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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.

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- **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).

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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
Company						
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		
			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
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		
			31 December	1 January		31 December	1 January
	Note	**2018**	2017	2017	**2018**	2017	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.

<u>New accounting standards effective on 1 January 2018</u>

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.

<u>SFRS(I) 9 Financial Instruments</u>

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:–

	Group		
Consolidated Income Statement	**31.12.2017 (SFRS) US$'000**	**Effects US$'000**	**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

	Group				
Balance Sheets	**31.12.2017 (SFRS) US$'000**	**Effects US$'000**	**31.12.2017 (SFRS(I)) US$'000**	**Effects US$'000**	**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)

	Group		
Balance Sheets	**01.01.2017 (SFRS) US$'000**	**Effects US$'000**	**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

Investments in debt instruments

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:

<u>Fair value hedges</u>

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.

<u>Cash flow hedges</u>

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.

<u>Forward elements of forward contracts</u>

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.

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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.

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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:–

	Group	
Area	**2018 Hectares**	2017 Hectares
Planted area:		
– Mature	**196,756**[(1)]	208,645[(1)]
– Immature	**38,916**	36,525
	235,672	245,170

	Group	
Value	**2018 US$'000**	2017 US$'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		
	2018	31 December 2017	1 January 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.

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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.		
	2018	31 December 2017	1 January 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 **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
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 **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
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

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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.

<u>Investments in equity instruments designated at fair value through other comprehensive income</u>

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	
	2018	31 December 2017	1 January 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).

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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

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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)

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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	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 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	31 December 2017	1 January 2017
	US$'000	US$'000	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	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
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

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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

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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	(86,562)	(175,312)
Reissued pursuant to employee share option plans:		
– 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	**(77,714)**	**(156,209)**
Reissued pursuant to employee share option plans:		
– 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

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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.

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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 57 years of age in 2019 and increase by 1 year for each 3 year thereafter until reach 65 years of age**	56 years of age in 2015 57 years of age in 2019 and increase by 1 year for each 3 year 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 US$'000	2017 US$'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 US$'000	2017 US$'000	2017 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 US$'000	2017 US$'000	2017 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

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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

<u>Wilmar ESOS 2009</u>

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:

<u>For Executive Directors and Executives</u>

- 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

<u>For Non-Executive Directors</u>

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		

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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

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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**

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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

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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.

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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.

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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

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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 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'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 US$'000	2017 US$'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

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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 US$'000	2017 US$'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 US$'000	31 December 2017 US$'000	1 January 2017 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 US$'000	31 December 2017 US$'000	1 January 2017 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

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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

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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.

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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.

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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