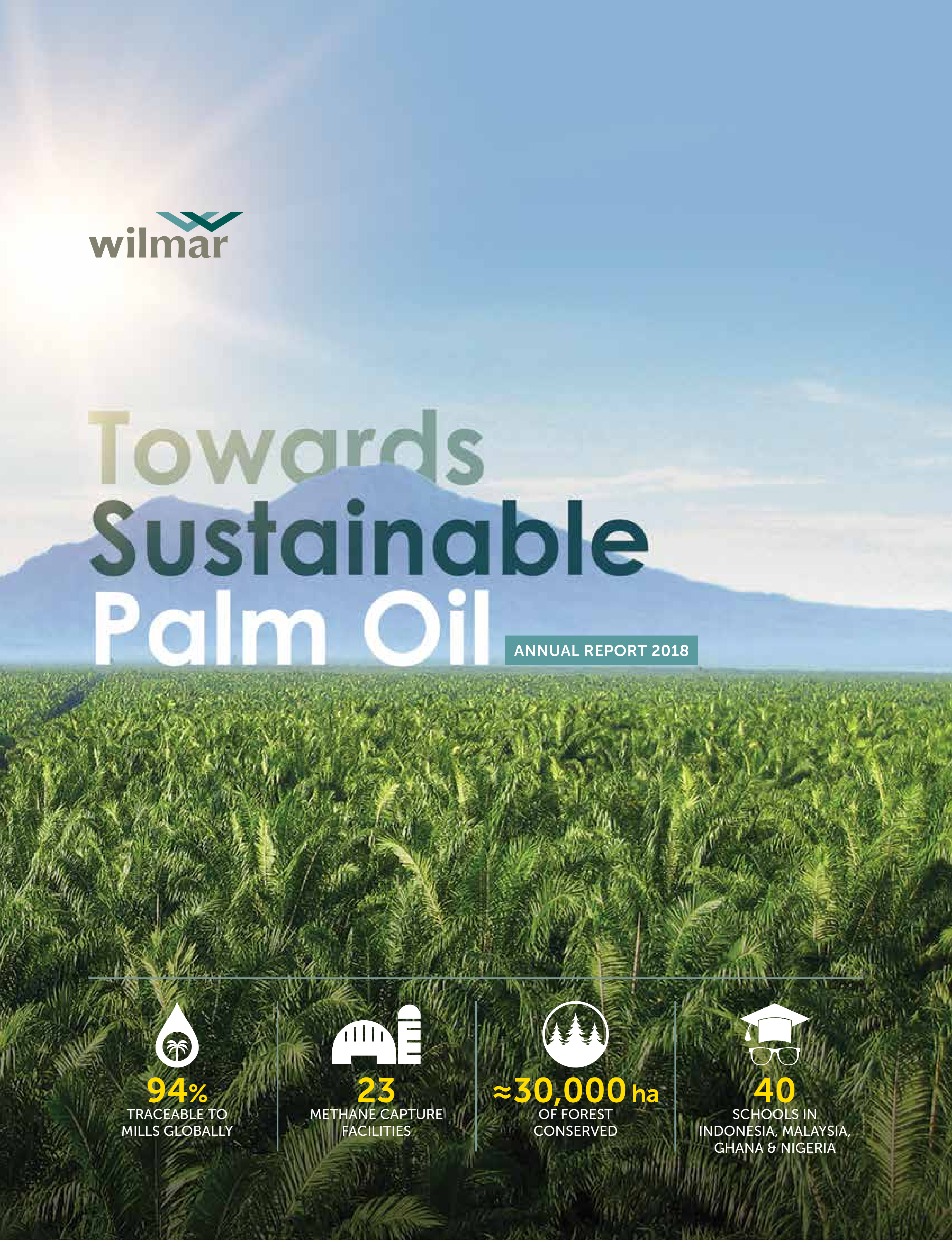


Towards Sustainable Palm Oil

ANNUAL REPORT 2018

94%
TRACEABLE TO MILLS GLOBALLY

23
METHANE CAPTURE FACILITIES

≈30,000 ha
OF FOREST CONSERVED

40
SCHOOLS IN INDONESIA, MALAYSIA, GHANA & NIGERIA

CONTENTS

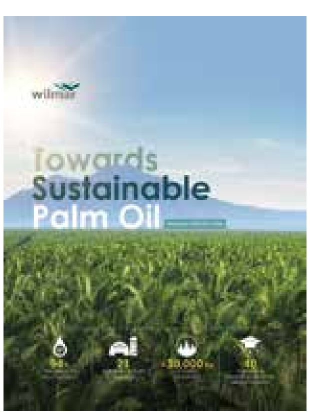


PHOTO ON COVER:
Wilmar's first oil palm plantation,
PT Agra Masang Perkasa,
in West Sumatra, Indonesia.

WHO WE ARE

Wilmar International Limited, founded in 1991 and headquartered in Singapore, is today Asia's leading agribusiness group. Wilmar is ranked amongst the largest listed companies by market capitalisation on the Singapore Exchange.

Wilmar's business activities include oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, manufacturing of consumer products, specialty fats, oleochemicals, biodiesel and fertilisers as well as flour and rice milling. At the core of Wilmar's strategy is an integrated agribusiness model that encompasses the entire value chain of the agricultural commodity business, from cultivation, processing, merchandising to manufacturing of a wide range of branded agricultural products. It has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries. The Group has a multinational workforce of about 90,000 people.

Wilmar's portfolio of high quality processed agricultural products is the preferred choice of consumers and the food manufacturing industry. Its consumer-packed products have a leading share in many Asian and African countries. Through scale, integration and the logistical advantages of its business model, Wilmar is able to extract margins at every step of the value chain, thereby reaping operational synergies and cost efficiencies. Wilmar is a firm advocate of sustainable growth and is committed to its role as a responsible corporate citizen.

CORE VALUES

In our commitment to excellence, we are guided by a set of values that defines who we are and the way we work.

SAFETY
We pay careful consideration to the health and safety of our employees at the workplace.

TEAMWORK
We work as one team to achieve our corporate goals.

INNOVATION
We value innovative efforts, ideas and methods to continually improve our business processes.

INTEGRITY
We value honesty, trustworthiness and high ethical standards.

EXCELLENCE
We strive for excellent performance in everything we do.

PASSION
We are passionate about growing our business globally.

CHAIRMAN'S MESSAGE

FY2018 IN REVIEW

I am pleased to report that the Group performed well in FY2018 despite declining commodity prices and volatility in the soybeans market arising from the US-China trade tensions.

The Group recorded a 27.4% jump in core net profit to US$1.30 billion in FY2018, with earnings per share of 17.8 US cents. Revenue increased 2.1% to US$44.50 billion. The Group's balance sheet remains strong, with total assets standing at US$45.68 billion while shareholders' funds amounted to US$16.05 billion.

The Tropical Oils segment saw a better performance in the manufacturing and merchandising businesses which led to an increase in profit by 37.4% to US$546.1 million. Demand for biodiesel and downstream products was consistent and strong. While lower palm oil prices impacted the plantation businesses, they benefited the downstream businesses in the form of lower feedstock costs.

The Oilseeds and Grains segment recorded an improvement of 20.3% in profit to US$875.0 million on the back of a stronger performance from the Consumer Products businesses as well as better crushing margins and volume. This was the highest profit ever achieved by the segment. Overall sales volume for the segment increased by 12%.

The Sugar segment registered a loss of US$123.0 million, mainly due to a non-cash impairment charge of US$138.6 million relating to the milling operations in Australia. Despite consistent positive cash flow generated from the Australian milling business, the decline in sugar prices in the past year led the Group to take a prudent stance and impair the goodwill and property, plant and equipment of the milling operations. The Sugar results were further impacted by losses from the Group's newly acquired subsidiary, Shree Renuka Sugars Limited, whose crushing activities only commenced in late October 2018. These losses were partially mitigated by stronger performance of the merchandising business during the year.

> **“THE GROUP'S SUCCESS IN OUR STRATEGY TO DEVELOP MORE STABLE DOWNSTREAM PROCESSING AND BRANDED CONSUMER PRODUCTS HAS ENABLED US TO ACHIEVE GROWTH AND MAINTAIN PROFITABILITY IN 2018 AMID A CHALLENGING OPERATING ENVIRONMENT.”**

Excluding the impairment charge, the Sugar segment would have recorded a pre-tax profit of US$15.6 million as compared to US$6.0 million in FY2017.

2018 HIGHLIGHTS

The Group's success in our strategy to develop more stable downstream processing and branded consumer products has enabled us to achieve growth and maintain profitability in 2018 amid a challenging operating environment.

China

In the past year, we expanded our capacity in crushing, flour milling as well as the manufacturing of consumer products including edible oil, flour and dry noodles. Our Consumer Products businesses continue to enjoy a healthy demand from the shift in consumer preference to high quality food products. We are continuing with our expansion in rice and flour milling, crushing and refining in China.

In May 2017, we announced our intention to list the Group's operations in China. In connection with the proposed listing, we recently converted the China holding company into a joint-stock company. We will continue to work on the proposed listing.

Africa

We remain optimistic about the potential of food business in Africa. We are building our first refinery and specialty fats plant in Morocco. We are working on a soap and detergent production plant in Ivory Coast and building a rice mill in Tanzania.

In March 2018, we acquired the remaining 50% equity interest in Nauvu Investments Pte Ltd from Olam International Limited. Nauvu is invested in integrated palm oil, rubber and sugar assets in Africa, including upstream plantations, midstream processing and downstream merchandising and distribution operations. Nauvu holds a strategic stake in SIFCA Group, one of Africa's largest agro industrial groups.

India

India is the world's largest sugar consumer. Since 2014, we have been a strategic industrial partner of Shree Renuka Sugars Limited (SRSL), the leading sugar company in India. In March 2018, we increased our investment in SRSL as part of a comprehensive debt restructuring exercise, bringing our shareholding up from 27% to 39%. This triggered an open offer which resulted in SRSL becoming a 58% indirectly owned subsidiary of the Company when the transaction was completed at the end of June 2018. With SRSL's debt reduced after the debt restructuring exercise, we are confident of improving the performance of SRSL by developing its local core production and distribution businesses as well as capturing international export opportunities with its two refineries located in Kandla and Haldia.

Our 50:50 joint venture in India, Adani Wilmar Limited (AWL), is expanding its refinery capacity at the Mudra refinery, building refineries at two new sites and buying two existing refineries. It is also expanding into rice and flour milling business.

Indonesia
In Indonesia, we will be expanding our downstream capacities in existing and new businesses. We are also building a new manufacturing complex in West Java with refinery, flour mills, bio-diesel and other plants.

Malaysia
In January 2019, through our direct wholly-owned subsidiary PGEO Group Sdn Bhd, we acquired a 51% interest in Assar Refinery Sdn Bhd in Kuching, Sarawak.

PGEO Group also acquired a 70% interest in Greenfarm Food Industries Sdn Bhd based in Johor. The principal activities of Greenfarm Food are manufacturing and trading of plant-based food.

Vietnam
In Vietnam, 2018 was the first full year of operations for three new manufacturing plants – a rice mill, a grains value-added processing plant and a sauce and condiment plant. New products from these plants include egg noodles, macaroni, chilli sauce and bouillon granules, which complement our current offering of oils, fats and flour. We are constructing our fifth flour mill this year.

Myanmar
Construction of our oils and grains complex in Thilawa Port is progressing well with our port having commenced operations in June 2018. The packing plant will be completed in mid 2019 and the flour mill will be completed in 3Q 2019. A rice mill will commence construction in 2Q 2019.

PROSPECT

Despite the challenges in the industries we are in and uncertain global economic outlook, we believe our integrated agri business model in Asia and Africa will continue to do well.

DIVIDENDS

The Board has recommended a final dividend of S$0.07 per share for FY2018. Including the interim dividend of S$0.035 per share paid in August 2018, the total dividend for FY2018 is S$0.105 per share (FY2017: S$0.10 per share), representing a dividend payout of about 43%.

BOARD CHANGES

Mr Martua Sitorus, co-founder and Non-Independent Non-Executive Director of Wilmar, resigned from the Board on 15 July 2018. Mr Sitorus made invaluable contributions to the Group's success and the Board is extremely sorry to lose his services.

On 28 December 2018, Mr Raymond Guy Young, was appointed Non-Independent Non-Executive Director. He was previously Alternate Director to Mr Juan Ricardo Luciano, who stepped down to assume the Alternate Director position.

On 21 February 2019, Ms Teo La-Mei was appointed Executive Director. Having been the Group's Legal Counsel and Company Secretary since 2009, she will enhance the core competency of the Board while making a positive contribution to Wilmar.

On behalf of the Board, I wish to express our gratitude to Mr Sitorus for his contributions to the Group and extend a warm welcome to Ms Teo.

APPRECIATION

The support of our stakeholders is the cornerstone of our achievements. To our shareholders, customers and business partners, thank you for your support. We will continue to seek value creation for our stakeholders and persevere in building a sustainable global business. Last but certainly not least, our dedicated employees is our most important assets and I would like to express my appreciation and gratitude for their loyalty and hard work.

Kuok Khoon Hong
Chairman & Chief Executive Officer
15 March 2019

Our Consumer Products business in China continues to enjoy a healthy demand from the shift in consumer preference to high quality food products.

GLOBAL PRESENCE

Global leader in processing and merchandising of edible oils, oilseed crushing, sugar merchandising, milling and refining, production of oleochemicals, specialty fats, palm biodiesel, flour milling, rice milling and consumer pack oils.

Over
900
manufacturing plants in
33
countries and regions*

Extensive distribution network in China, India, Indonesia and some
50
other countries and regions

Multinational workforce of about
90,000
staff globally

* Including subsidiaries, joint ventures and associates.

#1 PLAYER IN CHINA
- Largest edible oils refiner and specialty fats and oleochemicals manufacturer
- Leading oilseed crusher, producer of branded consumer pack oils, rice and flour
- One of the largest flour and rice millers

INDONESIA & MALAYSIA
- One of the largest oil palm plantation owners and the largest palm oil refiner, palm kernel and copra crusher, flour miller, specialty fats, oleochemicals and biodiesel manufacturer
- Largest producer of branded consumer pack oils in Indonesia

AFRICA
- One of the largest oil palm plantation owners, edible oil refiners and producers of consumer pack oils, soaps and detergents
- Third largest sugar producer

INDIA
- Largest branded consumer pack oils, specialty fats and oleochemicals producer and edible oils refiner
- Leading oilseed crusher
- Leading sugar miller and refiner

EUROPE
- Leading refiner of tropical oils

UKRAINE
- Largest edible oils refiner and specialty fats producer

RUSSIA
- Largest manufacturer of consumer pack margarine and mayonnaise

PLANET

We have effluent ponds in our palm oil mills to collect waste-water generated by milling activities. All effluent and waste-water are treated to an environmentally safe quality to ensure they do not affect the water quality if discharged into natural waterways. We primarily utilise effluent for land irrigation or as a form of organic fertiliser.

We have 23 methane capture-utilisation facilities to reduce greenhouse gas emissions from palm oil mill effluent. Biogas is captured for flaring (below) or electricity generation, to provide alternative sources of electricity for our operations and to reduce our overall fossil fuel consumption.

We are one of few oil palm companies that have government-appointed Honorary Wildlife Rangers and Wildlife Wardens deployed in Sabah and Sarawak, Malaysia.

Replanting is carried out mechanically with zero burning. The trees are felled by excavators, the palm trunk and fronds are chipped and shredded to pieces and left to decompose to replenish soil organic matter and improve fertility, hence reducing the use of chemical fertilisers.

Images (top right and bottom right) from one of 30 wildlife camera traps in our conservation areas. We monitor and protect approximately 30,000 ha of conservation area in Indonesia, Malaysia, Ghana and Nigeria, using a combination of manual monitoring as well as smart satellite and Global Positioning System-based monitoring tools.

To minimise our reliance on chemicals, we adopt an integrated pest management system comprising a combination of natural and mechanical pest reduction strategies, including the introduction of natural predators.

PEOPLE

Education is key in improving the livelihoods of future generations. We aim to provide access to quality education for all children of our plantation workers and those in our local communities. Our schools provide facilities such as libraries, computer rooms, science labs as well as extra-curricular activities.

Apart from fair wages, our permanent plantation workers and their immediate family enjoy free housing and access to facilities such as places of worship, clinics and playgrounds.

All of our plantation workers, both permanent and temporary including their families, have access to free healthcare at Wilmar-funded estate clinics.

The inclusion of smallholders in a sustainable supply chain is a priority for Wilmar. We support the empowerment of smallholders through building knowledge and technical capacities on best agricultural practices so that they can benefit from better extraction rates and pricing.

We are committed to local talent development through capacity building and a proactive equal opportunities policy.

Workers who handle chemicals undergo extensive and ongoing training. It is mandatory that they wear personal protective equipment on site, shower after each work shift and are subject to regular health check-ups.

TOWARDS SUSTAINABLE PALM OIL

Our purpose is to offer, together with our suppliers, sustainable products and solutions to our customers. As a leading processor and merchandiser of palm and lauric oil, we work towards leading a pragmatic and enduring industry transformation.

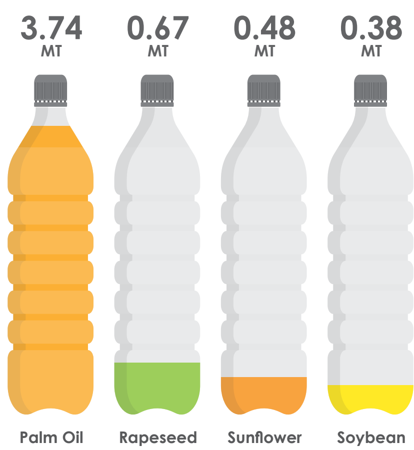
WHY PALM OIL?

Palm oil is ubiquitous in the global marketplace. It is an ingredient found in more than half of all supermarket products. Since 1990, global palm oil consumption has quintupled.[1] Consumption is driven by emerging economies, such as India, Indonesia and China, where population growth and rising living standards are key factors for the exponential demand growth.

Efficiency

Palm oil is the highest yielding crop on a per-hectare of land basis. Harvested all year round, oil palm yields five, eight and 10 times more oil per hectare than rapeseed, sunflower and soybean respectively. In other words, oil palm requires 10 times less land than soybean crop to produce the same volume of oil. In fact, palm oil accounts for about 35% of global edible oils while taking up less than 10% of the total global acreage devoted to oil crops.[2] It also requires far less pesticides or fertilisers. Its high yield makes it the most inexpensive vegetable oil in the market today. Without palm oil, edible oil prices would be many times higher than they are today.

Vegetable Oil Yields Per Ha Per Year



Source: GreenPalm

Versatility

Palm oil demand continues to grow because it is the most versatile of all vegetable oils. Apart from the oil from the fruit, palm kernel oil and palm kernel expeller are also produced from the fresh fruit bunches. Palm kernel oil is a common ingredient in personal care products while the latter is used in the energy and animal feed sectors.

Oil palm cultivation is one of the largest contributors to rural poverty alleviation in Indonesia, Malaysia and Africa.

Poverty alleviation

Oil palm cultivation contributes to the alleviation of rural poverty in Indonesia, Malaysia and Africa. In Indonesia and Malaysia, the palm oil industry employs directly about 4.4 million workers.[3] Oil palm estates also bring infrastructure development such as roads, electricity and clean drinking water to remote rural areas. Plantation workers live with their families in proper housing and have access to facilities such as clinics, schools, crèches and places of worship in the estate.

About 40% of the plantation area in Indonesia is owned by some two million smallholder farmers and a study by World Growth estimated that these farmers earn up to seven times more than subsistence farmers.

1 USDA, Bloomberg.
2 International Union for Conservation of Nature.
3 Embassy of The Republic of Indonesia in Brussels, Belgium, Malaysia Palm Oil Board.

Harvested all year round, oil palm is the world's highest-yielding vegetable oil.

ALLEVIATING POVERTY IN AFRICA

We embarked on our first oil palm project in Africa in 2000. We were invited by the Government of Uganda to bid for an oil palm project in Ssese Islands, Kalangala which was at that time one of the most impoverished districts. Together with our joint venture partner, we made it our mission to develop a first-class plantation and mill that would improve local livelihoods. Today, we are proud that the project is one of the best in Africa, achieving its goal of significantly improving the quality of life of our local employees as well as the smallholders who now earn a much higher income. The project has been an important source of development in terms of roads, housing, schools and income for the communities in Kalangala. Since project initiation, Kalangala has moved from bottom of the list in terms of economic development (71 out of 76) to among the top 10 districts in Uganda.

Today, Wilmar owns directly and through joint ventures and associates over 65,000 ha of oil palm planted area in Ivory Coast, Ghana, Nigeria and Uganda. The joint ventures and associates also manage over 149,000 ha under the smallholder and outgrower schemes. Our commitment remains constant – to improve local livelihoods in tandem with our business growth.

CONCERNS SURROUNDING PALM OIL

With the exponential growth in demand for palm oil, the land area of palm oil cultivation has also increased since the 1990s, while palm oil producing countries Indonesia and Malaysia experienced economic growth and benefits. However, this also gave rise to afflictions and concerns surrounding the environmental and social impacts of palm oil.

Forests, peatlands and biodiversity were adversely impacted during the early days of the oil palm sector's rapid expansion. Adding to that was the traditional slash-and-burn method for land clearance practised by communities in Indonesia, including oil palm smallholders. All these past industry practices resulted in, among others, an increase in carbon emission, loss of biodiversity and wildlife habitat as well as fires and haze affecting the region.

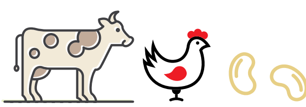
The industry also faces social and labour challenges that are often complex and layered with multiple perspectives from various actors. To further complicate matters, land titles and land claims are, at times, overlapping or unavailable while maps are incomplete or overlapping as well.

Legacy issues however are rudimentary in most industries around the world. The oil palm industry recognised many of these underlying issues and have embarked on the journey of transforming itself to be more sustainable. Palm oil continues to come under close scrutiny which is imperative to ensure less responsible players do not revert to their former unsustainable practices. However, it is just as essential that campaigns directed at the oil palm sector are factual and objective to avoid creating misconception or misrepresentation of the industry and its practices.

FACTS ABOUT PALM OIL

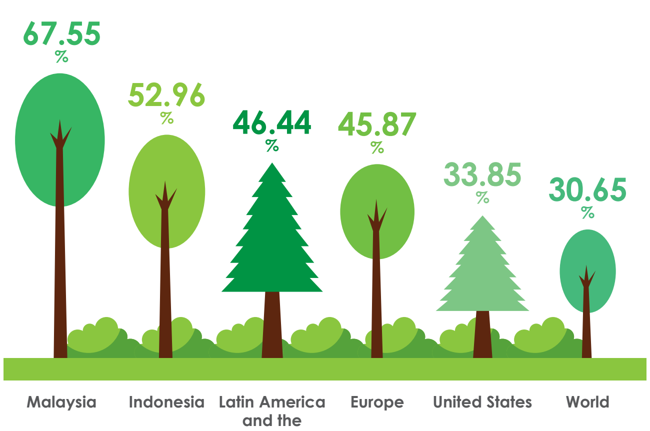
According to United Nations statistics, palm oil expansions account for less than four percent of forests cleared from 1990 to 2015.

In Indonesia's worst fire and haze incidence in 2015, evidence from Global Forest Watch showed that only three percent of fire alerts by land-use area occurred within oil palm concessions and the majority of fires occurred outside large concessions operated by plantation companies.



Independent research shows that beef, poultry and soy are bigger drivers of deforestation than palm oil.[4]

Forest Cover as Share of Land Area in 2015



Source: UN Food and Agriculture Organisation

IS SUSTAINABLE PALM OIL POSSIBLE?

We believe that palm oil can be developed sustainably. As a leading palm processor and merchandiser, we recognise that we have a bigger responsibility to lead industry transformation.

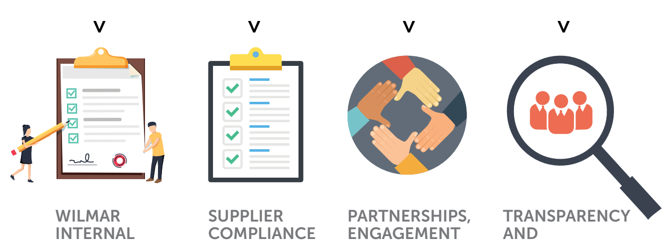
It was in this spirit that Wilmar became the first in the industry to commit to a No Deforestation, No Peat and No Exploitation (NDPE) policy on 5 December 2013 that extended to our entire supply chain. The bold move was not triggered by any non-governmental organisation (NGO) pressure, rather it was our acknowledgment of the importance of sustainability in palm oil cultivation and our responsibility to steer the industry towards more sustainable practices in order for palm oil to remain a relevant and competitive commodity in the global market.

Very soon after, the majority of big palm oil players and consumer goods companies also adopted similar commitments.

In Indonesia and Malaysia, companies with NDPE policies currently operate a combined refining capacity of 53.2 million metric tonnes per year which is 74% of the total capacity in both countries. 11 of the 15 largest refiners in Indonesia and Malaysia have NDPE policies. This represents a higher commitment by a single agri-commodity to NDPE policies than in the rest of the world, where – based on refinery count — NDPE policies cover 65% of the refinery market.[5]

Building Blocks for NDPE Policy Compliance

NO DEFORESTATION, NO PEAT AND NO EXPLOITATION POLICY



4 Haupt, F., Streck, C., Bakhtary, H., Galt, H. (2017). *Taking a Bite Out of Climate Change: Why We Should Stop Harming the Planet and Ourselves by Eating Too Much Beef.* Working Paper prepared by Climate Focus.

5 Chain Reaction Research. *The Chain: Government of Indonesia Backtracks on Palm Oil Standards while Industry and Investors Demand NDPE and Supply Chain Transparency.* 20 February 2018.

RAISING THE BAR FOR SUSTAINABLE PALM OIL

In an industry first, we made available the complete list of our supplying mills on our Sustainability Dashboard. We also set a new benchmark for transparency and accountability by putting in place a Grievance Procedure to address grievances raised by stakeholders with timely and public updates on developments. All these initiatives were implemented voluntarily without stakeholder pressure.

We recognise that a large part of our footprint lies beyond our own operations. Our suppliers therefore have a critical role to play in forging a path towards sustainable palm oil production. For our NDPE policy to be effective, engagement with our third-party suppliers and smallholders is key. To this end, we have implemented initiatives such as the Aggregator Refinery Transformation (ART) programme and the Supplier Reporting Tool (SRT) to assess our suppliers' level of compliance with our NDPE Policy.

The ART programme was conceptualised to strengthen every actor in the supply chain to promote transformation and provide a collaborative framework for refiners, millers and growers to overcome challenges on the ground.

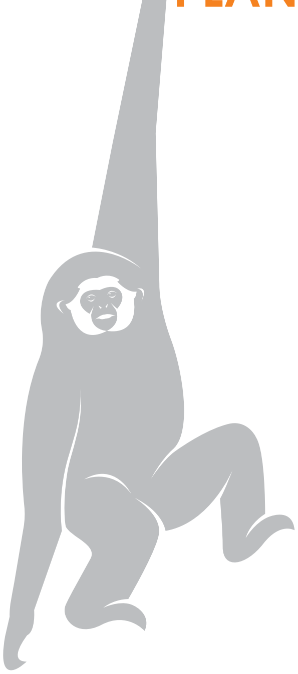
As part of our progress towards covering 100% of our supply base, we launched the SRT in 2017 for suppliers assessed to be of lower risk. The SRT is an online self-reporting system that enables suppliers to report their current compliance to Wilmar's NDPE policy.

Wilmar raised the bar even further in 2018 when we launched our new supplier monitoring and engagement programme to accelerate our efforts towards a supply chain free from deforestation from 2020 onwards. The programme entails a more efficient mapping and monitoring process, and helps to strengthen our suppliers' commitments and compliance to our NDPE policy.

To be a truly responsible business, we believe that sustainability metrics must be incorporated into every aspect of the business, from daily operations to corporate financing. Wilmar became the first palm oil company to peg the interest rate of a loan to our performance in a comprehensive range of environmental, social and governance metrics. The first collaboration was undertaken with ING in 2017 and two subsequent ones with OCBC Bank and DBS in 2018, totalling about US$350 million.

Wilmar's new supplier monitoring and engagement programme aims to achieve a supply chain free from deforestation from 2020 onwards.

We work with several partners to protect and rehabilitate wildlife in oil palm landscapes.



PLANET

Wilmar-owned plantations are completely free from deforestation. We achieved a 100 percent score for being deforestation-free on the Sustainability Policy Transparency Toolkit[6] (SPOTT), which is developed and managed by the Zoological Society of London (ZSL).

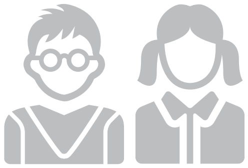
Beyond our own operations, we work with implementation partners to closely monitor our supply chain, which covers 14.8 million ha of plantations belonging to Wilmar and, more importantly, our third-party suppliers at group-level. The new Supplier Monitoring and Engagement Programme launched in 2018 will see us intensifying our efforts in this area.

We have also been working tirelessly and channelling resources towards forest and wildlife protection and conservation efforts, working with multi-stakeholder initiatives such as the PONGO Alliance, South East Asia Rainforest Research Partnership and Kalaweit Foundation to protect and rehabilitate, among others, orangutans and gibbons. We also set aside approximately 30,000 ha for conservation in our own oil palm plantations in Indonesia, Malaysia, Nigeria and Ghana.

Wilmar's Sabahmas riparian area in East Malaysia has been restored to provide habitats for Borneo-endemic proboscis monkeys.

6 https://www.spott.org/palm-oil/wilmar-international-ltd/#deforestation-and-biodiversity

TOWARDS SUSTAINABLE PALM OIL



PEOPLE

Wilmar is committed to respecting and protecting the human rights of workers. We are guided by international standards such as the United Nations (UN) Global Compact, the UN Guiding Principles on Business and Human Rights and the International Labour Organisation conventions.

Caring for our Workers

Workers form the backbone of our plantation operations and it is our responsibility to provide good livelihoods and development opportunities to all our workers and their families. Since 2017, we have been rolling out labour reforms such as converting temporary employment contracts to permanent, wage restructuring and reinforcing gender equality.

Protecting Children's Rights

In addition to a strict No Child Labour policy that has been in place since 2010, we recognise that we need to also safeguard children and their rights. Hence the Child Protection Policy (CPP) was implemented in November 2017 to ensure that all children in our plantations, schools and facilities, as well as those under the care of our third-party suppliers and contractors, are provided with safeguards and protection from abuse and exploitation.

Wilmar was recognised by the Global Child Forum as the best performing company in its 'Corporate Responses to Protecting Children's Rights in Southeast Asia' report published in September 2018.

Aerial view of a school complex in PT Gersindo Minang Plantation in West Sumatra, Indonesia.

Students have access to electronic tablets and a wide range of books in the school library.

Education for a Brighter Future

We believe that quality education is the key to improving livelihoods and social development. We therefore make it a priority to build good schools for the over 10,000 children of compulsory school-going age living in our oil palm plantations in Indonesia, Malaysia, Nigeria and Ghana.

All our schools are monitored closely by the plantation general managers and senior management to ensure that we provide top quality education for the students.

In 2017, we embarked on a school redevelopment programme in Indonesia. 10 schools have been redeveloped and we target to complete the remaining five by 2020.

To support our goal of providing quality and well-rounded curriculum, the upgraded schools provide facilities such as computer rooms, science labs, libraries, music rooms, multi-purpose outdoor courts and canteens. Apart from an academic programme, there is also a range of extra-curricular activities such as sports, arts, music and uniformed groups that students can participate in. To attract good teachers, we provide comfortable housing for them near the schools.

Complementing the school redevelopment programme, we offer scholarships to some of the top universities at the national and provincial levels so that outstanding students will have the best opportunities to fulfil their potential.

We are also implementing the programme across our plantation estates in Africa. We aim for our schools to be among the best in plantations globally so that the children living within and around our plantations have access to opportunities as children living in cities.

Students can participate in a wide range of extra-curriculum activities such as a marching band and music lessons.

TOWARDS SUSTAINABLE PALM OIL

About 40% of the plantation area in Indonesia is owned by some two million smallholder farmers.

Smallholders

Smallholders account for 40% of the world's palm oil production and it is important that we provide guidance and support to help them become compliant with our NDPE policy. We have developed programmes in Indonesia, Malaysia, Honduras and Colombia together with our partner organisations to facilitate the inclusion of smallholders into our supply chain.

In Latin America, we work with our first-tier suppliers on capacity building by providing training to their smallholder suppliers. We helped develop the Wilmar Smallholders Support Programme (WISSH) in Honduras as well as the Wilmar Small Growers Support Colombia (WISSCO).

We provide guidance and support to help smallholders comply with our NDPE policy.

FORGING AHEAD

There is ample evidence that palm oil has made the biggest strides in improving its sustainability than any other agri-commodity. As of 2017, more than six million ha of forest is estimated to have been spared from oil palm development in Indonesia.[7] This is largely attributed to the individual NDPE commitments of key companies, alongside government policies.

The industry remains steadfast towards transformation despite the many challenges and criticisms it faces. Companies with NDPE commitments currently account for 74% of the combined refining capacities of Indonesia and Malaysia. However, that also means there are approximately 19 million tonnes which are not covered by any NDPE commitment breaching the market.[8] While the industry continues to work towards closing this gap, the support from other stakeholders is equally essential.

There needs to be a higher level of commitment from buyers and consumers to encourage responsible producers especially amongst the smaller players and smallholders.

To expedite progress towards our goal of a 100 percent independently verified NDPE-compliant supply chain from 2020 onwards, we have formulated an ambitious time-bound plan. Key priorities of the plan are:

1) Higher transparency and verification of NDPE compliance across the entire supply chain
2) Participation in cross-industry collaboration to fight deforestation
3) Monitor labour and community issues to ensure No Exploitation

> **"THERE NEEDS TO BE A HIGHER LEVEL OF COMMITMENT FROM BUYERS AND CONSUMERS TO ENCOURAGE RESPONSIBLE PRODUCERS ESPECIALLY AMONGST THE SMALLER PLAYERS AND SMALLHOLDERS."**

EXTERNAL VALIDATION

Verified 100% Deforestation-free by SPOTT

Top Scorer in Global Child Forum's Corporate Sector & Children's Rights Benchmark 2018 in Southeast Asia

Singapore Apex CSR Awards 2015 - Special Recognition in the Large Organisations Category

Singapore Sustainability Awards 2015 - Sustainable Business Award

7 Chain Reaction Research. *Indonesian Palm Oil's Stranded Assets: 10 Million Football Fields of Undevelopable Land.* 8 February 2017.
8 Chain Reaction Research. *Unsustainable Palm Oil Faces Increasing Market Access Risks: NDPE Sourcing Policies Cover 74 Percent of Southeast Asia's Refining Capacity.* 1 November 2017.

TOWARDS SUSTAINABLE PALM OIL

A SUSTAINABLE WAY FORWARD

By 2050, the world population is projected to reach 9.8 billion[9] while global demand for palm oil is expected to reach between 120 and 156 million tonnes, accounting for 65% of all oils traded (if it reaches the upper limit)[10]. In order to feed the world, palm oil is actually part of the solution.

Global demand for palm oil will continue to grow in tandem with the world population. Sustainable palm oil has to be part of the equation to enhancing food security.

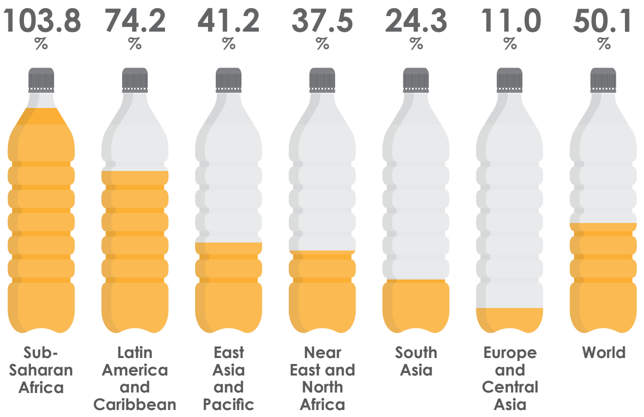
Boycotting palm oil is not the way forward as that will either worsen or displace deforestation. A 2018 report by the International Union for the Conservation of Nature concluded that boycotting palm oil would most likely displace rather than halt global biodiversity losses.[11]

To meet the future increase in palm oil demand, the focus should be on improved yields, higher productivity and optimal use of resources, instead of acreage expansion. This calls for bigger companies that have the resources and capabilities to take the lead in developing solutions that can be replicated across the sector.

Non-governmental organisations (NGOs) also have a key role to play in protecting the environment and livelihood of rural communities. They should work constructively with the leading stakeholders to create pragmatic solutions for the entire industry.

For the palm oil industry to fully be sustainable, all stakeholders must make the journey together and leave none behind.

Projected growth in palm oil consumption from 2015 to 2050



Note: Business as usual scenario
Source: Food and Agriculture Organization of the United Nations

9 United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision.
10 Corley, R.H.V., 2009. *How much palm oil do we need?*
11 *A situation analysis by the IUCN Oil Palm Task Force.* IUCN Oil Palm Task Force Gland, Switzerland: IUCN. xiii + 116pp.

BEYOND PALM OIL

Sugar

Our sustainability reporting has been expanded to include our global sugar operations since 2017.

In 2018, our sugar operations in Australia expanded the Bonsucro certification coverage to now include our farms and three mills in Burdekin, which are Invicta, Pioneer and Kalamia.

Further to that, we are continuing our effort to retain our Smartcane Best Management Practices (BMP) accreditation for our Burdekin and Herbert farms while also working towards being accredited for our Proserpine farms. Smartcane BMP is a world-class best practices system for growing sugarcane in Australia.

A pilot programme is also underway to study and showcase application methods of various mill by-products, which are known to improve soil quality and to help further minimise our environmental impact. Trial studies show that there has been a significant reduction in the movement of Nitrogen and Phosphorus in the runoff water through banding and burying mill by-products below plant mound at low rates. These findings were shared with the wider industry to help further reduce the industry's overall environmental impact.

As part of our giving back to the local communities in which we operate, we provide educational bursaries, sponsorships and internship opportunities to schools and tertiary education institutions in Australia. We also contribute to raising awareness on mental health, suicide prevention and cancer prevention.

In Myanmar, we engage smallholder farmers by providing them with training and support as part of our effort to improve their technical knowledge and best management practices. We also contribute donations to support the construction and operation of schools in surrounding communities while running a holistic curriculum at the kindergarten within our manufacturing plant.

Giving Back to the Environment through Tree-Planting

In conjunction with North Queensland (NQ) Dry Tropics and Burdekin Landcare, Wilmar Sugar Australia (WSA) helped organise a community tree planting event at Kalamia Sugar Mill on 21 April 2018 as part of World Fish Migration Day celebrations.

About 420 young native trees were planted along mill-owned land on the banks of Lilliesmere Lagoon which is a critical watercourse in the Burdekin and home to a range of fish and wildlife species.

Once established, the trees will help to reduce erosion and increase oxygen levels in the lagoon. Their underwater roots will also provide habitat for fish.

More than 100 people, including about 20 WSA employees and their families, helped with the tree planting and participated in other activities such as the release of barramundi fingerlings.

NQ Dry Tropics arranged for a water pump to be installed near the planting site and WSA has committed to irrigate and maintain the trees until they are well-established.

We pursue both the Bonsucro and Smartcane BMP accreditation for our sugar operations in Australia.

TOWARDS SUSTAINABLE PALM OIL

PHILANTHROPY

We allocate about 1% of our annual profit which is approximately US$10 million to support various philanthropic efforts. This is in addition to the budget for building quality workers' housing and community facilities such as crèches, places of worship and clinics.

Education

Providing access to education is one of our philanthropic priorities as it is key in lifting rural families out of poverty. To this end, we have to date built and/or redeveloped 31 schools in China, 15 in Indonesia, 19 in Malaysia and six in Africa. All of our schools aim to provide city standard education for rural students. We also offer scholarships and bursaries to underprivileged students.

Students from Singapore universities volunteer their time to teach at our schools in China.

We have built 31 schools in the rural areas of China since 2007 to provide quality education comparable to that available in cities.

Health & Well-being

As a good employer and corporate citizen, we have a responsibility to take care of our employees and the local communities.

In China, we continue to support cataract operations as well as prosthetic limb surgeries for the needy to enable them to lead healthy and meaningful lives. For the well-being of the disadvantaged, we build and manage orphanages and nursing homes for the elderly and physically disabled. Our employees also volunteer their time to organise visits and provide care for the children and elderly.

Disaster Relief

Following several earthquakes and tsunamis that hit Indonesia throughout 2018, we provided prompt support and aid to the victims by distributing rice, noodles, water, flour, eggs, cooking oil, fuel, tents and blankets. We also assisted with the recovery efforts by providing machineries such as forklifts.

Apart from building nursing homes in China, our employees volunteer their time to care for the elderly.

SUSTAINABILITY PERFORMANCE

To effectively evaluate our performance against measurable targets, we monitor key performance indicators pertaining to the environment, social as well as supply chain.

Note: Sustainability performance indicators have not undergone limited assurance engagement at the time of printing.

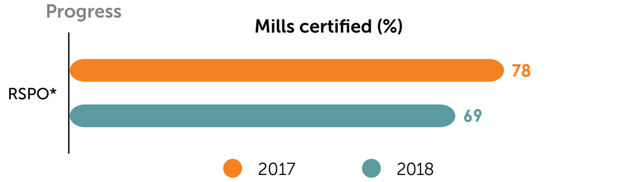
ENVIRONMENT

Certifications

Targets:

- To complete Roundtable on Sustainable Palm Oil (RSPO)* certification for all Wilmar mills by 2023

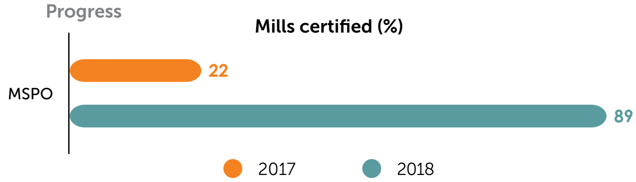
Progress



* Independent mills are not subjected to RSPO requirements for time-bound plan.

- To attain Malaysian Sustainable Palm Oil (MSPO) certification for all Wilmar mills and estates in Malaysia by 2019

Progress

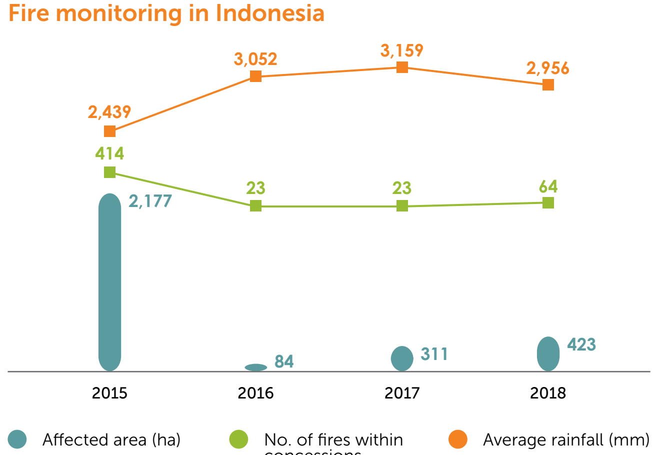


- To complete Indonesian Sustainable Palm Oil (ISPO) certification for 10 independent mills in Indonesia by 2025

Progress

Commenced in end 2018

Fire monitoring in Indonesia



Note: The fire incidences and affected area were high in 2015 due to lower rainfall. Although rainfall for 2018 was closer to levels in 2017, a larger affected area was reported as our implemented monitoring systems have matured over the years and are better at detecting and recording fires.

SOCIAL

Access to education

Target:

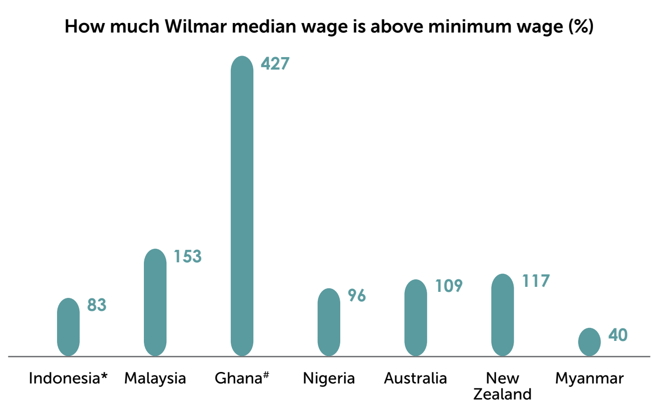
All children living in Wilmar's plantations and of compulsory school-going age to attend full-time education programmes by 2030

2018	Indonesia	Malaysia	Ghana	Nigeria
Total number of children of compulsory school-going age living in Wilmar plantations	9,639	1,832	547	367
Children of compulsory school-going age living in Wilmar plantations who attend:				
Wilmar schools	84%	54%	99%	34%
Government schools		34%	1%	65%
Total school attendance rate	84%	88%	100%	99%

Note: Only 2018 data is available as data collected in previous years excludes children attending government schools.

Minimum wage

We are committed to paying fair wages to all employees to ensure their incomes always meet at least the legal minimum wage while our median wages paid are always above the minimum rates by respectable margins.



* Indonesia's median wage calculation does not include the management level.

\# Ghana's median wage is aligned with the local palm oil industry standard which is significantly above the minimum wage.

TOWARDS SUSTAINABLE PALM OIL

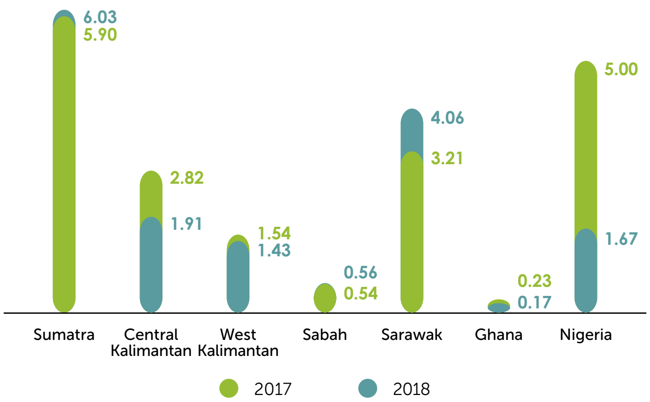
SOCIAL

Lost Time Incident Frequency Rate (LTIFR)

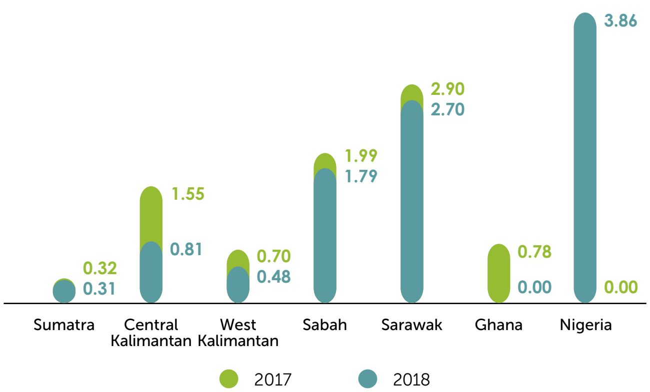
Target:

To minimise the lost time incident frequency rate

LTIFR - Plantations (per 200,000 working hours)



LTIFR - Mills (per 200,000 working hours)



Fatalities

Target:

To achieve zero fatality. Every unfortunate fatality is followed by a thorough review of cause and actions to prevent recurrence. The reviews are reinforced with continued efforts in training and protective equipment use to minimise, if not eliminate, risks.

Number of work-related deaths in Plantations

	2017	2018
Sumatra	2	2
Central Kalimantan	0	2
West Kalimantan	0	0
Sabah	1	0
Sarawak	0	0
Ghana	0	0
Nigeria	0	1

Number of work-related deaths in Mills

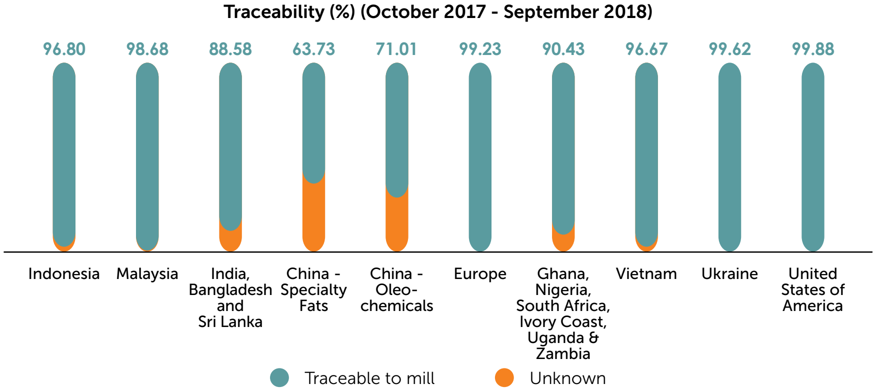
	2017	2018
Sumatra	1	1
Central Kalimantan	1	0
West Kalimantan	0	0
Sabah	0	0
Sarawak	0	0
Ghana	0	0
Nigeria	0	0

SUPPLY CHAIN

Traceability

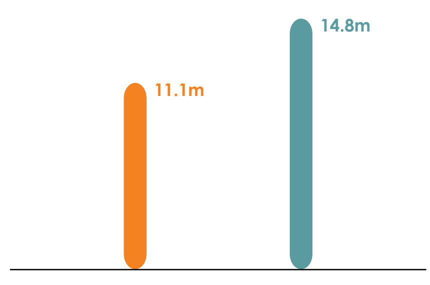
Traceability analysis and summary data continued to be collected across Wilmar's global operations throughout the year. As of 30 September 2018, we have achieved 94% traceability to mills for our global operations which represents 23 million MT of oil being traceable up to mill level.

Traceability (%) (October 2017 - September 2018)



Supplier Group Compliance (SGC)

Total hectarage (ha) of suppliers area monitored under SGC programme by implementation partner (Aidenvironment)



Note: The total combined oil palm planted area in Indonesia and Malaysia was estimated at 17.5 million ha and 17.7 million ha in 2017 and 2018 respectively.

PERFORMANCE OVERVIEW

Net Profit
US$ 1.13b

Core Net Profit
US$ 1.30b

Revenue
US$ 44.50b

EBITDA
US$ 2.94b

Total Assets
US$ 45.68b

Earnings Per Share
17.8 US CENTS

Net Asset Per Share
US$ 2.54

Dividend Per Share
S$ 0.105

FINANCIAL HIGHLIGHTS

	FY2018	FY2017	FY2016	FY2015	FY2014
INCOME STATEMENT *(US$ million)**					
Revenue	**44,498**	43,574	41,402	38,777	43,085
EBITDA	**2,941**	2,615	2,244	2,101	2,148
Profit before tax from continuing operations	**1,617**	1,563	1,300	1,379	1,538
Net profit – including discontinued operations	**1,128**	1,196	972	1,023	1,156
Earnings per share – fully diluted (US cents) – including discontinued operations	**17.8**	18.9	15.4	16.1	18.1
Dividend per share (Singapore cents)	**10.5**	10.0	6.5	8.0	7.5
Dividend payout ratio on net profit (%)#	**43.0**	39.5	30.6	36.1	31.9

FY2018 dividend payout ratio on net profit is estimated based on number of shares outstanding as at the end of the financial year.
* FY2017 figures were restated upon adoption of SFRS (I) 9 Financial Instruments, SFRS (I) 15 Revenue from Contracts with Customers and IFRS Convergence. FY2014 to FY2016 figures are not adjusted.

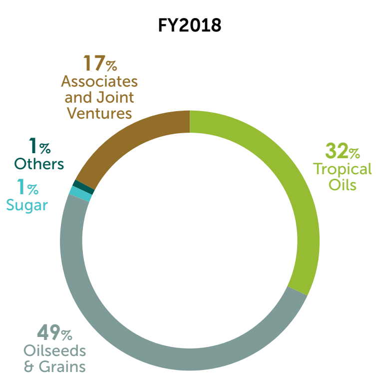
	FY2018	FY2017	FY2016	FY2015	FY2014
CASH FLOW *(US$ million)*					
Operating cash flows before working capital changes*	**1,961**	2,513	2,020	2,042	1,844
Capital expenditure	**1,325**	938	777	865	1,093
Working capital changes	**145**	(1,728)	(523)	398	423
Investment in subsidiaries, joint venture and associates	**417**	132	145	511	220

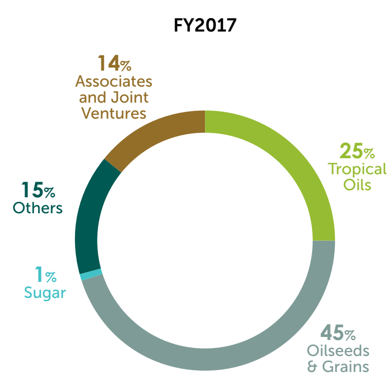
* FY2017 figures were restated upon adoption of SFRS (I) 9 Financial Instruments and IFRS Convergence. FY2014 to FY2016 figures are not adjusted.

	FY2018	FY2017	FY2016	FY2015	FY2014
BALANCE SHEET *(US$ million)**					
Shareholders' funds	**16,049**	15,964	14,435	14,394	15,495
Total assets	**45,680**	40,933	37,032	36,926	43,558
Total liabilities	**28,913**	23,947	21,653	21,625	27,147
Net loans and borrowings	**13,460**	12,596	11,692	11,817	12,056
Net gearing (x)	**0.84**	0.79	0.81	0.82	0.78
Net asset value per share (US cents)	**253.7**	252.4	228.5	227.8	242.3
Net tangible asset per share (US cents)	**182.6**	183.0	159.4	158.6	173.5

* FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants. FY2014 figures are not adjusted.

Profit Before Tax By Business Segment





Note: Segmental breakdown calculation excludes unallocated expenses, loss from biological asset revaluation and impairment of goodwill and property, plant and equipment.

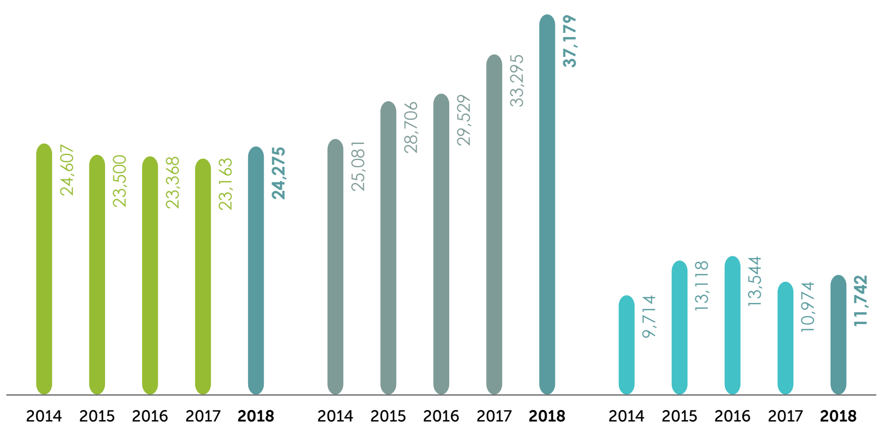
Revenue
(US$ million)

Sales Volume

Tropical Oils[1]

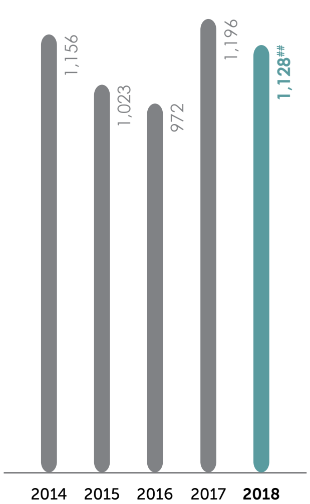
Oilseeds & Grains

Sugar[2]

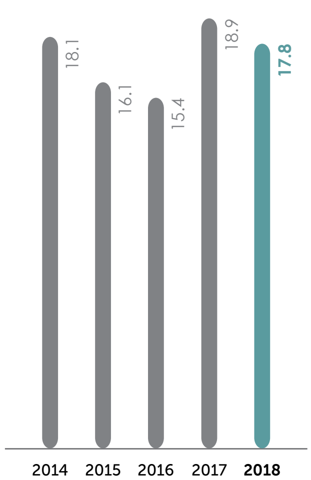


1 Excludes plantation volume.
2 Sugar volume has been restated for FY2017 upon adoption of SFRS(I) 15 Revenue from Contracts with Customers. FY2014 to FY2016 volume are not adjusted.

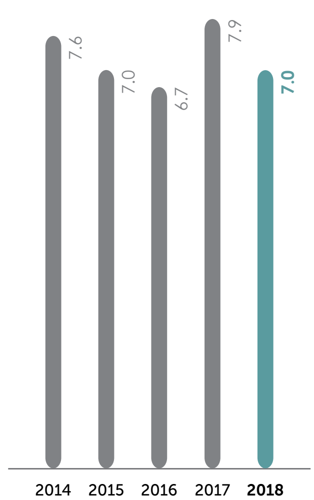
Net Profit*
(US$ million)



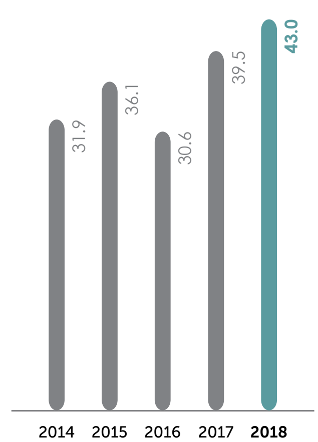
Earnings Per Share*
(US$ million)



Return On Average Equity*
(%)



Dividend Payout Ratio On Net Profit*,
(%)



* FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants. FY2014 figures are not adjusted.
* FY2017 figures were restated upon adoption of SFRS (I) 9 Financial Instruments and IFRS Convergence. FY2014 to FY2016 figures are not adjusted.
\# FY2018 dividend payout ratio on net profit is estimated based on number of shares outstanding as at the end of the financial year.
\## FY2018 net profit includes non-recurring impairment loss on goodwill and property, plant and equipment amounting to US$108.2m and US$30.9m respectively.

WHAT WE DO

VERTICALLY INTEGRATED BUSINESS MODEL

At the core of Wilmar's strategy is a resilient business model encompassing the entire value chain of the agricultural commodity business, from processing to branding, merchandising and distribution. Through scale, integration and the logistical advantages of our business model, we are able to extract margins at every step of the value chain, thereby reaping operational synergies and cost efficiencies.

Origination

Processing

- Oleochemicals
- Consumer Pack Edible Oils
- Biodiesel
- Oilseeds Meal
- Specialty Fats
- Rice and Flour
- Bulk Edible Oils
- Raw and Refined Sugar

Merchandising and Distribution

Customers

Tropical Oils

Plantation	Manufacturing and Merchandising
One of the largest listed palm plantation companies in the world	Largest global processor and merchandiser of palm and lauric oils with a distribution network across more than 50 countries

Almost 100% of output is supplied to the Tropical Oils (Manufacturing and Merchandising) segment

FFB	VOLUME
4.2m MT	24.3m MT
REVENUE US$ 51.4m	REVENUE US$ 17.01b

RESULTS US$ **546.1m**

Oilseeds and Grains

Manufacturing

Leading soybean crusher in China and one of the largest flour millers globally

Consumer Products

World's largest producer of consumer pack edible oils with leading positions in many Asian and African countries

Almost 100% of edible oil is supplied to Consumer Products

VOLUME
31.2m MT

REVENUE
US$
15.69b

VOLUME
6.0m MT

REVENUE
US$
6.79b

RESULTS
US$
875.0m

Sugar

Milling, Merchandising, Refining and Consumer Products

Largest raw sugar producer and refiner in Australia and leading sugar refiner in Indonesia

Leading consumer pack sugar manufacturer in Australia and New Zealand

VOLUME
11.7m MT

REVENUE
US$
4.01b

RESULTS
US$
(123.0m)*

Others

Fertiliser

Shipping

REVENUE
US$
2.30b

RESULTS
US$
19.9m

* Includes impairment of assets & goodwill of US$138.6m.

OPERATIONS REVIEW

TROPICAL OILS (PLANTATION, MANUFACTURING AND MERCHANDISING)

The Tropical Oils (Plantation, Manufacturing and Merchandising) segment comprises the Group's entire value chain of palm oil assets from plantations and palm oil mills to processing, merchandising, branding and distribution of palm oil and laurics related products including oleochemicals, specialty fats and biodiesel.

Plantation

We are one of world's largest oil palm plantation owners with a total planted area of 230,409 hectares (ha) as at 31 December 2018. Around 67% of our total planted area in Indonesia, 25% in East Malaysia and 8% in Africa. Through joint ventures, we own plantations in Uganda and West Africa of approximately 46,000 ha. Wilmar also directly manages 35,799 ha under smallholder schemes in Indonesia and Africa, and another 149,000 ha under smallholder and outgrower schemes through the joint ventures and associates in Africa.

The medium to long-term growth of our plantation operations is supported by the relatively young plantations with an average age of 11 years. Around 53% of the plantations are at the prime production age of seven to 18 years and 29% are at age six years and below.

Sustainability

To accelerate our efforts towards a deforestation-free palm oil industry, we issued a Joint Statement in 2018 with Aidenvironment and supporting consumer goods companies detailing our enhanced supplier monitoring and engagement programme.

We announced our second and third sustainability-linked loans with DBS and OCBC Bank which peg the interest rate of our existing facilities to a series of environmental, social and governance performance metrics.

For more information on our sustainability efforts, please refer to the Sustainability chapter.

Manufacturing and Merchandising

We are the world's largest processor and merchandiser of palm and lauric oils, processing palm and lauric oils into refined palm oil, specialty fats, oleochemicals and biodiesel. The crude palm and lauric oils are sourced from our own plantations, smallholders under the Plasma and Outgrowers schemes and third-party suppliers.

Through economies of scale and commitment to best practices in production, we have been able to sustain as one of the most cost-efficient producers in the industry. This efficiency is complemented by our strategically located facilities found near the coastal areas of both origin and destination markets, which enable us to manage transport, logistic and operational costs effectively. Together with an extensive distribution network and sales touchpoints spanning more than 50 countries, Wilmar is well-positioned to capitalise on market intelligence acquired throughout the entire supply chain to meet the ever-changing demands of our customers.

Our activities also include manufacturing, merchandising and distribution of consumer pack branded tropical oils. We are the leading producer and seller in markets such as India, Indonesia, Vietnam, Bangladesh, Sri Lanka and several African countries. In the key locations of India and Indonesia, we have market shares of around 20% and 36% respectively.

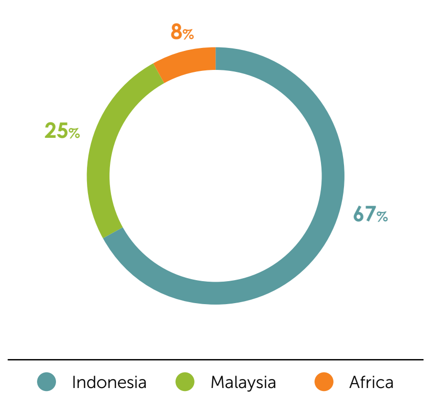
During the year, we acquired a 50% equity interest in Nauvu Investments Pte. Ltd. (Nauvu), an investment holding company that invests in integrated palm oil, natural rubber and sugar assets in Africa, from Olam International Limited (Olam). Nauvu was formerly a 50:50 joint venture between Wilmar and Olam. Following the completion of the acquisition, Nauvu is now a wholly-owned subsidiary of Wilmar.

Industry Trend In 2018

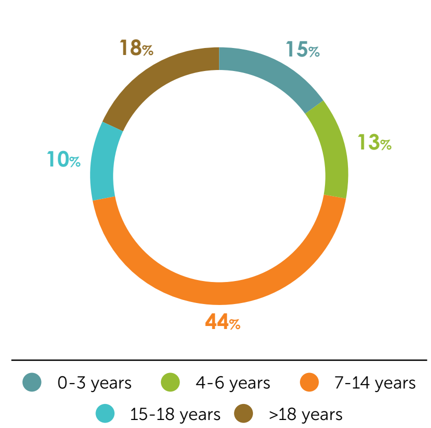
In 2018, global palm oil production continued to recover, with production growing 6% from 68.2 million MT in 2017 to 72.0 million MT. The two largest producing countries, Indonesia and Malaysia, accounted for about 84% of global palm oil production. Indonesia's production grew 10% to 41.0 million MT and Malaysia's production decreased 2% to 19.5 million MT.

Global demand for palm oil grew 7% to 70.1 million MT in 2018. Demand in Indonesia increased to 11.7 million MT partly due to the expansion of the biodiesel mandate in September 2018. Demand in India decreased 3% to 9.0 million MT, affected by an import tax hike in March 2018. Demand in China increased 6% to 5.4 million MT.

Plantations Geographic Locations as at 31 December 2018



Plantations Age Profile as at 31 December 2018



Crude palm oil (CPO) prices were on a general downward trend for most of the year due to higher production output and weaker demand which resulted in record inventory levels. Prices came under further pressure in October 2018 as Malaysia's palm oil inventories hit an eight-month high. However, prices recovered slightly in early December 2018 due to the reduction of CPO export levy in Indonesia and a positive outlook on the Indonesia biodiesel mandate. CPO prices closed at RM2,121 at the end of 2018, down 16% from RM2,532 at the beginning of the year.

Our Performance

In 2018, pre-tax profit for the Tropical Oils segment increased by 37% to US$546.1 million from US$397.5 million in 2017, driven by better performance in the manufacturing and merchandising businesses. Lower commodity prices benefited our downstream businesses through lower feedstock costs. However, this improvement was partially offset by weaker contributions from the plantation business due to lower palm oil prices.

In Plantations, production yield increased by 10% to 21.6 MT per ha in 2018 from 19.7 MT per ha in 2017, resulting in a 7% increase in total fresh fruit bunches production to 4,189,728 MT for the year as a result of favourable weather conditions.

Consistent strong demand for biodiesel and downstream products led total sales volume for the manufacturing and merchandising businesses to increase by 5% to 24.3 million MT. Nevertheless, lower commodity prices during the year resulted in an overall decrease in segment revenue to US$17.06 billion in 2018 from US$18.07 billion in 2017.

Outlook and Strategy

Global palm oil production is expected to increase 4% to 74.4 million MT for the marketing period from October 2018 to September 2019 as production continues to recover.

Demand for palm oil is expected to be supported by the full-year implementation of the expanded biodiesel mandate in Indonesia as well as lower duties on palm imports to India which was announced at the beginning of the year. However, the European Union (EU) has proposed a policy to disqualify the use of high indirect land-use change (ILUC) biofuels by 2030. We believe palm oil-based biofuels will fall into this category. The EU accounts for about 10% of total palm oil demand and an estimated half of that goes into biodiesel production while the balance goes into the food and chemical industries. There will be an impact on palm oil in general but less so for Wilmar as our participation in this market is limited.

Nevertheless, we remain positive about the long-term prospects of palm oil with the rise of global demand for our food and non-food applications such as oleochemicals and specialty fats.

As at 31 December 2018, the Group has plants located in the following countries:

	Refinery	Oleochemicals	Specialty Fats	Biodiesel
Subsidiaries				
Indonesia	25	4	4	11
Malaysia	15	3	1	2
China	51	10	6	0
Vietnam	4	0	2	0
Europe	0	1	0	0
Africa	2	0	2	0
Others	4	0	1	0
Total no. of plants	**101**	**18**	**16**	**13**
Total capacity *(million MT p.a)*	**30**	**2**	**2**	**3**
Associates				
India	45	3	6	0
China	7	2	3	0
Russia	4	0	1	0
Ukraine	2	0	1	0
Malaysia	3	0	0	0
Africa	10	0	6	0
Bangladesh	2	0	0	0
Europe	6	1	1	0
Indonesia	0	0	0	1
Singapore	0	0	1	0
Total no. of plants	**79**	**6**	**19**	**1**
Total capacity *(million MT p.a)*	**14**	**<1**	**<1**	**<1**

Note: Refinery capacity includes palm oil and soft oils

OPERATIONS REVIEW

OILSEEDS AND GRAINS (MANUFACTURING & CONSUMER PRODUCTS)

The Oilseeds and Grains segment consists of the processing, merchandising, branding and distribution of a wide range of agricultural products including non-palm and lauric edible oils, oilseeds, flour and rice as well as downstream products such as wheat and rice noodles in consumer pack, medium pack and in bulk.

Manufacturing

We are a leading player in oilseed crushing with extensive presence in various parts of the world such as China, India, Vietnam, Malaysia, Russia, Ukraine and Zimbabwe. We crush a wide range of oilseeds including soybean, rapeseed, groundnut, sunflower seed, sesame seed and cotton seed into protein meals and edible oils. The protein meals produced are mainly sold to the animal feed industry while the oils are largely sold to the Group's Consumer Products and Oleochemicals businesses.

We have also expanded our business to include flour and rice milling as well as the production of rice bran oil. We are one of the largest wheat and rice millers in China and own flour mills through joint ventures in Malaysia, Indonesia, India, Vietnam, Thailand and Papua New Guinea.

As at 31 December 2018, the Group has crushing plants and flour and rice mills located in the following countries:

	Crushing	Flour Milling	Rice Milling
Subsidiaries			
China	53	18	18
Malaysia	1	0	0
Vietnam	3	0	0
Indonesia	0	2	1
Total no. of plants	**57**	**20**	**19**
Total capacity *(million MT p.a)*	**25**	**6**	**4**
Associates			
China	17	1	2
India	17	1	1
Russia	2	0	0
Ukraine	1	0	0
Vietnam	1	4	1
Malaysia	0	9	0
Indonesia	0	2	0
Others	4	4	0
Total no. of plants	**42**	**21**	**4**
Total capacity *(million MT p.a)*	**14**	**3**	**<1**

Note: Crushing capacity includes oilseeds crushing and rice bran extraction

Consumer Products

We are the largest producer of consumer pack edible oils in the world (including consumer pack tropical oils), with operations across the globe including China, Indonesia, India, Vietnam, Bangladesh, Sri Lanka and several African countries. We also produce and market rice, flour, and noodles under a diverse brand portfolio. Over the years, we have established a comprehensive sales and distribution network reaching out to traditional retail outlets, supermarkets, convenience stores and hypermarts. Our consumer brands are renowned for their quality, having won numerous product awards in their respective markets. In China, we have a substantial market share of around 45% for edible oils, helmed by our flagship Arawana brand of products.

Leveraging the extensive distribution and brand awareness from the consumer edible oils and food staples, we have also diversified into the consumer pack flour and rice businesses in China, Indonesia and Papua New Guinea and rice in Bangladesh, Zimbabwe and Ghana as well as flour in Vietnam, Thailand, India and Malaysia.

Industry Trend in 2018

In 2018, soybean trade flows were significantly impacted by the trade tensions between the United States (US) and China. In July 2018, China imposed 25% tariffs on US imports, including soybeans, in response to tariffs enacted by the US on Chinese goods.

The slowing of China's economy and African Swine Fever affected soybean meal consumption. As a result, soybean imports in China declined 7% from 95.5 million MT in 2017 to 88.7 million MT in 2018, with the bulk of that coming from Brazil. China remained the top importer of soybeans, accounting for approximately 58% of the world's demand in 2018.

On the supply side, good weather in Brazil resulted in a larger soybean crop during the year. However, dry weather conditions in Argentina in the first quarter as well as the import tariff on US soybeans sparked worries over insufficient supply in China, causing disparity between prices of Brazilian and US soybeans. US soybean prices started the year at around US$9.60 per bushel, hitting a peak of about US$10.80 per bushel in early March due to heightened concerns over a smaller Argentinian crop. However, prices subsequently retreated to a low of around US$8.20 per bushel in July ahead of the imposition of the additional tariffs on US soybean imports into China. Soybean prices recovered briefly to about US$9.00 per bushel at the end of July and remained range-bound for the rest of the year.

In the Consumer Products business, we continued to benefit from healthy demand for branded consumer pack food staples across the countries in which we operate.

Our Performance

In 2018, the Oilseeds and Grains segment achieved a pre-tax profit of US$875.0 million, a 20% increase from US$727.2 million in 2017 on the back of stronger performance from Consumer Products, as well as good crush margins and volume during the year.

Consumer products sales volume improved by 10% from 5.4 million MT to 6.0 million MT. Together with stronger sales from the manufacturing businesses in the earlier part of the year, overall sales volume for the segment increased by 12% from 33.3 million MT to 37.2 million MT. Revenue increased 13% from US$19.81 billion to US$22.48 billion.

Outlook and Strategy

The continued consolidation in the crushing industry is beneficial to us. However, we remain cautious as we continue to monitor key developments in China including the impact of the African Swine Fever and US-China trade negotiations in 2019. The prospect of weaker pork consumption, a shrinking pig population as well as lower soymeal content in animal feed formulation could result in lower utilisation of our crushing plants.

In the Consumer Products business, we will continue to benefit as consumers' preferences shift to quality branded consumer pack products. We will also continue to strengthen our brand image while improving our distribution networks, research and development as well as expanding our portfolio of product to grow our market presence globally.

OPERATIONS REVIEW

SUGAR (MILLING, MERCHANDSING, REFINING & CONSUMER PRODUCTS)

Wilmar operates an integrated sugar business across the entire value chain from sugarcane in Australia, India, Myanmar and beet plantations in Morocco to the sweeteners aisle in supermarkets with leading brands such as CSR, Chelsea, Al Kasbah and Madhur. In between, we operate sugar mills, cogeneration plants, ethanol distilleries, and sugar refineries across the globe, linking key origins and destinations through a market-leading merchandising team headquartered in Singapore and supported by key strategic partnerships, such as the joint venture with the leading sugar and ethanol producer, Raízen Energia S.A. in Brazil. We trade about 11.0 million MT of raw and white sugar globally.

In Australia, our sugar business involves sugarcane cultivation, milling and refining to produce white sugar, brown sugar, caster sugar and syrups. We also produce ethanol as well as fertiliser.

We produce around 60% of Australia's raw sugar and our 75%-owned refinery joint venture supplies about 75% of Australia's and New Zealand's refined sugar requirements and also exports to many Asia Pacific markets. We are also Australia's largest generator of renewable electricity from biomass. We own leading sugar brands CSR in Australia and Chelsea in New Zealand. To complement our diversified product and brand portfolio, we also distribute the Equal range of sweeteners.

In Indonesia, we are one of the top three sugar refiners. We operate two refineries in Java with a refining capacity of about 700,000 MT.

In Morocco, we own a significant block of 29.9% (as at December 2018) in Cosumar S.A. (Cosumar) which operates one refinery and seven sugar beet/cane mills as well as the sugar brands Al Kasbah, La Gazelle and El Bellar. Cosumar is the sole sugar producer in Morocco and the third largest in the African continent, with a strong distribution network that includes exporting refined sugar to neighbouring countries around the Mediterranean Sea and West Africa.

In India, we are the majority controlling shareholder with 58% of Shree Renuka Sugars Limited (SRSL), the leading sugar company in India. SRSL's business comprises seven mills with a total cane crushing capacity of 8.4 million MT per annum, two port-based refineries - one each in Kandla and Haldia - with a combined capacity of 1.8 million MT per annum, a cogeneration capacity of 584 MW as well as the leading sugar brand Madhur.

In Myanmar, we have a majority 55:45 joint venture with Great Wall Food Stuff Industry Company Limited, the leading sugar company. The joint venture operates two sugar mills with a total sugar production of 1.4 million MT, a bio-ethanol plant and an organic compound fertiliser plant.

Sugar Developments

In March 2018, we made an additional investment in SRSL as part of a comprehensive debt restructuring exercise, bringing our shareholding up to 39%. This triggered an open offer which ultimately resulted in SRSL becoming a 58% indirectly owned subsidiary when the transaction was completed at the end of June 2018. With SRSL's debt at a reduced level after the debt restructuring exercise, we are looking to develop its local core production and distribution businesses as well as to capture international export opportunities with the two refineries located in Kandla and Haldia.

We also acquired Bunge's global book of open sale and purchase contracts for raw and white sugar in August 2018, in line with our plan to expand our global footprint in the sugar merchandising business.

Industry Trend in 2018

World sugar prices continued to stay weak and remained range-bound, trading between 10.00 US cents per pound and 14.00 US cents per pound in 2018. This was due to an oversupply coming from India, Thailand and Europe and slow global demand due to overstocking. India alone saw a sharp increase in its sugar production to 34.0 million MT.

Our Performance

In 2018, the Sugar division reported a pre-tax loss of US$123.0 million compared to a loss of US$24.6 million in 2017. The loss in 2018 included a non-cash impairment charge of US$138.6 million relating to our milling operations in Australia. Despite consistent positive cash flow generated from the Australian milling business, the decline in sugar prices in the past year led the Group to take a prudent stance and impair the goodwill and property, plant and equipment of the milling operations. Our results were further impacted by losses from our newly acquired Indian subsidiary, SRSL, whose crushing activities only commenced in late October. These losses were mitigated by stronger performance in the merchandising business during the year.

Sugar sales volume increased 7% to 11.7 million MT in 2018. Nonetheless, weaker sugar prices resulted in a 16% decline in revenue to US$4.01 billion from US$4.78 billion in 2017.

Outlook and Strategy

In 2019, global sugar production is expected to be slightly below consumption. The Brazil sugar and ethanol price parity is currently in favour of ethanol, supported by strong consumption in the past few months. In India, the new ethanol programme should help to divert sugar production to ethanol.

With our competitive portfolio of strategically located and integrated assets, we are well-positioned to leverage the better market conditions expected in 2019.

As at 31 December 2018, the Group has sugar mills and refining plants in the following countries:

	Milling	Refining
Subsidiaries		
Australia	8	2
New Zealand	0	1
Indonesia	0	2
India	7	2
Myanmar	2	0
Total no. of mills/plants	**17**	**7**
Total capacity *(million MT p.a)*	**27**	**4**
Associates		
Morocco	7	1
Total no. of mills/plants	**7**	**1**
Total capacity *(million MT p.a)*	**4**	**1**

OPERATIONS REVIEW

FERTILISER

The bulk of the Group's fertiliser business operation and market is in Indonesia. With an annual sales volume of about 2.0 million MT, we are one of the largest fertiliser players in Indonesia.

In addition to having production lines focusing on nitrogen, phosphorus and potassium (NPK) compound fertilisers, we also engage in the trading and distribution of potash, phosphate and nitrogen fertilisers as well as secondary nutrients and trace element products. Supported by extensive logistics networks, the Group has been able to maintain substantial market shares of both potash and NPK in Indonesia, particularly in the oil palm sector. Customers of our fertiliser business are also our suppliers of fresh fruit bunches, crude palm oil and palm kernel, enabling us to tap this captive market and minimise credit risk.

The oil palm sector in Indonesia has experienced remarkable growth in the past decade, resulting in rising demand for fertilisers and providing us with opportunities to continuously expand the business unit. At present, Wilmar's total installed capacity of NPK compound in Indonesia is 1.2 million MT per annum. We are also the appointed distributor of Canadian potash, Peruvian rock phosphate, and USA borate in Indonesia.

We expanded into the Malaysian fertiliser market in the second half of 2015. Our activities there include the manufacturing, trading and warehousing of fertilisers and other related products. We have a 100,000 MT per annum NPK plant and facility in Sabah, East Malaysia. Similar to our approach in Indonesia, this venture complements the Group's activities, particularly in the East Malaysian oil palm market.

Industry Trend and Our Performance

In 2018, import data showed that regional fertiliser consumption in Indonesia and Malaysia declined by an estimated 9% in volume terms. The decline was mainly contributed by the continued downward pressure on global commodity prices and dampened buying sentiment throughout the year. At the same time, fertiliser prices were generally on a bullish trend, mainly triggered by shortage of supply from origination markets, putting further pressure on affordability. Market conditions were also exacerbated by currency volatilities in the region. Notwithstanding the challenges in 2018, the Group's fertiliser business units maintained a total sales volume of 2.1 million MT, on par with 2017.

Outlook and Strategy

Given the current market challenges, the Group aims to focus on markets in which we have significant presence and competitive advantage to ensure achievable and sustained growth. Adjacent to Indonesia and Malaysia being the central core of the fertiliser business, we have been actively exploring other growing markets for fertiliser, capitalising on local channels as well as global networks that the Group has. We maintain a positive view on the long-term outlook of the agricultural sector in the region.

SHIPPING

The Group owns a fleet of liquid and dry bulk carriers which caters primarily to in-house needs. As part of our integrated business model, this fleet of vessels gives our operations greater flexibility and efficiency. Additional shipping requirements not served by this fleet are met by chartering-in third-party vessels.

In 2018, there was an increase in shipping volumes of liquid bulk and dry bulk from the previous year. Despite challenging market conditions, the shipping unit maintained a respectable profit for the year.

We will continue to seek good opportunities to expand our fleet with more cost-effective vessels to support the needs of our logistics operations.

As at 31 December 2018, the Group owned and managed 65 tankers / dry bulk vessels with a total tonnage of about 2.3 million MT.

RESEARCH AND DEVELOPMENT

Wilmar's research and development (R&D) activities support our business operations by improving manufacturing processes, ensuring the consistency of existing products, enhancing their quality and developing new innovative products. Our R&D work is carried out by around 450 researchers in various locations worldwide.

In Singapore, Wilmar and the National University of Singapore (NUS) have established a new joint research laboratory to conduct cutting-edge clinical nutrition and synthetic biology research to create healthier food products as well as to devise green production technologies for industrial enzymes and biochemicals.

Officially launched in June 2018, the WIL@NUS Corporate Laboratory will leverage the capabilities of Wilmar and NUS to:

(a) understand the impact of different food ingredients and foods on human health with focus on pregnant mothers, infants and the elderly;
(b) address major public health issues through identifying food ingredients and food components capable of modulating glycemic index, lowering triglycerides and cholesterol;
(c) develop cost-effective and sustainable bio-based methods to produce industrial enzymes and biochemicals; and
(d) integrate Photonics and Artificial Intelligence (AI) to develop fast methods for detection of food toxins, improving quality control and ensuring food safety.

For food R&D, Wilmar is collaborating with world-class clinical research facilities and medical experts at the NUS Medical School who are advancing our understanding of the role of food in the prevention of metabolic disorders such as Type II diabetes, obesity and cardiovascular conditions.

In China, our R&D facilities in Shanghai and Qinhuangdao focus on developing new technologies and products in areas including cooking oils, specialty fats, proteins, condiments, functional foods, cereals as well as feedstuff.

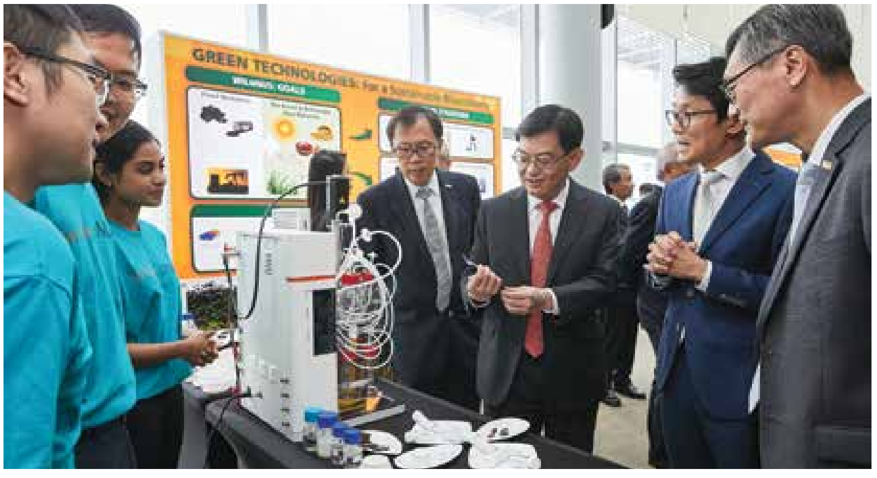
In Indonesia, our R&D laboratory focuses on biotechnology research to enhance our competitiveness and sustainability in the oil palm industry.

Major Activities and Achievements in 2018

- Started clinical study of designer cooking oil to reduce cholesterol by 10%.
- Engineering and discovery of new lipases for biodiesel and other oleochemical applications.
- Development of yeast and fungal strains for increased enzyme production.
- Modification and improvement of lactic acid bacteria strains for use in animal feed production.
- Developed a novel approach to functionally characterise microbial communities based on low-level Next Generation Sequencing (metagenomics and meta-transcriptomics) data.
- Isolation and characterisation of new microbial strains for oil-cake fermentation to improve digestibility of piglet feed.
- Improved nutraceutical properties of side-stream products from the processing of oilseeds and grains for functional food applications.
- Developed products designed for an aging population with special nutritional needs
- Arawana rice bran oil awarded the Two-Star International Superior Taste Medal by the Belgium-based International Taste & Quality Institute.
- Developed new products and solutions with functionality improvements in cocoa butter equivalents and substitutes.
- Developed innovative research methods to study the internal quality and application characteristics of wheat and flour products and provide solutions for flour milling plants and food processing customers.
- Developed specialty soy protein products such as vegan burger patties.

Other Developments

- Established a venture fund with the National Research Foundation to invest in food related technology.
- Collaboration with Associate Professor Dan Yock Young from the National University Hospital on the effect of designer oil on fatty liver and metabolic disorders.
- Established a formulation development lab within the Institute of Chemical and Engineering Sciences, A*STAR, to expand our footprint in Oleochemicals.



The launch of WIL@NUS Corporate Laboratory was officiated by Mr Heng Swee Keat, Finance Minister and National Research Foundation Chairman (third from right).

INVESTOR RELATIONS

We are committed to strengthening long-term relationships with our stakeholders and delivering consistent updates on the Group's financial performance, strategic direction and business developments. We utilise multiple channels to assist existing and potential investors make informed and timely investment decisions.

STAKEHOLDER ENGAGEMENT

In 2018, the management's and Investor Relations (IR) team's commitment towards having consistent two-way dialogue was shown through the engagement of over 180 investors via various platforms including one-on-one meetings, group meetings, local and overseas investor conferences, results briefings, teleconferences and roadshows. These events provide a platform for stakeholders to discuss the Group's strategic direction, industry trends and financial performance with the senior management. Additional queries are also answered via e-mails or telephone calls in a timely and accurate manner.

The Group's Annual General Meeting (AGM) held on 25 April 2018 was well-attended by over 300 shareholders. The Chief Financial Officer provided an update on the Group's developments and financial performance in the past year. Besides a chance to have direct conversations with the Board of Directors, shareholders also had the opportunity to have their questions answered by the Senior Management team who was present at the session. In addition, we presented a showcase of new and flagship consumer pack oils, flour, rice and other products as well as TV commercials of some of our consumer products from different key countries to the shareholders.

About 17 sell-side research analysts provide coverage on Wilmar, with whom we also maintain regular communication.

IR RESOURCES

The IR website is a key resource for corporate and stock information, financial data, policies, quarterly financial results, annual reports and significant business developments. All disclosures submitted to the Singapore Exchange (SGX) are uploaded to the Investors & Media section of the Group's corporate website (http://ir-media.wilmar-international.com) in a timely and consistent manner. Members of the investment community can also subscribe to our e-mail alerts and request for information through the website. In 2018, as part of our continuous efforts to improve our communications with stakeholders, we upgraded our website to enhance usability and responsiveness in view of changing user requirements.

The Chief Financial Officer kicked off the Annual General Meeting with a presentation on the Group's progress and financial highlights.

Shareholders getting acquainted with Wilmar's diverse range of consumer products at the Annual General Meeting held on 25 April 2018.

SUSTAINABLE INVESTING

In the past year, environmental, social and governance issues continued to be a key focus amongst investors. The IR team works closely with the Group's Sustainability team to ensure that investors are kept updated on our sustainability endeavours. Resource materials such as sustainability briefs on various programmes, the annual sustainability report as well as important updates on sustainability related topics are made available on the Group's Sustainability Dashboard (http://www.wilmar-international.com/sustainability).

In addition, we organised a site visit to our Indonesian oil palm plantations, mills and schools during the year to provide an opportunity for the investors to further understand our business operations and deepen their knowledge on our sustainable practices.

The Group's integrated business model has allowed us to be resilient during volatile periods even as commodity prices decline in recent years. We continue to invest in key growth areas such as our consumer products, rice and flour businesses to enhance shareholder value.

With good economic performance in key Asian countries, we remain optimistic about the future of Asia. Our investment in growth opportunities will continue to align with the objective of creating long-term value for shareholders. We are proposing a total cash dividend of 10.5 Singapore cents per share for the year, representing around 43% of the Group's net profit in 2018.

INVESTOR CALENDAR	
February	FY2017 Results Briefing (Singapore)
March	Citi ASEAN Top Pick Corporate Day (Singapore)
April	Annual General Meeting (Singapore)
May	1QFY2018 Analyst Meeting (Singapore)
June	HSBC 2nd Annual Asia Credit Conference (Hong Kong)
	Credit Suisse SGX-CS Singapore Corporate Day (Hong Kong)
	Citi ASEAN C-Suite Investor Conference (Singapore)
August	2QFY2018 Analyst Meeting (Singapore)
	Macquarie ASEAN Conference (Singapore)
September	Visit to Indonesian Plantations, Mills and Schools
	CLSA 25th Investors' Forum 2018 (Hong Kong)
	CIMB Non-Deal Roadshow (Kuala Lumpur)
November	3QFY2018 Analyst Meeting (Singapore)
	Morgan Stanley 17th Asia Pacific Summit 2018 (Singapore)

HUMAN CAPITAL MANAGEMENT

A sustainable workforce is vital to the viability and success of our business in the long term. As the Group commits to higher sustainability standards, we recognise that we can achieve our goals only if every employee is on board with the mission.

SUSTAINABLE LEADERSHIP

Across the Group, our leadership embraces the triple bottom line – Planet, People and Profit. In keeping with our core values, they guide respective teams towards transforming ideas into actions and results.

At Wilmar Sugar Australia (WSA), for instance, the management team conducts monthly site visits to provide updates on new initiatives, business achievements, and accord formal recognition to employees' service milestones. WSA also acknowledges significant team and individual achievements in production and safety performance, and managers conduct regular safety walks to highlight safe and sustainable work practices.

Our joint venture company in India, Adani Wilmar, organises leadership effectiveness development courses as part of its talent development initiatives. These courses are targeted at the senior management level to help them build and maintain high-performance teams.

EMBRACING DIVERSITY

As an international organisation with over 90,000 employees in 30 countries, we embrace the diversity of our people to leverage each other's strengths and experiences to stay innovative and push for greater performance. For instance, women comprise 24% of our entire workforce, and 57% of the Group's headquarters with 22% in the senior management team. We believe in advocating inclusiveness and providing support to all employees including women.

Our multi-skilling framework in Australia aims to enhance workforce sustainability and employee engagement.

TALENT MANAGEMENT & DEVELOPMENT

Looking ahead, the Group will continue to explore talent management strategies through working with external stakeholders such as local and overseas universities, vocational and technical schools for young talents as well as internal stakeholders such as employees themselves.

Our subsidiary in China, Yihai Kerry, has been proactively nurturing talents to guide fellow colleagues through the Yi Shi Hui (益师荟) programme. The programme aims to effectively transfer internal best practices to create a shared learning environment and cultivate more core talents. Managers who have demonstrated good performance and enthusiasm for training and development are selected for this programme and will eventually become internal training specialists.

EMPLOYEE ENGAGEMENT

A sustainable workforce is strengthened by employees who are engaged, motivated and empowered. Different engagement programmes are implemented across our global offices and sites according to the nature of operation, local culture and needs.

Our subsidiary in Ukraine, Delta Wilmar, encourages a collaborative work environment by holding monthly workshops where best work practices and ideas are exchanged amongst departments.

In Australia, WSA has developed a multi-skilling framework aimed to create roles that will increase workforce sustainability while maximising employees' flexibility and engagement. The core of the initiative is to offer opportunities and benefits that meet the needs of both the company and employees.

Besides job rotations which enable employees to experience different tasks and challenges, the Group's global footprint means there are opportunities for overseas assignments. For instance, the production, quality assurance and procurement staff from Vietnam attended workshops in China and Denmark last year to gain a global perspective and to leverage each country's expertise, experience and resources more effectively.

INNOVATION

Innovation is one of our six core values because we recognise that new and viable ideas are crucial to business process and efficiency optimisation. Therefore, it is important that we create a conducive environment that promotes and fosters innovation. One such example is the Best Innovation Award for Rice Bran Oil Technology created internally and presented to employees in Vietnam whose innovative thinking have resulted in lower costs, improved yields and enhanced quality for the rice bran oil supply chain.

Yihai Kerry organises annual seminars to share innovative practices and expand on budding ideas and solutions. These include areas relating to production line layout, channel innovation, management model changes and technology iteration. Viable projects are then replicated and promoted within the Group.

INFORMATION TECHNOLOGY

Wilmar's Information Technology (IT) division is responsible for implementing digital technologies to drive efficiencies and add value to the business. Building on the momentum we had set in the past year, we continue to deliver more digital capabilities globally across strategic business functions, namely sales & marketing, logistics, supply chain, production, finance, plantation, trading and human resources.

SUPPORTING BUSINESS AGILITY

The fast-evolving digital world is facing heightened expectations of technology from business users. To help the Group improve its business agility, we seek to respond swiftly to the increasing needs of the technology-empowered users and our customers. Some digital initiatives that have been implemented include data analytics, robotic process automation and rapid development platforms.

As we strive to become more customer-centric, we embrace change as the new normal and stay flexible in reallocating resources, adapting to changes in existing processes and embracing the digital culture across the Group.

SHARPENING IT STRATEGIC FOCUS

Recognising that technology has an important role in supporting the Group's growth, the IT team developed a multi-year technology roadmap focusing on strategic business functions. In tandem with business expansion, the volume of data within the Group is burgeoning. Over the past year, we have been working closely with business units to derive data-driven insights to help shape business strategies. Some of the key IT initiatives include a central sourcing and procurement platform, digital sales dashboard, sales force automation and consumer ordering mobile applications, factory processes information systems and logistics digital platform.

INCREASING IT EFFICIENCY AND IT SECURITY

We aim to be highly efficient in optimising our IT budget so that we can focus more resources to support digital initiatives, innovative customer-centric projects and security initiatives. We manage this by taking a central view of the IT requirements across countries, reviewing the resource staffing and sourcing plans for different countries based on their IT needs as well as optimising our IT sourcing and procurement through long-term relationships with our strategic IT vendors. Managing cybersecurity risks continues to be a key priority. We constantly review and strengthen our multi-layer defence to protect Wilmar against new cybersecurity threats, breaches, and vulnerabilities.

EMBRACING SUSTAINABLE IT

Wilmar is committed to make our IT systems more sustainable by lowering energy consumption through regular reviews of our cloud infrastructure usage, recycling and repurposing on-premise IT infrastructure at end of life while ensuring usability within the system. Online meetings, video conferencing facilities and enhancement of IT asset maintenance contracts are also used as part of our sustainable IT strategy to minimise our environmental impact.

The Information Technology team works closely with business units to develop digital capabilities such as a central sourcing and procurement platform and a digital sales dashboard to derive data-driven insights to help shape business strategies.

AWARDS & ACCOLADES

CORPORATE AWARDS

Wilmar International Limited

Ranked 248th
Fortune Global 500
Fortune Magazine

Ranked 2nd
World's Most Admired Company, in Food Production Industry
Fortune Magazine

Ranked 456th
Forbes Global 2000: The World's Biggest Public Companies
Forbes

Ranked 5th
Top 100 Singapore Brands
BrandFinance®

Ranked 30th
out of 589 companies on the Singapore Governance and Transparency Index
The Business Times and the Centre for Governance, Institutions and Organisations

Ranked 1st
by Overseas Sales Turnover on Singapore International 100
DP Information Group with Ernst & Young as Co-Producer, supported by ACRA, IE Singapore, SPRING, IDA and Singapore Business Federation

China

益海嘉里投资有限公司
Yihai Kerry Investments Co., Ltd.
- 2018上海企业100强第10名
  上海市企业联合会/上海市企业家协会/上海市经济团体联合会
- 2018上海制造业企业100强第4名
  上海市企业联合会/上海市企业家协会/上海市经济团体联合会
- 第八届中国粮油榜中国百佳粮油企业、中国粮油领军企业
  粮油市场报社

益海嘉里食品营销有限公司
Yihai Kerry Food Marketing Co., Ltd
- 天猫超市2018战略合作之粮油合作唯一大奖“卓越合作奖”
  天猫
- 阿里巴巴第二届供应链大会--供应链管理优秀奖
  天猫

丰益（上海）生物技术发中心有限公司
Wilmar (Shanghai) Biotechnology Research and Development Center
- 第三届全国粮油科技创新型企业
  中国粮油学会

益海嘉里(哈尔滨)粮油食品工业有限公司
Yihai Kerry (Harbin) Oils, Grains and Foodstuffs Industries Co., Ltd.
- 农业产业化为国家级重点龙头企业
  国家农业产业化部际联席会议九部门

Ghana

Wilmar Africa Limited
- Top 100 Companies in Ghana, ranked 9th
  Ghana Club 100 and Ghana Investment Promotion Centre
- Best Company in Agri-Business Sector
  Association of Ghana Industries

India

Adani Wilmar Limited
- India's Top 100 Best Companies to Work for
  Great Place to Work® Institute India and The Economic Times

Indonesia

PT Wilmar Nabati Indonesia
- Companies with Highest Number of Export Activities
  Gresik Customs
- Companies with Highest Number of Import Activities
  Gresik Customs
- Penghargaan SNI Award 2018 (Cooking Oil)
  Badan Sertifikasi Nasional (BSN)

Ivory Coast

Sania Cie
- Certification for National Standards Conformity
  Normes Ivoiriennes (NI)

Vietnam

Cai Lan Oils & Fats Industries Company Ltd
- Vietnamese High Quality Goods Award
  Business Research Centres and Business Support (BSA)
- VNR 500 – Top 500 Biggest Enterprises in Vietnam
  Vietnamnet in collaboration with Vietnam Report
- Top 10 Food and Beverage Companies and Top 10 Retail Companies in Vietnam
  Vietnam Report in collaboration with Vietnamnet Newspaper

VFM-Wilmar
- Flag of Commendation for Excellence in Business Performance
  Ministry of Industry and Trade

SUSTAINABILITY AWARDS

Singapore

Wilmar International Limited
- Top Scorer in Global Child Forum's Corporate Sector & Children's Rights Benchmark 2018 in Southeast Asia
  Global Child Forum

China

益海嘉里投资有限公司
Yihai Kerry Investments Co., Ltd.
- 第十届中华慈善奖
  中华人民共和国民政部

金龙鱼慈善公益基金会
Arawana Charity Foundation
- 上海慈善之星
  上海市慈善基金会

India

Adani Wilmar
- Best Public Health Initiative – Silver (SuPoshan)
  ACEF Asian Leadership
- SKOCH Award to CSR Project SuPoshan for 53rd SKOCH Summit
  SKOCH Group

Vietnam

Wilmar Agro
- Ministry of Industry and Trade Certificate – Achievement in Occupational Safety and Health - Fire and Explosion Prevention
  Ministry of Industry and Trade

CONSUMER PRODUCT AWARDS

BRAND	AWARD
Bangladesh	
Rupchanda Soybean Oil	• Top in Edible Oil Category in Best Brand Award *Bangladesh Brand Forum in collaboration with Nielsen Bangladesh* • Superbrand *Superbrands Bangladesh*
China	
金龙鱼（品牌） Arawana (General)	• 中国粮油领军品牌 *粮油市场报社* • 2018第九届中国油博会金奖 *中国粮油学会油脂分会、中国粮油学会食品分会*
金龙鱼稻米油 Arawana Rice Bran Oil	• Two-Star International Superior Taste Medal *International Taste and Quality Institute's International Superior Taste Award 2018*
金龙鱼芝麻油 Arawana Sesame Oil	• 2018年中国（国际）调味品及食品配料博览会金奖 *中国调味品协会北京中味国际展览有限公司*
金龙鱼花椒油 Arawana Pepper Oil	• 2018年中国（国际）调味品及食品配料博览会金奖 *中国调味品协会北京中味国际展览有限公司*
金龙鱼大米 Arawana Rice	• 金龙鱼乳玉皇妃五常稻花香优质大米金奖 *2018年第十二届广州国际粮油产业博览会组委会*
金龙鱼小麦粉 Arawana Flour	• 2018年第57届食品世界品质评鉴大会铜奖 -金龙鱼澳大利亚麦芯小麦粉 *食品世界品质评鉴大会*
海皇纯芝麻酱 Neptune Pure Sesame Sauce	• 2018年中国调味品产业口感最佳调味品 *中国调味品协会北京中味国际展览有限公司* • 2018年中国调味品产业创新口味调味品 *中国调味品协会北京中味国际展览有限公司*
丰酱大人大块猪,鸡,菇拌酱 FengJiangDaRen Pork / Chicken / Mushroom Instant Sauce	• 2018年中国调味品产业创新口味调味品 *中国调味品协会北京中味国际展览有限公司*
India	
Fortune Cooking Oil	• Superbrand *Superbrands India*
Fortune (General)	• Reader's Digest Trusted Brand Award *Reader's Digest*
Indonesia	
Sania (General)	• Superbrand (Cooking Oil Category) *Superbrands Indonesia* • Superbrand (Most Outstanding Marketing Campaign & Strategy) *Superbrands Indonesia* • Top Brand Award (Cooking Oil Category) *Frontier Consulting Group and Majalah Marketing* • Consumer Choice as WOW Brand (Cooking Oil Category) *Marketeers Magazine* • The Best Digital Campaign 2018 *Marketeers Magazine*
Ivory Coast	
Dinor Refined Palm Oil	• Product of the Year *The Label of African Consumers*
Uganda	
White Star Bar	• Best Soap *People's Choice Quality Awards*
Vietnam	
Simply Rice Bran Oil	• Vietnam Top 20 Golden Products *Vietnam Intellectual Property Association (VIPA) in cooperation with Vietnam Intellectual Property Research Institute*

BOARD OF DIRECTORS

KUOK KHOON HONG
Chairman and Chief Executive Officer

Mr Kuok Khoon Hong, 69, is the Chairman and Chief Executive Officer of the Group. He is overall in charge of the management of the Group with a particular focus on new business developments. He has extensive experience in the industry and has been involved in the grains, edible oils and oilseeds businesses since 1973. Mr Kuok has completed many projects involving the establishment of oil palm plantations in Asia and Africa, as well as the processing of grains, edible oils and oilseeds. Mr Kuok graduated from the then University of Singapore with a Bachelor of Business Administration degree. Mr Kuok was appointed to the Board on 24 March 2006 and was last re-elected on 26 April 2017.

PUA SECK GUAN
Chief Operating Officer and Executive Director

Mr Pua Seck Guan, 55, oversees and manages the business divisions of the Group and assists CEO Mr Kuok Khoon Hong in the development of new businesses. Concurrently, he is the CEO and Executive Director of Perennial Real Estate Holdings Limited, an integrated real estate and healthcare company listed on the Singapore Stock Exchange. In addition, he is a Non-Independent Non-Executive Director of United Engineers Limited. Mr Pua has over 30 years of real estate experience in property investment, development and management across various asset classes, as well as in the creation and management of both private and listed real estate funds. Widely regarded as a Real Estate Investment Trust ("REIT") pioneer in Singapore, Mr Pua was instrumental in establishing REITs listed on the Singapore Stock Exchange such as CapitaMall Trust and CapitaRetail China Trust. Earlier, Mr Pua held concurrent positions as the CEO of CapitaLand Retail Limited, CapitaMall Trust Management Pte. Ltd., and CapitaLand Financial Limited. He holds a Master of Science degree in Civil Engineering from the Massachusetts Institute of Technology, USA and a Bachelor of Science degree in Building (First Class Honours) from the National University of Singapore. Mr Pua was appointed to the Board on 1 January 2016 and was re-elected on 28 April 2016.

TEO LA-MEI
Executive Director, Group Legal Counsel and Company Secretary

Ms Teo La-Mei, 59, is responsible for overseeing the Group's legal and corporate secretarial functions. She has been the Group Legal Counsel and Company Secretary of the Company since August 2009. Ms Teo was the Company Secretary and Legal Counsel for the Shangri-La Hotel Limited Group of companies from August 1988 to December 2018. Ms Teo is a director of Shangri-La Hotel Limited, a position she has held since June 2001. She holds a Bachelor of Laws (Honours) degree from the National University of Singapore and is a member of the Corporate Governance & Regulatory Committee of the Singapore International Chamber of Commerce. Ms Teo was appointed to the Board on 21 February 2019.

KUOK KHOON EAN
Non-Executive Director

Mr Kuok Khoon Ean, 63, is the Chairman of Kuok (Singapore) Limited and a Director of Kerry Group Limited and Kerry Holdings Limited. He is the Chairman and Non-Executive Director of PACC Offshore Services Holdings Ltd, a company listed on the Singapore Stock Exchange. Mr Kuok holds a Bachelor of Economics degree from Nottingham University, UK. Mr Kuok was appointed to the Board on 2 July 2007 and was last re-elected on 25 April 2018.

KUOK KHOON HUA
Non-Executive Director

Mr Kuok Khoon Hua, 40, is the Chairman of Kerry Holdings Limited, the main investment holding company of the Kuok Group in Hong Kong. He is also a director of Kerry Group Limited and Kuok (Singapore) Limited; an executive director of Kerry Logistics Network Limited and a non-executive director of Kerry Properties Limited (both of which are companies listed on the Hong Kong Stock Exchange) and an independent director of Sea Limited (a company listed on the New York Stock Exchange). Mr Kuok holds a Bachelor's degree in Economics from Harvard University. Mr Kuok was appointed to the Board on 1 July 2016 and was re-elected on 26 April 2017.

BOARD OF DIRECTORS

RAYMOND GUY YOUNG
Non-Executive Director

Mr Raymond Guy Young, 57, is Executive Vice President and CFO of Archer Daniels Midland Company (ADM), and a member of ADM's Executive Council. He joined ADM in November 2010 following a 24-year tenure with General Motors where he last served in Shanghai as Vice President of GM International Operations. In 2008 and 2009, he was CFO of General Motors. Between 2004 and 2007, he was the President and Managing Director of GM do Brasil and Mercosur Operations, based in São Paulo. Mr Young holds a Bachelor's degree in Business Administration from The Ivey School of Business, University of Western Ontario, in London, Canada, as well as an MBA from the University of Chicago. Mr Young serves on the Boards of Directors of International Paper Company and the U.S.-China Business Council. He is a member of the board of directors of the American Cancer Society Illinois Division and the CFO Advisory Board of the University of Chicago Booth School of Business. Mr Young was previously Alternate Director to Mr Juan Ricardo Luciano on the Wilmar Board from 3 November 2017 to 28 December 2018. He was appointed as a Non-Executive Director on the Wilmar Board on 28 December 2018.

YEO TENG YANG
Lead Independent Director

Mr Yeo Teng Yang, 77, is the Lead Independent Director. He has a varied international career spanning senior positions in the Ministry of Finance and the Monetary Authority of Singapore, Ambassador to the European Community in Brussels as well as Executive Board Director of the Asian Development Bank, Manila and Advisor at the International Monetary Fund, Washington D.C. besides his extensive banking experience. From 1995 to 2000, he was the Senior Executive Vice President of United Overseas Bank Ltd, Singapore, with management responsibilities in treasury, international banking business, fund management, stockbroking and risk management. While in banking, he was a founding Board Member and served as the Board Chairman during 1990-1992 of the Singapore International Monetary Exchange which has since merged into the current Stock Exchange of Singapore. He also served as a Board Member of Korea First Bank, South Korea, from 2000 to 2005. Mr Yeo holds a Bachelor of Social Science Honours degree from the then University of Singapore and a Master's degree in Economics from Yale University, USA. Mr Yeo was appointed to the Board on 14 July 2006 and was last re-elected on 28 April 2016.

TAY KAH CHYE
Independent Director

Mr Tay Kah Chye, 72, is currently the Executive Chairman of CLMV Consult Net Private Limited, a regional consulting company headquartered in Singapore and the Chief Executive Officer of the PATA Group (comprising PATA Consultancy Private Limited and PATA International Enterprise Private Limited). He has served as the Honorary Advisor of ASEAN Bankers Association, a regional banking industry group from 2008 to 2010. Prior to his retirement on 31 December 2007, Mr Tay was the President and Chief Executive Officer of ASEAN Finance Corporation Limited, a regional merchant bank based in Singapore and owned by various leading banks and financial institutions in ASEAN since 1991. Mr Tay has vast experience in banking and finance. Mr Tay was with Citibank N.A. Singapore Branch, where he started his banking career in 1973. His last held position in Citibank was Vice President and Head of its Corporate Marketing Group. During his 18 years with Citibank, he held various positions in banking operations, credit management and marketing. Mr Tay was a director of Cambodia Mekong Bank Public Limited from 2003 to 2012 and his last held position was Chairman of the Board of Directors. He is the Independent Non-Executive Chairman of Asiatic Group (Holdings) Limited, the Lead Independent Director of Chemical Industries (Far East) Ltd and Asia Travel Limited. Mr Tay holds a Bachelor of Social Sciences degree in Economics from the then University of Singapore. Mr Tay was appointed to the Board on 14 July 2006 and was last re-elected on 26 April 2017.

KWAH THIAM HOCK
Independent Director

Mr Kwah Thiam Hock, 72, sits on the boards of various companies including IFS Capital Limited, Excelpoint Technology Ltd and Teho International Inc Ltd. He started his career in 1964 with the Port of Singapore Authority. From 1969 to 1970, he was an Assistant Accountant with the Singapore Textile Industries Limited. Subsequently, he served as the Secretary and Assistant Accountant in Singapore Spinners Private Limited from 1970 to 1973 and later in 1974, he moved on to become the Regional Accountant and Deputy Manager of its related company, IMC (Singapore). Mr Kwah left to join ECICS Holdings Ltd in 1976 and rose to become its President and Chief Executive Officer. He stepped down from ECICS Holdings Ltd in 2003 to assume the position of Principal Officer and Chief Executive Officer of ECICS Limited, a wholly-owned subsidiary of listed IFS Capital Limited. Mr Kwah retired from ECICS Limited in December 2006 but he remains as advisor of ECICS Limited. He is a Fellow, Certified Public Accountant of Australia, ISCA and ACCA. He graduated from the then University of Singapore in 1973 with a Bachelor of Accountancy degree. Mr Kwah was appointed to the Board on 14 July 2006 and was last re-elected on 26 April 2017.

BOARD OF DIRECTORS

KISHORE MAHBUBANI
Independent Director

Professor Kishore Mahbubani, 70, has had a long career in government while at the same time, writing extensively on public issues. He was with the Singapore Foreign Service for 33 years (1971-2004) where he had postings in Cambodia (1973-74), Malaysia, Washington D.C. and New York, where he served two postings as Singapore's Ambassador to the UN and as President of the UN Security Council in January 2001 and May 2002. He was Permanent Secretary at the Foreign Ministry from 1993 to 1998. He was the Founding Dean of the Lee Kuan Yew School of Public Policy of the National University of Singapore (NUS) from 2004 to 2017. Currently, he is a Professor in the Practice of Public Policy and a Senior Advisor at the University Global Relations Office of NUS. In the world of ideas, he has spoken and published globally. Professor Mahbubani is also a member of the Boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2015. He has also taken the role of Non-Executive Chairman and Non-Executive Director of Aggregate Asset Management since September 2017. Professor Mahbubani was appointed to the Board on 1 January 2016 and was re-elected on 28 April 2016.

LIM SIONG GUAN
Independent Director

Mr Lim Siong Guan, 71, is a professor at the Lee Kuan Yew School of Public Policy at the National University of Singapore and a Senior Fellow of the Singapore Civil Service College. He is a member of the Board of Trustees of the Singapore University of Technology and Design. He is also Chairman of Swiss Re Asia Pte Ltd, the Asian subsidiary of Swiss Reinsurance, and a Member of the International Board of the stars Foundation, a Swiss foundation that promotes leadership development for leaders of the next generation. Mr Lim is the Founder Chairman of Honour (Singapore), a charity that seeks to promote a culture of honour and honouring for the well-being of the nation. In September 2017, Mr Lim was named the Institute of Policy Studies' fourth SR Nathan Fellow for the Study of Singapore. Mr Lim was the Group President of GIC, Singapore's sovereign wealth fund, from 2007 to 2016, and the Head of the Singapore Civil Service from 1999 to 2005. He was the first Principal Private Secretary to Singapore's founding Prime Minister, Mr Lee Kuan Yew, and was Permanent Secretary in the Ministries of Defence, Education, Finance, and the Prime Minister's Office. Mr Lim has chaired the Singapore Economic Development Board, the Inland Revenue Authority of Singapore, the Accounting and Corporate Regulatory Authority and, the Central Provident Fund Board. He graduated with First Class Honours in Mechanical Engineering from the University of Adelaide and has a Postgraduate Diploma in Business Administration from the National University of Singapore. Mr Lim was appointed to the Board on 1 January 2018 and was re-elected on 25 April 2018.

WEIJIAN SHAN
Independent Director

Mr Weijian Shan, 65, is Chairman and CEO of PAG Group, a private equity firm with about US$30 billion in capital under management. He was Co-Managing Partner of Newbridge Capital, and, after Newbridge's integration with TPG, Co-Managing Partner of TPG Asia. Prior to TPG, Mr Shan was a Managing Director of JP Morgan. He previously was an Assistant Professor at the Wharton School of the University of Pennsylvania. His other former employers include the World Bank and Graham & James Law Firm. Mr Shan graduated from Beijing Institute of Foreign Trade (now known as Beijing University of International Business and Economics) and received his PhD and Master of Arts from University of California, Berkeley and an MBA from the University of San Francisco. Mr Shan was appointed to the Board on 1 January 2018 and was re-elected on 25 April 2018.

JUAN RICARDO LUCIANO
Alternate Director to
Mr Raymond Guy Young

Mr Juan R. Luciano, 57, is the Chairman of the Board of Directors, President and CEO of Archer Daniels Midland Company (ADM). ADM is one of the world's leading agricultural processors and food ingredient providers. Mr Luciano joined ADM in 2011 as Executive Vice President and COO. He was named President of ADM in February 2014, and was appointed CEO in January 2015. He became Chairman of the Board in January 2016. Mr Luciano previously spent 25 years at The Dow Chemical Company, where he last served as Executive Vice President and President of the Performance division. Mr Luciano serves on the Boards of Directors of Eli Lilly and Company, where he chairs the Finance Committee and Intersect Illinois, a non-profit economic development organisation created by former Illinois Governor Bruce Rauner. He is a member of the Economic Club of Chicago and the Commercial Club of Chicago. He also serves on the Global Advisory Board of the Kellogg School of Management at Northwestern University. He holds an industrial engineering degree from the Buenos Aires Institute of Technology. Mr Luciano served as a Non-Executive Director on the Wilmar Board from 20 June 2012 to 28 December 2018. He was appointed Alternate Director to Mr Raymond Guy Young on the Wilmar Board on 28 December 2018.

BOARD OF DIRECTORS

The directorships in listed companies, past and present, and principal commitments of the directors are set out below:

NAME OF DIRECTOR	PRESENT DIRECTORSHIPS IN LISTED COMPANIES	PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS	PRINCIPAL COMMITMENTS
Executive Directors			
KUOK Khoon Hong	1. Wilmar International Limited *Chairman & Chief Executive Officer* 2. Perennial Real Estate Holdings Limited *Chairman & Non-Independent Non-Executive Director*	–	Wilmar International Limited and its group of companies
PUA Seck Guan	1. Wilmar International Limited *Chief Operating Officer & Executive Director* 2. Perennial Real Estate Holdings Limited *Chief Executive Officer & Executive Director* 3. United Engineers Limited *Non-Independent Non-Executive Director*	–	1. Perennial Real Estate Holdings Limited and its group of companies 2. Wilmar International Limited and its group of companies 3. Member of Consultative Committee of National University of Singapore Department of Real Estate 4. Member of Singapore-China Business Council of Singapore Business Federation 5. Member of Singapore-Sichuan Trade and Investment Committee
TEO La-Mei	Wilmar International Limited	–	Wilmar International Limited and its group of companies
Non-Executive Directors			
KUOK Khoon Ean	1. PACC Offshore Services Holdings Ltd ("POSH") *Chairman & Non-Executive Director* 2. Wilmar International Limited	1. The Bank of East Asia, Limited 2. IHH Healthcare Bhd	1. Kerry Group Limited 2. Kerry Holdings Limited 3. Kuok (Singapore) Limited *Chairman* 4. POSH *Chairman & Non-Executive Director*
KUOK Khoon Hua	1. Kerry Logistics Network Limited 2. Kerry Properties Limited *(Both listed on Hong Kong Stock Exchange)* 3. Sea Limited *(Listed on New York Stock Exchange)* 4. Wilmar International Limited	–	1. Kerry Group Limited 2. Kerry Holdings Limited *Chairman* 3. Kerry Logistics Network Limited *Executive Director* 4. Kuok (Singapore) Limited
Raymond Guy YOUNG	1. Wilmar International Limited 2. International Paper Company *(Listed on New York Stock Exchange)*	–	Archer Daniels Midland Company *Executive Vice President and Chief Financial Officer*

NAME OF DIRECTOR	PRESENT DIRECTORSHIPS IN LISTED COMPANIES	PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS	PRINCIPAL COMMITMENTS
Lead Independent Director			
YEO Teng Yang	Wilmar International Limited	United International Securities Limited *(dissolved on 4 December 2015)*	–
Independent Directors			
TAY Kah Chye	1. Asiatic Group (Holdings) Limited *Independent Non-Executive Chairman* 2. Chemical Industries (Far East) Ltd *Lead Independent Director* 3. Asia Travel Limited *Lead Independent Director* 4. Wilmar International Limited	–	1. CLMV Consult Net Private Limited *Executive Chairman* 2. PATA Consultancy Private Limited *Chief Executive Officer* 3. PATA International Enterprise Private Limited *Chief Executive Officer*
KWAH Thiam Hock	1. Excelpoint Technology Ltd 2. IFS Capital Limited 3. Teho International Inc Ltd 4. Wilmar International Limited	Select Group Limited	1. ECICS Limited 2. PM Shipping Pte Ltd
Kishore MAHBUBANI	1. Wilmar International Limited 2. Zurich Insurance Group Ltd *(Listed on SIX Swiss Exchange)*	–	Professor in the Practice of Public Policy and a Senior Advisor at the University Global Relations Office of National University of Singapore
LIM Siong Guan	Wilmar International Limited	–	Professor in the Practice of Public Policy - Lee Kuan Yew School of Public Policy, National University of Singapore
Weijian SHAN	Wilmar International Limited	1. TCC International Holdings Limited *(Delisted from Hong Kong Stock Exchange)* 2. Bank of China (Hong Kong) Limited	Chairman and CEO of PAG and its group of companies
Alternate Director to Mr Raymond Guy Young			
Juan Ricardo LUCIANO	1. Archer Daniels Midland Company 2. Eli Lilly and Company *(Both listed on New York Stock Exchange)* 3. Wilmar International Limited	–	Archer Daniels Midland Company *Chairman & Chief Executive Officer*

Notes:
1. In accordance to the Code of Corporate Governance 2012, the term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.
2. Information as at 28 February 2019.

KEY MANAGEMENT TEAM

MR KUOK KHOON HONG
Chairman & Chief Executive Officer

MR PUA SECK GUAN
Chief Operating Officer & Executive Director

MS TEO LA-MEI
Executive Director, Group Legal Counsel and Company Secretary

MR MU YANKUI
Executive Vice Chairman, China

MR NIU YU XIN
General Manager, China

MR YEE CHEK TOONG
Country Head, Malaysia

MR DARWIN INDIGO
Country Head, Indonesia

MR MATTHEW JOHN MORGENROTH
Group Technical Head

CAPTAIN KENNY BEH HANG CHWEE
Group Head, Shipping

MR THOMAS LIM KIM GUAN
Group Head, Edible Oils

MR JEAN-LUC ROBERT BOHBOT
Group Head, Sugar

MR RAHUL KALE
Group Head, Oleochemicals & Biofuels

PROFESSOR CHUA NAM-HAI
Chief Scientific Advisor

MR HO KIAM KONG
Chief Financial Officer

MR HOR KOK CHING
General Manager, Oilseeds & Grains

MS SNG MIOW CHING
Group Financial Controller

MR JEREMY GOON
Chief Sustainability Officer

MR PATRICK TAN SOO CHAY
Group Head, Internal Audit

MR KWEK SO CHEER
Chief Information Officer

MR JEREMY TAN KOK LIANN
Group Head, Human Resources

Please visit the Key Management Team page on our website for individual profiles.

CORPORATE INFORMATION

BOARD OF DIRECTORS
KUOK Khoon Hong *(Chairman)*
PUA Seck Guan
TEO La-Mei *(Appointed on 21 February 2019)*
KUOK Khoon Ean
KUOK Khoon Hua
Raymond Guy YOUNG* *(Appointed on 28 December 2018)*
YEO Teng Yang
TAY Kah Chye
KWAH Thiam Hock
Kishore MAHBUBANI
LIM Siong Guan
Weijian SHAN

* Juan Ricardo LUCIANO is alternate to Raymond Guy YOUNG *(Appointed on 28 December 2018)*

EXECUTIVE COMMITTEE
KUOK Khoon Hong *(Chairman)*
PUA Seck Guan

AUDIT COMMITTEE
TAY Kah Chye *(Chairman)*
KWAH Thiam Hock
YEO Teng Yang

NOMINATING COMMITTEE
KWAH Thiam Hock *(Chairman)*
KUOK Khoon Hong
TAY Kah Chye
YEO Teng Yang

REMUNERATION COMMITTEE
KWAH Thiam Hock *(Chairman)*
YEO Teng Yang
TAY Kah Chye

RISK MANAGEMENT COMMITTEE
YEO Teng Yang *(Chairman)*
KUOK Khoon Hong
TAY Kah Chye

SHARE PURCHASE COMMITTEE
KUOK Khoon Hong *(Chairman)*
PUA Seck Guan

EXECUTIVE RISK COMMITTEE
KUOK Khoon Hong
PUA Seck Guan
HO Kiam Kong
Thomas LIM Kim Guan

CAPITAL APPROVAL COMMITTEE
KUOK Khoon Hong
PUA Seck Guan
HO Kiam Kong
Matthew John MORGENROTH

COMPANY SECRETARY
TEO La-Mei

REGISTERED OFFICE
56 Neil Road
Singapore 088830
Telephone: (65) 6216 0244

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898
Telephone: (65) 6236 3333
Fax: (65) 6236 3405

AUDITOR
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-Charge: Christopher WONG
(With effect from financial year ended 31 December 2014)

Information as at 28 February 2019

RISK MANAGEMENT

BOARD-LEVEL RISK MANAGEMENT COMMITTEE (RMC)

- Chaired by Lead Independent Director
- Reviews overall risk management guidelines/framework, policies and systems
- Reviews and recommends risk limits

EXECUTIVE RISK COMMITTEE (ERC)

- Comprises Chairman and CEO, COO, CFO and Group Head, Edible Oils
- Monitors and improves overall effectiveness of risk management system
- Reviews trade positions and limits

OPERATING UNITS

- Monitors respective risks
- Ensures compliance to trading policies and limits

INDEPENDENT MIDDLE OFFICE

- Captures and measures Groupwide risks
- Monitors limit breaches
- Submits daily risk exposure report to ERC
- Triggers risk alert to merchandising team, ERC and/or RMC when necessary

OVERVIEW

We have a robust risk management framework in place to identify, measure, monitor and manage the critical risks we face. The framework, including policies and procedures, is regularly reviewed and enhanced in response to changes in the external environment and business processes.

We proactively evaluate our risks and ensure coverage against our exposure. Our strategic and operational decision-making process continues to be strengthened through transparent communication and risk awareness across the organisation, while ongoing compliance with risk management processes is regularly reviewed.

COMMODITY PRICE RISK

Agricultural commodities prices are very volatile, and are affected by factors such as weather, government policies, global demographic changes and competition from substitute products.

In sourcing raw materials and selling manufactured outputs, we are exposed to price fluctuations in the commodities markets because the sale and purchase commitments do not typically match at the end of each business day. To manage such price risks, we carefully monitor and manage our open commodity positions by using forward physical contracts and/or derivatives.

FOREIGN EXCHANGE RISK

Our reporting currency is U.S. Dollars (USD). The Group operates in both developed and emerging markets and is exposed to foreign exchange risk in our normal course of business. In our larger markets, exports from Indonesia and Malaysia are mostly denominated in USD while imports into China are denominated in either USD or Renminbi. The majority of our expenses and sales elsewhere are denominated in the respective local currency. We manage our foreign currency risk through executing hedges in the over-the-counter foreign exchange market, product pricing and structuring natural hedges in our business where possible. These strategies mitigate the adverse impact of foreign exchange volatility on our financial position.

INTEREST RATE RISK

A substantial portion of our borrowings is in the form of trade finance and short-term banking facilities. These are used to fund operations and are transaction-related. Interest expense arising from such financing is subject to the stock holding period assumed at the time of entering into the transaction versus the actual time taken to deliver the physical product and realise the proceeds of sale from the end-customer. Consequently, interest expense is dependent on the volume of transactions and the cash conversion cycle, and it is subsequently priced into the products. As such, short-term interest rate movements do not have a significant impact on the net contribution margin. We also obtain term loans from banks to fund our capital expenditures and working capital requirements. Interest rate risk arising from floating rate exposure is managed through the use of financial instruments, such as futures and swaps, with the objective of limiting the adverse impact from a rise in interest rates.

CREDIT RISK

The majority of our sales are export sales in bulk, for which documentary credit from customers are required. For domestic sales in China, we may grant our more substantial customers credit terms while requiring cash on delivery or advance payment for others.

New customers' credit worthiness is evaluated by considering their financial standings and operating track records as well as conducting background checks through industrial contacts. In this regard, we benefit from the experience and local knowledge of our wide manufacturing base and distribution network. Actual credit terms and limits to be granted are decided based on the information obtained, and revised according to economic or market conditions. As a practice, we will usually require documentary credit or advance payments for sales to new customers.

Credit facilities granted to existing customers are also reviewed periodically. A customer's current financial strength, payment history, transaction volume and duration of business relationship with us are taken into consideration.

RISK GOVERNANCE

Our risk governance structure comprises the Risk Management Committee at the Board level, the Executive Risk Committee and risk management by the respective operating units. The Board-level Risk Management Committee, chaired by the Lead Independent Director, oversees the Executive Risk Committee, reviews the overall risk management guidelines/framework, reviews and recommends risk limits as well as assesses the adequacy and effectiveness of the risk management policies and systems.

The Executive Risk Committee comprises the Group's Chairman & Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and Group Head, Edible Oils. Its responsibilities include, amongst others, the monitoring and improvement of the overall effectiveness of its risk management system, the review of trade positions and limits to manage overall risk exposure.

The heads of operating units are responsible for monitoring their respective risks and adherence to trading policies and limits set by the Risk Management Committee and the Board.

To achieve effective governance and oversight by ensuring proper segregation of duties, we have a Middle Office which is independent of the front and back office. The Middle Office is responsible for the tracking and measurement of Group-wide risks as well as monitoring adherence to limits. The Middle Office circulates a daily risk exposure report, which is reviewed by the Executive Risk Committee for any significant risk issues. The Middle Office also sends out regular risk alerts to the merchandising team and the Executive Risk Committee when risk exposure is seen to be nearing trigger levels.

The documented risk management policy, which is regularly reviewed, clearly defines the procedures for monitoring, controlling and reporting risk in a timely and accurate manner. We have in place an overall risk tolerance threshold recommended by the Risk Management Committee and approved by the Board. The risk tolerance threshold refers to the maximum potential loss of all open exposures across major products and geographical regions at any given time. The risk tolerance threshold is determined after taking account of the Group's equity strength and profitability as well as our overall production capacity, price trends of raw materials, management's overall view of the market, track record of the management of risk exposure in the prior period and financial budgets including projected sales volumes and turnover.

CORPORATE GOVERNANCE

WILMAR GOVERNANCE FRAMEWORK

Board of Directors

Chairman & CEO

Board/Group Secretary

Committee	Committee Members	Key Responsibilities
EXECUTIVE COMMITTEE	**Chairman** Kuok Khoon Hong **Member** Pua Seck Guan	• General management and operational matters • Monitoring Group performance • Business development of the Group
CAPITAL APPROVAL COMMITTEE	**Members** • Kuok Khoon Hong • Pua Seck Guan • Ho Kiam Kong • Matthew John Morgenroth	• Review and approve capital expenditure for projects to be undertaken by the Group • Ensure funds invested realize their best return (Internal Rate of Return/ Return on Investments) for the Group
AUDIT COMMITTEE	**Chairman** Tay Kah Chye **Members** • Kwah Thiam Hock • Yeo Teng Yang	• Assists the Board in discharging its statutory and other responsibilities • Oversees financial reporting, internal control and risk management systems, internal and external audit process, interested person transactions, IT and whistleblowing matters
RISK MANAGEMENT COMMITTEE	**Chairman** Yeo Teng Yang **Members** • Kuok Khoon Hong • Tay Kah Chye	• Review overall risk management policies/ guidelines/ framework including environmental sustainability issues • Review and recommend risk limits • Determines risk tolerance level for the Group • Review major non-compliance with risk policies
EXECUTIVE RISK COMMITTEE	**Members** • Kuok Khoon Hong • Pua Seck Guan • Ho Kiam Kong • Thomas Lim Kim Guan	• Monitors and improves overall effectiveness of risk management system • Review trade positions and limits of forward purchase and sale • Provides risk management oversight on market risk exposures on commodities and currencies
NOMINATING COMMITTEE	**Chairman** Kwah Thiam Hock **Members** • Kuok Khoon Hong • Tay Kah Chye • Yeo Teng Yang	• Review all Board appointments, re-appointments and retirement of Directors • Review the independence of Directors • Review succession plans for the Board and Management • Review and recommend appropriate performance benchmarks for monitoring the share performance of Wilmar, relative to its peers in the same industry • Conduct assessments of the effectiveness of Board, Board Committees and Directors
REMUNERATION COMMITTEE	**Chairman** Kwah Thiam Hock **Members** • Yeo Teng Yang • Tay Kah Chye	• Review and recommend a framework of remuneration for the Board and senior management • Study market trends relating to incentives in remunerating employees and determine performance measures criteria • Administration of the Company's share options scheme
SHARE PURCHASE COMMITTEE	**Chairman** Kuok Khoon Hong **Member** Pua Seck Guan	• Decide on the terms and all matters for effecting share buyback by way of on-market purchase(s) or off-market purchase(s)

● Independent Directors ● Executive Directors/Key Management

Wilmar International Limited (the "Company" or "Wilmar" and together with its subsidiaries, the "Group") continually seeks to uphold a high standard of corporate governance to safeguard the interests of all its stakeholders. This report sets out the Company's corporate governance practices and activities in 2018, with specific reference to the guidelines of the Singapore Code of Corporate Governance 2012 (the "Code"). The Company has complied in all material aspects with most principles and guidelines of the Code. In so far as the guidelines on board diversity and setting a maximum limit on listed board appointments for its Directors, the rationale for varying from these guidelines is set out in this report.

A. BOARD MATTERS

Principle 1: The Board's Conduct of Its Affairs

The primary role of the Board is to provide entrepreneurial leadership, set the overall business direction of the Group and constantly seek to protect the long-term shareholder value and enhance the returns of the Company. The Board is committed to continually sustain value creation through strategic and appropriate business expansion which would broaden the Group's revenue stream by pursuing business opportunities with good prospects for long-term growth.

In addition to its statutory responsibilities, the Board's principal duties and responsibilities are to:

1. Set strategic directions and long-term goals of the Group and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
2. Ensure that decisions and investments are consistent with medium and long-term strategic goals;
3. Oversee the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
4. Review the performance of Management and oversee succession planning for Management; and
5. Consider sustainability issues, in particular environmental, social and governance factors, in the formulation of the business strategies and corporate policies of the Group.

Delegation of duties by the Board

To assist the Board in the execution of its duties, the Board has delegated specific authority to the following Board Committees, which function within the respective terms of reference approved by the Board.

Executive Committee ("Exco")

The Exco is made up of two Executive Directors namely, Mr Kuok Khoon Hong (Chairman and Chief Executive Officer ("CEO")) and Mr Pua Seck Guan (Chief Operating Officer) ("COO"). The Exco oversees the management of the business and affairs of the Group and its duties and responsibilities include the following:

1. Evaluate new business opportunities and submit strategic business proposals, with due consideration given for environmental and social sustainability issues, for approval by the Board;
2. Recommend proposed acquisitions and disposals of investments, businesses and assets, which exceed the Exco limits, for approval by the Board;
3. Ensure that the Group operates within the approved budgets, business direction and the approved internal controls put in place by the Group;
4. Formulate Company's values and mission to ensure that obligations to shareholders are understood and met;
5. Identify key stakeholder groups and recognise and mitigate adverse perceptions which would affect the Company's reputation;
6. General management and operational matters;
7. Monitoring Group performance; and
8. Business development of the Group.

Other than the Exco, the following Board Committees, which are made up of Independent Directors or a majority of Independent Directors, provide further safeguards to prevent an uneven concentration of power, authority and decision in a single individual:

1. Audit Committee ("AC") - (Principle 12)
2. Risk Management Committee ("RMC") - (Principle 11)
3. Nominating Committee ("NC") - (Principle 4)
4. Remuneration Committee ("RC") – (Principle 7).

CORPORATE GOVERNANCE

Details of these Board Committees are set out further below in this report.

Independent judgment

All Directors exercise due diligence and independent judgment and make decisions objectively in the best interests of the Group. This is one of the performance criteria for the assessment of the contributions of the individual Directors. The Board is satisfied that in FY2018, each of the Directors was able to give sufficient attention to the affairs of the Company and has adequately carried out his duties as a Director of the Company.

Key features of board processes

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened, if requested by the Board or if warranted by circumstances deemed appropriate by the Board. All Board and Board Committee meetings are planned and scheduled well in advance, in consultation with the Directors. In between scheduled meetings, matters that require the Board's approval, are circulated to all Directors for their consideration and decision. As provided in the Company's Constitution, Directors may also participate in Board meetings by tele-conferencing and/or video-conferencing.

As part of good corporate governance, all Directors are invited to attend meetings held by the AC and the RMC. For the RC and NC meetings, these are attended only by Independent Directors but with the Board Chairman/CEO participating by invitation for the RC and as a member of the NC. All written resolutions passed and minutes of meetings held by these various Board Committees are circulated to the Board for information and review, including all appropriate recommendations for approval by the Board. While the Board Committees have the delegated power to make decisions within the authority delegated to the respective committees, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

Attendance at Board and Board Committee Meetings for financial year ended 31 December 2018 ("FY2018")

The attendance of Directors at the Board and Board Committee meetings held in FY2018 is as follows:

	Board of Directors	Audit Committee	Risk Management Committee	Remuneration Committee	Nominating Committee
No. of meetings held	**4**	**4**	**4**	**1**	**1**
Name of Director	**Member Attendance**	**Member Attendance**	**Member Attendance**	**Member Attendance**	**Member Attendance**
Executive Directors					
Kuok Khoon Hong	4/4	–	4/4	–	1/1
Pua Seck Guan	4/4	–	–	–	–
Non-Executive Directors					
Martua Sitorus (Note 1)	2/4	–	–	–	–
Kuok Khoon Ean (Note 2)	2/4	–	–	–	–
Kuok Khoon Hua (Note 2)	2/4	–	–	–	–
Juan Ricardo Luciano (or in his absence, Raymond Guy Young) (Note 3)	4/4	–	–	–	–
Independent Non-Executive Directors					
Yeo Teng Yang	4/4	4/4	4/4	1/1	1/1
Tay Kah Chye	4/4	4/4	4/4	1/1	1/1
Kwah Thiam Hock	4/4	4/4	–	1/1	1/1
Kishore Mahbubani	4/4	–	–	–	–
Lim Siong Guan	4/4	–	–	–	–
Weijian Shan (Note 2)	3/4	–	–	–	–

Note 1: Mr Martua Sitorus resigned as a Director of Wilmar on 15 July 2018.
Note 2: Messrs Kuok Khoon Ean, Kuok Khoon Hua and Weijian Shan did not attend certain Board meetings in FY2018 due to other pressing engagements.
Note 3: Mr Juan Ricardo Luciano was replaced by Mr Raymond Guy Young who was appointed as a Director on 28 December 2018. Mr Luciano was appointed as Mr Young's alternate on the same day.

Matters Requiring Board Approval

The Company has in place internal guidelines setting forth the following specific matters that require Board approval:

1. Strategies and major business proposals of the Group;
2. Acquisitions and disposals of investments, businesses and assets which exceed the approved limits granted to the Exco;
3. New lines of businesses which complement the core business activities of the Group;
4. Commitment to loans and lines of credit from banks and financial institutions and market fund-raising exercises for amounts exceeding the approved limits granted to the Exco;
5. Group written policies which also set out matters and limits that require various approving authorities, including Management, various committees and the Board; and
6. Share issuances, interim dividends and other returns to shareholders.

Board Orientation and Updates

All newly appointed Directors receive a formal letter setting out the roles and responsibilities of a Director of the Company and a set of guidance notes which explain the duties and obligations of a director under the Singapore Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Securities & Futures Act ("SFA"). Newly appointed Directors are also briefed by Management on the business, operations and financial performance of the Group, including corporate governance practices such as disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price-sensitive information.

The Company encourages Directors to participate in seminars, conferences and training programmes which are relevant to their role as directors and such programmes are funded by the Company.

The professional development programmes attended by some Directors for FY2018 include the following:

1. Directors Conference 2018 organised by Singapore Institute of Directors ("SID");
2. ASEAN Corporate Governance Scorecard Conference organised by SID;
3. AC Seminar 2018 jointly organised by Accounting and Corporate Regulatory Authority ("ACRA"), SGX-ST and SID; and
4. Launch of the Singapore Directorship Report 2018 and Corporate Governance Guides for Boards in Singapore organised by SID.

On a quarterly basis, the Board is briefed on the strategic and business development of the Group by the CEO. The Board is also briefed on changes to the accounting standards and regulatory updates by the external auditors, Management and the Company Secretary. The Company also organises on-site visits to the Group's key operating facilities overseas for Directors so as to enable them to have a better understanding of the Group's businesses.

As part of the Company's continuing efforts to share relevant business updates with the Directors, the Corporate Communications Department regularly circulates to the Board, articles and reports relevant to the Group's businesses to keep Directors updated on current industry trends and issues. News releases and newsletters issued by the SGX-ST, the Monetary Authority of Singapore, ACRA, the Company's external auditors and advisers, which are relevant to directors, are also circulated to the Board.

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

Board Size and Board Composition

The Board, through regular reviews by the NC, seeks to ensure an appropriate balance of expertise, competencies and attributes among the Directors for providing effective entrepreneurial leadership to the Company.

During FY2018, the Company refreshed the Board through the following changes:

<u>Appointments</u>

1. Mr Lim Siong Guan and Mr Weijian Shan were appointed as Independent Non-Executive Directors on 1 January 2018;
2. Mr Raymond Guy Young was appointed as Non-Independent Non-Executive Director on 28 December 2018 to replace Mr Juan Ricardo Luciano.
3. Mr Luciano was appointed as alternate director to Mr Young on 28 December 2018.

<u>Resignation</u>

4. Mr Martua Sitorus, a co-founder and a Non-Independent Non-Executive Director, resigned on 15 July 2018.

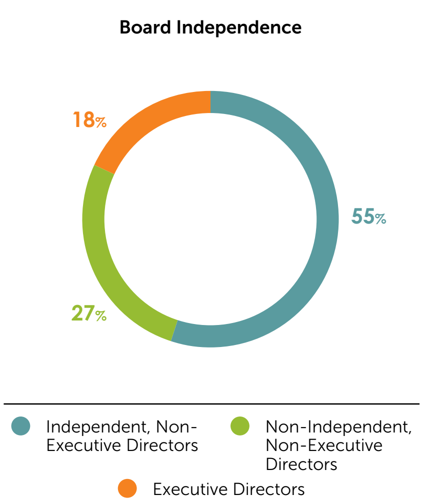
On 21 February 2019, Ms Teo La-Mei, Wilmar's Group Legal Counsel, was appointed as Executive Director; she is the Company's first female director, hence fulfilling the gender diversity requirement. The Board now comprises 11 male Directors, one female Director and a male Alternate Director. Taking into account the nature and scope of the Group's business and the number of Board Committees, the Board considers a board size of 12 members as appropriate.

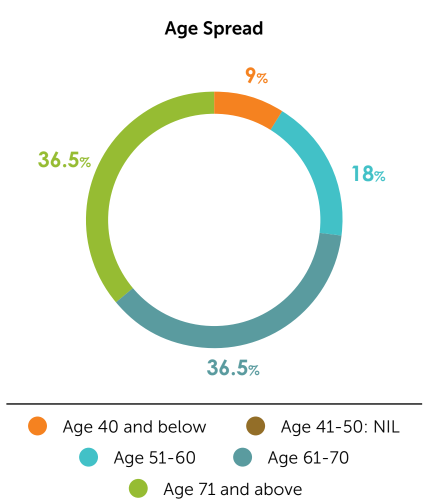
The Board is made up of Directors of different nationalities and races, with a wide range in age and skills, experience and qualifications, ranging from banking, finance, insurance, accounting, legal and risk management expertise to industry knowledge, entrepreneurial and management experience relevant to the Group's business. Reflecting the global focus of the Group's business, most of Wilmar's Directors have extensive experience in jurisdictions outside Singapore. Their diverse experiences and in-depth knowledge of the Group's business operations enable Wilmar to continue to meet the challenges and demands of the global markets in which it operates.

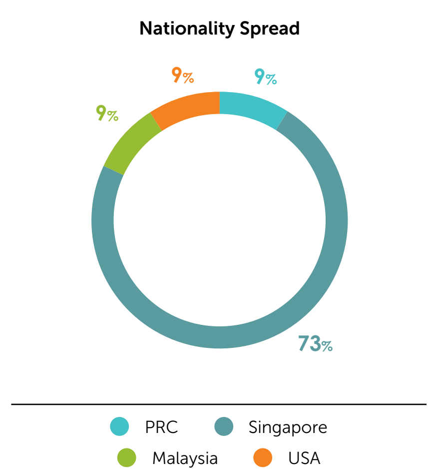
Key information about current Directors is presented in the section entitled "Board of Directors" in the Company's Annual Report 2018 ("Annual Report").

The Company has in place a Board Diversity Policy (a copy of which is posted on the Company's website), which provides that, in reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of skills, experience, gender and knowledge of the Company. A key requirement is that only individuals with broad based experiences and right skills set will be appointed to the Board.

The following charts set out the diversity and balance in the composition of the Wilmar Board as at end of FY2018:







Note: The above charts do not include the Alternate Director.

Non-Executive Directors review quarterly reports on the Group's performance prepared by Management. Non-Executive Directors are well-supported by Management with accurate, complete and timely information to enable them to make informed decisions. With their expertise and competency in their respective fields, Non-Executive Directors have, collectively, provided constructive advice and good governance guidance for the Board to discharge its principal functions effectively. Other than informal meetings amongst Independent Directors, the Company is not aware of any Non-Executive Directors meeting without the presence of Management.

Board Independence

The NC evaluates the independence of all Independent Directors annually based on the guidelines in the Code. Each Independent Director is required to state whether he considers himself independent, taking into consideration the Code's definition of an independent director and the guidance with regard to his relationships with the Company as well as the shareholders of the Company as set out in Guideline 2.3 of the Code. The existence of such relationships would deem a Director not to be independent. The evaluation of independence of the six Independent Directors, namely Mr Yeo Teng Yang, Mr Tay Kah Chye, Mr Kwah Thiam Hock, Professor Kishore Mahbubani, Mr Lim Siong Guan and Mr Weijian Shan, was conducted in December 2018.

In respect of Independent Directors who have served on the Wilmar Board for more than nine years, the NC has in place a rigorous process for reviewing their independence which includes separate assessments by each NC member. Based on the assessment of the Independent Directors' performance for FY2018, the NC is satisfied that the three Independent Directors, namely Mr Yeo Teng Yang, Mr Tay Kah Chye and Mr Kwah Thiam Hock, who have served on the Wilmar Board since its inception on 14 July 2006, have continued to maintain independence in their oversight role and add value to the Company. Each Independent Director has recused himself in the determination of his own independence in this review.

The Board has collectively taken the view that the abovementioned three Independent Directors, are independent, notwithstanding that they have served more than nine years, as they have demonstrated strong independence in judgment and professionalism, as well as displayed objectivity in their conduct over the years in the discharge of their duties and responsibilities as Independent Directors of the Company.

The NC has ascertained that as at the end of FY2018, all six Independent Directors do not have any relationships with the Company (including related companies) and its shareholders with 10% or more voting rights in the Company (including their officers) and none of their relatives have received significant payments (as defined in the Code) for services provided to the Company and its related corporations for FY2018 . All six Independent Directors are considered independent for the purposes of the Code.

In assessing the effectiveness of the Board's performance and contributions from individual directors, the Board recognises the advantage of having longer-serving Independent Directors, who would have gained deep insights in the Group's global business operations across various economic and competitive environments and be able to provide valuable contributions to the Board.

Taking into account the above, the Board concurred with the NC that all six Independent Directors are considered as independent.

As the number of Independent Directors of the Company made up at least half of the Board composition, this provides a strong and independent element on the Board which facilitates the exercise of independent and objective judgment on its corporate affairs. This is in line with the recommendation in the Code that, where the Chairman of the Board is also the CEO of the Group, the independent directors should make up at least half of the Board.

CORPORATE GOVERNANCE

Principle 3: Chairman and Chief Executive Officer

The Chairman and CEO, Mr Kuok Khoon Hong, provides strong leadership to the Group and has been instrumental in transforming Wilmar into one of Asia's largest agribusiness groups. Mr Kuok is overall in charge of the management and strategic direction of the Group. Mr Pua Seck Guan, who was appointed as COO on 1 January 2016 to oversee and manage the business divisions of the Group, assists Mr Kuok in the development of new businesses.

The Chairman and CEO leads all Board meetings and sets the agenda. He ensures that Board members receive accurate and timely information to enable them to be fully cognizant of the affairs of the Group. He also promotes a culture of openness and solicits contributions from the Board members to facilitate constructive discussions.

All strategic and major decisions relating to the business and management of the Group are jointly and collectively made by the Board. As such, there is a balance of power and authority and no one individual controls or dominates the decision-making process of the Company.

The role of the Chairman and CEO is not separate as there is adequate accountability and transparency reflected by internal controls established within the Group as well as the fact that at least half of the Board comprise independent directors, which adds a greater element of independence to board decisions. The combined role provides the Group with a consistently strong leadership, accelerates decision-making and allows greater flexibility in seizing good growth opportunities ahead of its competition.

Mr Yeo Teng Yang, the Lead Independent Director since 14 July 2006, continues to avail himself to address shareholders' concerns and acts as a counter-balance on management issues in the decision-making process. Mr Yeo works closely with the other Independent Directors and when necessary, meets with them, without the presence of other Directors, to discuss matters that were deliberated at Board meetings. During the year, Independent Directors met with Management to receive updates on matters discussed at Board Committee meetings and the respective Committee Chairmen have provided feedback to the Board Chairman after such meetings.

The Board is of the opinion that there is sufficient independence in its exercise of objective judgment on business affairs of the Group.

Principle 4: Board Membership

The members of the NC are:

1. Mr Kwah Thiam Hock (NC Chairman) – Independent Director;
2. Mr Kuok Khoon Hong – Executive Director;
3. Mr Tay Kah Chye – Independent Director; and
4. Mr Yeo Teng Yang – Lead Independent Director.

The NC meets at least once a year. The NC's role is set out in its written terms of reference. The key terms of reference of the NC include the following:

1. Review and recommend to the Board all appointments, re-appointments and retirement of Directors (including alternate directors, if applicable);
2. Review whether or not a Director of the Company is considered independent pursuant to the guidelines set forth in the Code;
3. Review the size and composition of the Board;
4. Evaluate whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company when he holds multiple board representations;
5. Develop a process and conduct formal assessments of the effectiveness of the Board as a whole, the Board Committees and individual Directors;
6. Review the training needs for the Board;
7. Review the succession plans for the Board and Management; and
8. Review and recommend to the Board the appropriate performance benchmarks for monitoring the share performance of Wilmar, relative to its peers in the same industry and movements in the Singapore Straits Times Index.

Directors' time commitment and multiple directorships

In determining annually whether Directors who hold other non-Group Board appointments are able to carry and have adequately carried out their duties as Directors of the Company, the NC takes into account the results of the assessment of the competencies, commitment and contributions of the individual Director. The NC and the Board are satisfied that in FY2018, each of the Directors was able to give sufficient attention to the affairs of the Company and has adequately carried out his duties as a Director of the Company.

While the Board acknowledges that setting a prescriptive limit on listed company board representations may help to address the issue of competing time commitments of Directors, no limit has been set as the Board is of the opinion that a more meaningful measure is the quality of time spent on the Company's matters and the ability to contribute effectively to the Board. The Board is satisfied that each of the Directors is able to carry and has adequately carried out his duties as a Director of the Company.

Succession planning

The Board embraces the philosophy that a good Board needs the support of a strong and effective key management team. As part of the process of succession planning, the Company, which is supportive of gender and workforce diversity, will continually train and groom capable staff to fill key positions to bolster the overall strength and depth of the key management team for the Group's global operations.

Process for selection and nomination of new Directors

In line with the NC's guiding principle of selecting the most suitable person for Director appointments, the NC taps on its network of contacts and recommendations from Directors and/or may engage external professionals to assist with identifying and short-listing the most competent individual who is capable of contributing to the success of the Group. In the selection process for the appointment of new Directors, the NC also takes into consideration, the diversity in skills, experience, gender and industry knowledge as well as the desired competencies of the potential candidate to supplement the existing attributes of the Board. The NC then submits its recommendations to the Board for approval.

Rotation and Re-election of Directors

In accordance with the Constitution of the Company, one-third of the Directors who have been longest in office since their last re-election, are required to retire by rotation at least once every three years. These Directors are eligible for re-election, subject to approval by the shareholders at the annual general meeting ("AGM"). New Directors will hold office only until the next AGM following their appointments and they will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation.

The NC has, in its deliberations on the re-appointment of existing Directors, taken into consideration the relevant Director's contribution and performance. The assessment parameters include attendance record and degree of participation at meetings of the Board and Board Committees as well as the quality of participation and special contribution.

The Board has accepted the NC's recommendation to seek approval from shareholders at the 2019 AGM to re-elect the following Directors, who will be retiring under the respective provisions of the Constitution of the Company and are eligible for re-election:

1. Mr Kuok Khoon Hong (retiring under Article 105);
2. Mr Pua Seck Guan (retiring under Article 105);
3. Professor Kishore Mahbubani (retiring under Article 105);
4. Mr Raymond Guy Young (retiring under Article 106); and
5. Ms Teo La-Mei (retiring under Article 106).

Mr Yeo Teng Yang, the Lead Independent Director, who will be retiring at the 2019 AGM, has informed the Company that he wishes to retire from the Board after the conclusion of the AGM and accordingly, will not be seeking re-election at the said AGM.

CORPORATE GOVERNANCE

Principle 5: Board Performance

The NC meets at least once a year to evaluate the overall effectiveness of the Board and the contributions of individual Directors. The NC also reviews the objective performance criteria such as comparison of key performance indicators of the Company with its peers and the Company's share price performance vis-à-vis the Singapore Straits Times Index.

Board assessment is done on a collective basis by requiring each Director to complete electronically an evaluation form which covers areas such as Board processes, Board accountability, Board knowledge of key risk management and internal control issues as well as guidance to Management. As for the appraisal of the contributions of individual Directors (excluding himself), the evaluation is based on several factors including Directors' commitment and effective contributions and their knowledge of the Group's business operations and regulatory requirements. This is similar to peer evaluation in that each director is required to comment on the contributions and performance of other directors excluding himself. The purpose of the annual evaluation is to seek the respective views of the Directors on various aspects of the Board's performance. The findings are discussed at the NC meeting and the summarized results are presented to the Board for review and decision to implement appropriate actions to enhance key areas (if any) that have been identified for improvement.

The NC having assessed the performance of the Board and Board Committees and the contributions of individual Directors for FY2018, is pleased to report that there were no significant issues that warrant the Board's attention. The results of the assessments were satisfactory and accepted by the Board.

Principle 6: Access to Information

The Board is kept informed by Management of all material events and transactions as and when they occur. Analysts' and media reports on the Group are forwarded to the Directors on a regular basis to keep them abreast of current developments and enable them to make informed decisions to discharge their duties and responsibilities effectively.

The Board receives all reports and discussion papers about a week before scheduled meetings for Board meetings as well as the AC and RMC meetings, as all Board members are invited to attend these meetings. Amongst other reports, the Board is also provided with reports from the internal and external auditors and the Risk Management Department which include key findings arising from interim and completed financial, operations and information technology ("IT") audits and risk assessment reports on key businesses of the Group for review and evaluation.

In addition to members of the Board being briefed by the CEO at every Board meeting, Management is required to attend meetings of the Board and Board Committees to provide insight into matters being discussed at Committee and Board meetings and to respond to any questions that the Directors may have.

The Board has direct, independent and unrestricted access to Management of the Group, including the Chief Financial Officer ("CFO"), Group Financial Controller and Company Secretary at all times. Contact details of all key management staff are furnished to the Directors to further promote and facilitate good information flow between the Board and Management. Requests for information from the Board are dealt with promptly by Management. In furtherance of the discharge of their duties, Directors may seek independent professional advice, if necessary, at the Group's expense.

The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations including requirements of the SFA, Singapore Companies Act and SGX-ST Listing Manual, are complied with. The Company Secretary assists the Chairman of the Company in ensuring good information flows within the Board and its Board Committees and between Management and Non-Executive Directors. The appointment and the removal of the Company Secretary are subject to the Board's approval.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC assists the Board to ensure competitive compensation policies and packages are put in place. The scope of the RC covers review of remuneration packages for individual Directors and key management personnel, and also share option plans. The RC is chaired by Mr Kwah Thiam Hock and its members comprise Mr Yeo Teng Yang and Mr Tay Kah Chye. All RC members are Independent Directors and no Director is involved in deciding his own remuneration.

In accordance with the RC's terms of reference, the RC's responsibilities are to:

1. Review and recommend to the Board, a framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, grant of shares and share options and benefits-in-kind;
2. Study market trends relating to incentives in remunerating employees and determine performance measures criteria;
3. Review and determine the specific remuneration packages for each Director as well as for the key management personnel;
4. Implement and administer the Company's share options plan;
5. Review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses; and
6. Review the development of senior staff and assess their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

RC members are assisted by the Company's Human Resource ("HR") Department Head who would provide useful inputs on surveys conducted by independent HR Consultants on market expectation of salary increments and bonuses for senior executives. The HR Head also provides benchmarks of remuneration packages paid by comparable companies in various industries so as to ensure that the Company's remuneration packages are competitive and in line with market rates.

Principle 8: Level and Mix of Remuneration

The Group's remuneration philosophy is aimed at attracting, retaining and motivating Executive Directors and key management personnel of the highest calibre through a framework which aligns rewards with the performance and the achievement of strategic objectives.

The framework consists of a fixed and a variable component. The variable component includes an annual bonus tied to the performance of the individual and the Company, as well as short and long-term incentives in the form of share options designed to strengthen the pay-for-performance framework which serves to reward and recognise key executives' contributions to the growth of the Company. The RC seeks to ensure that key criteria, namely, company profitability, competitiveness, reasonableness, and linkage to performance are satisfied for the executives' remuneration package.

The fixed component is determined by benchmarking against similar industries, taking into consideration the individual's responsibilities, performance, qualification and experience. This fixed base may be presented in a combination of cash and non-cash benefits, at the Group's discretion.

These benefits aim to directly align the interests of Directors, senior management and key executives with the interests of shareholders, to improve performance and achieve sustainable growth for the Company and to strengthen the ownership culture among its senior management and key executives in times of rapid globalisation.

Non-Executive Directors and Independent Directors of the Company do not receive any salary. They receive annual Directors' fees, which are subject to the approval of shareholders at the Company's AGM. To align the interests of Non-Executive and Independent Directors with the interests of shareholders, they also participate in the Company's share option scheme. The RC ensures that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

A review of Directors' fees, which took into account Directors' contributions and their respective responsibilities, including attendance and time spent at Board meetings and various Board Committee meetings, was undertaken. The revision in the four Board Committees fees (as set out below) were benchmarked against the amounts paid by other large market capitalisation listed companies.

CORPORATE GOVERNANCE

The structure of Directors' fees for FY2018 is revised as follows:

Fee Structure for Directors' Fees for FY2018

1. A single base fee of S$80,000 for serving as Non-Executive Director (no change);
2. Additional fee of S$20,000 for serving as Lead Independent Director (no change); and
3. Additional fee for serving as Chairman/Member on the following Board Committees:

Revised Chairman's Fee

Name of Committee	FY2018 (Revised) S$	FY2017 S$
Audit Committee	40,000	30,000
Risk Management Committee	40,000	30,000
Remuneration Committee	20,000	10,000
Nominating Committee	20,000	10,000

Revised Member's Fee

Name of Committee	FY2018 (Revised) S$	FY2017 S$
Audit Committee	20,000	10,000
Risk Management Committee	20,000	10,000
Remuneration Committee	10,000	5,000
Nominating Committee	10,000	5,000

To drive management behaviour and performance as well as to reflect the Company's commitment to protecting shareholder value and to ensure accountability for actions, the remuneration of the key management team and selected senior executives was made subject to a clawback scheme which was implemented in May 2014. The clawback scheme allows the Company to reclaim, in exceptional circumstances, the incentive components of the remuneration from these key employees, where negligence, misconduct or fraud has resulted in financial or reputational loss to the Company. The list of key executives subject to the clawback scheme is reviewed on a yearly basis.

Principle 9: Disclosure on Remuneration

The breakdown of the remuneration of the Directors and the top five Key Executives of the Company for FY2018 is as follows:

Name of Directors	Proposed Directors' Fee	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total
Executive Directors	**S$**	**S$**	**S$**	**S$**	**S$**	**S$**
Kuok Khoon Hong	Nil	943,650	74,530	424,530	5,250,000	6,692,710
Pua Seck Guan (part-time)	Nil	509,340	28,788	201,660	1,300,000	2,039,788
Non-Executive Directors						
Martua Sitorus (Note 1)	#44,000 (#pro-rata fees)	–	–	223,860	–	267,860
Kuok Khoon Ean	80,000	–	–	142,500	–	222,500
Kuok Khoon Hua	80,000	–	–	142,500	–	222,500
Juan Ricardo Luciano (Note 2) *(Resigned: 28 Dec 2018 and was appointed as Alternate Director to Mr Raymond Guy Young on the same day)*	80,000	–	–	142,500	–	222,500
Raymond Guy Young (Note 3) *(Appointed: 28 Dec 2018 as Non-Independent Non-Executive Director)*	–	–	–	–	–	–
Yeo Teng Yang	180,000	–	–	171,000	–	351,000
Tay Kah Chye	160,000	–	–	142,500	–	302,500
Kwah Thiam Hock	140,000	–	–	142,500	–	282,500
Kishore Mahbubani	80,000	–	–	142,500	–	222,500
Lim Siong Guan (Note 4)	80,000	–	–	–	–	80,000
Weijian Shan (Note 5)	80,000	–	–	–	–	80,000

CORPORATE GOVERNANCE

Top 5 Key Executives

Name	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total	Remuneration Band
Mu Yankui	22%	–	–	78%	100%	S$2,250,000 to S$2,500,000
Rahul Kale	26%	–	9%	65%	100%	S$2,250,000 to S$2,500,000
Matthew John Morgenroth	28%	3%	9%	60%	100%	S$2,250,000 to S$2,500,000
Thomas Lim Kim Guan	31%	–	11%	58%	100%	S$1,750,000 to S$2,000,000
Niu Yu Xin	26%	–	–	74%	100%	S$1,750,000 to S$2,000,000

The aggregate remuneration of the top five key executives is S$11,106,315. The remuneration of the Company's top five key executives takes into account the pay and employment conditions within the industry and is performance-related. The Company is of the opinion that it is not in the best interest of the Company to disclose the details of their remuneration due to the competitiveness of the industry for key talent.

Notes:

* The fair values of the options are estimated at the respective grant dates using trinomial option pricing in the Bloomberg Executive Option Valuation Module and binomial options pricing model respectively.

** The remuneration reported includes all forms of remuneration from the Company and its subsidiaries. Save as disclosed, they do not receive any other remuneration from the Company and its subsidiaries.

Note 1: Mr Martua Sitorus resigned as Non-Independent Non-Executive Director on 15 July 2018.
Note 2: Fee is payable to Archer Daniels Midland Company.
Note 3: No fee is payable.
Note 4: Mr Lim Siong Guan was appointed as Independent Director on 1 January 2018.
Note 5: Mr Weijian Shan was appointed as Independent Director on 1 January 2018.

Remuneration of Immediate Family Member(s) of Director(s)

Ms Kuok Yit Li, the sister of Mr Kuok Khoon Hong, Wilmar's Chairman and CEO, is employed as an Executive in the Finance Department. Her remuneration is in the range of S$50,000 to S$100,000 for FY2018. Mr Kuok Meng Yuan, a Trainee Executive in the Trading Department, is the son of Mr Kuok Khoon Hong, Wilmar's Chairman and CEO. His remuneration for FY2018 was less than S$50,000.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Management provides the Board with management reports and financial accounts on a regular basis and as the Board may require, from time to time, so as to enable it to make a balanced and informed assessment of the Group's performance, financial position and prospects on a quarterly basis. The Board approves the dissemination of the Group's quarterly and full year financial results, which present a balanced and informed assessment of the Group's performance, position and prospects, via the Singapore Exchange Network ("SGXNet").

The Board is also updated on changes in legislation and regulatory compliance by Management, the Company Secretary and external auditors to ensure that the Group complies with the relevant regulatory requirements.

Principle 11: Risk Management and Internal Controls

The Board, with the assistance from the RMC and AC, is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

The AC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual reports of the Company, in accordance with the requirements set out in the SGX-ST Listing Manual and the Code. In this regard, the AC is complemented by the RMC, which was established on 14 July 2006 as part of the Group's efforts to strengthen its risk management processes and policy framework.

The RMC assists the Board in overseeing the market, credit and Operational risk governance in the Company to ensure that Management maintains a sound system of risk management to safeguard shareholders' interests and the Group's assets. It also determines and proposes to the Board, the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. Details on risk governance are found in the Risk Management Report on Page 54.

The RMC is chaired by Mr Yeo Teng Yang, the Lead Independent Director, who is also a member of the AC, NC and RC. The RMC comprises two other Board members, namely Mr Kuok Khoon Hong (Executive Director) and Mr Tay Kah Chye (Independent Non-Executive Director), who is also the Chairman of the AC. The RMC meets no less than four times a year and also holds informal meetings, as and when the need arises.

The objectives of the RMC include the following:

1. Review the overall risk management policy/guidelines/framework and in particular, the adequacy and effectiveness of the risk management policies and systems for market, credit and Operational risks governance including environmental and social sustainability issues;
2. Review and recommend risk limits;
3. Determines risk tolerance level for the Group; and
4. Review major non-compliance with risk policies.

In carrying out its duties, the RMC is currently assisted by the Executive Risk Committee ("ERC"). The ERC comprises, Mr Kuok Khoon Hong (CEO), Mr Pua Seck Guan (COO), Mr Ho Kiam Kong (CFO) and Mr Thomas Lim Kim Guan (Group Head, Edible Oils). The principal duties of the ERC are as follows:

1. Responsible for the monitoring and improvement of the overall effectiveness of the Group's risk management policies and systems;
2. Review and oversee the implementation of trade positions and limits to manage the Group's overall market, credit and Operational risk exposures;
3. Provide risk management oversight on market risk exposures on commodities and currencies; and
4. Establish the principal considerations in relation to the type of trading partners/customers of the Group and other merchandising policies (with due consideration given to the prevailing environmental sustainability policies mandated by the Company) to ensure that business activities are within the risk tolerance thresholds approved by the Board.

The Internal Audit ("IA") Department, on an annual basis, prepares an audit plan which focuses on material internal control systems including financial, operations, IT and compliance controls, and risk management. The IA Department's audit plan complements the audit plan prepared by the external auditors. The IA Department also provides advice on security and controls in major new systems development, recommends improvements to effectiveness and economy of operations, and contributes to risk management processes. The IA Department also monitors interested person transactions.

Significant audit findings and recommendations made by the internal and external auditors are reported to the AC and are discussed at the AC meetings. The IA Department follows up with the respective divisions/unit heads on all recommendations to ensure timely remediation of audit issues and reports the status to the AC on a regular basis. In addition to the above, material non-compliance or lapses in internal controls together with the appropriate actions taken to eradicate similar incidents in the future, are reported to the AC on an ongoing basis.

CORPORATE GOVERNANCE

Assurance from the CEO and CFO in respect of FY2018 financial statements and records

The CEO and the CFO have given the Board the assurance that:

1. The financial records of the Group have been properly maintained and the financial statements in respect of FY2018 give a true and fair view of the Group's operations and finances; and
2. The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business and operating environment, including material financial, operations, compliance and IT risks.

Opinion on the adequacy and effectiveness of internal control and risk management systems

On the basis that the internal controls processes are regularly strengthened to take into account changes to the business needs of the Group, and audit checks performed by the internal and external auditors, and regular reviews performed by Management, the Board and relevant Board Committees, the AC and the Board are of the opinion that the Group's internal control and risk management systems were adequate and effective as at 31 December 2018 to address financial, operations, IT and compliance risks which are relevant to the Group's operations.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. Further, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

Dealings in Securities

The Group has in place a set of procedures to advise on the prohibition of dealings by all Directors and staff of the Company and its subsidiaries in:

1. The Company's securities during the period commencing two weeks prior to the announcement of the Group's quarterly results and one month prior to the announcement of the Group's full year results; and
2. The Company's securities and securities of other companies while in possession of price-sensitive information or having access to unpublished price information relating to such securities.

Directors and employees are reminded on a quarterly basis to refrain from dealing in the Company's securities on short term considerations and to observe insider trading laws at all times, even when dealing in securities during the permitted trading period. A set of guidance notes on laws against insider trading is made available to employees of the Group through various communication channels, including dissemination by internal circulars and posting on the Company's intranet portal. These procedures are reviewed and updated from time to time and further strengthened for good corporate governance.

Principle 13: Internal Audit

The IA Department oversees the work being carried out in the respective key operational jurisdictions by the local IA department. The IA is an independent function within the Group. The Group Head of IA reports directly to the AC functionally and to the CFO administratively.

The IA function adopts the International Standards for the Professional Practice of Internal Auditing (the IIA Standards) issued by the Institute of Internal Auditors.

The AC approves the hiring, removal, evaluation and compensation of the Group Head of IA. The scope of authority and responsibility of the IA function is defined in the AC Terms of Reference.

The primary role of IA function is to assist the Board and Management to meet the strategic and operational objectives of the Group, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The Group's IA approach is aligned with its risk management objectives by focusing on key financial, operations, compliance and IT risks. The annual IA plan is established in consultation with, but independent of, Management. The annual IA plan is reviewed and approved by the AC. Significant IA findings, recommendations and status of remediation, are circulated to the AC, the Board, the external auditors and relevant Management members.

The IA Department, headed by Mr Patrick Tan, meets the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. The professional competence of the internal auditors is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations, financial products and services. The IA function is staffed with suitably qualified and experienced professionals with diverse operational and financial experience, who are at the level of manager and above. The AC is satisfied that the IA function has adequate resources to perform its functions effectively.

The Group Head of IA presents the IA findings to the AC and the Board at the AC and Board meetings half yearly. The AC meets with the Group Head of IA once a year, without the presence of Management. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including the AC.

Principle 12: Audit Committee

The AC comprises three Independent Directors, namely Mr Tay Kah Chye (Chairman), Mr Kwah Thiam Hock and Mr Yeo Teng Yang, all of whom have accounting or financial management qualifications, expertise and experience. None of the AC members were previous partners or directors of Ernst & Young LLP ("EY"), the Company's external auditor, and they do not hold any financial interest in EY.

The Board is of the view that members of the AC have the appropriate qualifications and the relevant accounting, finance, business management and risk management expertise and experience to collectively discharge the AC functions competently.

During FY2018, the AC was briefed regularly by the external auditors on changes in Financial Reporting Standards which are relevant to the Group's businesses.

The main responsibilities of the AC are to assist the Board in discharging its statutory and other responsibilities in overseeing four main areas, namely financial reporting, internal control and risk management systems, internal and external audit processes and Interested Person Transactions ("IPTs").

The operations of the AC are regulated by the AC Terms of Reference and their duties include the following:

1. Review significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
2. Review and report to the Board at least annually on the adequacy and effectiveness of the Group's risk management systems and internal controls to address financial, operations, IT and compliance risks which are relevant to the Group's operations;
3. Review the adequacy and effectiveness of the Group's IA function at least annually, including the adequacy of IA resources and its appropriate standing within the Group, as well as the scope and the results of the IA procedures;
4. Review the scope and results of the external audit work, the cost-effectiveness of the audit, and the independence and objectivity of the external auditors;
5. Recommend to the Board the appointment, re-appointment and removal of the external auditors to be approved by the shareholders of the Company; and
6. Review IPTs in accordance with the requirements of the SGX-ST Listing Manual and the mandate for IPTs approved by the shareholders of the Company ("IPT Mandate").

The AC has the explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and the co-operation of Management, as well as reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer or any other person to attend its meetings.

CORPORATE GOVERNANCE

The principal activities of the AC during FY2018 are summarised below.

Financial reporting

All Directors (who are not AC members) and external auditors are invited to attend AC meetings. Various members of the Management team are required to attend the AC meetings, as appropriate, to present reports or answer queries.

The AC met four times during FY2018 to review, inter alia, the following:

1. The financial statements of the Company and the Group before each of the announcements of the Company's quarterly and annual results as well as the auditors' report on the annual financial statements. During the process, the AC reviewed, among other things, the key areas of management judgment applied for adequate provision and disclosure, critical accounting policies and any significant changes made that would have an impact on the financial statements; and
2. The external auditors' plans for the purpose of discussing the scope of the audit and reporting obligations before the audit commences. All significant audit findings and recommendations made by the external auditors were discussed, and where appropriate, implementation of such recommendations was followed up with Management.

In the review of the financial statements for FY2018, the AC has discussed with Management, the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matters impacting the financial statements were discussed with Management and the external auditors and were reviewed by the AC:

Key Audit Matters	How AC reviewed these matters and what decisions were made
Impairment assessment on goodwill and brands	The AC considered the approach and methodology applied to the valuation model in goodwill and brands impairment assessment. The AC reviewed the reasonableness of cash flow forecasts, the long-term growth rate and discount rate. The impairment review was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2018. Refer to page 90 of this Annual Report.
Accounting for derivative transactions	The AC considered and reviewed the methodology and assumptions applied to the valuation of the derivative transactions. The accounting for derivative transactions was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2018. Refer to page 91 of this Annual Report.

Following the review and discussions on the financial statements, the AC recommended to the Board to approve the full year financial statements.

During FY2018, the AC had one meeting with external auditors and internal auditors separately, without the presence of Management. These meetings enable the external auditors and Group Head of IA to raise issues encountered in the course of their work directly with the AC, in a free and frank manner.

External audit processes

The AC manages the relationship with the Group's external auditors, on behalf of the Board. During FY2018, the AC carried out its annual assessment of the cost-effectiveness of the audit process, together with the external auditors' approach to audit quality and transparency. The AC concluded that the external auditors demonstrated appropriate qualifications and expertise and that the audit process was effective.

The AC has recommended to the Board, the re-appointment of EY, a firm registered with the ACRA, as the Company's external auditor at the forthcoming AGM.

The Board and AC have reviewed and are satisfied that the appointment of different auditors for certain subsidiaries and associated companies would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 712 and Rule 715 (read with Rule 716) of the SGX-ST Listing Manual.

Auditor independence

In order to maintain the independence of the external auditors, the Group has a specific policy which governs the conduct of non-audit work by the external auditors. This policy prohibits the external auditors from:
1. Performing services which would result in the auditing of their own work;
2. Participating in activities normally undertaken by Management; and
3. Acting as advocate for the Group.

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees paid to them. An analysis of fees paid in respect of audit and non-audit services provided, by breakdown for the past two years, is disclosed in note 10 of the notes to the financial statements found in this Annual Report.

Having undertaken a review of the non-audit services provided during the year, the AC remains confident that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services which they provide to the Group. The AC is also satisfied that these services were provided efficiently by the external auditors as a result of their existing knowledge of the business.

Internal audit

During FY2018, the AC reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with Management, the Group Head of IA and external auditors.

The AC considered and reviewed with Management and the Group Head of IA the following:
1. Annual IA plans to ensure that the plans covered sufficiently a review of the internal controls of the Group;
2. Significant IA observations and Management's response thereto; and
3. Budget and staffing for the IA function.

The AC reviewed the adequacy of the IA function and is satisfied that the IA team is adequately resourced. The AC also reviewed the training costs and programmes attended by the internal auditors to ensure that IA staff continue to update their technical knowledge and auditing skills.

Interested person transactions

The AC reviewed the Group's IPTs for FY2018 to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. On a quarterly basis, Management reports to the AC, the Group's IPTs in accordance with the IPT Mandate.

The Group Head of IA informed the AC that the internal control procedures for determining the transaction prices of IPTs have not changed since the date of the last AGM, at which the IPT Mandate was last renewed.

The AC is satisfied that the internal controls in respect of the identification, evaluation, review, approval and reporting of IPTs are effective.

CORPORATE GOVERNANCE

The aggregate value of transactions entered into by the Group with interested persons as defined in the SGX-ST Listing Manual for FY2018 are as follows:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	FY2018 US$'000	**FY2018 US$'000**
Archer Daniels Midland Group	NIL	2,105,733
Pua Seck Guan	NIL	NIL
Associates of Kuok Khoon Hong & Martua Sitorus	NIL	4,930
Associates of Kuok Khoon Ean & Kuok Khoon Hua#	1,778	16,508
Martua Sitorus' Associates	1,306	151,283
Kuok Khoon Hong's Associates	1,006	1,370
PPB Group Berhad	111,597	NIL
Kuok Brothers Sdn Berhad	1,575	NIL

The IP associates for Mr Kuok Khoon Ean and Mr Kuok Khoon Hua are substantially the same, and are not disclosed separately to avoid duplication.

Whistleblowing policy

The Company has in place a Whistleblowing Policy which covers employees and external parties including customers, suppliers, contractors and anyone who is a stakeholder of the Group. The objective of the Whistleblowing Policy is to provide an avenue for employees and external parties to raise concerns about dishonesty, fraudulent acts, corruption and improper conduct that may cause financial or non-financial loss to the Group, with the assurance that they will be protected from reprisals or victimisation for whistleblowing in good faith. Where whistleblowing results in prevention or recovery of what would otherwise have been monetary damage to the Company, the whistle-blower may be given a reward.

All whistleblowing cases reported were objectively assessed and investigation and appropriate remedial measures were taken where warranted, and if substantiated, they were reported to the AC in accordance with the guidelines set out in the Company's Whistleblowing Policy.

The implementation of the Whistleblowing Policy has been communicated to employees of the Group. The Whistleblowing Policy is also posted on the Company's website. On an ongoing basis, the Whistleblowing Policy is covered during staff training as part of the Group's efforts to promote awareness of possible corporate improprieties.

Compliance-related policies

In addition to the Whistleblowing Policy, the Company has in place other compliance-related policies including Code of Conduct, Code of Ethics and Anti-Fraud Policy, which set out the principles and standards of behaviour that are expected of employees of the Group when dealing with customers, suppliers, other business associates and colleagues as well as how the Company deals with fraud incidents.

These policies have also been communicated to employees of the Group and are also available on the Company's website.

D. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

The Company is committed to treating all shareholders fairly and equitably to facilitate the exercise of their ownership rights and to provide them with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

All shareholders receive the Company's annual report and notice of AGM as well as Letter to Shareholder(s) and notice(s) of extraordinary general meeting(s) ("EGMs") within the prescribed notice periods set out in the Company's Constitution and the prevailing laws and regulations. The notices are also released via SGXNet and published in local newspapers, as well as uploaded on the Company's website.

Besides exercising their voting rights at the general meetings convened by the Company, shareholders are encouraged to participate actively and also voice their concerns on any matters relating to the Company and the Group.

Principle 15: Communication with Shareholders

Disclosure of information on a timely basis

The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company has an Investor Relations Policy (a copy of which is posted on the Company's website) to ensure that all material information is disclosed in a comprehensive, accurate and timely manner through the release of announcements and media releases posted on the SGX website. Shareholders and the investing public can access the Company's announcements, media releases, presentation materials disseminated at briefings and other corporate information that have been uploaded on its website www.wilmar-international.com. The website provides an effective method of reaching a wide audience and also allows users to sign up for alerts to such disclosures, providing an easy and timely way to stay updated on the latest corporate developments.

To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to a select group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNet.

Interaction with shareholders

The Group has a dedicated investor relations (IR) team which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns in a timely manner. The Company's website provides contact details for investors to submit their feedback and raise any questions.

The IR team participates in investor seminars and conferences, together with key management personnel, to keep the market and investors apprised of the Group's corporate developments and financial performance.

During FY2018, the IR team, together with senior management, engaged with over 180 Singapore and foreign investors at conferences, roadshows as well as one-on-one and group meetings. The aim of such engagements is to:

1. Provide shareholders and investors with relevant information promptly, to enable them to have a better understanding of the Group's businesses and performance; and
2. Solicit feedback from the investment community, including shareholders, on a range of strategic and topical issues. Such engagements provide invaluable insights to the Board and Management on investors' views and concerns. It also helps the Group to identify areas of improvement for investor communication.

Dividend policy

The Company has been declaring dividends twice a year to its shareholders at half-year and year-end since 2008. In considering the level of dividend payments, the Board takes into account various factors including but not limited to the projected levels of capital expenditure and other investment plans, as well as the Group's working capital requirements and general financial condition. For FY2018, total dividend declared was S$0.105 per share, representing a dividend payout of around 43% of its net profits.

CORPORATE GOVERNANCE

Principle 16: Conduct of Shareholders' Meetings

The Board supports and encourages active shareholder participation at shareholders' meetings. Shareholders are informed of the shareholders' meetings through notices of shareholders' meetings, releases via SGXNet, publication in local newspapers, as well as postings on the Company's website. The shareholders' meetings provide shareholders the opportunity to share their views, meet the Board and senior management, and to interact with them.

As part of the Company's commitment towards more environmentally-friendly and sustainable practices, it has discontinued the practice of mailing out CD-ROMS for its annual reports and circulars in 2018. The Company will continue to notify shareholders on how they can access the electronic versions of these reports on the Wilmar website. Physical copies of the Company's annual reports and circulars will continue to be made available upon request.

The Constitution allows a shareholder who is a relevant intermediary (as defined in the Singapore Companies Act), which includes bank nominees, licensed custodians and the Central Provident Fund ("CPF") Board, to appoint more than two proxies to attend and vote on its behalf at shareholders' meetings. This enables indirect investors including shareholders, who hold the Company's shares through the CPF Investment Scheme and the Supplementary Retirement Scheme, to attend and vote at shareholders' meetings in person. Shareholders who are not relevant intermediaries are allowed to appoint up to two proxies to attend and vote on their behalf at shareholders' meetings.

As the authentication of shareholder identity information and other related security issues remain a concern, voting in absentia by mail, email or fax has not been implemented.

All resolutions tabled at the Company's shareholders' meetings are separate and voted on individually. The Company has implemented poll voting for all shareholders' resolutions since 2016. All shareholders present were briefed on the voting procedures before the start of the meeting. The voting process was conducted in the presence of an independent scrutineer. Prior to the start of the shareholders' meetings, the scrutineer will review the proxies and the electronic poll voting system.

For the 2018 AGM, Directors and senior management of the Company, external legal advisors and auditors were present at the AGM held by the Company to address queries from shareholders who attended the AGM. All resolutions were put to vote by poll. The results of the poll voting were published instantaneously at the AGM and announced via the SGXNet after the conclusion of the AGM. Minutes of general meetings that include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from Directors are available upon request.

MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or a controlling shareholder of the Company except for those IPTs announced via SGXNet from time to time in compliance with the SGX-ST Listing Manual.

Save as mentioned above, there are no other material contracts entered into by the Company or any of its subsidiaries involving the interest of the Director or controlling shareholder, which are either subsisting at the end of FY2018 or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2017.

Dated: 15 March 2019

FINANCIAL STATEMENTS

CONTENTS

FINANCIAL REVIEW

CAPITAL STRUCTURE

Our efficient capital structure continues to support our business operations and maximise returns to shareholders while preserving the strength of our balance sheet. As at 31 December 2018, shareholders' funds was higher by US$85.2 million to US$16.0 billion while net loans and borrowings (net of cash, bank deposits and other deposits with financial institutions) increased by US$864.2 million to US$13.5 billion, bringing net debt to equity ratio to 0.84x as at 31 December 2018 (31 December 2017: 0.79x). The higher net debt was partly attributable to the acquisition of our new Indian subsidiary, Shree Renuka Sugars Limited ("SRSL") during the year. Excluding the impact of this acquisition, net debt to equity ratio was at 0.82x as at 31 December 2018.

During the year, we continued to generate positive cash flows from operating activities. Similar with previous years, our investments in property, plant and equipment were largely funded through cash flows generated from operations while working capital requirements and investments in subsidiaries, joint ventures and associates were predominately funded through loans and borrowings. We also continued with our expansion plans during the year and recorded higher capital expenditures (including advances paid) at US$1.3 billion in FY2018.

Given the nature of our business, the level of financing for our working capital requirements fluctuates in accordance with prices of agricultural commodities and business volume. As such, a significant proportion of our borrowings was used for working capital financing. Our working capital comprised very liquid or near cash assets like inventories and trade receivables. Inventories are primarily agricultural commodities with a ready market, while trade receivables have short turnover period and are substantially supported by documentary credit. Hence, after adjusting the net debt level for liquid working capital, our net debt to equity ratio would be much lower at 0.34x.

As at 31 December	**2018 US$ million**	2017 US$ million
Shareholders' funds	**16,048.8**	15,963.6
Net loans and borrowings	**13,460.3**	12,596.1
Net debt to equity	**0.84x**	0.79x
Liquid working capital:		
Inventories (excluding consumables)	**7,502.3**	7,830.3
Trade receivables	**4,349.1**	4,101.1
Less: Current liabilities[+] (excluding loans and borrowings)	**(3,807.6)**	(3,556.8)
	8,043.8	8,374.6
Net loans and borrowings (excluding liquid working capital)	**5,416.5**	4,221.5
Adjusted net debt to equity	**0.34x**	0.26x

\+ Excluding liabilities directly associated with disposal group classified as held for sale.

CAPITAL MANAGEMENT AND TREASURY POLICIES

Net Debt

Our total net debt of US$13.5 billion comprised:

As at 31 December	2018 US$ million	2017 US$ million
Short term loans and borrowings	17,821.2	16,130.3
Long term loans and borrowings	5,523.4	3,696.2
	23,344.6	19,826.5
Cash and bank balances	3,369.5	2,957.4
Other deposits with financial institutions	6,514.8	4,273.0
	9,884.3	7,230.4
Net loans and borrowings	13,460.3	12,596.1

In FY2018, our net debt increased by US$864.2 million to US$13.5 billion, partly attributable to the acquisition of our new Indian subsidiary SRSL. More than 92% of short-term loans and borrowings were trade financing lines with minimal refinancing risks as they were backed by trade flows and were self-liquidating. Long-term loans and borrowings comprised of committed loans, due from 2020 onwards. Our loans and borrowings were predominantly on floating rates.

Majority of our loans and borrowings were denominated in United States Dollar (US$) while the balance represented borrowings in the local currencies of the countries where our subsidiaries operate in. This mainly comprised Chinese Renminbi (RMB) and Indonesian Rupiah (IDR) denominated loans and borrowings.

Financial risk management

We operate in several countries and are exposed to a variety of financial risks including credit risk, liquidity risk, interest rate risk, foreign currency risk, commodity price risk and market price risk. Risk management is discussed in greater detail under “Risk Management” and “Notes to the Financial Statements” sections, and has been summarised as follows:

- **Credit risk.** Majority of our export sales require documentary credits from customers. Our domestic sales are executed on cash terms or where appropriate, credit terms are granted. We conduct thorough credit assessments before granting credit terms and limits to our customers, who are then monitored closely for adherence. The terms and limits are reviewed periodically and revised where necessary, taking into account customers’ credit worthiness and market conditions.

- **Liquidity risk.** We maintain sufficient liquidity by monitoring our cash flow closely and maintaining sufficient credit facilities, including the use of trade financing for our raw material purchases. We also aim to maintain flexibility in funding by having available credit facilities with different banks in various countries.

- **Interest rate risk.** We have minimal exposure to interest rate risk as most of our loans and borrowings are short-term and trade related, with interest cost typically priced into our products and passed on to customers. For long-term borrowings, we may use financial instruments such as interest rate swaps to hedge or minimise the interest rate risk.

- **Foreign currency risk.** Currency risk arises as entities in the Group regularly transact or borrow in currencies other than their respective functional currencies, including US$, RMB, IDR, MYR, INR and AUD. We seek to manage our currency risk by constructing natural hedges where it matches sales and purchases in the same currency or through financial instruments, such as foreign currency forward contracts. We are also exposed to currency translation risk arising from our net investments in foreign operations, which are not hedged as these currency positions are considered long-term in nature and the benefits are lower than the cost of hedging.

FINANCIAL REVIEW

- **Commodity price risk.** The prices of agricultural commodities can be very volatile, exposing us to commodity price risk as our sale and purchase commitments do not usually match at the end of each business day. We use forward physical and/or derivative contracts to mitigate such risk.

- **Market price risk.** Market price risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices (other than commodity price, interest or exchange rates). We are exposed to equity price risk arising from our investment in quoted equity instruments.

CASH FLOW, FUNDING AND LIQUIDITY

Cash flow

Net cash flows generated from operating activities in FY2018 increased to US$1.5 billion, compared to US$303.4 million in FY2017 as a result of lower working capital requirements, brought about by lower commodity prices during the current year. Nevertheless, the increase in overall cash flows for the year was lower at US$160.3 million due to lower cash inflow from financing activities. In line with the decrease in working capital requirements, our proceeds from loans and borrowings decreased during the year.

	2018 US$ million	FY2017* US$ million
Total cash and bank balances	**3,369.5**	2,957.4
Less: Fixed deposits pledged for bank facilities	**(1,264.0)**	(809.1)
Less: Other deposits with more than 3 months maturity	**(455.0)**	(693.6)
Less: Bank overdrafts	**(55.0)**	(19.5)
Cash and cash equivalents	**1,595.5**	1,435.2
Net cash flows generated from operating activities	**1,501.1**	303.4
Net cash flows used in investing activities	**(1,369.6)**	(853.6)
Net cash flows generated from financing activities	**28.8**	917.7
Net increase in cash held	**160.3**	367.5
Turnover days:		
Inventories	**73**	67
Trade receivables	**34**	33
Trade payables	**13**	12

Note: Turnover days are calculated by averaging the monthly turnover days. Monthly turnover days are computed using revenue and cost of sales for the month.

* Prior year figures were restated upon adoption of new accounting standards effective on 1 January 2018

Other major application of funds in FY2018 was as follows:

- US$1.3 billion was used to fund our capital expenditure for plantations development, property, plant and equipment (FY2017: US$937.9 million). Major additions of property, plant and equipment during the year included refineries, oilseeds crushing, rice and flour milling plants in China, Indonesia and Myanmar, as well as the construction of new vessels.

Cash and cash equivalents were held in US$ and the local currencies of the respective countries where we operate in, most notably in RMB.

Funding and liquidity

As at 31 December 2018, total short-term debt stood at US$17.8 billion. Our liquid assets consisting cash, bank and structured deposits, marketable securities, receivables and inventories amounted to US$18.3 billion. This included cash and bank balances which was at US$1.7 billion. In addition, we have committed undrawn credit facilities of US$2.5 billion and approximately US$14.0 billion of uncommitted trade financing and short-term loan facilities available. Therefore, we do not foresee any problem in meeting our maturing short-term debt obligations.

Our capital expenditure for FY2019 is expected to be met mainly by internal resources.

Operationally, assuming no major movements in the prices of agricultural commodities, our funding requirements coincide with the seasonality of sales. Our seasonal peak sales period is typically in the third quarter each year. The additional funding requirements for this quarter would be met by our healthy liquidity position.

Our covenants with lenders are not restrictive on our ability to utilise additional credit facilities.

SHAREHOLDERS' RETURNS AND SHARE BUY-BACKS

For FY2018, our Board of Directors has proposed a final dividend of 7.0 Singapore cents per share. Together with the interim dividend of 3.5 Singapore cents per share paid on 31 August 2018, total dividend for FY2018 will amount to 10.5 Singapore cents per share (FY2017: 10.0 Singapore cents per share). This will result in a dividend payout ratio of approximately 43% of net profit (FY2017: 39% of net profit).

We have been declaring dividends at our half-year and year-end periods to our shareholders. In considering the level of dividend payments, our Board takes into account various factors including but not limited to the projected levels of capital expenditure and other investment plans; as well as our working capital requirements and general financing condition. The dividend declared in FY2018 will be our highest dividend declared since listing.

Currently, we have a share buy-back mandate which will be expiring on 24 April 2019, being the date of the forthcoming Annual General Meeting. Shareholders' approval for the proposed renewal of the mandate will be sought at the Annual General Meeting on the same day. Share purchases would only be made when it is in the best interests of the Company and in appropriate circumstances which will not materially and adversely affect the liquidity and orderly trading of the Company's shares, including the working capital requirements and gearing level of the Group.

During the year, the Company has re-issued approximately 1.3 million treasury shares pursuant to the employee share option plans.

ACCOUNTING POLICIES

With effect from 1 January 2018, our financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) "SFRS(I)". The SFRS(I) standards, Singapore's equivalent of the International Financial Reporting Standards ("IFRS"), were issued by the Accounting Standards Council on 29 December 2017. This new financial reporting framework is required to be applied by Singapore-incorporated companies listed on the Singapore Exchange for annual periods beginning on or after 1 January 2018. The Group has adopted SFRS(I) on 1 January 2018 and has applied all the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

FINANCIAL REVIEW

The preparation of our financial statements also requires management to exercise judgements and use estimates and assumptions. Significant accounting judgements, estimates and assumptions, which are discussed in greater detail under "Notes to the Financial Statements", include:

- Assessment for impairment of goodwill and brands which requires an estimate of the expected future cash flows from cash-generating units and a suitable discount rate for present value calculation.

- Depreciation of property, plant and equipment and bearer plants which is based on management's estimates of the assets' useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised.

- Provision for income taxes and deferred taxes involves significant judgement as there are transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Wilmar International Limited (the "Company" or "Wilmar") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

DIRECTORS

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

KUOK Khoon Hong
PUA Seck Guan
TEO La-Mei (appointed on 21 February 2019)
KUOK Khoon Ean
KUOK Khoon Hua
Raymond Guy YOUNG (appointed on 28 December 2018)
YEO Teng Yang
TAY Kah Chye
KWAH Thiam Hock
Kishore MAHBUBANI
LIM Siong Guan
Weijian SHAN
Juan Ricardo LUCIANO is alternate to Raymond Guy YOUNG (appointed on 28 December 2018)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and its related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest			Deemed Interest		
Name of Director	As at 1.1.18	As at 31.12.18	As at 21.1.19	As at 1.1.18	As at 31.12.18	As at 21.1.19
<u>Company</u>						
Wilmar International Limited						
(Ordinary Shares)						
Kuok Khoon Hong	500,000	995,000	995,000	771,101,168	793,431,935	793,431,935
Pua Seck Guan	–	–	–	200,000	200,000	200,000
Kuok Khoon Ean	–	–	–	33,567,479	53,467,479	53,467,479
Kuok Khoon Hua	233,000	680,000	680,000	33,070,221	52,970,221	52,970,221
Yeo Teng Yang	100,000	100,000	100,000	–	–	–
Tay Kah Chye	100,000	–	–	–	100,000	100,000
Kwah Thiam Hock	100,000	–	–	–	100,000	100,000
Kishore Mahbubani	–	–	–	10,000	10,000	10,000
Wilmar International Limited						
(Share options granted at an exercise price of S$3.44 per share have expired on 14 November 2018)						
Kuok Khoon Hong	1,500,000	–	–	–	–	–
Kuok Khoon Ean	400,000	–	–	–	–	–
Juan Ricardo Luciano	400,000	–	–	–	–	–
Yeo Teng Yang	500,000	–	–	–	–	–
Tay Kah Chye	400,000	–	–	–	–	–
Kwah Thiam Hock	400,000	–	–	–	–	–
(Share options exercisable at S$3.05 per share)						
Kuok Khoon Hong	1,500,000	1,005,000	1,005,000	–	–	–
Kuok Khoon Ean	400,000	400,000	400,000	–	–	–
Juan Ricardo Luciano*	400,000	–	–	–	–	–
Yeo Teng Yang	500,000	500,000	500,000	–	–	–
Tay Kah Chye	400,000	400,000	400,000	–	–	–
Kwah Thiam Hock	400,000	400,000	400,000	–	–	–
(Share options exercisable at S$3.04 per share)						
Kuok Khoon Hong	1,500,000	1,500,000	1,500,000	–	–	–
Pua Seck Guan	1,000,000	1,000,000	1,000,000	–	–	–
Kuok Khoon Ean	500,000	500,000	500,000	–	–	–
Kuok Khoon Hua	500,000	500,000	500,000	–	–	–
Juan Ricardo Luciano*	500,000	–	–	–	–	–
Yeo Teng Yang	600,000	600,000	600,000	–	–	–
Tay Kah Chye	500,000	500,000	500,000	–	–	–
Kwah Thiam Hock	500,000	500,000	500,000	–	–	–
Kishore Mahbubani	500,000	500,000	500,000	–	–	–

* Mr Juan Ricardo Luciano resigned as a director on 28 December 2018 and was appointed an alternate director to Mr Raymond Guy Young on the same day.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Except as disclosed in this statement, no director (including alternate director) who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or as at the date of appointment (whichever is later) and at the end of the financial year.

SHARE OPTION SCHEMES

WILMAR EXECUTIVES SHARE OPTION SCHEME 2009 ("WILMAR ESOS 2009")

On 29 April 2009, a new share option scheme known as the "Wilmar Executives Share Option Scheme 2009" ("Wilmar ESOS 2009"), the rules of which were set out in a circular to shareholders dated 2 April 2009, was approved by the shareholders of the Company. This new scheme was adopted in substitution of the Wilmar ESOS 2000 which was terminated on 29 April 2009.

Under the Wilmar ESOS 2009, the option entitles eligible participants to subscribe for ordinary shares in the Company at a price equal to the average of the closing prices of the Company's shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") on the five trading days immediately preceding the date of the grant of the option ("Market Price") or at a discount to the Market Price (up to a maximum of 20%).

The maximum number of ordinary shares (in respect of the options) that may be granted under the Wilmar ESOS 2009, after taking into account of (i) the total number of new ordinary shares issued and issuable in respect of all other share-based incentive schemes of the Company; and (ii) the number of treasury shares delivered in respect of options granted under all other share-based incentive schemes of the Company, shall not exceed 15% of the total issued ordinary shares of the Company on the date immediately preceding the relevant date of grant.

The aggregate number of ordinary shares that may be granted to controlling shareholders (and their associates) of the Company shall not exceed 25% of the total number of ordinary shares available under the Wilmar ESOS 2009, provided that the number of ordinary shares available to each controlling shareholder or each of his associates shall not exceed 10% of the total number of ordinary shares available under the aforesaid scheme.

There is no restriction on the eligibility of any participant to participate in any other share-based incentive schemes implemented by the Company or any of its subsidiaries or by any associated company or otherwise.

The Wilmar ESOS 2009 is administered by the Remuneration Committee ("RC"). The members of the RC are Mr Kwah Thiam Hock (RC Chairman), Mr Yeo Teng Yang and Mr Tay Kah Chye, all of whom are independent directors. The RC is authorised to determine, inter alia, the persons to be granted options, the number of options to be granted, whether the options continue to be valid in the event of cessation of employment (as provided under the rules of Wilmar ESOS 2009), the exercise price (including any adjustments thereto) and to recommend modifications to the Wilmar ESOS 2009 (if deemed appropriate).

DIRECTORS' STATEMENT

SHARE OPTION SCHEMES (CONTINUED)

WILMAR EXECUTIVES SHARE OPTION SCHEME 2009 ("WILMAR ESOS 2009") (CONTINUED)

2013 Grant

On 13 November 2013, the Company granted options to subscribe for a total of 49,315,000 ordinary shares at S$3.44 per share (based on Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. Outstanding options which were not exercised have expired on 14 November 2018.

Options granted under the 2013 Grant were valid for a term of five years from the date of grant and were exercisable in the following manner:

For Executive Directors and Executives

- After 1st anniversary of the date of grant – 33% of options granted
- After 2nd anniversary of the date of grant – 33% of options granted
- After 3rd anniversary of the date of grant – 34% of options granted

For Non-Executive Directors

All options were exercisable after 1st anniversary of the date of grant.

2015 Grant

On 18 June 2015, the Company granted options to subscribe for a total of 52,400,000 ordinary shares at S$3.05 per share (at a 7.63% discount to the Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2018, the number of outstanding ordinary shares that were not exercised under this option grant was 42,239,000 (including the retention of the outstanding option to subscribe for 1,000,000 ordinary shares granted to Mr Martua Sitorus ("Sitorus"), a co-founder and a former executive director, who resigned as a director on 15 July 2018. This option continues to be valid till its expiry date).

2017 Grant

On 8 September 2017, the Company granted options to subscribe for a total of 62,585,000 ordinary shares at S$3.04 per share (at a 7.32% discount to the Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2018, the number of outstanding ordinary shares that were not exercised under this option grant was 59,060,000 (including the retention of the outstanding option to subscribe for 500,000 ordinary shares granted to Mr Sitorus. This option continues to be valid till its expiry date).

All options granted under the 2015 Grant and 2017 Grant are valid for a term of five years from the dates of their respective grants and are exercisable in the following manner:

For Executive Directors and Executives

- After 2nd anniversary of the date of grant – 33% of options granted
- After 3rd anniversary of the date of grant – 33% of options granted
- After 4th anniversary of the date of grant – 34% of options granted

For Non-Executive Directors

All options are exercisable after 2nd anniversary of the date of grant.

SHARE OPTIONS EXERCISED

Options for a total of 1,281,150 ordinary shares were exercised by option holders during the financial year pursuant to Wilmar ESOS 2009.

UNISSUED SHARES UNDER OPTION

As at the end of the financial year, unissued ordinary shares of the Company under options were as follows:

Date of Grant	As at 1.1.18	No. of options lapsed/ expired	No. of options exercised	As at 31.12.18	Exercise Price	Exercise Period
Wilmar ESOS 2009						
13.11.13	13,767,400	(13,767,400)	–	–	S$3.44	14.11.2014 to 13.11.2018
13.11.13	11,629,900	(11,629,900)	–	–	S$3.44	14.11.2015 to 13.11.2018
13.11.13	12,790,200	(12,790,200)	–	–	S$3.44	14.11.2016 to 13.11.2018
Sub-total	38,187,500	(38,187,500)	–	–		
18.06.15	15,955,050	(754,628)	(1,006,800)	14,193,622	S$3.05	19.06.2017 to 18.06.2020
18.06.15	14,703,150	(754,628)	(274,350)	13,674,172	S$3.05	19.06.2018 to 18.06.2020
18.06.15	15,148,700	(777,494)	–	14,371,206	S$3.05	19.06.2019 to 18.06.2020
Sub-total	45,806,900	(2,286,750)	(1,281,150)	42,239,000		
08.09.17	23,634,400	(1,062,600)	–	22,571,800	S$3.04	09.09.2019 to 08.09.2022
08.09.17	19,034,400	(1,062,600)	–	17,971,800	S$3.04	09.09.2020 to 08.09.2022
08.09.17	19,611,200	(1,094,800)	–	18,516,400	S$3.04	09.09.2021 to 08.09.2022
Sub-total	62,280,000	(3,220,000)	–	59,060,000		
Grand Total	146,274,400	(43,694,250)	(1,281,150)	101,299,000		

The information on Directors participating in the Wilmar ESOS 2009 is as follows:

Name of Directors	Aggregate options granted during the financial year	Aggregate options granted since commencement of the option schemes to 31.12.18	Aggregate options exercised since commencement of the option schemes to 31.12.18	Aggregate options lapsed/expired since commencement of the option schemes to 31.12.18	Aggregate options outstanding as at 31.12.18
Kuok Khoon Hong	–	6,500,000	995,000	3,000,000	2,505,000
Pua Seck Guan	–	1,000,000	–	–	1,000,000
Kuok Khoon Ean	–	1,900,000	–	1,000,000	900,000
Kuok Khoon Hua	–	500,000	–	–	500,000
Juan Ricardo Luciano*	–	1,300,000	–	1,300,000	–
Yeo Teng Yang	–	2,350,000	100,000	1,150,000	1,100,000
Tay Kah Chye	–	1,900,000	100,000	900,000	900,000
Kwah Thiam Hock	–	1,900,000	100,000	900,000	900,000
Kishore Mahbubani	–	500,000	–	–	500,000
Total	–	17,850,000	1,295,000	8,250,000	8,305,000

* Mr Juan Ricardo Luciano resigned as a director on 28 December 2018 and was appointed an alternate director to Mr Raymond Guy Young on the same day.

DIRECTORS' STATEMENT

UNISSUED SHARES UNDER OPTION (CONTINUED)

Except as disclosed above, since the commencement of the Wilmar ESOS 2000^ and Wilmar ESOS 2009 ("Option Schemes") until the end of the financial year under review:

- Except for options granted on 21 May 2009 to Mr Kuok Khoon Hong (for 1,000,000 ordinary shares under option) and Mr Sitorus (for 800,000 ordinary shares under option), who were controlling shareholders on the date of grant, which have expired, no options have been granted to controlling shareholders of the Company and their associates;
- No participant has received 5% or more of the total number of options available under the Option Schemes;
- No options that entitle the holders to participate, by virtue of the options, in any share issue of any other corporation have been granted;
- No options have been granted to directors and employees of the holding company and its subsidiaries as the Company does not have a parent company; and
- No options have been granted at a discount except for the options under the 2015 Grant and 2017 Grant.

^ From 14 July 2006 (completion of reverse takeover) and has terminated on 29 April 2009.

AUDIT COMMITTEE

The Audit Committee ("AC") members at the date of this statement are Mr Tay Kah Chye (AC Chairman), Mr Kwah Thiam Hock and Mr Yeo Teng Yang.

The AC performs the functions specified in section 201B (5) of the Singapore Companies Act, Chapter 50, the Listing Manual of the SGX-ST, the Singapore Code of Corporate Governance 2012 and the revised Guidebook for Audit Committees in Singapore issued in 2014.

The principal responsibility of the AC is to assist the Board of Directors in fulfilling its oversight responsibilities. The operations of the AC are regulated by its terms of reference. The Board is of the opinion that the members of the AC have sufficient accounting, financial and management expertise and experience to discharge their duties.

Notwithstanding that the Group has appointed different auditors for certain subsidiaries and associated companies, the Board and AC are satisfied that such appointments do not compromise the standard and effectiveness of the audit of the Group.

During the year, the AC met four times to review, *inter alia*, the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The AC also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the AC prior to submission to the Board of Directors of the Company for adoption. The AC also met with the internal and external auditors, without the presence of the Company's Management, to discuss issues of concern to them.

The AC has, in accordance with Chapter 9 of the Listing Manual of the SGX-ST, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the procedures set up by the Group and the Company to identify and report and where necessary, seek approval for interested person transactions and, with the assistance of the internal auditors, reviewed interested person transactions.

The AC was satisfied that proper risk management procedures were in place and will consider regularly the need to conduct independent risk management reviews.

The AC, having reviewed all non-audit services provided by Ernst & Young LLP the external auditor of the Group, was satisfied with the independence and objectivity of the external auditor and has nominated Ernst & Young LLP for re-appointment as auditor of the Company at the forthcoming Annual General Meeting.

Further details regarding the AC, including the AC's commentary on key audit matters, are disclosed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Kuok Khoon Hong	**Pua Seck Guan**
Director	Director

15 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILMAR INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Wilmar International Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment on goodwill and brands

(Refer to Note 15 to the financial statements)

As at 31 December 2018, the Group recorded goodwill and brands of US$4.5 billion, which represents approximately 27% of the Group's net assets. We considered the audit of management's annual goodwill and brands impairment assessment to be a key audit matter because the assessment process involves management exercising significant judgement and making assumptions of future market and economic conditions.

As disclosed in Note 15, the goodwill and brands are allocated to individual cash-generating units ("CGU") which are also the reportable segments for impairment testing. The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections approved by management. The cash flow projections include assumptions of profitability and growth rates. Based on the impairment assessment, management has recognised an impairment totaling US$138.6 million on its goodwill and sugar milling assets in Australia. We checked that the cash flows were based on approved management forecasts, and evaluated management's forecasting process by comparing previous forecasts to actual results. We evaluated the assumptions used by comparing them to historical data as well as recent trends and market outlook. We also evaluated the discount rates used to determine the present value by comparing them to external comparable data. Our internal valuation specialists assisted us in performing some of these procedures. Finally, we reviewed the adequacy of the disclosures made on the goodwill and brands impairment assessment in Note 15.

KEY AUDIT MATTERS (CONTINUED)

Accounting for derivative transactions

(Refer to Note 20 and Note 34(a) to the financial statements)

The Group uses derivative financial instruments such as forward currency contracts, cross currency interest rates swaps and various commodity futures, options and swap contracts to hedge its risks associated with interest rates, foreign currency and commodity price fluctuations.

At 31 December 2018, the Group's total derivative financial instruments that were carried at fair value comprised financial assets and financial liabilities of US$532.0 million (current: US$525.0 million) and US$354.5 million (current: US$321.9 million) respectively.

We considered the audit of this to be a key audit matter due to the volume of trades entered into. Our audit procedures included, amongst others, understanding the Group's overall commodity trading process and testing management's controls around the origination and maintenance of complete and accurate information relating to the recording of the derivative contracts. For firm commitment contracts, we checked management's process to derive the market prices and recomputed the unrealized gains/losses on the contracts. For the other types of derivatives, we independently obtained statements from banks and other financial institutions to compare against the fair values of the derivatives recorded, and to verify the existence and ownership of the derivatives. We involved our internal valuation specialists in assessing the reasonableness of the fair values of derivatives.

We also assessed the adequacy of the related disclosures in the Notes 20 and 34(a) to the financial statements.

OTHER INFORMATION

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

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 SSAs 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILMAR INTERNATIONAL LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Mun Yick Christopher.

Ernst & Young LLP
Public Accountants and Chartered Accountants

Singapore
15 March 2019

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000
Revenue	4	**44,497,706**	43,573,925
Cost of sales	5	**(40,102,950)**	(39,806,502)
Gross profit		**4,394,756**	3,767,423
Other items of income			
Finance income	6	**467,338**	254,239
Other operating income	7	**197,054**	262,931
Other items of expense			
Net loss arising from changes in fair value of biological assets		**(16,322)**	(10,028)
Selling and distribution expenses		**(1,901,352)**	(1,814,478)
Administrative expenses		**(732,139)**	(699,678)
Other operating expenses	7	**(146,535)**	(112,842)
Finance costs	8	**(819,439)**	(507,403)
Non-operating items	9	**(136,247)**	194,041
Share of results of joint ventures		**67,189**	34,809
Share of results of associates		**243,088**	193,512
Profit before tax from continuing operations	10	**1,617,391**	1,562,526
Income tax expense	11	**(349,793)**	(282,083)
Profit from continuing operations, net of tax		**1,267,598**	1,280,443
Loss from discontinued operations, net of tax	16	**(43,367)**	–
Profit for the year		**1,224,231**	1,280,443
Attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		**1,153,302**	1,195,668
Loss from discontinued operations, net of tax		**(25,300)**	–
		1,128,002	1,195,668
Non-controlling interests			
Profit from continuing operations, net of tax		**114,296**	84,775
Loss from discontinued operations, net of tax		**(18,067)**	–
		96,229	84,775
Earnings per share from continuing operations attributable to owners of the Company (US cents per share)			
– Basic	12	**18.2**	18.9
– Diluted	12	**18.2**	18.9
Earnings per share attributable to owners of the Company (US cents per share)			
– Basic	12	**17.8**	18.9
– Diluted	12	**17.8**	18.9

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	2018 US$'000	2017 US$'000
Profit after tax	**1,224,231**	1,280,443
Other comprehensive income:		
Items that will not be reclassified subsequently to income statement		
Fair value adjustment on equity instruments at fair value through other comprehensive income	**(34,605)**	29,004
Gain on disposal of equity instruments at fair value through other comprehensive income	**4,766**	–
Net surplus on revaluation of investment properties	**5,514**	–
Gain/(loss) on remeasurements of defined benefit plan	**34,160**	(13,323)
	9,835	15,681
Items that may be reclassified subsequently to income statement		
Foreign currency translation	**(648,210)**	546,617
Fair value adjustment on cash flow hedges	**(372)**	85,021
Fair value adjustment on forward elements of forward contracts	**(44,093)**	26,377
Share of changes in equity transaction reserve of a joint venture	**250**	(322)
	(692,425)	657,693
Other comprehensive income from continuing operations, net of tax	**(682,590)**	673,374
Other comprehensive income from discontinued operations, net of tax	**(999)**	–
Total comprehensive income for the year	**540,642**	1,953,817
Attributable to:		
Owners of the Company	**501,022**	1,832,498
Non-controlling interests	**39,620**	121,319
	540,642	1,953,817
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations, net of tax	**526,905**	1,832,498
Total comprehensive income from discontinued operations, net of tax	**(25,883)**	–
	501,022	1,832,498

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2018

	Note	Group			Company		
		2018	31 December 2017	1 January 2017	**2018**	31 December 2017	1 January 2017
		US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
ASSETS							
Non-current assets							
Property, plant and equipment	13	**9,309,701**	8,755,926	8,297,098	**43,543**	3,263	2,389
Investment properties	13	**21,782**	–	–	**–**	–	–
Bearer plants	14	**676,570**	722,197	726,725	**–**	–	–
Intangible assets	15	**4,495,085**	4,384,910	4,365,736	**–**	–	–
Investment in subsidiaries	16	**–**	–	–	**9,093,313**	9,084,592	9,072,026
Investment in joint ventures	17	**1,092,207**	1,151,946	1,051,425	**124,230**	209,636	209,686
Investment in associates	17	**2,622,953**	2,275,850	1,851,985	**36,644**	36,644	36,644
Investment securities	18	**573,188**	568,078	700,705	**–**	–	–
Deferred tax assets	19	**330,979**	321,463	312,403	**–**	–	–
Derivative financial instruments	20	**7,012**	5,651	32,633	**–**	–	–
Other financial receivables	21	**197,760**	112,047	205,832	**369,799**	410,271	399,634
Other non-financial assets	21	**72,481**	55,108	52,262	**–**	–	–
		19,399,718	18,353,176	17,596,804	**9,667,529**	9,744,406	9,720,379
Current assets							
Inventories	22	**7,911,302**	8,223,606	7,022,310	–	–	–
Trade receivables	23	**4,349,147**	4,101,058	4,087,069	**–**	–	–
Other financial receivables	21	**7,517,691**	5,354,750	2,354,502	**4,259,606**	3,965,710	3,399,383
Other non-financial assets	21	**1,467,301**	1,153,055	1,201,458	**5,543**	1,457	342
Derivative financial instruments	20	**524,989**	368,166	546,885	**–**	–	–
Investment securities	18	**326,164**	421,328	316,632	**–**	–	–
Other bank deposits	24	**1,719,077**	1,502,726	2,721,885	**–**	–	–
Cash and bank balances	24	**1,650,478**	1,454,708	1,184,881	**1,848**	3,037	4,057
		25,466,149	22,579,397	19,435,622	**4,266,997**	3,970,204	3,403,782
Assets of disposal group classified as held for sale	16	**814,024**	–	–	**–**	–	–
TOTAL ASSETS		**45,679,891**	40,932,573	37,032,426	**13,934,526**	13,714,610	13,124,161
EQUITY AND LIABILITIES							
Current liabilities							
Trade payables	25	**1,441,729**	1,094,846	1,500,254	**–**	–	–
Other financial payables	26	**1,492,732**	1,397,906	1,348,963	**3,492,000**	2,896,464	2,084,329
Other non-financial liabilities	26	**411,577**	400,616	571,077	**–**	–	–
Derivative financial instruments	20	**321,857**	503,797	495,322	**–**	–	–
Loans and borrowings	27	**17,821,225**	16,130,316	12,689,019	**72,110**	–	169,212
Tax payables		**139,746**	159,648	118,511	**–**	–	–
		21,628,866	19,687,129	16,723,146	**3,564,110**	2,896,464	2,253,541
Liabilities directly associated with disposal group classified as held for sale	16	**1,186,834**	–	–	**–**	–	–
		22,815,700	19,687,129	16,723,146	**3,564,110**	2,896,464	2,253,541
NET CURRENT ASSETS		**3,464,473**	2,892,268	2,712,476	**702,887**	1,073,740	1,150,241

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2018

		Group			Company		
	Note	**2018**	31 December 2017	1 January 2017	**2018**	31 December 2017	1 January 2017
		US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Non-current liabilities							
Other financial payables	26	**75,851**	69,220	51,314	**–**	–	–
Other non-financial liabilities	26	**126,329**	156,990	118,185	**–**	–	–
Derivative financial instruments	20	**32,673**	25,199	107,133	**–**	–	–
Loans and borrowings	27	**5,523,374**	3,696,224	4,331,240	**244,015**	323,000	215,037
Deferred tax liabilities	19	**339,392**	312,712	322,443	**–**	–	–
		6,097,619	4,260,345	4,930,315	**244,015**	323,000	215,037
TOTAL LIABILITIES		**28,913,319**	23,947,474	21,653,461	**3,808,125**	3,219,464	2,468,578
NET ASSETS		**16,766,572**	16,985,099	15,378,965	**10,126,401**	10,495,146	10,655,583
Equity attributable to owners of the Company							
Share capital	28	**8,458,995**	8,458,995	8,458,995	**8,895,134**	8,895,134	8,895,134
Treasury shares	28	**(153,315)**	(156,209)	(175,312)	**(153,315)**	(156,209)	(175,312)
Retained earnings		**9,306,876**	8,673,275	7,832,213	**1,161,712**	1,544,230	1,735,452
Other reserves	29	**(1,563,731)**	(1,012,469)	(1,681,362)	**222,870**	211,991	200,309
		16,048,825	15,963,592	14,434,534	**10,126,401**	10,495,146	10,655,583
Non-controlling interests		**717,747**	1,021,507	944,431	**–**	–	–
TOTAL EQUITY		**16,766,572**	16,985,099	15,378,965	**10,126,401**	10,495,146	10,655,583
TOTAL EQUITY AND LIABILITIES		**45,679,891**	40,932,573	37,032,426	**13,934,526**	13,714,610	13,124,161

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Attributable to owners of the Company						
	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the Company, total US$'000	Non-controlling interests US$'000	Equity total US$'000
2018							
GROUP							
Opening balance at 1 January 2018, as previously reported	8,458,995	(156,209)	10,125,379	(2,464,573)	15,963,592	1,021,507	16,985,099
Adjustments for adoption of the Amendments to SFRS(I) 9 and IFRS Convergence	–	–	(1,445,117)	1,513,835	68,718	–	68,718
Opening balance at 1 January 2018, as restated	8,458,995	(156,209)	8,680,262	(950,738)	16,032,310	1,021,507	17,053,817
Profit for the year	–	–	1,128,002	–	1,128,002	96,229	1,224,231
Other comprehensive income	–	–	4,766	(631,746)	(626,980)	(56,609)	(683,589)
Total comprehensive income for the year	–	–	1,132,768	(631,746)	501,022	39,620	540,642
Grant of equity-settled share options	–	–	–	10,864	10,864	–	10,864
Share capital contributed by non-controlling shareholders	–	–	–	–	–	28,597	28,597
Reissuance of treasury shares pursuant to exercise of share options	–	2,894	–	15	2,909	–	2,909
Dividends on ordinary shares	–	–	(494,889)	–	(494,889)	–	(494,889)
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	(37,406)	(37,406)
Net transfer to other reserves	–	–	(11,265)	11,265	–	–	–
Total contributions by and distributions to owners	–	2,894	(506,154)	22,144	(481,116)	(8,809)	(489,925)
Acquisition of subsidiaries	–	–	–	–	–	(324,013)	(324,013)
Acquisition of additional interest in subsidiaries	–	–	–	(3,502)	(3,502)	3,118	(384)
Disposal/liquidation of subsidiaries	–	–	–	–	–	(14,511)	(14,511)
Dilution of interest in a subsidiary	–	–	–	111	111	835	946
Total changes in ownership interests in subsidiaries	–	–	–	(3,391)	(3,391)	(334,571)	(337,962)
Closing balance at 31 December 2018	**8,458,995**	**(153,315)**	**9,306,876**	**(1,563,731)**	**16,048,825**	**717,747**	**16,766,572**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Attributable to owners of the Company						
	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the Company, total US$'000	Non-controlling interests US$'000	Equity total US$'000
2017							
GROUP							
Opening balance at 1 January 2017, as previously reported	8,458,995	(175,312)	9,260,680	(3,109,829)	14,434,534	944,431	15,378,965
Adjustments for adoption of the Amendments to SFRS(I) 9 and IFRS Convergence	–	–	(1,428,467)	1,428,467	–	–	–
Opening balance at 1 January 2017, as restated	8,458,995	(175,312)	7,832,213	(1,681,362)	14,434,534	944,431	15,378,965
Profit for the year	–	–	1,195,668	–	1,195,668	84,775	1,280,443
Other comprehensive income	–	–	–	636,830	636,830	36,544	673,374
Total comprehensive income for the year	–	–	1,195,668	636,830	1,832,498	121,319	1,953,817
Grant of equity-settled share options	–	–	–	9,163	9,163	–	9,163
Share capital contributed by non-controlling shareholders	–	–	–	–	–	12,610	12,610
Reissuance of treasury shares pursuant to exercise of share options	–	19,103	–	2,519	21,622	–	21,622
Dividends on ordinary shares	–	–	(319,532)	–	(319,532)	–	(319,532)
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	(31,757)	(31,757)
Net transfer to other reserves	–	–	(35,074)	35,074	–	–	–
Total contributions by and distributions to owners	–	19,103	(354,606)	46,756	(288,747)	(19,147)	(307,894)
Acquisition of additional interest in subsidiaries	–	–	–	(14,693)	(14,693)	(25,096)	(39,789)
Total changes in ownership interests in subsidiaries	–	–	–	(14,693)	(14,693)	(25,096)	(39,789)
Closing balance at 31 December 2017	8,458,995	(156,209)	8,673,275	(1,012,469)	15,963,592	1,021,507	16,985,099

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Attributable to owners of the Company				
	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the Company, total US$'000
2018					
COMPANY					
Opening balance at 1 January 2018	8,895,134	(156,209)	1,544,230	211,991	10,495,146
Profit for the year	–	–	112,371	–	112,371
Total comprehensive income for the year	–	–	112,371	–	112,371
Grant of equity-settled share options	–	–	–	10,864	10,864
Reissuance of treasury shares pursuant to exercise of share options	–	2,894	–	15	2,909
Dividends on ordinary shares	–	–	(494,889)	–	(494,889)
Total transactions with owners in their capacity as owners	–	2,894	(494,889)	10,879	(481,116)
Closing balance at 31 December 2018	8,895,134	(153,315)	1,161,712	222,870	10,126,401
2017					
COMPANY					
Opening balance at 1 January 2017	8,895,134	(175,312)	1,735,452	200,309	10,655,583
Profit for the year	–	–	128,310	–	128,310
Total comprehensive income for the year	–	–	128,310	–	128,310
Grant of equity-settled share options	–	–	–	9,163	9,163
Reissuance of treasury shares pursuant to exercise of share options	–	19,103	–	2,519	21,622
Dividends on ordinary shares	–	–	(319,532)	–	(319,532)
Total transactions with owners in their capacity as owners	–	19,103	(319,532)	11,682	(288,747)
Closing balance at 31 December 2017	8,895,134	(156,209)	1,544,230	211,991	10,495,146

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 31 December 2018

	2018 US$'000	2017 US$'000
Cash flows from operating activities		
Profit before tax from continuing operations	**1,617,391**	1,562,526
Loss before tax from discontinued operations	**(42,818)**	–
Profit before tax, total	**1,574,573**	1,562,526
Adjustments for:		
Net loss arising from changes in fair value of biological assets	**16,322**	10,028
Depreciation of bearer plants	**54,349**	50,386
Depreciation and impairment loss of property, plant and equipment	**775,631**	723,339
Loss on disposal of investment in a joint venture	**–**	335
Gain on disposal/liquidation/dilution of interest in associates	**(1,732)**	(10,196)
Fair value gain arising from changes of interest in joint ventures resulting in change of control	**(1,144)**	(638)
Fair value gain arising from changes of interest in an associate resulting in change of control	**(125)**	–
Amortisation of intangible assets	**1,378**	1,226
Gain on bargain purchase on business combination	**–**	(2,210)
Loss on disposal of property, plant and equipment	**3,068**	9,283
Loss on disposal of bearer plants	**49**	4,970
Loss on disposal/liquidation of subsidiaries	**633**	1,169
Gain on disposal of investment securities at fair value through other comprehensive income	**–**	(39)
Gain on disposal of investment securities at fair value through profit or loss	**(7,180)**	(3,497)
Impairment loss on goodwill	**108,208**	–
Grant of share options to employees	**10,864**	9,163
Net fair value (gain)/loss on derivative financial instruments	**(353,292)**	233,039
Net fair value loss/(gain) on investment securities at fair value through profit or loss	**79,038**	(131,269)
Foreign exchange differences arising from translation	**(288,972)**	88,870
Dividend income from investment securities at fair value through profit or loss	**(18,230)**	(23,699)
Investment income from investment securities at fair value through other comprehensive income	**(66,174)**	(59,339)
Interest expense	**851,212**	531,901
Interest income	**(467,338)**	(254,239)
Share of results of joint ventures	**(67,189)**	(34,809)
Share of results of associates	**(243,088)**	(193,512)
Operating cash flows before working capital changes	**1,960,861**	2,512,788
Changes in working capital:		
Decrease/(increase) in inventories	**445,135**	(1,202,797)
Increase in receivables and other assets	**(134,060)**	(31,737)
Decrease in payables	**(166,033)**	(493,696)
Cash flows generated from operations	**2,105,903**	784,558
Interest paid	**(655,012)**	(401,304)
Interest received	**438,218**	205,836
Income taxes paid	**(388,035)**	(285,756)
Net cash flows generated from operating activities	**1,501,074**	303,334

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	2018 US$'000	2017 US$'000
Cash flows from investing activities		
Net cash flow on acquisition of subsidiaries	**(236,608)**	(3,049)
Decrease/(increase) in plasma investments	**1,195**	(2,355)
Decrease in investment securities at fair value through profit or loss	**36,686**	12,901
(Increase)/decrease in other non-financial assets	**(3,901)**	3,846
Payments for property, plant and equipment	**(1,259,343)**	(879,416)
Payments for bearer plants	**(66,101)**	(58,502)
Decrease/(increase) in investment securities	**20,635**	(47,739)
Dividend income from investment securities at fair value through profit or loss	**18,230**	23,699
Investment income from investment securities at fair value through other comprehensive income	**66,174**	59,339
Payments for investment in joint ventures	**(21,977)**	(78,580)
Increase in investment in associates	**(157,903)**	(10,220)
Payments for intangible assets	**–**	(2,503)
Dividends received from joint ventures	**26,899**	9,055
Dividends received from associates	**109,243**	47,119
Proceeds from disposal of property, plant and equipment	**63,778**	27,136
Proceeds from disposal of intangible assets	**57**	–
Proceeds from disposal of interest in a joint venture	**–**	3,841
Proceeds from disposal/liquidation/dilution of interest in associates	**15,455**	42,843
Net cash flow from disposal/liquidation of subsidiaries	**17,907**	(971)
Net cash flows used in investing activities	**(1,369,574)**	(853,556)
Cash flows from financing activities		
(Increase)/decrease in net amount due from related parties	**(10,862)**	640
Decrease in net amount due from joint ventures	**67,872**	26,463
Increase in net amount due from associates	**(53,178)**	(11,903)
Decrease in advances from non-controlling shareholders	**(63,233)**	(11,452)
Proceeds from loans and borrowings	**818,979**	3,166,548
Decrease in fixed deposits pledged with financial institutions for bank facilities	**1,993,221**	46,303
Increase in other financial receivables	**(2,426,308)**	(2,820,538)
Decrease in other deposits with maturity more than 3 months	**238,607**	906,068
Interest paid	**(36,102)**	(27,560)
Payment for acquisition of additional interest in subsidiaries	**(384)**	(39,789)
Dividends paid by the Company	**(494,889)**	(319,532)
Dividends paid to non-controlling shareholders by subsidiaries	**(37,406)**	(31,757)
Proceeds from dilution of interest in a subsidiary	**946**	–
Proceeds from reissuance of treasury shares by the Company	**2,909**	21,622
Proceeds from issue of ordinary shares by subsidiaries to non-controlling shareholders	**28,597**	12,610
Net cash flows generated from financing activities	**28,769**	917,723
Net increase in cash and cash equivalents	**160,269**	367,501
Cash and cash equivalents at the beginning of the financial year	**1,435,225**	1,067,724
Cash and cash equivalents at the end of the financial year	**1,595,494**	1,435,225

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

1. CORPORATE INFORMATION

Wilmar International Limited (the "Company") is a limited liability company, incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 56 Neil Road, Singapore 088830.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries, joint ventures and associates. The principal activities of the significant subsidiaries are disclosed in Note 39 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Singapore Financial Reporting Standards ("SFRS"). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Please refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below. The financial statements are presented in US Dollars ("USD" or "US$"), which is also the parent company's functional currency, except when otherwise indicated. All values in the tables are rounded to the nearest thousands (US$'000) except when otherwise indicated.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

<u>Exemptions applied on adoption of SFRS(I)</u>

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under SFRS.

- SFRS(I) 1-21 The Effects of Changes in Foreign Exchange Rates has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (continued)

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, an amount of $1,444,850,000 was adjusted against the opening retained earnings as at 1 January 2017.

- The comparative information do not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under SFRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application (except as discussed below on hedge accounting). The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of SFRS 39 (except as discussed below on hedge accounting).

(a) Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Group continues to measure its currently held-for-trading quoted equity securities at FVPL. The Group elects to measure its currently held available-for-sale ("AFS") quoted equity securities, unquoted non-equity and unquoted equity instruments at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (continued)

New accounting standards effective on 1 January 2018 (continued)

SFRS(I) 9 Financial Instruments (continued)

(a) Classification and measurement (continued)

For the previously held AFS unquoted equity securities measured at FVOCI, cumulative impairment charges of US$6,987,000 previously recognised in the income statement were reclassified from retained earnings to fair value reserve as at 1 January 2018.

As a result of the change in measurement of the Group's currently held AFS, as at 1 January 2018, fair value reserves, retained earnings and investment securities have increased by US$61,731,000, US$6,987,000 and US$68,718,000 respectively.

(b) Hedge accounting

The Group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates related to purchases and sales of commodity products. Under SFRS 39, the Group designates only the change in fair value of the spot element of a forward contract as the hedging instrument in a cash flow hedging relationship and accounts for the fair value changes in the forward element of the forward exchange contracts immediately in the income statement. Upon adoption of SFRS(I) 9, the Group has retrospectively accounted for fair value changes in the forward elements of the forward contracts not designated as hedging instrument to be accounted as cost of hedging. Accordingly, the cost of hedging is deferred in other comprehensive income and recognised in the income statement over time. The effects to the income statement for the year ended 31 December 2017 are set out below:–

	US$'000 **Increase / (decrease)**
Cost of sales	(290,185)
Other operating income	(252,855)
Finance cost	72,500
Income tax expense	(8,793)
Profit for the year	(26,377)

SFRS(I) 15 Revenue from contracts with customers

The Group adopted SFRS(I) 15 retrospectively, which is effective for annual periods beginning on or after 1 January 2018. The key impact of adopting SFRS(I) 15 is detailed as follows:

Principal versus agent considerations

The Group has certain contracts with customers which, before the adoption of SFRS(I) 15, the Group concluded that it had exposure to the significant risks and rewards associated with the fulfilment of these contracts to its customers, and accounted for these contracts as a principal.

Upon adoption of SFRS(I) 15, the Group determined that these contracts were on service arrangements where it did not control the goods before they are transferred to end customers, and therefore it is acting as an agent. This change resulted in a decrease in revenue and cost of sales by US$272,404,000 for the year ended 31 December 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (continued)

New accounting standards effective on 1 January 2018 (continued)

The combined effects on the comparative balances of first time adoption of SFRS(I), including that of SFRS(I) 9 and SFRS(I) 15, are set out below:–

Consolidated Income Statement	**Group 31.12.2017 (SFRS) US$'000**	**Group Effects US$'000**	**Group 31.12.2017 (SFRS(I)) US$'000**
Sales	43,846,329	(272,404)	43,573,925
Cost of sales	(40,369,091)	562,589	(39,806,502)
Other operating income	515,786	(252,855)	262,931
Finance costs	(434,903)	(72,500)	(507,403)
Income tax expense	(290,876)	8,793	(282,083)
Profit for the year	1,306,820	(26,377)	1,280,443
Attributable to:			
– Owners of the Company	1,219,305	(23,637)	1,195,668
– Non-controlling interests	87,515	(2,740)	84,775
	1,306,820	(26,377)	1,280,443

Balance Sheets	**Group 31.12.2017 (SFRS) US$'000**	**Group Effects US$'000**	**Group 31.12.2017 (SFRS(I)) US$'000**	**Group Effects US$'000**	**Group 01.01.2018 (SFRS(I)) US$'000**
Retained earnings	10,125,379	(1,452,104)	8,673,275	6,987	8,680,262
Other reserves	(2,464,573)	1,452,104	(1,012,469)	61,731	(950,738)

Balance Sheets	**Group 01.01.2017 (SFRS) US$'000**	**Group Effects US$'000**	**Group 01.01.2017 (SFRS(I)) US$'000**
Retained earnings	9,260,680	(1,428,467)	7,832,213
Other reserves	(3,109,829)	1,428,467	(1,681,362)

The adoption of SFRS(I) does not have any impact to the balance sheet of the Company as at 1 January 2017, 31 December 2017 and 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 19 Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019. The effects on adoption of SFRS(I) 16 are set below:

	US$'000
	Increase / (decrease)
Right of use asset	1,085,361
Lease liabilities	130,800
Buildings	(935,654)
Prepayments	(18,907)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

Acquisition of non-controlling interests, prior to 1 January 2010, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 has not been restated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations

Business combinations from 1 January 2010

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in the income statement.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the income statement.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.14(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the income statement on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger reserve. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) is measured at the proportionate share of the acquiree's identifiable net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations (continued)

Business combinations before 1 January 2010 (continued)

Business combinations achieved in stages are accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration is recognised if, and only if, the Group has a present obligation, the economic outflow is more likely than not and a reliable estimate is determinable. Subsequent adjustments to the contingent consideration are recognised as part of goodwill.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity as equity transaction reserve and attributed to owners of the Company.

2.6 Foreign currency

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the income statement of the Group on disposal of the foreign operation.

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the weighted average exchange rates for the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

2.8 Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

a) Joint operations

The Group recognises in relation to its interest in a joint operation:

a) Its assets, including its share of any assets held jointly;
b) Its liabilities, including its share of any liabilities incurred jointly;
c) Its revenue from the sale of its share of the output arising from the joint operation;
d) Its share of the revenue from the sale of the output by the joint operation; and
e) Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

b) Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.9.

2.9 Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group's investment in associates and joint ventures is accounted for using the equity method. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of net fair value of the associate's or joint venture's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate or joint venture in the period in which the investment is acquired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Associates and joint ventures (continued)

Under the equity method, the investment in associates or joint ventures are measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The Group's profit or loss reflects its share of the associates' or joint ventures' profit or loss after tax and non-controlling interests in the subsidiaries of associates or joint ventures. Distributions received from associates or joint ventures reduce the carrying amount of the investments. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses once its interest in the associate or joint venture is reduced to zero, unless it has incurred obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in the income statement.

The most recent available audited financial statements of the associated companies or joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the income statement.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to the income statement the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to the income statement on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in associates or joint ventures are carried at cost less accumulated impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at costs. Such costs include the cost of replacing parts of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, all items of property, plant and equipment, except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Land and land rights	–	amortised over the period of leases (25 to 70 years)
Buildings	–	10 to 40 years
Plant and machineries	–	4 to 40 years
Furniture, fittings and office equipment	–	2 to 20 years
Vessels	–	5 to 30 years
Motor vehicles, trucks and aircrafts	–	4 to 15 years

The cost of construction-in-progress represents all costs, including borrowing costs, incurred on the construction of the assets. The accumulated costs will be reclassified to the appropriate property, plant and equipment account when the construction is completed. No depreciation is provided on construction-in-progress as these assets are not yet available for use.

Interest on borrowings to finance the construction of property, plant and equipment is capitalised during the period of time that is required to complete and prepare each asset for its intended use. All other borrowing costs are expensed.

Repairs and maintenance costs are taken to the income statement during the financial period in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and is depreciated over the remaining useful life of the asset.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

2.12 Bearers plants and biological assets

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants mainly include mature and immature oil palm plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at acquisition cost less accumulated depreciation and impairment. Mature plantations are depreciated on a straight line basis and over its estimated useful life of 20-25 years, upon commencement of commercial production.

In general, oil palms are considered mature 30 to 36 months after field planting.

Interest on borrowings to finance the acquisition and construction of bearer plants is capitalised during the period of time that is required to complete and prepare the bearer plant for its intended use. All other borrowing costs are expensed.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the income statement in the year the bearer plant is derecognised.

Produce that grows on mature plantations are measured at fair value less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the produce.

2.13 Plasma Investments

Costs incurred during the development phase up to the conversion of the Plasma plantation are capitalised as Plasma investments. The development of the Plasma oil palm plantations is financed by plasma loans, which was received by the plasma farmers (represented by "Cooperatives"), plus additional funding by the Group, should bank financing not be adequate to finance the development costs. Accumulated development costs are presented net of the plasma loans and are presented as "Plasma investments".

When the carrying amount of the Plasma investments is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. The difference between the accumulated development costs of Plasma plantations and their conversion value is charged to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

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

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development assets, are not capitalised and expenditure is reflected in the income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable, if not the change in useful lives from indefinite to finite is made on a prospective basis.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Intangible assets (continued)

(b) Other intangible assets (continued)

(i) Brands

The brands were acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group.

(ii) Trademarks & licenses and others

Trademarks & licenses and others acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight line method over 3 to 20 years.

2.15 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

Subsequent measurement (continued)

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in the income statement when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in the income statement.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in the income statement.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in the income statement.

2.16 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Impairment of non-financial asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired. These also include bank overdrafts that form an integral part of the Group's cash management. The accounting policy for this category of financial assets is stated in Note 2.15, under amortised cost.

2.19 Inventories

(a) Physical inventories, futures and other forward contracts

Physical inventories of palm based products, oilseeds and grains products, consumer products, sugar and other agricultural commodities are valued at the lower of cost and spot prices prevailing at the end of the reporting period. Cost is determined using the weighted average method.

The Group has committed purchases and sales contracts for palm oil and other agricultural commodities that are entered into as part of its merchandising and processing activities. The prices and physical delivery of the sales and purchases are fixed in the contracts. For committed purchases and sales contracts that are entered into for own use, the contracts are not recognised in the financial statements until physical deliveries take place. For committed purchases and sales contracts that are entered into as part of the merchandising activities, the fair value arising from the contracts are recognised in the financial statements until physical deliveries take place.

The Group also enters into non-physical delivery forward contracts and commodity derivatives to manage the price risk of its physical inventory and to hedge against fluctuations in commodity prices. Commodity derivatives include futures, options and swap contracts on palm oil and palm based products, soybeans and other non-palm products.

Gains or losses arising from matched forward and derivative contracts are recognised immediately in the income statement. Any difference arising from the fair value assessment will be recognised in the financial statements. Unrealised losses arising from the valuations are set off against unrealised gains on an aggregated basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Inventories (continued)

(a) Physical inventories, futures and other forward contracts (continued)

The outstanding forward and derivative contracts are valued at their fair value at the end of the reporting period against quoted market prices. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar. The notional principal amounts of the outstanding forward and futures contracts are off-balance sheet items.

(b) Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price less the costs of completion and selling expenses.

2.20 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in the income statement.

2.21 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the end of the reporting period.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.22 Borrowing costs

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Provisions

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

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

2.24 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in the income statement, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(c) Provision for employee service entitlements

For certain companies in Indonesia, the Group recognises a provision for employee service entitlements in accordance with Labour Law No. 13/2003 dated 25 March 2003. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method".

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Employee benefits (continued)

(c) Provision for employee service entitlements (continued)

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in the income statement. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in the income statement.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income as general reserve in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to the income statement in subsequent periods.

2.25 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are recognised.

2.26 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sales arising from the physical delivery of palm based products, oilseeds and grains products, consumer products, sugar and other agricultural commodities is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Revenue (continued)

(b) Ship charter income

Revenue from time charters is recognised on a time apportionment basis.

(c) Interest income

Interest income is amortised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.27 Taxes

(a) Current income tax

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

Current income taxes are recognised in the income statement except when they relate to items recognised outside the income statement, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all 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 except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in the income statement.

(c) Sales tax

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

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

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

2.28 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as forward currency contracts, cross currency interest rates swaps, forward freight agreements and various commodities futures, options and swap contracts to hedge its risks associated with interest rates, foreign currency, freight charges and commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of forward contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair value of forward freight agreements, futures, options and swap contracts is determined by reference to available market information and option valuation methodology. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Derivative financial instruments and hedging activities (continued)

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

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of the hedging instrument is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised initially in other comprehensive income and accumulated under the hedging reserve, while the ineffective portion is recognised immediately in the income statement.

Amounts recognised in other comprehensive income are transferred to the income statement when the hedged transaction affects the income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in equity remains in equity until the forecast transaction or firm commitment affects the income statement.

Forward elements of forward contracts

When forward contracts are used to hedge forecast transactions, the Group designates only the spot element of the forward contracts as the hedging instrument.

The Group elects for each hedge designation, whether the change in the fair value of the forward elements of forward contracts that relate to the hedge item are recognised directly in the income statement, or in other comprehensive income with the cumulative change in fair value accumulated in equity being subsequently recognised:

- as initial cost or carrying amount of the asset or liability if the hedged item subsequently results in the recognition of a non-financial asset or a non-financial liability, or a firm commitment for a non-financial asset or a non-financial liability for which fair value hedge accounting is applied; or
- as a reclassification adjustment to the income statement when the hedged expected future cash flows affect the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 Share capital and treasury shares

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

The Company's own ordinary shares, which are reacquired by the Company and held as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, reissuance or cancellation of treasury shares. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity ("General Reserves") as gain or loss on reissuance of treasury shares.

2.31 Contingencies

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) A present obligation that arises from past events but is not recognised because:
   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.32 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to an expense item, it is recognised in the income statement over the period necessary to match them on a systematic basis to the costs it is intended to compensate. Grants related to income are presented as a credit under other operating income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); or
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.34 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

(a) Impairment of goodwill and brands

The Group determines whether goodwill and brands are impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) to which the goodwill and brands are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill and brands as at 31 December 2018 were approximately US$3,387,033,000 (2017: US$3,277,193,000) and US$1,097,856,000 (2017: US$1,098,767,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

(b) Depreciation of plant and equipment and bearer plants

The cost of plant and equipment and bearer plants are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment and bearer plants to be within 2 to 40 years. These are common life expectancies applied in the industry. Changes in the expected level of the usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's plant and equipment and bearer plants as at 31 December 2018 were approximately US$4,217,591,000 (2017: US$4,078,958,000) and US$676,570,000 (2017: US$722,197,000), respectively.

(c) Income and deferred taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable, deferred tax assets and deferred tax liabilities as at 31 December 2018 were approximately US$139,746,000 (2017: US$159,648,000), US$330,979,000 (2017: US$ 321,463,000) and US$339,392,000 (2017: US$312,712,000) respectively.

4. REVENUE

	Group	
	2018	2017
	US$'000	US$'000
Sales of agricultural commodities and consumable products	**44,116,476**	43,270,742
Ship charter income	**275,115**	248,310
Others	**106,115**	54,873
	44,497,706	43,573,925

5. COST OF SALES

	Group	
	2018	2017
	US$'000	US$'000
Cost of inventories recognised as expense – physical deliveries	**34,804,938**	35,045,075
Labour and other overhead expenses	**5,639,665**	5,156,782
Net gain on fair value of derivative financial instruments	**(341,653)**	(395,355)
	40,102,950	39,806,502

6. FINANCE INCOME

	Group	
	2018	2017
	US$'000	US$'000
Finance income:		
– From associates	**8,386**	6,880
– From bank balances	**14,375**	17,857
– From fixed deposits	**79,287**	64,234
– From joint ventures	**12,338**	12,829
– From other deposits with financial institutions	**330,884**	120,134
– From other sources	**15,766**	24,452
– From related parties	**896**	1,119
– Late interest charges pertaining to trade receivables	**5,406**	6,734
	467,338	254,239

7. OTHER OPERATING INCOME
OTHER OPERATING EXPENSES

The following items have been included in arriving at other operating income/(expenses):

	Group	
	2018	2017
	US$'000	US$'000
Amortisation of intangible assets	**(1,378)**	(1,226)
Allowance for advances to suppliers	**(2)**	(909)
Bad debts written off (non-trade)	**(587)**	(1,333)
Compensation (including insurance claims)/penalty income	**11,037**	50,808
Energy/power/steam income	**51,776**	51,186
Fair value gain arising from changes of interest in joint ventures resulting in change of control	**1,144**	638
Fair value gain of derivative financial instruments	**5,862**	11,633
Foreign exchange (loss)/gain, excluding net foreign exchange (loss)/gain on shareholders' loans to subsidiaries	**(28,151)**	286,621
Loss on disposal of property, plant and equipment	**(3,068)**	(9,283)
Loss on disposal of investment in a joint venture	**–**	(335)
Gain on disposal/liquidation/dilution of interest in associates	**1,732**	10,196
Loss on disposal/liquidation of subsidiaries	**(633)**	(1,169)
Government grants/incentive income	**41,237**	28,632
Grant of share options to employees	**(10,864)**	(9,163)
Income from sales cancellation	**1,182**	934
Pre-operating expenses	**(6,403)**	(2,279)
Processing fee income/tolling income	**1,631**	436
Rental and storage income	**12,192**	12,140
Scrap sales	**13,604**	11,978
Service fees/management fees/commission income	**11,386**	16,827
Impairment on property, plant and equipment	**(36,612)**	(40,929)

The Group has received government grants of different nature during the reporting periods, among them are grants in relation to the investment and development of plants and machineries, technical skill transformation and value added tax/business tax/corporate income tax subsidy for quality enterprise.

Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the Balance Sheet. There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

8. FINANCE COSTS

	Group	
	2018	2017
	US$'000	US$'000
Interest expense:		
– Loans and borrowings	**690,834**	418,787
– Loans from associates	**642**	821
– Loans from joint ventures	**859**	1,349
– Loans from related parties	**218**	198
– Interest rate swaps	**8,432**	2,515
– Amortisation of forward elements of forward currency contracts	**99,539**	72,500
– Others	**23,243**	14,296
	823,767	510,466
Less: Amount capitalised		
– Bearer plants	**(374)**	(925)
– Property, plant and equipment	**(3,954)**	(2,138)
	819,439	507,403

9. NON-OPERATING ITEMS

	Group	
	2018	2017
	US$'000	US$'000
Net foreign exchange (loss)/gain on shareholders' loans to subsidiaries	**(8,811)**	695
Finance costs on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries	**(31,774)**	(24,497)
Gain on disposal of investment securities at FVOCI	**–**	39
Gain on disposal of investment securities at FVPL	**7,180**	3,497
Investment income from investment securities	**84,404**	83,038
Net fair value (loss)/gain on investment securities at FVPL	**(79,038)**	131,269
Impairment loss on goodwill	**(108,208)**	–
	(136,247)	194,041

10. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Group	
	2018	2017
	US$'000	US$'000
Audit fees paid to:		
– Auditor of the Company	**667**	620
– Other auditors	**5,062**	4,463
Non-audit fees paid to:		
– Auditor of the Company	**33**	33
– Other auditors	**690**	623
Depreciation of property, plant and equipment	**739,019**	682,410
Depreciation of bearer plants	**56,514**	52,324
Less: Amount capitalised as part of costs of bearer plants	**(2,165)**	(1,938)
Add: Impairment loss	**36,612**	40,929
Depreciation and impairment loss of property, plant and equipment and bearer plants – net	**829,980**	773,725
Employee benefits expense	**1,310,184**	1,198,371
Operating lease expense	**75,785**	44,029

11. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2018 and 31 December 2017 are:

	Group	
	2018	2017
	US$'000	US$'000
Consolidated Income Statement		
Current income tax – continuing operations		
Current year	**272,036**	309,897
Under/(over) provision in respect of previous years	**15,009**	(15,048)
	287,045	294,849
Deferred income tax – continuing operations		
Origination and reversal of temporary differences	**66,216**	(33,581)
(Over)/under provision in respect of previous years	**(3,468)**	20,815
Income tax attributable to continuing operations	**349,793**	282,083
Income tax attributable to discontinued operations	**549**	–
Income tax expense recognised in the income statement	**350,342**	282,083
Deferred income tax related to other comprehensive income:		
Net tax (credit)/charges in fair value of derivative financial instruments designated as cash flow hedges and others	**(7,707)**	1,213

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 31 December 2018 and 31 December 2017 are as follows:

	Group	
	2018	2017
	US$'000	US$'000
Profit before tax from continuing operations	**1,617,391**	1,562,526
Loss before tax from discontinued operations	**(42,818)**	–
Accounting profit before income tax	**1,574,573**	1,562,526
Tax calculated at tax rate of 17% (2017: 17%)	**267,677**	265,629
Adjustments:		
Effect of different tax rates in other countries	**45,057**	73,346
Effect of tax incentives	**(76,393)**	(62,551)
Income not subject to taxation	**(11,156)**	(42,031)
Non-deductible expenses	**72,600**	38,088
Deferred tax assets not recognised	**89,234**	42,427
Under provision in respect of previous years	**11,541**	5,767
Share of results of joint ventures and associates	**(41,389)**	(24,922)
Utilisation of previously unrecognised tax losses/capital allowances	**(3,514)**	(16,928)
Others	**(3,315)**	3,258
Income tax expense recognised in the consolidated income statement	**350,342**	282,083

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (exclude treasury shares outstanding) during the financial year.

	Group	
	2018	2017
Profit for the year attributable to owners of the Company (US$'000)	**1,128,002**	1,195,668
Add back: Loss from discontinued operations, net of tax, attributable to owners of the Company (US$'000)	**25,300**	–
Profit from continuing operations, net of tax, attributable to owners of the Company (US$'000)	**1,153,302**	1,195,668
Weighted average number of ordinary shares ('000)	**6,326,387**	6,322,495
Basic earnings per share (US cents per share)	**17.8**	18.9
Basic earnings per share from continuing operations (US cents per share)	**18.2**	18.9

(b) Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2018	2017
Profit for the year attributable to owners of the Company (US$'000)	**1,128,002**	1,195,668
Add back: Loss from discontinued operation, net of tax, attributable to owners of the Company (US$'000)	**25,300**	–
Profit from continuing operations, net of tax, attributable to owners of the Company (US$'000)	**1,153,302**	1,195,668
Weighted average number of ordinary shares ('000)	**6,326,387**	6,322,495
Effects of dilution		
– Grant of equity-settled share options ('000)	**1,172**	4,406
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**6,327,559**	6,326,901
Diluted earnings per share (US cents per share)	**17.8**	18.9
Diluted earnings per share from continuing operations (US cents per share)	**18.2**	18.9

59,060,000 (2017: 62,280,000) share options granted to employees (including directors) under existing employee share option plans have not been included in the calculation of diluted earnings per share for the financial years ended 31 December 2018 and 31 December 2017 because they are anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT
INVESTMENT PROPERTIES

	Freehold land, land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircrafts US$'000	Construction in-progress US$'000	Total US$'000
Group								
Costs								
At 1 January 2017	1,139,427	2,950,499	6,537,367	202,450	712,356	254,293	470,392	12,266,784
Acquisition of a subsidiary	–	–	10,031	76	–	–	–	10,107
Disposal of a subsidiary	–	–	–	(40)	–	–	–	(40)
Additions	39,494	23,074	38,038	19,486	86,504	82,250	588,264	877,110
Disposals	(10,797)	(6,573)	(52,906)	(4,172)	(30,900)	(11,925)	(538)	(117,811)
Transfers	7,433	144,273	392,803	8,039	–	1,359	(553,907)	–
Reclassifications	(4,824)	23,599	(19,209)	(500)	–	603	(469)	(800)
Currency translation differences	45,320	130,997	331,870	8,729	–	1,984	28,847	547,747
At 31 December 2017 and 1 January 2018	**1,216,053**	**3,265,869**	**7,237,994**	**234,068**	**767,960**	**328,564**	**532,589**	**13,583,097**
Acquisition of subsidiaries	**45,900**	**128,741**	**477,714**	**2,116**	**–**	**1,695**	**14,752**	**670,918**
Disposal of subsidiaries	**(6,341)**	**(17,657)**	**(38,624)**	**(648)**	**(13,616)**	**(3,558)**	**(1,486)**	**(81,930)**
Additions	**62,870**	**26,241**	**39,962**	**17,525**	**94,773**	**21,140**	**903,584**	**1,166,095**
Disposals	**(1,554)**	**(8,588)**	**(77,261)**	**(7,859)**	**(45,687)**	**(7,818)**	**(554)**	**(149,321)**
Transfers	**19,958**	**84,411**	**349,612**	**11,188**	**29,493**	**2,212**	**(496,874)**	**–**
Transfer to investment properties	**–**	**(21,088)**	**–**	**–**	**–**	**–**	**–**	**(21,088)**
Reclassifications	**–**	**(980)**	**1,789**	**102**	**–**	**320**	**(1,231)**	**–**
Currency translation differences	**(46,103)**	**(136,945)**	**(410,250)**	**(11,788)**	**(2)**	**(10,210)**	**(48,700)**	**(663,998)**
At 31 December 2018	**1,290,783**	**3,320,004**	**7,580,936**	**244,704**	**832,921**	**332,345**	**902,080**	**14,503,773**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES (CONTINUED)

	Freehold land, land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircrafts US$'000	Construction in-progress US$'000	Total US$'000
Group								
Accumulated depreciation and impairment loss								
At 1 January 2017	145,804	769,902	2,599,448	152,656	147,023	154,853	–	3,969,686
Disposal of a subsidiary	–	–	–	(30)	–	–	–	(30)
Depreciation charge for the year	20,489	126,850	448,846	22,665	42,622	20,938	–	682,410
Disposals	(991)	(2,758)	(38,217)	(4,059)	(24,889)	(10,483)	–	(81,397)
Impairment loss	–	419	40,510	–	–	–	–	40,929
Reclassifications	–	1,041	(974)	(461)	–	41	–	(353)
Currency translation differences	5,933	35,614	165,893	6,827	–	1,659	–	215,926
At 31 December 2017 and 1 January 2018	**171,235**	**931,068**	**3,215,506**	**177,598**	**164,756**	**167,008**	**–**	**4,827,171**
Disposal of subsidiaries	**(526)**	**(5,124)**	**(21,341)**	**(428)**	**(532)**	**(2,426)**	**–**	**(30,377)**
Depreciation charge for the year	**23,541**	**144,251**	**473,707**	**24,867**	**48,588**	**24,065**	**–**	**739,019**
Disposals	**(15)**	**(2,994)**	**(48,170)**	**(7,400)**	**(16,716)**	**(7,180)**	**–**	**(82,475)**
Impairment loss	**1,284**	**2,299**	**28,080**	**–**	**–**	**4,949**	**–**	**36,612**
Transfer to investment properties	**–**	**(6,658)**	**–**	**–**	**–**	**–**	**–**	**(6,658)**
Reclassifications	**–**	**5,460**	**(5,385)**	**(125)**	**–**	**50**	**–**	**–**
Currency translation differences	**(7,274)**	**(45,222)**	**(219,391)**	**(9,469)**	**(1)**	**(7,863)**	**–**	**(289,220)**
At 31 December 2018	**188,245**	**1,023,080**	**3,423,006**	**185,043**	**196,095**	**178,603**	**–**	**5,194,072**
Net carrying amount								
At 1 January 2017	993,623	2,180,597	3,937,919	49,794	565,333	99,440	470,392	8,297,098
At 31 December 2017	1,044,818	2,334,801	4,022,488	56,470	603,204	161,556	532,589	8,755,926
At 31 December 2018	**1,102,538**	**2,296,924**	**4,157,930**	**59,661**	**636,826**	**153,742**	**902,080**	**9,309,701**

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES (CONTINUED)

	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Construction in-progress US$'000	Total US$'000
Company				
Costs				
At 1 January 2017	5,682	658	–	6,340
Additions	1,965	–	–	1,965
Disposals	(316)	–	–	(316)
At 31 December 2017 and 1 January 2018	**7,331**	**658**	**–**	**7,989**
Additions	**2,353**	**–**	**39,600**	**41,953**
Disposals	**(42)**	**–**	**–**	**(42)**
At 31 December 2018	**9,642**	**658**	**39,600**	**49,900**
Accumulated depreciation				
At 1 January 2017	3,851	100	–	3,951
Depreciation charge for the year	1,025	66	–	1,091
Disposals	(316)	–	–	(316)
At 31 December 2017 and 1 January 2018	**4,560**	**166**	**–**	**4,726**
Depreciation charge for the year	**1,606**	**66**	**–**	**1,672**
Disposals	**(41)**	**–**	**–**	**(41)**
At 31 December 2018	**6,125**	**232**	**–**	**6,357**
Net carrying amount				
At 1 January 2017	1,831	558	–	2,389
At 31 December 2017	2,771	492	–	3,263
At 31 December 2018	**3,517**	**426**	**39,600**	**43,543**

Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from bank term loans borrowed specifically for the purpose of the construction of plants. During the financial year, the borrowing costs capitalised as cost of plant and machineries amounted to approximately US$3,954,000 (2017: US$2,138,000).

Assets pledged as security

Certain property, plant and equipment of the Group amounting to approximately US$351,336,000 (2017: US$12,379,000) are pledged as security for bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT

INVESTMENT PROPERTIES (CONTINUED)

Impairment of assets

During the financial year, the Group recorded an impairment loss of approximately US$36,612,000 (2017: US$40,929,000) which was recognised in "Other operating expenses" line item of the consolidated income statement. Included within is an impairment loss of approximately US$30,932,000 (2017: US$30,600,000), representing the write-down of plant and machineries to its recoverable amount, within the Sugar segment, from a review of the recoverable amount of the plant and machineries. The recoverable amount of the plant and machineries was based on its value in use and the pre-tax discount rate was 11.0% (2017: 11.0%).

	Group
Investment properties	**US$'000**
Balance sheet	
At 1 January 2017, 31 December 2017 and 1 January 2018	–
Transfer from property, plant and equipment	**14,430**
Net gains from fair value adjustment recognised in asset revaluation reserve	**7,352**
At 31 December 2018	**21,782**

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2018. The valuations were performed by Beijing Zhuoxin Dahua Appraisal Co., Ltd., an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The investment properties held by the Group as at 31 December 2018 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
8/25/26/33 Hua Neng Union Tower, Shanghai, China	Office	Leasehold	25 years

14. BEARER PLANTS
BIOLOGICAL ASSETS

Bearer plants	Group 2018 US$'000	Group 2017 US$'000
Group		
Costs		
At 1 January	**1,182,827**	1,152,530
Additions	**64,771**	55,660
Disposals	**(10,538)**	(12,302)
Disposal of a subsidiary	**(48,490)**	–
Capitalisation of interest	**374**	925
Capitalisation of depreciation	**2,165**	1,938
Capitalisation of employee benefits	**1,330**	2,842
Currency translation differences	**(35,450)**	(18,766)
At 31 December	**1,156,989**	1,182,827
Accumulated depreciation		
At 1 January	**460,630**	425,805
Depreciation charge for the year	**56,514**	52,324
Disposals	**(3,359)**	(4,591)
Disposal of a subsidiary	**(9,977)**	–
Currency translation differences	**(23,389)**	(12,908)
At 31 December	**480,419**	460,630
Net carrying amount		
At 1 January	**722,197**	726,725
At 31 December	**676,570**	722,197

Biological assets	Group 2018 US$'000	Group 2017 US$'000
At 1 January	**39,363**	49,439
Fair value loss of biological assets	**(16,322)**	(10,028)
Disposal of a subsidiary	**(2,332)**	–
Currency translation differences	**(78)**	(48)
At 31 December	**20,631**	39,363

(a) Analysis of oil palm production

During the financial year, the Group harvested approximately 4,190,000 metric tonnes (2017: 3,923,000 metric tonnes) of FFB, which had a fair value less estimated point-of-sale costs of approximately US$447,468,000 (2017: US$534,432,000). The fair value of FFB was determined with reference to their monthly average market prices during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. BEARER PLANTS
BIOLOGICAL ASSETS (CONTINUED)

(b) Analysis of bearer plants

At the end of the financial year, the Group's total planted area and related value of mature and immature plantations are as follows:–

Area	Group 2018 Hectares	Group 2017 Hectares
Planted area:		
– Mature	**196,756**[1]	208,645[1]
– Immature	**38,916**	36,525
	235,672	245,170

Value	Group 2018 US$'000	Group 2017 US$'000
Planted area:		
– Mature	**539,582**[1]	584,061[1]
– Immature	**136,988**	138,136
	676,570	722,197

(1) Mature planted areas include sugar cane plantations.

(c) The interest capitalised is actual interest incurred on the bank borrowings to finance the development of oil palm plantations.

(d) The fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of maintenance and harvesting costs, overhead costs and estimated cost to sell. The estimated yield is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel. Point-of-sale costs include all costs that would be necessary to sell the assets.

The following table shows the key unobservable inputs used in the valuation models:

Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
FFB average selling price of US$73 to US$98 (2017: US$124 to US$126) per metric tonne	The estimated fair value increases as the estimated selling price of FFB increases.
Average yield (annual) is 21.6 (2017: 19.7) metric tonne per hectare	The estimated fair value increases as the estimated average yield increases.

15. INTANGIBLE ASSETS

	Goodwill US$'000	Trademarks & licenses and others US$'000	Brands US$'000	Total US$'000
Group				
Cost				
At 1 January 2017	3,260,441	10,830	1,098,046	4,369,317
Addition	–	2,503	–	2,503
Acquisition of a subsidiary	1,524	–	–	1,524
Currency translation differences	15,228	653	721	16,602
At 31 December 2017 and 1 January 2018	**3,277,193**	**13,986**	**1,098,767**	**4,389,946**
Additions	**–**	**15**	**–**	**15**
Acquisition of subsidiaries	**238,140**	**4,491**	**–**	**242,631**
Disposal of subsidiaries	**(1,876)**	**(2,963)**	**–**	**(4,839)**
Disposals	**–**	**(57)**	**–**	**(57)**
Currency translation differences	**(19,675)**	**(450)**	**(911)**	**(21,036)**
At 31 December 2018	**3,493,782**	**15,022**	**1,097,856**	**4,606,660**
Accumulated amortisation				
At 1 January 2017	–	3,581	–	3,581
Amortisation during the year	–	1,226	–	1,226
Currency translation differences	–	229	–	229
At 31 December 2017 and 1 January 2018	**–**	**5,036**	**–**	**5,036**
Amortisation during the year	**–**	**1,378**	**–**	**1,378**
Impairment charge	**108,208**	**–**	**–**	**108,208**
Disposal of subsidiaries	**–**	**(1,398)**	**–**	**(1,398)**
Currency translation differences	**(1,459)**	**(190)**	**–**	**(1,649)**
At 31 December 2018	**106,749**	**4,826**	**–**	**111,575**
Net carrying amount				
At 1 January 2017	3,260,441	7,249	1,098,046	4,365,736
At 31 December 2017	3,277,193	8,950	1,098,767	4,384,910
At 31 December 2018	**3,387,033**	**10,196**	**1,097,856**	**4,495,085**

Amortisation expense

The amortisation of trademarks & licenses and others is included in other operating expenses in the consolidated income statement.

Brands

Brands relate to both the 'Arawana' and 'CSR' brand names that were acquired in 2007 and 2010 respectively. As explained in Note 2.14(b)(i), the useful lives of the brands are estimated to be indefinite.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill and brands

Goodwill arising from business combinations and brands have been allocated to individual cash-generating units ("CGU") which are also the reportable operating segments for impairment testing.

The carrying amounts of goodwill and brands allocated to each CGU are as follows:

	Tropical Oils US$'000	Oilseeds and Grains US$'000	Sugar US$'000	Others US$'000	Total US$'000
2018					
Goodwill	**2,219,119**	**771,851**	**378,612**	**17,451**	**3,387,033**
Brands	**–**	**1,089,247**	**8,609**	**–**	**1,097,856**
31 December 2017					
Goodwill	2,217,084	766,720	278,217	15,172	3,277,193
Brands	–	1,089,247	9,520	–	1,098,767
1 January 2017					
Goodwill	2,217,045	765,196	263,028	15,172	3,260,441
Brands	–	1,089,247	8,799	–	1,098,046

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period for tropical oils, oilseeds and grains and sugar segments. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:–

	Tropical Oils			Oilseeds and Grains			Sugar		
	%	%	%	**%**	%	%	**%**	%	%
	2018	31 December 2017	1 January 2017	**2018**	31 December 2017	1 January 2017	**2018**	31 December 2017	1 January 2017
Terminal growth rates	**2.0 – 3.0**	2.0 – 3.0	2.0 – 3.0	**3.0**	3.0	3.0	**2.0**	2.0	2.0 – 2.5
Pre-tax discount rates	**12.0 – 14.0**	12.0 – 14.0	12.0 – 14.0	**12.0 – 14.0**	12.0 – 14.0	12.0 – 14.0	**11.0 – 12.0**	11.0 – 12.0	11.0 – 12.0

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted profit margin based on past performance and its expectations of the market development. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. The forecasted growth rates were based on published industry research and did not exceed the long term average growth rate for the industries relevant to the CGU.

Impairment loss recognised:

During the year, an impairment loss on goodwill of approximately US$108,208,000 (2017: US$Nil) has been recognised in the income statement under "non-operating items". The impairment was recognised on the Group's Sugar and Tropical Oils segments, amounting US$107,672,000 and US$536,000 respectively.

16. INVESTMENT IN SUBSIDIARIES

	Company		
		31 December	1 January
	2018	2017	2017
	US$'000	US$'000	US$'000
Unquoted equity shares, at cost	**9,093,313**	9,084,592	9,072,026

Details of the list of significant subsidiaries are included in Note 39.

Acquisition of subsidiaries

The Group acquired the following subsidiaries during the financial year:

Name of subsidiaries acquired	**Equity interest acquired %**	**Consideration US$'000**	**Month of acquisition**
Global Oils Limitada	99	4	Jan 2018
Qinhuangdao Golden Delicious Food Industries Co., Ltd (formerly known as Three-A (Qinhuangdao) Food Industries Co., Ltd)	50	790	Jan 2018
Nauvu Investments Pte. Ltd.	50	62,594	Mar 2018
PT Lumbung Padi Indonesia	51	1,848	May 2018
Repi Soap and Detergent Share Company	27 +	9,535	May 2018
Repi Wilmar Industries Share Company	32 +	771	May 2018
Shree Renuka Sugars Limited*	20 +	90,580	Jun 2018
Chaozhou Asia-Pacific Fuel Storage Co., Ltd	90	8,738	Aug 2018
Lumos Enterprises Ltd	40	478	Aug 2018
Xiamen Zhong Lu Vegetable Oils Co., Ltd	7	13	Oct 2018
Skye Africa Investments Pte. Ltd.	5	29	Dec 2018
		175,380	
Sugar business acquired from Bunge Limited		487	Aug 2018
		175,867	

\+ The effective interest of the Group has been rounded to the nearest whole % as indicated.

* In accordance with SFRS(I) 3, the management is required to identify the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. The final allocation of the purchase price to the identifiable assets, liabilities and contingent liabilities assumed in the business combination is currently being determined and has not been completed as at 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The fair values of the identifiable assets and liabilities of the subsidiaries acquired and the effect thereof as at the date of above acquisitions were as follows:

	Fair value recognised on acquisition US$'000
Property, plant and equipment	670,918
Intangible assets	4,491
Investment in associates	293,041
Inventories	137,598
Deferred tax assets	48,766
Trade receivables and other assets	262,044
Cash and cash equivalents	24,178
	1,441,036
Trade and other payables (including provision for employee gratuity)	904,941
Loans and borrowings	390,098
Deferred tax liabilities	1,115
	1,296,154
Net identifiable assets	144,882
Less: Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets	(3,043)
Identifiable net assets acquired	141,839
Less: Transfer from investment in joint ventures	(74,192)
Less: Transfer from investment in associates	(128,651)
	(61,004)
Positive goodwill arising from acquisition recognised as part of intangible assets	238,140
Fair value gain arising from changes of interest in joint ventures resulting in change of control	(1,144)
Fair value gain arising from changes of interest in an associate resulting in change of control	(125)
Total consideration for acquisition	**175,867**

Total cost of business combination

The total cost of the business combination is as follows:

	Cashflow on acquisition US$'000
Consideration for acquisition	175,867
Add: Settlement of loan owing to joint venture partner	85,406
Less: Payables for acquisition	(487)
Consideration for acquisition – cash paid	**260,786**
The effects of acquisition on cash flow are as follows:	
Consideration settled in cash	260,786
Less: Cash and cash equivalents of subsidiaries acquired	(24,178)
Net cash outflow on acquisition	**236,608**

Impact of acquisitions on consolidated income statement

From the respective dates of acquisition, the acquirees have contributed additional revenue and net loss (including discontinued operations) of approximately US$348,151,000 and US$37,736,000 respectively for the financial year ended 31 December 2018. If the combinations had taken place at the beginning of the financial year, the Group's revenue would have been approximately US$44,903,927,000 and net profit (including discontinued operations) would have been approximately US$1,102,041,000.

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of non-controlling interests

During the year, the Group acquired additional interests in the following subsidiaries from the existing non-controlling shareholders:

Acquirer	Acquiree	Additional interest %	Proportion of ownership interest after additional acquisition %	Consideration / (Proceed) US$'000	Book value US$'000	Premium arising from acquisition US$'000	Month of acquisition
Wilmar Sugar Holdings Pte. Ltd.	Wilmar Sugar Pte. Ltd.	0+	83+	469	411	58	May 2018
Wilmar Africa Resources Pte. Ltd. (formerly known as Wilmar Resources Pte. Ltd.)	Repi Soap and Detergent Share Company	3+	79+	844	674	170	Aug 2018
Yihai Kerry Arawana Oils, Grains & Food Co., Ltd (formerly known as Yihai Kerry Investments Co., Ltd)	Yihai Kerry (Kunming) Foodstuffs Industries Co., Ltd	8+	78+	1,143	907	236	Aug 2018
Yihai Kerry Arawana Oils, Grains & Food Co., Ltd (formerly known as Yihai Kerry Investments Co., Ltd)	Yihai Kerry (Nanchang) Oils, Grains & Foodstuffs Co., Ltd	2+	98+	–	(93)	93	Sep 2018
PT Sentratama Niaga Indonesia	PT Lumbung Padi Indonesia	44	95	1,509	(1,436)	2,945	Oct 2018
PT Sentratama Niaga Indonesia	PT Daya Landak Plantation	30	100	(2,480)	(2,480)	–	Oct 2018
PT Sentratama Niaga Indonesia	PT Indoresins Putra Mandiri	30	100	(1,101)	(1,101)	–	Oct 2018

\+ The effective interest of the Group has been rounded to the nearest whole % as indicated.

Disposal of interests in subsidiaries without loss of control

During the year, the Group disposed the interests in the following subsidiary without loss of control:

Immediate holding company	Name of subsidiary	Disposal of interest %	Proportion of ownership interest after disposal %	Proceed US$'000	Book value US$'000	Increase in equity attributable to the owners of the Company US$'000	Month of disposal
Bathos Company Limited	Yihai Kerry Arawana Oils, Grains & Food Co., Ltd (formerly known as Yihai Kerry Investments Co., Ltd)	0+	100+	946	835	111	Dec 2018

\+ The effective interest of the Group has been rounded to the nearest whole % as indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries

During the year, the Group disposed the interests in the following subsidiaries:

Name of subsidiaries disposed	Equity interest disposed %	Proceed US$'000	Month of disposal
Jessica Shipping Co Pte. Ltd.	50	25	Feb 2018
Yihai (Akesu) Oils & Grains Industries Co., Ltd	100	2,864	Feb 2018
PT Tritunggal Sentra Buana	50	10,903	May 2018
Hebei Yihai Angenuo Agrochemical Co., Ltd	100	204	May 2018
Yihai Kerry (Shanghai) Chocolate Co., Ltd	100	846	Aug 2018
Wilmar France Holdings S.A.S.	100	5,295	Dec 2018

Disposal of subsidiaries

The carrying amounts of assets and liabilities of the subsidiaries disposed and the effect thereof as at date of disposal were as follows:

	Cashflow on disposal US$'000
Property, plant and equipment	51,553
Intangible assets	3,441
Bearer plants	38,513
Biological assets	2,332
Trade receivables and other assets	16,760
Inventories	2,566
Cash and cash equivalents	2,102
	117,267
Trade and other payables (including provision for employee gratuity)	57,215
Loans and borrowings	23,827
	81,042
Net carrying amounts of assets disposed	36,225
Add: Transfer to investment in a joint venture	224
Less: Non-controlling interest	(14,511)
Net assets disposed	21,938
Net assets disposed	21,938
Less: Foreign currency translation reserve realised upon disposal of subsidiaries	(1,296)
Loss on disposal	(633)
Sales proceeds, net	20,009
Less: Cash and cash equivalents of subsidiaries disposed	(2,102)
Net cash inflow on disposal of subsidiaries	**17,907**

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Discontinued operations and disposal group classified as held for sale

In June 2018, the Group obtained control of Shree Renuka Sugars Limited ("SRSL"), including its Brazilian operations, as part of an Open Offer for all the shares of SRSL, a listed Indian company. The management of SRSL does not intend to continue the Brazilian operations and has planned for their disposal. Consequently, the Brazilian operations, held via subsidiaries in Brazil have been classified as discontinued operations and disposal group held for sale since June 2018.

From the perspective of the Group, the subsidiaries in Brazil are acquired exclusively with a view to sale and as such, the assets and liabilities of the subsidiaries in Brazil have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale". The results of the subsidiaries in Brazil, which are consolidated in the Group's financial statements are presented separately in the income statement as "Loss from discontinued operations, net of tax".

The subsidiaries in Brazil are currently under Court Order Reorganisation and SRSL's management has obtained independent legal opinion in Brazil that, in principle, each legal entity is responsible for its own assets vis-à-vis creditors for their own debts, which are separate from those of partners, shareholders and management members. Following from this legal advice, the losses incurred by the subsidiaries in Brazil subsequent to the Group's acquisition of SRSL will have no cashflow impact on the Group. All profit and loss recorded subsequent to the Group's acquisition, will be reversed upon the completion of disposal of the subsidiaries in Brazil.

	Fair value recognised on acquisition US$'000
Identifiable assets of disposal group classified as held for sale	375,563
Goodwill included in disposal group classified as held for sale	458,003
Total assets of disposal group classified as held for sale	833,566
Less: Liabilities directly associated with disposal group classified as held for sale	1,160,622
Net identifiable liabilities of disposal group classified as held for sale	(327,056)
Attributable to:	
Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable liabilities	(327,056)
Equity owners of the Company	–

17. INVESTMENT IN JOINT VENTURES

INVESTMENT IN ASSOCIATES

The Group's investments in joint ventures are summarised below:

	Group			**Company**		
		31 December	1 January		31 December	1 January
	2018	2017	2017	**2018**	2017	2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
FPW Singapore Holdings Pte. Ltd.	**554,131**	543,419	553,508	**102,722**	102,722	102,722
Other joint ventures	**538,076**	608,527	497,917	**21,508**	106,914	106,964
Investment in joint ventures	**1,092,207**	1,151,946	1,051,425	**124,230**	209,636	209,686

Details of the list of significant joint ventures are included in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

17. INVESTMENT IN JOINT VENTURES

INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information of material joint ventures are as follows:

	FPW Singapore Holdings Pte. Ltd.		
		31 December	1 January
	2018	2017	2017
	US$'000	US$'000	US$'000
Assets and liabilities:			
Current assets	**478,743**	389,118	307,001
Non-current assets	**1,474,386**	1,539,267	1,456,560
Total assets	**1,953,129**	1,928,385	1,763,561
Current liabilities	**1,176,109**	1,486,252	1,383,621
Non-current liabilities	**577,650**	264,596	189,698
Total liabilities	**1,753,759**	1,750,848	1,573,319
Shareholders' equity	**191,488**	170,064	190,242
Proportion of the Group's ownership interest	**50%**	50%	50%
Group's share	**95,744**	85,032	95,121
Quasi loan	**458,387**	458,387	458,387
Carrying amount of the investment	**554,131**	543,419	553,508
Revenue	**1,614,237**	1,620,856	
Profit/(loss) for the year	**15,263**	(10,846)	
Other comprehensive income	**37,131**	(8,121)	
Total comprehensive income	**52,394**	(18,967)	
Cash and cash equivalents	**193,853**	110,208	81,634
Current financial liabilities (excluding trade and other payables and provisions)	**856,664**	1,173,684	1,154,187
Non-current financial liabilities (excluding other payables and provisions)	**531,987**	222,999	143,646
Depreciation and amortisation	**45,439**	45,959	
Finance income	**488**	227	
Finance expense	**28,667**	25,272	
Income tax expense	**8,951**	19,012	

The activities of FPW Singapore Holdings Pte. Ltd. is strategic to the Group's activities. Dividends of approximately US$16,033,000 (2017: US$ Nil) were received during the financial year ended 31 December 2018.

Aggregate information about the Group's shares in joint ventures that are not individually material are as follows:

	Group	
	2018	2017
	US$'000	US$'000
Share of the joint ventures' profit for the year	**59,557**	40,232
Share of the joint ventures' total comprehensive income	**59,557**	40,232

17. INVESTMENT IN JOINT VENTURES

INVESTMENT IN ASSOCIATES (CONTINUED)

The Group's investments in associates are summarised below:

	Group			Company		
	2018	31 December 2017	1 January 2017	**2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd	**608,422**	644,126	603,945	**–**	–	–
Cosumar S.A.	**335,985**	328,888	315,914	**–**	–	–
Other associates	**1,678,546**	1,302,836	932,126	**36,644**	36,644	36,644
Investment in associates	**2,622,953**	2,275,850	1,851,985	**36,644**	36,644	36,644
Fair value of investment in associates for which there are published price quotations (Level 1 in the fair value hierarchy)	**705,998**	915,790	535,749	**10,513**	15,058	17,987

Details of the list of significant associates are included in Note 40.

The summarised financial information of material associates are as follows:

	COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd			Cosumar S.A.		
	2018	31 December 2017	1 January 2017	**2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Assets and liabilities:						
Current assets	**622,220**	916,481	772,083	**603,499**	610,808	541,711
Non-current assets	**233,993**	251,229	247,129	**540,744**	541,024	451,919
Total assets	**856,213**	1,167,710	1,019,212	**1,144,243**	1,151,832	993,630
Current liabilities	**173,136**	401,795	344,599	**487,345**	520,931	447,722
Non-current liabilities	**2,034**	4,309	5,313	**125,122**	122,820	111,577
Total liabilities	**175,170**	406,104	349,912	**612,467**	643,751	559,299
Shareholders' equity	**667,335**	748,480	657,160	**531,147**	507,798	435,568
Proportion of the Group's ownership interest	**44%**	44%	44%	**30%+**	30%+	31%+
Group's share	**293,627**	329,331	289,150	**161,442**	154,345	135,026
Goodwill on acquisition	**314,795**	314,795	314,795	**174,543**	174,543	180,888
Carrying amount of the investment	**608,422**	644,126	603,945	**335,985**	328,888	315,914
Revenue	**2,307,819**	2,553,952		**813,352**	908,820	
Profit for the year	**73,979**	48,165		**100,109**	98,275	
Total comprehensive income	**73,979**	48,165		**100,109**	98,275	

\+ The effective interest of the Group has been rounded to the nearest whole % as indicated

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

17. INVESTMENT IN JOINT VENTURES

INVESTMENT IN ASSOCIATES (CONTINUED)

The activities of COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd and Cosumar S.A. are strategic to the Group's activities. Dividends of approximately US$53,252,000 (2017: US$ Nil) and US$20,212,000 (2017: US$17,399,000) were received from COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd and Cosumar S.A. respectively during the financial year ended 31 December 2018.

Aggregate information about the Group's shares in associates that are not individually material is as follows:

	Group	
	2018	2017
	US$'000	US$'000
Share of the associates' profit for the year	**180,111**	142,355
Share of the associates' total comprehensive income	**180,111**	142,355

18. INVESTMENT SECURITIES

	Group		
		31 December	1 January
	2018	2017	2017
	US$'000	US$'000	US$'000
At fair value through other comprehensive income+			
Non-current:			
Quoted equity instruments*	**247,577**	240,955	388,142
Unquoted equity instruments	**155,238**	80,621	60,004
Investment funds	**170,373**	246,502	252,559
	573,188	568,078	700,705
At fair value through profit or loss++			
Current:			
Quoted equity instruments	**326,164**	421,328	316,632
	326,164	421,328	316,632

* Included in the quoted equity instruments is an investment in shares quoted on National Stock Exchange of Australia. As the sale and purchase of this investment is restricted, the valuation is determined using discounted cash flow projections.

\+ Prior year figures were disclosed as Available-for-sale financial assets.

++ Prior year figures were disclosed as Financial assets held for trading.

Investments in equity instruments designated at fair value through other comprehensive income

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

	Group
	2018
	US$'000
At fair value through other comprehensive income	
Preference shares issued by financial institutions in China	206,863
Perennial Shenton Investors Pte Ltd	96,010
Primavera Capital (Cayman) Fund I L.P.	89,951
Others	180,364
	573,188

The Group has elected to measure these investment securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

During the year, the group recognised dividend income of US$992,000 from its investment securities at FVOCI.

19. DEFERRED TAX

	Group				
	Consolidated balance sheet			Consolidated income statement	
		31 December	1 January		
	2018	2017	2017	**2018**	2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000
Deferred tax assets:					
Provisions	**86,632**	80,526	81,958	**(22,799)**	6,716
Unutilised tax losses	**131,550**	89,798	82,042	**(5,150)**	(976)
Timing differences for tax purposes	**67,473**	88,010	116,669	**19,331**	28,974
Fair value adjustments on derivatives classified as cash flow hedges	**39,425**	12,490	16,470	**–**	–
Other items	**5,899**	50,639	15,264	**21,864**	(17,357)
	330,979	321,463	312,403		
Deferred tax liabilities:					
Timing differences for tax purposes	**193,054**	153,155	157,471	**52,191**	(11,870)
Fair value adjustments on acquisition of subsidiaries	**35,913**	41,518	41,767	**(3,287)**	(258)
Fair value adjustments on derivatives classified as cash flow hedges	**21,672**	16,892	3,645	**–**	–
Fair value adjustments on biological assets	**2,439**	9,822	12,243	**(2,924)**	(2,421)
Undistributed earnings	**74,763**	73,136	64,987	**1,627**	8,149
Other items	**11,551**	18,189	42,330	**1,895**	(23,723)
	339,392	312,712	322,443		
Deferred income tax charge/(credit)				**62,748**	(12,766)

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately US$873,860,000 (2017: US$522,602,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the balance sheet date, no deferred tax liability (2017: US$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately US$5,389,574,000 (2017: US$5,242,916,000). The deferred tax liability is estimated to be approximately US$400,170,000 (2017: US$554,312,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group								
	2018			31 December 2017			1 January 2017		
	Contract/ Notional amount US$'000	**Assets US$'000**	**Liabilities US$'000**	Contract/ Notional amount US$'000	Assets US$'000	Liabilities US$'000	Contract/ Notional amount US$'000	Assets US$'000	Liabilities US$'000
Forward currency contracts, options and cross currency interest rate swaps	**15,393,392**	**280,606**	**129,039**	15,287,387	120,242	342,567	14,405,808	311,686	262,636
Futures, options and swap contracts	**8,180,777**	**190,545**	**181,959**	4,938,219	196,156	142,084	6,804,023	162,977	206,168
Interest rate swap	**3,983,525**	**2,500**	**2,522**	3,837,423	4,585	1,242	503,396	75	3,280
Fair value of firm commitment contracts	**3,941,352**	**58,350**	**41,010**	4,084,299	52,834	43,103	1,954,374	104,780	130,371
Total derivative financial instruments		**532,001**	**354,530**		373,817	528,996		579,518	602,455
Less: Current portion		**(524,989)**	**(321,857)**		(368,166)	(503,797)		(546,885)	(495,322)
Non-current portion		**7,012**	**32,673**		5,651	25,199		32,633	107,133

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss. The Group does not apply hedge accounting, except for those designated as hedges of commodity products and Medium Term Notes.

Certain derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements and Long Form Confirmations. In general, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

Cash flow hedges

The Group enters into various commodities futures, options, swap and forward currency contracts in order to hedge the financial risks related to the purchases and sales of commodity products. The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain of approximately US$22,502,000 (2017: gain of US$22,173,000), with related deferred tax charges of approximately US$3,132,000 (2017: tax charges of US$4,402,000), is included in the hedging reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss during the next two financial years as follows: US$22,452,000 and US$50,000 (2017: US$22,192,000 and (US$19,000)).

Fair value changes to the forward elements of forward currency contracts not designated as hedging instruments are accounted for as cost of hedging. A net fair value loss of approximately US$30,845,000 (2017: gain of approximately US$7,254,000), with related deferred tax credit of approximately US$10,282,000 (2017: tax charges of approximately US$2,418,000), is included in the cost of hedging reserve in respect of these contracts.

Fair value hedges

The Group enters into commodities future contracts to hedge the financial risk related to the carrying value of commodity products. A net fair value gain of approximately US$6,496,000 (2017: gain of US$5,864,000) is recognised in the income statement and offset with a similar loss on the inventory.

The Group also enters into cross currency interest rate swaps to hedge the financial risk related to Medium Term Notes issued by the Company. A net fair value loss of approximately US$388,000 (2017: gain of US$1,246,000) is recognised in the income statement and offset with a similar increase in the loans and borrowings.

21. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS

	Group			Company		
	2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Non-current:						
Loans to non-controlling shareholders of a subsidiary	**–**	–	500	**–**	–	–
Other non-trade receivables	**18,888**	4,305	4,788	**18**	19	39
Amounts due from subsidiaries – non-trade	**–**	–	–	**316,302**	342,423	332,140
Amounts due from joint ventures – non-trade	**22,654**	34,429	28,736	**–**	11,025	5,175
Amounts due from associates – non-trade	**136,023**	51,515	149,880	**53,479**	56,804	62,280
Amounts due from related parties – non-trade	**20,195**	21,798	21,928	**–**	–	–
Other financial receivables	**197,760**	112,047	205,832	**369,799**	410,271	399,634
Current:						
Deposits	**128,247**	120,942	80,565	**5**	38	39
Loans to non-controlling shareholders of subsidiaries	**53,062**	21,307	40,554	**–**	–	–
Other non-trade receivables	**305,324**	302,971	252,632	**8,345**	9,110	8,768
Other deposits with financial institutions	**6,514,776**	4,272,969	1,421,311	**–**	–	–
Amounts due from subsidiaries – non-trade	**–**	–	–	**3,833,511**	3,532,351	2,992,973
Amounts due from joint ventures – non-trade	**332,905**	410,042	446,480	**408,353**	414,479	389,076
Amounts due from associates – non-trade	**175,892**	223,490	109,425	**9,392**	9,717	8,527
Amounts due from related parties – non-trade	**7,485**	3,029	3,535	**–**	15	–
Other financial receivables	**7,517,691**	5,354,750	2,354,502	**4,259,606**	3,965,710	3,399,383
Non-current:						
Prepayments	**58,969**	46,423	34,869	**–**	–	–
Plasma investments	**13,512**	8,685	17,393	**–**	–	–
Other non-financial assets	**72,481**	55,108	52,262	**–**	–	–
Current:						
Prepayments and other non-financial assets	**143,236**	157,197	157,111	**5,543**	1,457	342
Biological assets (note 14)	**20,631**	39,363	49,439	**–**	–	–
Tax recoverables	**211,073**	123,062	106,142	**–**	–	–
Advances for property, plant and equipment	**277,388**	154,716	154,950	**–**	–	–
Advances for acquisition of subsidiaries	**6,733**	1,987	5,833	**–**	–	–
Advances to suppliers	**808,240**	676,730	727,983	**–**	–	–
Other non-financial assets	**1,467,301**	1,153,055	1,201,458	**5,543**	1,457	342

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

21. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS (CONTINUED)

Amounts due from subsidiaries, joint ventures, associates and related parties (non-current)

Other than the non-current non-trade receivables from joint ventures, associates and related parties, which bear interest rates ranging from 2.5% to 6.6% (2017: 2.5% to 5.4%) per annum, the remaining amounts are interest-free, unsecured and have no fixed terms of repayment. These balances are not expected to be repaid within the next twelve months and are expected to be settled in cash.

As at 31 December 2018, the Company has provided impairment for amounts due from subsidiaries amounting to approximately US$32,526,000 (2017: US$32,526,000).

Amounts due from subsidiaries, joint ventures, associates and related parties (current)

The current non-trade receivables from subsidiaries, joint ventures, associates and related parties are unsecured, non-interest bearing and repayable on demand except for amounts due from joint ventures and associates of approximately US$206,498,000 (2017: US$266,004,000) and US$98,486,000 (2017: US$150,036,000) respectively, which bear interest ranging from 1.5% to 9.0% (2017: 1.0% to 9.0%) per annum. These balances are expected to be settled in cash.

As at 31 December 2018, the Company has provided impairment for amounts due from subsidiaries amounting to approximately US$77,439,000 (2017: US$77,439,000).

Loans to non-controlling shareholders of subsidiaries

The current loans to non-controlling shareholders of subsidiaries are non-interest bearing and have no fixed repayment dates except for amounts of approximately US$51,014,000 (2017: US$20,472,000), which bear interest ranging from 3.5% to 9.7% (2017: 4.4% to 5.5%) per annum and are expected to be settled in cash.

Other deposits with financial institutions

Other deposits with financial institutions are deposits placed with banks with high credit ratings and no history of default. The interest rates range from 3.9% to 5.4% (2017: 3.9% to 5.9%) per annum.

The Group has pledged other deposits with financial institutions amounting to approximately US$2,475,509,000 (2017: US$699,187,000) as security for bank borrowings.

22. INVENTORIES

	Group		
		31 December	1 January
	2018	2017	2017
	US$'000	US$'000	US$'000
Balance Sheet			
At cost:			
Raw materials	**2,314,352**	2,764,186	2,485,977
Consumables	**405,964**	390,829	364,345
Finished goods	**2,507,279**	2,468,539	2,691,335
Stock in transit	**390,003**	685,532	821,252
	5,617,598	6,309,086	6,362,909
At net realisable value:			
Raw materials	**893,919**	637,864	251,545
Consumables	**3,041**	2,432	4,366
Finished goods	**1,396,744**	1,274,224	403,490
	2,293,704	1,914,520	659,401
	7,911,302	8,223,606	7,022,310
Income Statement			
Inventories recognised as an expense in cost of sales	**34,804,938**	35,045,075	
Inclusive of the following charge:			
– Provision for net realisable value	**83,666**	37,325	

23. TRADE RECEIVABLES

	Group		
		31 December	1 January
	2018	2017	2017
	US$'000	US$'000	US$'000
Trade receivables	**2,749,578**	2,592,036	2,864,953
Notes receivables	**198,885**	129,853	139,214
Value added tax recoverable	**803,445**	841,762	684,153
Amounts due from joint ventures – trade	**531,735**	363,700	63,838
Amounts due from associates – trade	**102,621**	135,826	328,734
Amounts due from related parties – trade	**2,495**	55,953	14,077
	4,388,759	4,119,130	4,094,969
Less: Allowance for doubtful receivables	**(39,612)**	(18,072)	(7,900)
	4,349,147	4,101,058	4,087,069

Trade receivables, including amounts due from joint ventures, associates and related parties, are non-interest bearing and the average turnover is 34 days (2017: 33 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. Notes receivables are non-interest bearing and have a maturity period ranging from 1 to 180 days for the financial years ended 31 December 2018 and 31 December 2017.

The Group has pledged trade receivables amounting to approximately US$40,754,000 (2017: US$67,462,000) as security for bank borrowings.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to approximately US$453,257,000 (2017: US$348,456,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date are as follows:

	Group		
		31 December	1 January
	2018	2017	2017
	US$'000	US$'000	US$'000
Trade receivables past due but not impaired:			
Less than 30 days	**326,331**	215,148	313,353
30 – 60 days	**49,925**	45,947	67,805
61 – 90 days	**27,183**	21,208	16,864
91 – 120 days	**27,059**	10,040	10,469
More than 120 days	**22,759**	56,113	33,316
	453,257	348,456	441,807

Trade receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

Movement in allowance account:

	Group	
	2018	2017
	US$'000	US$'000
At 1 January	**(18,072)**	(7,900)
Additional allowance during the year	**(3,757)**	(10,942)
Acquisition of subsidiaries	**(18,929)**	–
Bad debts written off against allowance	**866**	1,014
Currency translation differences	**280**	(244)
At 31 December	**(39,612)**	(18,072)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

23. TRADE RECEIVABLES (CONTINUED)

Prior to 2018, trade receivables are individually determined to be impaired at the balance sheet date and relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

From 1 January 2018, the allowance is computed based on expected credit losses of trade receivables.

Financial assets carried at amortised cost

	Group			Company		
	2018 **US$'000**	31 December 2017 US$'000	1 January 2017 US$'000	**2018** **US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Trade receivables	**4,349,147**	4,101,058	4,087,069	**–**	–	–
Other financial receivables – current	**7,517,691**	5,354,750	2,354,502	**4,259,606**	3,965,710	3,399,383
Other financial receivables – non-current	**197,760**	112,047	205,832	**369,799**	410,271	399,634
Total cash and bank balances	**3,369,555**	2,957,434	3,906,766	**1,848**	3,037	4,057
Total financial assets carried at amortised cost	**15,434,153**	12,525,289	10,554,169	**4,631,253**	4,379,018	3,803,074

24. OTHER BANK DEPOSITS

CASH AND BANK BALANCES

	Group		
	2018 **US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Fixed deposits pledged with financial institutions for bank facilities	**1,264,097**	809,139	1,122,229
Other deposits with maturity more than 3 months	**454,980**	693,587	1,599,656
Other bank deposits	**1,719,077**	1,502,726	2,721,885

	Group			Company		
	2018 **US$'000**	31 December 2017 US$'000	1 January 2017 US$'000	**2018** **US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Cash at banks and on hand	**1,262,491**	1,035,848	753,059	**1,848**	3,037	4,057
Short term and other deposits	**387,987**	418,860	431,822	**–**	–	–
Cash and bank balances	**1,650,478**	1,454,708	1,184,881	**1,848**	3,037	4,057

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of the Group is 2.4% (2017: 2.2%) per annum.

24. OTHER BANK DEPOSITS
CASH AND BANK BALANCES (CONTINUED)

	Group			Company		
	2018	31 December 2017	1 January 2017	**2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Other bank deposits	**1,719,077**	1,502,726	2,721,885	**–**	–	–
Cash and bank balances	**1,650,478**	1,454,708	1,184,881	**1,848**	3,037	4,057
Total cash and bank balances	**3,369,555**	2,957,434	3,906,766	**1,848**	3,037	4,057

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

	Group		
	2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Cash and bank balances	**1,650,478**	1,454,708	1,184,881
Bank overdrafts	**(54,984)**	(19,483)	(117,157)
Cash and cash equivalents	**1,595,494**	1,435,225	1,067,724

25. TRADE PAYABLES

	Group		
	2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Trade payables	**1,298,064**	982,766	1,336,642
Value added tax payable	**33,684**	17,051	18,714
Amounts due to joint ventures – trade	**31,976**	52,955	30,916
Amounts due to associates – trade	**48,474**	41,976	37,547
Amounts due to related parties – trade	**29,531**	98	76,435
	1,441,729	1,094,846	1,500,254

Trade payables, including amounts due to joint ventures, associates and related parties, are non-interest bearing and the average turnover is 13 days (2017: 12 days).

Financial liabilities carried at amortised cost

	Group			Company		
	2018	31 December 2017	1 January 2017	**2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Trade payables	**1,441,729**	1,094,846	1,500,254	**–**	–	–
Other financial payables – current	**1,492,732**	1,397,906	1,348,963	**3,492,000**	2,896,464	2,084,329
Other financial payables – non-current	**75,851**	69,220	51,314	**–**	–	–
Loans and borrowings	**23,344,599**	19,826,540	17,020,259	**316,125**	323,000	384,249
Total financial liabilities carried at amortised cost	**26,354,911**	22,388,512	19,920,790	**3,808,125**	3,219,464	2,468,578

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

26. OTHER FINANCIAL PAYABLES OTHER NON-FINANCIAL LIABILITIES

	Group			Company		
	2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Current:						
Advances from non-controlling shareholders of subsidiaries	**19,583**	89,628	96,824	**–**	–	–
Accrued operating expenses	**906,604**	815,949	738,518	**13,896**	10,061	10,348
Amounts due to subsidiaries – non-trade	**–**	–	–	**3,476,533**	2,884,512	2,072,186
Amounts due to joint ventures – non-trade	**21,185**	19,044	15,605	**45**	–	5
Amounts due to associates – non-trade	**30,842**	17,656	33,720	**–**	–	132
Amounts due to related parties – non-trade	**130**	8,146	8,142	**89**	92	93
Deposits from third parties	**157,483**	145,978	150,397	**–**	–	–
Payable for property, plant and equipment	**82,298**	55,889	62,475	**–**	–	–
Other tax payables	**11,274**	11,355	12,218	**–**	–	–
Other payables	**263,333**	234,261	231,064	**1,437**	1,799	1,565
Other financial payables	**1,492,732**	1,397,906	1,348,963	**3,492,000**	2,896,464	2,084,329
Non-current:						
Advances from non-controlling shareholders of subsidiaries	**52,504**	45,692	50,947	**–**	–	–
Amounts due to associates – non-trade	**2,436**	20,860	–	**–**	–	–
Other payables	**20,911**	2,668	367	**–**	–	–
Other financial payables	**75,851**	69,220	51,314	**–**	–	–
Current:						
Advances from customers and others	**411,577**	400,616	571,077	**–**	–	–
Other non-financial liabilities	**411,577**	400,616	571,077	**–**	–	–
Non-current:						
Provision for employee gratuity	**93,531**	125,610	94,515	**–**	–	–
Deferred income – government grants	**32,798**	31,380	23,670	**–**	–	–
Other non-financial liabilities	**126,329**	156,990	118,185	**–**	–	–

26. OTHER FINANCIAL PAYABLES
OTHER NON-FINANCIAL LIABILITIES (CONTINUED)

The current amounts due to subsidiaries by the Company and the current amounts due to associates, joint ventures and related parties by the Group are unsecured, non-interest bearing and repayable on demand except for amounts due to associates of approximately US$1,752,000 (2017: US$8,484,000) and amounts due to joint ventures of approximately US$17,919,000 (2017: US$18,970,000), which bear interest ranging from 4.2% to 7.4% (2017: 1.0% to 9.0%) per annum. These balances are expected to be settled in cash.

The advances from non-controlling shareholders are unsecured and non-interest bearing except for amounts approximately US$25,333,000 (2017: US$$62,003,000), which bear interest rate at 2.5% to 8.1% (2017: 2.4% to 8.1%) per annum. These balances are expected to be settled in cash.

There are no unfulfilled conditions or contingencies attached to the deferred government grants.

27. LOANS AND BORROWINGS

			Weighted average interest rate			Group			Company		
				31 December	1 January		31 December	1 January		31 December	1 January
	Note	**Maturity**	**2018**	2017	2017	**2018**	2017	2017	**2018**	2017	2017
			%	%	%	**US$'000**	US$'000	US$'000	**US$'000**	US$'000	US$'000
Current:											
Bank term loans	(a)	**2019**	**4**	5	2	**1,223,216**	2,556,522	2,483,908	**–**	–	–
Short term/ pre-shipment loans	(a)	**2019**	**4**	3	2	**8,849,017**	8,094,977	4,608,351	**–**	–	–
Trust receipts/bill discounts	(a)	**2019**	**3**	1	1	**7,621,898**	5,459,334	5,310,391	**–**	–	–
Bank overdrafts	(b)	**2019**	**7**	6	5	**54,984**	19,483	117,157	**–**	–	–
Medium term notes	(c)	**2019**	**4**	–	4	**72,110**	–	169,212	**72,110**	–	169,212
						17,821,225	16,130,316	12,689,019	**72,110**	–	169,212
Non-current:											
Bank term loans	(a)	**2020 -2029**	**6**	3	4	**5,138,734**	3,373,224	4,116,203	**–**	–	–
Medium term notes	(c)	**2021 -2022**	**2**	3	4	**244,015**	323,000	215,037	**244,015**	323,000	215,037
Debentures/ redeemable preference shares/ optionally convertible preference shares	(d)	**2024 -2037**	**13**	–	–	**140,625**	–	–	**–**	–	–
						5,523,374	3,696,224	4,331,240	**244,015**	323,000	215,037
Total loans and borrowings						**23,344,599**	19,826,540	17,020,259	**316,125**	323,000	384,249

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

27. LOANS AND BORROWINGS (CONTINUED)

The terms and conditions and securities for interest bearing loans and borrowings are as follows:

(a) Bank term loans/short term/pre-shipment loans/trust receipts/bill discounts

A portion of the Group's loans is secured by a pledge over property, plant and equipment, fixed deposits, trade receivables, other deposits with financial institutions and corporate guarantees from the Company and certain subsidiaries.

(b) Bank overdrafts

Certain bank overdrafts are secured by trade receivables and corporate guarantees from the Company.

(c) Medium term notes

During the financial year ended 31 December 2012, the Company issued a 7-year Medium Term Note of S$100 million at a fixed rate of 4.10% per annum.

The Company issued the following notes during the financial year ended 31 December 2014:

- on 17 April 2014, a 7-year Medium Term Note of HK$300 million at a fixed rate of 4.70% per annum; and
- on 17 July 2014, a 7-year Medium Term Note of Euro 100 million at a fixed rate of 3.03% per annum.

During the financial year ended 31 December 2017, the Company issued a 5-year Medium Term Note of Japanese Yen ("JPY") 10 billion at a fixed rate of 0.58% per annum.

(d) Debentures/redeemable preference shares/optionally convertible preference shares

The debentures are secured by certain immovable and movable properties and current assets of a subsidiary and are repayable in 12 quarterly instalments from 30 June 2024, bearing effective interest rates between 11.3% to 12.9%. The redeemable preference shares are redeemable in 40 quarterly instalments from 30 June 2027. Both redeemable preference shares and optionally convertible preference shares bear effective interest rates of 12.9%.

(e) The bank facilities, up to a limit of approximately US$10,588,651,000 (2017: US$8,968,544,000), are guaranteed by the Company and certain subsidiaries.

(f) The Group has bank loans and other bank deposits amounting to approximately US$495,379,000 (2017: US$2,792,690,000), disclosed off-balance sheet for the financial year ended 31 December 2018 as the Group has transferred substantially all the risks and rewards of the cash flows arising from the deposits and have also legally been released from the responsibility for the loans.

28. SHARE CAPITAL TREASURY SHARES

(a) Share capital

	Group		Company	
	Number of shares '000	US$'000	Number of shares '000	US$'000
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	**6,403,402**	**8,458,995**	**6,403,402**	**8,895,134**

The holders of ordinary shares, except for treasury shares, are entitled to receive dividends as and when declared by the Company. All ordinary shares, except for treasury shares, carry one vote per share without restrictions. The ordinary shares have no par value. All the above issued ordinary shares are fully paid.

The Company has granted options to both directors and executives of the Group to subscribe for the Company's ordinary shares.

28. SHARE CAPITAL
TREASURY SHARES (CONTINUED)
(b) Treasury shares

	Group and Company	
	Number of shares '000	**US$'000**
At 1 January 2017		
Reissued pursuant to employee share option plans:	(86,562)	(175,312)
– For cash on exercise of employee share options	8,848	21,622
– Transferred from employee share option reserve	–	4,909
– Transferred to general reserve on reissuance of treasury shares	–	(7,428)
	8,848	19,103
At 31 December 2017 and 1 January 2018		
Reissued pursuant to employee share option plans:	**(77,714)**	**(156,209)**
– For cash on exercise of employee share options	**1,281**	**2,909**
– Transferred from employee share option reserve	**–**	**553**
– Transferred to general reserve on reissuance of treasury shares	**–**	**(568)**
	1,281	**2,894**
At 31 December 2018	**(76,433)**	**(153,315)**

Treasury shares relate to ordinary shares of the Company that are held by the Company.

No shares (2017: Nil) had been acquired during the financial year.

Options for a total of 1,281,150 ordinary shares (2017: 8,848,000) were exercised during the financial year pursuant to Wilmar ESOS 2009.

29. OTHER RESERVES
(a) Composition:

	Group			Company		
	2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Capital reserve	**145,383**	145,383	145,383	**145,379**	145,379	145,379
Merger reserve	**(1,929,314)**	(1,929,314)	(1,929,314)	**–**	–	–
Foreign currency translation reserve	**(85,410)**	511,966	–	**–**	–	–
General reserve	**340,685**	295,880	266,225	**10,838**	10,270	2,842
Equity transaction reserve	**(235,246)**	(232,105)	(217,090)	**–**	–	–
Hedging reserve	**22,502**	22,173	(63,725)	**–**	–	–
Employee share option reserve	**66,653**	56,342	52,088	**66,653**	56,342	52,088
Fair value reserve	**136,347**	109,952	81,454	**–**	–	–
Asset revaluation reserve	**5,514**	–	–	**–**	–	–
Cost of hedging reserve	**(30,845)**	7,254	(16,383)	**–**	–	–
Total other reserves	**(1,563,731)**	(1,012,469)	(1,681,362)	**222,870**	211,991	200,309

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

29. OTHER RESERVES (CONTINUED)

(b) Movements:

(i) Capital reserve

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
At 1 January and 31 December	**145,383**	145,383	**145,379**	145,379

Capital reserve includes both ordinary shares granted to employees and the equity component of convertible bonds.

Capital reserve arising from granting of ordinary shares to employees represents the difference between the market price and the settlement price on ordinary shares which were transferred from Wilmar Holdings Pte Ltd ("WHPL"), former holding company of the Company, to employees of the Wilmar group of companies as a reward for their service with the Group.

Equity component of convertible bonds represents the residual amount included in shareholders' equity in capital reserve.

(ii) Merger reserve

	Group	
	2018	2017
	US$'000	US$'000
At 1 January and 31 December	**(1,929,314)**	(1,929,314)

Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under the acquisition of all WHPL interests in its subsidiaries and associated companies, save for its interests in the Company, and shares owned by Archer Daniels Midland Asia-Pacific Limited ("ADM") and/or its affiliated companies ("ADM Group") in companies where ADM Group holds shares with WHPL, together with non-controlling interests held by WHPL in certain subsidiaries of the Company ("IPT Assets"). The above transaction was accounted for using the pooling-of-interest method in 2007.

(iii) Foreign currency translation reserve

	Group	
	2018	2017
	US$'000	US$'000
At 1 January	**511,966**	–
Currency translation differences of foreign operations	**(596,080)**	512,055
Disposal of subsidiaries	**(1,296)**	(89)
At 31 December	**(85,410)**	511,966

(iv) General reserve

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
At 1 January	**295,880**	266,225	**10,270**	2,842
Transferred from retained earnings	**11,265**	35,074	**–**	–
Gain on reissuance of treasury shares	**568**	7,428	**568**	7,428
Gain/(loss) on remeasurement of defined benefit plan	**32,972**	(12,847)	**–**	–
At 31 December	**340,685**	295,880	**10,838**	10,270

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(iv) General reserve (continued)

(a) In accordance with the "Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment" and the Group's China subsidiaries' Articles of Association, appropriations from net profit should be made to the Reserve Fund and the Enterprise Expansion Fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. The percentage to be appropriated to the Reserve Fund and the Enterprise Expansion Fund are determined by the board of directors of the China subsidiaries. For the China subsidiaries that are not governed under the above law, the entities are required to appropriate not less than 10% of the net profits to the Reserve Fund, as long as the Reserve Fund is below 50% of registered capital.

(b) In accordance with "The Law of Republic of Indonesia" No. 40/2007 concerning Limited Liability Companies, a company must allocate a portion of its net profits in each year as reserves. Allocation of net profit shall be made until the reserves have aggregated at least 20% of the issued capital and paid up capital.

(c) Gain or loss on remeasurement of defined benefit plan arises from remeasurements of defined benefit plan. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income as general reserve in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(v) Equity transaction reserve

	Group	
	2018	2017
	US$'000	US$'000
At 1 January	**(232,105)**	(217,090)
Share of changes in equity transaction reserve of a joint venture	**250**	(322)
Acquisition of additional interest in subsidiaries	**(3,502)**	(14,693)
Dilution of interest in subsidiaries	**111**	–
At 31 December	**(235,246)**	(232,105)

(vi) Hedging reserve

	Group	
	2018	2017
	US$'000	US$'000
At 1 January	**22,173**	(63,725)
Fair value adjustment on cash flow hedges	**(9,634)**	93,737
Recognised in the income statement on derivatives contracts realised	**9,963**	(7,832)
Disposal of subsidiaries	**–**	(7)
At 31 December	**22,502**	22,173

Hedging reserve represents the cumulative fair value changes, net of tax, of the derivatives contracts designated as cash flow hedges.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(vii) Employee share option reserve

	Group and Company	
	2018	2017
	US$'000	US$'000
At 1 January	**56,342**	52,088
Grant of equity-settled share options	**10,864**	9,163
Reissuance of treasury shares pursuant to exercise of equity-settled share options	**(553)**	(4,909)
At 31 December	**66,653**	56,342

Employee share option reserve represents the equity-settled share options granted to employees (including directors) (Note 31). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(viii) Fair value reserve

	Group	
	2018	2017
	US$'000	US$'000
At 1 January	**171,683**	81,454
Fair value adjustment on investment securities at FVOCI	**(35,336)**	28,537
Recognised in the income statement on disposal of investment securities	**–**	(39)
At 31 December	**136,347**	109,952

Fair value reserve represents the cumulative fair value changes, net of tax, of investment securities at FVOCI until they are disposed or impaired.

(ix) Asset revaluation reserve

	Group	
	2018	2017
	US$'000	US$'000
At 1 January	**–**	–
Surplus on revaluation of investment properties	**5,514**	–
At 31 December	**5,514**	–

(x) Cost of hedging reserve

	Group	
	2018	2017
	US$'000	US$'000
At 1 January	**7,254**	(16,383)
Fair value adjustment on forward elements of forward contracts	**(38,099)**	23,637
At 31 December	**(30,845)**	7,254

30. PROVISION FOR EMPLOYEE GRATUITY

The estimated liabilities for employee gratuity based on the actuarial report have been determined using the following assumptions:

	Group	
	2018	2017
Discount rate	**8.85 % per annum**	7.85 % per annum
Wages and salaries increase	**10% per annum**	10% per annum
Retirement age	**56 years of age in 2015**	56 years of age in 2015
	57 years of age in 2019	57 years of age in 2019
	and increase by 1 year for each 3 year	and increase by 1 year for each 3 year
	thereafter until reach 65 years of age	thereafter until reach 65 years of age
Mortality rate	**TMI 2011**	TMI 2011
Method	**Projected unit credit**	Projected unit credit

The details of the employee gratuity expense recognised in the income statement are as follows:

	Group	
	2018	2017
	US$'000	US$'000
Current service costs	**16,777**	8,886
Adjustment of new entrant employees/transfers	**401**	1,224
Interest costs	**8,952**	7,870
Curtailment loss	**(108)**	(164)
Past service costs	**(83)**	(22)
	25,939	17,794

The details of the provision for employee gratuity at the balance sheet date are as follows:

	Group		
		31 December	1 January
	2018	2017	2017
	US$'000	US$'000	US$'000
Present value of benefit obligation	**93,531**	125,610	94,515
Provision for employee gratuity	**93,531**	125,610	94,515

Movements in provision for employee gratuity are as follows:

	Group		
		31 December	1 January
	2018	2017	2017
	US$'000	US$'000	US$'000
At 1 January	**125,610**	94,515	63,573
Acquisition of a subsidiary	**2,039**	–	–
Provision made for the year	**25,939**	17,794	24,560
Payments during the year	**(5,542)**	(3,814)	(1,499)
Currency translation differences	**(7,953)**	(616)	1,913
Disposal of a subsidiary	**(980)**	–	–
Remeasurements of defined benefit plan during the year	**(45,582)**	17,731	5,968
At 31 December	**93,531**	125,610	94,515

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

31. EMPLOYEE BENEFITS

	Group	
	2018	2017
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**1,054,001**	967,950
Defined contribution plans	**123,351**	114,166
Share-based payments	**10,864**	9,163
Other short term benefits	**98,934**	90,005
Other long term benefits	**24,364**	19,929
	1,311,514	1,201,213
Less: Amount capitalised as bearer plants	**(1,330)**	(2,842)
	1,310,184	1,198,371

Share option schemes

Wilmar ESOS 2009

On 29 April 2009, a new share option scheme known as the "Wilmar Executives Share Option Scheme 2009" ("Wilmar ESOS 2009"), the rules of which were set out in a circular to shareholders dated 2 April 2009, was approved by the shareholders of the Company. This new scheme was adopted in substitution of the Wilmar ESOS 2000 which was terminated in 29 April 2009.

Under the Wilmar ESOS 2009, the option entitles eligible participants to subscribe for ordinary shares in the Company at a price equal to the average of the closing prices of the Company's shares on SGX-ST on the five trading days immediately preceding the date of the grant of the option ("Market Price") or at discount to the Market Price (up to a maximum of 20%).

The maximum number of ordinary shares (in respect of the options) that may be granted under the Wilmar ESOS 2009, after taking into account of (i) the total number of new ordinary shares issued and issuable in respect of all other share-based incentive schemes of the Company; and (ii) the number of treasury shares delivered in respect of options granted under all other share-based incentive schemes of the Company, shall not exceed 15% of the total issued ordinary shares of the Company on the date immediately preceding the relevant date of grant.

The aggregate number of ordinary shares that may be granted to controlling shareholders (and their associates) of the Company shall not exceed 25% of the total number of ordinary shares available under the Wilmar ESOS 2009, provided that the number of ordinary shares available to each controlling shareholder or each of his associates shall not exceed 10% of the total number of ordinary shares available under the aforesaid scheme.

There is no restriction on the eligibility of any participant to participate in any other share-based incentive schemes implemented by the Company or any of its subsidiaries or by any associated company or otherwise.

2013 Grant

On 13 November 2013, the Company granted options to subscribe for a total of 49,315,000 ordinary shares at S$3.44 per share (based on Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. Outstanding options which were not exercised have expired on 13 November 2018.

Options granted under the 2013 Grant were valid for a term of five years from the date of grant and were exercisable in the following manner:

For Executive Directors and Executives

- After 1st anniversary of the date of grant – 33% of options granted
- After 2nd anniversary of the date of grant – 33% of options granted
- After 3rd anniversary of the date of grant – 34% of options granted

For Non-Executive Directors

All options were exercisable after 1st anniversary of the date of grant.

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

2015 Grant

On 18 June 2015, the Company granted options to subscribe for a total of 52,400,000 ordinary shares at S$3.05 per share (at a 7.63% discount to the Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2018 the number of outstanding ordinary shares that were not exercised under this option grant was 42,239,000 (including the retention of the outstanding option to subscribe for 1,000,000 ordinary shares granted to Mr Martua Sitorus ("Sitorus"), a co-founder and a former executive director, who resigned as a director on 15 July 2018. This option continues to be valid till its expiry date).

2017 Grant

On 8 September 2017, the Company granted options to subscribe for a total of 62,585,000 ordinary shares at S$3.04 per share (at a 7.32% discount to the Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2018 the number of outstanding ordinary shares that were not exercised under this option grant was 59,060,000 (including the retention of the outstanding options to subscribe for 500,000 ordinary shares granted to Mr Sitorus. This option continues to be valid till its expiry date).

All options granted under the 2015 Grant and 2017 Grant are valid for a term of five years from the date of grant of options and are exercisable in the following manner:

For Executive Directors and Executives

- After 2nd anniversary of the date of grant – 33% of options granted
- After 3rd anniversary of the date of grant – 33% of options granted
- After 4th anniversary of the date of grant – 34% of options granted

For Non-Executive Directors

All options are exercisable after 2nd anniversary of the date of grant.

As at 31 December 2018, the total number of ordinary shares exercisable under the options granted pursuant to the Wilmar ESOS 2009 was 101,299,000 ordinary shares (2017: 146,274,400 ordinary shares).

Date of grant	Opening balance	Options cancelled/ lapsed	Options exercised	Closing balance	Exercise price	Exercise period
2018						
Wilmar ESOS 2009						
13.11.2013	13,767,400	(13,767,400)	–	–	S$3.44	14.11.2014 to 13.11.2018
13.11.2013	11,629,900	(11,629,900)	–	–	S$3.44	14.11.2015 to 13.11.2018
13.11.2013	12,790,200	(12,790,200)	–	–	S$3.44	14.11.2016 to 13.11.2018
	38,187,500	(38,187,500)	–	–		
18.06.2015	15,955,050	(754,628)	(1,006,800)	14,193,622	S$3.05	19.06.2017 to 18.06.2020
18.06.2015	14,703,150	(754,628)	(274,350)	13,674,172	S$3.05	19.06.2018 to 18.06.2020
18.06.2015	15,148,700	(777,494)	–	14,371,206	S$3.05	19.06.2019 to 18.06.2020
	45,806,900	(2,286,750)	(1,281,150)	42,239,000		
08.09.2017	23,634,400	(1,062,600)	–	22,571,800	S$3.04	09.09.2019 to 08.09.2022
08.09.2017	19,034,400	(1,062,600)	–	17,971,800	S$3.04	09.09.2020 to 08.09.2022
08.09.2017	19,611,200	(1,094,800)	–	18,516,400	S$3.04	09.09.2021 to 08.09.2022
	62,280,000	(3,220,000)	–	59,060,000		
Total	146,274,400	(43,694,250)	(1,281,150)	101,299,000		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options cancelled/ lapsed	Options exercised	Closing balance	Exercise price	Exercise period
2017							
Wilmar ESOS 2009							
12.07.2012	8,917,550	–	(7,650,400)	(1,267,150)	–	S$3.63	13.07.2013 to 12.07.2017
12.07.2012	7,667,550	–	(6,825,400)	(842,150)	–	S$3.63	13.07.2014 to 12.07.2017
12.07.2012	7,899,900	–	(7,252,200)	(647,700)	–	S$3.63	13.07.2015 to 12.07.2017
	24,485,000	–	(21,728,000)	(2,757,000)	–		
13.11.2013	16,417,700	–	(622,050)	(2,028,250)	13,767,400	S$3.44	14.11.2014 to 13.11.2018
13.11.2013	13,633,200	–	(622,050)	(1,381,250)	11,629,900	S$3.44	14.11.2015 to 13.11.2018
13.11.2013	14,064,100	–	(640,900)	(633,000)	12,790,200	S$3.44	14.11.2016 to 13.11.2018
	44,115,000	–	(1,885,000)	(4,042,500)	38,187,500		
18.06.2015	18,694,500	–	(691,350)	(2,048,100)	15,955,050	S$3.05	19.06.2017 to 18.06.2020
18.06.2015	15,394,500	–	(691,350)	–	14,703,150	S$3.05	19.06.2018 to 18.06.2020
18.06.2015	15,861,000	–	(712,300)	–	15,148,700	S$3.05	19.06.2019 to 18.06.2020
	49,950,000	–	(2,095,000)	(2,048,100)	45,806,900		
08.09.2017	–	23,735,050	(100,650)	–	23,634,400	S$3.04	09.09.2019 to 08.09.2022
08.09.2017	–	19,135,050	(100,650)	–	19,034,400	S$3.04	09.09.2020 to 08.09.2022
08.09.2017	–	19,714,900	(103,700)	–	19,611,200	S$3.04	09.09.2021 to 08.09.2022
	–	62,585,000	(305,000)	–	62,280,000		
Total	118,550,000	62,585,000	(26,013,000)	(8,847,600)	146,274,400		

No options (2017: 62,585,000 ordinary shares) had been granted during the financial year ended 31 December 2018. The weighted average fair value of options granted during the financial year ended 2017 was S$0.56.

Options for a total of 1,281,150 ordinary shares (2017: 8,847,600 ordinary shares) were exercised during the financial year pursuant to Wilmar ESOS 2009.

The weighted average share price at the date of exercise of the options during the financial year was S$3.20 (2017: S$3.59).

The range of exercise prices for options outstanding at the end of 31 December 2018 and 31 December 2017 were from S$3.04 to S$3.44 and S$3.04 to S$3.63 respectively. The weighted average contractual life for these options was 2.8 years (2017: 3.0 years).

The fair values of the options are estimated at the respective grant dates using trinomial option pricing in the Bloomberg Executive Option Valuation Module, taking into account the terms and conditions upon which the options were granted. The inputs to the models used are as follows:

Grant year	**2018**	2017
Dividend (S$ per share)	**No issuance**	0.11
Expected volatility	**No issuance**	0.21
Risk-free interest rate (% p.a.)	**No issuance**	1.61
Expected life of option (years)	**No issuance**	3.00 to 4.00
Weighted average share price at date of grant (S$)	**No issuance**	3.24

The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

32. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

	Group		
	2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**932,429**	476,942	256,257

(b) Operating lease commitments – as lessee

The Group has entered into commercial leases on certain premises and equipment. Future minimum rental payable under non-cancellable operating leases at the balance sheet date are as follows:

	Group		
	2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Not later than one year	**44,412**	38,247	38,265
Later than one year but not later than five years	**77,939**	53,891	63,725
Later than five years	**16,985**	30,253	34,498
	139,336	122,391	136,488

The Group's material joint venture's future minimum rental payable under non-cancellable operating leases at the balance sheet date are as follows:

	FPW Singapore Holdings Pte. Ltd.		
	2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Not later than one year	**25,141**	21,094	15,718
Later than one year but not later than five years	**51,835**	47,834	39,820
Later than five years	**57,061**	48,474	43,508
	134,037	117,402	99,046

(c) Commitments for sales and purchases contracts

The Group has the following committed sales and purchases contracts that are entered into for the use of the Group. The contractual or underlying principal amounts of the committed contracts with fixed pricing terms that were outstanding as at 31 December are as follows:

	2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Committed contracts			
Purchases	**4,808,595**	4,596,064	4,036,129
Sales	**6,082,573**	6,974,687	5,216,690

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(d) Corporate guarantees

The following are the corporate guarantees for the credit facilities extended by banks to:

	Group			Company		
	2018	31 December 2017	1 January 2017	**2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Subsidiaries	**–**	–	–	**8,772,574**	9,467,941	9,814,919
Joint Ventures	**81,592**	84,453	79,390	**81,592**	78,310	73,632
Associates	**287,486**	281,099	379,852	**287,486**	281,099	379,852
	369,078	365,552	459,242	**9,141,652**	9,827,350	10,268,403

33. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

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

	Group	
	2018	2017
	US$'000	US$'000
Related Parties		
Dividend income	**721**	534
Dividend paid	**4,615**	–
Freight charges	**24,525**	29,581
Interest expense	**218**	198
Interest income	**896**	1,119
Other income	**1,005**	418
Other expense	**2,116**	865
Purchase of goods	**1,622,042**	1,906,062
Sales of goods	**648,696**	1,073,864
Ship charter income	**22,247**	8,278
Joint ventures		
Dividend income	**22,253**	9,055
Freight charges	**162,410**	122,220
Interest expense	**859**	1,349
Interest income	**12,338**	12,829
Other income	**19,886**	19,764
Other expense	**155**	113
Purchase of goods	**1,322,981**	863,413
Sales of goods	**1,536,199**	1,683,583
Ship charter income	**28,963**	16,746
Associates		
Dividend income	**113,889**	47,119
Freight charges	**1,329**	1,518
Interest expense	**642**	821
Interest income	**8,386**	6,880
Other income	**17,517**	24,394
Other expense	**27,264**	37,253
Purchase of goods	**531,294**	646,835
Sales of goods	**727,840**	859,727
Ship charter income	**49,708**	65,933

33. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel

	Group	
	2018	2017
	US$'000	US$'000
Defined contribution plans	**204**	220
Salaries and bonuses	**21,868**	26,030
Short term employee benefits (including grant of share options)	**3,564**	2,393
	25,636	28,643
Comprise amounts paid to:		
Directors of the Company	**8,015**	13,012
Other key management personnel	**17,621**	15,631
	25,636	28,643

34. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value of assets and liabilities that are carried at fair value

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:

	Group 2018 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value				
Financial assets:				
Investment securities at FVOCI	**6,434**	**377,237**	**189,517**	**573,188**
Investment securities at FVPL	**326,164**	**–**	**–**	**326,164**
Derivatives				
– Forward currency contracts, options and cross currency interest rate swaps	**–**	**280,606**	**–**	**280,606**
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	**173,021**	**78,374**	**–**	**251,395**
At 31 December 2018	**505,619**	**736,217**	**189,517**	**1,431,353**
Non-financial assets:				
Biological assets	**–**	**–**	**20,631**	**20,631**
Investment properties	**–**	**–**	**21,782**	**21,782**
	–	**–**	**42,413**	**42,413**
Liabilities measured at fair value				
Financial liabilities:				
Derivatives				
– Forward currency contracts, options and cross currency interest rate swaps	**–**	**129,039**	**–**	**129,039**
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	**136,376**	**89,115**	**–**	**225,491**
At 31 December 2018	**136,376**	**218,154**	**–**	**354,530**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

	Group			
	31 Dec 2017 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets	5,747	443,804	37,906	487,457
Financial assets held for trading	421,328	–	–	421,328
Derivatives				
– Forward currency contracts, options and cross currency interest rate swaps	–	120,242	–	120,242
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	143,370	110,205	–	253,575
At 31 December 2017	570,445	674,251	37,906	1,282,602
Non-financial assets:				
Biological assets	–	–	39,363	39,363
At 31 December 2017	–	–	39,363	39,363
Liabilities measured at fair value				
Financial liabilities:				
Derivatives				
– Forward currency contracts, options and cross currency interest rate swaps	–	342,567	–	342,567
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	128,071	58,358	–	186,429
At 31 December 2017	128,071	400,925	–	528,996

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

	Group 1 January 2017 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets	156,933	448,731	35,037	640,701
Financial assets held for trading	316,632	–	–	316,632
Derivatives				
– Forward currency contracts, options and cross currency interest rate swaps	–	311,686	–	311,686
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	134,039	133,793	–	267,832
At 1 January 2017	607,604	894,210	35,037	1,536,851
Non-financial assets:				
Biological assets	–	–	49,439	49,439
At 1 January 2017	–	–	49,439	49,439
Liabilities measured at fair value				
Financial liabilities:				
Derivatives				
– Forward currency contracts, options and cross currency interest rate swaps	–	262,636	–	262,636
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	165,954	173,865	–	339,819
At 1 January 2017	165,954	436,501	–	602,455

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of assets and liabilities other than those whose carrying amounts reasonably approximate their fair values as mentioned in Note 34(b), are as follows:

Assets and liabilities	Methods and assumptions
• Quoted equity instruments	Other than the quoted equity instruments disclosed in level 3, fair value is determined directly by reference to their published market bid price at the balance sheet date.
• Unquoted non-equity instruments	The fair value is determined by reference to valuation provided by non-related fund managers.
• Forward currency contracts	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
• Futures, options and swap contracts, interest rate swap and firm commitment contracts	Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.
• Biological assets	Fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of maintenance and harvesting costs, overhead costs and estimated cost to sell. Please refer to Note 14(d) for more details.
• Investment properties	The fair value of investment property is based on current and estimated future rental income generated from comparable properties.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3).

	Group US$'000			
	Investment securities	Biological assets	Investment properties	Total
At 1 January 2017	35,037	49,439	–	84,476
Total loss recognised in the income statement				
– Net loss arising from changes in fair value of biological assets	–	(10,028)	–	(10,028)
Total loss recognised in the other comprehensive income				
– Foreign currency translation	2,869	(48)	–	2,821
At 31 December 2017	**37,906**	**39,363**	**–**	**77,269**
At 1 January 2018	**118,527**	**39,363**	**–**	**157,890**
Total loss recognised in the income statement				
– Net loss arising from changes in fair value of biological assets	**–**	**(16,322)**	**–**	**(16,322)**
Acquisition of a subsidiary	**5,255**	**–**	**–**	**5,255**
Disposal of a subsidiary	**–**	**(2,332)**	**–**	**(2,332)**
Transfer from property, plant and equipment	**–**	**–**	**14,430**	**14,430**
Total gain recognised in the other comprehensive income				
– Net gain arising from changes in fair value	**68,718**	**–**	**7,352**	**76,070**
– Foreign currency translation	**(2,983)**	**(78)**	**–**	**(3,061)**
At 31 December 2018	**189,517**	**20,631**	**21,782**	**231,930**

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2018 and 31 December 2017.

Impact of changes to key assumptions Level 3 fair value measurement of financial instruments

The following table shows the impact on Level 3 fair value measurement of financial instruments by using reasonably possible alternative assumptions:

	Group					
	2018 US$'000		31 December 2017 US$'000		1 January 2017 US$'000	
	Carrying amount	**Effect of reasonably possible alternative assumptions**	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Investment securities						
– Quoted equity instruments	**34,280**	**(i)**	37,906	(i)	35,037	(i)
– Unquoted equity instruments	**155,237**	**(ii)**	–		–	

(i) The fair value of the quoted equity instruments is estimated using a discounted cash flow model, which includes some assumptions that are not supported by observable market data. The key inputs used in determining the fair value include future rental income, capital expenditure and operating expenses. Management believes that capital expenditure is the only assumption to which there is a reasonably possible alternative. However, any significant capital expenditure above the estimated level would be factored into any future rental negotiations. Therefore, no sensitivity of changes in this input is undertaken.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

Impact of changes to key assumptions Level 3 fair value measurement of financial instruments (continued)

(ii) Included in unquoted equity instruments is an amount of US$96,010,000 based largely on the fair value of investment properties. The estimated fair value of the investment properties is derived using a combination of valuation methods, namely income capitalisation, direct comparison and residual methods. The capitalisation rates of the different components of the investment properties range from 3.9% to 4.75%. The estimated fair value of the investment properties increases with decreases in the capitalisation rate.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current trade and other financial receivables and payables, current and non-current loans and borrowings at floating rate, other bank deposits and cash and bank balances

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Group					
	2018 US$'000		31 December 2017 US$'000		1 January 2017 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Other financial receivables	**197,760**	**#**	112,047	#	205,832	#
Equity instruments, at cost	**–**		80,621	*	60,004	*
Financial liabilities:						
Other financial payables	**75,851**	**#**	69,220	#	51,314	#

	Company					
	2018 US$'000		31 December 2017 US$'000		1 January 2017 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Other financial receivables	**369,799**	**#**	410,271	#	399,634	#

Fair value information has not been disclosed for these financial instruments because fair value cannot be measured reliably.

* Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in the companies that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency, commodity price and market price risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant financial instruments to hedge the risks of such commercial exposure. Such financial instruments are not held for trade or speculative purposes. These market risk management activities are governed by its risk management system. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31 December 2018 and 31 December 2017.

To ensure a sound system of internal controls, the Board has established a risk management framework for the Group. Wilmar's risk governance structure comprises three levels:

- The Risk Management Committee at the Board level;
- The Executive Risk Committee; and
- Risk management by the respective operating units.

The Board-level Risk Management Committee is responsible for
- overseeing the Executive Risk Committee;
- reviewing the overall risk management guidelines/framework;
- reviewing and recommending risk limits; and
- assessing the adequacy and effectiveness of the risk management policies and systems.

The Executive Risk Committee comprises Senior Executives and its responsibilities include, amongst others, the monitoring and improvement of the overall effectiveness of the risk management system and the review of positions and limits to manage overall risk exposure.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. For other financial assets (including investment securities, cash and deposits and derivatives), the Group minimises credit risk by dealing with high credit rating counterparties. For trade receivables, the Group adopts the policy of dealing with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit rating counterparties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. Financial assets are written off when there is no reasonable expectation of recovery. Where loans and receivables are written off, the Group continues to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in the income statement.

Exposure to credit risk
At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of assets recognised in the balance sheets, including derivatives with positive fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and segment profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables (net of allowance for doubtful receivables) at the balance sheet date is as follows:

	Group					
	2018		31 December 2017		1 January 2017	
	US$'000	**%**	US$'000	%	US$'000	%
By country:						
People's Republic of China	**1,447,800**	**33**	1,332,467	32	1,237,851	30
South East Asia	**1,254,024**	**29**	1,152,848	28	1,144,724	28
India	**440,699**	**10**	232,450	6	180,131	4
Europe	**263,131**	**6**	257,927	6	288,198	7
Africa	**211,037**	**5**	137,543	3	195,021	5
Australia/New Zealand	**122,012**	**3**	106,895	3	361,560	9
Others	**610,444**	**14**	880,928	22	679,584	17
	4,349,147	**100**	4,101,058	100	4,087,069	100

	Group					
	2018		31 December 2017		1 January 2017	
	US$'000	**%**	US$'000	%	US$'000	%
By segment:						
Tropical Oils	**2,237,637**	**52**	2,146,352	52	1,936,142	48
Oilseeds and Grains	**1,312,792**	**30**	1,155,508	28	1,026,981	25
Sugar	**489,340**	**11**	552,310	14	832,201	20
Others	**309,378**	**7**	246,888	6	291,745	7
	4,349,147	**100**	4,101,058	100	4,087,069	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities at FVOCI/FVPL and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group maintains sufficient liquidity by closely monitoring its cash flow. Due to the dynamic nature of its underlying business, the Group adopts prudent liquidity risk management policies in maintaining sufficient credit facilities, including the use of trade finance for the Group's raw material purchases. The Group also aims at maintaining flexibility in funding by keeping credit facilities available with different banks.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted amounts.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	2018 US$'000				31 December 2017 US$'000				1 January 2017 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Group												
Financial assets:												
Investment securities at FVOCI	**–**	**573,188**	**–**	**573,188**	–	568,078	–	568,078	–	700,705	–	700,705
Investment securities at FVPL	**326,164**	**–**	**–**	**326,164**	421,328	–	–	421,328	316,632	–	–	316,632
Trade and other financial receivables	**12,016,260**	**204,139**	**–**	**12,220,399**	9,567,908	113,066	–	9,680,974	6,477,261	214,163	–	6,691,424
Derivative financial instruments	**524,989**	**7,012**	**–**	**532,001**	368,166	5,651	–	373,817	546,885	32,633	–	579,518
Total cash and bank balances	**3,427,051**	**–**	**–**	**3,427,051**	2,977,186	–	–	2,977,186	3,968,281	–	–	3,968,281
Total undiscounted financial assets	**16,294,464**	**784,339**	**–**	**17,078,803**	13,334,588	686,795	–	14,021,383	11,309,059	947,501	–	12,256,560
Financial liabilities:												
Trade and other financial payables	**2,936,053**	**75,966**	**–**	**3,012,019**	2,495,337	69,495	–	2,564,832	2,852,694	55,276	–	2,907,970
Derivative financial instruments	**321,857**	**32,673**	**–**	**354,530**	503,797	25,199	–	528,996	495,322	107,133	–	602,455
Loans and borrowings	**18,008,443**	**5,930,661**	**171,986**	**24,111,090**	16,313,908	3,856,395	7,486	20,177,789	12,783,280	4,506,867	7,486	17,297,633
Total undiscounted financial liabilities	**21,266,353**	**6,039,300**	**171,986**	**27,477,639**	19,313,042	3,951,089	7,486	23,271,617	16,131,296	4,669,276	7,486	20,808,058
Total net undiscounted financial liabilities	**(4,971,889)**	**(5,254,961)**	**(171,986)**	**(10,398,836)**	(5,978,454)	(3,264,294)	(7,486)	(9,250,234)	(4,822,237)	(3,721,775)	(7,486)	(8,551,498)

	2018 US$'000				31 December 2017 US$'000				1 January 2017 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Company												
Financial assets:												
Trade and other financial receivables	**4,265,111**	**370,310**	**–**	**4,635,421**	3,973,182	411,985	–	4,385,167	3,406,538	402,505	–	3,809,043
Total cash and bank balances	**1,848**	**–**	**–**	**1,848**	3,037	–	–	3,037	4,057	–	–	4,057
Total undiscounted financial assets	**4,266,959**	**370,310**	**–**	**4,637,269**	3,976,219	411,985	–	4,388,204	3,410,595	402,505	–	3,813,100
Financial liabilities:												
Trade and other financial payables	**3,492,000**	**–**	**–**	**3,492,000**	2,896,464	–	–	2,896,464	2,084,329	–	–	2,084,329
Loans and borrowings	**72,110**	**244,015**	**–**	**316,125**	–	323,000	–	323,000	169,212	215,037	–	384,249
Total undiscounted financial liabilities	**3,564,110**	**244,015**	**–**	**3,808,125**	2,896,464	323,000	–	3,219,464	2,253,541	215,037	–	2,468,578
Total net undiscounted financial assets/ (liabilities)	**702,849**	**126,295**	**–**	**829,144**	1,079,755	88,985	–	1,168,740	1,157,054	187,468	–	1,344,522

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

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

	2018 US$'000				31 December 2017 US$'000				1 January 2017 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Group												
Financial guarantees	**363,778**	**5,300**	**–**	**369,078**	200,618	164,934	–	365,552	271,243	187,999	–	459,242
Company												
Financial guarantees	**3,681,212**	**5,460,440**	**–**	**9,141,652**	4,637,175	5,190,175	–	9,827,350	3,917,186	6,348,967	2,250	10,268,403

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to joint ventures, associates, related parties and non-controlling shareholders of subsidiaries and fixed deposits with financial institutions.

At the balance sheet date, if the interest rates had been 50 (2017: 50) basis points lower/higher with all other variables including tax rate held constant, the Group's profit before tax will be higher/lower by approximately US$56,085,000 (2017: US$48,752,000), as a result of lower/higher interest expense on these net borrowings. As most of the Group's borrowings are short-term and trade related, any interest rate costs are typically priced into the respective trade transactions. Accordingly, the Group has minimum interest rate exposure risk.

(d) Foreign currency risk

The Group operates in several countries with dominant operations in Singapore, People's Republic of China, Indonesia, Malaysia, Australia, Europe, Ghana, Nigeria, Vietnam, India and others. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollar (USD), Chinese Renminbi (RMB), Malaysian Ringgit (MYR), Indonesian Rupiah (IDR), Indian Rupees (INR) and Australian Dollar (AUD).

Currency risk arises when transactions are denominated in foreign currencies. The Group seeks to manage its foreign currency exposure by constructing natural hedges when it matches sales and purchases in any single currency or through financial instruments, such as foreign currency forward exchange contracts. To manage the currency risk, individual entities within the Group consult with Group Treasury to enter into currency forwards, either in their respective countries or with Group Treasury itself. Group Treasury in turn manages the overall currency exposure mainly through currency forwards.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Indonesia, People's Republic of China, Australia, Europe, Ghana, Nigeria, Vietnam, India and others. The Group's net investments in these countries are not hedged as currency positions in these foreign currencies are considered to be long-term in nature.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

A 5% (2017: 5%) strengthening of the United States dollar against the following currencies at the balance sheet date would have increased/(decreased) profit before tax and equity by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group			
	Profit before tax		Equity (Hedging reserve including cost of hedging)	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Chinese Renminbi	**(54,060)**	(28,528)	**–**	–
Malaysian Ringgit	**(425)**	(8,009)	**(6,014)**	8,437
Indonesian Rupiah	**11,147**	(20,164)	**(10,050)**	(33,600)
Others	**(15,838)**	(5,401)	**(1,431)**	5,370

(e) Commodity price risk

The prices of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subjected to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise its risks arising from such fluctuations by hedging its sales either through direct purchases of a similar commodity or through futures contracts on the commodity exchanges. The prices on the commodity exchanges are generally quoted up to twelve months forward.

In the course of hedging its sales either through direct purchases or through futures, options and swap contracts, the Group may also be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place a risk management system to manage such risk exposure.

At the balance sheet date, a 5% (2017: 5%) increase/decrease of the commodities price indices, with all other variables held constant, would have (decreased)/increased profit before tax and equity by the amounts as shown below:

	Group	
	2018	2017
	US$'000	US$'000
Effect of increase in commodities price indices on		
Profit before tax	**(93,968)**	(80,695)
Equity (hedging reserve)	**(13,512)**	(32,875)
Effect of decrease in commodities price indices on		
Profit before tax	**93,968**	80,695
Equity (hedging reserve)	**13,512**	32,875

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than commodity price, interest or exchange rates). The Group is exposed to equity price risk arising from its investment in equity instruments. These instruments are classified as investment securities at FVPL or investment securities at FVOCI.

Sensitivity analysis for equity price risk

At the balance sheet date, if the market price had been 5% (2017: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been approximately US$16,309,000 (2017: US$21,067,000) higher/lower, arising as a result of higher/lower fair value gains of investment securities, and the Group's other reserves in equity would have been approximately US$10,665,000 (2017: US$10,153,000) higher/lower, arising as a result of an increase/decrease in the fair value of the investment securities.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new ordinary shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using net gearing ratio and adjusted net gearing ratio.

(a) Net gearing ratio

Net gearing ratio is net debt to equity, which equals net debt divided by total capital. The Group includes within net debt, loans and borrowings less total cash and bank balances and other deposits with financial institutions. Capital includes equity attributable to owners of the Company, i.e. shareholders' funds.

	Group	
	2018	2017
	US$'000	US$'000
Shareholders' funds	**16,048,825**	15,963,592
Loans and borrowings	**23,344,599**	19,826,540
Less: Cash and bank balances	**(3,369,555)**	(2,957,434)
Less: Other deposits with financial institutions – current	**(6,514,776)**	(4,272,969)
Net debt	**13,460,268**	12,596,137
Net gearing ratio (times)	**0.84**	0.79

36. CAPITAL MANAGEMENT (CONTINUED)

(b) Adjusted net gearing ratio

Adjusted net gearing ratio is adjusted net debt to equity, which equals adjusted net debt divided by total capital. The Group includes within adjusted net debt, net debt less liquid working capital. Liquid working capital includes inventories (excluding consumables) and trade receivables, less current liabilities (excluding loans and borrowings). Capital includes equity attributable to owners of the Company, i.e. shareholders' funds.

	Group	
	2018	2017
	US$'000	US$'000
Shareholders' funds	**16,048,825**	15,963,592
Liquid working capital:		
Inventories (excluding consumables)	**7,502,297**	7,830,345
Trade receivables	**4,349,147**	4,101,058
Less: Current liabilities + (excluding loans and borrowings)	**(3,807,641)**	(3,556,813)
Total liquid working capital	**8,043,803**	8,374,590
Adjusted net debt	**5,416,465**	4,221,547
Adjusted net gearing ratio (times)	**0.34**	0.26

\+ Excluding liabilities directly associated with disposal group classified as held for sale

37. SEGMENT INFORMATION

Reporting format

For the management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

Tropical Oils (Plantation and Manufacturing)

This segment comprises the Palm Plantation and Palm Oil Mill, processing, merchandising, branding and distribution of palm oil and laurics related products including oleochemical, speciality fats and biodiesel.

Oilseeds and Grains (Manufacturing and Consumer Products)

This segment comprises the processing, merchandising, branding and distribution of a wide range of agricultural products including non palm and lauric edible oils, oilseeds, flour and rice milling, corn processing and downstream products like flour and rice noodles in consumer pack, medium pack and in bulk.

Sugar (Milling, Merchandising, Refining and Consumer Products)

This segment comprises sugar milling, refining, merchandising, branding and distribution of sugar and related products.

Others

This segment includes the manufacturing and distribution of fertiliser products and ship-chartering services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

37. SEGMENT INFORMATION (CONTINUED)

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax, deferred tax assets and liabilities, loans and borrowings, assets and liabilities associated with disposal group classified as held for sale, corporate assets and related expenses.

Inter-segment sales took place on terms agreed between the various business segments. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

2018

	Tropical Oils US$'000	Oilseeds and Grains US$'000	Sugar US$'000	Others US$'000	Eliminations US$'000	Per Consolidated Financial Statements US$'000
Revenue						
Sales to external customers	16,944,625	22,472,150	4,014,437	1,066,494	–	44,497,706
Inter-segment	114,052	5,184	1	1,230,251	(1,349,488)	–
Total revenue	17,058,677	22,477,334	4,014,438	2,296,745	(1,349,488)	44,497,706
Results						
Segment results	546,125	874,957	(123,009)	19,905	–	1,317,978
Share of results of joint ventures	34,290	25,550	5,349	2,000	–	67,189
Share of results of associates	11,061	186,934	30,428	14,665	–	243,088
Unallocated expenses						(10,864)
Profit before tax from continuing operations						1,617,391
Income tax expense						(349,793)
Profit from continuing operations, net of tax						1,267,598
Loss from discontinued operations, net of tax						(43,367)
Profit for the year						1,224,231
Assets and liabilities						
Segment assets	14,809,724	20,085,433	3,451,935	7,896,375	(5,634,812)	40,608,655
Investment in joint ventures	287,650	699,188	8,786	96,583	–	1,092,207
Investment in associates	332,434	1,452,159	335,985	502,375	–	2,622,953
Unallocated assets						1,356,076
Total assets						45,679,891
Segment liabilities	8,264,614	12,785,646	3,433,866	8,081,908	(5,634,812)	26,931,222
Unallocated liabilities						1,982,097
Total liabilities						28,913,319
Other segment information						
Additions to non-current assets	406,181	548,133	911,116	279,000	–	2,144,430
Depreciation, impairment and amortisation	326,256	235,441	169,152	100,509	–	831,358
Finance income	128,547	383,695	4,640	156,262	(205,806)	467,338
Finance cost	(307,399)	(514,685)	(81,775)	(153,160)	205,806	(851,213)#

Including non-operating finance costs amounting to approximately US$31,774,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

37. SEGMENT INFORMATION (CONTINUED)

31 December 2017

	Tropical Oils US$'000	Oilseeds and Grains US$'000	Sugar US$'000	Others US$'000	Eliminations US$'000	Per Consolidated Financial Statements US$'000
Revenue						
Sales to external customers	17,970,078	19,803,936	4,782,328	1,017,583	–	43,573,925
Inter-segment	97,174	2,423	2	1,102,699	(1,202,298)	–
Total revenue	18,067,252	19,806,359	4,782,330	2,120,282	(1,202,298)	43,573,925
Results						
Segment results	397,522	727,202	(24,643)	243,287	–	1,343,368
Share of results of joint ventures	19,797	(8,943)	3,337	20,618	–	34,809
Share of results of associates	27,156	127,560	30,518	8,278	–	193,512
Unallocated expenses						(9,163)
Profit before tax from continuing operations						1,562,526
Income tax expense						(282,083)
Profit for the year						1,280,443
Assets and liabilities						
Segment assets	14,424,061	17,219,034	3,242,935	6,086,222	(3,912,000)	37,060,252
Investment in joint ventures	421,880	676,925	3,437	49,704	–	1,151,946
Investment in associates	231,417	1,374,547	334,968	334,918	–	2,275,850
Unallocated assets						444,525
Total assets						40,932,573
Segment liabilities	8,147,696	10,528,401	2,813,513	5,574,504	(3,912,000)	23,152,114
Unallocated liabilities						795,360
Total liabilities						23,947,474
Other segment information						
Additions to non-current assets	297,079	344,024	93,695	212,106	–	946,904
Depreciation, impairment and amortisation	318,984	222,036	152,530	81,401	–	774,951
Finance income	112,594	244,211	15,777	130,526	(248,869)	254,239
Finance cost	(296,696)	(294,052)	(58,244)	(131,777)	248,869	(531,900)#
As at 1 January 2017						
Assets and liabilities						
Segment assets	13,982,477	14,309,637	3,557,974	6,213,830	(4,353,447)	33,710,471
Investment in joint ventures	359,279	668,664	–	23,482	–	1,051,425
Investment in associates	207,518	1,205,260	321,995	117,212	–	1,851,985
Unallocated assets						418,545
Total assets						37,032,426
Segment liabilities	7,832,390	8,422,731	3,273,090	5,653,494	(4,353,447)	20,828,258
Unallocated liabilities						825,203
Total liabilities						21,653,461

\# Including non-operating finance cost amounting to approximately US$24,497,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

37. SEGMENT INFORMATION (CONTINUED)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The following item is deducted from segment results to arrive at "Profit before tax" presented in the consolidated income statement:

	2018	2017
	US$'000	US$'000
Share-based payments (executive share options)	**(10,864)**	(9,163)
	(10,864)	(9,163)

C Additions to non-current assets consist of additions to property, plant and equipment, intangible assets and bearer plants.

D The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Deferred tax assets	**330,979**	321,463	312,403
Tax recoverable	**211,073**	123,062	106,142
Assets of disposal group classified as held for sale	**814,024**	–	–
	1,356,076	444,525	418,545

E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Deferred tax liabilities	**339,392**	312,712	322,443
Tax payable	**139,746**	159,648	118,511
Medium term notes	**316,125**	323,000	384,249
Liabilities directly associated with disposal group classified as held for sale	**1,186,834**	–	–
	1,982,097	795,360	825,203

37. SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets		
				31 December	1 January
	2018	2017	**2018**	2017	2017
	US$'000	US$'000	**US$'000**	US$'000	US$'000
South East Asia	**7,560,170**	8,930,374	**7,131,169**	6,919,641	6,987,288
People's Republic of China	**24,993,221**	22,392,019	**6,958,432**	6,897,668	6,428,927
India	**1,279,880**	1,754,331	**940,046**	149,981	110,316
Europe	**2,519,685**	2,585,691	**275,474**	253,218	250,314
Australia / New Zealand	**764,478**	779,417	**1,707,296**	1,994,381	1,955,871
Africa	**2,472,632**	2,445,244	**1,090,463**	900,576	706,936
Others	**4,907,640**	4,686,849	**385,659**	342,519	111,411
	44,497,706	43,573,925	**18,488,539**	17,457,984	16,551,063

Non-current assets information presented above consists of property, plant and equipment, investment properties, investment in joint ventures and associates, plasma investments, bearer plants, intangible assets, other financial receivable and other non-financial assets as presented in the consolidated balance sheet.

38. DIVIDENDS

	Group and Company	
	2018	2017
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final tax-exempt (one-tier) dividend for 2017: S$0.070 (2016: S$ 0.040) per share	**332,816**	180,154
– Interim tax-exempt (one-tier) dividend for 2018: S$0.035 (2017: S$0.030) per share	**162,073**	139,378
	494,889	319,532
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final tax-exempt (one-tier) dividend for 2018: S$0.070 (2017: S$0.070) per share	**323,087**	336,729

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

39. SUBSIDIARIES OF THE GROUP

The following is the list of the significant subsidiaries of the Group.

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest		
				31 December	1 January
			2018	2017	2017
			%	%	%
Cai Lan Oils & Fats Industries Company Ltd [(3)]	Vietnam	Manufacture and sale of vegetable oils and related products	**76**	76	76
Equatorial Trading Limited [(2)] & its subsidiaries	Malaysia	Investment holding and trading in vegetable oils	**82+**	82+	78+
PGEO Group Sdn Bhd [(2)] & its subsidiaries	Malaysia	Investment holding, processing, manufacture and sale of edible oils and related products	**100**	100	100
PPB Oil Palms Berhad [(2)] & its subsidiaries	Malaysia	Investment holding and provision of agricultural and technical advisory services, oil palm cultivation, operation of palm oil mills, cultivation and sale of clonal plantlets	**100**	100	100
PT Sentratama Niaga Indonesia[(2)] & its subsidiaries	Indonesia	Management consulting company; investment company; processing, manufacturing and selling of edible oils and related products; oil palm cultivation and palm oil milling; manufacturing and selling of fertilisers; industrial estate; manufacturing and selling of biofuel and/or gasoline and related products; rice milling and trading in rice products	**100**	100	100
Shree Renuka Sugars Limited [(2)] & its subsidiaries	India	Refining of raw sugar, production of sugar and ethanol derived from sugarcane, sale, distribution, trading and/or branding of sugar and ethanol and generation, distribution, sale and trading of electricity/power	**58+**	27+*	28+*
Wilmar Africa Limited [(2)] & its subsidiary	Ghana	General trading in agricultural products, oil palm plantations and manufacturing of crude palm oil	**67+**	67+	67+

39. SUBSIDIARIES OF THE GROUP (CONTINUED)

The following is the list of the significant subsidiaries of the Group (continued).

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest		
				31 December	1 January
			2018	2017	2017
			%	%	%
Wilmar Sugar Australia Limited [2] & its subsidiaries	Australia	Investment holding, manufacturing, processing and merchandising of sugar products, molasses and packaged oils, electricity co-generation and distilling ethanol and distribution of it, its by-products and oleochemicals	**100**	100	100
Wii Pte. Ltd. [1]	Singapore	Finance and treasury centre	**100**	100	100
Yihai Kerry Arawana Oils, Grains & Food Co., Ltd (formerly known as Yihai Kerry Investments Co., Ltd)[2] & its subsidiaries	People's Republic of China	Investment holding, processing, and merchandising of oilseeds, edible oils and grains	**100+**	100	100
Wilmar Europe Holdings B.V. [2] & its subsidiaries	The Netherlands	Investment holding, manufacturing, trading, marketing and distribution of edible oils, oleochemicals and biodiesel	**100**	100	100
Wilmar Ship Holdings Pte. Ltd. [3] & its subsidiaries	Singapore	Investment holding, ship-owning, ship chartering, ship brokering and ship management	**100**	100	100
Wilmar Trading Pte Ltd [1]	Singapore	International trading in edible oils and commodities	**100**	100	100

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
\+ The effective interest of the Group has been rounded to the nearest whole % as indicated
* Shree Renuka Sugars Limited was an associate of the Group as at 1 January and 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP

The following is the list of the significant joint ventures of the Group.

Name of joint ventures	Place of incorporation	Principal activities	Proportion of ownership interest		
			2018	31 December 2017	1 January 2017
			%	%	%
Adani Wilmar Limited (3)	India	Manufacturing and trading of edible and non-edible oils and trading of various agro based products	**50**	50	50
Dongguan Yihai Kerry Syral Starch Technology Co., Ltd(3)	People's Republic of China	Natural food additives (glucose syrup, iso-glucose & starch derivatives) processing	**51+**	51	51
FPW Singapore Holdings Pte. Ltd.(1)	Singapore	Investment holding	**50**	50	50
Global Amines Company Pte. Ltd. (1)	Singapore	Investment holding and sale of fatty amines and selected amine derivatives	**50**	50	50
Nauvu Investments Pte. Ltd.(1)	Singapore	Investment holding	**100^**	50	50
Liaoning Yihai Kerry Tereos Starch Technology Co., Ltd (3)	People's Republic of China	Corn Processing	**51+**	51	51
Olenex Holdings B.V.(2) and its subsidiaries	The Netherlands	Investment holding and manufacturing, marketing and distribution of edible oils	**63+**	63+	63+
Raizen and Wilmar Sugar Pte. Ltd.(3)	Singapore	Trading in sugar and investment holding	**42+**	42+	39+
Vietnam Agribusiness Holdings Pte. Ltd.(3)	Singapore	Investment holding	**45**	45	45

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
\+ The effective interest of the Group has been rounded to the nearest whole % as indicated
^ Nauvu Investments Pte. Ltd. became a wholly owned subsidiary of the Group as at 31 December 2018

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP (CONTINUED)

The following is the list of the significant associates of the Group.

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest		
			2018	31 December 2017	1 January 2017
			%	%	%
Bidco Uganda Limited[3]	Uganda	Manufacture and sale of edible vegetable oils, fats and soaps	**39**	39	39
Changshu Luhua Edible Oil Co., Ltd[3]	People's Republic of China	Edible oils refining and packaging	**33**	33	33
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd[3]	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging; flour and rice milling and specialty fats processing	**44**	44	44
Cosumar S.A.[2] [3]	Morocco	Processing of sugarcane and sugar beet, refining of imported raw sugar and marketing and distribution of such products	**30+**	30+	31+
DelMar Pte. Ltd. [1]	Singapore	Investment holding	**52+**	52+	48
FFM Berhad[3]	Malaysia	Investment holding, grains trading, flour milling and feed milling	**20**	20	20
Josovina Commodities Pte Ltd[3]	Singapore	Investment holding and vegetable oils trading	**50**	50	50
Kencana Agri Limited[3]	Singapore	Investment holding	**20**	20	20
Laiyang Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**25+**	25+	25+
Murzah Wilmar East Africa Limited[2]	Tanzania	Manufacturers and traders of cooking oil, cooking fat, soaps & detergents, plastic containers and furnitures	**46+**	46+	46+

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP (CONTINUED)

The following is the list of the significant associates of the Group (continued).

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest 2018 %	31 December 2017 %	1 January 2017 %
Perennial Real Estate Holdings Limited[(3)] and its subsidiaries	Singapore	Investment holding, real estate investment and development, asset and property management services, and healthcare services	**20+**	20	17+
Sethal Holdings Limited[(3)]	Cyprus	Investment holding	**52+**	52+	48
Shandong Luhua Fragrant Peanut Oil Co., Ltd[(3)]	People's Republic of China	Peanut crushing and edible oils packaging	**25+**	25+	25+
Shree Renuka Sugars Limited[(2)] and its subsidiaries	India	Refining of raw sugar, production of sugar and ethanol derived from sugarcane, sale, distribution, trading and/or branding of sugar and ethanol and generation, distribution, sale and trading of electricity/power	**58+**	27+*	28+*
Sifca SA[(2)]	Ivory Coast	Trading of agro and industrial products	**27+**	14+	14+
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd[(3)]	People's Republic of China	Peanut crushing and edible oils packaging	**33+**	33	33
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd[(3)]	People's Republic of China	Peanut crushing and edible oils packaging	**49+**	49	49

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
\+ The effective interest of the Group has been rounded to the nearest whole % as indicated
* Shree Renuka Sugars Limited was an associate of the Group as at 1 January and 31 December 2017

41. EVENTS OCCURING AFTER THE REPORTING PERIOD

On 11 March 2019, the Company entered into a share purchase agreement to acquire the balance 50% shareholding interest of FPW Singapore Holdings Pte. Ltd. ("**FPW**") not already owned by the Company, from Oceanica Developments Limited ("**Oceanica**"), an indirect wholly-owned subsidiary of First Pacific Company Limited, an investment management and holding company listed on the Hong Kong Stock Exchange, for a cash consideration of US$180,000,000.

In addition, the Company will also acquire by way of assignment, shareholder loans advanced by Oceanica to a subsidiary of FPW for a consideration of US$95,000,000, and in this connection up to a further US$50,000,000 may be payable by the Company to Oceanica after the end of the financial year ending 31 December 2020 if certain earnings targets are met by Goodman Fielder Pty Limited ("**Goodman Fielder**") and the companies held by it, Goodman Fielder being an indirect wholly-owned subsidiary of FPW.

42. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 15 March 2019.

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL

As at 5 March 2019

Number of shares (including treasury shares and subsidiary holdings)	:	6,403,401,106
Number of shares (excluding treasury shares and subsidiary holdings)	:	6,327,127,256
Number/percentage of treasury shares held	:	76,273,850 (1.21%)
Number of subsidiary holdings	:	Nil
Class of shares	:	Ordinary shares ("Shares")
Voting Rights	:	One vote per Share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%*
1 to 99	68	0.32	1,351	0.00
100 to 1,000	4,103	19.10	3,473,709	0.05
1,001 to 10,000	13,585	63.24	59,886,505	0.95
10,001 to 1,000,000	3,669	17.08	169,073,109	2.67
1,000,001 and above	56	0.26	6,094,692,582	96.33
Total	**21,481**	**100.00**	**6,327,127,256**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As at 5 March 2019

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	Deemed Interest	Total Interest	%*
Kuok Khoon Hong(1)	995,000	793,431,935	794,426,935	12.56
Longhlin Asia Limited(2)	69,009,921	455,423,071	524,432,992	8.29
Archer Daniels Midland Company(3)	–	1,574,673,054	1,574,673,054	24.89
Archer Daniels Midland Asia-Pacific Limited(4)	843,311,484	731,361,570	1,574,673,054	24.89
ADM Ag Holding Limited	374,961,795	–	374,961,795	5.93
Global Cocoa Holdings Ltd	356,399,775	–	356,399,775	5.63
Kuok Brothers Sdn Berhad(5)	230,000	1,179,551,955	1,179,781,955	18.65
PPB Group Berhad	1,172,614,755	–	1,172,614,755	18.53
Kerry Group Limited(6)	–	700,154,586	700,154,586	11.07
Kerry Holdings Limited(7)	–	347,915,639	347,915,639	5.50

Notes:

1. Mr Kuok Khoon Hong is deemed to be interested in 1,000,000 Shares held by his spouse, 183,954,971 Shares held by Hong Lee Holdings (Pte) Ltd, 230,461,271 Shares held by HPR Investments Limited, 19,604,773 Shares held by HPRY Holdings Limited, 340,478,021 Shares held by Longhlin Asia Limited, 6,650,932 Shares held by Pearson Investments Limited, 5,137,967 Shares held by Jaygar Holdings Limited, 144,000 Shares held by Kuok Hock Swee & Sons Sdn Bhd and 6,000,000 Shares held through trust accounts controlled by him.
2. Longhlin Asia Limited is deemed to be interested in 271,468,100 Shares held in the names of nominee companies and 183,954,971 Shares held by Hong Lee Holdings (Pte) Ltd.
3. Archer Daniels Midland Company is deemed to be interested in 843,311,484 Shares held by Archer Daniels Midland Asia-Pacific Limited ("ADMAP"), 374,961,795 Shares held by ADM Ag Holding Limited ("ADM Ag") and 356,399,775 Shares held by Global Cocoa Holdings Ltd ("Global Cocoa").
4. ADMAP is deemed to be interested in 374,961,795 Shares held by ADM Ag and 356,399,775 Shares held by Global Cocoa.
5. Kuok Brothers Sdn Berhad is deemed to be interested in 1,172,614,755 Shares held by PPB Group Berhad, 1,274,200 Shares held by Gaintique Sdn Bhd, 100,000 Shares held by Min Tien & Co Sdn Bhd, 23,000 Shares held by Hoe Sen (Mersing) Sdn Bhd, and 5,540,000 Shares held by Trendfield Inc.
6. Kerry Group Limited is deemed to be interested in 23,678,425 Shares held by Ace Time Holdings Limited, 14,966,453 Shares held by Alpha Model Limited, 500,000 Shares held by Athena Equities Holding Limited, 45,579,446 Shares held by Bright Magic Investments Limited, 593,899 Shares held by Crystal White Limited, 31,335,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 23,188,079 Shares held by Kerry Asset Management Limited, 20,617,169 Shares held by Macromind Investments Limited, 203,555 Shares held by Marsser Limited, 33,760,355 Shares held by Natalon Company Limited, 246,600,000 Shares held by Noblespirit Corporation, 564,562 Shares held by Star Medal Limited and 2,354,965 Shares held by Total Way Investments Limited.
7. Kerry Holdings Limited is deemed to be interested in 500,000 Shares held by Athena Equities Holding Limited, 31,335,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 23,188,079 Shares held by Kerry Asset Management Limited, 33,760,355 Shares held by Natalon Company Limited, 564,562 Shares held by Star Medal Limited and 2,354,965 Shares held by Total Way Investments Limited.

TWENTY LARGEST SHAREHOLDERS

As at 5 March 2019

(As shown in the Register of Members and Depository Register)

No.	Name of Shareholders	No. of Shares	%*
1.	PPB Group Berhad	1,172,614,755	18.53
2.	Archer Daniels Midland Asia-Pacific Limited	843,311,484	13.33
3.	Citibank Nominees Singapore Pte Ltd	596,495,846	9.43
4.	DBS Nominees Pte Ltd	403,723,490	6.38
5.	ADM Ag Holding Limited	374,961,795	5.93
6.	Global Cocoa Holdings Ltd	356,399,775	5.63
7.	Raffles Nominees (Pte) Limited	268,181,211	4.24
8.	HSBC (Singapore) Nominees Pte Ltd	266,221,709	4.21
9.	Kuok (Singapore) Limited	256,951,112	4.06
10.	Harpole Resources Limited	256,211,778	4.05
11.	DBSN Services Pte Ltd	247,938,123	3.92
12.	Noblespirit Corporation	242,600,000	3.83
13.	DB Nominees (Singapore) Pte Ltd	123,367,650	1.95
14.	UOB Kay Hian Pte Ltd	93,351,309	1.48
15.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	80,959,018	1.28
16.	Longhlin Asia Limited	69,009,921	1.09
17.	United Overseas Bank Nominees Pte Ltd	60,274,393	0.95
18.	Hong Lee Holdings (Pte) Ltd	36,204,971	0.57
19.	Natalon Company Limited	33,760,355	0.53
20.	Kefkong Limited	32,400,000	0.51
	Total	5,814,938,695	91.90

* Based on 6,327,127,256 Shares (excluding Shares held as treasury shares) as at 5 March 2019.

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 5 March 2019, 27.82% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

WILMAR INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199904785Z)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Tower Ballroom, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Wednesday, 24 April 2019 at 10.00 a.m. for the following businesses:

AS ORDINARY BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

1. To receive and adopt the Directors' Statement and audited financial statements for the financial year ended 31 December 2018 and the Auditor's Report thereon. (Resolution 1)

2. To approve the payment of a proposed final tax exempt (one-tier) dividend of S$0.07 per ordinary share for the financial year ended 31 December 2018. (Resolution 2)

3. To approve the payment of Directors' fees of S$1,004,000 for the financial year ended 31 December 2018 (2017: S$850,000).

   (See Explanatory Note 1) (Resolution 3)

4. To re-elect the following Directors pursuant to the Constitution of the Company:
   Retiring by rotation under Article 105:
   (i) Mr Kuok Khoon Hong (Resolution 4)
   (ii) Mr Pua Seck Guan (Resolution 5)
   (iii) Professor Kishore Mahbubani (Resolution 6)

   (Note: Mr Yeo Teng Yang is also due to retire by rotation under Article 105 of the Constitution of the Company but will not be offering himself for re-election and will retire as a Director of the Company at the close of the Annual General Meeting on 24 April 2019.)

   Retiring under Article 106:
   (iv) Mr Raymond Guy Young (Resolution 7)
   (v) Ms Teo La-Mei (Resolution 8)

   (See Explanatory Note 2)

5. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

6. **Authority to issue and allot shares in the capital of the Company**
   That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (including any supplemental measures thereto from time to time), approval be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued, while the authority conferred by shareholders was in force, in accordance with the terms of issue of such Instruments, (notwithstanding that such authority conferred by shareholders may have ceased to be in force);

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force or any additional Instruments referred to in (a)(iii) above,

provided always that

(I) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares issued other than on a *pro rata* basis to existing shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (II) below);

(II) (subject to such manner of calculation as may be prescribed by SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above), the percentage of the issued shares is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(III) the authority conferred by this Resolution shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting ("**AGM**") or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(*See Explanatory Note 3*) (Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

7. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That:

(a) approval be and is hereby given, for the renewal of the mandate for the purposes of Chapter 9 of the Listing Manual of SGX-ST, for the Company, its subsidiaries and associated companies (within the meaning of the said Chapter 9) or any of them to enter into any of the transactions falling within the categories of interested person transactions as set out in the Company's Letter to Shareholders dated 4 April 2019 (the "**Letter to Shareholders**"), with any party who is of the class or classes of Interested Persons described in the Letter to Shareholders, provided that such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders and are in accordance with the procedures as set out in the Letter to Shareholders (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company is held or is required by law to be held, whichever is earlier; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

(*See Explanatory Note 4*) (Resolution 11)

8. **Renewal of Share Purchase Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Share Purchase Committee of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Share Purchase Committee from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchases (each an "**On-Market Share Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Share Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Share Purchase Committee as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Shareholders in general meeting, the authority conferred on the Share Purchase Committee pursuant to the Share Purchase Mandate may be exercised by the Share Purchase Committee at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next AGM of the Company is held; or

(ii) the date by which the next AGM of the Company is required by law to be held; or

(iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

(c) in this Ordinary Resolution:-

"**Prescribed Limit**" means 10% of the total number of issued Shares excluding Treasury Shares and subsidiary holdings as at the date of the passing of this Ordinary Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days ("**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

(d) the Directors of the Company and/or each of them be and are hereby authorised to complete and do all such acts and things as they and/or he/she may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

All capitalised terms used in this Resolution which are not defined herein shall have the same meaning ascribed to them in the Letter to Shareholders dated 4 April 2019.

(*See Explanatory Note 5)* (Resolution 12)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE is also hereby given that the Share Transfer Register and Register of Members of the Company will be closed from 7 May 2019, 5.00 p.m. to 8 May 2019, both dates inclusive, for the purpose of determining shareholders' entitlement to the Company's proposed final tax exempt (one-tier) dividend of S$0.07 per ordinary share for the financial year ended 31 December 2018 (the "**Proposed Final Dividend**").

Duly completed registrable transfers received by the Company's registrar, Tricor Barbinder Share Registration Services, of 80 Robinson Road #02-00, Singapore 068898 up to 5.00 p.m. on 7 May 2019 will be registered to determine shareholders' entitlement to the Proposed Final Dividend. The Proposed Final Dividend, if approved at the AGM to be held on 24 April 2019, will be paid on 16 May 2019.

Depositors whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5.00 p.m. on 7 May 2019 will be entitled to the Proposed Final Dividend.

By Order of the Board
Teo La-Mei
Director and Company Secretary

Singapore
4 April 2019

Explanatory Notes:

1. The Ordinary Resolution 3 proposed in item no. 3 above is to approve the payment of Directors' fees of S$1,004,000 (2017: S$850,000) for the financial year ended 31 December 2018 for services rendered by Non-Executive Directors. The amount of proposed Directors' fees is based on the following revised fee structure:

   (1) base fee of S$80,000 (no change) per year for each Non-Executive Director;
   (2) Lead Independent Director fee of S$20,000 (no change); and
   (3) supplemental fees for serving on the following Board committees:
      (a) Audit Committee
         – as Chairman: S$40,000 (2017: S$30,000)
         – as Member: S$20,000 (2017: S$10,000)
      (b) Risk Management Committee
         – as Chairman: S$40,000 (2017: S$30,000)
         – as Member: S$20,000 (2017: S$10,000)
      (c) Remuneration Committee
         – as Chairman: S$20,000 (2017: S$10,000)
         – as Member: S$10,000 (2017: S$5,000)
      (d) Nominating Committee
         – as Chairman: S$20,000 (2017: S$10,000)
         – as Member: S$10,000 (2017: S$5,000).

2. The Ordinary Resolutions 4, 5, 6, 7 and 8 proposed in items nos. 4 (i), (ii), (iii), (iv) and (v) above are to approve the re-election of the following Directors retiring and seeking re-election at the forthcoming Annual General Meeting in 2019 ("2019 AGM"):

   (a) In relation to Ordinary Resolution 4, Mr Kuok Khoon Hong, the Chairman and Chief Executive Officer and a substantial shareholder of the Company, is a cousin of Ms Teo La-Mei (an Executive Director), Mr Kuok Khoon Ean and Mr Kuok Khoon Hua (both Non-Executive Directors of the Company);

   (b) In relation to Ordinary Resolution 5, there are no familial relationships between Mr Pua Seck Guan (an Executive Director) and other Directors of the Company or its substantial shareholders;

   (c) In relation to Ordinary Resolution 6, there are no relationships (including familial relationships) between Professor Kishore Mahbubani (an Independent Director) and other Directors of the Company or its substantial shareholders;

   (d) In relation to Ordinary Resolution 7, Mr Raymond Guy Young (a Non-Executive Director) is nominated by Archer Daniels Midland Company, a substantial shareholder of the Company; and there are no familial relationships between Mr Young and other Directors of the Company; and

   (e) In relation to Ordinary Resolution 8, Ms Teo La-Mei is a cousin of Mr Kuok Khoon Hong, Mr Kuok Khoon Ean and Mr Kuok Khoon Hua.

   Key information on these directors, including their dates of first appointment, dates of last re-election and other directorships and principal commitments, can be found in the "Board of Directors" section and "Corporate Information" section in the Company's Annual Report 2018.

NOTICE OF ANNUAL GENERAL MEETING

3. The Ordinary Resolution 10 proposed in item no. 6 above, if passed, will authorise the Directors of the Company from the date of the 2019 AGM until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued shall be based on the total number of issued shares at the time that Ordinary Resolution 10 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 10 is passed, and any subsequent bonus issue or consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

4. The Ordinary Resolution 11 proposed in item no. 7 above, if passed, will renew the IPT Mandate for the Company, its subsidiaries and associated companies that are considered "entities at risk" to enter, in the ordinary course of business, into certain types of transactions with specified classes of the Interested Persons set out in the Letter to Shareholders. Such resolution, if passed, will take effect from the date of the 2019 AGM until the next AGM (unless revoked or varied by the Company in general meeting). The IPT Mandate, the renewal of which was approved by shareholders at the last AGM of the Company held on 25 April 2018, will be expiring at the 2019 AGM. Information relating to the renewal of the IPT Mandate can be found in the Letter to Shareholders dated 4 April 2019. Please refer to the Letter to Shareholders for more details.

5. The Ordinary Resolution 12 proposed in item no. 8 above, if passed, will empower the Directors of the Company from the date of the 2019 AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to repurchase ordinary issued Shares of the Company by way of market purchase(s) or off-market purchase(s) of up to 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Resolution. The rationale for the authority and limitation on the sources of funds to be used for the purchase or acquisition, including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in the Letter to Shareholders dated 4 April 2019. Please refer to the Letter to Shareholders for more details.

Notes:

1. (a) A member (other than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the 2019 AGM. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the 2019 AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

   "Relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act (Cap. 36) ("CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. A proxy need not be a Member of the Company.

3. If the appointor is a corporation, the proxy form must be executed under seal or the hand of its attorney or officer duly authorised.

4. The instrument or form appointing a proxy, duly executed, must be **deposited** at the office of the Company's registrar, **Tricor Barbinder Share Registration Services, at 80 Robinson Road #11-02, Singapore 068898** not less than **72 hours** before the time appointed for the holding of the 2019 AGM in order for the proxy to be entitled to attend and vote at the 2019 AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 2019 AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 2019 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 2019 AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page has been intentionally left blank.

WILMAR INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199904785Z)

PROXY FORM

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS funds to buy Wilmar International Limited shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their CPF Approved Nominees if they have any queries regarding their appointment as proxies (Please see Note 3).
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2019.

I / We ______________________ (Name), NRIC/Passport No./Co Reg Number ______________
of ____ (Address)
being a member/members of Wilmar International Limited (the "**Company**"), hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

and/or (please delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting of the Company ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM to be held at Tower Ballroom, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Wednesday, 24 April 2019 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion.

No.	Ordinary Resolutions	Number of votes For*	Number of votes Against*
1	To receive and adopt the Directors' Statement and audited financial statements for the financial year ended 31 December 2018 and the Auditor's Report thereon.		
2	To approve the payment of Proposed Final Dividend.		
3	To approve the payment of Directors' Fees.		
4	To re-elect Mr Kuok Khoon Hong as a Director.		
5	To re-elect Mr Pua Seck Guan as a Director.		
6	To re-elect Professor Kishore Mahbubani as a Director.		
7	To re-elect Mr Raymond Guy Young as a Director.		
8	To re-elect Ms Teo La-Mei as a Director.		
9	To re-appoint Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration.		
10	To authorise Directors to issue and allot shares in the Company.		
11	To approve the renewal of Shareholders' Mandate for Interested Person Transactions.		
12	To approve the renewal of Share Purchase Mandate.		

* If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.

Dated this ____________ day of ____________ 2019

Total Number of Shares Held (see Note 1)

____
Signature(s) of Member(s) or Common Seal
IMPORTANT – Please read notes overleaf

NOTES TO PROXY FORM:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member (other than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

   "Relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board (the "CPF Board") established by the Central Provident Fund Act (Cap. 36) (the "CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. CPF/SRS investors whose names have been given by their CPF Approved Nominees to the Company or the Company's share registrar, as the case may be, pursuant to a blanket proxy form may attend and vote in person at the AGM. In the event that such CPF/SRS investors are unable to attend the AGM but would like to vote, they should inform their CPF Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case they shall be precluded from attending the AGM.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be **deposited** at the office of the Company's registrar, **Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898** not less than **72 hours** before the time appointed for holding the AGM.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

1st fold here

Affix
Postage
Stamp

WILMAR INTERNATIONAL LIMITED
c/o Tricor Barbinder Share Registration Services

80 Robinson Road #11-02
Singapore 068898

Fold this flap here to seal

This page has been intentionally left blank.

This page has been intentionally left blank.

MIX
Paper from
responsible sources
FSC™ C004791

Wilmar International Limited is firmly committed to responsible corporate citizenship and we endeavour to do our part to protect the environment. This publication is produced by a printer certified by the Forest Stewardship Council™ (FSC™) and uses soy-based ink – a more environmentally responsible option than the traditionally used petroleum-based ink. It does not have finishing processes like lamination and UV coating, and is printed on Green Forest Smooth paper, which is certified to be environmentally friendly according to the FSC™ standard.

wilmar

WILMAR INTERNATIONAL LIMITED

Co. Reg. No. 199904785Z

56 Neil Road
Singapore 088830
Tel: (65) 6216 0244
info@wilmar.com.sg
www.wilmar-international.com