

ECOM Agrotrade Limited

Report and Financial Statements for the period 1 October 2013 to 31 December 2014



Company Registration No. 03576004

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ECOM Agrotrade Limited

Report and Financial Statements 2014

Contents

Strategic report	2
Directors' report for the period ended 31 December 2014	4
Statement of directors' responsibilities	6
Independent Auditors' Report to the Members of ECOM Agrotrade Limited	7
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11

ECOM Agrotrade Limited

Strategic report

The directors present their strategic report on the company for the period 1 October 2013 to 31 December 2014.

Principal activities and business review

The principal activity of ECOM Agrotrade Limited ("the Company") is that of procurement and trading of physical commodities, primarily cocoa beans and to a lesser extent raw and refined sugar and coffee. The Company further offers tailored risk management solutions to producers and users of agricultural commodities and provides financing and stock management services to selected customers and trading partners. On 10 June 2014 the Company changed its name from Armajaro Trading Limited.

The Board monitors performance of its underlying operations on an ongoing basis and uses key performance indicators (KPIs) to measure its performance against set benchmarks, including budget and prior year data.

In this regard the Directors do not believe that for this period an analysis of the KPIs is necessary for an understanding of the development, performance or position of the Company's business.

The principal risks and uncertainties are market risks arising from changes in international and local commodity prices, liquidity risk, counterparty risk, capital risk and foreign exchange risk.

Financial results and dividends

The result for the period 1 October 2013 to 31 December 2014, after taxation was a profit of US\$38,756,000 (2013: loss US\$146,494,000). The directors do not recommend the payment of a dividend (2013: US\$ nil). Total shareholders' funds amount to US\$75,778,000 (2013: deficit US\$62,485,000).

Future prospects

The Company plans to continue with its current operations of the trading of cocoa beans, coffee and sugar. The Company and its subsidiaries were acquired on the 12 November 2013 by ECOM Agroindustrial Corporation Limited ("ECOM") and the Directors are confident, based on the support received from ECOM that the Company and the group will continue to operate for the foreseeable future as a going concern.

Financial risk management policies and objectives

The Company and its subsidiaries operate in a highly competitive market and are exposed to a variety of operational and financial risks. The Company's subsidiaries operate under a comprehensive risk management framework, established by the ultimate parent ECOM, to ensure that risks arising from its business are identified, measured, monitored and managed. Risk management guidelines and policies are set by the Board of ECOM and its Group Risk Committee. All subsidiaries are required to adhere to these policies and procedures. Segregation of duties between trading desks and centralised risk management, a strong professional set up and strict trading and counterparty position monitoring are key pillars of the Company's set up.

Market risk – commodity price risk

As a commodity trading business, the Company is inherently exposed to market price movements, in particular from commodity price movements, and their impact on the performance of the business. The Company manages its exposure by matching physical purchase and sales contracts and by hedging exposures on the commodity futures and foreign exchange markets.

The Company hedges its physical commodity positions and as such management does not deem an analysis of the sensitivity to concentration of price risk to be material.

Market risk - Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to EUR, GBP and Ghanaian Cedis. Management has a policy that requires companies to hedge material foreign exchange risk back to the US dollar.

ECOM Agrotrade Limited

Strategic report (continued)

Interest rate risk

The majority of the Company's borrowings are to finance working capital and inventory requirements for which the rates can be variable. The Company is therefore exposed to the risk of movements in interest rates. The majority of the Company's financing requirements are of a short-term nature. The Company deems this method of borrowing to be the most suited to its business model and financing needs as the forward price of commodities generally reflects underlying interest rates.

Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its obligations when they fall due. The Company endeavours to maintain sufficient cash and adequate credit facilities to meet its obligations at all times. The Company's liquidity position is monitored by a centralised treasury function and short-term cash requirements and long-term funding projections are constantly reviewed to manage the funding requirements and the Company enjoys access to its parent's (ECOM) funding pool.

Capital risk management

The Company is a wholly owned subsidiary of ECOM and the group is funded by a mix of equity capital, shareholder's loans and committed and uncommitted bank facilities. As part of its regular business planning process, in conjunction with ECOM, consideration is given to future capital and debt requirements. In the period prior to its acquisition by ECOM, ECOM Agrotrade Limited, which had previously incurred operating losses, was recapitalised by ECOM Agroindustrial Corporation Limited with a capital injection of \$100,000,000.

Counterparty risk

The Company is exposed to performance risk, where commodities are purchased or sold for forward delivery, and credit risk, where sales are on credit terms or have some form of settlement risk. All of the Company's counterparties must therefore be approved in accordance with the counterparty risk management policy, setting exposure limits for credit terms, quantity and forward duration and sub-limits for price fixed and forward exposures. Monitoring of counterparty exposures is performed and variances and breaches are reported in accordance with policy; trades, which would result in limit breaches, may not be entered into without prior authorisation by the appropriate level of authority.

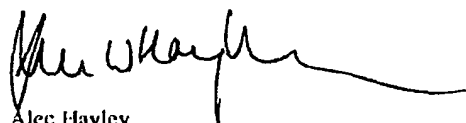
Counterparty exposures are monitored against their limits by reference to the net commodity positions and mark-to-market valuations by counterparty. Derivative financial instruments have been reported in the financial statements on a gross basis and represent the Company's maximum exposure to credit risk. However, the breakdown of trade debtors by credit quality is reported in note 6 to the financial statements.

Where possible cash is held with European banks, or their overseas subsidiaries whose credit rating are 'BBB' or better.

Use of financial instruments

The Company uses financial instruments in its operating activities that are appropriate to its strategy and circumstances, such as hedging the physical purchase and sale of commodities.

The Strategic report was approved by the Board of Directors on 1 July 2015 and signed on its behalf by



Alec Hayley
Director
1 July 2015

ECOM Agrotrade Limited

Directors' report

The directors present their report and consolidated audited financial statements for the period 1 October 2014 to 31 December 2014. There were no dividends declared or paid during the period (2013: \$nil).

Going concern

The directors continue to adopt the going concern basis in preparing the annual report and financial statements, as set out in note 1, Accounting policies, on page 11.

Future prospects

See the Strategic report above for the future prospects of the Company.

Employees

The Company has 45 employees.

Equal opportunities

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment of disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company aims to continue employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests.

Directors

The directors who served throughout the period and to the date of this report, except as noted, were as follows:

Alain Poncelet (appointed 12 November 2013)
Alec William Hayley (appointed 3 June 2014)
Mark Dendle (appointed 12 November 2013)
Nicolas de Wasseige (appointed 16 September 2014)
Anthony William Edward Venables (resigned 8 October 2013)
David Paul Tregar (resigned 23 May 2014)
Guy Henry Toller (resigned 13 November 2013)
Nicholas Reginald Peter Debenham (resigned 13 November 2013)
Richard Ivon Alexander Gower (resigned 23 May 2014)
Stephanie Pateman (resigned 13 November 2013)

Financial risk management policies and objectives

The Company and its subsidiaries operate in a highly competitive market and are exposed to a variety of operational and financial risks. The Company and its subsidiaries operate under a comprehensive risk management framework, established by the ultimate parent ECOM, to ensure that risks arising from its business are identified, measured, monitored and managed. Risk management guidelines and policies are set by the Board of ECOM and its group Risk Committee. All subsidiaries are required to adhere to these policies and procedures. Segregation of duties between trading desks and centralised risk management, a strong professional set up and strict trading and counterparty position monitoring are key pillars of the group's set up.

Please refer to the Strategic report for discussion of the principal risks faced by the Company and risk management policies and objectives.

ECOM Agrotrade Limited

Directors' report (continued)

Statement of disclosure of information to auditors'

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP were appointed on 1 December 2013 and expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Board Meeting.

The financial statements on pages 9 to 25 were approved by the Board of Directors on 1 July 2015 and signed on its behalf by



Alec Hayley
Director
1 July 2015

55 Old Broad Street
London
EC2M 1RX

ECOM Agrotrade Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ECOM Agrotrade Limited

Independent auditors' report to the members of ECOM Agrotrade Limited

Report on the financial statements

Our opinion

In our opinion, ECOM Agrotrade Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of the company's profit and cash flows for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

ECOM Agrotrade Limited's financial statements comprise:

- the company balance sheet as at 31 December 2014;
- the profit and loss account for the period then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

ECOM Agrotrade Limited

Independent auditors' report to the members of ECOM Agrotrade Limited (*continued*)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

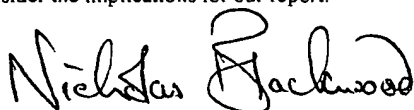
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Nicholas Blackwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 July 2015

ECOM Agrotrade Limited

Profit and loss account Period 1 October 2013 to 31 December 2014

		Period ended 31 Dec 2014 US\$'000	Year ended 30 Sep 2013 US\$'000
	Notes		
Turnover		1,165,396	1,179,202
Cost of sales		(1,139,134)	(1,183,156)
Gross profit / (loss)		26,262	(3,954)
Administrative expenses		(36,181)	(137,295)
Investment income		38,082	15,305
Other expenses		(68)	(474)
Operating profit / (loss)		28,095	(126,418)
Interest receivable and similar income		16	3,008
Interest payable and similar charges		(20,452)	(14,361)
Foreign exchange gain		5,969	-
Profit / (loss) on ordinary activities before taxation	2	13,628	(137,771)
Tax on profit / (loss) on ordinary activities	4	25,128	(8,723)
Profit / (loss) for the financial period on ordinary activities after taxation		38,756	(146,494)

All operations of the Company continued throughout both periods and no operations were acquired or discontinued.

The accompanying notes on pages 11 to 25 are an integral part of these financial statements.

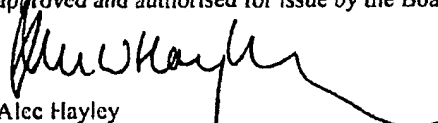
ECOM Agrotrade Limited

Balance sheet 31 December 2014

	Notes	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
Fixed and non current assets			
Investments	6	18,026	45,112
Loans to group undertakings		-	400
Available-for-sale financial assets		-	2,088
Tangible assets	5	193	517
		<u>18,219</u>	<u>48,117</u>
Current assets			
Stocks	14	89,486	119,772
Debtors	7	327,786	290,093
Cash at bank and in hand		550	10,817
		<u>417,822</u>	<u>420,682</u>
Creditors: amounts falling due within one year	8	(355,175)	(498,087)
Net current assets/(liabilities)		<u>62,647</u>	<u>(77,405)</u>
Total assets less current liabilities		<u>80,866</u>	<u>(29,188)</u>
Provisions for liabilities and charges	10	(5,088)	(33,197)
Net assets/(liabilities)		<u>75,778</u>	<u>(62,485)</u>
Capital and reserves			
Called up share capital	11	154,300	54,300
Profit and loss account	13	(78,522)	(117,278)
Other reserves	13	-	493
Total shareholders' funds/(deficit)	12	<u>75,778</u>	<u>(62,485)</u>

The accompanying notes on pages 11 to 25 are an integral part of these financial statements.

These financial statements of ECOM Agrotrade Limited, registration number 03576004, were approved and authorised for issue by the Board of Directors on 1 July 2015.


Alce Hayley
Director

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice "UK GAAP"). The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year.

Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, under the historical cost convention, modified to include the revaluation of stock and derivative financial instruments.

Consolidation of financial statements

The company is a wholly-owned subsidiary of ECOM and is included in their consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Cash flow statement

In accordance with the exemption allowed by paragraph 5(a) of FRS 1, a cash flow statement for the Company has not been provided.

Segmental reporting

The Directors believe that providing segmental information would be prejudicial to the Company for commercial reasons as it would disclose sensitive information. Therefore segmental information will not be provided in the notes to the financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic and Directors' Reports on pages 2 to 5. The financial position of the Company, its liquidity and risk position are set out in this report. In addition, these reports include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company is a subsidiary of ECOM Agrotrade Holdings Limited ("ECOM") and the Directors are confident, based on the support received from ECOM that the Company will continue to operate for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the annual report and financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than land, at rates calculated to write off the cost or valuation, less estimated residual value of each asset on a straight-line basis over its expected useful life as follows:

Fixture and fittings	3 years
Motor vehicles	3 – 5 years
Computer equipment	2 – 3 years
Software	7 – 10 years

Residual value is calculated on prices prevailing at the date of acquisition.

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 *(continued)*

1. Accounting policies (continued)

Available-for-sale financial assets

Investments are held as available for sale. Investments in equity instruments that do not trade in an active market and whose fair value cannot be reliably measured are measured at cost. In the case of associates transferred to available-for-sale, measurement of cost is estimated as the proportion of the net asset value at the recognition date.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are entities controlled by the Company, where control is the power directly or indirectly to govern the financial and operating policies of the entity so as to obtain benefit from its activities. Investments in subsidiary undertakings are shown at cost less provision for impairment.

Stocks

Stocks are stated at market value at the balance sheet date. The directors consider that this method of valuation, whilst departing from standard accounting practice of valuation at lower of cost and net realisable value in the UK and from the Companies Act 2006, reflects more fairly the underlying transactions of the Company because the Company hedges its physical commodities with financial instruments, which are fair valued. Therefore to give a fairer view the stocks are also fair valued to match the profit and loss streams. The Company's systems do not facilitate the tracking of the historical cost of stocks, and therefore it is not possible to quantify the difference between the market value and the lower of cost and net realisable value of stocks.

Loans to group undertakings

Loans to group undertakings are stated at cost less provision for impairment.

Turnover

Turnover represents sales of physical commodities which are accounted for on an accruals basis, being recognised on invoicing of sales. An analysis of turnover by geographical area has not been presented as the directors believe the disclosure of such information would be seriously prejudicial to the interests of the Company. The Company has no other material business activities beyond those set out in the Strategic Report.

Dividends

Dividends are recognised in the period in which they are declared or paid.

Foreign currency

The Company uses the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in US dollars which is the Company's presentation currency. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 (continued)

1. Accounting policies (continued)

Taxation and deferred taxation

Corporation tax payable is provided on taxable profits at the rate that has been currently enacted or substantively enacted. Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when these timing differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company has become a party to the contractual provisions of the instrument. Financial instruments are de-recognised when all the de-recognition criteria of FRS 26 are met and the Company no longer controls the contractual rights that comprise the financial instrument.

This is normally the case when the instrument is sold, or all of the cash flows attributable to the instrument are passed through to an independent third party. Long term contracts are included within financial instruments as appropriate and valued accordingly.

Financial assets

Financial assets are classified into the following specific category;

Fair value through profit or loss

Stocks are classified as held for trading, as they have been acquired principally for the purpose of selling in the near future and are measured at fair value, being the mark-to-market valuation derived from exchange quoted closing prices (as detailed above). Profits and losses arising therefrom are recognised in the profit and loss account.

The Company classifies its derivative financial instruments as held for trading. These amounts include unrealised gains from exchange traded futures and options and from a mark-to-market valuation on forward physical contracts. The fair value of exchange traded futures and options are the NYSE Euronext and ICE Futures U.S. quoted closing prices on the balance sheet date. The mark-to-market valuation used for forward physical contracts is also derived from these quoted closing prices. Profits and losses arising therefrom are recognised in the profit and loss account.

Loans and receivables

Trade and other debtors that have determinable payments that are not quoted in an active market are classified as loans and receivables. They are measured at amortised cost using the effective interest rate method, less any impairment.

Cash

Cash comprises cash on hand and demand deposits, which may be accessed without penalty.

Financial liabilities

Financial liabilities are classified into the following specific categories:

Fair value through profit or loss

The Company classifies its derivative financial instruments as held for trading. These amounts include unrealised losses from exchange traded futures and options and from a mark-to-market valuation on forward physical contracts. The fair value of exchange traded futures and options are the NYSE Euronext and ICE Futures U.S. quoted closing prices on the balance sheet date. The mark-to-market valuation used for forward physical contracts is also derived from these quoted closing prices. Profits and losses arising therefrom are recognised in the profit and loss account.

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 (continued)

1. Accounting policies (continued)

Other financial liabilities

This includes bank loans and overdrafts, and trade and other creditors. Other financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

2. Profit / (loss) on ordinary activities before taxation

Profit / (loss) on ordinary activities before taxation is stated after charging:

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
Auditors' remuneration for the audit of the Company financial statements	576	348
Auditor's remuneration for other services	2,263	385
Depreciation	277	1,731
Operating lease payments – land and buildings	2,226	1,530

3. Staff costs

Particulars of employees (including executive directors) of the company are as shown below:

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
Employee costs during the period amounted to:		
Wages and salaries	18,176	21,827
Social security costs	1,262	2,117
Other pension costs	200	294
	<u>19,638</u>	<u>24,238</u>

The monthly average number of persons employed by the company during the period was as follows:

	31 Dec 2014 No.	30 Sep 2013 No.
Management	4	13
Trading and Operations	35	47
Contractors	6	8
	<u>45</u>	<u>68</u>

The remuneration of the directors who received remuneration for their qualifying service to the Company was \$403,579 (2013: \$4,391,249), of which \$nil (2013: \$534,581) relates to share based payments. At the time of issue the vesting period was not determined and the scheme was amended and paid out in cash. The highest paid director received remuneration of \$172,063 (2013: \$929,215).

A total of \$118,099 (2013: \$971,710) for compensation to Directors was paid in the period in relation to loss of office.

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 *(continued)*

4. Tax on profit / (loss) on ordinary activities

a) Analysis of tax credit / (charge) in the period

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
Current tax		
UK Corporation tax charge at 21.8% (2013: 23.5%)	-	(1,000)
Total current tax charge for the year	-	(1,000)
Deferred tax		
Origination and reversal of timing differences	25,128	-
Adjustment in respect of prior years	-	(7,723)
Total deferred tax (note 9)	25,128	(7,723)
Tax credit / (charge) on loss on ordinary activities	25,128	(8,723)

- b) The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 21.8%. The current year tax charge is lower than that arising from applying the standard UK rate of corporation tax of 21.8% (2013: 23.5%). The differences are explained below:

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
Profit / (loss) on ordinary activities before taxation	13,628	(137,771)
Tax (charge) / credit at 21.8% (2013: 23.5%)	(2,971)	32,376
Effects of:		
Non-taxable income/deductible expenses	8,551	-
Tax losses carried forward	(5,580)	(32,376)
Losses utilised	-	(1,000)
Current tax charge for the period	-	(1,000)

c) Factors that may affect the future tax charge

During the period, changes in the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015 were substantively enacted. Deferred tax balances have been calculated using the most recently enacted rate of 20%.

The Company has an unrecognized deferred tax asset of \$3,500,000 (2013: \$35,294,000) relating to tax losses carried forward.

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 *(continued)*

5. Tangible assets

	Fixtures and fittings US\$'000	Computer and office equipment US\$'000	Other US\$'000	Total US\$'000
Cost				
At 1 October 2013	825	1,781	-	2,606
Additions	-	-	143	143
Impairment	(825)	(79)	-	(904)
31 December 2014	-	1,702	143	1,845
Accumulated depreciation				
At 1 October 2013	793	1,296	-	2,089
Charge for the period	-	277	-	277
Impairment	(793)	79	-	(714)
31 December 2014	-	1,652	-	1,652
Net book amount				
At 1 October 2013	32	485	-	517
31 December 2014	-	50	143	193

Other represents capital costs associated with work in progress on the fitting out of a new office.

6. Investments

Principal investments in subsidiary undertakings

The Company has investments in the following subsidiary undertakings, which principally affected the profits or net assets of the group:

Subsidiary undertakings	Principal activity	Country of incorporation	Holding	Class of Share
Armajaro (Ghana) Limited	Commodity procurement	Ghana	85%	Ordinary
Armajaro OTC Limited	Risk solutions	UK	75.5%	Ordinary
Armajaro Nigeria Limited	Commodity procurement	Nigeria	100%	Ordinary

	Shares in subsidiary undertakings US\$'000	Shares in associates US\$'000	Total investments US\$'000
At 1 October 2013	45,112	-	45,112
Disposals	(35,899)	-	(35,899)
Additions	-	8,913	8,913
Provisions	(100)	-	(100)
At 31 December 2014	9,113	8,913	18,026

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 (continued)

7. Debtors

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
Gross trade debtors	44,827	87,210
Provision for doubtful debts	(648)	(1,969)
Trade debtors	44,179	85,241
Financial instruments held for trading	61,797	59,326
Amounts owed by parent company	692	324
Amounts owed by group undertakings	109,397	116,059
Deferred tax asset	25,128	-
VAT	1,701	713
Other debtors	71,767	25,523
Prepayments and accrued income	13,125	2,907
	<u>327,786</u>	<u>290,093</u>

In addition to the deferred tax asset noted above the company has an unrecognized deferred tax asset as set out in note 4.

The ageing of the trade debtors, which are past due but not impaired is the following:

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
0-30 days past due	7,566	8,622
31-60 days past due	36	68
61-90 days past due	11	-
Greater than 90 days past due	162	1,593
	<u>7,775</u>	<u>10,283</u>

The credit quality of trade debtors that are neither past due nor impaired is assessed by reference to an internal credit score. The internal credit score is assessed based on a range of criteria including but not limited to net worth, annual pre-tax profits and country of residence. The resultant credit score is classified into the 3 credit quality categories, with A grade being of high quality, for example blue chip institutions, and C grade being of low quality, for example non-investment grade;

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
A	11,831	46,256
B	21,981	18,286
C	2,592	10,416
	<u>36,404</u>	<u>74,958</u>

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 *(continued)*

7. Debtors (continued)

Movements on the provision for impairment of trade debtors are as follows:

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
At 1 October 2013	1,969	282
Provision for trade debtors	39	1,687
Provision utilised or released in the year	(1,360)	-
At 31 December 2014	648	1,969

8. Creditors: amounts falling due within one year

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
Bank loans and overdrafts	-	368,205
Trade creditors	11,012	22,407
Financial instruments held for trading	22,371	48,417
Amounts owed to group undertakings	299,051	11,759
Social security creditor	1,323	1,102
VAT payable	866	-
Other liabilities	2,507	15,449
Accruals and deferred income	18,045	30,748
	355,175	498,087

The Company has granted a floating charge on fixed assets, stock and receivables to secure bank loans of US\$ nil (30 Sep 2013: US\$250,705,000).

9. Deferred tax

	US\$'000
Deferred tax asset at 1 October 2013	-
Deferred tax profit in profit and loss account	25,128
Net deferred tax asset at 31 December 2014	25,128

The Company has recognised the deferred tax asset relating to trading losses carried forward.

10. Provisions for liabilities and charges

	Contractual disputes US\$'000	Onerous leases US\$'000	Total US\$'000
At 1 October 2013	29,197	4,000	33,197
Utilised in the period	(27,569)	(541)	(28,110)
Total	1,628	3,459	5,088

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 (continued)

11. Called up share capital

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
Called up and fully paid		
Ordinary shares of US\$1 each		
At 1 October 2013:	24,300	24,300
Allotment of shares of US\$1 each	75,000	-
Preferred Ordinary shares of US\$1 each		
At 1 October 2013:	55,000	-
Called up and partially paid		
55,000 Preferred Ordinary shares of US\$1 each	-	30,000
At 31 December 2014	154,300	54,300

On 30 June 2014 the Company capitalised its intercompany debt of \$75,000,000 to Ordinary shares of \$1 each. On 12 November 2013 Armajaro Trading Group Limited transferred 100% of its shareholding to ECOM Agroindustrial Corporation Limited. During the period the Preferred Ordinary shares were fully paid.

Preferred Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

12. Reconciliation of movements in shareholders' funds / (deficit)

	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
Opening shareholders' (deficit) / funds	(62,485)	83,516
Additional share capital	100,000	-
Profit / (loss) for the financial period	38,756	(146,494)
Other reserves movement (note 13)	(493)	493
Closing shareholders' funds / (deficit)	75,778	(62,485)

13. Reserves

	Other reserves US\$'000	Profit and loss account US\$'000	Total US\$'000
1 October 2013	493	(117,278)	(116,785)
Profit/(loss) for the financial period	-	38,756	38,756
Reversal of Available-for-sale financial assets	(493)	-	(493)
31 December 2014	-	(78,522)	(78,522)

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 *(continued)*

14. Financial instruments

FRS 29 Financial Instruments: Disclosure contains definitions of financial assets and liabilities and describes different categories of each. Below is an analysis of the financial assets and liabilities and their categories.

		At fair value through profit and loss	Loans and receivables	Cash and cash equivalents
	Notes	US\$'000	US\$'000	US\$'000
Financial assets – 2014				
Stocks held for trading	(a)	89,486	-	-
Trade and other debtors	(b)	-	240,937	-
Derivative financial instruments	(c)	61,797	-	-
Cash at bank and in hand		-	-	8,219
31 December 2014		151,283	240,937	8,219
Financial assets – 2013				
Stocks held for trading	(a)	119,772	-	-
Trade and other debtors	(b)	-	230,767	-
Derivative financial instruments	(c)	59,326	-	-
Cash at bank and in hand		-	-	10,817
30 September 2013		179,098	230,767	10,817

- (a) Stocks held for trading are treated as financial assets and are fair valued.
- (b) Trade and other debtors principally comprise amounts due from counterparties in respect of physical commodity contracts.
- (c) Derivative financial instruments represent fair value gains on forward physical and futures commodity contracts.

The carrying value of financial assets recorded in the financial statements represents the maximum credit risk exposure for the group. None of the financial assets are secured by collateral or other credit enhancements. The directors consider that the carrying amount of financial assets approximate to their fair value.

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 *(continued)*

14. Financial instruments (continued)

Financial liabilities - 2014		At fair value through profit and loss US\$'000	Other US\$'000
	Notes		
Amounts falling due within one year			
Trade and other creditors	(d)	-	337,892
Bank loans and overdrafts	(e)	-	7,669
Derivative financial instruments	(f)	22,371	-
31 December 2014		22,371	345,561

Financial liabilities - 2013		At fair value through profit and loss US\$'000	Other US\$'000
	Notes		
Amounts falling due within one year			
Trade and other creditors	(d)	-	81,465
Bank loans and overdrafts	(e)	-	368,205
Derivative financial instruments	(f)	48,417	-
30 September 2013		48,417	449,670

- (d) Trade and other creditors principally comprise amounts due to counterparties in respect of amounts due under physical commodity contracts.
- (e) Bank loans and overdrafts principally represent borrowings provided under uncommitted credit facilities.
- (f) Derivative financial instruments represent fair value losses on forward physical and futures commodity contracts.

The directors consider that the carrying amount of financial liabilities approximates to their fair value.

Unrealised gains and losses arising on financial instruments

	31 Dec 2014	30 Sep 2013
	US\$'000	US\$'000
Derivative financial instruments (net)	28,517	45,875

Maturity profile of financial liabilities

The table below reflects the contractual maturities of the Company's financial liabilities as at the period end:

	Repayable on demand US\$'000	Due within 3 months US\$'000	Total US\$'000
2014			
Trade and other creditors	-	337,892	337,892
Bank loans and overdrafts	7,669	-	7,669
Derivative financial liabilities	-	22,371	22,371
	7,669	360,263	367,932

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 (continued)

14. Financial instruments (continued)

	Repayable on demand US\$'000	Due within 3 months US\$'000	Total US\$'000
2013			
Trade and other creditors	-	81,465	81,465
Bank loans and overdrafts	368,205	-	368,205
Derivative financial liabilities	-	48,417	48,417
	<u>368,205</u>	<u>129,882</u>	<u>498,087</u>

Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
2014				
Financial assets				
Stocks held for trading	-	89,486	-	89,486
Derivative financial instruments	18,844	42,953	-	61,797
Total	<u>18,844</u>	<u>132,439</u>	<u>-</u>	<u>151,283</u>

Financial liabilities				
Derivative financial instruments	3,092	19,279	-	22,371
Total	<u>3,092</u>	<u>19,279</u>	<u>-</u>	<u>22,371</u>

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
2013				
Financial assets				
Stocks held for trading	-	119,772	-	119,772
Derivative financial instruments	16,721	42,605	-	59,326
Total	<u>16,721</u>	<u>162,377</u>	<u>-</u>	<u>179,098</u>

Financial liabilities				
Derivative financial instruments	18,896	29,521	-	48,417
Total	<u>18,896</u>	<u>29,521</u>	<u>-</u>	<u>48,417</u>

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 (continued)

14. Financial instruments (continued)

Financial risk management policies and objectives

The Company and its subsidiaries operate in a highly competitive market and are exposed to a variety of operational and financial risks. The Company's subsidiaries operate under a comprehensive risk management framework, established by the ultimate parent ECOM, to ensure that risks arising from its business are identified, measured, monitored and managed. Risk management guidelines and policies are set by the Board of ECOM and its Group Risk Committee. All subsidiaries are required to adhere to these policies and procedures. Segregation of duties between trading desks and centralised risk management, a strong professional set up and strict trading and counterparty position monitoring are key pillars of the Company's set up.

Market risk – Commodity price risk

As a commodity trading business, the Company is inherently exposed to market price movements, in particular from commodity price movements, and their impact on the performance of the business. The Company manages its exposure by matching physical purchase and sales contracts and by hedging exposures on the commodity futures and foreign exchange markets.

The Company hedges its physical commodity positions and as such management does not deem an analysis of the sensitivity to concentration of price risk to be material.

Market risk – Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to EUR, GBP and Ghanaian Cedis. Management has a policy that requires companies to hedge material foreign exchange risk back to the US dollar, as such management does not deem an analysis of the sensitivity to foreign exchange risk to be material.

Interest rate risk

The majority of the Company's borrowings are to finance working capital and inventory requirements for which the rates can be variable. The Company is therefore exposed to the risk of movements in interest rates. The majority of the Company's financing requirements are of a short-term nature. The Company deems this method of borrowing to be the most suited to its business model and financing needs as the forward price of commodities generally reflects underlying interest rates.

Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its obligations when they fall due. The Company endeavours to maintain sufficient cash and adequate credit facilities to meet its obligations at all times. The Company's liquidity position is monitored by a centralised treasury function and short-term cash requirements and long-term funding projections are constantly reviewed to manage the funding requirements and the Company enjoys access to its parent's (ECOM) funding pool.

Capital risk management

The Company is a wholly owned subsidiary of ECOM and the group is funded by a mix of equity capital, shareholder's loans and committed and uncommitted bank facilities. As part of its regular business planning process, in conjunction with ECOM, consideration is given to future capital and debt requirements. In the period prior to its acquisition by ECOM, ECOM Agrotrade Limited, which had previously incurred operating losses, was recapitalised by ECOM Agroindustrial Corporation Limited with a capital injection of \$100,000,000. The Company's objectives when maintaining capital is to ensure that it maintains adequate resources to carry on its business. The Directors are aware that continued group support is required to carry on the Company's business.

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 (*continued*)

14. Financial instruments (continued)

Counterparty and credit risk

The Company is exposed to performance risk, where commodities are purchased or sold for forward delivery, and credit risk, where sales are on credit terms or have some form of settlement risk. All of the Company's counterparties must therefore be approved in accordance with the counterparty risk management policy, setting exposure limits for credit terms, quantity and forward duration and sub-limits for price fixed and forward exposures. All of the Company's brokerage relationships must also be approved in accordance with the risk management policy, setting limits for margins and trading limits.

Monitoring of counterparty and credit exposures is performed and variances and breaches are reported in accordance with policy; trades, which would result in limit breaches, may not be entered into without prior authorisation by the appropriate level of authority.

Counterparty and credit exposures are monitored against their limits by reference to the net commodity positions and mark-to-market valuations by counterparty. Derivative financial instruments have been reported in the financial statements on a gross basis and represent the Company's maximum exposure to credit risk. However, the breakdown of trade debtors by credit quality is reported in note 6 to the financial statements.

Where possible cash is held with European banks, or their overseas subsidiaries whose credit rating are 'BBB' or better.

15. Commitments and contingencies

The Company has annual commitments under non-cancellable operating leases and other financial commitments as detailed below:

	31 Dec 2014	30 Sep 2013	31 Dec 2014	30 Sep 2013
	Land and buildings	Land and buildings	Other	Other
	US\$'000	US\$'000	US\$'000	US\$'000
- within one year	446	337	-	212,500
- between two and five years	2,212	-	-	-
- over five years	-	-	-	-
	<hr/> 2,658	<hr/> 337	<hr/> -	<hr/> 212,500

The Company enters into forward and futures contracts for the purchase and sale of cocoa, sugar, coffee and foreign currencies in the normal course of business. The Company guarantees the majority of the banking lines operated by its subsidiaries in the normal course of business and this is represented by the other financial commitments reported above.

ECOM Agrotrade Limited

Notes to the financial statements

Period 1 October 2013 to 31 December 2014 *(continued)*

16. Related parties

The Company has taken advantage of the exemption to disclose related party balances with wholly owned subsidiaries. The other related party transactions during the period are summarised below:

Related party (nature of transactions)	Transactions during the period		Balance at period end	
	2014 US\$'000	2013 US\$'000	31 Dec 2014 US\$'000	30 Sep 2013 US\$'000
Armajaro Ghana Limited (loan)	1,169	2,147	928	2,147
Armajaro OTC Limited (derivatives broker)	(2,255)	(1,441)	6,083	(1,441)
Coffee Domain Pte Limited (sales & purchases)	27,203	-	20,136	-
Dorman Tanzania (sales & purchases)	483	-	-	-
Tecnisacorp S.A. (sales & purchases)	2,271	-	1,788	-
Theobroma B.V. (sales & purchases)	942	(20,536)	463	(185)

17. Ultimate parent undertaking and controlling party

On 30 November 2014 the Company was acquired by ECOM Agrotrade Holdings Limited (formerly Saxonbell Limited), the immediate parent undertaking. The ultimate parent undertaking and controlling party is ECOM Agroindustrial Corporation Limited, "ECOM", a company incorporated in Switzerland.

The consolidated financial statements of ECOM are not publicly available. Consequently, ECOM Agrotrade Holdings Limited is the largest and smallest group of undertakings which include the Company in its consolidated financial statements. These consolidated financial statements can be obtained from 55 Old Broad Street, London EC2M 1RX.

18. Post balance sheet events

On 7 January 2015 the Company's subsidiary Armajaro Panama S.A. was dissolved. On 13 February 2015 the Company became a member of VA&E Trading LLP.