		
Non-current assets	7,998		
Current assets	61,158		
Non-current liabilities	(7,083)		
Current liabilities	(22,685)		
Net assets	39,388		
Group's interest in net assets of investee at beginning of the year	19,895	9,474	29,369
Group's share of:			
- profit	4,443		
- other comprehensive income	894		
- total comprehensive income	5,337	2,878	8,215
Dividends received during the year	(4,578)	(2,402)	(6,980)
Carrying amount of interest in investee at end of the year	20,654	9,950	30,604

8 JOINT VENTURES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Investments in joint ventures	31,258	30,782	4,116	4,116
Quasi-equity loans	772	–	772	–
	32,030	30,782	4,888	4,116

Investments in joint ventures include goodwill on acquisition of $9,503,000 (2014: $9,503,000).

The quasi-equity loans to joint ventures were interest-free and form part of the Group's net investments in the joint ventures.

The Group has one (2014: one) joint venture that is material and a number of joint ventures that are individually immaterial to the Group. All are equity accounted.

The following is for the material joint venture:

Name of joint venture	Country of incorporation/ business	Nature of relationship with the Group	Effective interest held by the Group 2015 %	2014 %
[1] CWT-SML Logistics LLC ("CWT-SML")	United Arab Emirates	Provision of warehousing, distribution and forwarding services	40.0	40.0

[1] *Audited by Deloitte & Touche, United Arab Emirates*

The following table summarises the financial information of Group's material joint venture, based on its financial statements prepared in accordance with FRS, modified for differences in Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

	CWT-SML $'000	Immaterial joint ventures $'000	Total $'000
2015			
Revenue	15,907		
Profit	3,400		
Other comprehensive income	1,948		
Total comprehensive income [a]	5,348		

[a] Includes: depreciation and amortisation of $2,017,000

8 JOINT VENTURES (CONT'D)

	CWT-SML $'000	Immaterial joint ventures $'000	Total $'000
2015			
Non-current assets	26,790		
Current assets [b]	7,442		
Non-current liabilities [c]	(2,149)		
Current liabilities [d]	(2,188)		
Net assets	29,895		

[b] Includes cash and cash equivalents of $3,956,000

[c] Includes non-current financial liabilities (excluding trade and other payables and provisions) of $1,931,000

[d] Includes current financial liabilities (excluding trade and other payables and provisions) of $252,000

Group's interest in net assets of investee at beginning of the year	11,019	19,763	30,782
Group's share of:			
- profit	1,360		
- other comprehensive income	779		
- total comprehensive income	2,139	1,285	3,424
Group's contribution during the year	772	145	917
Dividends received during the year	(1,201)	(2,823)	(4,024)
Reclassification of an associate to joint venture	–	933	933
Disposal during the year	–	(2)	(2)
Carrying amount of interest in investee at end of the year	12,729	19,301	32,030

2014	
Revenue	16,313
Profit	4,739
Other comprehensive income	1,267
Total comprehensive income [a]	6,006

[a] Includes:
- depreciation and amortisation of $1,822,000
- interest expense of $40,000

Non-current assets	25,015
Current assets [b]	5,070
Non-current liabilities	(255)
Current liabilities	(2,280)
Net assets	27,550

[b] Includes cash and cash equivalents of $2,305,000

8 JOINT VENTURES (CONT'D)

	CWT-SML $'000	Immaterial joint ventures $'000	Total $'000
2014			
Group's interest in net assets of investee at beginning of the year	9,414	19,071	28,485
Group's share of:			
- profit	1,896		
- other comprehensive income	507		
- total comprehensive income	2,403	2,904	5,307
Repayments of quasi-equity loans	(798)	(1,014)	(1,812)
Dividends received during the year	–	(1,091)	(1,091)
Disposal during the year	–	(107)	(107)
Carrying amount of interest in investee at end of the year	11,019	19,763	30,782

The Group's share of the joint ventures' commitments is as follows:

	2015 $'000	2014 $'000
(a) Non-cancellable operating lease commitments		
Payable:		
Within 1 year	800	700
After 1 year but within 5 years	2,085	2,107
After 5 years	11,311	11,056
	14,196	13,863
(b) Capital commitments	21	–

9 FINANCIAL ASSETS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-current				
Available-for-sale financial assets:				
- Quoted equity securities, measured at fair value	33,672	68,420	33,672	68,420
- Unquoted equity securities, measured at cost less accumulated impairment	44	44	–	–
- Convertible bonds, measured at fair value	60,244	61,281	–	–
	93,960	129,745	33,672	68,420

9 FINANCIAL ASSETS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current				
Available-for-sale financial assets:				
- Unquoted wealth management products, measured at fair value	70,544	–	–	–
Held-to-maturity financial assets:				
- Quoted treasury bills, measured at amortised cost using the effective interest method, less accumulated impairment	142,090	–	–	–
Financial assets designated at fair value through profit or loss:				
- Quoted equity securities	110	114	–	–
	212,744	114	–	–

The convertible bonds represent consideration received from a customer (the issuer of the convertible bonds) for a construction project. The convertible bonds are unquoted with zero coupon rate and redeemable upon the expiry of three years after the temporary occupation permit ("TOP") is issued for the completed project or earlier if a redemption event has occurred. The Company can convert the bonds to the ordinary shares of the issuer if the redemption event does not occur three years after the TOP is obtained. The convertible bonds were not bifurcated as the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risk of the host contract.

The wealth management products relate to investment products issued and managed by banks whereby the pool of funds are invested in bonds, notes, trust assets, money market instruments and assets generating fixed returns. The wealth management products are unquoted with an expected return ranging from 4.60% to 5.60% per annum that mature within one year. The wealth management products' principal and expected returns are not guaranteed by the banks and are fully pledged to secure bills payable amounting to $74,275,000. During the year, a subsidiary of the Group signed an agreement with a group of unrelated companies which jointly guaranteed the full principal and expected return of the wealth management products.

The treasury bills are quoted with an interest rate of 0.63% that matures within one year. The treasury bills are purchased using customer segregated funds held and pledged as margin deposit with the Exchange.

10 NON-CURRENT RECEIVABLES

	Note	Group		Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Loan to a subsidiary	18	–	–	107,594	19,875
Loans to non-controlling interests		2,577	2,564	–	–
Loan to a joint venture	19	293	305	–	–
Loans to associates	20	5,180	962	–	–
Loan to a third party		1,063	802	–	–
Finance lease receivables	11	30	273	–	–
Guarantee deposits with clearing corporation		5,650	3,447	–	–
Retention receivable		2,960	–	–	–
Others		1,704	1,906	–	–
Loans and receivables		19,457	10,259	107,594	19,875
Prepayments		3,546	–	–	–
		23,003	10,259	107,594	19,875

The loans to non-controlling interest comprise $2,033,000 (2014: $1,902,000) that is interest-free and $544,000 (2014: $662,000) that bears interest rate at 12.00% (2014: 1.73% to 12.00%) per annum. The loans are unsecured and payable in 2019.

Guarantee deposits with clearing corporation refer to collaterals placed by a subsidiary with the Chicago Mercantile Exchange ("CME") by virtue of the subsidiary being a clearing member of the CME.

Retention receivable of $2,960,000 (2014: $nil) relates to the contract work-in-progress.

11 FINANCE LEASE RECEIVABLES

	Note	Group 2015 $'000	2014 $'000
Gross receivables		220	454
Unearned interest income		(10)	(19)
Net receivables classified as loans and receivables		210	435
Non-current	10	30	273
Current	16	180	162
		210	435

	Gross receivables $'000	Unearned income $'000	Net receivables $'000
2015			
Within 1 year	187	(7)	180
After 1 year but within 5 years	33	(3)	30
	220	(10)	210
2014			
Within 1 year	173	(11)	162
After 1 year but within 5 years	281	(8)	273
	454	(19)	435

These lease receivables relate to the finance leases of Group's machinery, equipment and motor vehicles. The average term of finance leases entered into is 10 years (2014: 10 years).

The interest rate inherent in the leases is fixed at the agreement date throughout the lease term. The average effective interest rate is 3.63% (2014: 3.60%) per annum.

The carrying amount of the Group's finance lease receivables approximates its fair value, based on discounting the estimated cash flows at the market rate prevailing at the reporting date.

12 DEFERRED TAX

Movements in temporary differences during the year:

	At 1 January 2015 $'000	Translation differences $'000	Acquisition through business combinations (note 42) $'000	Disposal of interests in subsidiaries $'000	Recognised in profit or loss (note 39) $'000	Recognised in other comprehensive income $'000	At 31 December 2015 $'000
Group							
Deferred tax liabilities/(assets)							
Property, plant and equipment	12,963	(194)	–	–	(895)	–	11,874
Intangible assets	9,020	178	–	–	(1,563)	–	7,635
Financial assets	201	52	–	–	(52)	(176)	25
Inventories	4,358	284	–	–	(4,567)	–	75
Trade and other receivables	(7,021)	198	–	–	(3,172)	–	(9,995)
Trade and other payables	9,654	71	–	–	(1,729)	–	7,996
Provisions	(508)	17	–	–	(50)	–	(541)
Unutilised tax benefits	(3,801)	76	–	–	944	–	(2,781)
Others	(1,056)	(168)	–	–	(235)	44	(1,415)
	23,810	514	–	–	(11,319)	(132)	12,873
Company							
Deferred tax liabilities/(assets)							
Property, plant and equipment	1,554	–	–	–	(604)	–	950
Provisions	–	–	–	–	143	–	143
Unutilised tax benefits	(1,554)	–	–	–	461	–	(1,093)
	–	–	–	–	–	–	–

12 DEFERRED TAX (CONT'D)

	At 1 January 2014 $'000	Translation differences $'000	Acquisition through business combinations (note 42) $'000	Disposal of interests in subsidiaries $'000	Recognised in profit or loss (note 39) $'000	Recognised in other comprehensive income $'000	At 31 December 2014 $'000
Group							
Deferred tax liabilities/(assets)							
Property, plant and equipment	12,326	(387)	(112)	8	1,128	–	12,963
Intangible assets	10,359	(17)	138	–	(1,460)	–	9,020
Financial assets	–	–	–	–	–	201	201
Inventories	3,915	203	–	–	240	–	4,358
Trade and other receivables	3,474	132	–	–	(10,627)	–	(7,021)
Trade and other payables	(388)	(65)	–	7	10,100	–	9,654
Provisions	(366)	7	–	–	(149)	–	(508)
Unutilised tax benefits	(2,943)	356	–	–	(1,214)	–	(3,801)
Others	(549)	(46)	–	–	32	(493)	(1,056)
	25,828	183	26	15	(1,950)	(292)	23,810
Company							
Deferred tax liabilities/(assets)							
Property, plant and equipment	583	–	–	–	971	–	1,554
Unutilised tax benefits	(583)	–	–	–	(971)	–	(1,554)
	–	–	–	–	–	–	–

12 DEFERRED TAX (CONT'D)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax liabilities	19,228	30,082	–	–
Deferred tax assets	(6,355)	(6,272)	–	–

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2015 $'000	2014 $'000
Deductible temporary differences	22,936	15,441
Unutilised tax losses	42,738	47,764
Unabsorbed wear and tear allowances	16,414	23,031
	82,088	86,236

Unutilised tax losses include $61,000 (2014: $149,000) that will expire by 2016.

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. The deductible temporary differences and tax losses, other than disclosed above, do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which certain subsidiaries of the Group can utilise the benefits.

13 OTHER NON-CURRENT ASSETS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Other investments	6,000	5,626	–	–

Group's other investments include clearing memberships with the Chicago Mercantile Exchange ("CME"), the Chicago Board of Trade ("CBOT") and the New York Mercantile Exchange ("NYMEX") and the Commodity Exchange, Inc ("COMEX") amounting to $5,606,000 (2014: $5,240,000). The clearing memberships are required for the Group to trade in CME, CBOT, NYMEX and COMEX.

14 INVENTORIES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Raw materials	715	1,017	–	–
Work-in-progress	–	206	–	–
Consumables, equipment and spare parts	2,911	2,093	15	18
Commodity inventories at fair value	159,237	220,387	–	–
Commodity inventories at lower of cost and net realisable value	372,273	547,764	–	–
Other goods for sale	1,775	107	1,647	1,563
Less: Allowance for inventory obsolescence	–	(105)	–	–
	536,911	771,469	1,662	1,581

Raw materials, changes in work-in-progress, consumables and commodity inventories recognised in cost of sales amounted to $8,725,083,000 (2014: $13,785,977,000).

In 2014, inventories of $105,000 were written down to net realisable value which was included in cost of sales.

15 CONTRACT WORK-IN-PROGRESS

	Note	Group 2015 $'000	Group 2014 $'000
Costs incurred and attributable profits		136,247	86,513
Progress billings		(85,340)	(36,830)
		50,907	49,683
Represented by:			
Progress billings receivable	16	51,021	49,924
Advance billings and billings in excess of costs incurred and recognised profits		(114)	(241)
		50,907	49,683

The Group assesses allowance for foreseeable losses by taking into account the contract revenue, estimated total costs to completion, project duration and overruns. It is possible that management estimate is not indicative of future losses that may be incurred. Any increase or decrease would affect profit or loss in the future years.

16 TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables		1,067,671	721,096	13,951	13,197
Less: Allowance for impairment of receivables		(4,803)	(4,042)	(118)	(119)
		1,062,868	717,054	13,833	13,078
Subsidiaries:					
- trade		–	–	11,074	17,688
- loans	18	–	–	264,691	343,656
- non-trade		–	–	5,976	–
Related parties:					
- trade		519	1,501	177	174
- non-trade		488	609	–	–
- interest receivables		280	305	618	–
Associates:					
- trade		3,538	4,606	–	–
- non-trade		147	241	–	–
- loans	20	3,302	6,116	–	–
- dividends receivable		1,873	–	–	–
Joint ventures:					
- trade		726	411	–	–
- non-trade		231	212	225	206
- loans	19	23	24	–	–
Non-controlling interests:					
- non-trade		349	543	–	–
- loans		1,660	1,320	–	–
Loans to third parties		14,153	8,212	–	–
Staff loans		692	783	–	–
Finance lease receivables	11	180	162	–	–
Interest receivables		2,054	419	5	–
Other receivables		64,491	201,399	879	770
Progress billings receivable	15	51,021	49,924	–	–
Margin deposits with brokers	17	351,100	205,642	–	–
Margin deposits with clearing organisations	17	1,055	616,532	–	–
Customers segregated funds with banks	17	413,122	189,228	–	–
Deposits		103,025	5,683	162	105
Loans and receivables		2,076,897	2,010,926	297,640	375,677
Prepayments		88,496	88,758	1,272	2,137
Deferred costs		6,519	2,822	6,453	2,822
		2,171,912	2,102,506	305,365	380,636

16 TRADE AND OTHER RECEIVABLES (CONT'D)

The non-trade amounts due from subsidiaries include advances of $437,000 given to the subsidiaries through the cash pool account managed by the Company. The cash pool advances bear interest rate at 0.05% per annum.

The non-trade amounts due from related parties, associates, joint ventures and non-controlling interests are unsecured, interest-free and repayable on demand.

The loans to non-controlling interest are unsecured, interest-free and repayable on demand.

The loans to third parties comprise secured loans of $11,296,000 (2014: $6,449,000) and unsecured loans of $2,857,000 (2014: $1,763,000). These loans bear interest at 5.00% to 7.00% (2014: 5.00% to 7.18%) per annum.

The Group's trade receivables include accrued income of $109,542,000 (2014: $106,964,000) which represents primarily sales made but yet to be invoiced and price adjustments to the provisional sales/purchase price of certain commodities. During the contractually agreed quotational period, the sales/purchase prices are not fixed and fluctuate based on the changes in the market prices of the underlying metals. The Group marks to market its provisional sales and purchases based on the forward price for the estimated month of settlement. In the statement of financial position, positive mark to market adjustments are included within 'accrued income' whereas negative adjustments are included within 'accrued expenses'. Upon completion of the quotation period, the prices are fixed based upon the spot price and metal contents and quantities upon receipt of the final assay and weight certificates.

Deposits comprise $98,651,000 that is pledged as securities for bill payables amounting to $95,032,000 (2014: $nil) and short-term loan amounting to $6,552,000 (2014: $nil).

As at 31 December 2015, the Group's other receivables include retentions of $3,878,000 (2014: $14,666,000) relating to the contract work-in-progress.

17 ASSETS HELD OR SEGREGATED IN SEPARATE ACCOUNTS

Customer segregated funds represent customers' funds held by the Group that are required to be held in segregated accounts by laws and regulations of the Securities and Futures Act ("SFA") governed by Monetary Authority of Singapore ("MAS"), the Commodities Trading Act ("CTA") governed by International Enterprise Singapore ("IE Singapore") and Commodity Futures Trading Commission ("CFTC") in the United States of America.

	Note	2015 $'000	2014 $'000
Customer segregated funds with banks			
Representing customer balances		370,076	152,764
Representing house balances		43,046	36,464
	16	413,122	189,228
Margin deposits with brokers			
Representing customer balances		280,215	178,294
Representing house balances		70,885	27,348
	16	351,100	205,642
Margin deposits with clearing organisation			
Representing customer balances		1,055	610,570
Representing house balances		–	5,961
	16	1,055	616,531

18 LOANS TO SUBSIDIARIES

	Note	Company 2015 $'000	Company 2014 $'000
Non-current			
Loan to a subsidiary, classified as loans and receivables	10	107,594	19,875
Current			
Loans to subsidiaries, classified as loans and receivables		264,787	343,656
Less: Allowance for impairment losses		(96)	–
Loans and receivables	16	264,691	343,656

The loans to subsidiaries are unsecured and bear interest at 1.60% to 5.50% (2014: 1.00% to 5.00%) per annum. The interest rate reprices on a yearly basis.

The changes in allowance for impairment losses in respect of loans to subsidiaries during the year were as follows:

	Company 2015 $'000	Company 2014 $'000
At 1 January	–	–
Allowance recognised	96	–
At 31 December	96	–
Non-current	–	–
Current	96	–
	96	–

The Company assessed collectability of the balances, having considered the financial conditions of the subsidiaries and their ability to make the required repayments. Management believes that no further impairment loss beyond the recorded allowances is necessary. If the financial conditions of the subsidiaries were to deteriorate subsequently, further impairment loss may then be recognised in future periods.

19 LOANS TO JOINT VENTURES

	Note	Group 2015 $'000	Group 2014 $'000
Non-current			
Loan to a joint venture, classified as loans and receivables	10	293	305
Current			
Loans to joint ventures		89	90
Less: Allowance for impairment losses		(66)	(66)
Loans and receivables	16	23	24

The loans to joint ventures are unsecured and bear interest at 5.00% (2014: 5.00%) per annum.

The changes in allowance for impairment losses in respect of loans to joint ventures during the year were as follows:

	Group 2015 $'000	Group 2014 $'000
At 1 January	66	191
Allowance utilised	–	(125)
At 31 December	66	66
Non-current	–	–
Current	66	66
	66	–

20 LOANS TO ASSOCIATES

	Note	Group 2015 $'000	Group 2014 $'000
Non-current			
Loans to associates, classified as loans and receivables	10	5,180	962
Current			
Loans to an associate, classified as loans and receivables	16	3,302	6,116

The non-current loans to associates comprise $5,180,000 (2014: $962,000) which are unsecured and bear interest rate of 0.70% to 6.00% (2014: 6.00%) per annum. The Group has given an undertaking to the associate not to recall the loan within the next 12 months.

The current loans to an associate are unsecured and bear interest at 0.56% to 0.85% (2014: 0.56% to 0.76%) per annum.

21 WARRANTABLE LME COMMODITIES

	Group	
	2015	2014
	$'000	$'000
Warrantable LME commodities measured at fair value less costs to sell	306,298	114,777

22 CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
Fixed deposits		32,394	38,656	–	–
Cash and bank balances		277,947	303,341	40,342	11,395
Cash and cash equivalents in the statements of financial position		310,341	341,997	40,342	11,395
Less:					
Bank overdrafts	27	(491)	(4,715)		
Bank balances and fixed deposits pledged		(19,559)	(26,952)		
		290,291	310,330		
Cash and cash equivalents of assets held for sale	24	1,374	3,038		
Cash and cash equivalents in the statement of cash flows		291,665	313,368		

The weighted average effective interest rates per annum at the reporting date are as follows:

	Group	
	2015	2014
	%	%
Fixed deposits	0.53	0.60
Bank overdrafts	17.87	3.44

Interest rates are repriced at intervals of one week, one, three or six months.

Bank balances and fixed deposits of certain subsidiaries are pledged as securities to obtain credit facilities (see note 27).

23 FINANCIAL ASSETS AND LIABILITIES CLASSIFICATION

Accounting classification and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Fair value – hedging instruments $'000	Fair value through profit or loss $'000	Held-to-maturity financial assets $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within the scope of FRS 39 $'000	Other financial liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Group										
2015										
Financial assets	9	–	110	142,090	–	164,504	–	–	306,704	306,704
Trade and other receivables	10, 16	–	–	–	2,096,354	–	–	–	2,096,354	2,095,941
Cash and cash equivalents	22	–	–	–	310,341	–	–	–	310,341	310,341
Derivative financial assets	28	126,620	–	–	–	–	–	–	126,620	126,620
Assets held for sale	24	–	–	–	1,374	–	–	–	1,374	1,374
		126,620	110	142,090	2,408,069	164,504	–	–	2,841,393	2,840,980
Medium term notes	27	–	–	–	–	–	(301,858)	–	(301,858)	(298,950)
Secured bank loans	27	–	–	–	–	–	(371,252)	–	(371,252)	(374,143)
Hire purchase and finance lease liabilities	27	–	–	–	–	–	–	(2,428)	(2,428)	(2,739)
Revolving short-term trade facilities	27	–	–	–	–	–	(751,395)	–	(751,395)	(751,395)
Unsecured bank overdrafts	27	–	–	–	–	–	(491)	–	(491)	(491)
Derivative financial liabilities	28	(66,385)	–	–	–	–	–	–	(66,385)	(66,385)
Trade and other payables*	31	–	–	–	–	–	(2,076,001)	–	(2,076,001)	(2,076,001)
Liabilities held for sale	24	–	–	–	–	–	(62)	–	(62)	(62)
		(66,385)	–	–	–	–	(3,501,059)	(2,428)	(3,569,872)	(3,570,166)

** Excludes advance billings and billings in excess of costs incurred and recognised profits.*

23 FINANCIAL ASSETS AND LIABILITIES CLASSIFICATION (CONT'D)

Accounting classification and fair values (cont'd)

	Note	Fair value – hedging instruments $'000	Fair value through profit or loss $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within the scope of FRS 39 $'000	Other financial liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Group									
2014									
Financial assets	9	–	114	–	129,745	–	–	129,859	129,859
Trade and other receivables	10, 16	–	–	2,021,185	–	–	–	2,021,185	2,019,654
Cash and cash equivalents	22	–	–	341,997	–	–	–	341,997	341,997
Derivative financial assets	28	98,698	–	–	–	–	–	98,698	98,698
Assets held for sale	24	–	–	4,394	–	–	–	4,394	4,394
		98,698	114	2,367,576	129,745	–	–	2,596,133	2,594,602
Medium term notes	27	–	–	–	–	(201,029)	–	(201,029)	(197,950)
Secured bank loans	27	–	–	–	–	(428,422)	–	(428,422)	(430,006)
Unsecured bank loans	27	–	–	–	–	(63,811)	–	(63,811)	(63,811)
Hire purchase and finance lease liabilities	27	–	–	–	–	–	(1,765)	(1,765)	(1,905)
Revolving short-term trade facilities	27	–	–	–	–	(730,885)	–	(730,885)	(730,885)
Secured bank overdrafts	27	–	–	–	–	(4,201)	–	(4,201)	(4,201)
Unsecured bank overdrafts	27	–	–	–	–	(514)	–	(514)	(514)
Derivative financial liabilities	28	(69,011)	–	–	–	–	–	(69,011)	(69,011)
Trade and other payables*	31	–	–	–	–	(1,943,389)	–	(1,943,389)	(1,943,389)
Liabilities held for sale	24	–	–	–	–	(61)	–	(61)	(61)
		(69,011)	–	–	–	(3,372,312)	(1,765)	(3,443,088)	(3,441,733)

** Excludes advance billings and billings in excess of costs incurred and recognised profits.*

23 FINANCIAL ASSETS AND LIABILITIES CLASSIFICATION (CONT'D)

Accounting classification and fair values (cont'd)

	Note	Fair value – hedging instruments $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within the scope of FRS 39 $'000	Other financial liabilities outside the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
Company								
2015								
Financial assets	9	–	–	33,672	–	–	33,672	33,672
Trade and other receivables	10, 16	–	405,234	–	–	–	405,234	396,759
Cash and cash equivalents	22	–	40,342	–	–	–	40,342	40,342
Derivative financial assets	28	118	–	–	–	–	118	118
		118	445,576	33,672	–	–	479,366	470,891
Medium term notes	27	–	–	–	(301,858)	–	(301,858)	(298,950)
Secured bank loans	27	–	–	–	(240,803)	–	(240,803)	(240,803)
Hire purchase and finance lease liabilities	27	–	–	–	–	(102)	(102)	(123)
Derivative financial liabilities	28	(95)	–	–	–	–	(95)	(95)
Trade and other payables	31	–	–	–	(209,521)	–	(209,521)	(209,520)
		(95)	–	–	(752,182)	(102)	(752,379)	(749,491)
2014								
Financial assets	9	–	–	68,420	–	–	68,420	68,420
Trade and other receivables	10, 16	–	395,552	–	–	–	395,552	395,028
Cash and cash equivalents	22	–	11,395	–	–	–	11,395	11,395
Derivative financial assets	28	56	–	–	–	–	56	56
		56	406,947	68,420	–	–	475,423	474,899
Medium term notes	27	–	–	–	(201,029)	–	(201,029)	(197,950)
Secured bank loans	27	–	–	–	(288,464)	–	(288,464)	(288,464)
Unsecured bank loans	27	–	–	–	(55,855)	–	(55,855)	(55,855)
Hire purchase and finance lease liabilities	27	–	–	–	–	(136)	(136)	(164)
Derivative financial liabilities	28	(56)	–	–	–	–	(56)	(56)
Trade and other payables	31	–	–	–	(163,966)	–	(163,966)	(163,966)
		(56)	–	–	(709,314)	(136)	(709,506)	(706,455)

24 DISPOSAL GROUP HELD FOR SALE

In 2014, the Group signed a capital transfer agreement to sell all its equity interest in a subsidiary, CWT SPL Distripark Vietnam Limited. The sale is expected to be completed in 2016.

During the year, the Group recognised an impairment loss of $1,517,000 on the disposal group. The recoverable amount was determined based on fair value less cost to sell. The loss was recognised in other operating expenses.

At 31 December, the disposal group comprised the following assets and liabilities:

		Group	
	Note	2015	2014
		$'000	$'000
Assets held for sale			
Trade and other receivables		–	1,356
Cash and banks	22	1,374	3,038
		1,374	4,394
Liabilities held for sale			
Trade and other payables		62	61

25 SHARE CAPITAL

	2015 No. of shares ('000)	2015 $'000	2014 No. of shares ('000)	2014 $'000
Company				
Issued and fully paid, with no par value:				
At 1 January and 31 December	600,305	174,338	600,305	174,338

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Board defines "Capital" to include share capital, reserves and non-controlling interests. The Board's policy is to maintain a sound capital base to sustain the future development and expansion of the Group's business, so as to maintain investor and creditor confidence in the Group. The Board of Directors monitors the level of dividend payment by taking into account the Group's business expansion requirements.

The Board of Directors also seeks to maintain an optimal mix of equity and debt with a view to optimise financial return to shareholders. The Group targets to achieve a return on shareholders' equity ("ROE") of between 13.0% to 18.0% (2014: 13.0% and 18.0%). In 2015, the Group achieved a ROE of 13.6% (2014: 14.7%).

25 SHARE CAPITAL (CONT'D)

Capital management (cont'd)

The Group monitors capital on the basis of the net debt to equity ratio. Net debt to equity ratio is the ratio of total borrowings excluding revolving short-term trade facilities and including cash and cash equivalents to total equity. Revolving short-term trade facilities are excluded from the calculation of net debt to equity ratio due to its short term highly liquid nature that is fully secured by liquid assets such as cash and cash equivalents, inventories and receivables. Equity refers to share capital, reserves and non-controlling interests as presented in the consolidated statement of financial position.

The Group's strategy, which is unchanged from 2014, is to maintain the net debt to equity ratio under 1.00. The net debt to equity ratio at 31 December 2015 and 2014 was as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Total borrowings	1,427,424	1,430,627
Less: Revolving short-term trade facilities	(751,395)	(730,885)
Adjusted total borrowings	676,029	699,742
Less: Cash and cash equivalents*	(290,782)	(315,045)
Net debt	385,247	384,697
Total equity	868,066	791,483
Net debt to equity ratio	0.44	0.49

**Excludes bank overdrafts of $491,000 (2014: $4,715,000) which are included in total borrowings.*

There were no changes in the Group's approach to capital management during the year.

Straits Financial LLC, Straits (Singapore) Pte Ltd and Straits Financial Services Pte Ltd, incorporated in the United States of America and Singapore respectively, are subject to minimum capital requirements pursuant to laws and regulations of the United States of America and Singapore. Management has established controls and policies to ensure that the subsidiaries comply with the minimum capital requirements. The subsidiaries have complied with the minimum capital requirements pursuant to laws and regulations of the United States of America and Singapore during the year.

Other than disclosed above, the Group and its subsidiaries, are not subject to externally imposed capital requirements.

26 RESERVES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fair value reserve	1,226	18,822	1,105	17,840
Currency translation reserve	16,954	(7,383)	–	–
Hedging reserve	(643)	(1,098)	–	–
Capital reserve	(845)	(754)	–	–
Statutory reserve	1,581	1,474	–	–
Other reserve	(661)	(661)	–	–
Retained profits	647,452	580,374	177,837	153,556
	665,064	590,774	178,942	171,396

The fair value reserve comprises the cumulative net changes in the fair values of available-for-sale financial assets.

The currency translation reserve of the Group comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

The capital reserve comprises the difference between purchase considerations and net assets acquired in group restructuring and acquisition of non-controlling interests that does not result in a change in control.

The statutory reserve relates to profits set aside in accordance with local legislation by certain foreign entities and is non-distributable.

27 LOANS AND BORROWINGS

	Note	Group		Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-current liabilities					
Medium term notes		301,858	201,029	301,858	201,029
Secured bank loans		306,551	355,900	229,735	277,397
Hire purchase and finance lease liabilities	(a)	1,766	822	68	102
Total		610,175	557,751	531,661	478,528
Current liabilities					
Secured bank loans		64,701	72,522	11,067	11,067
Unsecured bank loans		–	63,811	–	55,855
Revolving short-term trade facilities		751,395	730,885	–	–
Hire purchase and finance lease liabilities	(a)	662	943	34	34
Secured bank overdrafts	22	–	4,201	–	–
Unsecured bank overdrafts	22	491	514	–	–
Total		817,249	872,876	11,101	66,956

27 LOANS AND BORROWINGS (CONT'D)

The medium term notes are issued by the Company under its $500,000,000 Multicurrency Debt Issuance Programme which was first established in April 2013.

Secured bank loans of the Group are secured over:

- Property, plant and equipment with carrying amounts of $414,908,000 (2014: $412,521,000);
- Floating charges on existing fixed and floating assets;
- Trade and other receivables $6,552,000 (2014: $nil);
- Warrantable LME commodities $41,708,000 (2014: $nil); and
- Fixed deposits pledged of $149,000 (2014: $146,000).

Secured bank loans of the Company are secured over property, plant and equipment with carrying amounts of $137,828,000 (2014: $126,198,000) and property, plant and equipment of the subsidiaries with carrying amounts of $117,335,000 (2014: $121,143,000).

Revolving short-term trade facilities of the Group relate to short-term trade related self-liquidating facilities to finance the Group's commodity marketing business. These are secured by bank balances and fixed deposits with carrying amount of $18,452,000 (2014: $26,002,408), warrantable LME commodities with carrying amount of $127,865,000 (2014: $nil), trade and other receivables with carrying amount of $162,583,000 (2014: $242,615,000) and inventories with carrying amount of $445,798,000 (2014: $565,096,000).

(a) Hire purchase and finance lease liabilities

Obligations under hire purchase and finance leases are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
Group			
2015			
Repayable within 1 year	662	117	779
Repayable after 1 year but within 5 years	1,745	194	1,939
Repayable after 5 years	21	–	21
	2,428	311	2,739
2014			
Repayable within 1 year	943	74	1,017
Repayable after 1 year but within 5 years	822	66	888
	1,765	140	1,905
Company			
2015			
Repayable within 1 year	34	7	41
Repayable after 1 year but within 5 years	68	14	82
	102	21	123
2014			
Repayable within 1 year	34	7	41
Repayable after 1 year but within 5 years	102	21	123
	136	28	164

27 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

			2015		2014	
Group	**Nominal interest rate %**	**Year of maturity**	**Face value $'000**	**Carrying amount $'000**	**Face value $'000**	**Carrying amount $'000**
SGD fixed rate medium term notes	3.90% - 4.80%	2017 - 2020	300,000	301,858	200,000	201,029
USD floating rate loans	1.66% - 1.93%	2016	41,708	41,708	33,811	33,811
SGD floating rate loans	0.53% - 2.81%	2016 - 2021	304,251	304,251	381,028	381,028
EUR floating rate loans	2.66%	2017	192	192	340	340
TRY floating rate loans	2.00% - 2.02%	2015	–	–	7	7
EUR fixed rate loans	3.38% - 3.97%	2025 - 2027	14,676	14,676	16,688	16,688
GBP fixed rate loans	3.60%	2031	1,474	1,474	1,701	1,701
RMB fixed rate loans	1.77%	2016	6,552	6,552	56,090	56,090
TRY fixed rate loans	13.00% - 16.00%	2016	2,337	2,337	2,474	2,474
INR fixed rate loans	10.99% - 11.50%	2017	62	62	94	94
Hire purchase and finance lease liabilities	1.00% - 14.70%	2016 - 2021	2,739	2,428	1,905	1,765
USD floating rate revolving short-term trade facilities	1.05% - 6.17%	2016	751,395	751,395	730,885	730,885
Bank overdrafts	2.08% - 24.00%	2016	491	491	4,715	4,715
			1,425,877	1,427,424	1,429,738	1,430,627

27 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

			2015		2014	
	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
	%		$'000	$'000	$'000	$'000
Company						
SGD fixed rate medium term notes	3.90% - 4.80%	2017- 2020	300,000	301,858	200,000	201,029
SGD floating rate loans	0.53% - 1.70%	2019 - 2021	240,802	240,802	318,465	318,465
USD floating rate loans	1.52% - 1.99%	2015	–	–	25,854	25,854
Hire purchase and finance lease liabilities	2.99%	2018	123	102	164	136
			540,925	542,762	544,483	545,484

28 DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000
Group				
Interest rate swaps	–	733	–	1,375
Commodities futures	86,109	63,046	27,405	9,967
Commodities forward contracts	33,042	620	9,463	10
Commodities options	50	3	56	–
Currency forward contracts	492	40	–	56
Commodities swaps	3,127	655	45,926	57,603
Fair value gain on commodity contracts	3,800	1,288	10,219	–
Non-structured OTC warrant options	–	–	5,629	–
	126,620	66,385	98,698	69,011
Analysed as:				
- non-current	–	733	–	1,375
- current	126,620	65,652	98,698	67,636
	126,620	66,385	98,698	69,011
Company				
Currency forward contracts	118	95	56	56

The Group recognised a net gain (realised and unrealised) from fair value movements of derivative financial instruments of $268,280,000 (2014: $35,554,000) which is included in cost of sales.

The interest rate swaps are used to hedge the interest rate risk related to the floating interest rate loans.

29 EMPLOYEE BENEFITS

	Note	Group 2015 $'000	2014 $'000
Non-current			
Subordinated employee benefit liabilities		–	3,314
Retirement benefit obligations	30	12,632	11,533
Other long-term employee benefit liabilities		7,607	4,856
		20,239	19,703
Current			
Subordinated employee benefit liabilities		3,544	3,913
		23,783	23,616

Subordinated employee benefit liabilities

This programme represents a termination benefit which is paid in 3 instalments upon cessation of employment with a certain subsidiary of the Group. Such benefit is granted to employees at the management's discretion. Entitlement to benefits is earned after reaching 2 years of service with the subsidiary.

Other employee benefit liabilities

Other long-term employee benefit obligation relates to a deferred share plan of a subsidiary. The deferred share plan is an award granted to certain key management personnel of certain subsidiaries who have earned a bonus under an annual bonus plan. The deferred share plan can be in the form of a conditional award or an option. In a conditional award, the employee receives the shares of the subsidiary as soon as the award vests. In an option, the employee is entitled to exercise the option when the award vests.

Each award vests in three equal tranches on the first, second and third anniversary of the grant date. The share value of the shares awarded to the employees under the deferred share plan is measured based on the net assets of the subsidiary.

The deferred share awards are discounted to determine their present value. The discount rate is the yield at the reporting date on Singapore government bonds that have maturity dates approximating the terms of the subsidiary's obligations in which the benefits are expected to be paid. This calculation is performed using projected unit credit method.

30 RETIREMENT BENEFIT OBLIGATIONS

The net defined benefit obligations recognised in the statement of financial position at the reporting date are as follows:

	Note	Group 2015 $'000	2014 $'000
Present value of funded obligations		25,882	22,358
Fair value of plan assets		(13,250)	(10,825)
Net defined benefit obligations recognised in statement of financial position	29	12,632	11,533

Cost of defined benefit plans included in profit or loss:

	Group 2015 $'000	2014 $'000
Current service cost	2,100	2,246
Interest cost	251	438
Interest income	(130)	(298)
Exchange differences	(48)	(1,137)
	2,173	1,249

Cost of defined benefit plans included in the statement of comprehensive income:

	Group 2015 $'000	2014 $'000
Remeasurement (gain)/loss		
- Effect of changes in financial assumptions	(1,147)	7,221
- Effect of experience adjustments	822	(2,111)
- Return on plan assets (excluding interest income)	(70)	3
	(395)	5,113

Change in present value of defined benefit obligations are as follows:

	Group 2015 $'000	2014 $'000
Defined benefit obligations at 1 January	22,358	17,732
Current service cost	2,100	2,246
Interest cost	251	438
Remeasurements on change in assumptions	(325)	5,113
Benefits paid	24	(1,888)
Exchange differences	1,474	(1,283)
Defined benefit obligations at 31 December	25,882	22,358

30 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Weighted average duration of the defined benefit obligations as of 31 December 2015 is 23.70 years (2014: 22.30 years).

Change in the fair value of plan assets during the year are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Fair value of plan assets at 1 January	(10,825)	(11,260)
Interest income	(130)	(298)
Employer contribution*	(1,493)	(1,815)
Actuarial losses	(71)	2
Benefits paid	(24)	1,888
Exchange differences	(707)	658
Fair value of plan assets at 31 December	(13,250)	(10,825)

** Employer contributions for 2016 are expected to be approximately $1,651,000 (2015: $1,693,000).*

Breakdown of plan assets:

	Group	
	2015	**2014**
	$'000	**$'000**
Assets held by insurance company	(13,250)	(10,825)

The principal actuarial assumptions are as follows:

	Group	
	2015	**2014**
	BVG 2010	**BVG 2010**
Mortality tables, actuarial statistics (disability, mortality, etc)		
Discount rate	0.90%	1.05%
Rate of salary increase	1.00%	2.00%
Rate of the projection of the saving capital	0.90%	1.00%
Rate of pension increase	1.00%	1.00%
Turnover	12.00%	10.00%

Sensitivities of significant actuarial assumptions

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	Increase	**Decrease**
	$'000	**$'000**
2015		
Discount rate (0.25% movement)	(1,562)	1,436
Future salary growth (0.25% movement)	474	–
2014		
Discount rate (0.25% movement)	(1,375)	1,264
Future salary growth (0.25% movement)	449	–

30 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The above sensitivity calculations are based on one assumption changing while others remain unchanged. In practice, however, there are certain correlations between the individual assumptions. The same method was used to calculate the sensitivities and the defined benefit obligations at the end of the financial year.

31 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-current liabilities				
Non-controlling interests				
- non-trade	–	200	–	–
- loans	2,506	5,679	–	–
Deferred purchase consideration:				
- deferred payments	–	246	–	–
- contingent consideration	2,057	2,886	–	–
Retention payable	2,415	–	–	–
Accrued operating expense	990	271	–	–
Others	166	–	–	–
	8,134	9,282	–	–
Current liabilities				
Trade payables and accrued operating expenses	1,082,804	943,023	41,959	32,728
Advance billings and billings in excess of costs incurred and recognised profits	14,253	6,122	–	–
Deposits received	9,770	12,037	7,751	8,254
Subsidiaries:				
- trade	–	–	9,904	7,872
- non-trade	–	–	73,406	121
- loans	–	–	75,322	113,819
Related parties:				
- trade	953	953	12	5
- non-trade	132	510	–	–
- loans	68	49	–	–
Associates:				
- trade	591	341	–	–
- non-trade	1	–	–	–
Joint ventures:				
- trade	290	517	–	–
- non-trade	145	–	–	–
Non-controlling interests:				
- non-trade	160	2,433	–	–
- loans	5,321	4	–	–
Deferred purchase consideration:				
- deferred payments	1,336	19,720	1,167	1,167
- put and call options	–	4,555	–	–
- contingent consideration	1,052	–	–	–
Payables to clearing organisation	833	6,780	–	–
Bill payables	169,307	–	–	–
Amounts segregated for customers	793,320	941,628	–	–
Commission and brokerage fee payable	1,784	1,557	–	–
	2,082,120	1,940,229	209,521	163,966

31 TRADE AND OTHER PAYABLES (CONT'D)

The non-trade amounts due to subsidiaries include funds of $73,369,000 in the cash pool managed by the Company as part of its cash management and treasury activities. The cash pool funds bear interest rate at 0.05% to 0.55% per annum.

The remaining non-trade amounts due to subsidiaries, related parties, associates, joint ventures and non-controlling interests are unsecured, interest-free and repayable on demand.

The non-current loans from non-controlling interests comprise $2,388,000 (2014: $nil) which are interest-free and $118,000 (2014: $5,679,000) bear interest at 9.25% to 9.50% (2014: 4.00% to 9.25%) per annum. The amounts are unsecured and settlement of the amounts is neither planned nor likely to occur within the next twelve months.

The current loans from non-controlling interests comprise $5,317,000 (2014: $nil) which bear interest at 4.00% per annum and $4,000 (2014: $4,000) which is interest-free. The amounts are unsecured and repayable on demand.

The loans from subsidiaries and related parties are unsecured, bear interest at 0.53%-1.51% (2014: 3.00%) per annum and are repayable on demand.

Deferred purchase consideration is derived from acquisition of subsidiaries and a joint venture.

Bill payables are secured by wealth management products of $70,544,000 (2014: $nil) and one year fixed deposits of $92,099,000 (2014: $nil).

Trade payables include an amount of $6,168,000 (2014: $nil) received as collateral for trade receivables that are past due 91-180 days and 181-365 days.

32 DEFERRED GAINS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-current	10,410	22,568	10,410	22,568
Current	12,185	18,560	12,185	18,560
	22,595	41,128	22,595	41,128

Deferred gains relate to the excess of sales proceeds over the fair values of the leasehold buildings disposed of under sale and leaseback arrangements and risk premium attributed to build and lease projects. Deferred gains are released to profit or loss over the leaseback period ranging from 3 to 7 years.

33 PROVISIONS

	Warranties $'000	Claims for services and damage of goods $'000	Site restoration cost $'000	Retrenchment benefit $'000	Total $'000
Group					
At 1 January 2014	803	784	817	–	2,404
Provision made	76	195	939	174	1,384
Payments made	(140)	(62)	–	–	(202)
Reversal of provisions	(267)	(185)	(400)	–	(852)
Translation differences	–	1	–	–	1
At 31 December 2014	472	733	1,356	174	2,735
Provision made	–	3,375	871	–	4,246
Payments made	(199)	(9)	–	(169)	(377)
Reversal of provisions	(50)	(653)	(560)	–	(1,263)
Translation differences	–	98	–	–	98
At 31 December 2015	223	3,544	1,667	5	5,439

	Claims for services and damage of goods $'000	Site restoration cost $'000	Total $'000
Company			
At 1 January 2014	26	760	786
Provision made	20	878	898
Reversal of provisions	(26)	(400)	(426)
At 31 December 2014	20	1,238	1,258
Provision made	–	819	819
Reversal of provisions	–	(560)	(560)
At 31 December 2015	20	1,497	1,517

Sources of estimation uncertainty

The estimated provisions made by the Group and the Company are in respect of:

(i) Warranty claims for completed projects. The provision is made based on estimates from historical warranty data and a weighting of all possible outcomes against their associated probabilities;

(ii) Claims by customers for damage of goods, quality of goods/commodities and liquidated damages for services rendered in the course of business including third party claims for accidents. The provision is made based on historical claims data and a weighting of possible outcomes against their associated probabilities;

(iii) Obligations to carry out site restoration work on the leasehold buildings used for warehouse operations. The estimated restoration costs are based on estimation from third party consultants and approximate the present value of estimated restoration costs at the end of the lease; and

33 PROVISIONS (CONT'D)

Sources of estimation uncertainty (cont'd)

(iv) Retrenchment benefits arose due to the cessation of an operating division in December 2014. The provision is made based on estimated remuneration and termination benefits for the ceased operating division's senior management.

34 SEGMENT REPORTING

Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Logistics services.* Include warehousing, transportation, freight forwarding and cargo consolidation, supply chain management services such as procurement, inventory management, packing and other value added services and delivery to end customers, collateral management services, surface preparation of metal materials for corrosion control and container management services. The Group, being a one-stop logistics provider, views all logistics services as total logistics solutions provided to customers. These logistics services are aggregated into a single operating segment since the aggregated operating results of this segment are regularly reviewed by the Group CEO to make decisions about resources to be allocated to it and to assess its performance.

- *Commodity marketing.* Include physical trading and supply chain management of base metal non-ferrous concentrates with predominant focus on copper, lead, zinc and other minor metals and energy products like naphtha and distillates.

- *Engineering services.* Include management and maintenance of facilities, vehicles and equipment, supply and installation of engineering products, property management, and design-and-build for logistics properties.

- *Financial services.* Include financial brokerage services, structured trade services and assets management services.

Performance is measured based on segment profit before income tax and is reviewed regularly by the Group CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these business environments. Inter-segment pricing is determined on an arm's length basis.

Segment profit before tax represents operating revenue less expenses. Corporate expenses represent the cost of Group function not allocated to the reportable segments. Segment assets represent assets directly managed by each segment, and primarily include inventories, receivables, property, plant and equipment. Segment liabilities represent liabilities directly managed by each segment, and primarily include payables and loans and borrowings.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is restated to allow comparability.

34 SEGMENT REPORTING (CONT'D)

Information about reportable segments

	Logistics services		Commodity marketing		Engineering services		Financial services		Eliminations		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Revenue:												
External revenue	868,196	896,492	8,793,567	12,934,546*	141,004	161,311	128,852	202,003	–	–	9,931,619	14,194,352*
Inter-segment revenue	10,537	24,124	80	222	431	300	100	2,217	(11,148)	(26,863)	–	–
Total reportable segment revenue	878,733	920,616	8,793,647	12,934,768*	141,435	161,611	128,952	204,220	(11,148)	(26,863)	9,931,619	14,194,352*
Results:												
Interest income	14,035	5,981	13,013	15,245	109	82	3,146	562	(13,203)	(5,203)	17,100	16,667
Interest expense	(21,329)	(11,394)	(16,992)	(23,979)	–	–	(11,907)	(3,674)	13,203	5,203	(37,025)	(33,844)
Depreciation and amortisation	(37,595)	(31,587)	(9,245)	(8,306)	(530)	(472)	(274)	(266)	–	–	(47,644)	(40,631)
Share of profits of associates and joint ventures	9,941	8,204	–	–	460	509	3,747	3,297	–	–	14,148	12,010
Other material non-cash items:												
Gain/(Loss) on disposal of property, plant and equipment	688	37	(53)	(7)	(6)	8	–	1	–	–	629	39
(Loss)/Gain on disposal of subsidiaries and joint ventures	232	(1,174)	129	–	–	17	–	(42)	–	–	361	(1,199)
Gain on disposal of available-for-sale financial assets	7,432	1,769	–	–	–	–	–	3	–	–	7,432	1,772
Property, plant and equipment written-off	(12,663)	–	–	–	–	–	–	–	–	–	(12,663)	–
Impairment loss on intangible assets	(987)	–	(2,082)	(637)	–	–	–	–	–	–	(3,069)	(637)
Insurance recovery	5,639	–	–	–	–	–	–	–	–	–	5,639	–
Impairment losses on trade and other receivables	(3,769)	(755)	(319)	–	7	–	(26)	(86)	–	–	(4,107)	(841)
Reportable segment profit before tax	54,707	79,251	25,547	11,834	20,808	21,462	33,373	24,272	–	–	134,435	136,819
Reportable segment assets	1,276,419	1,310,478	1,456,094	1,920,647	179,349	167,723	1,967,114	1,244,910	(401,964)	(361,003)	4,477,012	4,282,755
Investments in associates and joint ventures	53,918	53,418	–	–	1,020	1,008	7,847	6,960	–	–	62,785	61,386
Capital expenditure	41,578	112,505	5,940	3,035	537	384	323	318	–	–	48,378	116,242
Reportable segment liabilities	854,176	867,082	1,253,076	1,754,156	100,787	96,165	1,829,804	1,160,209	(401,964)	(361,003)	3,635,879	3,516,609

** Refer note 48 for details on change in presentation of revenue and cost of sales from sale of commodities.*

34 SEGMENT REPORTING (CONT'D)

Reconciliations of reportable segment profit or loss, assets and liabilities and other material items

	2015 $'000	2014 $'000
Profit or loss		
Total profit or loss for reportable segments	134,435	136,819
Unallocated amounts:		
Corporate expenses	(16,863)	(17,181)
Share of profits of associates and joint ventures	14,148	12,010
Consolidated profit or loss	131,720	131,648
Assets		
Total assets for reportable segments	4,477,012	4,282,755
Investments in associates and joint ventures	62,785	61,386
Assets held for sale	1,374	4,394
Other unallocated assets	8,583	8,048
Consolidated total assets	4,549,754	4,356,583
Liabilities		
Total liabilities for reportable segments	3,635,879	3,516,609
Liabilities held for sale	62	61
Other unallocated liabilities	45,747	48,430
Consolidated total liabilities	3,681,688	3,565,100

Geographical information

The logistics services and commodity marketing segments are managed on a worldwide basis and the Group operates principally in Singapore, China, Taiwan, Malaysia and other parts of Asia Pacific, Europe, Africa and South America. Engineering Services are primarily in Singapore. Financial Services operates mainly in China, Singapore and North America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical locations from which the Group derives its revenue. Segment non-current assets (other than loans and receivables, financial assets and deferred tax assets) are based on the geographical location of the assets.

	Revenue from external customers		Specified non-current assets	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
China	4,876,687	4,975,881*	20,575	34,359
Asia Pacific	1,464,877	2,569,441	57,848	53,026
Singapore	1,073,843	3,072,847*	497,397	484,718
Malaysia	1,160,192	1,423,051*	3,858	4,527
Taiwan	818,106	1,560,075	–	–
Europe	360,160	443,498	165,556	179,404
North America	94,406	47,851*	5,722	8,851
Africa	73,064	86,161	10,483	9,812
South America	10,284	15,547	509	284
	9,931,619	14,194,352*	761,948	774,981

** Refer note 48 for details on change in presentation of revenue and cost of sales from sale of commodities.*

34 SEGMENT REPORTING (CONT'D)

Major customer

In 2015 and 2014, the Group had no major customer accounting for more than 10% of the consolidated revenue.

35 REVENUE

	Group	
	2015	**2014**
	$'000	**$'000**
Sale of commodities	8,848,918	13,074,112*
Rendering of services	992,187	986,866
Construction income	62,434	90,460
Sale of goods	28,080	42,914
	9,931,619	14,194,352*

** Refer note 48 for details on change in presentation of revenue and cost of sales from sale of commodities.*

36 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2015	**2014**
	$'000	**$'000**
Staff costs	247,019	233,734
Contributions to defined contribution plan included in staff costs	16,551	15,974
Operating lease expenses	115,207	114,651
Audit fees paid to:		
- Auditors of the Company	797	764
- Other auditors	1,465	1,344
Non-audit fees paid to:		
- Auditors of the Company	195	198
- Other auditors	527	328
Professional fees paid to a firm in which a director is a member	40	30
Depreciation of property, plant and equipment	37,179	31,016
Amortisation of intangible assets	10,465	9,615
Amortisation and reversal of deferred gains	(19,136)	(35,445)
Bad debts written-off	545	606
Allowance of impairment losses on:		
- Property, plant and equipment	1,281	–
- Intangible assets	3,069	637
- Trade and other receivables	4,107	841
- A subsidiary held-for-sale	1,517	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

36 PROFIT FOR THE YEAR (CONT'D)

	Group	
	2015 $'000	**2014 $'000**
Loss/(Gain) on disposal or liquidation of:		
- Property, plant and equipment	(629)	(38)
- Intangible assets	–	65
- Subsidiaries	(361)	1,152
- Joint ventures	–	47
Property, plant and equipment written-off	12,663	–
Estimated insurance recovery on property, plant and equipment	(5,639)	–
Gain on exercise of put and call options	–	(4)

37 DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The compensation paid/payable to key management personnel, included in staff costs, are as follows:

	Group	
	2015 $'000	**2014 $'000**
Fees payable to directors of the Company	790	790
Senior management team remuneration*	40,656	37,359
Post-employment benefits	567	544
Other long-term employee benefits	541	473
	42,554	39,166

** Represents short-term employee benefits*

38 FINANCE INCOME AND EXPENSES

	Group	
	2015 $'000	**2014 $'000**
Exchange gain, net	72	–
Gain on disposal of available-for-sale financial assets	7,432	1,772
Gain on fair value adjustment of derivative financial instruments	106	386
Dividend income from available-for-sale financial assets and financial assets designated at fair value through profit or loss	4,303	5,276
Interest income:		
- Cash and cash equivalents	3,339	1,058
- Held-to-maturity financial assets	198	–
- Finance leases	–	4
- Joint ventures, associates and related parties	204	177
- Interest charge to suppliers	5,730	5,416
- Interest charge to customers	6,078	9,515
- Interest charge to third parties	687	168
- Others	864	329
Finance income	29,013	24,101

38 FINANCE INCOME AND EXPENSES (CONT'D)

	Group	
	2015 $'000	2014 $'000
Bank commissions	(10,342)	(11,598)
Exchange loss, net	–	(9,247)
Loss on fair value adjustment of derivative financial instruments	(382)	–
Interest expense:		
- Bank borrowings and other banking facilities	(23,532)	(24,432)
- Medium term notes	(11,892)	(5,952)
- Unwind of discount on deferred consideration	(158)	(963)
- Hire purchase and finance lease liabilities	(132)	(155)
- Related parties	(223)	(245)
- Others	(1,088)	(2,097)
Other finance cost	(3,221)	(6,555)
Finance expenses	(50,970)	(61,244)
Net finance expenses recognised in profit or loss	(21,957)	(37,143)

39 INCOME TAX EXPENSE

	Group	
	2015 $'000	2014 $'000
Current tax expense		
Current year	29,136	19,338
(Over)/under provision in prior years	(483)	128
Withholding tax	467	271
	29,120	19,737
Deferred tax expense		
Origination and reversal of temporary differences	(11,298)	(2,480)
(Over)/under provision in prior years	(21)	530
	(11,319)	(1,950)
Total income tax expense	17,801	17,787

39 INCOME TAX EXPENSE (CONT'D)

Income tax recognised in other comprehensive income

	Before tax $'000	Tax expense $'000	Net of tax $'000
Group			
2015			
Defined benefit plan remeasurements	396	(44)	352
Foreign currency translation differences relating to foreign operations	23,936	–	23,936
Foreign currency translation differences reclassified to profit or loss on disposal of subsidiaries	71	–	71
Net change in fair value of available-for-sale financial assets	(10,279)	176	(10,103)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon disposals	(7,493)	–	(7,493)
Effective portion of changes in fair value of cash flow hedges	601	–	601
Share of other comprehensive income of associates and joint ventures	(69)	–	(69)
	7,163	132	7,295
2014			
Defined benefit plan remeasurements	(5,113)	493	(4,620)
Foreign currency translation differences relating to foreign operations	13,379	–	13,379
Foreign currency translation differences reclassified to profit or loss on disposal of subsidiaries	888	–	888
Net change in fair value of available-for-sale financial assets	3,749	(201)	3,548
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon disposals	(1,778)	–	(1,778)
Effective portion of changes in fair value of cash flow hedges	394	–	394
Share of other comprehensive income of associates and joint ventures	1,557	–	1,557
	13,076	292	13,368

39 INCOME TAX EXPENSE (CONT'D)

	Group	
	2015	**2014**
	$'000	**$'000**
Reconciliation of effective tax rate		
Profit before income tax	131,720	131,648
Less:		
Share of profit of associates and joint ventures, net of tax	(14,148)	(12,010)
	117,572	119,638
Tax calculated using Singapore tax rate of 17%	19,987	20,338
Effect of different tax rates in other countries	(881)	(1,361)
Income not subject to tax	(6,831)	(8,634)
Tax incentives	(1,447)	(684)
Expenses not deductible for tax purposes	7,845	5,625
Effect of utilisation of tax losses and wear and tear allowances not previously recognised as deferred tax assets	(3,068)	(1,714)
Effect of deferred tax assets not recognised	2,233	3,288
(Over)/Under provision in prior years	(504)	658
Withholding tax	467	271
	17,801	17,787

The utilisation of tax losses under the group relief system is subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore.

Certain tax returns of the Group entities (including the Company) for prior years have not yet been finalised with the respective tax authorities. In arriving at the current tax expense of the Group, management establishes the best estimate of the expenditure required to settle its current tax liabilities based on its actual experience of similar transactions in the past, and in some cases, advice from its legal advisors on certain transactions.

In respect of the gains recognised on sale and leaseback of certain leasehold buildings, the Group continues to treat the disposals of the leasehold buildings as capital transactions and accordingly, the gains on disposal of leasehold buildings including the accretion of the deferred gain over the leaseback period are therefore not subject to tax.

Subsequent to the tax affairs being finalised by the tax authorities, there may be significant adjustments affecting the Group's results in future periods as there is no absolute certainty that the relevant tax authorities would accept the tax treatments of certain income and expenses submitted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

40 EARNINGS PER SHARE

	Group	
	2015	2014
	$'000	$'000
The basic and diluted earnings per share are based on:		
Profit for the year attributable to shareholders	108,911	112,411
Issued ordinary shares at beginning of the year	600,305	600,305
Weighted average number of ordinary shares during the year	600,305	600,305

The Company does not have any dilutive potential ordinary shares in existence for the current and previous financial year.

41 NON-CONTROLLING INTERESTS ("NCI")

A subsidiary of the Group has material non-controlling interests.

Name	Country of incorporation/business	Ownership interests held by NCI	
		2015	2014
CWT Europe B.V.	Netherlands/Provision of storage and handling services	30%	30%

The following summarises the financial information of CWT Europe B.V. Group with material non-controlling interests, based on its consolidated financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

41 NON-CONTROLLING INTERESTS ("NCI") (CONT'D)

	CWT Europe B.V. Group $'000	Other individually immaterial subsidiaries $'000	Total $'000
2015			
Revenue	82,192		
Profit	1,884		
Other comprehensive income	858		
Total comprehensive income	2,742		
Attributable to NCI:			
- Profit	71	4,937	5,008
- Other comprehensive income	18	(312)	(294)
- **Total comprehensive income**	89	4,625	4,714
Non-current assets	92,980		
Current assets	20,289		
Non-current liabilities	(49,090)		
Current liabilities	(25,818)		
Net assets	38,361		
Net assets attributable to NCI	11,390	17,274	28,664
Cash flows from operating activities	8,537		
Cash flows used in investing activities	(1,717)		
Cash flows used in financing activities	(3,332)		
Net increase in cash and cash equivalents	3,488		
2014			
Revenue	94,601		
Loss	(328)		
Other comprehensive income	1,550		
Total comprehensive income	1,222		
Attributable to NCI:			
- (Loss)/Profit	(217)	1,667	1,450
- Other comprehensive income	(860)	97	(763)
- **Total comprehensive income**	(1,077)	1,764	687
Non-current assets	99,766		
Current assets	24,132		
Non-current liabilities	(60,234)		
Current liabilities	(25,573)		
Net assets	38,091		
Net assets attributable to NCI	11,343	15,028	26,371
Cash flows from operating activities	4,503		
Cash flows from investing activities	13		
Cash flows used in financing activities	(4,488)		
Net increase in cash and cash equivalents	28		

42 ACQUISITION OF SUBSIDIARIES

Financial year ended 31 December 2014

In January 2014, the Group acquired 95% of the equity interests in Teng Lee Green Pack Pte Ltd ("Teng Lee") for a total cash consideration of $22,041,000.

Teng Lee's core business is in wooden pallet supply chain management. It also provides industrial packing, onsite packing and logistics services. The acquisition of Teng Lee enables the Group to further enhance its logistics solutions by providing customers with a one-stop solution in Singapore from warehousing to packaging, packing supply and services to the movement and distribution of goods.

For the twelve months to 31 December 2014, Teng Lee contributed revenue of $22,193,000 and profit of $2,561,000 to the Group results.

Acquisition-related costs

The Group incurred acquisition-related costs of $67,000 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's income statement.

	Group 2014 $'000
Purchase consideration	
Cash paid	22,041
Total consideration for the acquisition	22,041
Effect on cash flows of the Group	
Cash paid (as above)	22,041
Less: Cash and cash equivalents in subsidiary acquired	(1,580)
Cash outflow on acquisition	20,461

42 ACQUISITION OF SUBSIDIARIES (CONT'D)

Financial year ended 31 December 2014 (cont'd)

The following fair values have been determined:

	Note	At fair value 2014 $'000
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	4	4,012
Deferred tax assets	12	112
Inventories		549
Trade and other receivables		3,492
Cash and cash equivalents		1,580
Total assets		9,745
Trade and other payables		(2,445)
Current tax payable		(520)
Total liabilities		(2,965)
Total identifiable net assets		6,780
Less: Non-controlling interest, based on their proportionate interest in the recognised amounts of assets and liabilities of the acquiree		(339)
Add: Goodwill arising from consolidation	5	14,927
Customer contracts	5	811
Deferred tax liabilities	12	(138)
Total considerations for the acquisition		22,041

None of the goodwill recognised is expected to be deductible for tax purposes.

Measurement of fair values

The valuation technique used for measuring the fair value of material assets acquired was as follows:

Assets acquired	Valuation technique
Property, plant and equipment	Property: An independent valuer was engaged to perform a valuation using the sales comparison method and direct capitalisation method.

43 FINANCIAL RISK MANAGEMENT

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has a credit policy in place whereby new customers are subject to credit evaluations based on available financial information and past experiences. The Group has established credit limits for customers and monitors their balances on an ongoing basis. Cash and fixed deposits are placed with banks and financial institutions, which are regulated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. There were no significant concentrations of credit risk.

The maximum exposure to credit risk for receivables classified as loans and receivables at the reporting date by business segment is:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Operating segment				
Logistics services	152,813	164,486	405,234	395,552
Commodity marketing	555,605	721,946	–	–
Engineering services	79,689	86,929	–	–
Financial services*	1,308,247	1,047,824	–	–
	2,096,354	2,021,185	405,234	395,552
Non-current	19,457	10,259	107,594	19,875
Current	2,076,897	2,010,926	297,640	375,677
	2,096,354	2,021,185	405,234	395,552

** Includes customers' segregated funds and house fund of $726,650,000 (2014:$993,382,000) and receivables of $119,496,000 (2014: $50,236,000) that are not past due.*

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Certain sales by the commodity marketing and financial services segments are generally secured by letter of credit. The Group generally does not require collateral for sales in other segments. As at 31 December 2015, trade receivables of the Group secured by letters of credit amounted to $302,564,000 (2014: $357,391,000).

The ageing of receivables classified as loans and receivables at the reporting date is:

	Gross 2015 $'000	Impairment losses 2015 $'000	Gross 2014 $'000	Impairment losses 2014 $'000
Group				
Not past due	1,569,082	(30)	1,959,690	(209)
Past due 1 – 30 days	487,874	(517)	31,936	(11)
Past due 31 – 90 days	15,664	(34)	18,740	(100)
Past due 91 – 180 days	16,648	(1,723)	4,280	(456)
Past due 181 – 365 days	2,359	(367)	3,186	(1,069)
Past due more than 1 year	10,856	(3,458)	11,479	(6,281)
	2,102,483	(6,129)	2,029,311	(8,126)

Impairment losses include allowance for impairment of non-trade amounts due from related parties, loans to subsidiaries, loans to joint ventures and other receivables of $1,326,000 (2014: $4,084,000).

Loans and receivables past due 181-365 days of $1,148,000 (2014: $nil) and past due 91-180 days of $5,020,000 (2014: $nil) are secured by cash received from the related parties of the customers.

	Gross 2015 $'000	Impairment losses 2015 $'000	Gross 2014 $'000	Impairment losses 2014 $'000
Company				
Not past due	390,909	(96)	382,354	–
Past due 1 – 30 days	8,587	–	7,705	–
Past due 31 – 90 days	2,298	–	3,614	–
Past due 91 – 180 days	509	–	591	–
Past due 181 – 365 days	878	–	473	–
Past due more than 1 year	3,303	(1,154)	2,086	(1,271)
	406,484	(1,250)	396,823	(1,271)

Impairment losses include allowance for impairment of trade amount due from subsidiaries of $1,132,000 (2014: $1,152,000) and loans receivable from subsidiaries of $96,000 (2014: $nil).

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

The changes in allowance for impairment losses in respect of receivables classified as loans and receivables during the year were as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 January	8,126	8,546	1,271	3,302
Allowance recognised/(reversed)	4,107	841	(21)	(943)
Disposal of subsidiary	(408)	–	–	–
Allowance utilised	(6,120)	(1,436)	–	(1,088)
Translation differences	424	175	–	–
At 31 December	6,129	8,126	1,250	1,271

The Group's primary exposure to credit risk arises through its trade and other receivables. Concentration of credit risk relating to these trade and other receivables is limited due to the Group's many varied customers, which are internationally dispersed. The Group assessed collectability based on historical default rates to determine the impairment loss to be recognised. The Group's historical experience in the collection of accounts receivables fall within the recorded allowances. Management reviews the ageing of receivables classified as loans and receivables, and except for the impaired receivables, no impairment loss is necessary in respect of the remaining receivables due to the good track records and reputation of customers.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of funding as required. The Group monitors and maintains a level of cash and bank balances and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Group aims at maintaining flexibility in funding by keeping adequate liquidity available. Where necessary and at the appropriate time, the Group would unlock cash from properties held to meet expansion needs.

The Group maintains adequate secured and unsecured loan facilities. As at 31 December 2015, the Group has unutilised loan facilities amounting to $3,327,868,000 (2014: $2,458,237,000) that are available to fund its working capital requirements and to service financing obligations.

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

The following are the expected contractual undiscounted cash outflows of financial liabilities including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	On demand $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Group						
2015						
Medium term notes	301,858	(341,208)	–	(12,700)	(328,508)	–
Floating rate loans	346,151	(383,748)	–	(61,768)	(281,041)	(40,939)
Fixed rate loans	25,101	(28,109)	–	(10,565)	(8,124)	(9,420)
Hire purchase and finance lease liabilities	2,428	(2,738)	–	(779)	(1,938)	(21)
Revolving short-term trade facilities	751,395	(753,177)	–	(753,177)	–	–
Bank overdrafts	491	(491)	–	(491)	–	–
Trade and other payables*	2,076,001	(2,076,001)	(793,320)	(1,274,547)	(5,628)	(2,506)
	3,503,425	(3,585,472)	(793,320)	(2,114,027)	(625,239)	(52,886)
2014						
Medium term notes	201,029	(227,528)	–	(7,900)	(219,628)	–
Floating rate loans	415,186	(426,716)	–	(78,191)	(243,258)	(105,267)
Fixed rate loans	77,047	(82,769)	–	(61,705)	(7,571)	(13,493)
Hire purchase and finance lease liabilities	1,765	(1,905)	–	(1,017)	(888)	–
Revolving short-term trade facilities	730,885	(733,828)	–	(733,828)	–	–
Bank overdrafts	4,715	(4,715)	–	(4,715)	–	–
Trade and other payables*	1,943,389	(1,943,389)	(941,628)	(992,479)	(9,282)	–
	3,374,016	(3,420,850)	(941,628)	(1,879,835)	(480,627)	(118,760)

** Excluding advance billings and billings in excess of costs incurred and recognised profits. Payables on demand relates to customer segregated funds.*

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Company					
2015					
Medium term notes	301,858	(341,208)	(12,700)	(328,508)	–
Floating rate loans	240,802	(267,340)	(17,793)	(208,608)	(40,939)
Hire purchase and finance lease liabilities	102	(123)	(41)	(82)	–
Trade and other payables	209,521	(209,521)	(209,521)	–	–
	752,283	(818,192)	(240,055)	(537,198)	(40,939)
2014					
Medium term notes	201,029	(227,528)	(7,900)	(219,628)	–
Floating rate loans	344,319	(348,899)	(67,812)	(232,824)	(48,263)
Hire purchase and finance lease liabilities	136	(164)	(41)	(123)	–
Trade and other payables	163,966	(163,966)	(163,966)	–	–
	709,450	(740,557)	(239,719)	(452,575)	(48,263)

The table below analyses the derivative financial instruments of the Group for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Maturity		
	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Group			
2015			
Interest rate swaps	–	583	150
Commodities futures	63,046	–	–
Commodities forward contracts	620	–	–
Commodities options	3	–	–
Currency forward contracts	40	–	–
Commodities swaps	655	–	–
Fair value gain on commodity contracts	1,288	–	–
	65,652	583	150
2014			
Interest rate swaps	–	1,193	182
Commodities futures	9,967	–	–
Commodities forward contracts	10	–	–
Currency forward contracts	56	–	–
Commodities swaps	57,603	–	–
	67,636	1,193	182

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as equity prices, commodity prices, interest rates and foreign exchange rates, will affect the Group's income, or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Price risk

Price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk

The Group and the Company hold equity securities which are designated as available-for-sale investments, amounting to $33,672,000 (2014: $68,420,000) (Note 9). A 10% increase or decrease in the underlying equity prices at the reporting date with all other variables held constant would increase or decrease equity by $3,367,200 and $3,367,200 (2014: $6,842,000 and $6,842,000) respectively.

Commodity price risk

The Group uses derivative financial instruments such as commodity futures, commodity option contracts, commodity futures and commodity swaps to hedge certain exposures. The markets used are the London Metal Exchange ("LME") for base metals, such as copper, lead and zinc, the London Bullion Market Association ("LBMA") for gold and silver, and the Intercontinental Exchange ("NYSE: ICE") and the New York Mercantile Exchange ("NYMEX").

The following table presents the quantities by commodity, to which the Group is exposed to commodity price risk. Base metals, such as copper, lead and zinc are shown as, metric tons (mt), precious metals such as gold and silver are shown as ounces (oz).

	Copper mt	Lead mt	Zinc mt	Gold oz	Silver oz	Nickel/ Aluminium mt	Naphtha mt	Tin Ore mt
Group								
2015								
Gross exposure	33,842	1,281	16,166	49,805	867,324	77,276	(19,593)	–
Hedges	(33,889)	(1,687)	(16,125)	(49,967)	(833,681)	(77,313)	19,941	–
Net exposure	(47)	(406)	41	(162)	33,643	(37)	348	–
2014								
Gross exposure	13,822	17,143	50,107	65,057	2,321,999	15,267	(17,942)	15
Hedges	(13,800)	(17,125)	(50,150)	(65,084)	(2,320,609)	(15,250)	21,667	(10)
Net exposure	22	18	(43)	(27)	1,390	17	3,725	5

Exposure to commodity prices is covered by derivatives and therefore, changes to market prices are not expected to significantly impact the Group's financial performance. Changes in weight and content of the metals within the concentrates are not expected to significantly impact the Group's financial performance.

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk

The following loans and borrowings of the Group and the Company bear interests at floating rates (Note 27):

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
USD floating rate loans	41,708	33,811	–	25,854
SGD floating rate loans	304,251	381,028	240,802	318,465
EUR floating rate loans	192	340	–	–
TRY floating rate loans	–	7	–	–
USD floating rate revolving short-term trade facilities	751,395	730,885	–	–
Bank overdrafts	491	4,715	–	–
	1,098,037	1,150,786	240,802	344,319

The Group's earnings are affected by changes in interest rates due to the impact such changes have on short-term cash deposits and debt obligations. The Group's debt obligations are mainly denominated in Singapore dollars and United States dollars. Generally, the Group adopts a conservative approach in interest risk management. The Group's policy is to maintain its borrowings in the appropriate currencies such as to balance risks and cost effectiveness.

The Group enters into interest rate swap contracts to hedge its interest rate risk.

Sensitivity analysis

In managing its interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, any prolonged adverse change in interest rates can have a significant impact on profit or loss.

For the variable rate bank loans, a change of 100 bp in interest rate at the reporting date would increase/(decrease) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	Profit before tax			
	Group		Company	
	100 bp increase $'000	**100 bp decrease $'000**	**100 bp increase $'000**	**100 bp decrease $'000**
2015				
Variable rate loans and borrowings	(10,980)	10,980	(2,408)	2,408
2014				
Variable rate loans and borrowings	(11,508)	11,508	(3,443)	3,443

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk

The Group operates internationally and is exposed to foreign currency risks arising from various currency exposures. Where possible, the Group seeks to minimise its foreign currency exposure in operations by matching its exposure to foreign currency receivables to its exposure to foreign currency payables. The Group may also explore using derivatives to hedge its foreign exchange risk.

The Group seeks to minimise its foreign currency exposures in foreign subsidiaries, associates and joint ventures by repatriating their earnings, where practicable. The Group also requires the foreign subsidiaries, associates and joint ventures to maintain their borrowings in the relevant foreign currencies which match their respective functional currencies.

In respect of the other monetary assets and liabilities held in currencies other than the functional currencies, the Group reviews the balances periodically to ensure the net exposure is kept at an acceptable level.

The Group's and Company's significant exposures to foreign currencies are as follows:

	US Dollar $'000	Singapore Dollar $'000	Euro $'000	Renminbi $'000
Group				
2015				
Non-current loan receivables	2,781	–	27,562	–
Current loan receivables	61,487	1,136	463	–
Trade and other receivables	40,913	41,873	7,353	173,874
Cash and cash equivalents	26,486	5,267	3,941	6,532
Trade and other payables	(55,706)	(365,595)	(5,334)	(163,620)
Loans and borrowings	–	–	(1,410)	–
Net statement of financial position exposure	75,961	(317,319)	32,575	16,786
Forward exchange contracts	–	107,000	–	–
Net exposure	75,961	(210,319)	32,575	16,786
2014				
Non-current loan receivables	2,652	–	30,497	–
Current loan receivables	60,939	1,142	–	–
Trade and other receivables	45,990	62,244	10,258	113,300
Cash and cash equivalents	10,253	5,682	1,248	18,538
Trade and other payables	(59,557)	(310,118)	(3,702)	(59,317)
Loans and borrowings	(25,855)	–	–	(45,416)
Net statement of financial position exposure	34,422	(241,050)	38,301	27,105
Forward exchange contracts	–	39,143	–	–
Net exposure	34,422	(201,907)	38,301	27,105

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk (cont'd)

	US Dollar		Euro	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Company				
Non-current loan receivables	33,902	–	–	–
Current loan receivables	26,809	59,599	–	–
Trade and other receivables	1,981	1,726	–	–
Cash and cash equivalents	10,602	239	1,172	18
Trade and other payables	(6,707)	(10,705)	(87)	–
Loans and borrowings	–	(25,855)	–	–
Net exposure	66,587	25,004	1,085	18

Sensitivity analysis

A 10% strengthening of the Group's major functional currencies against the following currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit before tax		Company Profit before tax	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
US Dollar	(7,596)	(3,442)	(6,659)	(2,500)
Singapore Dollar	21,032	20,191	–	–
Euro	(3,258)	(3,830)	(109)	–
Renminbi	(1,679)	(2,711)	–	–
	8,499	10,208	(6,768)	(2,500)

A 10% weakening of the Group's major functional currencies against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values

Fair value hierarchy

The table below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques as described in note 2.4.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets and liabilities carried at fair value				
Group				
2015				
Available-for-sale financial assets	33,672	44	130,788	164,504
Held-to-maturity financial assets	142,090	–	–	142,090
Financial assets designated at fair value through profit or loss	110	–	–	110
Derivative financial assets				
- Commodities futures	81,236	4,873	–	86,109
- Commodities forward contracts	–	33,042	–	33,042
- Commodities options	50	–	–	50
- Commodities swaps	3,127	–	–	3,127
- Currency forward contracts	–	492	–	492
- Fair value gain on commodity contracts	3,800	–	–	3,800
	264,085	38,451	130,788	433,324
Derivative financial liabilities				
- Interest rate swaps	–	(733)	–	(733)
- Commodities futures	(60,846)	(2,200)	–	(63,046)
- Commodities forward contracts	–	(620)	–	(620)
- Commodities options	(3)	–	–	(3)
- Commodities swaps	(655)	–	–	(655)
- Currency forward contracts	–	(40)	–	(40)
- Fair value loss on commodity contracts	(1,288)	–	–	(1,288)
	(62,792)	(3,593)	–	(66,385)

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Fair value hierarchy (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets and liabilities carried at fair value (cont'd)				
Group (cont'd)				
2014				
Available-for-sale financial assets	68,420	44	61,281	129,745
Financial assets designated at fair value through profit or loss	114	–	–	114
Derivative financial assets				
- Commodities futures	25,578	1,827	–	27,405
- Commodities options	56	–	–	56
- Commodities swaps	45,926	–	–	45,926
- Commodities forward contracts	–	9,463	–	9,463
- Fair value gain on commodity contracts	10,219	–	–	10,219
- Non-structured OTC warrant options	–	5,629	–	5,629
	150,313	16,963	61,281	228,557
Derivative financial liabilities				
- Interest rate swaps	–	(1,375)	–	(1,375)
- Commodities futures	(10,451)	484	–	(9,967)
- Commodities forward contracts	–	(10)	–	(10)
- Commodities swaps	(57,603)	–	–	(57,603)
- Currency forward contracts	–	(56)	–	(56)
	(68,054)	(957)	–	(69,011)
Company				
2015				
Available-for-sale financial assets	33,672	–	–	33,672
Derivative financial assets				
- Currency forward contracts	–	118	–	118
	33,672	118	–	33,790
2014				
Available-for-sale financial assets	68,420	–	–	68,420
Derivative financial liabilities				
- Currency forward contracts	–	95	–	95
	68,420	95	–	68,515

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Fair value hierarchy (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets and liabilities not carried at fair value but for which fair value are disclosed*				
Group				
2015				
Non-current receivables	–	–	19,043	19,043
Medium term notes	–	(298,950)	–	(298,950)
Fixed interest rate bank loans	–	(27,992)	–	(27,992)
	–	(326,942)	–	(326,942)
2014				
Non-current receivables	–	–	8,728	8,728
Medium term notes	–	(197,950)	–	(197,950)
Fixed interest rate bank loans	–	(78,631)	–	(78,631)
	–	(276,581)	–	(276,581)
Company				
2015				
Non-current receivables	–	–	89,611	89,611
Medium term notes	–	(298,950)	–	(298,950)
2014				
Non-current receivables	–	–	19,351	19,351
Medium term notes	–	(197,950)	–	(197,950)

** Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short term nature and where the effect of discounting is immaterial.*

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Fair value hierarchy (cont'd)

The following table shows the carrying amounts and fair values of significant non-financial assets, including their levels in the fair value hierarchy.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets measured at fair value				
Group				
2015				
Warrantable LME commodities	306,298	–	–	306,298
2014				
Warrantable LME commodities	114,777	–	–	114,777

Measurement of fair value

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Available-for-sale financial assets - convertible bonds	*Discounted cash flows*: The valuation model considers the present value of expected cash received upon redemption event, discounted using a risk-adjusted discount rate.	Risk-adjusted discount rate (6.82% (2014: 3.33%)); and Expected fair value of the property.	The estimated fair value would increase/ (decrease) if the risk-adjusted discount factor was lower/(higher); and if the fair value of the property was higher/ (lower).
Available-for-sale financial assets – wealth management products	*Discounted cash flows:* The valuation model considers the present value of expected cash flows expected to be generated on maturity date due in 2016. The expected cash flows are discounted using risk-adjusted discount rate considering the credit risk of the pool of invested financial assets.	Risk-adjusted discount rate. Value of the underlying instruments.	The estimated fair value would increase/ (decrease) if the risk-adjusted discount factor was lower/(higher).

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Measurement of fair value (cont'd)

Financial instruments measured at fair value (cont'd)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Commodities forward contracts	*Market comparison technique*: The fair values are based on exchange or broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.
Commodities futures	*Market comparison technique*: The fair values are based on month end spot and forward prices received from broker.	Not applicable.	Not applicable.
Non-structured OTC warrant options	*Market comparison technique*: The fair values are based on Metal Bulletin publications for month end prices. Forward rates are based on future market development assessment done by trader.	Not applicable.	Not applicable.
Interest rate swaps	*Market comparison technique*: The fair values are based on market value (MTM value) provided by the bank.	Not applicable.	Not applicable.
Currency forward contracts	*Market comparison technique*: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Measurement of fair value (cont'd)

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Fixed interest rate bank loans	*Discounted cash flows.*	Discount rate.	Discount rate.
Group and Company			
Non-current receivables	*Discounted cash flows.*	Risk-adjusted discount rate.	The estimated fair value would increase/ (decrease) if the risk-adjusted discount rate was lower/(higher).
Medium term notes	*Market comparison technique:* The fair values are based on bank quotes. The valuations are calculated on the basis of estimated mid-market levels.	Not applicable.	Not applicable.

Transfer between Level 1 and Level 2

There were no transfers from level 1 to level 2 nor the opposite direction in the reporting and comparative period.

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Measurement of fair value (cont'd)

Level 3 fair value

The following table shows a reconciliation for Level 3 fair value:

	Available-for-sale financial assets $'000
Group	
2015	
At 1 January 2015	61,281
Purchases	70,543
Total losses for the year included in other comprehensive income ("OCI") – net change in fair value	(1,036)
At 31 December 2015	130,788
2014	
At 1 January 2014	–
Purchases	57,535
Total gains for the year included in other comprehensive income ("OCI") – net change in fair value	3,746
At 31 December 2014	61,281

Sensitivity analysis

For the fair values of the available-for-sale financial assets, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	OCI, net of tax	
	Increase $'000	Decrease $'000
31 December 2015		
Risk-adjusted discount rate (1% movement)	(978)	996
Expected fair value of the property (10% movement)	675	(675)
31 December 2014		
Risk-adjusted discount rate (1% movement)	(1,210)	1,252
Expected fair value of the property (10% movement)	686	(686)

43 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Offsetting financial assets and liabilities

The disclosures set out in the table below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement.

	Gross amounts of recognised financial assets/ liabilities $'000	Gross amounts of recognised financial assets/ liabilities offset in the statement of financial position $'000	Net amounts of financial assets/ liabilities presented in the statement of financial position $'000	Related amounts not offset in the statement of financial position – financial instruments $'000	Net amount $'000
Group					
2015					
Type of financial assets					
Derivatives	257,226	(130,606)	126,620	–	126,620
Type of financial liabilities					
Derivatives	196,992	(130,606)	66,386	–	66,386
2014					
Type of financial assets					
Derivatives	114,898	(16,200)	98,698	–	98,698
Type of financial liabilities					
Derivatives	85,211	(16,200)	69,011	–	69,011

44 COMMITMENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Capital commitments:				
- contracted for but not provided	237,861	–	228,538	–
- authorised but not contracted	16,322	315,388	–	300,000
	254,183	315,388	228,538	300,000

The Group and Company lease land, warehouse facilities, offices and motor vehicles under operating leases. The leases typically run for an initial period of 1 to 50 years, with an option to renew the lease after the expiry dates. Lease payments for land are revised on an annual basis to reflect the market rental whilst other lease payments are revised on renewal of lease contracts to reflect market rental. None of the leases include contingent rental.

At the reporting date, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within 1 year	99,891	101,413	69,817	73,648
After 1 year but within 5 years	143,129	203,560	87,510	147,683
After 5 years	291,570	258,694	99,166	60,252
	534,590	563,667	256,493	281,583

The Group and the Company contracted out part of their leasehold buildings to clients under logistic contracts. The contracts typically run for an initial period of 1 to 6 years. Rates are revised at renewal of contract to reflect market rate. None of the contracts include contingent payments. The non-cancellable contract payments receivable are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within 1 year	47,216	69,560	73,656	95,504
After 1 year but within 5 years	98,705	103,100	118,544	122,673
After 5 years	29,423	30,130	30,910	31,618
	175,344	202,790	223,110	249,795

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

45 CONTINGENCIES

The Group is subject to various litigation, regulatory, and arbitration matters in the normal course of business including the following legal claim of a subsidiary in the United States. The Group vigorously defends against these claims and, in the opinion of management, the resolution of these matters will not have a material effect on the financial position of the Group.

A subsidiary had brought a legal action against a customer and broker in the United States in 2011 for the deficit from the customers' hedge account, interest and attorney fees. The customer then counterclaimed for trading losses suffered from the hedge account and related attorney fees. The judge issued a judgement in December 2015 that the subsidiary is liable for the losses, interest and legal costs suffered by the customer. The judge did not award punitive damages to the customer as the judge is of the view that the customer was partly responsible for the losses. A hearing will be held in 2016 to determine the amount of damages. Based on legal advice, the Group did not make a provision for any liability in the financial statement and does not expect the outcome of the action to have a material effect on the Group's financial position.

46 RELATED PARTIES

During the financial year, other than those disclosed elsewhere in the financial statements, the Group had the following significant related party transactions on terms agreed between the parties:

	Entities in which directors have an interest $'000	Associates $'000	Joint ventures $'000	Other related parties $'000
Group				
2015				
Sales of goods and/or services	856	20,324	5,628	10
Purchase of goods and/or services	8,728	5,106	3,074	–
Rental paid	1,945	–	–	–
Interest income from loan	–	138	16	–
2014				
Sales of goods and/or services	3,553	22,674	6,708	15
Purchase of goods and/or services	4,289	6,371	4,034	–
Rental paid	633	–	–	–
Interest income from loan	–	94	37	–

47 SUBSEQUENT EVENTS

The significant subsequent events that arose after 31 December 2015 are as follows:

(a) The directors approved an interim one-tier dividend of 6.0 cents per ordinary share amounting to $36,018,279. The dividend has not been provided for in the financial statements as at 31 December 2015.

(b) On 18 March 2016, the Company increased its shareholding in its subsidiary, Teng Lee Green Pack Pte Ltd, from 95% to 100% for a consideration of $1,025,000.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

48 COMPARATIVE INFORMATION

During the year, pursuant to an exercise to ascertain the appropriate accounting presentation of specific transactions undertaken by the commodity marketing subsidiaries, management decided to re-evaluate the accounting presentation of all existing transactions of similar nature, including those entered into during the 2014 financial year. Consistent with the contractual terms and the commercial objective of these trades, management choose to present revenue and the costs of sales of certain transactions on a net basis in the statement of profit or loss. Management believes this is a more appropriate reflection of the nature and the underlying economic substance of these transactions. The change in presentation did not have any effect on the Group's reported profit for the year, earnings per share, statement of financial position, and statement of cash flows.

As a result of the net presentation, the reported revenue and costs of sales from commodity marketing for the financial year ended 31 December 2014 have been reduced by $1,000,135,000. The following table summarises the impacts resulting from the above reclassification:

	Group		
	As previously reported FY2014 $'000	**Reclassification $'000**	**As restated FY2014 $'000**
Consolidated income statement			
Revenue	15,194,487	(1,000,135)	14,194,352
Cost of sales	(14,863,684)	1,000,135	(13,863,549)
Gross profit	330,803	–	330,803
Segment reporting - Information about reportable segment			
External revenue - Commodity marketing	13,934,681	(1,000,135)	12,934,546
External revenue - Total	15,194,487	(1,000,135)	14,194,352
Segment reporting - Geographical information			
Revenue from external customer			
China	5,916,888	(941,007)	4,975,881
Singapore	3,081,914	(9,067)	3,072,847
Malaysia	1,473,078	(50,027)	1,423,051
North America	47,885	(34)	47,851
Total	10,519,765	(1,000,135)	9,519,630

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting of the shareholders of CWT Limited (the "**Company**") will be held at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039 on 22 April 2016 at 5.00pm for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions relating to both ordinary and special businesses which will be proposed as ordinary resolutions.

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2015, and the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To approve Directors' fees of S$790,000 for the financial year ended 31 December 2015 (2014: S$790,000). **(Resolution 2)**

3. To re-elect the following Directors pursuant to Article 92 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election:

   Dr Tan Wee Liang **(Resolution 3)**

   Dr Hu Jian Ping **(Resolution 4)**

4. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions with or without amendments as Ordinary Resolutions:

5. That pursuant to Section 161 of the Singapore Companies Act (Cap. 50) ("**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the directors of the Company ("**Directors**") to:

   (A) (i) issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise);

   (ii) make or grant offers, agreements or options or awards (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares; and

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues,

   at any time and upon such terms and conditions, and for such purposes, and to such persons as the Directors may in their absolute discretion deem fit; and

   (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

   (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50 percent of the total number of issued Shares excluding any treasury shares (as calculated in accordance with sub-paragraph (2) below) of which the

aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20 percent of the total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above:

(i) the total number of issued Shares, excluding treasury shares, shall be calculated based on the total number of issued Shares, excluding treasury shares, at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(ii) in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier[1]. **(Resolution 6)**

6. That:

(A) for the purposes of Sections 76C and 76E of the Companies Act (Cap. 50) ("**Companies Act**"), the exercise by the directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("**Share Buy-Backs**") in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time, up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market Share Buy-Backs (each an "**On-market Share Buy-Back**") transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market Share Buy-Backs (each an "**Off-market Share Buy-Back**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with the applicable provisions of the Companies Act and the Listing Manual of the SGX-ST, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(B) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time, and from time to time during the period commencing from the date of the passing of this Resolution, and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company ("**AGM**") is held or required by law to be held;

(ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; and

(iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company in general meeting;

(C) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of Shares as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Price**" in relation to a Share to be purchased or acquired means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other purchase-related expenses) to be paid for a Share, which shall not exceed:

(i) in the case of an On-market Share Buy-Back, 5% above the average of the closing market prices of the Shares over the last 5 market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day of the On-market Share Buy-Back by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and

(ii) in the case of an Off-market Share Buy-Back pursuant to an equal access scheme, 20% above the average of the closing market prices of the Shares over the last 5 market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day on which the Company announces its intention to make an offer under an Off-market Share Buy-Back, stating the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and

(D) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated by this Resolution[(2)]

(Resolution 7)

7. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(1) Ordinary Resolution No. 6, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further Shares and Instruments in the Company, including a bonus or rights issue. The maximum number of Shares which the Directors may issue under this Resolution shall not exceed the quantum set out in the Resolution.

(2) Ordinary Resolution No. 7 is to renew the Share Buy-Back Mandate which was originally approved by shareholders on 23 April 2015. Please refer to **Appendix 1** to this Notice of Annual General Meeting for details.

By Order of the Board

Madam Lye Siew Hong (Mrs Lynda Goh)
Company Secretary
7 April 2016

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. If a proxy is to be appointed, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney, must be duly deposited at the registered office of the Company at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

3. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instruction appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives relating to the Annual General Meeting (including any adjournment thereof); and

(ii) warrants that where the member discloses the personal data of the member's proxy and/or representative to the Company (or its agents), the member has obtained all necessary consents to do so, and that the Company (or its agents) may collect, use and disclose such personal data for the purposes above.

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CWT LIMITED

(Company Registration No.: 197000498M)
(Incorporated in the Republic of Singapore)

PROXY FORM
FOR ANNUAL GENERAL MEETING

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting and vote must submit their voting instructions to their CPF Approved Nominees so that their CPF Approved Nominees may register within the specified time frame, with the Company.
4. **Please read the notes to the Proxy Form.**

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

*I/We _____ of

_____

being a *member/members of CWT Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

or failing *him/her, the Chairman of the Annual General Meeting (the "**Annual General Meeting**") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039 on 22 April 2016 at 5.00pm and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

* Please delete whichever is not applicable accordingly.

No.	ORDINARY RESOLUTIONS	For	Against
1.	Approval and adoption of Audited Accounts for the financial year ended 31 December 2015 and the Directors' Report and the Auditors' Report thereon		
2.	Approval of the Directors' fees for the financial year ended 31 December 2015		
3.	Re-election of Dr Tan Wee Liang as Director		
4.	Re-election of Dr Hu Jian Ping as Director		
5.	Re-appointment of Auditors and authorising the Directors to fix their remuneration		
6.	Authorise Directors to allot and issue new shares		
7.	Renewal of the Share Buy-Back Mandate		

Please indicate your vote with a tick (**✓**) within the boxes above either **"For"** or **"Against"** the respective resolutions.

Signed this _____ day of _____ 2016.

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

_____
Signature(s) of Shareholder(s) or Common Seal

IMPORTANT:

Please read the notes below:

Notes:

1. *Please insert the total numbers of shares held by you on the Proxy Form. If you have shares entered against your name in the Depository Register (as defined in Section 81F of the Securities and Futures Act (Cap. 289) ("SFA")), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.*

2. *A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.*

3. *Where a member appoints more than one proxy, the appointments shall be in the alternative unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.*

4. *A member who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.*
   A "relevant intermediary" means:
   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   (b) a capital markets services licence holder which provides custodial services for securities under the SFA and holds shares in that capacity; or
   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

5. *The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039, not less than 48 hours before the time appointed for the Annual General Meeting.*

6. *The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be either under its common seal or under the hand of an attorney appointed in writing by the member.*

7. *Where the instrument of proxy is executed by an attorney, the relevant power of attorney or an office copy or notarially certified copy of the power of attorney must be received by the Company at least 48 hours before the time notified for the Annual General Meeting.*

8. *A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act.*

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2016.

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