



Annual Report 2018



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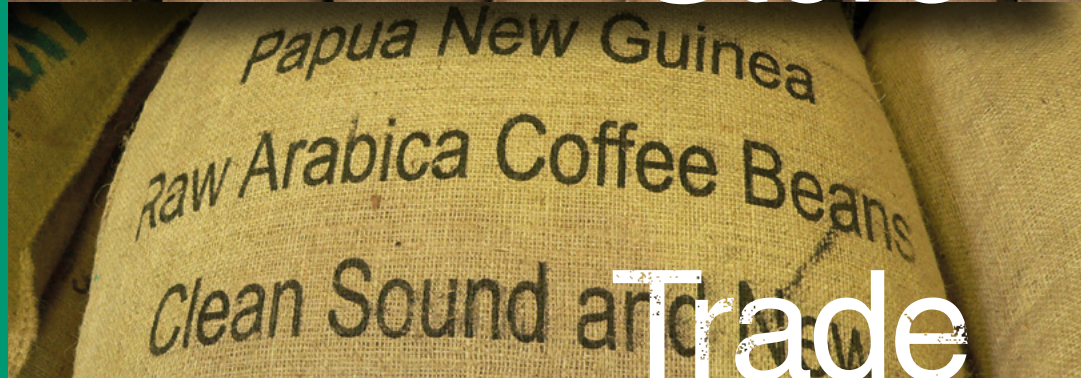
Process



Quality control



Store



Trade



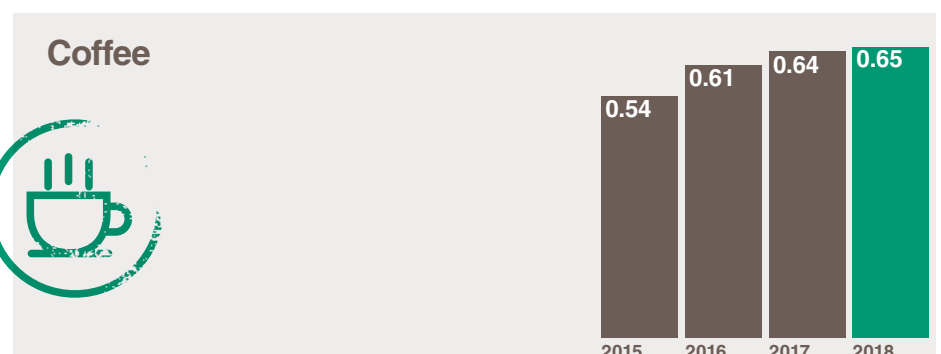
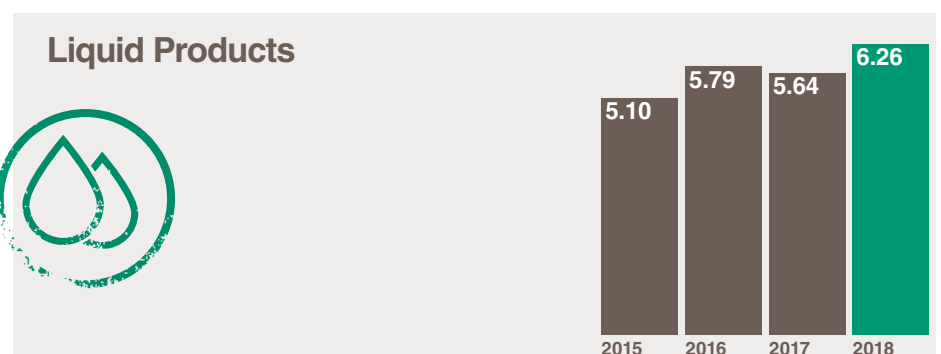
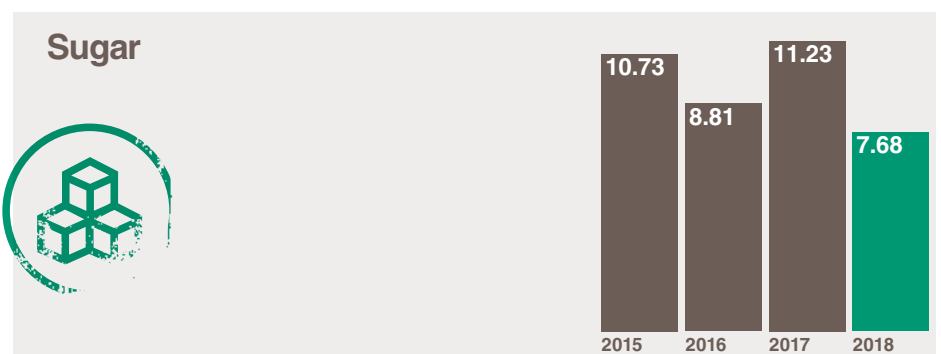
Ship

Highlights

- Group was profitable before tax.
- Significant progress on turnaround:
 - Sugar Trading restructured and profitable, including the sale of SIS '88 Pte Ltd.
 - Completed exit from Grains.
 - Sugar processing capacity rationalised.
- Strong performances from Liquid Products, Brokerage and Shipping.
- Difficult markets in Coffee and Special Crops (formerly Pulses).

Tonnages

(million metric tonnes)



Our business at a glance

We source, store, process, ship and distribute agricultural products including sugar, coffee, molasses, animal feed and pulses. We also provide access to commodity and capital markets through our Brokerage business.

Our brokerage business executes orders for institutional investors, hedge fund managers and professional traders across a broad range of products including: futures & options; fixed income securities; equities; energy; base metals; foreign exchange; and OTC and exchange traded agricultural derivatives. We offer trade processing, financing, clearing, execution and agency based electronic and voice brokerage services.

Established in 1783, ED&F Man today is a predominantly employee-owned company with over 6,000 people in 60 countries and annual revenue of over \$8 billion for the year ended 30 September 2018. In the year we traded over 11 million bags of coffee, over 7 million tonnes of sugar and over 6 million tonnes of liquid products. We work closely with our customers and suppliers and help our counterparties manage price risk through hedging.

Corporate Social Responsibility is an essential part of the way we do business. We seek to deliver sustainable production, take care to limit the environmental impact of our operations and actively support the communities in which we work. Five core values define who we are and guide our behaviour: Respect, Integrity, Meritocracy, Client Focus and Entrepreneurship.



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ED&F MAN in numbers

ED&F Man has

6,000+
employees

From

80+
nationalities

Operating globally in

160+
locations

Across

60+
countries

Serving over

15,000+
customers

From over

14,000+
suppliers

7m+
tonnes of sugar



6m+
tonnes of liquid products



11m+
bags of coffee



\$8bn+
annual revenue

Our business model

With trading roots dating back to 1783, ED&F Man has a stronger presence in our chosen commodities than most merchants. Our global infrastructure, operational expertise and execution capabilities ensure timely delivery of products of the highest quality to buyers all over the world.

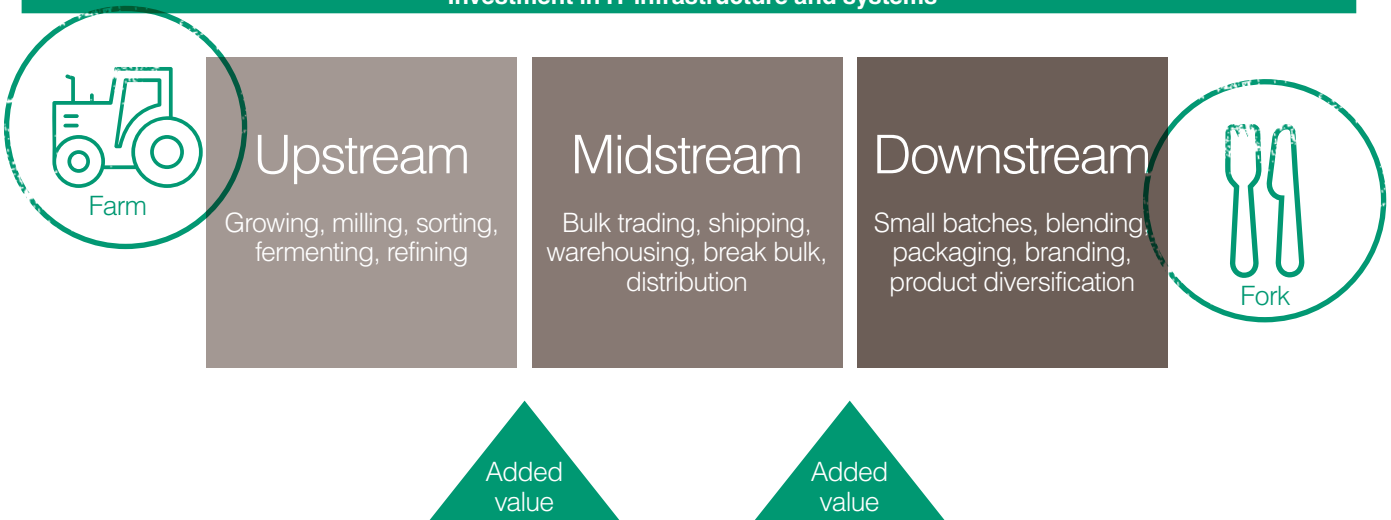
Our strategy is to leverage long-standing relationships and, through supply management expertise, add value at every link in the chain. We thereby consolidate our leadership positions and create a springboard for expanding into adjacent markets with shared logistics, channels to market and customers.

We maintain our integrated position in the supply chain through the strategic placement of fixed assets, such as milling, refining and processing operations, warehouses and storage facilities, and inland and port terminals.

These are complemented by select joint ventures that support the company's commercial activities.

This vertical integration approach facilitates trade flows, provides a strong distribution platform and enables the company to capitalise on business opportunities.

- Strategic placement of fixed assets
- Sustainability and fully certified supply chains
- Cross-commodity platforms to optimise synergies
- Focus on talent attraction, retention and succession
- Investment in IT infrastructure and systems



Chairman's statement



Rafael Muguero
Chairman

“...a year of substantial activity and progress.”

This has been a year of substantial activity and progress on many fronts for ED&F Man. Following a strategic, operational and financial review of all of our businesses and corporate activities, we implemented our plan to improve our business portfolio, reduce costs, improve cash flow and set new targets for capital efficiency and organisational effectiveness.

We made progress against a number of important strategic milestones: we have completed a restructuring of our Sugar Trading business, made further progress against our turnaround plans for Sugar Assets, closed the Grains business, addressed priority risks and opportunities in our other businesses, put in place new targets for asset allocation and capital efficiency, changed some of the senior management team, redesigned our approach to oversight of the businesses and executed a comprehensive central cost reduction plan. In addition to the benefits of these changes, the sale of SIS '88 Pte Ltd, the Singapore-based sugar processor and supplier to the domestic retail sector, generated a substantial contribution to both profit and cash inflow.

The team efforts in these areas over the past year are already beginning to show results. These actions have enabled us to improve our performance, de-risk our balance sheet, and create a more stable and sustainable business going forward.

I am pleased to report a significant improvement in financial performance compared to last year, resulting in a modest return to profit before tax for the Group. This result has been achieved despite a backdrop of continuing low commodity prices and challenging trading conditions.

With these many changes, taken together with the continuing strong performance of the Liquid Products, Brokerage and Shipping businesses, I am confident the Group is now better positioned for the future, and we can look forward with a renewed sense of optimism.

Strategic review and implementation of recommendations

Following a comprehensive review of the Group by the Board and senior management team, we developed a plan to address the major issues which have had a negative impact on our results in the recent past. We have made substantial progress in implementing that plan over the last 12 months.

Individual businesses

Much of the focus over this past year was on individual businesses and the options we had to improve their performance. Broadly, the performance of our businesses broke into two groups: those experiencing particular difficulties in recent years (Sugar Trading, Sugar Agri-Industrial Assets, Grains, Special Crops and Coffee) and those operating in a more positive environment with better results (Liquid Products, Shipping and Brokerage). As part of the Group's strategic review, we addressed all of our individual businesses in depth, with the following actions taken to improve results.

Restructuring of our Sugar Trading business

Within Sugar Trading, the recalibration of the business to focus on a narrower range of trade flows and margin is already beginning to contribute to an improvement in overall performance. As a result of our strategic analysis, we divided our businesses into strong trade flows we intend to keep and grow, and those facing a less positive future which we shall be discontinuing. Whilst the performance of the ongoing trade flows has been strong,

Chairman's statement Continued

“...Well positioned to move forward positively...”

the ongoing cost associated with the final unwinding of the trade flows that we have exited has proved significant. However, the overall outcome should leave us well positioned to move forward positively into the new financial year.

In our Sugar Trading business, we have now refocused our efforts on areas of traditional strength, closing selected trading routes, and reducing capital employed, employee numbers, the number of offices we maintain, and other corporate overheads.

At the same time, we have strengthened our leadership team with the addition of Joe Kenny, who brings extensive international commodity and turnaround experience to his job as head of all of our sugar-related operations.

Turnaround plans for Sugar Agri-Industrial Assets

The sugar market remains difficult, with world markets in surplus and prices reaching a ten-year low during the year.

Most of our Sugar Agri-Industrial Assets were directly exposed to these low world sugar prices. Difficult decisions had to be taken to reduce our exposure, including closure of one of three factories in Chile, the completion of the previously announced closure of our refinery in Israel, and the decision not to operate the factory or to plant sugar beet in the Ukraine during the FY19 campaign.

In Mexico, for our joint venture, Azucar Group Saenz, success is heavily dependent on productivity levels so as to cover a largely fixed cost base. I am pleased to report our investment plan is delivering results with a 20%+ production increase year on year, generating a positive EBITDA for the first time in a number of years. However, despite these successes, the domestic price environment means margins are low and trading conditions continue to be tough.

We have also exited, closed or mothballed four sugar-producing assets that were directly exposed to the world sugar market prices which were trading at ten-year lows at the year end. We have also invested selectively in capital spend to upgrade plant and equipment, and to improve the management of our assets in all countries where we operate. Despite the costs associated with making these difficult decisions, the resulting actions have significantly reduced the Group's direct

exposure to low world market prices and allowed a strengthened management team to focus on improving the performance of our remaining portfolio of assets.

We have also completed the sale of one of our sugar assets, SIS, which generated a healthy profit and returned cash to the Group, which we used to pay down debt.

Closure of the Grains business

In the financial period just completed, we have exited all of our Grains operations. Despite the inevitable costs associated with this process, we are pleased to have completed the withdrawal in the financial year just ended, with no continuing costs or exposure being carried forward into the new one.

Special Crops (formerly Pulses)

During the year, India, which is the largest pulses market in the world, imposed import restrictions which resulted in significant reduction in global market prices and traded volumes. Our Special Crops business was also negatively impacted by the virtually overnight collapse in the raw cashew market in Q4, where a number of our customers defaulted on their contracted transactions with us as they were hit by the rapid tightening of local price and credit conditions.

The combination of these two major negative events, as well as tough conditions in other Special Crops markets, made it impossible for us to operate profitably and the business generated very disappointing financial performance when compared to last year. Despite these current difficulties, we remain confident that the Special Crops business is well placed to generate improved returns in the future due to its increasingly broad range of product sectors served, in both origin and destination markets.

Coffee

During the past year, global coffee prices fell sharply and reached a 12-year low. Futures prices were below the cost of production in certain origin countries in which we operate, resulting in difficult market conditions and a challenging competitive landscape. The reluctance of farmers to sell at these historically low all-in prices reduced throughput at coffee mills, especially in Brazil and Colombia. In addition, at a global level, all coffee suppliers are having to take into account a significant consolidation by roasters, which has accelerated in recent years.

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Coffee

We have been in the coffee business since 1851. We're one of the world's largest traders of arabica and robusta coffees with access to 92% of world coffee production and 80% of world consumption. Our well-known coffee brand Volcafe provides beans for 50 billion cups a year!





Shipping

We provide a world-class shipping service, with a time charter fleet of 40 Supramaxes and Ultramaxs whose large capacities and cargo handling flexibility mean they are capable of shipping dry bulk in a wide range of ports worldwide. Cargoes we ship include cement, petcoke, steel scrap, alumina, manganese ore and coal.



Chairman's statement Continued

However, we were able to mitigate some of these adverse factors, which, together with the performance of the arabica focussed distribution businesses, ensured that the coffee business unit remained profitable overall. As in all other businesses, we have reviewed our strategy, operations and organisation in detail, and have made a number of changes to refocus our investment, improve efficiency and ensure that we are allocating all resources in areas of the greatest opportunity for the future.

Liquid Products

Continuing a consistent record of positive performance, the Liquid Products business had a strong year, with all sectors performing well despite challenging markets and the availability of cheaper alternative feed products. This year's results also showed that past operating expansion and capital investment decisions, for example in beet pulp pellets, were beneficial and are already delivering the expected returns.

Weather conditions this past year – harsh, late winter and dry summer – have provided favourable conditions for our animal feed business lines in the US and Europe. Our fish oil business also continues to deliver consistent returns.

Shipping

Continued stable market conditions, coupled with year-on-year trading activity up almost 20%, have led to a strong overall performance for our Shipping business. We have also been able to increase the number of

operational vessels under management without increasing overheads.

Brokerage (Capital Markets)

The Brokerage business continues to grow and prosper with a diverse set of profitable activities. While overall the business benefited from an increasing interest rate environment, there were also successful expansions of the global Metals Broking business and development of two newer US business lines, Fixed Income Clearing and Equity Lending.

We continue to strengthen our control environment and have made a number of senior appointments in the last 12 months to provide greater support to the management team. Progress has been made on further independent financing of the brokerage business.

Corporate initiatives

Our strategic review and resulting action programmes also addressed a number of initiatives that covered more than one business or were focused on our corporate headquarters in London. These initiatives have also shown promising results to date, and the potential for an increase in Group profit contribution in the future, as most of the costs related to the restructuring were borne in this latest reporting year.

Comprehensive central cost-reduction plan and improvement in organisational effectiveness

We revisited the governance structure of the Group and looked carefully at each central cost centre. We eliminated some layers of management, identified and addressed inefficiencies in our processes, reduced overall Group costs, and realigned other activities in a way that will deliver material savings in corporate overheads.

We also reviewed accountability for financial and strategic decision taking. Our new governance structure established clearer accountability among the heads of our business units for both individual businesses and overall group results.

Bank syndication and liquidity

During this past year, we successfully completed our latest syndicated bank financing, with the Group's total committed funds exceeding \$2.4 billion. This provides appropriate levels of funding for our businesses, and reflects

our reduced requirements following changes in the Sugar businesses, the positive cash impact of the SIS sale, and exit from the Grains business. Throughout the year we remained fully compliant with all financial covenants.

Corporate social responsibility (CSR)

We know that CSR is of great importance to our customers, suppliers, lenders, and our employees. Despite the focus on costs and efficiencies this past year, we maintained our commitment to CSR as a part of our way of doing business in all countries in which we operate. Having set out our CSR policy's ambitions, principles and priorities last year, we have now further integrated them into our business units and corporate activities and will continue to do so in the future.

Our CSR policy is aligned with the United Nation's Declaration of Human Rights and the related standards of the International Labour Organization. Our continuing programmes and commitments in these areas will help us to deliver against the United Nations' sustainable development goals around the world.

Looking forward

The past year has been one of transition, focused on the creation of a strengthened, efficient and more stable business to bring us back to pre-tax profitability. As we progress into the next phase, I believe we are now better positioned to generate improved operating and financial performance in our chosen markets.

All of the undertakings described above have contributed to a potential for improvement in our results and allow us now to think positively about 'turning the page' as we look forward to financial year 2019.

I would like to thank my Board colleagues for their support and also the Group's many dedicated and talented employees for their hard work and continued commitment during these challenging times.

Rafael Muguero
Chairman

Corporate Social Responsibility

CSR is an essential part of the way we do business, manifest in our values, our policies and our actions.

Our commitment, across responsible and sustainable sourcing, product quality, logistics, workplace health and safety and more, is embedded deeply into our corporate culture and integrated into our commercial strategies and daily operations as an organisation doing business in over 60 countries around the world.

Working together for sustainability

As a business actively engaged with the agricultural sector, ED&F Man depends on continuity of supply, quality of product and a sterling reputation as a responsible and trustworthy partner across all facets of our business.

It is in our interest to support, and to be seen to support, the full range of relevant CSR standards. In so doing, we will be able to live up to expectations, and even set new standards, as we support our Group's objectives with customers, end-use consumers, employees, suppliers, financiers, regulatory bodies and governments in countries where we are present.

We look at responsible practices from both short and long-term perspectives. This requires putting in place standards and policies that guide our immediate activities, such as those prohibiting child labour, preserving product quality and limiting unsafe workplace practices. They also lead us to consider longer-term issues such as our carbon footprint, global warming, soil erosion, efficient energy practices and water usage.

We understand that agriculture is not just about crops, but about the people who cultivate, nurture and harvest them. It is mutually beneficial for us to work with all stakeholders to protect the continuity and quality of our sources of supply, supporting the communities in which we do business through education, training and investment, combating poverty and the risk of rural flight.

At the same time, our customers, driven by ever more discerning end consumers, expect fair, responsible and sustainable business practices. They want to be able to track and trace what they buy from us and their standards are becoming increasingly stringent. By complying with these high

standards, ED&F Man both protects its trading revenues and invests back into the communities in which we work.

Four key areas

We focus our resources on four key areas where we can effect meaningful change: environment, marketplace, workplace and society. Our CSR policy addresses systematic reduction in risks and negative impact alongside actions to capture opportunities and increase positive impacts. It sets clear priorities for all our business areas – commodity trading, asset operation, shipping and participation in capital markets.

Environment

We take positive steps to reduce our carbon footprint by progressively using less energy – limiting the damaging effect we have on the environment, reducing costs, and contributing to our efforts to be a responsible member of the communities in which we work.

Marketplace

We are committed to bringing safe products of agreed quality to our customers. We work ethically in line with our Standards of Business Conduct to produce and source our products responsibly. We also partner with our suppliers to adhere to our CSR commitments, actively taking part in creating or expanding sustainable supply chains.

Workplace

Our success depends on a highly talented workforce across our business. We respect human rights and progressive labour practices, and are committed to ensuring that our offices and industrial assets are safe and meet legal requirements.

Society

Philanthropy and social engagement are essential parts of our culture. We are committed to being a responsible member of society, building strong relationships with local communities and complying with all local laws. By so doing, we improve local standards of living and help local economies, now and into the future.

Our businesses support local projects focused on education, health, society and the provision of emergency aid, and our employees, through conducting business in a responsible manner and volunteering their time outside work, make a difference to local communities every day.

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Sustainability

As an agricultural commodity trader, we depend on continuity of supply. It is mutually beneficial to support farming communities with education, training and investment where they are needed, helping to ensure prosperity and combat poverty, rural flight and urbanisation.



Below: Charico cheque presentation to Merseyside and Cheshire Blood Bikers.



Above: Javier from Honduras was given corrective heart surgery through US charity HeartGift. Our Liquid Products division is a long-time supporter.

Right: Capital Market's Charlie Sernatinger is principal horn with the Northwest Symphony Orchestra. Charico matched his fundraising total to support the orchestra to perform in Chicago schools.



Above: Sam Williams and Mike Levitz complete the 2018 London Marathon, running for Children with Cancer UK.



Society

We are committed to being a responsible member of society, building strong relationships with local communities and complying with local laws. Through our charitable arm, Charico, we support local projects that improve society and provide access to education, healthcare and emergency aid.

Corporate social responsibility

Continued

2017/18 highlights

Rainforest Alliance Sustainable Standard-Setter Award

We are extremely proud to have received this prestigious award recognising exceptional commitment to CSR, sustainability, improving livelihoods and forest conservation, in particular through close working between our Coffee subsidiary Kyagalanyi Coffee, the UTZ sustainability certification programme and the Rainforest Alliance. This tripartite endeavour helping farmers improve yields through effective sustainable methods has seen striking improvements in yield and income – up by 60 to 70% in Mount Elgon on the Uganda Kenya border and 35 to 45% in the West Nile region.

Kyagalanyi also works actively to reduce child labour on coffee farms in the West Nile and is expanding this work with partners in the UTZ Sector Partnership programme to identify cost-efficient strategies to eradicate child labour across the coffee value chain.

US Food Safety Modernization Act (FSMA) compliance

ED&F Man takes an industry lead on regulatory compliance, including compliance with FSMA. We work actively with our coffee asset locations globally to meet regulatory requirements and meet or exceed customers' expectations regarding food safety.

The US Food & Drug Administration (FDA) confirmed compliance on food safety management in ED&F Man's Volcafe coffee operations in Peru following an in-depth audit in August 2018.

Our Liquid Products, Westway and Sugar businesses are also fully compliant with the food and feed provisions of the FSMA, and we have updated our supplier approval process to ensure all suppliers meet FSMA requirements, with a team of Preventive Controls Qualified Individuals (PCQIs) ensuring compliance. As at November 2018, all our suppliers meet current FSMA requirements.

Green environmental achievement award

Recognising responsible shipping practice, specifically on our time-chartered vessel MV Genova's economical sailing by reducing speed and burning less fuel while calling at Long Beach, California, the award is an innovative clean-air initiative under the port's Green Ship Incentive Program.

Reduction in terrorist risk through supply chain security

Volcafe Specialty received renewed C-TPAT certification to help streamline customs entries into the US.

Bonsucro

ED&F Man continues to champion the Bonsucro association promoting and certifying sustainable sugarcane production, sponsoring the annual Bonsucro Week, serving on the Bonsucro members council, actively participating in rewriting the association's Chain of Custody Standard and encouraging our suppliers to become Bonsucro certified.

Over the year, Bonsucro grew the number of mills certified by 13%, and rolled out a new Smallholder Standard. Bonsucro now has more than 500 members, accounting for a quarter of the world's sugarcane land, producing 57 million tonnes of Bonsucro certified sugarcane and 4.8 million tonnes of certified sugar in 2017/18.

Charitable giving

Our Charitable Donations Committee, Charico, manages the Group's charitable fund, supporting and encouraging employee involvement in activities to improve socio-economic conditions in the communities in which we operate. The fund provides match funding for employee initiatives and direct funding for projects nominated by employees.

Match funding

Charico approved more than 20 applications during the year from employees to match their own fundraising.

Initiatives range from team participation in the London Marathon, which has raised in excess of £800,000 since 2006, to a wide range of achievements by teams and individuals including fundraising for cancer charities, vulnerable and disadvantaged women and children, music education for schools in Chicago and a football team for young people with cerebral palsy.

Project funding

- HeartGift, Louisiana, a charity providing lifesaving heart surgery for children from around the world where specialised medical treatment is scarce or non-existent.
- The Tall Ships Youth Trust, supporting sailing for disadvantaged young Londoners.
- Merseyside and Cheshire Blood Bikers, covering equipment and servicing costs for this important work delivering blood and emergency supplies to local hospitals.

Strategic report

for the year ended 30 September 2018

Principal activities, business review and future developments

Founded in 1783, ED&F Man is a private vertically integrated agri-business operating in the sugar, coffee, molasses, animal feed, pulses and shipping markets. We also help our counterparties manage price risk through hedging and provide access to commodity and capital markets through our financial brokerage business.

For our Agricultural Commodities businesses, we leverage long-standing relationships and strategically placed fixed assets such as mills, refineries and warehouses to provide clients with a more complete service offer and to be able to add increased value across the whole supply chain.

Our wholly owned Brokerage business offers diversification and a recurring earnings stream for the Group. It is separately managed and operated through a number of regulated subsidiaries and provides a broad spectrum of exchange traded, OTC and investment banking products including: fixed income, foreign exchange; equities; commodities; and listed derivatives. During the year Brokerage successfully started new businesses in swaps and equity clearing.

The Group's business activities, future developments and performance measurements are set out below. The liquidity position of the Group and borrowing facilities are described in notes 19 and 20 to the consolidated financial statements. Note 20 also describes the Group's financial risk management objectives and policies, and details its financial instruments and hedging activities, and exposures to credit risk and liquidity risk. The Board monitors performance of both businesses on an ongoing basis. The key performance indicators are considered to be gross profit, profit before tax and return on shareholders' funds.

	30 September 2018 \$m	30 September 2017 \$m
Gross profit	495.3	453.0
Profit/(loss) for the year before tax	2.2	(144.6)
Shareholders' funds at beginning of the accounting period	820.5	932.4
Return on shareholders' funds	0%	(15)%

During the year, we have undertaken several initiatives to refocus the Group on higher margin activity and reduce earnings volatility. Both gross margin improvement and structural expense reductions have been targeted through a significant restructure of our Sugar business, the exiting from the Grains business, reduction in central overheads, the profitable disposal of SIS '88 Pte Ltd, and an enhanced vigilance on the effective deployment of capital.

The Group assesses many opportunities and strategies during each year, and all key strategic decisions are reviewed and approved by the Board prior to execution.

Since the integration of our Brokerage business in 2012, the nature of its activities has had a significant impact on the shape of our Group balance sheet. The Group's total assets ended the year at \$21.3 billion (2017: \$18.0 billion), of which \$17.9 billion (2017: \$14.3 billion) related to Brokerage. The most important driver of the movement in gross assets is the ongoing success of our US Brokerage operations, where our Fixed Income Clearing Corporation (FICC) broking activities operate a facilitation business offering large institutional clients access to the FICC to clear securities repurchase and reverse repurchase transactions relating to US Government and Agency Securities. While such arrangements, including the associated liabilities, are stated gross on our balance sheet, representing \$13.0 billion or 64% of gross current assets (2017: \$9.9 billion or 57%), they are essentially fully-collateralised, self-liquidating arrangements where we act as a conduit for our clients to access the FICC.

The Group has reduced its funding levels whilst maintaining adequate access to financing to support ongoing activities and capitalise on opportunities identified. We have also made progress on developing an independent financing platform for our Brokerage business. Note 20 to the consolidated financial statements describes the Group's liquidity position and borrowing facilities in full. The table below sets out a summary:

	30 September 2018 \$m	30 September 2017 \$m
Undrawn facilities	769.0	1,701.0
Cash and cash equivalents	834.4	672.1
Readily marketable inventories	671.8	889.5
	2,275.2	3,262.6

We define readily marketable inventories as inventory:

- that is not held for processing into a more value-added product; and
- its liquidation for reducing debt would not significantly harm the business franchise; and either:
 - the value of the inventory is hedged on highly liquid exchanges;
 - the inventory is presold under sale contracts with high-quality counterparties, futures or forward contracts; or
 - when not covered by sales contracts, futures or forwards, inventory that could be liquidated in an orderly fashion within 60 days, without incurring material losses.

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Sugar

We have built our global Sugar business on strong relationships, reliably serving clients with traceable raw and white sugar sourced from over 40 countries. From farm gate to shelf, our supply chains are extensive. We sell direct to consumers through household brands in several countries. Our history in the sugar business has made us specialists at both origin and destination, with a good insight to the future.





Brokerage

Our global financial brokerage is able to combine the heritage and experience of ED&F Man with our capital markets expertise. Our business ethos centres on integrity, trust, client care and astute risk management. Our services encompass trade processing, financing, clearing, execution and agency services.



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Financial risk management

The Group's businesses carry a number of risks and uncertainties including fluctuations in commodity prices, counterparty risks, country risks and operational risks which include freight, insurance and legal risks in different jurisdictions – the Group has a presence in over 60 countries.

The Group mitigates these risks through hedging on futures markets where appropriate, by employing dedicated in-house legal and insurance professionals and through the operation of the Group Risk Committee (GRC).

The GRC operates under delegated authorities to oversee the management of all risks and is responsible for approving risk limits and for overseeing adherence to those limits throughout the Group. The responsibilities of the GRC include establishing policies and procedures, setting limits, managing risks and reviewing actual and potential exposures arising from the Group's operations, and ensuring compliance with the risk control framework of the Group. The GRC provides assurance to the Board that the Group's credit and market risk exposures are governed by appropriate policies and procedures, and that risks are identified, measured and managed in accordance with established Group policies.

The Group's Treasury function is responsible for the management of liquidity risk, including funding, settlements, and related policies and processes. The policies for managing each of these risks are summarised in note 20 to the consolidated financial statements.

Although no system of risk management and internal control can provide absolute assurance against material misstatement or loss, the Group's risk management framework and associated governance arrangements are designed to ensure that there is a clear organisational structure with well defined, transparent and consistent lines of responsibility and effective processes to identify, report, monitor and manage risks to which the Group is, or might become, exposed. A key priority of the risk and control framework is to allow business opportunities to be exploited, while maintaining an appropriate balance of risk and reward.

In common with many large organisations, the Group's risk management framework is based on the 'three lines of defence' model:

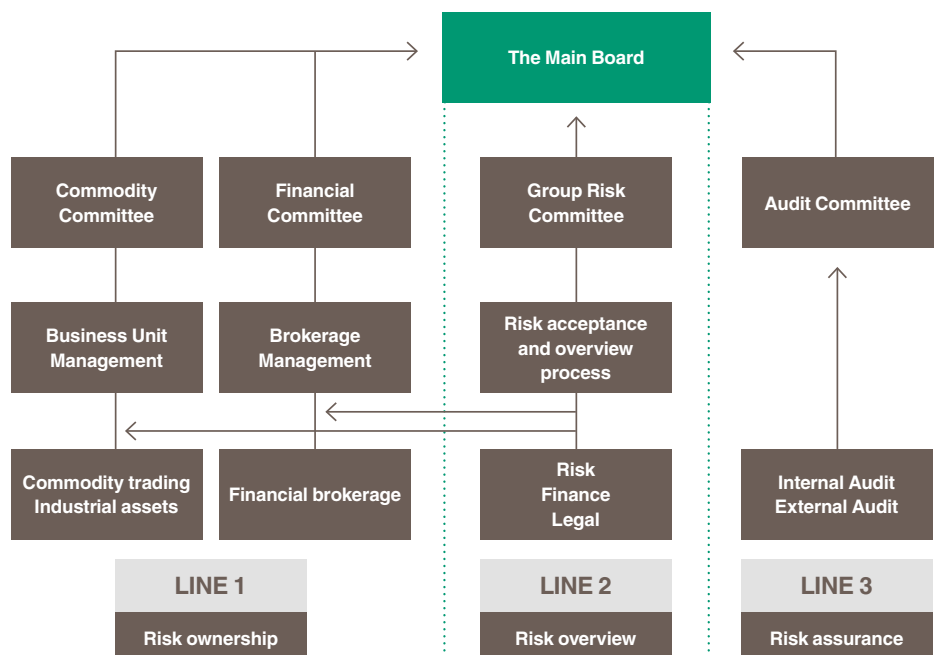
First line of defence: The Group's operational management in both its Commodities and Brokerage businesses has ownership, responsibility and accountability for assessing, controlling and mitigating risks.

Second line of defence: The Risk function, together with Finance (including Treasury) and Legal, facilitates and monitors the implementation of effective risk management practices by operational management, oversees risk at Group level and assists the risk owners in reporting adequate risk related information up and down the organisation.

Third line of defence: The Internal Audit function, reporting through the Audit Committee, provides assurance to the Commodities and Financial Committees and the Board on the effectiveness of the Group's minimum control standards for reporting, risk management and control.

This Strategic Report was approved by the Board of Directors on 4 December 2018 and signed on its behalf by:

Laurie Foulds
Chief Operating Officer



Directors' report

The Directors present their report and audited financial statements for the year to 30 September 2018.

Results and dividends

The audited financial statements of the Group and the Company are shown on pages 26 to 68.

The loss after taxation attributable to owners of the Group for the year to 30 September 2018 amounted to \$19.2 million (2017: loss \$152 million). The Directors do not recommend the payment of an ordinary dividend (2017: \$Nil). During the year no preference dividend was paid (2017: \$5.8 million). Dividend per preference share was nil (2017: \$0.09).

The financial statements are prepared in United States Dollars as this is the currency in which the majority of the Group's trading transactions are denominated.

The financial statements of the parent company on pages 66 to 68 have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under this standard the financial statements have been prepared by applying a financial reporting framework based on the recognition and measurement requirements of EU-adopted International Financial Reporting Standards (IFRS), as amended where necessary in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, but with reduced disclosure requirements, on the basis that equivalent disclosures have been made in the consolidated financial statements of the Group.

Financial risks and future developments

The Directors have chosen to include information on financial risks and future developments in their Strategic Report.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Regular consultation with employees or their representatives continues at all levels, with the aim of ensuring their views are taken into account when decisions are made which are likely to affect their interests. The policy of providing employees with information about the Group has been continued through Group-wide town halls. Follow-up surveys encourage employees to feedback to these. Company news and information are also provided through newsletters and our intranet. Employees participate directly in the success of the business through the Group's employee trust and share option schemes.

Donations

During the year the Group made charitable donations of \$0.4 million and no political donations.

Charitable donations are described further on page 13.

Directors

The Board consists principally of Non-Executive Directors.

The Directors who held office during the year were as follows:

Mr Rafael Fernando Muguiro
 Mr Philip Adrian Howell
 (until 22 November 2017)
 Mr Mark Haynes Daniell
 Mr Laurie Peter Adrian Foulds
 Dr Wolfgang Helmut Heer
 Mr Thomas Kölbl
 Mr Ross George Reason
 Mr Niels Vesterdal

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Liquid Products

We are pioneers and traders in liquid agricultural by-products. We are the world's number one supplier of molasses and one of the largest liquid animal feed manufacturers in North America. We have storage and a network of tankers, rail cars and road trucks to get products swiftly and conveniently to clients all over the world.





Special Crops

We are a leading originator, processor and trader of special crops, including dried edible pulses, sesame seeds and raw cashew nuts. From over 35 origins, we supply a quarter of a million tonnes of processed material to industrial end users, including canners, packers and manufacturers, in over 65 destination markets around the world.



Directors' report

Continued

Disclosure of information to the auditor

To the best of the Directors' knowledge, there is no relevant audit information of which the Company's auditor is unaware. The Directors have also taken all reasonable steps in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is also aware of that information.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements, in accordance with IFRS as adopted by the EU for the Group and FRS 101 for the parent company's financial statements.

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the Group, and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group, and to 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 the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with these requirements.

Going concern

As highlighted in note 20 to the consolidated financial statements, the Group meets its day-to-day working capital requirements through various sources of short and medium-term finance. Facilities of \$1,458 million are due for renewal in 2019. The Group's banks have provided committed loan facilities for many years. Discussions have commenced with these banks to renew facilities at the levels required to maintain the Group's business. These discussions have not revealed any matters which would suggest that renewal may not be forthcoming on acceptable terms and at acceptable levels.

Based on discussions with the Group's banks and projected cash requirements, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Indemnity

During the period under review, the Company had in force an indemnity provision in favour of one or more of the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

Auditor

Ernst & Young LLP will be deemed reappointed as the Company's auditor in accordance with section 487(2) Companies Act 2006.

By order of the Board:

Richard Askew
Secretary
4 December 2018

The Board and its Committees

The Board

The Board sets the strategic direction for the Group. It agrees the Group's vision and direction and sets risk parameters in consultation with the Executive Committee.

Board members:

- Rafael Muguiri – Chairman
- Ross Reason – Non-Executive Director – Deputy Chairman since November 2017
- Laurie Foulds – Group Chief Operating Officer
- Dr Wolfgang Heer – Non-Executive Director¹
- Thomas Kölbl – Non-Executive Director¹
- Mark Daniell – Non-Executive Director
- Niels Vesterdal – Non-Executive Director

¹ Südzucker shareholder appointees.

Executive Committee

During the year the Executive Committee was responsible for strategic direction, policy determination, M&A project approval, capital planning, approval of budgets and operational expenses, appointment of advisors, human resource policies, reward management and communications across the Group.

Members were the Chairman (chair), Chief Operating Officer, Finance Director, Chief People Officer and Managing Director Financial Services.

The management committees – **Commodities Committee** and **Financial Committee** – had operational responsibility for their respective businesses including performance monitoring, capex approvals and monitoring, subsidiary and joint venture capital planning, human resources staffing, compensation and talent.

From 1 October 2018, the Executive Committee has been eliminated and its responsibilities absorbed into the Commodities Committee and Financial Committee respectively.

Group-wide matters will continue to be handled directly by the Executive Team.

Audit Committee

The Audit Committee is responsible for oversight of the financial reporting process, selection of the independent auditor, and receipt of audit results both internal and external.

The Audit Committee meets quarterly and the membership is made up of three Non-Executive Directors of the Board. Attendees of the Audit Committee include the Group Finance Director, Head of Internal Audit and the external auditor. The Group Head of Risk attends one meeting per year.

Group Risk Committee

The Risk Committee assists the Board in its oversight of business risk, with particular focus on the Group's risk appetite, risk profile and the effectiveness of the Group's risk management framework and compliance.

Members were the Chief Operating Officer (chair), Chairman, Group Finance Director, Group Head of Risk and Managing Director of Financial Services.

CSR Steering Committee

The CSR Steering Committee supports the Board by overseeing the Group's CSR programme and policy. It formulates our CSR principles, monitors CSR trends and issues, reviews our priorities and ensures we meet our goals and commitments.

The Group is chaired by Board member and non-executive director Mark Daniell and members include the Chief People Officer, Head of Research, representatives from each business and members of the CSR, Sustainability, Communications, and Treasury functions.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee assists the Board with setting remuneration policy for the Group including bonus pool schemes and remuneration for Executive Directors, heads of business units, the Chairman and also the structure of compensation for senior executives. It also ensures the Group has a formal, rigorous and transparent procedure for the appointment of new Directors (both executive and non-executive) and senior executives succession planning.

Members were the Chairman and two Non-Executive Directors.

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to the members of ED&F Man Holdings Limited

Opinion

We have audited the financial statements of ED&F Man Holdings Limited (the parent company) and its subsidiaries (the Group) for the year ended 30 September 2018 which comprise the consolidated profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the related notes 1 to 32, the Company balance sheet, the Company statement of changes in equity, Company related notes 1 to 5, and a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRS as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the Group's and of the parent company's affairs as at 30 September 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 22, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report

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Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 21, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Smyth (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

4 December 2018

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Consolidated profit or loss for the year ended 30 September 2018

	Note	30 September 2018 \$m	30 September 2017 \$m
Revenue	3	8,121.3	10,352.6
Cost of sales		(7,620.4)	(9,893.2)
Gross profit		500.9	459.4
Selling and administrative expenses		(430.7)	(443.5)
Share of loss of entities accounted for using the equity method		(29.5)	(45.3)
Operating profit/(loss)	4	40.7	(29.4)
Profit on disposal of investments		3.4	0.3
Profit on disposal of subsidiary	14	61.3	–
Gain on disposal of property, plant and equipment		1.1	0.1
Provision against investments		–	(0.6)
Impairment of property, plant and equipment		(17.7)	(2.7)
Provision for restructuring		1.1	(18.0)
Profit/(loss) before interest and tax		89.9	(50.3)
Net financing costs	20	(74.0)	(76.5)
Profit/(loss) before tax		15.9	(126.8)
Tax	8	(23.3)	(8.2)
Loss for the year after tax from continuing operations		(7.4)	(135.0)
Discontinued operations			
Loss for the year after tax from discontinued operations	5	(13.8)	(17.1)
Loss for the year after tax		(21.2)	(152.1)
Attributable to:			
Owners of the Group			
Loss for the year after tax from continuing operations		(5.4)	(134.9)
Loss for the year after tax from discontinued operations	5	(13.8)	(17.1)
Loss for the year attributable to the owners of the Group		(19.2)	(152.0)
Non-controlling interest			
Loss for the year after tax from continuing operations		(2.0)	(0.1)
Loss for the year after tax from discontinued operations		–	–
Loss for the year attributable to non-controlling interests		(2.0)	(0.1)

The notes on pages 31 to 65 form an integral part of these financial statements.

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Consolidated statement of comprehensive income for the year ended 30 September 2018

	Note	30 September 2018 \$m	30 September 2017 \$m
Loss for the year after tax		(21.2)	(152.1)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) recognised on defined benefit schemes	7	2.5	3.9
Deferred tax recognised on defined benefit schemes		(0.3)	(0.4)
Share of movement of joint ventures' reserves	12	(1.4)	1.7
		0.8	5.2
Items that may be reclassified subsequently to profit or loss			
Currency translation differences on retranslation of net assets of subsidiary undertakings		(6.2)	0.4
Currency translation differences on net investment hedges		1.9	(3.5)
Fair value movement on available for sale investments		(3.4)	2.9
Deferred tax recognised on available for sale investments		0.7	(1.4)
Effective portion of changes in fair value of cash flow hedges – net of deferred taxes		6.2	23.5
Total other comprehensive profit for the year		0.0	27.1
Total comprehensive (loss) for the year		(21.2)	(125.0)
Total comprehensive (loss) attributable to:			
Owners of the Group			
Total comprehensive loss for the year after tax from continuing operations		(4.8)	(110.7)
Total comprehensive loss for the year after tax from discontinued operations		(15.2)	(16.9)
Total comprehensive loss for the year attributable to the owners of the Group		(20.0)	(127.6)
Non-controlling interest			
Total comprehensive loss for the year after tax from continuing operations		(1.2)	2.6
Total comprehensive loss for the year after tax from discontinued operations		–	–
Total comprehensive loss for the year attributable to non-controlling interests		(1.2)	2.6

The notes on pages 31 to 65 form an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 September 2018

	Equity attributable to the equity holders of the parent							Total \$m	Non- controlling interest (note 32) \$m	Total equity \$m
	Share capital (note 22) \$m	Preference shares (note 22) \$m	Share premium account (note 23) \$m	Retained earnings \$m	Fair value reserve \$m	Translation reserve \$m	Capital redemption reserve \$m			
As at 1 October 2017	119.8	64.5	183.0	534.0	4.5	(99.8)	14.5	820.5	46.6	867.1
Loss for the year	–	–	–	(19.2)	–	–	–	(19.2)	(2.0)	(21.2)
Other comprehensive loss	–	–	–	0.8	2.7	(4.3)	–	(0.8)	0.8	0.0
Total comprehensive loss	–	–	–	(18.4)	2.7	(4.3)	–	(20.0)	(1.2)	(21.2)
Purchase of own shares	–	–	–	(30.7)	–	–	–	(30.7)	–	(30.7)
Share-based payments	–	–	–	18.7	–	–	–	18.7	–	18.7
Dividend paid on 'A' preference shares	–	–	–	–	–	–	–	–	–	–
Shares issued	1.4	–	–	–	–	–	–	1.4	–	1.4
At 30 September 2018	121.2	64.5	183.0	503.6	7.2	(104.1)	14.5	789.9	45.4	835.3

The notes on pages 31 to 65 form an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 September 2017

	Equity attributable to the equity holders of the parent							Total \$m	Non- controlling interest (note 32) \$m	Total equity \$m
	Share capital (note 22) \$m	Preference shares (note 22) \$m	Share premium account (note 23) \$m	Retained earnings \$m	Fair value reserve \$m	Translation reserve \$m	Capital redemption reserve \$m			
As at 1 October 2016	119.8	64.5	168.0	680.1	(17.8)	(96.7)	14.5	932.4	44.3	976.7
Loss for the year	–	–	–	(152.0)	–	–	–	(152.0)	(0.1)	(152.1)
Other comprehensive gain/(loss)	–	–	–	5.2	22.3	(3.1)	–	24.4	2.7	27.1
Total comprehensive income/(loss)	–	–	–	(146.8)	22.3	(3.1)	–	(127.6)	2.6	(125.0)
Purchase of own shares	–	–	–	(18.9)	–	–	–	(18.9)	–	(18.9)
Share-based payments	–	–	–	25.4	–	–	–	25.4	–	25.4
Dividend paid on 'A' preference shares	–	–	–	(5.8)	–	–	–	(5.8)	–	(5.8)
Acquisition of subsidiary	–	–	15.0	–	–	–	–	15.0	–	15.0
Acquisition of non-controlling interest	–	–	–	–	–	–	–	–	(0.3)	(0.3)
At 30 September 2017	119.8	64.5	183.0	534.0	4.5	(99.8)	14.5	820.5	46.6	867.1

The notes on pages 31 to 65 form an integral part of these financial statements.

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Consolidated statement of financial position as at 30 September 2018

	Note	30 September 2018 \$m	30 September 2017 \$m
Non-current assets			
Intangible assets	9	86.8	78.6
Property, plant and equipment	10	518.9	513.0
Investment properties	11	2.0	2.2
Investments in joint ventures and associates	12	109.3	82.5
Available for sale investments	13	14.0	18.9
Trade and other receivables	17	32.3	36.0
Other financial assets	20	13.0	5.1
Deferred tax asset	8	61.1	54.5
		837.4	790.8
Current assets			
Inventories	15	799.7	1,135.0
Biological assets	16	11.2	11.1
Trade and other receivables	17	5,080.8	3,786.1
Other financial assets	20	13,731.1	11,607.3
Cash and cash equivalents		834.4	672.1
		20,457.2	17,211.6
Total assets		21,294.6	18,002.4
Current liabilities			
Trade and other payables	18	(4,794.6)	(3,313.9)
Loans and overdrafts	19	(1,381.4)	(1,753.4)
Other financial liabilities	20	(13,426.2)	(11,409.2)
		(19,602.2)	(16,476.5)
Net current assets		855.0	735.1
Non-current liabilities			
Trade and other payables	18	(24.5)	(28.0)
Loans and overdrafts	19	(768.7)	(543.8)
Other financial liabilities	20	(4.7)	(12.8)
Provisions	21	(12.2)	(25.5)
Pension liabilities	7	(14.3)	(18.2)
Deferred tax liability	8	(32.7)	(30.5)
		(857.1)	(658.8)
Net assets		835.3	867.1
Equity attributable to owners of the Group		789.9	820.5
Non-controlling interest		45.4	46.6
Total equity		835.3	867.1

The notes on pages 31 to 65 form an integral part of these financial statements.

Approved by the Board of Directors on 4 December 2018 and signed on its behalf by:

Rafael Muguero
Chairman

Laurie Foulds
Chief Operating Officer

Consolidated cash flow statement for the year ended 30 September 2018

	Note	30 September 2018 \$m	30 September 2017 \$m
Net cash inflow from operating activities	25(a)	477.6	250.1
Investing activities			
Dividends from associates		0.1	1.1
Interest received		58.9	45.9
Purchase of property, plant and equipment		(79.8)	(62.4)
Proceeds on sale of property, plant and equipment		5.7	3.4
Proceeds from sale of investments		11.6	0.9
Proceeds from sale of subsidiary	25(c)	82.5	–
Purchase of investments		(61.0)	(7.3)
Purchase of business		(10.0)	(15.7)
Purchase of intangibles		(7.7)	(6.4)
Net cash from/(used in) investing activities		0.3	(40.5)
Financing activities			
(Decrease) in borrowings	26	(149.2)	(374.1)
Purchase of own shares		(30.7)	(18.9)
Interest paid		(136.8)	(128.5)
Dividends paid		–	(5.8)
Net cash (outflow) from financing activities		(316.7)	(527.3)
Net increase/(decrease) in cash and cash equivalents		161.2	(317.7)
Cash and cash equivalents at the beginning of year		672.1	990.1
Effect of foreign exchange rate changes		1.1	(0.3)
Cash and cash equivalents at the end of year		834.4	672.1

The notes on pages 31 to 65 form an integral part of these financial statements.

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Notes to the consolidated financial statements

for the year ended 30 September 2018

1. Significant accounting policies

1.1 Basis of preparation

ED&F Man Holdings Limited is domiciled in the United Kingdom and incorporated under the Companies Act 2006.

The consolidated financial statements of the Group have been prepared in compliance with IFRS as issued by the International Accounting Standards Board (IASB) and adopted by the EU effective for the year ended 30 September 2018.

The consolidated financial statements have been prepared on a historical cost basis, except for certain inventories and financial instruments that have been measured at fair value.

The standards, amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective:

- IFRS 17 – Insurance Contracts.
- IFRIC 22 – Foreign currency transactions.
- IFRIC 23 – Income tax treatments.
- IFRS 2 – Amendments to classification and measurements of share-based payment transactions.
- Annual Improvements to IFRS 2014–2016 Cycle.
- Annual Improvements to IFRS 2015–2017 Cycle.
- IAS 40 – Amendments to transfers of investment property.
- IAS 28 – Amendments to long-term interests in Associates and Joint Ventures.
- IAS 7 – Amendments to statement of cash flows.
- IFRS 4 – Amendments to IFRS 4 regarding applying IFRS 9.
- IAS 19 – Amendments in respect of the amendment, curtailment or settlement of defined benefit pension plans.
- IFRS 3 – Amendments in respect of determining if an acquisition involves a Business Combination.

Management do not believe these standards and amendments will have a significant impact on the Group financial statements.

IFRS 9 – Financial Instruments

This standard replaces IAS 39 and will be effective for the Group in the year ending 30 September 2019. The new standard impacts three main areas of accounting for financial instruments:

Categorisation of financial instruments – IFRS 9 modifies the categorisation of financial assets from four categories under IAS 39 (loans and receivables, fair value through profit and loss, held to maturity, and available for sale) to three categories under IFRS 9 (amortised cost, fair value through profit and loss, and fair value through the statement of comprehensive income). Under IFRS 9, financial instruments are classified to these three categories based on the business model in which they are managed and their cash flow characteristics. The Group has no financial instruments currently categorised as 'held to maturity'. The new category of 'fair value through OCI' is applied to assets held for their contractual cash flows and/or for selling, where the instrument's contractually specified cash flows are solely of interest and principal sums. The Group currently holds no financial instruments with this characteristic. Those instruments currently categorised as 'loans and receivables' and carried at amortised cost less impairment will in future meet the definition of instruments to be categorised as 'amortised cost' instruments and will continue to be carried at amortised cost less impairment. All other instruments will be carried at 'fair value through profit and loss' under IFRS 9. The only significant change is therefore to those assets currently carried as 'available for sale' assets, which in future will be carried as 'fair value through profit and loss'. As indicated in note 13 most of these assets are already carried at fair value and no material impact is anticipated on the adoption of IFRS 9 for these assets.

Impairment of assets – IFRS 9 introduces an 'expected credit loss' impairment model for financial assets carried at amortised cost, replacing the 'incurred loss' model under IAS 39. Depending on whether deterioration in credit risk has been observed since recognition of an asset, expected credit losses are assessed based on '12-month expected credit losses' or on 'lifetime expected credit losses'. Given the majority of such assets in the Group have a lifetime of significantly less than one year, and given the credit risk management processes that are in place, this change is not expected to have a material impact on the Group's financial statements.

Hedge accounting – IFRS 9 introduces changes to the requirements around hedge designation, making these less prescriptive. These will have no impact on the hedge accounting currently applied by the Group.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

1. Significant accounting policies **continued**

IFRS 15 – Revenue from contracts with customers

This standard replaces the current revenue standard under IFRS and will be effective for the Group in the year ending 30 September 2019. Under this new standard, revenue is measured and recognised based on the identification of separate performance obligations to the customer. Revenue is recognised for each performance obligation when, or as, that obligation has been fulfilled and when control of goods or the benefit of a service has passed to the customer.

As noted in the 'financial instruments' policy note below, many of the Group's physical commodity contracts meet the definition of a derivative financial instrument (DFI) and are accordingly fair valued in accordance with IAS 39. Such contracts are outside the scope of IFRS 15 and will not be impacted by this standard.

Contracts for the sale of goods which fall outside of the scope of IAS 39 ('own use' contracts) will fall within the scope of IFRS 15. The revenue on such contracts is currently recognised when the significant risk and rewards and effective control have passed to the buyer, and since this in almost all cases coincides with the fulfilment of performance obligations under the contract, no material changes in the amount or timing of revenue currently recognised in the Group are anticipated.

Revenue under contracts for services, such as in the brokerage and financial services businesses, will also be recognised when, or as, the performance obligations have been fulfilled and the benefit of the service has passed to the customer. Again, in almost all cases this will coincide with the current policy of recognising revenue when the service has been provided and the commission or fee has been earned, and hence no material changes in the amount or timing of revenue currently recognised in the Group are anticipated.

IFRS 16 – Leases

This standard comprehensively changes the treatment of leases and replaces IAS 17 and related guidance under IFRS and will be effective for the Group in the year ending 30 September 2020. The new standard will require all lease arrangements, with minor exceptions, to be recognised as lease assets and liabilities in the statement of financial position at the present value of unavoidable lease payments. The lease asset will be amortised to profit or loss and an interest charge recorded on the lease liability. The Group is still evaluating the impact of the new standard, but since the new treatment will apply to most of the lease arrangements currently accounted for as operating leases under IAS 17, this will increase the Group's recognised lease assets and liabilities and impact the presentation and timing of lease amortisation and interest charges to profit or loss.

1.2 Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and all its subsidiary undertakings for the year ended 30 September 2018. All companies over which the Group is able to exercise control are consolidated as subsidiary undertakings.

The financial statements have been rounded to the nearest \$0.1 million.

1.3 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported financial position at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual outcomes could differ from these estimates.

Management has identified the following areas as being critical to understanding the Group's financial position as they require management to make complex and/or subjective judgements and estimates about matters that are inherently uncertain:

Valuation of financial instruments

All DFI not qualifying for the 'own use' exemption and certain other financial assets and liabilities are recorded at fair value and analysed into three hierarchy levels based on their valuation methodology, as per IFRS 13. Refer to note 20 for further information. Management evaluates the basis on which this analysis has been made. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets including forward foreign currency exchange and fixed income securities (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring management to make market-based assumptions (Level 3). Level 3 inputs therefore include the highest level of estimation uncertainty.

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1. Significant accounting policies continued

Impairments

The carrying values of assets (excluding goodwill) are reviewed for impairment if events or changes in circumstance indicate the carrying amount may not be recoverable. Goodwill and indefinite life intangible assets are tested for impairment at least annually. An impairment loss is provided for when the carrying value of the asset exceeds its estimated recoverable amount, the estimated recoverable amount being defined as the higher of the fair value less costs to sell and the value in use. The value in use is determined by reference to estimated future discounted cash flows which are based on management's expectations about future operations. Future cash flow estimates used to calculate value in use are based on expectations about future operations, primarily about future production or marketing volumes, commodity prices and operating costs. Such estimates are based on management experience and market research data and are reviewed regularly and past estimates benchmarked against actual outcomes. Please refer to note 12 for additional information about judgements made when testing balances relating to joint ventures for impairment.

Provisions and liabilities

Provisions and certain other liabilities recognised in the balance sheet require an estimation of the amounts required to settle the obligation. The provisions or liabilities recorded reflect management's best estimate of the amounts required to settle the related liability, including tax, legal, contractual or other exposures. Management assesses liabilities and contingencies based upon the current information available, relevant tax laws and other appropriate requirements.

Fair valuation of non-financial assets and liabilities

Certain non-financial items such as held for trading inventories, biological assets, and assets and liabilities acquired in a business combination are required to be fair valued. Such values are estimated based on the amount for which such assets and liabilities could be exchanged at the relevant transaction date or reporting date. Where such values cannot be derived from publicly available information they are estimated using models and other valuation methods. Where possible assumptions and inputs take account of externally verifiable inputs.

Recognition of deferred tax assets

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the tax assets when they do reverse. These judgements are subject to risk and uncertainty, and therefore, to the extent assumptions regarding future profitability change, there can be a material increase or decrease in the amounts recognised in the consolidated statement of comprehensive income in the period in which the change occurs. The recoverability of deferred tax assets including the estimates and assumptions contained therein are reviewed regularly by management.

1.4 Accounting policies

Foreign currencies

Transactions undertaken by each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). Foreign currency transactions are translated into the functional currency at the spot rate ruling at the date of the transaction or using an average rate for the year. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit or loss.

The Group's consolidated financial statements are presented in United States Dollars ('presentational currency'). This is also the functional currency for the majority of the Group's operations. The assets and liabilities of subsidiaries and associates undertakings whose functional currency is not United States Dollars are translated at the rate of exchange ruling at the balance sheet date. The results and cash flows of these undertakings are translated at average rates for the year. The exchange differences arising on the retranslation of opening net assets, together with the differences between the results of these undertakings translated at the average rates for the year and the rate at the balance sheet date, are taken directly to the translation reserve and are shown in other comprehensive income.

All other translation differences are taken to the profit or loss with the exception of differences on foreign currency borrowings, to the extent that they are used to finance foreign equity investments and meet the definition of an effective net investment hedge under IAS 39. In these circumstances, the translation differences are taken directly to the translation reserve and are shown in other comprehensive income.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

1. Significant accounting policies **continued**

Revenue recognition

Sale of goods

Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership and effective control of goods have passed to the buyer (e.g. when a bill of lading is passed to the buyer) and it can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes.

Brokerage and financial services

Brokerage revenue comprises interest income, fee income and income on financial instruments measured at fair value through profit or loss. Interest income is generated from margin balances held and financing transactions and is recognised as earned. Fee income which mainly comprises execution and clearing commissions is recognised as earned.

Cost of sales

Cost of sales includes the purchase price of goods sold, including the costs of processing, storage, and transportation, and the direct costs attributable to the supply of services. It also includes the changes in fair value of inventories held for trading, and the changes in fair value of forward commodity contracts meeting the definition of DFI.

Leases

Operating lease rentals are charged to the profit or loss over the lease term on a straight-line basis.

Assets acquired under finance leases are capitalised at the net present value of future lease payment obligations and depreciated over the shorter of the asset's useful economic life or the lease term.

Investment income

Dividends received, excluding those from subsidiaries and associates, are accounted for on a right to receive basis and gross of any withholding taxes attributable.

Intangible assets

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the net assets acquired. Goodwill is not amortised but it is reviewed for impairment at least annually.

Impairment of goodwill and indefinite life intangible assets

The Group reviews goodwill and indefinite life intangible assets for impairment at the end of the first full financial year following an acquisition and at least annually thereafter.

Impairment testing in the first year is performed by comparing post-acquisition performance in the first year with pre-acquisition forecasts used to support the purchase price. If the initial review indicates that the post-acquisition performance has failed to meet pre-acquisition expectations, or if any previously unforeseen events or changes in circumstances indicate that the carrying values may not be recoverable, a full impairment review is undertaken.

Other intangibles

Other intangibles include software, water rights, trademarks, patents and brands. Amortisation is provided on other intangibles so as to write off the cost, less any estimated residual value, over their expected useful economic life on a straight-line basis as follows:

Software	3 to 7 years
Water rights	indefinite useful life
Trademarks, patents, brands	over their expected useful economic life

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any consideration given to acquire the asset.

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1. Significant accounting policies continued

Depreciation

Depreciation is provided on a straight-line basis to write off property, plant and equipment over their economic useful lives. The rates used are dependent on the circumstances in the countries in which subsidiaries operate and are as follows:

Freehold buildings	20 to 50 years
Leasehold land and buildings	life of the lease
Plant and machinery	3 to 20 years

Freehold land is not depreciated.

Biological assets

Biological assets are recorded at fair value less estimated selling costs, with changes in fair value reflected within cost of sales in the profit or loss.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost and subsequently carried at cost less accumulated depreciation using the cost model.

Non-current asset investments

Joint ventures and associates

A joint venture is an arrangement in which the Group holds an interest in the net assets of the arrangements on a long-term basis, and which is jointly controlled by the Group and one or more other parties under a contractual arrangement. In the Group financial statements, joint ventures are accounted for using the equity method.

An associate is an entity, other than subsidiary undertaking or joint venture, in which the Group has a long-term participating interest, and over whose operating and financial policies the Group exercises a significant influence. In the Group financial statements associates are accounted for using the equity method.

Where the joint venture or associate undertaking is itself a parent undertaking, the net assets and profits and losses taken into account are those of its group after making any consolidation adjustments.

Available for sale investments

Available for sale investments are all investments that are not subsidiaries, associates and joint ventures. Such investments are recorded at fair value and remeasured at subsequent reporting dates. Fair value is based on quoted market prices. Changes in fair value, including foreign exchange translation differences, are recognised in other comprehensive income until the investment is disposed of or determined to be impaired, at which point the cumulative gains or losses recorded in the fair value reserve are included in the profit or loss for the year.

Available for sale investments which do not have a quoted market price and which cannot be reliably fair valued are held at cost less provisions for impairment, if appropriate.

Impairment of assets excluding goodwill

The carrying values of assets (excluding goodwill) are reviewed for impairment if events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is provided for in the current year profit or loss when the carrying value of the asset exceeds its estimated recoverable amount. The estimated recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. The value in use is determined by reference to estimated future discounted cash flows.

Inventories

Inventories held for 'own use' within the business, are valued at the lower of cost or net realisable value. Cost includes those costs in bringing the inventories to their present location and condition. The calculation of net realisable value takes into account any relevant forward commitments and is based on estimated selling price less any further costs expected to be incurred in relation to disposal.

Inventories held for trading are recorded at fair value less cost to sell at the balance sheet date on a basis consistent with DFI under IAS 39, with changes in fair value reflected within cost of sales in the profit or loss.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

1. Significant accounting policies **continued**

Taxation

Tax liabilities are recognised where it is considered probable that there will be a future outflow of funds to a taxing authority where this can be reasonably estimated.

A deferred tax asset or liability is recognised in respect of all deductible or taxable temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date except:

- (a) When the temporary difference arises on the initial recognition of goodwill.
- (b) When temporary difference arises on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.
- (c) When the temporary difference is associated with investments in subsidiaries, associates and joint ventures, and the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the year end date.

Amounts shown in the statement of changes in equity are presented net of taxation.

The Group is based in a large number of jurisdictions which can add uncertainty to the Group's overall tax position.

Cash and cash equivalents

Cash as presented in the Group cash flow statement comprises cash in hand and demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, interest bearing loans are measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition. The EIR amortisation is included as finance costs or income in the profit or loss.

Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and when appropriate, the risks specific to the liability.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

Contingent assets

Prospective settlements in legal cases are recognised in the financial statements when the cash is received or where its receipt is virtually certain.

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1. Significant accounting policies continued

Share capital

Ordinary shares and 'A' preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Included in Share Capital are treasury shares held by the Employee Share Trust. The cost of acquiring treasury shares is deducted from equity. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost taken to the profit and loss reserve. No gain or loss is recognised on the purchase, sale, issue or cancellation of equity shares.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale financial assets depending on the purposes for which the financial assets are held. Financial assets are initially recognised at fair value, including directly attributable costs. Subsequently financial assets are carried at fair value (assets held for trading, derivatives and marketable securities) or at amortised cost less impairment using the EIR method (trade receivables, advances, loans and securities purchased under agreements to resell back to clients).

Financial liabilities, other than DFI or those held for trading, are initially recognised at fair value, net of transaction costs as appropriate, and subsequently carried at amortised cost.

The Group uses various DFI for trading purposes or as economic hedges to reduce certain exposures to foreign exchange risks and future commodity price risks. These include forward currency contracts, currency options, and commodity futures and options with recognised exchanges.

IAS 39 sets out definitions for DFI which affect the accounting treatment of the majority of the Group's physical commodity activities, in addition to the Group's futures (trading and economic hedging) activities and derivatives held with clients. IAS 39 requires that certain financial assets and liabilities, including all DFI, except those which qualify for the 'own use' exemption as referred to below, be fair valued with gains and losses shown as assets and liabilities within the balance sheet, and changes in fair value recorded in the profit or loss.

Physical commodity contracts fall into two types:

- those which meet the definition of a DFI; and
- those which meet the 'own use' exemption and are outside of the scope of IAS 39.

All forward commodity contracts meeting the definition of a DFI are recorded at fair value on the balance sheet, with changes in fair value reflected within cost of sales in the profit or loss. Gains or losses on forward commodity contracts are shown within DFI receivables or liabilities, as appropriate. Gains and losses are only netted to the extent that there is a legal right of set off and the Group has the intention to net settle these amounts.

Available for sale financial assets (mainly equity instruments of other entities) are valued at fair value where this may be reliably measured using quoted market prices in an active market. Where fair value cannot be reliably determined, these assets are carried at cost. Fair value gains and losses on available for sale financial assets are recognised through other comprehensive income. Upon derecognition the cumulative gain or loss previously recognised through other comprehensive income is reclassified to the profit or loss.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

1. Significant accounting policies **continued**

The Group's valuation strategy for derivatives and other financial instruments utilises, as far as possible, quoted prices in an active market. Valuations fall into three levels of reliability:

Level 1 – utilises quoted prices in an active market for an identical asset or liability.

Level 2 – utilises quoted prices in an active market for similar products or derives the valuation from other observable or market corroborated inputs into an industry standard model.

Level 3 – where a market price for a similar product is not observable, the valuation uses inputs based on internal models or other valuation techniques.

If at inception of a contract the valuation cannot be supported by observable market data, any gain or loss determined by a valuation methodology, commonly known as 'day-one profit or loss', is not recognised in the profit or loss but is deferred on the balance sheet. The deferred gain or loss is recognised in the profit or loss over the life of the contract until substantially all of the remaining contract term can be valued using observable market data at which point any remaining deferred gain or loss is recognised in the profit or loss. Changes in valuation from this initial valuation are recognised immediately through the profit or loss.

Physical commodity contracts entered into and held for the purpose of the Group's own use (predominantly in operations where a significant degree of processing and conversion of the product occurs) qualify for the 'own use' exemption in IAS 39 and are outside the scope of the standard. Gains or losses on these contracts are recognised in the profit or loss when the underlying physical contracts occur or mature. The Group defers unrealised profits net of losses at the reporting date, whilst any unrealised loss in each business is provided for.

Hedging

The Group may use financial instruments to hedge exposures to variability in future cash flows from highly probable forecast transactions (for example future operating expenses to be incurred in a foreign currency). For such cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised as a fair value reserve within shareholders' funds and shown in other comprehensive income, while any ineffective portion is immediately recognised in the profit or loss. Amounts taken to other comprehensive income are transferred to the profit or loss in the same period or periods during which the hedged transaction affects profit or loss.

The Group may use foreign currency borrowings as a net investment hedge of the retranslation of the foreign currency net assets of subsidiary undertakings. In these cases the translation difference on such borrowings is taken to the translation reserve within shareholders' funds and shown in other comprehensive income. Such translation differences are recycled to profit or loss on disposal of the underlying subsidiary.

Securities purchased/sold under agreements to resell/repurchase

Marketable securities have been sold with a commitment to repurchase at a future date. The consideration received has been accounted for within 'financial liabilities' and measured at amortised cost. Securities purchased under agreements to resell back to clients are categorised as 'loans and receivables'. The Group has the right to repledge the collateral received. The consideration received under such repledges is accounted for within 'financial liabilities' and measured at amortised cost.

Pensions

The Group operates a number of defined contribution pension schemes. Contributions are charged to the profit or loss when they become payable to the schemes.

A number of the Group's subsidiaries operate defined benefit pension schemes. The cost of providing benefits under the defined benefit plans is determined for each plan using the projected unit method, which attributes entitlement to benefits to the current period (to determine the current service cost) and is based on actuarial advice. Past service costs are recognised in the profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit or loss. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost is determined by applying the discount rate to the opening net defined benefit liability.

Actuarial gains and losses are recognised in full in other comprehensive income in the period in which they occur.

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1. Significant accounting policies continued

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high-quality corporate bonds) less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Employee share option schemes

The Group issues equity-settled share-based payments to certain employees (including Directors) whereby employees render services in exchange for shares or rights over shares.

The cost of the share-based payment transactions with employees is measured by reference to the fair value of the shares awarded as at the date the award is granted.

The cost of share-based payments is recognised in the profit or loss, together with a corresponding entry in equity, over the performance period and the period after which the relevant employees become fully entitled to the award (the vesting period). At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the prior reporting date is recognised in the profit or loss, with the corresponding entry in equity. The assets and liabilities of employee trust controlled by the Group are recognised in the Group financial statements. The cost of shares held by those employee trust are deducted from shareholders' funds in the Company and Group balance sheets.

Any difference between the proceeds of sale of own shares and their costs is taken directly to the profit and loss reserve. Consideration paid or received for the purchase or sale of the Company's own shares by employee trust is shown in the statement of changes in equity. Further details of employee trust are presented in note 24.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

2. Operating analysis

The Group has two dedicated management committees which oversee the Agricultural Commodities and Brokerage operations. Both committees have been in operation throughout the current and prior year.

The Group's geographical markets remain as Europe, the Americas and the Rest of the World.

Divisional analysis of net assets

	2018 \$m	2017 \$m
Business division		
Agricultural Commodities	509.1	574.1
Brokerage	326.2	293.0
	835.3	867.1
Geographical area		
Europe	339.2	394.9
The Americas	367.5	313.6
Rest of the World	128.6	158.6
	835.3	867.1

Divisional analysis of profit/(loss) before tax

	2018 \$m	2017 \$m
Business division		
Agricultural Commodities		
Continuing	(19.2)	(70.7)
Discontinued	(13.7)	(17.8)
Brokerage	35.1	(56.1)
	2.2	(144.6)
Geographical area		
Europe	2.4	(132.0)
The Americas	(38.2)	12.2
Rest of the World	38.0	(24.8)
	2.2	(144.6)

Central costs have been proportionately allocated based on net assets.

The Group's material associates and joint ventures form part of the Agricultural Commodities segment and principally operate in the Americas.

The above analysis is not intended to comply with IFRS 8 'Operating Segments' which does not apply to the Group.

3. Revenue analysis

Revenue represents the amounts derived from the provision of goods and services which fall within the Group's ordinary continuing activities, stated net of sales taxes.

	2018 \$m	2017 \$m
Sale of goods	7,227.2	9,747.0
Brokerage and financial services	894.1	605.6
	8,121.3	10,352.6

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4. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	Note	2018 \$m	2017 \$m
Depreciation of property, plant and equipment	10	40.7	41.8
Amortisation of intangible assets	9	4.4	4.7
Expenses arising from share option plans	24	18.7	26.3
Auditor's remuneration: – auditing of accounts		3.4	3.2
– taxation compliance services		0.5	0.4
– other services		0.3	0.1
Operating lease rentals		48.5	37.6
Metals incident (see below)		–	83.9

In the prior financial period the Brokerage business entered into agreements with a specific counterparty to sell metal inventories, backed by warehouse receipts. Following the sales it became apparent that both the Brokerage business and the counterparty had transacted on the basis of invalid warehouse receipts supplied by a third party. In 2017, the Group entered into a settlement agreement with the counterparty under which, in return for a waiver of all potential claims between Brokerage and the counterparty, the parties are jointly pursuing recovery of the value of the metal inventories against the original suppliers of the warehouse receipts and other parties involved.

Under the settlement agreement, the Group agreed to make settlement payments to the counterparty, less recoveries received from third parties, over a period of up to seven years from the agreement. The liability under the agreement was recognised in the prior financial period at fair value, taking into account any and all expected settlement payments. This liability continues to be carried at amortised cost and is continually reviewed and updated to take account of any revised estimates of recovery values and the expected period until settlement.

Whilst several legal and other recovery actions are being pursued, these are at an early stage. No payments have been made in the year under the settlement agreement and no recoveries have yet been made.

5. Discontinued activities

During the year, the Group has fully completed the exit of Grains operations, which represent a separate major line of the business. Amounts recognised in the profit or loss in respect of these discontinued operations for the year to 30 September are as follows:

	30 September 2018 \$m	30 September 2017 \$m
Revenue – representing sale of goods	229.8	325.2
Cost of sales	(235.4)	(331.6)
Gross loss	(5.6)	(6.4)
Selling and administrative expenses	(4.6)	(8.3)
Share of loss of entities accounted for using the equity method	–	–
Operating loss	(10.2)	(14.7)
Loss before interest and tax	(10.2)	(14.7)
Net financing costs	(3.5)	(3.1)
Loss before tax	(13.7)	(17.8)
Tax	(0.1)	0.7
Loss for the year after tax from discontinued operations	(13.8)	(17.1)

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

5. Discontinued activities **continued**

The net cash flows in respect of these discontinued operations for the year to 30 September are as follows:

	30 September 2018 \$m	30 September 2017 \$m
Net cash inflow/(outflow) from discontinued operating activities	4.2	(17.4)
Net cash (used in) investing activities	–	–
Net cash (outflow)/inflow from financing activities	(13.7)	13.9
Net (decrease) in cash and cash equivalents from discontinued operations	(9.5)	(3.5)
Cash and cash equivalents at the beginning of the year	9.5	13.0
Effect of foreign exchange rate changes	–	–
Cash and cash equivalents from discontinued operations at the end of the year	–	9.5

6. Directors' remuneration

	2018 \$m	2017 \$m
Remuneration	9.0	2.7
Amounts charged in respect of pension schemes	–	–
Amounts paid to third parties in respect of Directors' services	–	–
Amounts charged in respect of compensation for loss of office	3.9	–

	2018 Number	2017 Number
Members of money purchase pension schemes	1	2
Members of defined benefit schemes	–	–
Directors who were granted share options in the year	–	2
Directors who exercised share options in the year	1	–

The remuneration paid to the highest paid Director was \$4.2 million (2017: \$0.7 million) including amounts charged in respect of pension scheme of \$Nil (2017: \$Nil).

7. Personnel costs and employee benefits

Personnel costs

	2018 \$m	2017 \$m
Wages and salaries	280.8	269.1
Social security costs	27.5	29.8
Other pension costs	14.3	15.1
	322.6	314.0

The average number of employees during the year was as follows:

	2018 Number	2017 Number
Trading and administration	2,445	2,364
Industrial and seasonal	4,313	4,760
	6,758	7,124

Included in cost of goods sold are personnel costs of \$94.9 million (2017: \$94.8 million). Other personnel costs are included in selling and administrative expenses.

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7. Personnel costs and employee benefits continued

Employee benefits

The principal pension arrangements in the Group are defined contribution schemes, the largest of which is the Group's pension plan for UK employees. The costs have been charged to the profit or loss as incurred and at the balance sheet date there were no outstanding or prepaid contributions.

In addition, the Group operated three defined benefit schemes and one long-term employee benefits scheme during the financial year ended 30 September 2018 in Germany, Switzerland, Japan and Chile respectively.

During the year, the Group's defined benefit scheme in Switzerland was funded. For this scheme the cost of providing pension benefits is calculated on an actuarial basis and charged to the profit or loss to spread the cost of the scheme over the service lives of employees.

The obligations in Germany and Japan are unfunded. The schemes in Germany and Switzerland had full actuarial valuations in the current year.

	2018 %	2017 %
Main assumptions		
Rate of salary increases	0.5–2.0	0.5–2.0
Discount rate	0.9–1.9	0.7–1.7
Inflation	0.5–2.0	0.5–2.0

Amounts recognised in the profit or loss in respect of these defined benefit schemes for the year to 30 September are as follows:

	2018 \$m	2017 \$m
Service cost		
Current service cost	(2.6)	(2.6)
Past service cost and gain from settlements	–	–
Net interest expense	(0.4)	(0.4)
Components of defined benefit costs recognised in the profit or loss	(3.0)	(3.0)

The amounts recognised in the consolidated statement of comprehensive income for the year to 30 September are as follows:

The return on plan assets (excluding amounts included in net interest expense)	(0.5)	0.2
Actuarial losses arising from changes in demographic assumptions	0.2	–
Actuarial losses arising from changes in financial assumptions	0.8	2.7
Actuarial losses arising from experience adjustments	2.0	1.0
Remeasurement of the net defined benefit liability	2.5	3.9

The amounts included in the balance sheet at 30 September are:

Present value of defined benefit obligations	(33.3)	(38.7)
Fair value of scheme assets	19.0	20.5
Net liability arising from defined benefit obligations	(14.3)	(18.2)

The schemes' assets consist of retirement savings of employees 99% (2017: 99%) and other assets 1% (2017: 1%).

The pension schemes have not invested in any of the Group's own financial instruments nor in properties or other assets used by the Group.

The actuarial gains and losses recognised in other comprehensive income relating to the actual return on scheme assets less the expected return on scheme assets for the year are gains of \$2.5 million (2017: gains of \$3.9 million). The cumulative amount of actuarial losses recognised in the consolidated statement of comprehensive income to 30 September 2018 is \$4.3 million (2017: \$6.8 million).

The total contributions to the defined benefit plans in the next year are expected to be \$1.2 million (2017: \$1.7 million).

Underlying movements in the present value of the defined benefit obligations and in the value of plan assets are not significant in the current year or in the prior year. As such further disclosure has not been made.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

8. Tax

	2018 \$m	2017 \$m
Tax on profits		
Current tax		
Current year	28.5	31.3
Adjustments in respect of prior years	0.3	(9.6)
	28.8	21.7
Deferred tax		
Current year	(4.2)	(18.2)
Adjustments in respect of prior years	(1.2)	4.0
	(5.4)	(14.2)
Tax charge on profits	23.4	7.5
Profit/(loss) before taxation		
	2.1	(144.6)
Less: share of loss of entities accounted for using the equity method	29.5	45.3
Parent company and subsidiaries profit/(loss) before taxation	31.6	(99.3)
Taxation charge/(credit) calculated at the standard UK tax rate of 19% (2017: 19.5%)	6.0	(19.3)
Effects of:		
Expenses not deductible for tax purposes	9.1	9.9
Adjustment for different tax rates	4.3	(0.1)
Effect of changes in tax rate	(6.0)	3.5
Adjustments in relation to prior years	0.9	(5.6)
Disposal of subsidiaries	(15.9)	0.0
Impairment of fixed assets	0.7	0.3
Utilisation of tax losses brought forward	(6.4)	(2.8)
Current year tax losses not recognised	30.9	18.8
Provision for restructuring	(0.2)	2.8
Total tax	23.4	7.5
Continuing businesses		
	23.3	8.2
Discontinued business	0.1	(0.7)
Tax charge on profits	23.4	7.5

The Group tax charge excludes amounts for joint ventures and associates except where tax is levied at the Group level.

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8. Tax continued

Deferred tax relates to the following:

	Profit or loss		Balance sheet	
	2018 \$m	2017 \$m	2018 \$m	2017 \$m
Depreciation	2.2	(4.8)	(36.7)	(40.0)
Loss carry forward	6.7	25.0	67.3	60.9
Fair value gains and losses	1.2	0.2	(18.8)	(18.2)
Share-based payments	(2.4)	(1.5)	8.0	10.4
Other temporary differences	(2.3)	(4.7)	8.6	10.9
Net deferred tax (charge)/credit	5.4	14.2		
Net deferred tax asset/(liability)			28.4	24.0
Of which				
– deferred tax liabilities			(32.7)	(30.5)
– deferred tax assets			61.1	54.5
			28.4	24.0
At 1 October			24.0	17.9
Tax credit			5.4	14.2
Disposal of subsidiary			0.6	–
Transfer from other comprehensive income			(1.6)	(8.1)
At 30 September			28.4	24.0

The total tax effect relating to the disposal of non-current assets and provision against investments in the profit or loss is \$1.2 million (2017: \$Nil) and the tax effect in the other comprehensive income is \$Nil (2017: \$Nil).

Deferred tax has not been recognised in respect of certain tax losses of \$276.0 million (2017: \$186.0 million) because it is not probable that future profits will be available against which the Group can utilise the benefits.

Deferred tax assets are recognised for tax losses carried forward only to the extent that it is probable the related tax benefit will be realised.

As at 30 September 2018, the undistributed reserves for which deferred tax liabilities have not been recognised were \$255.0 million (2017: \$223.0 million) in respect of subsidiaries, joint ventures and associates as it is unlikely that such undistributed profits will be distributed in the foreseeable future.

US tax reform

On 22 December 2017, the Tax Cuts and Jobs Act was signed into law in the US. This introduced substantial tax reform to the US, including a reduction in the main federal tax rate to 21% with effect from 1 January 2018. The effect of the changes in the rate of tax have been reflected in the consolidated profit and loss of the Group in the year ended 30 September 2018 and the balance sheet as at 30 September 2018.

The effect has been a one-off credit to the tax charge of \$5.9 million mainly as a result of the reduction in the deferred tax liability due to a fall in the rate at which deferred tax balances are expected to reverse.

One of the features of the act was the introduction of a Base Erosion Anti-abuse Tax (BEAT), which has a broad application to companies making payments to foreign affiliates. In future periods, this is expected to reduce the benefit of the tax rate cut. No account of any potential future BEAT liabilities has been taken into account in measuring the US deferred tax assets and liabilities, and any future BEAT liability will be accounted for in the period in which it arises.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

9. Intangible assets

	Goodwill \$m	Software \$m	Other intangibles \$m	Total \$m
Cost				
At 1 October 2017	43.8	34.3	22.9	101.0
Additions	–	7.4	0.3	7.7
Acquisition of business	1.5	–	8.5	10.0
Disposals	–	(0.1)	–	(0.1)
Exchange rate differences	(1.1)	–	–	(1.1)
At 30 September 2018	44.2	41.6	31.7	117.5
Amortisation				
At 1 October 2017	–	(18.6)	(2.1)	(20.7)
Charge for the year	–	(3.4)	(1.0)	(4.4)
Disposals	–	0.1	–	0.1
Exchange rate differences	–	–	–	–
At 30 September 2018	–	(21.9)	(3.1)	(25.0)
Accumulated impairment losses				
At 1 October 2017	(1.7)	–	–	(1.7)
Charge for the year	(4.0)	–	–	(4.0)
At 30 September 2018	(5.7)	–	–	(5.7)
Carrying amount				
At 30 September 2018	38.5	19.7	28.6	86.8
At 30 September 2017	42.1	15.7	20.8	78.6

A \$1.8 million Goodwill impairment loss has been recognised in the year relating to a non-core commodity marketing business. Changes in market structure have caused management to reassess and lower their estimate of future margins and volumes and this has resulted in reduction in value in use. A discount rate of 9% has been applied in calculating the value in use.

Goodwill of \$2.2 million has been written-off in the year due to the discontinuation of specific financial services activities (\$1.2 million) and the temporary closure of the beet sugar processing site in the Ukraine due to a decline in market prices (\$1.0 million).

The carrying amount of Goodwill has been allocated to the following groups of cash generating units (CGUs):

	2018 \$m	2017 \$m
Marketing of commodities	25.4	20.8
Processing of commodities	9.9	18.2
Financial services	3.0	2.7
Other	0.2	0.4
	38.5	42.1

There is no goodwill acquired in a business combination that remains unallocated at the end of the reporting period. The recoverable amounts of the CGUs are determined from value in use calculations based on approved financial budgets and forecasts for the next three years. The key assumptions for the value in use calculations are those regarding discount rates, commodity prices, volumes handled, operating costs and growth rates in future periods. Assumptions around prices, volumes and operating costs are based on management experience and market research data. Cash flows beyond three-year budget forecasts have generally been extrapolated at a growth rate of 2% per annum. Discount rates are applied appropriately to the risk environment of individual assets or CGUs and generally vary between 9% and 11% per annum.

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10. Property, plant and equipment

	Land and buildings				Total \$m
	Freehold \$m	Leasehold \$m	Plant and machinery \$m	Construction in progress \$m	
Cost					
At 1 October 2017	252.8	31.6	390.6	32.4	707.4
Additions	7.9	8.9	24.7	38.3	79.8
Disposals	(2.1)	(17.1)	(26.6)	–	(45.8)
Transfers	20.1	–	24.2	(44.3)	–
Currency translation differences	(1.0)	(0.3)	(2.8)	–	(4.1)
At 30 September 2018	277.7	23.1	410.1	26.4	737.3
Accumulated depreciation and impairment					
At 1 October 2017	(29.0)	(15.3)	(150.1)	–	(194.4)
Depreciation charge for the year	(7.5)	(2.0)	(31.2)	–	(40.7)
Impairment charge for the year	(6.4)	–	(11.3)	–	(17.7)
Disposals	–	13.8	18.9	–	32.7
Currency translation differences	0.4	0.1	1.2	–	1.7
At 30 September 2018	(42.5)	(3.4)	(172.5)	–	(218.4)
Carrying amount					
At 30 September 2018	235.2	19.7	237.6	26.4	518.9
At 30 September 2017	223.8	16.3	240.5	32.4	513.0

The impairment charges in the year arise from the closure of a sugar factory in Chile and the temporary closure of the beet sugar processing site in the Ukraine. In both cases these closures have reduced the Group's exposure to low world sugar prices. These sites have been written-down to fair value less the estimated costs of disposal. The fair values, which have been derived by valuation professionals, reflect recently observed market transactions for similar assets.

During the year the closure of the Group's Israel sugar refinery was completed and the values realised in respect of plant and equipment has resulted in a reversal of a \$1.5 million impairment charge booked in the prior year.

11. Investment property

	\$m
Cost	
At 1 October 2017	2.4
Disposals	(0.4)
At 30 September 2018	2.0
Accumulated depreciation	
At 1 October 2017	(0.2)
Disposals	0.2
Charge for the year	–
At 30 September 2018	0.0
Carrying amount	
At 30 September 2018	2.0
At 30 September 2017	2.2

The carrying value of the investment property is not considered to be materially different from the fair value.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

12. Investments in associates and joint ventures

A reconciliation of movements in investments in associates and joint ventures is set out below:

	Joint ventures \$m	Associates unlisted \$m	Total \$m
At 1 October 2017	50.0	32.5	82.5
Additions	57.7	1.0	58.7
Acquisition of subsidiary undertakings	–	–	–
Share of retained earnings	(34.9)	4.0	(30.9)
Dividends	–	(0.5)	(0.5)
Currency translation differences	2.1	(1.2)	0.9
Share of other reserves	(1.4)	–	(1.4)
At 30 September 2018	73.5	35.8	109.3

The Group's material joint ventures during the financial year are set out below:

Name of joint venture	Nature of business	Country of incorporation	Reporting date	Effective Group interest
Azucar Grupo Saenz S.A. de C.V. (Saenz)	Holding Company for Sugar Producer	Mexico	31 December	49.00%
Agrovia S.A. (Agrovia)	Sugar Logistics	Brazil	31 December	31.53%
Uniworld Sugars Pvt. Limited (Uniworld)	Sugar Refiner	India	31 March	50.00%

During the year Uniworld ceased to be a joint venture for the Group.

Summarised financial information in respect of the Group's material joint ventures accounted for using the equity method, reflecting 100% of the joint ventures relevant figures is set out below:

Material joint ventures

	2018				2017			
	Saenz \$m	Agrovia \$m	Uniworld \$m	Total \$m	Saenz \$m	Agrovia \$m	Uniworld \$m	Total \$m
Non-current assets	164.1	47.6	–	211.7	181.4	46.6	37.6	265.6
Current assets	321.7	21.5	–	343.2	235.0	29.9	19.5	284.4
Total assets	485.8	69.1	–	554.9	416.4	76.5	57.1	550.0
Non-current liabilities	(31.1)	(0.7)	–	(31.8)	(51.4)	(0.7)	(11.9)	(64.0)
Current liabilities	(495.9)	(7.4)	–	(503.3)	(400.0)	(12.8)	(39.4)	(452.2)
Total liabilities	(527.0)	(8.1)	–	(535.1)	(451.4)	(13.5)	(51.3)	(516.2)
Total equity	(41.2)	61.0	–	19.8	(35.0)	63.0	5.8	33.8
Group's share of equity	(20.2)	19.2	–	(1.0)	(17.1)	19.8	2.9	5.6
Carrying amount	36.9	19.2	–	56.1	8.3	19.8	2.9	31.0

	2018				2017			
	Saenz \$m	Agrovia \$m	Uniworld \$m	Total \$m	Saenz \$m	Agrovia \$m	Uniworld \$m	Total \$m
Revenue	220.8	–	–	220.8	225.3	–	57.2	282.5
Loss for the year	(60.1)	(0.6)	(0.2)	(60.9)	(65.3)	(9.4)	(5.6)	(80.3)
Other comprehensive (loss)/income	(2.8)	–	–	(2.8)	3.6	–	–	3.6
Total comprehensive loss	(62.9)	(0.6)	(0.2)	(63.7)	(61.7)	(9.4)	(5.6)	(76.7)
Group's share of loss	(30.8)	(0.2)	(0.1)	(31.1)	(41.3)	(3.0)	(2.8)	(47.1)

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12. Investments in associates and joint ventures continued

Assets and liabilities include the following:

	2018				2017			
	Saenz \$m	Agrovia \$m	Uniworl \$m	Total \$m	Saenz \$m	Agrovia \$m	Uniworl \$m	Total \$m
Cash and cash equivalents	3.9	16.1	–	20.0	4.4	21.7	1.0	27.1
Current financial liabilities ¹	(44.9)	–	–	(44.9)	(31.2)	–	(12.3)	(43.5)
Non-current financial liabilities ¹	(21.3)	–	–	(21.3)	(23.4)	–	(11.5)	(34.9)

1 Financial liabilities excluding trade, other payables and provisions.

Loss of joint ventures is stated after (charging)/crediting:

	2018				2017			
	Saenz \$m	Agrovia \$m	Uniworl \$m	Total \$m	Saenz \$m	Agrovia \$m	Uniworl \$m	Total \$m
Depreciation and amortisation	(13.4)	–	–	(13.4)	(5.0)	–	(6.6)	(11.6)
Net interest (charge)/income	(46.4)	–	–	(46.4)	(38.9)	–	1.5	(37.4)
Income tax (charge)/credit	–	(0.6)	–	(0.6)	–	0.8	–	0.8

Immaterial joint ventures

The aggregate of the Group's immaterial jointly controlled entities are accounted for using the equity method. All operations are continuing. The following table illustrates the aggregate amount of the Group's share of immaterial joint ventures:

	2018 \$m	2017 \$m
Group's share of		
(Loss)/profit after tax	(3.8)	0.3
Other comprehensive income	–	–
Total comprehensive (loss)/income	(3.8)	0.3
Carrying amount of interests in immaterial joint ventures	17.4	19.1

No dividends have been received in the years ended 30 September 2018 and 2017.

Immaterial associates

The aggregate of the Group's immaterial associate entities are measured using the equity method. All operations are continuing. The following table illustrates the aggregate amount of the Group's share of immaterial associates:

	2018 \$m	2017 \$m
Group's share of:		
Profit after tax	4.1	3.2
Other comprehensive income	–	–
Total comprehensive income	4.1	3.2
Carrying amount of interests in immaterial associates	35.8	32.4

The Group's share of contingent liabilities of joint ventures and associates incurred jointly with other venturers or investors was \$Nil (2017: \$Nil).

Dividends from associates of \$0.1 million (2017: \$1.1 million) have been received during the year.

The Group has performed an impairment assessment in respect of its Saenz joint venture that incurred losses in the year. The assessment included the carrying value of its investment and loans and receivables due from the joint venture. The impairment assessment was made using a discounted cash flow model in which the key assumptions are forecast production volumes, forecast margins and terminal values. Forecast production volumes and margins are based on both internal and external research sources and include the impact of recent capital expenditures and structural changes that have led to operational efficiency improvements in the year and are expected to give rise to further operating efficiencies in the future. The terminal values have been benchmarked for reasonableness against recent market transactions involving similar assets in Mexico. The assessment indicated that no impairment was required in the year.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

13. Available for sale investments

	Unlisted \$m	Listed \$m	Total \$m
Cost			
At 1 October 2017	34.7	11.7	46.4
Additions	–	1.7	1.7
Disposals	(0.2)	(8.0)	(8.2)
Revaluation	–	1.1	1.1
Currency translation	(0.2)	–	(0.2)
At 30 September 2018	34.3	6.5	40.8
Amounts provided			
At 1 October 2017	(27.3)	(0.2)	(27.5)
Disposals	0.2	0.2	0.4
Written down in year	–	–	–
Currency translation	0.3	–	0.3
At 30 September 2018	(26.8)	–	(26.8)
Carrying amount			
At 30 September 2018	7.5	6.5	14.0
At 30 September 2017	7.4	11.5	18.9

Fair value information has not been disclosed for the unquoted investments because their fair value cannot be measured reliably. These assets are investments in the equity of a number of entities external to the Group and their value cannot be measured reliably due to lack of relevant information available.

14. Business combinations and disposals

At 30 September 2018

In September 2018, the Group acquired 100% of the brokerage business of two registered CME floor brokers in Chicago, US, for a cash consideration of \$10 million. The identifiable assets acquired consisted of \$8.5 million of intangible assets (customer relationships), giving rise to \$1.5 million of goodwill.

This business contributed \$1.0 million of revenue and \$0.1 million of profit to the Group's results for the period from acquisition to the balance sheet date. If the acquisition had been completed on the first day of the financial year, this business would have contributed \$11.3 million of revenue and profits of \$1.8 million for the full year.

In September 2018 the Group sold its 100% equity interest in SIS '88 PTE Limited, an importer, packer, blender and distributor of retail sugar based in Singapore. The sale was for cash consideration and the gain on disposal, net of direct costs, was \$61.3 million.

At 30 September 2017

In January 2017, the Group acquired 100% of the equity of Maviga plc, a United Kingdom based group of companies specialising in the origination, processing and trading of dried edible pulses and other speciality crops.

The acquisition accounting for this business combination was completed in the year ended 30 September 2017. As at 30 September 2017 the Group had recognised a liability for contingent consideration of \$6.0 million to be satisfied in the form of shares of ED&F Man Holdings Limited depending on the performance of the Maviga business. In February 2018 the Group issued 341,311 shares in partial satisfaction of this liability. As at 30 September 2018 the Group has re-estimated the value of the remaining contingent consideration and released the remaining liability of \$4.6 million.

15. Inventories

	2018 \$m	2017 \$m
Inventories held for trading	604.9	955.4
Held for own use	194.8	179.6
	799.7	1,135.0

Inventories written down to net realisable value in the year resulted in a charge of \$6.3 million (2017: \$Nil). This is recognised in cost of sales. Inventories held for trading are recorded at fair value less costs to sell and classified as a Level 2 valuation derived from observable market inputs. Inventories held for trading includes \$31.9 million (2017: \$14.8 million) of inventory sold to a third party with an option to repurchase. The consideration received has been accounted for within 'Financial liabilities'.

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16. Biological assets

	2018 \$m	2017 \$m
Biological assets	11.2	11.1

Biological assets held by the Group represent consumable, non-bearer crops of sugar beet and other living plants which will be harvested and sold in the following reporting period. These assets are carried at cost which approximates to fair value less cost to sell at the reporting date.

17. Trade and other receivables

	2018 \$m	2017 \$m
Current receivables		
Trade receivables	2,687.8	1,608.9
Amounts owed by joint ventures and associates	439.8	363.0
Other receivables	112.0	111.9
Tax receivables	70.7	80.1
Margins with exchanges	1,576.5	1,413.8
Prepayments	194.0	208.4
	5,080.8	3,786.1
Non-current receivables		
Trade receivables	0.3	0.1
Other receivables	10.6	10.1
Amounts owed by joint ventures and associates	21.4	25.8
	32.3	36.0

Note 20 includes details of collateral and credit enhancements held by the Group.

18. Trade and other payables

	2018 \$m	2017 \$m
Current payables		
Trade payables	4,254.3	2,780.7
Amounts owed to joint ventures and associates	0.7	2.0
Taxation and social security costs	14.7	24.2
Margins with exchanges	19.2	14.3
Accruals and deferred income	350.3	353.2
Other payables	155.4	139.5
	4,794.6	3,313.9
Non-current payables		
Trade and other payables	24.5	28.0

19. Loans and overdrafts

	2018 \$m	2017 \$m
Amounts due for settlement:		
– in one year or less	1,381.4	1,753.4
– in more than one year but less than five years	646.8	420.2
– in more than five years	121.9	123.6
	2,150.1	2,297.2

Further details on bank loans and overdrafts are shown in note 20.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

20. Financial instruments and financial risk management

The Group's primary financial instruments consist of cash and cash equivalents, bank loans and overdrafts, receivables, creditors, forward foreign currency contracts, physical and exchange traded forward commodity contracts, marketable securities and agreements to purchase or sell such securities. The carrying amounts of financial instruments included in the balance sheet are set out below:

	At fair value through profit or loss \$m	Loans and receivables \$m	Available for sale \$m	Cash on deposit \$m	Amortised cost \$m
Financial assets					
Trade and other receivables	–	4,841.2	–	–	–
Available for sale investments	–	–	14.0	–	–
Cash and cash equivalents	–	–	–	834.4	–
	–	4,841.2	14.0	834.4	–
<i>Other financial assets</i>					
Securities purchased under agreements to resell	–	13,005.1	–	–	–
Derivative financial instruments	302.6	–	–	–	–
Marketable securities	436.4	–	–	–	–
	739.0	13,005.1	–	–	–
Total financial assets	739.0	17,846.3	14.0	834.4	–
Financial liabilities					
Trade and other payables	–	–	–	–	(4,803.8)
Loans and overdrafts	–	–	–	–	(2,150.1)
	–	–	–	–	(6,953.9)
<i>Other financial liabilities</i>					
Derivative financial instruments	(221.8)	–	–	–	–
Securities sold under agreements to repurchase	–	–	–	–	(13,109.4)
Other financial instruments	(99.6)	–	–	–	–
	(321.4)	–	–	–	(13,109.4)
Total financial liabilities	(321.4)	–	–	–	(20,063.3)
At 30 September 2018	417.6	17,846.3	14.0	834.4	(20,063.3)
Financial assets					
Trade and other receivables	–	3,527.6	–	–	–
Available for sale investments	–	–	18.9	–	–
Cash and cash equivalents	–	–	–	672.1	–
	–	3,527.6	18.9	672.1	–
<i>Other financial assets</i>					
Securities purchased under agreements to resell	–	9,887.1	–	–	–
Derivative financial instruments	398.5	–	–	–	–
Marketable securities	1,326.8	–	–	–	–
	1,725.3	9,887.1	–	–	–
Total financial assets	1,725.3	13,414.7	18.9	672.1	–
Financial liabilities					
Trade and other payables	–	–	–	–	(3,307.3)
Loans and overdrafts	–	–	–	–	(2,297.2)
	–	–	–	–	(5,604.5)
<i>Other financial liabilities</i>					
Derivative financial instruments	(301.6)	–	–	–	–
Securities sold under agreements to repurchase	–	–	–	–	(10,956.0)
Other financial instruments	(164.4)	–	–	–	–
	(466.0)	–	–	–	(10,956.0)
Total financial liabilities	(466.0)	–	–	–	(16,560.5)
At 30 September 2017	1,259.3	13,414.7	18.9	672.1	(16,560.5)

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20. Financial instruments and financial risk management continued

The carrying amounts of financial assets and liabilities carried at amortised cost are not significantly different from their fair values.

All marketable securities are held for trading.

As at 30 September 2018, marketable securities with a fair value of \$19.6 million (2017: \$818.1 million) have been sold with a commitment to repurchase at a future date. The consideration received has been accounted for within 'financial liabilities' and measured at amortised cost.

Securities purchased under agreements to resell back to clients are categorised as 'loans and receivables'. The Group has the right to repledge the collateral received. The consideration received under such repledges is accounted for within 'financial liabilities' and measured at amortised cost.

The following table shows the fair value of derivative assets, marketable securities, derivative liabilities held for trading and available for sale investments analysed by maturity period and by methodology of fair value estimation. IAS 39 sets out a fair value hierarchy which consists of three levels that describe the methodology of estimation as follows:

Level 1 – using quoted prices in active markets for identical assets or liabilities, such as exchange traded commodity derivatives, liquid corporate and government bonds, listed equities, foreign currency exchange derivatives, listed equity derivatives and synthetic derivatives of listed equities.

Level 2 – using quoted prices for a similar asset or liability, or using observable or market corroborated inputs to an industry standard model for the asset or liability such as physical commodity contracts, fixed income securities with valuation models based on observable market inputs.

Level 3 – using inputs for the asset or liability that are not based on observable market data such as prices based on internal models or other valuation techniques where there is a high level of uncertainty, subjectivity and non-observability to the pricing inputs.

	Less than 1 year \$m	1–2 years \$m	2–3 years \$m	3–4 years \$m	4–5 years \$m	More than 5 years \$m	Total \$m
Financial assets							
Level 1	343.3	–	–	–	–	–	343.3
Level 2	389.2	9.4	2.5	0.9	0.1	0.1	402.2
Level 3	–	–	–	–	–	–	–
	732.5	9.4	2.5	0.9	0.1	0.1	745.5
Financial liabilities							
Level 1	(25.5)	(1.5)	–	–	–	–	(27.0)
Level 2	(291.2)	(2.6)	(0.6)	–	–	–	(294.4)
Level 3	–	–	–	–	–	–	–
	(316.7)	(4.1)	(0.6)	–	–	–	(321.4)
Net fair value 30 September 2018	415.8	5.3	1.9	0.9	0.1	0.1	424.1

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

20. Financial instruments and financial risk management **continued**

	Less than 1 year \$m	1–2 years \$m	2–3 years \$m	3–4 years \$m	4–5 years \$m	More than 5 years \$m	Total \$m
Financial assets							
Level 1	437.7	1.2	–	–	–	–	438.9
Level 2	1,293.7	3.1	0.8	–	–	–	1,297.6
Level 3	–	–	–	–	–	–	–
	1,731.4	4.3	0.8	–	–	–	1,736.5
Financial liabilities							
Level 1	(50.4)	(1.5)	–	–	–	–	(51.9)
Level 2	(402.7)	(10.3)	(1.0)	–	–	–	(414.0)
Level 3	–	–	–	–	–	–	–
	(453.1)	(11.8)	(1.0)	–	–	–	(465.9)
Net fair value							
30 September 2017	1,278.3	(7.5)	(0.2)	–	–	–	1,270.6

The Group held no financial instruments in the Level 3 fair value hierarchy and there were no transfers between levels during the year.

Day-one profit or loss

The fair value of contracts not recognised through the profit or loss at 30 September 2018 was \$Nil (2017: \$Nil).

Financial risk management objectives and policies

In the ordinary course of business, as well as from its use of financial instruments, the Group is exposed to credit risk, liquidity risk, foreign currency risk, interest rate risk, commodity price and other market risks. Effective risk management is a fundamental aspect of the Group's business operations. The policies for managing each of these risks are summarised below.

The GRC operates under delegated authorities to oversee the management of these risks. The responsibilities of the GRC include establishing policies and procedures to manage risks and to review actual and potential exposures arising from the Group's operations.

The function of the GRC is to set risk policies and limits, and ensure compliance with the risk control framework of the Group. The GRC provides assurance to the Board that the Group's credit and market risk exposures are governed by appropriate policies and procedures, and that risks are identified, measured and managed in accordance with established Group policies.

The Group's Treasury function is responsible for the management of liquidity risk, including funding, settlements, and related policies and processes.

Capital management

The Group's objective in managing its capital is to preserve its overall financial health and enhance shareholder value by investing in the Group, while generating sustainable long-term profitability. The Group manages its capital structure in light of economic conditions and its strategic objectives. The management of the capital structure is conducted by the Board of Directors, the GRC and the Group's Treasury function.

A key component in managing the Group's capital risk is the employee ownership structure which aligns the interests of shareholders and management. With employees and management having capital invested in the Group there is considerable motivation to take a long-term approach and protect the capital base.

The principal measure used by the Group in its capital management is the balance of shareholders' funds attributable to equity shareholders:

	2018 \$m	2017 \$m
Total net assets attributable to non-controlling interest and equity shareholders	835.3	867.1
Less: non-controlling interest	(45.4)	(46.6)
Shareholders' funds attributable to equity shareholders of ED&F Man Holdings Limited	789.9	820.5

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20. Financial instruments and financial risk management continued

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the performance of a business. The Group's primary market exposures are to commodity price risk, foreign currency exchange risk and interest rate risk which could impact the value of the Group's financial assets, liabilities or future cash flows.

IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes to relevant market risk variables on the Group's profit or loss. Each type of market risk is subject to varying degrees of volatility. Sensitivity analysis has been calculated using a 5% basis, holding all other variables constant, across each type of market risk. It is important to note that these sensitivities are hypothetical and should not be considered to be predictive of future performance or future price movements.

(a) Commodity price risk

The Group manages its exposures to commodity price risk by matching physical commodity sale and purchase contracts, and by hedging on futures markets where available. Price risk exposures are monitored daily by Divisional Risk Managers, and reported and reviewed weekly by Divisional Risk Committees and the GRC.

For derivative contracts on the futures markets the sensitivity of the net fair value to an immediate 5% increase or decrease in underlying commodity prices would have been \$7.2 million at 30 September 2018 (2017: \$9.3 million).

(b) Foreign currency exchange risk

The Group's policy is not to speculate on foreign currency and this is enforced through the Group's delegated authorities, minimum control standards and written mandates which specifically prohibit speculation on foreign currency, and require cover to be taken on transactions when exposures arise. Subsidiaries manage foreign currency transactional exposure via 'natural hedges', including offset by an opposite exposure to the same risk (such as a purchase and a sale in the same currency), by financing through non-functional currency borrowings, and by daily or immediate spot and forward currency transactions. As a result, the Group has minimal exposure to transactional foreign currency risk.

(c) Interest rate risk

Other than the Group's outstanding long-term debt issued on a fixed rate basis, the Group's policy is to borrow funds at floating rates of interest that broadly match the period in which the Group owns or economically finances its underlying commodity purchases. The Group's borrowings of \$2,150.1 million (2017: \$2,297.2 million) are predominantly denominated in US Dollars, Sterling and Euros. The Group's profit or loss is influenced by interest rates. The effect on profit before tax of a 50 basis point movement in interest rates on the borrowings identified above would be \$8.6 million (2017: \$9.4 million) based on the Group's borrowings at the balance sheet date assuming all other factors remained constant for one year. The net financing costs of \$77.5 million (2017: \$79.6 million) includes \$59.8 million of interest income (2017: \$47.0 million).

This analysis ignores the impact of interest rates on commodity prices, which may mitigate the exposure to interest rate risk.

Credit risk

The Group is exposed to credit risk from its operating activities and certain financing activities. Financial assets which potentially expose the Group to credit risk consist of exposures to outstanding trade receivables in the event of non-performance by a counterparty, deposits with financial institutions, marketable securities (generally US sovereign bonds) and derivative financial instrument default risk on undelivered forward transactions.

Concentrations of credit risk arise when changes in economic, industry or geographic factors affect groups of counterparties who are involved in similar activities, or operate in the same industry, sector or geographical area, and whose aggregate credit exposure is significant to the Group's total credit exposure. The Group's exposure to credit risk is broadly diversified along industry, product and geographic lines, and transactions are conducted with a diverse group of customers, suppliers and financial institutions.

The Group manages its exposure to credit risk through credit risk management policies. On entering into any business contract, the extent to which the arrangement exposes the Group to credit risk is considered. The GRC controls credit risk through the credit approval process for counterparties, setting limits for all counterparties, carrying out an annual reassessment of significant counterparty limits, and monitoring individual exposures against limits. These committees review ageing of receivables, net payment risk, pre-finance and market default exposures, inventories limits, cash limits, non-current asset limits, and bond and guarantee limits. In addition, the Group sets total exposure limits for each country. All country limits are approved by the GRC.

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

20. Financial instruments and financial risk management *continued*

Before trading with a new counterparty can begin, its creditworthiness is assessed and a credit rating is allocated together with a credit exposure limit. The assessment takes into account all available qualitative and quantitative information about the counterparty and the Group, if any, to which the counterparty belongs. The counterparty's location, business activities, trading history, proposed volume of business, financial resources, and business management processes are taken into account to the extent that this information is publicly available or otherwise disclosed to the Group by the counterparty, together with any external credit ratings.

Once assigned a credit rating, each counterparty is allocated a maximum exposure limit. Creditworthiness continues to be evaluated after transactions have been initiated and a watch list of higher risk counterparties is maintained and monitored.

The maximum credit exposure associated with financial assets is equal to the carrying amount plus any credit commitments to counterparties that are unutilised and are analysed below. The Group mitigates risk by entering into contracts that permit netting and allow for termination of a contract in the event of default. Trade receivables and derivative financial instrument movements are presented on a net basis where unconditional netting arrangements are in place with counterparties, and where there is intent to settle amounts due on a net basis. Gross derivative financial instrument liabilities not netted against derivative financial assets totalled \$221.1 million (2017: \$301.6 million) and are shown in liabilities on the balance sheet.

	2018 \$m	2017 \$m
Maximum credit exposure		
Trade and other receivables	2,810.8	1,746.7
Amounts owed by joint ventures and associates	461.2	388.8
Securities purchased under agreements to resell	13,005.1	9,887.1
Margins with exchanges	1,576.5	1,413.8
DFI	310.5	398.5
Marketable securities	436.4	1,326.8
Cash and cash equivalents	834.4	672.1
	19,434.9	15,833.8

The Group applies a conservative approach to counterparty risk and counterparty creditworthiness. The credit quality of financial assets is considered to be high. Trade receivables are collected where possible under documentary collections presented through prime banks. The Group may also require collateral or other credit enhancements such as cash deposits, letters of credit, pledged inventories or parent company guarantees to reduce or offset credit risk. As at 30 September 2018, \$73.6 million of the trade receivables have collateral pledged (2017: \$103.4 million). The fair value of such collateral and credit enhancements, including cash deposits, pledged inventories, parent company guarantees and letters of credit was \$127.9 million (2017: \$145.1 million). The amounts disclosed in the financial instruments analysis are shown without the benefit of risk mitigation through insurance, collateral or other credit enhancements. During the year, the Group repossessed collateral with a value of \$Nil (2017: \$Nil). Amounts owed by joint ventures and associates benefit from charges over assets.

Receivables arising from securities purchased under agreements to resell back to clients are collateralised by the underlying securities. As at 30 September 2018, the receivables in respect of such transactions were \$13,005.1 million (2017: \$9,887.1 million). As at 30 September 2018, the securities held as collateral net of obligation to clients had a market value of \$14,796.8 million (2017: \$10,223.2 million) and were comprised principally of US Treasury and US Agency Securities. The collateral is valued daily and the Group may require clients to deposit additional collateral or return collateral pledged as appropriate.

As at 30 September 2018, marketable securities of \$436.4 million (2017: \$1,326.8 million) comprised principally US Treasury Securities, US Government Agency and US Government Sponsored Securities.

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20. Financial instruments and financial risk management continued

The analysis of trade receivables, net of allowance for credit losses, is as follows:

	2018 \$m	2017 \$m
Trade receivables		
Neither impaired nor past due	2,549.1	1,387.9
Not impaired and past due in the following periods:		
Within 30 days	101.0	125.4
31 to 60 days	17.6	78.2
61 to 90 days	6.8	11.7
Over 90 days	13.3	5.8
	2,687.8	1,609.0

The movement in the allowance for credit losses is set out below:

	2018 \$m	2017 \$m
Allowance for credit losses		
Balance brought forward	74.2	71.8
Charge for the year	20.7	20.4
Utilisation	(15.2)	(13.0)
Reversal	(4.0)	(5.0)
Balance carried forward	75.7	74.2

Liquidity risk

Liquidity risk is the risk that the Group may not be able to settle or meet its obligations on time. The principal objective of the Group's Treasury function is to manage liquidity and interest rate risks. The Group's Treasury function centrally coordinates relationships with banks, borrowing requirements, foreign exchange requirements, and cash management. Other responsibilities include management of the Group's cash resources and structure of borrowings, monitoring of all significant treasury activities undertaken by the Group, benchmarking significant treasury activities, and monitoring banking loan covenants to ensure continued compliance. The Group manages its liquidity risk on a consolidated basis, utilising various sources of finance to maintain flexibility. Unless restricted by local regulations, subsidiaries pool their cash surpluses with Group Treasury which arranges to fund each subsidiary's requirements, invests any surplus in the market, or arranges for external borrowings, while managing the Group's overall net currency positions.

The Group's liquidity risk management strategy includes structuring its financing facilities to meet funding requirements, with access to committed and bilateral credit lines from a diverse range of banks, as well as maintaining a portfolio of cash and liquid investments. The Group monitors its level of debt and liquidity risk taking into account cash balances, readily marketable securities and readily marketable commodity inventories. Such inventories are considered to be readily convertible into cash due to their quality, liquid nature, short duration and the existence of widely available markets.

The Group has committed, unsecured facilities of \$2,280 million (2017: \$3,259 million), which include medium-term multicurrency syndicated facilities of \$1,156 million (2017: \$1,641 million) and 364 day revolving syndicated facilities of \$1,043 million (2017: \$1,535 million). Together these facilities give the Group flexibility to borrow and repay debt as and when appropriate. Debt drawn under these facilities at 30 September 2018 was \$1,511 million (2017: \$1,648 million).

The Group also has \$155 million of fixed interest notes which expire between 2021 and 2026. In addition, the Group also has other drawn debt facilities of \$484.0 million (2017: \$482.0 million). During the year, the Group incurred interest expenses of \$136.2 million (2017: \$126.6 million) of which \$42.2 million related to interest incurred on facilities due after more than one year (2017: \$29.7 million).

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

20. Financial instruments and financial risk management **continued**

The maturity profile below of bank loans and overdrafts is based on the earliest undiscounted contractual repayment dates. Loans and overdrafts are drawn from the medium-term and short-term committed facilities described above and in note 19.

	Trade payables \$m	Loans and overdrafts \$m	DFI \$m	Securities sold under agreements to repurchase \$m	Other financial instruments \$m
Financial liabilities					
Within one month	791.8	1,177.7	119.4	12,040.7	99.6
One to three months	3,454.2	121.7	44.7	49.0	–
Three months to one year	8.2	82.1	53.0	1,019.8	–
One to two years	0.3	489.1	4.1	–	–
Two to five years	–	157.7	0.6	–	–
More than five years	–	121.8	–	–	–
At 30 September 2018	4,254.5	2,150.1	221.8	13,109.5	99.6
Financial liabilities					
Within one month	819.7	1,836.3	155.1	9,818.0	164.4
One to three months	1,943.6	167.2	77.9	1,137.7	–
Three months to one year	17.4	62.3	55.8	0.3	–
One to two years	–	28.4	11.8	–	–
Two to five years	–	79.4	1.0	–	–
More than five years	–	123.6	–	–	–
At 30 September 2017	2,780.7	2,297.2	301.6	10,956.0	164.4

The Group uses cash flow hedges to mitigate the risk of exposure to changes in the sugar price in certain of its beet sugar production operations. The hedges are affected by selling forward on sugar futures exchanges. At 30 September 2018, the fair value of such hedging instruments was an asset of \$5.2 million (2017: asset of \$3.6 million). Related cash flows are all expected to occur and to affect Group profit or loss within one year of the balance sheet date.

21. Provisions

	Legal claims \$m	Other provisions \$m	Total \$m
At 1 October 2017	3.3	22.2	25.5
Charge	0.1	0.4	0.5
Utilised	–	(11.5)	(11.5)
Written back	(0.9)	(1.4)	(2.3)
At 30 September 2018	2.5	9.7	12.2

The provision for legal claims represents the Directors' best estimate of the probable present obligation from actual or potential legal claims arising from contract performance and other commercial matters which exist at the balance sheet date. These claims are at different stages of resolution and accordingly it is not possible to give a meaningful indication of the likely timing of the possible inflow or outflow of economic benefits associated with these claims. The level of provision has been arrived at by considering each outstanding legal claim and the circumstances giving rise to it.

Other provisions mainly relate to restructuring expected to be utilised in the upcoming year.

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22. Share capital

	Allotted, called up and fully paid \$1 each		'A' Preference shares of \$1 each	
	Number	\$m	Number	\$m
At 30 September 2017	119,800,602	119.8	64,505,722	64.5
Shares issued	1,355,291	1.4	–	–
At 30 September 2018	121,155,893	121.2	64,505,722	64.5

The shares issued in the year are in respect of contingent consideration for the acquisition of Maviga plc, which was acquired by the Group in January 2017 (see note 14 for further details).

23. Share premium account

	\$m
At 1 October 2017	183.0
Deferred payment on acquisition of subsidiary:	
Performance related	1.0
Non-performance related	(1.0)
At 30 September 2018	183.0

During the year, contingent consideration was paid to the former shareholders of Maviga plc, who were acquired by the Group in January 2017 (see note 14 for further details).

24. Employee trust

The Group operates an employee trust in which all expenses incurred are settled directly by the Group and charged to the profit or loss as incurred. The Trust is established with a view to encouraging, motivating and retaining employees, and providing benefit for employees in the event of either death or disablement by accident. The assets and liabilities of the Trust are included in the financial statements of the Company and the Group to the extent that assets have not been unconditionally allocated to specific employees.

The Trust holds 25,537,190 (2017: 26,143,260) shares in the Company, of which 15,058,524 (2017: 21,074,337) have been conditionally awarded to employees. The Trust buys and sells shares in the Company at the fair price calculated as defined in the Company's Articles of Association. The cost of the shares purchased and held by the Trust of \$99.4 million (2017: \$105.0 million) is deducted from shareholders' funds.

Share options

The Group makes conditional share awards to some employees under annual schemes based on the performance of the individual and of the Group. The schemes permit the employee to purchase a defined number of shares over a vesting period ranging from one to five years after the grant date of the award. The individual's total annual conditional share awards are exercisable at an aggregate price of \$1 and lapse within a maximum of ten years after the grant date of award.

A charge in respect of employee share-based payments is recognised in the profit or loss, with a corresponding entry in the profit or loss reserve, and reflects the fair value of the services received. The fair value of the service is determined using a valuation technique based on the fair value of the equity instruments granted, and is spread over the performance and vesting period. The charge to the profit or loss is adjusted based on an estimate of awards that will lapse prior to vesting. Each scheme is assessed individually and estimates of the number of lapses range from 0%–12%.

The Directors consider that the fair value of share awards is represented by the fair price of the Company's shares as at the date the award is granted. The charge for the year to 30 September 2018 was \$18.7 million (2017: \$26.3 million).

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

24. Employee trusts **continued**

The following table illustrates the number and movements in share options during the year:

	Number of shares 2018	Number of shares 2017
Outstanding at 1 October	21,074,337	20,398,688
Granted	2,393,877	5,708,073
Exercised	(7,766,799)	(4,475,229)
Lapsed	(642,891)	(557,032)
Cancelled	–	(163)
Outstanding at 30 September	15,058,524	21,074,337

Exercisable as follows

	Number of shares 2018	Number of shares 2017
Immediately exercisable	2,902,560	3,902,755
October 2016 to September 2017	1,900,437	2,402,644
October 2017 to September 2018	987,150	6,915,637
October 2018 to September 2019	6,002,460	5,497,622
October 2019 to September 2020	2,598,523	2,345,516
October 2020 to September 2021	662,313	5,082
October 2021 to September 2022	5,081	5,081
	15,058,524	21,074,337

Share purchase plan

The Group operates a share purchase plan whereby some employees are invited to acquire shares at the fair price. The shares are acquired immediately.

At 30 September 2018 and at 30 September 2017, the Group had no unexercised obligations under this plan.

25. Notes to the cash flow statement

(a) Group reconciliation of net cash flow from operating activities

	2018 \$m	2017 \$m
Revenue	8,351.1	10,677.8
Cost of sales	(7,855.8)	(10,224.8)
Selling and administrative expenses	(435.3)	(451.8)
	60.0	1.2
Adjustments for:		
Depreciation of property, plant and equipment	40.7	41.8
Amortisation and impairment of intangible assets	8.4	4.7
Expenses arising from share option plans	18.7	26.3
Effects of fair value	(7.1)	29.4
Movements in provisions	(11.7)	0.9
Operating cash flows before movements in working capital	109.0	104.3
Movement in inventories	351.7	112.8
Movement in biological assets	(0.8)	2.4
Movement in marketable securities	890.4	(154.6)
Movement in securities purchased/sold under agreements to resell/repurchase	(964.6)	24.8
Movement in receivables	(1,349.6)	611.7
Movement in payables	1,483.1	(421.6)
Cash generated by operations	519.2	279.8
UK corporation tax paid	–	(0.1)
Overseas taxation paid	(41.6)	(29.6)
Net cash inflow from operating activities	477.6	250.1

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25. Notes to the cash flow statement continued

(b) Group reconciliation of net cash flow to movements in net debt

	Note	2018 \$m	2017 \$m
Increase/(decrease) in cash		161.2	(317.7)
Decrease in borrowings	26	149.2	374.1
Movement in net debt resulting from cash flows		310.4	56.4
Loans acquired on acquisition of subsidiary undertaking		–	(40.9)
Effect of change in exchange rates	26	(1.0)	(0.6)
Movement in net debt		309.4	14.9
Opening net debt		(1,625.1)	(1,640.0)
Closing net debt	26	(1,315.7)	(1,625.1)

(c) Group reconciliation of net cash flow on disposal of subsidiary

	2018 \$m
Carrying value of assets and liabilities:	
Property, plant and equipment	8.5
Net working capital	12.7
Cash	8.2
Profit on disposal of subsidiary	61.3
Cash consideration less disposal costs	90.7
Cash in subsidiary disposed of	(8.2)
Net cash inflow from disposal of subsidiary	82.5

26. Analysis of changes in net debt

	Cash and cash equivalents \$m	Current liabilities \$m	Non-current liabilities \$m	Net debt \$m
At 1 October 2017	672.1	(1,753.4)	(543.8)	(1,625.1)
Cash flow	161.2	374.1	(224.9)	310.4
Loans acquired on acquisition of subsidiary undertaking	–	–	–	–
Exchange movements	1.1	(2.1)	–	(1.0)
At 30 September 2018	834.4	(1,381.4)	(768.7)	(1,315.7)

27. Financial commitments

The below table shows the maturity of future minimum lease payments under non-cancellable operating leases due:

	Plant and machinery		Land and buildings	
	2018 \$m	2017 \$m	2018 \$m	2017 \$m
Within one year	15.7	15.3	14.0	10.9
Between one and five years	47.3	49.5	57.9	49.5
After five years	27.0	29.4	34.1	58.1
	90.0	94.2	106.0	118.5
			2018 \$m	2017 \$m
Expenditure contracted for but not provided in the financial statements			1.3	2.7

Joint ventures and associates

The Group and Company's share of capital commitments, as at the end of the financial year, of its joint ventures and associates was \$3.6 million (2017: \$Nil).

Notes to the consolidated financial statements continued for the year ended 30 September 2018

28. Contingent assets and contingent liabilities

The credit facilities of the Group, as reported in note 20, have been guaranteed by the Company.

The Group has a number of favourable judgements in legal cases where settlement is due to be received. These prospective settlements are recognised in the financial statements when the cash is received or where its receipt is virtually certain.

The Group's share of contingent liabilities of associates and joint ventures incurred jointly with other ventures or investors was \$Nil (2017: \$Nil).

29. Related party transactions

Group

During the year the Group entered into transactions, in the ordinary course of business, with related parties. All transactions between ED&F Man Holdings Limited and its subsidiaries are eliminated on consolidation.

	Sales		Purchases		Amounts owed from		Amounts owed to	
	2018 \$m	2017 \$m	2018 \$m	2017 \$m	2018 \$m	2017 \$m	2018 \$m	2017 \$m
Agricultural Commodities:								
Associates	4.9	2.0	13.5	13.8	3.6	2.3	(0.1)	–
Joint ventures	3.9	34.7	18.7	60.9	457.6	386.5	(0.6)	2.0
Equity investor	–	0.4	122.8	37.1	–	–	5.7	–
Brokerage:								
Associates	–	–	–	–	–	–	–	–
Joint ventures	–	–	–	–	–	–	–	–

Amounts owed by joint ventures and associates benefit from charges over assets.

As at 30 September 2018, loans to Directors of \$10.3 million (2017: \$23.8 million) are outstanding. Of these loans \$9.9 million are non-interest bearing, repayable upon demand and fully-collateralised, and \$0.4 million are interest-bearing, are repayable on demand and are fully collateralised. During the year, \$0.4 million was repaid and no new loans were advanced. Loan balances relate to two Directors in the amounts of \$3.5 million and \$6.8 million.

The Group considers the only key management personnel to be the Directors of the Company. Relevant compensation disclosures are contained in note 6.

30. Events after the financial period

There have been no significant subsequent events.

31. Group investments

The following subsidiaries and holdings are owned by the Group. The ownership of the Group is 100% unless otherwise stated.

Libertad 850 5°b, Buenos Aires C1012AAR, Argentina: ED&F Man Liquid Products Argentina S.A., Suite 1, 80–82 Bathurst Street, Liverpool, NSW 2170, Australia: Cofi-Com Trading Pty Ltd, Schuttershofstraat9, Antwerp 2000, Belgium: ED&F Man Liquid Products Belgium N.V., Aon House, 30 Woodbourne Avenue, Pembroke HM 08, Bermuda: ED&F Man Holdings Insurances Limited, Avenida Brigadeiro Faria Lima nº 201, Conjunto 151, Pinheiros, CEP 05426-100, Sao Paulo, Brazil: Agrovía S.A. (31.53%), Rua Nazareth Do Prado 225, 37026.520 – Varginha – MG, Brazil: Copag – Cia Capital De Armazens Gerais S.A., Torres Empresariais Do Ibirapuera – Torre II, Av Ibirapuera 2332 – 10° Andar – Conju.102 – SP CEP 04 028–002, Brazil: ED&F Man Brasil S.A., Av. Ibirapuera, 2332 – 10° Andar – CONJ. 102, Indianapolis, 04028.002 – Sao Paulo – SP – Brazil: ED&F Man Volcafe Brasil Ltda, Torres Empresariais Do Ibirapuera – Torre II, Av Ibirapuera 2332 – 100 Andar – Conju.102 – SP CEP 04 028 – 002, Brazil: Volcafe Ltda, Avenida José De Souza Campos, 507 – 9° Andar (Parte), Bairro Cambuí, Campinas– SP – CEP 13.025-320, Brazil: ED & F Man

Participações Financeiras Ltda, Rua General Mac Arthur 418, Sala 1004, Bairro Da Imbiribeira – Receife/PE – CEP 51.160-280, Brazil: Melaco Nassau Ltda (99%), Avenida Campos Sales, 211 Centro, Cidade De Jose Bonifacio, Estado De Sao Paulo, Cep 15208-000, Brazil: Alimentos Pr Brasil (26.71%), Suite 5300 TD Bank Tower, Box 48, 66 Wellington Street West, Toronto ON M5K 1E6, Canada: ED&F Man Canada Inc., 374 Third Avenue South, Saskatoon, SK S7K 1M5, Canada: Saskatchewan Limited, Belle Pulses Limited (20%), Rosario Norte 615, Piso 23, Las Condes, Santiago, Chile: ED&F Man Alimentos Limitada, ED&F Man Chile Holdings Spa, ED&F Man Chile S.A., Empresas Iansa S.A. (89.02%), Generacion Industrial (89.02%), Iansa Agencia Panama – Branch office, Iansagro S.A. (89.02%), Agromas (89.02%), Rosario Norte 615, 23rd Floor, Las Condes, Santiago, Chile: Agricola Terrandes (89.02%), Induexport Spa (89.02%), Induversiones Spa (89.02%), Invernidu Spa (89.02%), Inversiones Iansa (89.02%), Patagonia Fresh (89.02%), Iansa Ingredients S.A. (91.55%), Iansa Alimentos S.A. (91.55%), Apple fit Spa (45.77%), Patagonia Invest (89.02%), LDA (89.02%),

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31. Group investments continued

Sociedad De Inversiones Campos Chilenos S.A. (93.15%), Room 911, No. 111, Feng Pu Avenue, Industrial Zone, Shanghai, China: ED&F Man (Shanghai) Co. Ltd, The Crossway of Si Lan Road and Ban Shan Road, Simao District, Pu'er, Yunnan Province, China: Yunnan Volcafe Company Limited (51%), Calle 72 No. 10-07 Office 1301 Santafé De Bogotá, Colombia: Carcafe Ltda C.I., Carretera a Heredia Del Puente Rio Virilla, San Jose 1000, Costa Rica: Beneficios Volcafe S.A., Café Capris S.A., Rublacedo S.A., PNO House, 3rd Floor, 3100 Limassol, Cyprus: Noxtran Holdings Limited (51%), Zvolenêves 86, Zvolenêves 273 25, Czech Republic: ED&F Man Ingredients s.r.o (70%), Masarykovo Náměstí, 3/3, Děčín 40502, Czech Republic: ED&F Man Liquid Products Czech Republic S.R.O., Gorrissen Federspiel, Silkeborgvej 2, 8000 Aarhus C, Denmark: ED&F Man Terminals Denmark ApS, Unit OT 17-42, Level 17, Central Park Offices, DIFC, Dubai: ED&F Man Capital Markets Mena Limited, 2nd Floor, Unit 7, Spot Mall First District, New Cairo, Fifth Settlement, Cairo, Egypt: ED&F Man Commodities Egypt Limited, ED&F Man Trading Egypt Limited (95%), 3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Eire: ED&F Man Ireland Holdings Limited, ED&F Man Liquid Products Ireland Limited, ED&F Man Terminals Ireland Limited, 3 London Bridge Street, London SE1 9SG, France: Liquid Feed France S.A.S. (50%), 62 rte de paris, Cagny 14630, The Netherlands: Liquid Feed Europe Holdings B.V. (50%), Laurens Jzn. Costerstraat 12, 3261 LH, India: Broadhurst Commodities Private Limited, A/401, Bhoomi Legend; Sambhaji Nagar Akurli Road; Kandivali East Mumbai Mumbai City MH 400101, Mexico: ED&F Man Liquid Products S.A. de C.V., Avenida Pablo Neruda 2886-3, Guadalajara Jal 44639, England & Wales: Advanced Feed Fats Limited, Agman Holdings Limited*, Agman Investments Limited, Bauche S.A. Limited, ED&F Man Capital Markets Limited*, ED&F Man Capital Markets Treasury Management Plc*, ED&F Man Chile Limited, ED&F Man Cocoa Limited, ED&F Man Coffee Limited, ED&F Man Financial Services Holdings Limited*, ED&F Man Fishoils Limited, ED&F Man Liquid Products UK Limited, ED&F Man Metals Limited, ED&F Man Nicaragua Limited, ED&F Man Shipping Limited, ED&F Man Sugar Limited, ED&F Man Sugar Overseas Holdings Limited, ED&F Man Terminals UK Limited, ED&F Man Treasury Management Plc*, Eurasia Finance Management Limited, Femis Limited, Holco Man Limited, Holco Trading Co. Limited, L. K. & S. Trading Company Limited, Ruleastral Limited, Transition Feeds LLP (33.33%), ED&F Man Assets Management Limited, Maviga Limited, Maviga Europe Limited, ED&F Man Capital Markets Nominees Limited, 27-29 Rue Chateaubriand, Paris 75008, France: Volcafe France S.A.S., Am Sandorkai 62, 20457 Hamburg, Germany: ED&F Man Deutschland GmbH, Schlachte 3-5, Bremen 28195, Germany: Gollucke & Rothfos GmbH, Hermann Haelssen GmbH, 31 Ringway Estates, Osafoanye O.Broni Crescent, Accra, Ghana: ED&F Man Commodities West Africa Limited, No. 10 Manyo Plange Street - P.O. Box CR 1466, Cantonments, Accra, Ghana: Maviga Ghana Limited, Diagonal 6, 13-27, Zone 10, Guatemala City CA 01010, Guatemala: Peter Schoenfeld S.A., Waelti-Schoenfeld Exportadores De Café S.A., 1 National Road, Shodecose, Port Au Prince, Haiti: Commerciale Sucriere S.A., Ave New Orleans Frente Al Instituto Tecnico Aleman, 3 Avenida Entre 28 Y 29 Calle, San Pedro Sula, Honduras: Molinos De Honduras S.A., Room 2003, C C WU Building, 302-308 Hennessy Road, Wanchai Road, Hong Kong: Arabica Coffee Roasters (Hong

Kong) Limited (20%), Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong: ED&F Man Capital Markets Hong Kong Limited, ED&F Man (Far East) Limited, Stepford Company Limited, 2000 Szentendre, Harmut U.16, Hungary: ED&F Man Liquid Products Hungary K.F.T., 903-904, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai 400021, India: ED&F Man Commodities India Pvt. Limited, A-112, Sector 63, Noida-201201, Uttar Pradesh, India: Uniworld Sugars Pvt. Limited (50%), Menara Rajawah Lt. 12, Jl. Dr. Ide Anak Agung Gde Agung Lot #5.1, Setiabudi Jakarta Selatan, Indonesia: Pt ED&F Man Indonesia, Jl. Pasar Melintang No. 28, Desa Tanjung Selamat, Kec. Percut Seituan, Deli Serdang 20371, Sumatera Utara, Indonesia: Pt Volkopi Indonesia, 5 Shvat St. Kiryat Gat 8202291 Israel: Sugat Industries Limited, 14 Abba Hillel St., Ramat Gan 5250607, Israel: Sugat International Ltd, 5 Shvat St. Kiryat Gat 8202291 Israel: Sugat Sugar Refineries Limited, Toree 1 - Unita 12 - 7° Floor, Viale Aldo Moro 64, Fiera District, Bologna 40127, Italy: ED&F Man Liquid Products Italia Srl, Abidjan-Zone Industrielle De Vridi, Rue Morris, 01 BP 3804 Abidjan 01, Ivory Coast: Societe Ivoirienne De Produits Tropicaux Et Alimentaires S.A., 80 Kyo-Machi, Chuo-Ku, Kobe, Japan: Volcafe Ltd, Plot No. 209/2069, Dennis Pritt Road, P.O. Box 49525-00100, Nairobi, Kenya: Mshale Commodities Limited, Simba Commodities Limited, Taylor Winch (Coffee) Ltd, Zambeco Trading Kenya Limited, PO Box 60272, 91012 Tawau Sabah, Malaysia: ED&F Man Cocoa Sdn Bhd, Tenth Floor, Raffles Tower, 19 Cybercity, Ebene, Republic of Mauritius: Kilombero Holdings Limited (26.67%), Paseo Lomas Altas No. 4030, Col. Lomas Altas, C.P.45129, Zapopan, Jal, Mexico: Agazucar S.A. De C.V. (30%), Paseo De Los Tamarindos Numero 60, Piso 4, Colonia Bosques De Las Lomas, Delegation Cuajimalpa De Morelos, Distrito Federal, CP 05120, Mexico: Tenedora de Acciones de Sinaloa S.A. de C.V., Compania Azucarera de Los Mochis, S.A. de C.V. (30%), Prol. Vicente Guerrero Sr s/n, apartado postal 14, C.P. 81200, Los Mochis, Sinaloa, Mexico: Agrícola Ohuira S.A. de C.V. (30%), Boulevard Antonio Rosales 751, C.P. 81200 Los Mochis, Sinaloa, Mexico: Azucar Grupo Saenz (49%), Volcan Quinceo No. 523, Col. Paraisos Del Colli, C.P. 46069, Zapopan, Jal., Mexico: Compania Panamericana De Comercio S.A. De C.V. (50%), Andres Bello 10, Piso 14, Col. Chapultepec Polanco Miguel Hidalgo, C.P. 11560, Mexico: ED&F Man Capital Markets Mexico S.A. De C.V., Avenida José Vasconcelos Número 105, PISO 9, Oficina 902, Colonia Hipódromo Condesa, Delegación Cuauhtémoc, Distrito Federal, C.P. 06170, Mexico: ED&F Man Liquid Products Mexico S.A. De C.V., ED&F Man De Comercio S.A. De C.V., ED&F Man De Mexico S.A. De C.V., ED&F Man De Servicios A. De C.V., Intercomsa S.A. De C.V., MS Sugar S.A.P.I De C.V. (50.5%), Volcan Quinceo No. 523, Col. Paraisos Del Colli, C.P. 46069, Zapopan, Jal., Mexico: Logiserv S.A. De C.V. (50%), Rua Voluntario de Lourenco Marques, Com Talho No. 3418, Munhava-Beira, Sofala, Moçambique: ED&F Man Mocambique Limitada, Maviga Mozambique Limited (99%), De Ruyterkade 6, 6Th Floor, 1013 AA Amsterdam, Netherlands: ED&F Man Holdings B.V., ED&F Man Liquid Products Nederland B.V., ED&F Man Molasses B.V., ED&F Man Ukraine Investments B.V., Feedimpex B.V., Hooiveld Scheepvaart En Transport B.V., Industrias El Palmar Holdings B.V., Sofpac B.V., ED&F Man Vietnam Holdings B.V., Noordzeedijk 113, 4671TL Dinteloord, Netherlands: Limako B.V. (49%), Veerkade 7C, 3016 Rotterdam, Netherlands: Nexco Holding B.V. (33.33%), C/O Evenor VALDIVIA P. & Asociados Oficina De

Notes to the consolidated financial statements **continued** for the year ended 30 September 2018

31. Group investments **continued**

Leyes, Rotonda El Gueguense, 150, Metros Al Sur, Managua, Nicaragua: Distribuidora Y Comercializadora De Azucar S.A., Canal 2, Dos Cuadras Abajo, 1 Cuadra Al Lago Managua, Nicaragua: Servicios Azucareros Nicaraguenses S.A. (SANS), Semaforo Enel Central, 2 Cuadras Al Sur, Media Cuadra, Al Este. Barrio Edgar Munguiam, Managua, Nicaragua: Volcafe De Nicaragua S.A., Suite C202, No. 11 Dunukofia Street, Area 11, Garki, Abuja, Nigeria: ED&F Man West Africa Limited, 115 Palm Avenue, Mushin, Lagos State, Nigeria: Maviga West Africa Limited (99.99%), PWC Haus, Level 6, Harbour City, Konedobu, Port Moresby, National Capital District, Papua New Guinea: PNG Coffee Exports Ltd (90%), Av. Manuel Santenna Christi, 1151, Urbanizacion Santo Domingo De Guzman, Peru: Icatom (89.02%), Monte Rosas 255 Fourth Floor Office 309 Charcarilla, Santiago De Surco Lima, Peru: ED&F Man Peru Sac, Av. Pedro Ruiz Gallo Lote 124C – 125 A – ATE – Lima, Peru: Procesadora Del Sur S.A, Room 214, 2nd Floor Capitol SUBD. Building, Bacolod, Negros Occidental, 6101 Philippines: Aeta Energy Philippines Inc. (99.99%), Unit 65 West Grace Office, 2200 SUBIC, Manila, Philippines: ED&F Man Commodities Philippines Inc., 37th Floor Rufino Pacific Tower, 6784 Ayala Ave., Makati City, Philippines: ED&F Man Philippines Inc., EGC Rising Tide Hauling Inc., Schuurmans & Van Ginneken Philippines Inc, 6784 Ayala Ave., 1226 Makati City Philippines: Honig Sugar Trading Corp. (50%), Zone Li Santo Rosario, 6100 Negros Occidental, Philippines: S&Q Logistics, Ul Grzybowska 4/125, Warsaw, 00-131, Poland: ED&F Man Commodities Sp. Z O.O., Ul. Al Grunwaldzka nr. 472, Gdańsk 80-309, Poland: ED&F Man Liquid Products Poland Sp z.o.o, Av Antonio Serpa, 23-7 Andar, Lisbon 1050-026, Portugal: ED&F Man Portugal Limitada, Rua Dr. Brito Camara No. 20, 1st Floor, Funchal, Portugal: Global Sugar Trading – Comercio De Azucar Ltda, Estrada Da Graça Cachofarra, Setúbal 2910-524, Portugal: Uralada Portugal S.A., Centro De Distribución Del Norte, National Road 869, Palmas Ward, Cataño, Puerto Rico 00962: Envasadora De Azucar Inc. (35%), 17 Caltuna Entrance Street, 4th District, Bucharest, Romania: ED&F Man Commodities Romania SRL, Office 520, 5th Floor, Vasilisa Kozhina Str. 1, Moscow 121096, Russia: LLC 'ED&F Man', Room 8K, 5th Floor, Vasilisa Kozhina Str. 1, Moscow 121096, Russia: LLC 'ED&F Man Trading' (51%), 8 Shenton Way # 16-02, 068811 Singapore: ED&F Man Asia Pte. Ltd, ED&F Man Singapore Pte. Ltd, ED&F Man Capital Markets (Singapore) Pte Ltd, Maritime Investment Holdings Pte Limited (50%), Volcafe Pte Ltd, Stredná 7, 945 01 Komárno, Slovak Republic: ED&F Man Liquid Products Slovakia S.R.O., Dunajska 22, 1000 Ljubljana, Slovenia: ED&F Man D.O.O., Suites 1-3 Dalbergia, Forest Square, 11 Derby Place, Derby Downs Office Park, Westville 3629, South Africa: ED&F Man Liquid Products South Africa (Pty) Ltd, Block A, Surrey Park, 6 Barham Road, Westville, 3629 Durban, South Africa: Maviga ZA (Pty) Limited, 4th Floor, 8 Seochojungang-RO 22-Gil, Seocho-Gu, Seoul, Korea (Seocho-Dong), South Korea: ED&F Man Korea Limited, Calle Sagasta 27, 2 Izda, Madrid 28004, Spain: ED&F Man España S.A., Global Sugar Services S.L.U., Hermanos Vila Melazas S.A. (50%), Volcafe Iberia S.A., Technoparkstrasse 7, Winterthur 8406, Switzerland: ED&F Man Switzerland Ltd, Volcafe Holding Ltd, Volcafe Ltd, 26A Route De Coppet, Commugny, Near Geneva, CH-1291, Switzerland: Maviga S.A., Msolwa Mill Office, Kidatau, Tanzania: Illovo Sugar Distillers (Tanzania) Limited (20%), Plot No. 6, Block A, Moshi Municipality, Moshi, Kilimanjaro, Tanzania: Kahawa

Endelevu Limited, Plot 2177/78, Block 205, Nkrumah-Gerezani, Dar Es Salaam, Tanzania: Kilombero Sugar Distributors Limited (80%), P.O. Box 524 Moshi, Tanzania: Taylor Winch (Tanzania) Ltd, Rafiki (Coffee) Ltd, Plot No., 2370/75c, Vingunguti, Dar Es Salaam, Tanzania: Maviga Tanzania Limited (99%), Maviga East Africa Limited (98%), Unit No. 1404, 14th Floor, Tiffany Tower, Jumeirah Lakes Towers, Dubai, UAE: Maviga Middle East DMCC, 23F, Au Tower, Jumeirah Lakes Tower, Sheikh Zayed Road, Dubai, UAE: ED&F Man Gulf DMCC, Plaza Plot No. 22/24, Kampala, Uganda: Mshale Commodities (Uganda) Limited, Kampala Industrial & Business Park – Namanve, P.O. Box 3181, Kampala, Uganda: Volcafe Uganda Limited, Kyagalanyi Coffee Ltd, 1, Sadova Str., Office 206, Mykolaiv, Mykolaiv Region, 54001, Ukraine: Agro Dilo Farm 1, Mala Morska Str., 108 Building, Office 805, Mykolaiv, Mykolaiv Region, 54002, Ukraine: Baya Agro Farm 3, 2, Zavodska Street, Pervomaiske Village, Vitovskiy District, Mykolaiv Region, 57232 Ukraine: LLC Ukrainian Sugar Company, 1, Sadova Str, Office 206, Mykolaiv, Mykolaiv Region, 54001, Ukraine: Ukraine Land Group LLC, 19-21 Bohdana Khmelnytskoho St., Kyiv, 01030, Ukraine: LLC ED & F Man Trading Ukraine, 810 Colonia Oficina 403, Montevideo, CP 11100, Uruguay: ED&F Man Uruguay S.A., Inancor S.A., Trazen S.A. (33%), Cogency Global Inc., 850 New Burton Road, Suite 201, Dover, Delaware 19904 USA: Agman Louisiana Inc., 440 S LA Salle St., Chicago, IL60605, USA: C&H Option Trading Inc., 140 East 45th Street, 42nd FL. New York, New York 10017, USA: ED&F Man Capital Markets Inc., ED&F Man Client Services Inc., Cogency Global Inc., 10 East 40th St., 10th Floor, New York, New York 10016, USA: Royal Ingredients Inc., Cogency Global Inc., 850 New Burton Road, Suite 201, Dover, Delaware 19904, USA: ED&F Man Holdings Inc., ED&F Man Liquid Products LLC, ED&F Man Professional Trading Services Inc., National Registered Agents Inc., 160 Greentree Dr STE 101, Dover, Kent, Delaware 19904, USA: ED&F Man Services Inc., Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware 19801, USA: ED&F Man Derivative Products Inc., 140 East 45th Street, 10th Floor, New York 10017, USA: ED&F Man Sugar Inc., Cogency Global Inc., 850 New Burton Road, SUITE 201, Dover, Delaware 19904, USA: Gold River Liquid Products Llc (51%), Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle, Delaware 19808, USA: Royal Ingredients LLC, Trade Lifts LLC, United Corporate Services, 874 Walker Rd STE C, Dover, Kent, Delaware 19904, USA: Volcafe Specialty Coffee Corp, Cogency Global Inc., 850 New Burton Road, Suite 201, Dover, Delaware 19904 USA: Westway Feed Products LLC, 103 E Sparague Avenue, Spokane, WA 99202-1603, USA: Maviga NA Inc, Belle Pulses USA LLC (59.2%), 21st Century Agriculture Investment LLC (51%), Palouse Pulse LLC, Cagua, Municipality of Sucre in Aragua State, Corinsa Industrial Zone, Calle Lazo III, Unit No. 25, Postal Zone 2122, Venezuela: Nutramel S.A. (50%), KM07, National Road 26, Buonmathuot City, Daklak Province, Av. Francisco De Miranda, Edif. Banco Del Orinoco Piso 9, Caracas, Venezuela: ED&F Man Venezuela S.A., Ipsa Inversiones C.A. (49%), Vietnam: Dakman Vietnam Co. Limited (66.4%), An Phuoc Industrial Park, Long Thanh Ward, Dong Nai Province: Volcafe Vietnam Co. Ltd.

* Directly held by ED&F Man Holdings Limited.

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31. Group investments continued

The following 100% owned subsidiaries, registered in England and Wales, are exempt from an audit of their individual accounts by virtue of section 479A of the Companies Act 2006. ED&F Man Holdings Limited is providing a guarantee under section 479C of the Companies Act 2006 in respect of these entities for the year ended 30 September 2018:

Company name	Registered number
Advanced Feed Fats Limited	4147992
Agman Holdings Limited	3901524
Agman Investments Limited	4091063
ED&F Man Chile Limited	2889195
ED&F Man Cocoa Limited	1287947
ED&F Man Coffee Limited	3068479
ED&F Man Sugar Overseas Holdings Limited	03600498
Eurasia Finance Management Limited	08261459
Holco Man Limited	1638058
Maviga Limited	2953255
Ruleastral Limited	2511806

32. Non-controlling interest

The material non-controlling interest in the Group relates to Campos Chilenos S.A. and its subsidiary IANSA. The Group has 93.15% ownership in Campos directly and 89.02% in IANSA, 49.21% directly and the remaining indirectly through the Campos ownership of 39.81%.

Company balance sheet as at 30 September 2018

	Note	30 September 2018 \$m	30 September 2017 \$m
Fixed assets			
Investments	3	460.0	460.0
Current assets			
Debtors	4	215.7	207.2
Cash at bank and in hand		27.8	51.2
		243.5	258.4
Total liabilities	5	(219.3)	(209.5)
Net assets		484.2	508.9
Capital and reserves			
Share capital	22	121.2	119.8
Preference share capital	22	64.5	64.5
Share premium account	23	183.0	183.0
Capital redemption reserve		14.5	14.5
Retained earnings		101.0	127.1
Shareholders' funds attributable to equity interests		484.2	508.9

Approved by the Board of Directors on 4 December 2018 and signed on its behalf by:

Rafael Muguero
Chairman

Laurie Foulds
Chief Operating Officer

Company statement of changes in equity for the year ended 30 September 2018

	Share capital \$m	Preference share capital \$m	Share premium account \$m	Capital redemption reserve \$m	Retained earnings \$m	Total equity \$m
At 1 October 2017	119.8	64.5	183.0	14.5	127.1	508.9
Loss for the year	–	–	–	–	(13.8)	(13.8)
Shares issued	1.4	–	–	–	–	1.4
Movement in own shares and share option plans	–	–	–	–	(12.3)	(12.3)
Dividend paid on preference shares	–	–	–	–	–	–
At 30 September 2018	121.2	64.5	183.0	14.5	101.0	484.2
At 1 October 2016	119.8	64.5	168.0	14.5	142.6	509.4
Loss for the year	–	–	–	–	(18.4)	(18.4)
Movement in own shares and share option plans	–	–	–	–	8.7	8.7
Acquisition of subsidiary	–	–	15.0	–	–	15.0
Dividend paid on preference shares	–	–	–	–	(5.8)	(5.8)
At 30 September 2017	119.8	64.5	183.0	14.5	127.1	508.9

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1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Under this standard the accounts have been prepared by applying a financial reporting framework based on the recognition and measurement requirements of EU-adopted IFRS, as amended where necessary in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, but with reduced disclosure requirements, on the basis that equivalent disclosures have been made in the consolidated financial statements of the Group.

The financial statements have been prepared under the historical cost basis in accordance with the Companies Act 2006 and EU-adopted IFRS. The financial statements have been rounded to the nearest \$0.1 million.

FRS 101 grants exemptions from the disclosures requirements of certain EU-adopted IFRS. The Company has taken advantage of the following disclosure exemptions:

- No statement of cash flows has been presented.
- The financial instrument disclosures required by IFRS 7.
- Related party disclosures in respect of transactions with wholly-owned members of the Group have not been presented.
- Certain disclosures in respect of share-based payments have not been presented.
- Disclosures in respect of the estimated effect of new IFRS issued but not yet effective have not been presented.

The Company is able to apply these exemptions as its financial statements are consolidated in the financial statements of the Group prepared under EU-adopted IFRS.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or an average rate for the year. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit or loss.

The Company's functional currency is United States Dollars as this is the functional currency of the majority of its subsidiary operations.

Fixed asset investments

Non-current asset investments in subsidiaries are included in the financial statements of the Company at cost less provisions for impairment.

Deferred taxation

In accordance with IAS 12, deferred taxation is provided fully and on a non-discounted basis at expected future corporation tax rates in respect of timing differences between profits computed for taxation and accounts purposes.

Own shares

The cost of the Company's investment in its own shares, which comprises shares held by the ED&F Man 2000 Employee Trust (the Trust) for the purpose of funding the Company's share option plans, is shown as a reduction in shareholders' funds. Further details of the Group's employee trust can be found in note 24 to the consolidated financial statements.

Share-based payments

The Company issues equity-settled share-based payments. The fair value of these schemes at the date of grant is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

Financial instruments

The Company's principal financial assets and liabilities are cash at bank and borrowings. Cash at bank is carried in the balance sheet at nominal value. Borrowings are recognised initially at fair value and subsequently at amortised cost.

Profit for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit or loss account for the year.

Notes to the Company accounts **continued** for the year ended 30 September 2018

2. Information relating to Directors and employees

Information relating to Directors' remuneration, pension entitlements and other benefits appears in note 6 to the consolidated financial statements. The Company has no employees other than the Directors.

3. Fixed asset investments of the Company

	2018 \$m	2017 \$m
Shares in subsidiaries at cost		
At 1 October	460.0	312.1
Additions	–	147.9
At 30 September 2018	460.0	460.0

Details of subsidiaries are shown in note 31 to the consolidated financial statements.

4. Trade and other debtors of the Company

	2018 \$m	2017 \$m
Amounts falling due within one year		
Amounts owed by subsidiaries	187.5	179.8
Other debtors	28.2	27.4
	215.7	207.2

5. Trade and other creditors of the Company

	2018 \$m	2017 \$m
Amounts falling due within one year		
Amounts owed to subsidiaries	99.9	95.9
Other creditors	118.8	107.6
Taxation	0.6	–
	219.3	203.5
Amounts falling due more one year		
Other creditors	–	6.0
	219.3	209.5

Corporate information

Directors

R F Muguiri
M H Daniell
L P A Foulds
W H Heer
T Kölbl
R G Reason
N Vesterdal

Secretary

R J A Askew

Company registration number

3909548

Registered office

ED&F Man Holdings Limited
3 London Bridge Street
London
SE1 9SG

Auditor

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Principal Bankers

ABN Amro Bank NV
Banco do Brasil SA
BNP Paribas (Suisse) SA
Coöperatieve Rabobank U.A.
DBS Bank Ltd
HSBC Bank plc
ING Bank N.V.
Natixis
Nedbank Limited
Raiffeisen Bank International AG
Societe Generale
Standard Chartered Bank



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