FINANCIAL STATEMENTS

82 Financial Review
86 Directors' Statement
92 Independent Auditor's Report
95 Consolidated Income Statement
96 Consolidated Statement of Comprehensive Income
97 Balance Sheets
99 Statements of Changes in Equity
102 Consolidated Cash Flow Statement
104 Notes to the Financial Statements
188 Statistics of Shareholdings

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 2019, shareholders' funds improved by US$716.7 million to US$16.8 billion while net loans and borrowings (net of cash, bank deposits and other deposits with financial institutions) improved by US$241.6 million to US$13.2 billion, bringing net debt to equity ratio to 0.79x as at 31 December 2019 (31 December 2018: 0.84x).

Our investments in property, plant and equipment are funded through cash flows generated from operations while working capital requirements and investments in subsidiaries, joint ventures and associates are predominately funded through loans and borrowings. We continued to invest in our business expansion plans and recorded higher capital expenditures (including advances paid) at US$1.8 billion for the year. For FY2019, we recorded strong cash inflow from operating activities of US$3.3 billion, resulting in free cash flow of US$2.1 billion.

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, and a significant proportion of our borrowings are used for such working capital financing. Our working capital comprise 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. Taking the above into consideration, our net debt to equity ratio would be much lower at 0.36x after adjusting net debt level for liquid working capital.

As at 31 December	**2019** **US$ million**	2018* US$ million
Shareholders' funds	**16,762.5**	16,045.8
Net loans and borrowings	**13,218.7**	13,460.3
Net debt to equity	**0.79x**	0.84x
Liquid working capital:		
Inventories (excluding consumables)	**7,556.0**	7,502.3
Trade receivables	**4,251.6**	4,349.1
Less: Current liabilities+ (excluding loans and borrowings)	**(4,707.2)**	(3,817.2)
	7,100.4	8,034.2
Net loans and borrowings (excluding liquid working capital)	**6,118.3**	5,426.1
Adjusted net debt to equity	**0.36x**	0.34x

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

* FY2018 figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries.

CAPITAL MANAGEMENT AND TREASURY POLICIES

Net Debt

Our total net debt of US$13.2 billion comprised:

As at 31 December	2019 US$ million	2018 US$ million
Short term loans and borrowings	**18,288.1**	17,821.2
Long term loans and borrowings	**5,419.3**	5,523.4
	23,707.4	23,344.6
Cash and bank balances	**4,045.9**	3,369.5
Other deposits with financial institutions	**6,442.8**	6,514.8
	10,488.7	9,884.3
Net loans and borrowings	**13,218.7**	13,460.3

Our net debt decreased by US$241.6 million to US$13.2 billion, resulting from strong cash inflow generated from our operating activities. More than 86% 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 2021 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 loans and borrowings denominated in Chinese Renminbi (RMB), Indonesian Rupiah (IDR) and Australian Dollar (AUD).

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 sales and purchases matches 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 cost of hedging is higher than its benefits.

- **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 securities.

CASH FLOW, FUNDING AND LIQUIDITY

Cash flow

Net cash flows generated from operating activities in FY2019 more than doubled to US$3.3 billion, compared to US$1.5 billion in FY2018, due to strong operating performance and lower working capital requirements during the year. As a result, the Group recorded strong free cash flow of US$2.1 billion for FY2019.

	FY2019 US$ million	FY2018 US$ million
Total cash and bank balances	**4,045.9**	3,369.5
Less: Fixed deposits pledged for bank facilities	**(957.6)**	(1,264.0)
Less: Other deposits with more than 3 months maturity	**(975.2)**	(455.0)
Less: Bank overdrafts	**(64.2)**	(55.0)
Cash and cash equivalents	**2,048.9**	1,595.5
Net cash flows generated from operating activities	**3,337.6**	1,501.1
Net cash flows used in investing activities	**(1,686.7)**	(1,369.6)
Net cash flows (used in)/generated from financing activities	**(1,197.5)**	28.8
Net increase in cash held	**453.4**	160.3
Turnover days:		
Inventories	**71**	73
Trade receivables	**34**	34
Trade payables	**14**	13

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.

Other major applications and source of funds in FY2019 were as follows:

- US$1.8 billion was used to fund our capital expenditure for plantations development, property, plant and equipment (FY2018: US$1.3 billion). Major additions of property, plant and equipment during the year included refineries, oilseeds crushing, flour and rice milling plants in China and Indonesia, as well as for the construction of new vessels.

- US$1.2 billion was used in financing activities, mainly from higher deposits with maturity more than 3 months and fixed deposits pledged with financial institutions.

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 2019, total short-term debt stood at US$18.3 billion. Our liquid assets consisting cash, bank and structured deposits, marketable securities, receivables and inventories amounted to US$17.9 billion, which included cash and bank balances of US$2.1 billion. In addition, we have committed undrawn credit facilities of US$1.6 billion and approximately US$18.4 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 FY2020 is expected to be met mainly by internal resources.

Operationally, assuming no major fluctuations in the prices of agricultural commodities, our funding requirements coincide with the seasonality of sales. Our seasonal peak sales typically occurs in the second half of the year. The additional funding requirements in this period 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 FY2019, our Board of Directors has proposed a final dividend of 9.5 Singapore cents per share. Together with the interim dividend of 3.0 Singapore cents per share paid on 30 August 2019, total dividend for FY2019 will amount to 12.5 Singapore cents per share (FY2018: 10.5 Singapore cents per share). This will result in a dividend payout ratio of approximately 45% of net profit (FY2018: 43% 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 FY2019 will be our highest dividend declared since listing.

Currently, we have a share buy-back mandate which will be expiring on the earlier of (i) the date of the forthcoming Annual General Meeting; (ii) the date by which the next Annual General Meeting is required by law to be held; or (iii) the date on which the purchase of shares by the Company pursuant to the mandate is carried out to the full extent mandated. Shareholders' approval for the proposed renewal of the mandate will be sought at the forthcoming Annual General Meeting. 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 13.9 million treasury shares pursuant to the employee share option plans.

ACCOUNTING POLICIES

Our financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) "SFRS(I)". 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 affect the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be impacted.

- 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 2019.

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 2019 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
LIM Siong Guan
TAY Kah Chye
KWAH Thiam Hock
Kishore MAHBUBANI
Weijian SHAN
TEO Siong Seng (appointed on 1 May 2019)
SOH Gim Teik (appointed on 1 December 2019)
Juan Ricardo LUCIANO is alternate to Raymond Guy YOUNG

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' 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 1.1.19 or date of appointment (if later)	As at 31.12.19	As at 21.1.20	As at 1.1.19 or date of appointment (if later)	As at 31.12.19	As at 21.1.20
Company						
Wilmar International Limited						
(Ordinary Shares)						
Kuok Khoon Hong	995,000	2,495,000	2,495,000	793,431,935	793,431,935	793,431,935
Pua Seck Guan	–	–	–	200,000	200,000	200,000
Teo La-Mei*	132,000	702,000	702,000	–	–	–
Kuok Khoon Ean	–	–	–	53,467,479	53,467,479	53,467,479
Kuok Khoon Hua	680,000	680,000	680,000	52,970,221	52,970,221	52,970,221
Tay Kah Chye	–	100,000	–	100,000	100,000	100,000
Kwah Thiam Hock	–	100,000	100,000	100,000	100,000	100,000
Kishore Mahbubani	–	–	–	10,000	10,000	10,000
Teo Siong Seng#	20,000	20,000	20,000	–	–	–
Wilmar International Limited						
(Share options exercisable at S$3.05 per share)						
Kuok Khoon Hong	1,005,000	–	–	–	–	–
Teo La-Mei*	650,000	–	–	–	–	–
Kuok Khoon Ean	400,000	400,000	400,000	–	–	–
Tay Kah Chye	400,000	300,000	300,000	–	–	–
Kwah Thiam Hock	400,000	300,000	300,000	–	–	–
(Share options exercisable at S$3.04 per share)						
Kuok Khoon Hong	1,500,000	1,005,000	1,005,000	–	–	–
Pua Seck Guan	1,000,000	1,000,000	1,000,000	–	–	–
Teo La-Mei*	750,000	750,000	750,000	–	–	–
Kuok Khoon Ean	500,000	500,000	500,000	–	–	–
Kuok Khoon Hua	500,000	500,000	500,000	–	–	–
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	–	–	–

* Ms Teo La-Mei was appointed as Director of the Company on 21 February 2019.
\# Mr Teo Siong Seng was appointed as Director of the Company on 1 May 2019.

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")

The Wilmar ESOS 2009 was approved by shareholders on 29 April 2009 to replace the share option scheme known as Wilmar ESOS 2000 which was terminated on 29 April 2009.

No options had been granted in 2019 under the Wilmar ESOS 2009 which expired on 28 April 2019. For the entire duration of the Wilmar ESOS 2009, the Company has granted options for a total of 221,555,000 shares in accordance with the rules of the aforesaid scheme. As at 31 December 2019, options for a total of 27,382,900 shares had been exercised and a total of 150,285,000 shares had lapsed/expired under the aforesaid scheme.

As at 31 December 2019, outstanding options granted in 2015 and 2017 under the Wilmar ESOS 2009 for a total of 43,887,100 shares remain valid until their respective expiry dates. The details of these grants are set out as follows:

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 2019, the number of outstanding ordinary shares that were not exercised under this option grant was 12,687,000.

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 2019, the number of outstanding ordinary shares that were not exercised under this option grant was 31,200,100 (including the retention of the outstanding option to subscribe for 600,000 ordinary shares granted to Mr Yeo Teng Yang, the former Lead Independent Director of the Company who retired on 24 April 2019. 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.

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019")

On 24 April 2019, a new share option scheme known as "Wilmar Executives Share Option Scheme 2019" ("Wilmar ESOS 2019"), the rules of which were set out in a circular to shareholders dated 4 April 2019, was approved by the shareholders of the Company. This new scheme was adopted in substitution of the Wilmar ESOS 2009 which expired on 28 April 2019.

Under the Wilmar ESOS 2019, 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 traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") for a period of five consecutive market 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 2019, 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 and subsidiary holdings 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.

SHARE OPTION SCHEMES (CONTINUED)

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019") (continued)

Controlling shareholders and associates of controlling shareholders will not be eligible to participate in the Wilmar ESOS 2019.

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

The Wilmar ESOS 2019 is administered by the Remuneration Committee ("RC"). The members of the RC are Mr Kwah Thiam Hock (RC Chairman), Mr Tay Kah Chye and Mr Lim Siong Guan (who was appointed as an RC member on 24 April 2019), 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 2019), the exercise price (including any adjustments thereto) and to recommend modifications to the Wilmar ESOS 2019 (if deemed appropriate).

There were no options granted in 2019 under the Wilmar ESOS 2019 which was approved at the Company's Extraordinary General Meeting held on 24 April 2019.

SHARE OPTIONS EXERCISED

Options for a total of 13,904,150 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 1.1.19	No. of options lapsed/ expired	No. of options exercised	As at 31.12.19	Exercise Price	Exercise Period
Wilmar ESOS 2009						
18.06.15	14,193,622	(5,756,108)	(3,727,550)	4,709,964	S$3.05	19.06.2017 to 18.06.2020
18.06.15	13,674,172	(5,756,108)	(4,634,500)	3,283,564	S$3.05	19.06.2018 to 18.06.2020
18.06.15	14,371,206	(5,930,534)	(3,747,200)	4,693,472	S$3.05	19.06.2019 to 18.06.2020
Sub-total	42,239,000	(17,442,750)	(12,109,250)	12,687,000		
08.09.17	22,571,800	(8,601,450)	(1,794,900)	12,175,450	S$3.04	09.09.2019 to 08.09.2022
08.09.17	17,971,800	(8,601,450)	–	9,370,350	S$3.04	09.09.2020 to 08.09.2022
08.09.17	18,516,400	(8,862,100)	–	9,654,300	S$3.04	09.09.2021 to 08.09.2022
Sub-total	59,060,000	(26,065,000)	(1,794,900)	31,200,100		
Grand Total	101,299,000	(43,507,750)	(13,904,150)	43,887,100		

UNISSUED SHARES UNDER OPTION (CONTINUED)

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 31.12.19	Aggregate options exercised since commencement of the option schemes to 31.12.19	Aggregate options lapsed/expired since commencement of the option schemes to 31.12.19	Aggregate options outstanding as at 31.12.19
Kuok Khoon Hong	–	6,500,000	2,495,000	3,000,000	1,005,000
Pua Seck Guan	–	1,000,000	–	–	1,000,000
Teo La-Mei*	–	1,400,000	650,000	–	750,000
Kuok Khoon Ean	–	1,900,000	–	1,000,000	900,000
Kuok Khoon Hua	–	500,000	–	–	500,000
Tay Kah Chye	–	1,900,000	200,000	900,000	800,000
Kwah Thiam Hock	–	1,900,000	200,000	900,000	800,000
Kishore Mahbubani	–	500,000	–	–	500,000
Total	–	15,600,000	3,545,000	5,800,000	6,255,000

* Ms Teo La-Mei was appointed as Director of the Company on 21 February 2019.

Except as disclosed above, since the commencement of the Wilmar ESOS 2000^, Wilmar ESOS 2009 and Wilmar ESOS 2019 ("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 former Wilmar director Mr Martua Sitorus (for 800,000 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 parent 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 the 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 Lim Siong Guan (who was appointed as an AC member on 24 April 2019).

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 2018 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.

AUDIT COMMITTEE (CONTINUED)

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 Corporate Governance Report.

AUDITOR

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

On behalf of the Board of Directors

Kuok Khoon Hong
Director

Pua Seck Guan
Director

13 March 2020

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 2019, 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 2019 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 2019, the Group recorded goodwill and brands of US$5.4 billion, which represents approximately 30% 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 concluded that the goodwill and brands are not impaired. 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.

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 2019, the Group's total derivative financial instruments that were carried at fair value comprised financial assets and financial liabilities of US$355.6 million (current: US$339.0 million) and US$403.3 million (current: US$370.8 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.

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 Lim Tze Yuen.

Ernst & Young LLP
Public Accountants and Chartered Accountants

Singapore
13 March 2020

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2019

	Note	**2019 US$'000**	2018 US$'000 Restated*
Revenue	4	**42,640,519**	44,497,706
Cost of sales	5	**(38,154,443)**	(40,107,267)
Gross profit		**4,486,076**	4,390,439
Other items of income			
Net gain/(loss) arising from changes in fair value of biological assets		**18,126**	(16,322)
Finance income	6	**475,820**	467,338
Other operating income	7	**259,473**	197,054
Other items of expense			
Selling and distribution expenses		**(1,899,891)**	(1,901,352)
Administrative expenses		**(774,218)**	(733,048)
Other operating expenses	7	**(142,493)**	(146,535)
Finance costs	8	**(892,423)**	(819,439)
Non-operating items	9	**15,013**	(136,247)
Share of results of joint ventures		**76,642**	67,189
Share of results of associates		**76,354**	243,088
Profit before tax from continuing operations	10	**1,698,479**	1,612,165
Income tax expense	11	**(371,533)**	(349,793)
Profit from continuing operations, net of tax		**1,326,946**	1,262,372
Profit/(loss) from discontinued operations, net of tax	16	**43,545**	(43,367)
Profit for the year		**1,370,491**	1,219,005
Attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		**1,267,992**	1,150,253
Profit/(loss) from discontinued operations, net of tax		**25,404**	(25,300)
		1,293,396	1,124,953
Non-controlling interests			
Profit from continuing operations, net of tax		**58,954**	112,119
Profit/(loss) from discontinued operations, net of tax		**18,141**	(18,067)
		77,095	94,052
Earnings per share from continuing operations attributable to owners of the Company (US cents per share)			
– Basic	12	**20.0**	18.2
– Diluted	12	**20.0**	18.2
Earnings per share attributable to owners of the Company (US cents per share)			
– Basic	12	**20.4**	17.8
– Diluted	12	**20.4**	17.8

* In accordance with SFRS(I) 3, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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 2019

	2019 US$'000	2018 US$'000 Restated*
Profit after tax	**1,370,491**	1,219,005
Other comprehensive income:		
Items that will not be reclassified subsequently to income statement		
Fair value adjustment on investment securities at fair value through other comprehensive income	**(23,845)**	(34,605)
Gain on disposal of investment securities at fair value through other comprehensive income	**1,400**	4,766
Net surplus on revaluation of investment properties	**–**	5,514
(Loss)/gain on remeasurements of defined benefit plan	**(10,906)**	34,160
	(33,351)	9,835
Items that may be reclassified subsequently to income statement		
Foreign currency translation	**(75,672)**	(648,210)
Fair value adjustment on cash flow hedges	**(73,434)**	(372)
Fair value adjustment on forward elements of forward contracts	**30,684**	(44,093)
Share of changes in equity transaction reserve of a joint venture	**–**	250
	(118,422)	(692,425)
Other comprehensive income from continuing operations, net of tax	**(151,773)**	(682,590)
Other comprehensive income from discontinued operations, net of tax	**474**	(999)
Total comprehensive income for the year	**1,219,192**	535,416
Attributable to:		
Owners of the Company	**1,142,816**	497,973
Non-controlling interests	**76,376**	37,443
	1,219,192	535,416
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations, net of tax	**1,117,135**	523,856
Total comprehensive income from discontinued operations, net of tax	**25,681**	(25,883)
	1,142,816	497,973

* In accordance with SFRS(I) 3, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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

BALANCE SHEETS

As at 31 December 2019

	Note	Group 2019 US$'000	Group 2018 US$'000 Restated*	Company 2019 US$'000	Company 2018 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**11,244,998**	9,345,149	**63,599**	43,543
Investment properties	13	**33,181**	21,782	**–**	–
Bearer plants	14	**690,640**	676,570	**–**	–
Intangible assets	15	**5,384,405**	4,482,449	**–**	–
Investment in subsidiaries	16	**–**	–	**10,033,212**	9,093,313
Investment in joint ventures	17	**552,001**	1,092,207	**21,508**	124,230
Investment in associates	17	**2,551,179**	2,622,953	**13,677**	36,644
Investment securities	18	**566,654**	573,188	**–**	–
Deferred tax assets	19	**244,040**	330,979	**–**	–
Derivative financial instruments	20	**16,585**	7,012	**–**	–
Other financial receivables	21	**132,017**	197,760	**284,673**	369,799
Other non-financial assets	21	**58,619**	72,481	**–**	–
		21,474,319	19,422,530	**10,416,669**	9,667,529
Current assets					
Inventories	22	**7,960,753**	7,911,302	**–**	–
Trade receivables	23	**4,251,589**	4,349,147	**–**	–
Other financial receivables	21	**7,278,153**	7,519,130	**5,476,380**	4,259,606
Other non-financial assets	21	**1,383,400**	1,467,301	**7,102**	5,543
Derivative financial instruments	20	**338,981**	524,989	**–**	–
Investment securities	18	**315,518**	326,164	**–**	–
Other bank deposits	24	**1,932,754**	1,719,077	**–**	–
Cash and bank balances	24	**2,113,139**	1,650,478	**344,605**	1,848
		25,574,287	25,467,588	**5,828,087**	4,266,997
Assets of disposal group classified as held for sale	16	**–**	822,816	**–**	–
		25,574,287	26,290,404	**5,828,087**	4,266,997
TOTAL ASSETS		**47,048,606**	45,712,934	**16,244,756**	13,934,526
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	25	**1,690,698**	1,441,729	**–**	–
Other financial payables	26	**1,858,588**	1,509,637	**5,613,964**	3,492,000
Other non-financial liabilities	26	**590,872**	404,201	**–**	–
Derivative financial instruments	20	**370,753**	321,857	**–**	–
Loans and borrowings	27	**18,288,112**	17,821,225	**–**	72,110
Tax payables		**196,301**	139,746	**–**	–
		22,995,324	21,638,395	**5,613,964**	3,564,110
Liabilities directly associated with disposal group classified as held for sale	16	**–**	1,201,904	**–**	–
		22,995,324	22,840,299	**5,613,964**	3,564,110
NET CURRENT ASSETS		**2,578,963**	3,450,105	**214,123**	702,887

* In accordance with SFRS(I) 3, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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

BALANCE SHEETS

As at 31 December 2019

	Note	Group 2019 US$'000	Group 2018 US$'000 Restated*	Company 2019 US$'000	Company 2018 US$'000
Non-current liabilities					
Other financial payables	26	**258,288**	75,851	**–**	–
Other non-financial liabilities	26	**178,082**	126,329	**–**	–
Derivative financial instruments	20	**32,552**	32,673	**–**	–
Loans and borrowings	27	**5,419,323**	5,523,374	**242,628**	244,015
Deferred tax liabilities	19	**288,919**	339,392	**–**	–
		6,177,164	6,097,619	**242,628**	244,015
TOTAL LIABILITIES		**29,172,488**	28,937,918	**5,856,592**	3,808,125
NET ASSETS		**17,876,118**	16,775,016	**10,388,164**	10,126,401
Equity attributable to owners of the Company					
Share capital	28	**8,458,995**	8,458,995	**8,895,134**	8,895,134
Treasury shares	28	**(122,579)**	(153,315)	**(122,579)**	(153,315)
Retained earnings		**10,113,650**	9,303,827	**1,381,856**	1,161,712
Other reserves	29	**(1,687,557)**	(1,563,731)	**233,753**	222,870
		16,762,509	16,045,776	**10,388,164**	10,126,401
Non-controlling interests		**1,113,609**	729,240	**–**	–
TOTAL EQUITY		**17,876,118**	16,775,016	**10,388,164**	10,126,401
TOTAL EQUITY AND LIABILITIES		**47,048,606**	45,712,934	**16,244,756**	13,934,526

* In accordance with SFRS(I) 3, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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 2019

	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
2019							
GROUP							
Opening balance at 1 January 2019, as previously reported	8,458,995	(153,315)	9,306,876	(1,563,731)	16,048,825	717,747	16,766,572
Adjustments from finalisation of purchase price allocation for acquisition of SRSL*	–	–	(3,049)	–	(3,049)	11,493	8,444
Opening balance at 1 January 2019, as restated	8,458,995	(153,315)	9,303,827	(1,563,731)	16,045,776	729,240	16,775,016
Profit for the year	–	–	1,293,396	–	1,293,396	77,095	1,370,491
Other comprehensive income	–	–	1,400	(151,980)	(150,580)	(719)	(151,299)
Total comprehensive income for the year	–	–	1,294,796	(151,980)	1,142,816	76,376	1,219,192
Grant of equity-settled share options	–	–	–	10,535	10,535	–	10,535
Share capital contributed by non-controlling shareholders	–	–	–	–	–	29,088	29,088
Reissuance of treasury shares pursuant to exercise of share options	–	30,736	–	348	31,084	–	31,084
Dividends on ordinary shares	–	–	(461,833)	–	(461,833)	–	(461,833)
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	(92,900)	(92,900)
Net transfer to other reserves	–	–	(23,140)	23,140	–	–	–
Total contributions by and distributions to owners	–	30,736	(484,973)	34,023	(420,214)	(63,812)	(484,026)
Acquisition of subsidiaries	–	–	–	–	–	68,065	68,065
Acquisition of additional interest in subsidiaries	–	–	–	(5,872)	(5,872)	(10,694)	(16,566)
Disposal/liquidation of subsidiaries	–	–	–	–	–	314,437	314,437
Dilution of interest in a subsidiary	–	–	–	3	3	(3)	–
Total changes in ownership interests in subsidiaries	–	–	–	(5,869)	(5,869)	371,805	365,936
Closing balance at 31 December 2019	**8,458,995**	**(122,579)**	**10,113,650**	**(1,687,557)**	**16,762,509**	**1,113,609**	**17,876,118**

* In accordance with SFRS(I) 3, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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 2019

	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	8,458,995	(156,209)	8,680,262	(950,738)	16,032,310	1,021,507	17,053,817
Profit for the year	–	–	1,124,953	–	1,124,953	94,052	1,219,005
Other comprehensive income	–	–	4,766	(631,746)	(626,980)	(56,609)	(683,589)
Total comprehensive income for the year	–	–	1,129,719	(631,746)	497,973	37,443	535,416
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*	–	–	–	–	–	(310,343)	(310,343)
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)	(320,901)	(324,292)
Closing balance at 31 December 2018	8,458,995	(153,315)	9,303,827	(1,563,731)	16,045,776	729,240	16,775,016

* In accordance with SFRS(I) 3, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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

	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
	Attributable to owners of the Company				
2019					
COMPANY					
Opening balance at 1 January 2019	8,895,134	(153,315)	1,161,712	222,870	10,126,401
Profit for the year	–	–	681,977	–	681,977
Total comprehensive income for the year	–	–	681,977	–	681,977
Grant of equity-settled share options	–	–	–	10,535	10,535
Reissuance of treasury shares pursuant to exercise of share options	–	30,736	–	348	31,084
Dividends on ordinary shares	–	–	(461,833)	–	(461,833)
Total transactions with owners in their capacity as owners	–	30,736	(461,833)	10,883	(420,214)
Closing balance at 31 December 2019	8,895,134	(122,579)	1,381,856	233,753	10,388,164
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

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 2019

	2019 US$'000	2018 US$'000 Restated*
Cash flows from operating activities		
Profit before tax from continuing operations	**1,698,479**	1,612,165
Profit/(loss) before tax from discontinued operations	**43,545**	(43,367)
Profit before tax, total	**1,742,024**	1,568,798
Adjustments for:		
Net (gain)/loss arising from changes in fair value of biological assets	**(18,126)**	16,322
Depreciation of bearer plants	**58,853**	54,349
Depreciation of property, plant and equipment	**816,935**	776,540
Increase in fair value of investment properties	**(2,782)**	–
Gain on disposal of investment in associates	**(2,232)**	(1,732)
Fair value gain arising from changes of interest in joint ventures resulting in change of control	**(66)**	(1,144)
Fair value gain arising from changes of interest in associates resulting in change of control	**(907)**	(125)
Amortisation of intangible assets	**2,635**	1,378
Loss on disposal of property, plant and equipment	**11,689**	3,068
Loss on disposal of biological assets	**34**	49
(Gain)/loss on disposal/liquidation of subsidiaries	**(96,302)**	633
Gain on disposal of investment securities at fair value through profit or loss	**(2,408)**	(7,180)
Impairment loss on goodwill	**–**	108,208
Grant of share options to employees	**10,535**	10,864
Net fair value loss/(gain) on derivative financial instruments	**178,956**	(353,292)
Net fair value loss on investment securities at fair value through profit or loss	**6,610**	79,038
Foreign exchange differences arising from translation	**(59,795)**	(288,972)
Investment income from investment securities	**(45,437)**	(84,404)
Interest expense	**922,669**	851,212
Interest income	**(475,820)**	(467,338)
Share of results of joint ventures	**(76,642)**	(67,189)
Share of results of associates	**(76,354)**	(243,088)
Operating cash flows before working capital changes	**2,894,069**	1,955,995
Changes in working capital:		
Decrease in inventories	**241,221**	449,452
Decrease/(increase) in receivables and other assets	**496,566**	(134,060)
Increase/(decrease) in payables	**360,345**	(166,033)
Cash flows generated from operations	**3,992,201**	2,105,354
Interest paid	**(861,011)**	(655,012)
Interest received	**453,515**	438,218
Income taxes paid	**(247,154)**	(387,486)
Net cash flows generated from operating activities	**3,337,551**	1,501,074

* In accordance with SFRS(I) 3, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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

	2019 US$'000	2018 US$'000 Restated*
Cash flows from investing activities		
Net cash flow on acquisition of subsidiaries	**(86,995)**	(236,608)
(Increase)/decrease in plasma investments	**(1,858)**	1,195
Decrease in investment securities at fair value through profit or loss	**6,750**	36,686
Increase in other non-financial assets	**–**	(3,901)
Payments for property, plant and equipment	**(1,741,488)**	(1,259,343)
Payments for bearer plants	**(71,415)**	(66,101)
(Increase)/decrease in investment securities at fair value through other comprehensive income	**(16,300)**	20,635
Investment income from investment securities	**45,437**	84,404
Payments for investment in joint ventures	**(13,929)**	(21,977)
Payments for investment in associates	**(11,728)**	(157,903)
Payments for intangible assets	**(312)**	–
Dividends received from joint ventures	**46,456**	26,899
Dividends received from associates	**91,932**	109,243
Proceeds from disposal of property, plant and equipment	**52,312**	63,778
Proceeds from disposal of intangible assets	**–**	57
Proceeds from disposal/liquidation/dilution of interest in associates	**14,057**	15,455
Net cash flow from disposal/liquidation of subsidiaries	**422**	17,907
Net cash flows used in investing activities	**(1,686,659)**	(1,369,574)
Cash flows from financing activities		
Increase in net amount due from related parties	**(26,924)**	(10,862)
(Increase)/decrease in net amount due from joint ventures	**(104,254)**	67,872
Increase in net amount due from associates	**(39,846)**	(53,178)
Increase/(decrease) in advances from non-controlling shareholders	**14,676**	(63,233)
Proceeds from loans and borrowings	**793,955**	818,979
(Increase)/decrease in fixed deposits pledged with financial institutions for bank facilities	**(658,786)**	1,993,221
Increase in other financial receivables	**(102,724)**	(2,426,308)
(Increase)/decrease in other deposits with maturity more than 3 months	**(520,183)**	238,607
Interest paid	**(42,295)**	(36,102)
Payments for acquisition of additional interest in subsidiaries	**(16,566)**	(384)
Dividends paid by the Company	**(461,833)**	(494,889)
Dividends paid to non-controlling shareholders by subsidiaries	**(92,900)**	(37,406)
Proceeds from dilution of interest in a subsidiary	**–**	946
Proceeds from reissuance of treasury shares by the Company	**31,084**	2,909
Proceeds from issue of ordinary shares by subsidiaries to non-controlling shareholders	**29,088**	28,597
Net cash flows (used in)/generated from financing activities	**(1,197,508)**	28,769
Net increase in cash and cash equivalents	**453,384**	160,269
Cash and cash equivalents at the beginning of the financial year	**1,595,494**	1,435,225
Cash and cash equivalents at the end of the financial year	**2,048,878**	1,595,494

* In accordance with SFRS(I) 3, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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

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)").

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 Changes in accounting policies

(i) Adoption of new and revised SFRS(I)

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2019 and early adopted the Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform. The amendments provide relief which allow entities to assume that the uncertainty arising from the Interbank Offered Rates (IBOR) reform does not affect hedge relationships to the extent that they must be discontinued. Except for the adoption of SFRS(I) 16 Leases, 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) 16 Leases</u>
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 which the Group has elected to use. 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 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 has adopted 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.

Upon adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

(i) Adoption of new and revised SFRS(I) (continued)

SFRS(I) 16 Leases (continued)

In addition, the Group has applied 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
- excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application
- relied on its assessment of whether leases are onerous immediately before the date of initial application
- applied the exemption not to recognise right-of-use assets and lease liabilities to (i) leases for which the lease term ends within 12 months of the date of initial application and (ii) leases of low value assets
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The effects on adoption of SFRS(I) 16 as at 1 January 2019 are set below:

	US$'000 **Increase / (decrease)**
Right of use assets	1,085,361
Lease liabilities	130,800
Land and land rights	(935,654)
Prepayments	(18,907)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	US$'000
Operating lease commitments as at 31 December 2018	139,336
Weighted average incremental borrowing rate as at 1 January 2019	5%
Discounted operating lease commitments as at 1 January 2019	132,369
Less:–	
Commitments relating to short-term leases	(23,976)
Commitments relating to leases of low-value assets	(507)
Add:–	
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	22,914
Lease liabilities as at 1 January 2019	130,800

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**
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3 Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material	1 January 2020
SFRS(I) 17 Insurance Contracts	1 January 2021
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

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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.

(b) Business combinations

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations (continued)

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(I).

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 equity transaction 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency (continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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:

Buildings	–	10 to 40 years
Plant and machineries	–	2 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.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement upon derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

<u>Transfers</u>

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the property is remeasured to fair value. Any gain arising on remeasurement is recognised in income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the asset revaluation reserve in equity. Any loss is immediately recognised in the income statement.

2.12 Bearer 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Bearer plants and biological assets (continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Intangible assets (continued)

(b) Other intangible assets (continued)

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.

(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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (continued)

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 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 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 the income statement in the period in which it arises.

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 or the Group has transferred its right to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.17 Impairment of non-financial assets

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised 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 income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.23 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Employee benefits (continued)

(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.

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 general reserve within equity and are not reclassified to the income statement in subsequent periods.

2.25 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and land rights	–	3 to 90 years
Buildings	–	2 to 20 years
Plant and machineries	–	2 to 30 years
Furniture, fittings and office equipment	–	2 to 5 years
Vessels	–	2 to 9 years
Motor vehicles, trucks and aircrafts	–	2 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (continued)

Group as a lessee (continued)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the period in which they are earned.

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.

(b) Ship charter income

Revenue from time charters is recognised on a time apportionment basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Revenue (continued)

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in the income statement.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.28 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as forward currency contracts, cross currency interest rates swaps, forward freight agreements and various commodities futures, options and swap contracts to hedge its risks associated with interest rates, foreign currency, freight charges and commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of forward contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair value of forward freight agreements, futures, options and swap contracts is determined by reference to available market information and option valuation methodology. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Derivative financial instruments and hedging activities (continued)

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

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of the hedging instrument is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised initially in other comprehensive income and accumulated under the hedging reserve, while the ineffective portion is recognised immediately in the income statement.

Amounts recognised in other comprehensive income are transferred to the income statement when the hedged transaction affects the income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in equity remains in equity until the forecast transaction or firm commitment affects the income statement.

Forward elements of forward contracts

When forward contracts are used to hedge forecast transactions, the Group designates only the spot element of the forward contracts as the hedging instrument.

The Group elects for each hedge designation, whether the change in the fair value of the forward elements of forward contracts that relate to the hedge item are recognised directly in 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.

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 2019 were approximately US$3,950,261,000 (2018: US$3,359,099,000) and US$1,407,037,000 (2018: US$1,113,154,000) respectively.

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 2019 were approximately US$4,660,537,000 (2018: US$4,174,082,000) and US$690,640,000 (2018: US$676,570,000), 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 2019 were approximately US$196,301,000 (2018: US$139,746,000), US$244,040,000 (2018: US$ 330,979,000) and US$288,919,000 (2018: US$339,392,000) respectively.

4. REVENUE

	Group	
	2019	2018
	US$'000	US$'000
Sales of agricultural commodities and consumable products	**42,150,173**	44,116,476
Ship charter income	**298,807**	275,115
Others	**191,539**	106,115
	42,640,519	44,497,706

5. COST OF SALES

	Group	
	2019	2018
	US$'000	US$'000
		Restated*
Cost of inventories recognised as expense – physical deliveries	**32,892,494**	34,804,938
Labour and other overhead expenses	**5,459,043**	5,643,982
Net gain on fair value of derivative financial instruments	**(197,094)**	(341,653)
	38,154,443	40,107,267

* Prior year’s figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited (“SRSL”) and its subsidiaries

6. FINANCE INCOME

	Group	
	2019	2018
	US$'000	US$'000
Finance income:		
– From associates	**10,390**	8,386
– From bank balances	**27,897**	14,375
– From fixed deposits	**104,022**	79,287
– From joint ventures	**4,191**	12,338
– From other deposits with financial institutions	**315,191**	330,884
– From other sources	**8,161**	15,766
– From related parties	**988**	896
– Late interest charges pertaining to trade receivables	**4,980**	5,406
	475,820	467,338

7. OTHER OPERATING INCOME
OTHER OPERATING EXPENSES

The following items have been included in arriving at other operating income/(expenses):

	Group	
	2019	2018
	US$'000	US$'000
Amortisation of intangible assets	**(2,635)**	(1,378)
Bad debts recovered	**18**	2,771
Bad debts written off (non-trade)	**(278)**	(587)
Compensation/penalty (expenses)/income	**(147)**	11,037
Energy/power/steam income	**57,404**	51,776
Fair value gain arising from changes of interest in joint ventures resulting in change of control	**66**	1,144
Fair value gain arising from changes of interest in associates resulting in change of control	**907**	125
Fair value gain of derivative financial instruments	**7,560**	5,862
Foreign exchange loss, excluding net foreign exchange gain/(loss) on shareholders' loans to subsidiaries	**(24,176)**	(28,151)
Gain on disposal of investment in associates	**2,232**	1,732
Gain/(loss) on disposal/liquidation of subsidiaries	**96,302**	(633)
Government grants/incentive income	**34,690**	41,237
Grant of share options to employees	**(10,535)**	(10,864)
Income from sales cancellation	**1,236**	1,182
Inventories written off	**(1,195)**	(2,047)
Loss on disposal of property, plant and equipment	**(11,689)**	(3,068)
Pre-operating expenses	**(6,984)**	(6,403)
Processing fee income/tolling income	**480**	1,631
Project expenses	**(976)**	(5,260)
Rental and storage income	**18,108**	12,192
Scrap sales	**14,567**	13,604
Service fees/management fees/commission income	**16,701**	11,386
Write back of allowance for expected credit losses	**996**	395
Impairment on property, plant and equipment	**(1,299)**	(36,612)

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.

8. FINANCE COSTS

	Group	
	2019	2018
	US$'000	US$'000
Interest expense:		
– Loans and borrowings	**784,417**	690,834
– Loans from associates	**163**	642
– Loans from joint ventures	**1,508**	859
– Loans from related parties	**213**	218
– Interest rate swaps	**16,350**	8,432
– Amortisation of forward elements of forward currency contracts	**64,005**	99,539
– Interest on lease liabilities	**5,544**	–
– Others	**32,272**	23,243
	904,472	823,767
Less: Amount capitalised		
– Bearer plants	**(995)**	(374)
– Property, plant and equipment	**(11,054)**	(3,954)
	892,423	819,439

9. NON-OPERATING ITEMS

	Group	
	2019	2018
	US$'000	US$'000
Net foreign exchange gain/(loss) on shareholders' loans to subsidiaries	**1,242**	(8,811)
Finance costs on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries	**(30,246)**	(31,774)
Gain on disposal of investment securities at FVPL	**2,408**	7,180
Investment income from investment securities	**45,437**	84,404
Net fair value loss on investment securities at FVPL	**(6,610)**	(79,038)
Impairment loss on goodwill	**–**	(108,208)
Net gain from fair value adjustment of investment properties	**2,782**	–
	15,013	(136,247)

10. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit before tax from continuing operations:

	Group	
	2019	2018
	US$'000	US$'000
		Restated*
Audit fees paid to:		
– Auditor of the Company	**614**	667
– Other auditors	**4,798**	5,062
Non-audit fees paid to:		
– Auditor of the Company	**34**	33
– Other auditors	**1,985**	690
Depreciation of property, plant and equipment	**815,636**	739,928
Depreciation of bearer plants	**61,326**	56,514
Less: Amount capitalised as part of costs of bearer plants	**(2,473)**	(2,165)
Add: Impairment loss	**1,299**	36,612
Depreciation and impairment loss of property, plant and equipment and bearer plants – net	**875,788**	830,889
Employee benefits expense	**1,432,886**	1,310,184
Operating lease expense	**–**	75,785

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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 2019 and 31 December 2018 are:

	Group	
	2019	2018
	US$'000	US$'000
		Restated*
Consolidated Income Statement		
Current income tax – continuing operations		
Current year	**369,833**	272,036
(Over)/under provision in respect of previous years	**(3,365)**	15,009
	366,468	287,045
Deferred income tax – continuing operations		
Origination and reversal of temporary differences	**6,867**	66,216
Over provision in respect of previous years	**(1,802)**	(3,468)
Income tax expense recognised in the income statement	**371,533**	349,793
Deferred income tax related to other comprehensive income:		
Net tax charges/(credit) in fair value of derivative financial instruments designated as cash flow hedges and others	**18,866**	(7,707)

(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 2019 and 31 December 2018 are as follows:

	Group	
	2019	2018
	US$'000	US$'000
		Restated*
Profit before tax from continuing operations	**1,698,479**	1,612,165
Profit/(loss) before tax from discontinued operations	**43,545**	(43,367)
Accounting profit before income tax	**1,742,024**	1,568,798
Tax calculated at tax rate of 17% (2018: 17%)	**296,144**	266,696
Adjustments:		
Effect of different tax rates in other countries	**73,877**	45,057
Effect of tax incentives	**(44,287)**	(76,393)
Income not subject to taxation	**(13,619)**	(11,156)
Non-deductible expenses	**82,978**	73,032
Deferred tax assets not recognised	**28,690**	89,234
(Over)/under provision in respect of previous years	**(5,167)**	11,541
Share of results of joint ventures and associates	**(31,209)**	(41,389)
Utilisation of previously unrecognised tax losses/capital allowances	**(16,379)**	(3,514)
Others	**505**	(3,315)
Income tax expense recognised in the consolidated income statement	**371,533**	349,793

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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	
	2019	2018 Restated*
Profit for the year attributable to owners of the Company (US$'000)	**1,293,396**	1,124,953
Add back: (Profit)/loss from discontinued operations, net of tax, attributable to owners of the Company (US$'000)	**(25,404)**	25,300
Profit from continuing operations, net of tax, attributable to owners of the Company (US$'000)	**1,267,992**	1,150,253
Weighted average number of ordinary shares ('000)	**6,330,102**	6,326,387
Basic earnings per share (US cents per share)	**20.4**	17.8
Basic earnings per share from continuing operations (US cents per share)	**20.0**	18.2

(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	
	2019	2018 Restated*
Profit for the year attributable to owners of the Company (US$'000)	**1,293,396**	1,124,953
Add back: (Profit)/loss from discontinued operations, net of tax, attributable to owners of the Company (US$'000)	**(25,404)**	25,300
Profit from continuing operations, net of tax, attributable to owners of the Company (US$'000)	**1,267,992**	1,150,253
Weighted average number of ordinary shares ('000)	**6,330,102**	6,326,387
Effects of dilution		
– Grant of equity-settled share options ('000)	**9,025**	1,172
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**6,339,127**	6,327,559
Diluted earnings per share (US cents per share)	**20.4**	17.8
Diluted earnings per share from continuing operations (US cents per share)	**20.0**	18.2

There are no share options (2018: 59,060,000) granted to employees (including directors) under existing employee share option plans that have not been included in the calculation of diluted earnings per share for the financial years ended 31 December 2019 and 31 December 2018 because they are anti-dilutive.

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS

Property, plant and equipment

	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 2018	1,216,053	3,265,869	7,237,994	234,068	767,960	328,564	532,589	13,583,097
Finalisation of purchase price allocation*	12,792	6,999	16,565	–	–	–	–	36,356
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	(46,423)	(136,945)	(410,249)	(11,788)	(2)	(10,210)	(48,700)	(664,317)
At 31 December 2018, as restated and 1 January 2019	**1,303,255**	**3,327,003**	**7,597,502**	**244,704**	**832,921**	**332,345**	**902,080**	**14,539,810**
Adjustment for adoption of SFRS(I) 16	**(1,123,899)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,123,899)**
At 1 January 2019, as restated	**179,356**	**3,327,003**	**7,597,502**	**244,704**	**832,921**	**332,345**	**902,080**	**13,415,911**
Acquisition of subsidiaries	**83**	**298,962**	**528,128**	**1,893**	**–**	**1,168**	**41,962**	**872,196**
Disposal of subsidiaries	**–**	**(3,576)**	**(5,655)**	**(391)**	**–**	**(29)**	**–**	**(9,651)**
Additions	**88**	**19,057**	**69,317**	**19,052**	**59,013**	**20,308**	**1,366,559**	**1,553,394**
Disposals	**–**	**(8,758)**	**(57,132)**	**(7,217)**	**(27,804)**	**(58,772)**	**(421)**	**(160,104)**
Transfers	**200**	**328,811**	**588,945**	**15,056**	**17,318**	**3,623**	**(953,953)**	**–**
Transfer to investment properties	**–**	**(9,606)**	**–**	**–**	**–**	**–**	**–**	**(9,606)**
Reclassifications	**(42,002)**	**161,977**	**(165,405)**	**38,424**	**–**	**2,079**	**4,927**	**–**
Currency translation differences	**(1,923)**	**(30,707)**	**(61,720)**	**(3,291)**	**–**	**(5,566)**	**(8,961)**	**(112,168)**
At 31 December 2019	**135,802**	**4,083,163**	**8,493,980**	**308,230**	**881,448**	**295,156**	**1,352,193**	**15,549,972**

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS (CONTINUED)

Property, plant and equipment (continued)

	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 2018	171,235	931,068	3,215,506	177,598	164,756	167,008	–	4,827,171
Finalisation of purchase price allocation*	–	175	734	–	–	–	–	909
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)	(219,711)	(9,469)	(1)	(7,863)	–	(289,540)
At 31 December 2018, as restated and 1 January 2019	**188,245**	**1,023,255**	**3,423,420**	**185,043**	**196,095**	**178,603**	**–**	**5,194,661**
Adjustment for adoption of SFRS(I) 16	**(188,245)**	**–**	**–**	**–**	**–**	**–**	**–**	**(188,245)**
At 1 January 2019, as restated	**–**	**1,023,255**	**3,423,420**	**185,043**	**196,095**	**178,603**	**–**	**5,006,416**
Disposal of subsidiaries	**–**	**(1,151)**	**(3,535)**	**(346)**	**–**	**(29)**	**–**	**(5,061)**
Depreciation charge for the year	**–**	**141,945**	**496,145**	**27,252**	**62,591**	**22,148**	**–**	**750,081**
Disposals	**–**	**(4,250)**	**(39,100)**	**(7,151)**	**(16,084)**	**(31,951)**	**–**	**(98,536)**
Impairment loss	**–**	**(75)**	**1,374**	**–**	**–**	**–**	**–**	**1,299**
Transfer to investment properties	**–**	**(722)**	**–**	**–**	**–**	**–**	**–**	**(722)**
Reclassifications	**–**	**(4,718)**	**(21,303)**	**25,385**	**2**	**634**	**–**	**–**
Currency translation differences	**–**	**(8,957)**	**(23,558)**	**(2,882)**	**–**	**(4,087)**	**–**	**(39,484)**
At 31 December 2019	**–**	**1,145,327**	**3,833,443**	**227,301**	**242,604**	**165,318**	**–**	**5,613,993**
Net carrying amount								
At 31 December 2018	1,115,010	2,303,748	4,174,082	59,661	636,826	153,742	902,080	9,345,149
At 31 December 2019	**135,802**	**2,937,836**	**4,660,537**	**80,929**	**638,844**	**129,838**	**1,352,193**	**9,935,979**

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS (CONTINUED)

Property, plant and equipment (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 2018	7,331	658	–	7,989
Additions	2,353	–	39,600	41,953
Disposals	(42)	–	–	(42)
At 31 December 2018 and 1 January 2019	**9,642**	**658**	**39,600**	**49,900**
Additions	**2,122**	**203**	**19,633**	**21,958**
Disposals	**(1,245)**	**(183)**	**–**	**(1,428)**
At 31 December 2019	**10,519**	**678**	**59,233**	**70,430**
Accumulated depreciation				
At 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 and 1 January 2019	**6,125**	**232**	**–**	**6,357**
Depreciation charge for the year	**1,783**	**67**	**–**	**1,850**
Disposals	**(1,236)**	**(140)**	**–**	**(1,376)**
At 31 December 2019	**6,672**	**159**	**–**	**6,831**
Net carrying amount				
At 31 December 2018	3,517	426	39,600	43,543
At 31 December 2019	**3,847**	**519**	**59,233**	**63,599**

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$11,054,000 (2018: US$3,954,000).

Assets pledged as security

Certain property, plant and equipment of the Group amounting to approximately US$382,723,000 (2018: US$351,336,000) are pledged as security for bank borrowings.

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS (CONTINUED)

Investment properties

	Group	
	2019	2018
	US$'000	US$'000
Balance sheet		
At 1 January	**21,782**	–
Transfer from property, plant and equipment	**8,884**	14,430
Net gain from fair value adjustment recognised in asset revaluation reserve	**–**	7,352
Net gain from fair value adjustment recognised in profit or loss	**2,782**	–
Currency translation differences	**(267)**	–
At 31 December	**33,181**	21,782
Income statement		
Rental income from investment properties		
– Minimum lease payments	**1,155**	–
	1,155	**–**
Direct operating expenses arising from:		
– Rental generating properties	**174**	–
– Non-rental generating properties	**55**	–
	229	–

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 2019. 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 2019 are as follows:

Description and location	**Existing use**	**Tenure**	**Unexpired lease term**
8/25/26/33 Hua Neng Union Tower, Shanghai, China	Office	Leasehold	24 years
Floor 1-3, C 118 Gaodong Road, Shanghai, China	Industrial Plant	Leasehold	34 years
8 Yihai Avenue, Zhangpu Town, Kunshan, Jiangsu, China	Industrial Plant	Leasehold	40 years

13. PROPERTY, PLANT AND EQUIPMENT INVESTMENT PROPERTIES RIGHT-OF-USE ASSETS (CONTINUED)

Right-of-use assets

	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	Total US$'000
Group							
Costs							
At 31 December 2018 and 1 January 2019	–	–	–	–	–	–	–
Adjustment for adoption of SFRS(I) 16	964,024	29,445	20,695	13,242	51,928	6,027	1,085,361
At 1 January 2019, as restated	946,024	29,445	20,695	13,242	51,928	6,027	1,085,361
Acquisition of subsidiaries	43,678	53,349	5	373	–	2,310	99,715
Disposal of subsidiaries	(476)	–	–	–	–	–	(476)
Additions	149,835	21,133	493	4,547	16,633	5,894	198,535
Disposals	(3,916)	–	–	–	(66)	–	(3,982)
Currency translation differences	(5,719)	197	(366)	(107)	–	82	(5,913)
At 31 December 2019	1,147,426	104,124	20,827	18,055	68,495	14,313	1,373,240
Accumulated depreciation							
At 31 December 2018 and 1 January 2019	–	–	–	–	–	–	–
Disposal of subsidiaries	(97)	–	–	–	–	–	(97)
Depreciation charge for the year	35,069	12,551	1,477	1,156	11,967	3,335	65,555
Disposals	(1,483)	–	–	–	(66)	–	(1,549)
Currency translation differences	(172)	472	(56)	19	–	49	312
At 31 December 2019	33,317	13,023	1,421	1,175	11,901	3,384	64,221
Net carrying amount							
At 31 December 2018	–	–	–	–	–	–	–
At 31 December 2019	1,114,109	91,101	19,406	16,880	56,594	10,929	1,309,019

14. BEARER PLANTS
BIOLOGICAL ASSETS

Bearer plants	Group 2019 US$'000	2018 US$'000
Group		
Costs		
At 1 January	**1,156,989**	1,182,827
Additions	**70,132**	64,771
Disposals	**(290)**	(10,538)
Disposal of a subsidiary	**–**	(48,490)
Capitalisation of interest	**995**	374
Capitalisation of depreciation	**2,473**	2,165
Capitalisation of employee benefits	**1,283**	1,330
Written off	**(19,967)**	(24,852)
Currency translation differences	**5,391**	(10,598)
At 31 December	**1,217,006**	1,156,989
Accumulated depreciation		
At 1 January	**480,419**	460,630
Depreciation charge for the year	**61,326**	56,514
Disposals	**(70)**	(3,359)
Disposal of a subsidiary	**–**	(9,977)
Written off	**(17,222)**	(22,580)
Currency translation differences	**1,913**	(809)
At 31 December	**526,366**	480,419
Net carrying amount		
At 31 December	**690,640**	676,570

Biological assets	Group 2019 US$'000	2018 US$'000
At 1 January	**20,631**	39,363
Fair value gain/(loss) of biological assets	**18,126**	(16,322)
Disposal of a subsidiary	**–**	(2,332)
Currency translation differences	**(116)**	(78)
At 31 December	**38,641**	20,631

(a) Analysis of oil palm production

During the financial year, the Group harvested approximately 3,915,000 metric tonnes (2018: 4,190,000 metric tonnes) of FFB, which had a fair value less estimated point-of-sale costs of approximately US$382,531,000 (2018: US$447,468,000). The fair value of FFB was determined with reference to their monthly average market prices during the year.

14. BEARER PLANTS BIOLOGICAL ASSETS (CONTINUED)

(b) Analysis of bearer plants

At the end of the financial year, the Group's total planted area and related value of mature and immature plantations are as follows:–

Area	Group 2019 Hectares	Group 2018 Hectares
Planted area:		
– Mature	**199,980** [1]	196,756 [1]
– Immature	**38,228**	38,916
	238,208	235,672

Value	Group 2019 US$'000	Group 2018 US$'000
Planted area:		
– Mature	**541,789** [1]	539,582 [1]
– Immature	**148,851**	136,988
	690,640	676,570

(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$83 to US$134 (2018: US$73 to US$98) per metric tonne	The estimated fair value increases as the estimated selling price of FFB increases.
Average yield (annual) is 20.1 (2018: 21.6) 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 2018	3,277,193	13,986	1,098,767	4,389,946
Additions	–	15	–	15
Acquisition of subsidiaries	238,140	4,491	–	242,631
Finalisation of purchase price allocation*	(27,934)	–	15,298	(12,636)
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, as restated and 1 January 2019	**3,465,848**	**15,022**	**1,113,154**	**4,594,024**
Additions	**–**	**3,312**	**–**	**3,312**
Acquisition of subsidiaries	**598,061**	**15,921**	**293,955**	**907,937**
Disposal of subsidiaries	**(6,609)**	**–**	**–**	**(6,609)**
Currency translation differences	**(1,153)**	**334**	**(72)**	**(891)**
At 31 December 2019	**4,056,147**	**34,589**	**1,407,037**	**5,497,773**
Accumulated amortisation				
At 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 and 1 January 2019	**106,749**	**4,826**	**–**	**111,575**
Amortisation during the year	**–**	**2,635**	**–**	**2,635**
Currency translation differences	**(863)**	**21**	**–**	**(842)**
At 31 December 2019	**105,886**	**7,482**	**–**	**113,368**
Net carrying amount				
At 31 December 2018	3,359,099	10,196	1,113,154	4,482,449
At 31 December 2019	**3,950,261**	**27,107**	**1,407,037**	**5,384,405**

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

Amortisation expense

The amortisation of trademarks & licenses and others is included in other operating expenses in the consolidated income statement.

Brands

Brands includes 'Arawana' and 'CSR' brand names that were acquired in 2007 and 2010 respectively. During the year, upon finalisation on the purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited and its subsidiaries, US$15,298,000 was allocated to the "Madhur" brand. In addition, the Group also acquired various brands in December 2019 upon the acquisition of Wilmar GF Singapore Holdings Pte. Ltd. (formerly known as FPW Singapore Holdings Pte. Ltd.) and its subsidiaries. As explained in Note 2.14(b)(i), the useful lives of the brands are estimated to be indefinite.

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
2019					
Goodwill	**2,228,628**	**1,355,834**	**349,109**	**16,690**	**3,950,261**
Brands	**–**	**1,383,201**	**23,836**	**–**	**1,407,037**
2018, as restated*					
Goodwill	2,219,119	771,851	350,678	17,451	3,359,099
Brands	–	1,089,247	23,907	–	1,113,154

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 or ten years 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 or ten-year period are as follows:–

	Tropical Oils		Oilseeds and Grains		Sugar	
	%	%	**%**	%	**%**	%
	2019	2018	**2019**	2018	**2019**	2018
Terminal growth rates	**2.0 – 3.0**	2.0 – 3.0	**3.0**	3.0	**1.0 – 2.0**	2.0
Pre-tax discount rates	**12.0**	12.0 – 14.0	**12.0 – 14.0**	12.0 – 14.0	**9.5 – 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.

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	2018
	US$'000	US$'000
Unquoted equity shares, at cost	**10,033,212**	9,093,313

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**
Kuching Palm Oils Industries Sdn Bhd (formerly known as Assar Refinery Services Sdn. Bhd.)	51	–*	Jan 2019
Wilmar Greenfarm Food Industries Sdn. Bhd. (formerly known as Greenfarm Food Industries Sdn Bhd)	70+	6,884	Jan 2019
Inner Mongolia Hol-Wilmar Agriculture Co., Ltd	11	7,455	Feb 2019
Origin of Tea (Shanghai) Co., Ltd	100	–*	Feb 2019
Yihai Kerry Foodstuffs (Kunshan) Co., Ltd (formerly known as CJ-Yihai (Kunshan) Foodstuffs Co., Ltd)	50	6,105	Apr 2019
Shanxi Liangfen Arawana Vinegar Co., Ltd (formerly known as Shanxi Liangfen Vinegar Co., Ltd)	39	15,391	Sep 2019
Wilmar Alcohol Industries (Lianyungang) Co., Ltd (formerly known as Sasol Wilmar Alcohol Industries (Lianyungang) Co., Ltd)	50	16,960	Dec 2019
Wilmar GF Singapore Holdings Pte. Ltd. (formerly known as FPW Singapore Holdings Pte. Ltd.)^	50	180,000	Dec 2019
		232,795	

\+ Rounded to the nearest whole % as indicated.

* The consideration is less than US$1,000.

^ 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 2019.

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of 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 acquisition were as follows:

	Fair value recognised on acquisition US$'000
Property, plant and equipment	971,911
Intangible assets	309,876
Investment in associates	8,549
Inventories	276,997
Trade receivables and other assets	301,794
Cash and cash equivalents	139,067
	2,008,194
Trade and other payables (including provision for employee gratuity)	1,284,849
Loans and borrowings	756,646
Deferred tax liabilities	19,945
	2,061,440
Net identifiable liabilities	(53,246)
Less: Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets	(68,065)
Identifiable net liabilities acquired	(121,311)
Less: Transfer from investment in joint ventures	(200,729)
Less: Transfer from investment in associates	(42,253)
	(364,293)
Positive goodwill arising from acquisition recognised as part of intangible assets	598,061
Fair value gain arising from changes of interest in a joint venture resulting in change of control	(66)
Fair value gain arising from changes of interest in an associate resulting in change of control	(907)
Total consideration for acquisition	**232,795**

Total cost of business combination

The total cost of the business combination is as follows:

	Cashflow on acquisition US$'000
Consideration for acquisition	232,795
Less: Advance for acquisition	(6,733)
Consideration for acquisition – cash paid	**226,062**
The effects of acquisition on cash flow are as follows:	
Consideration settled in cash	226,062
Less: Cash and cash equivalents of subsidiaries acquired	(139,067)
Net cash outflow on acquisition	**86,995**

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Impact of acquisitions on consolidated income statement

From the respective dates of acquisition, the acquirees have contributed additional revenue and net profit of approximately US$596,586,000 and US$1,733,000 respectively for the financial year ended 31 December 2019. If the combinations had taken place at the beginning of the financial year, the Group's revenue would have been approximately US$44,422,809,000 and net profit would have been approximately US$1,263,042,000.

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 / (Proceeds) US$'000	Book value US$'000	Premium arising from acquisition US$'000	Month of acquisition
Wilmar Africa Resources Pte. Ltd. (formerly known as Wilmar Resources Pte. Ltd.)	Equatorial Africa Pte. Ltd. (formerly known as Equatorial Trading Limited)	18 +	100	19,228	16,193	3,035	Jan 2019
Wilmar Africa Resources Pte. Ltd. (formerly known as Wilmar Resources Pte. Ltd.)	Skye Africa Investments Pte. Ltd.	10	60	51	(769)	820	Feb 2019
Yihai Kerry Arawana Holdings Co., Ltd (formerly known as Yihai Kerry Arawana Oils, Grains & Food Co., Ltd)	Wilmar Oleo (Lianyungang) Co., Ltd	1	80	825	676	149	Jul 2019
Yihai Kerry Arawana Holdings Co., Ltd (formerly known as Yihai Kerry Arawana Oils, Grains & Food Co., Ltd)	Yihai (Lianyungang) Oils & Grains Industries Co., Ltd	1	80	1,163	710	453	Jul 2019
Yihai Kerry Arawana Holdings Co., Ltd (formerly known as Yihai Kerry Arawana Oils, Grains & Food Co., Ltd)	Yihai (Yantai) Oils & Grains Industries Co., Ltd	1 +	80	535	379	156	Jul 2019
Yihai Kerry Arawana Holdings Co., Ltd (formerly known as Yihai Kerry Arawana Oils, Grains & Food Co., Ltd)	Yihai (Zhoukou) Oils & Grains Industries Co., Ltd	5	94	3,083	1,333	1,750	Jul 2019

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of non-controlling interests (continued)

Acquirer	Acquiree	Additional interest %	Proportion of ownership interest after additional acquisition %	Consideration / (Proceeds) US$'000	Book value US$'000	Premium arising from acquisition US$'000	Month of acquisition
Yihai Kerry Arawana Holdings Co., Ltd (formerly known as Yihai Kerry Arawana Oils, Grains & Food Co., Ltd)	Wilmar Yuanda BioTech (Lianyungang) Co., Ltd	20	100	404	377	27	Aug 2019
PT Sentratama Niaga Indonesia	PT Pratama Prosentindo	44	95	(2,827)	(2,772)	(55)	Sep 2019
PT Sentratama Niaga Indonesia	PT Putra Indotropical	44	95	(5,302)	(5,047)	(255)	Sep 2019
Yihai Kerry Arawana Holdings Co., Ltd (formerly known as Yihai Kerry Arawana Oils, Grains & Food Co., Ltd)	Yihai Kerry (Fuyu) Energy Co., Ltd	1	100	– *	(10)	10	Oct 2019
PT Sentratama Niaga Indonesia	PT Bumipratama Khatulistiwa	51 +	95	(7,204)	(6,570)	(634)	Dec 2019
Yihai Kerry Arawana Holdings Co., Ltd (formerly known as Yihai Kerry Arawana Oils, Grains & Food Co., Ltd)	Jiangxi Yichun Yuanda Chemical Co., Ltd	20	100	6,610	6,194	416	Dec 2019

+ Rounded to the nearest whole % as indicated.
* The consideration is less than US$1,000.

Disposal of interests in subsidiaries without loss of control

During the year, the Group disposed the interests in the following subsidiaries without loss of control:

Immediate holding company	Name of subsidiary	Disposal of interest %	Proportion of ownership interest after disposal %	Proceeds US$'000	Book value US$'000	Increase in equity attributable to the owners of the Company US$'000	Month of disposal
Wilmar International Limited	Wilmar Riceland Trading Pte. Ltd. (formerly known as Wilmar-Agro Holdings Pte. Ltd.)	40	60	–*	–*	–	Mar 2019
Yihai Kerry Arawana Holdings Co., Ltd (formerly known as Yihai Kerry Arawana Oils, Grains & Food Co., Ltd)	Wilmar (Panjin) Vanilin Co., Ltd	7	44	– *	(3)	3	Dec 2019

* The consideration and book value are less than US$1,000.

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries

During the year, the interests in the following subsidiaries were disposed:

Name of subsidiaries disposed	Equity interest disposed %	Proceeds US$'000	Month of disposal
Beijing Jiahemei International Trading Co., Ltd	100	– *	Mar 2019
Wilmar Spring Fruit Nutrition Products (Jiangsu) Co., Ltd	95	490	Jun 2019
Shree Renuka Global Ventures Ltd	83 +	21	Sep 2019
Ersun Kimya Sanayi Dis Ticaret Limited Sirketi	100	– *	Dec 2019

+ Rounded to the nearest whole % as indicated.
* The proceeds is less than US$1,000.

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	4,969
Intangible assets	6,609
Trade receivables and other assets	4,712
Inventories	113
Cash and cash equivalents	89
	16,492
Trade and other payables (including provision for employee gratuity)	10,230
	10,230
Net carrying amounts of assets disposed	6,262
Less: Non-controlling interest	(233)
Net assets disposed	6,029
Net assets disposed	6,029
Add: Foreign currency translation reserve realised upon disposal of subsidiaries	50
Loss on disposal*	(5,589)
Sales proceeds, net	490
Less: Cash and cash equivalents of subsidiaries disposed	(89)
Net cash inflow on disposal of subsidiaries	**401**

* Exclude gain on disposal from discontinued operations of US$101,891,000.

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 did not intend to continue the Brazilian operations and had planned for their disposal. Consequently, the Brazilian operations, held via subsidiaries in Brazil had been classified as discontinued operations and disposal group held for sale since June 2018.

From the perspective of the Group, the subsidiaries in Brazil were acquired exclusively with a view to sale and as such, the assets and liabilities of the subsidiaries in Brazil had 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 were consolidated in the Group's financial statements were presented separately in the income statement as "Loss from discontinued operations, net of tax".

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Discontinued operations and disposal group classified as held for sale (continued)

During the year and before the disposal of its subsidiaries in Brazil, the Group recorded a loss of US$58,346,000, net of tax, from its discontinued operations. In September 2019, SRSL disposed 82.9% of its interest in the subsidiaries in Brazil to a third party for a cash consideration of US$21,000. Following the disposal, the Group's effective interest in the subsidiaries in Brazil has been reduced to 9.98%. A gain of US$101,891,000 was recorded from the disposal and recorded under "Profit/(loss) from discontinued operations, net of tax" in the income statement.

17. INVESTMENT IN JOINT VENTURES
INVESTMENT IN ASSOCIATES

The Group's investment in joint ventures are summarised below:

	Group		Company	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Adani Wilmar Limited	**176,467**	149,836	**–**	–
Other joint ventures	**375,534**	942,371	**21,508**	124,230
Investment in joint ventures	**552,001**	1,092,207	**21,508**	124,230

Details of the list of significant joint ventures are included in Note 40.

The summarised financial information of material joint venture is as follows:

	Adani Wilmar Limited	
	2019	2018
	US$'000	US$'000
Assets and liabilities:		
Current assets	**1,022,918**	1,100,428
Non-current assets	**588,966**	506,264
Total assets	**1,611,884**	1,606,692
Current liabilities	**1,065,482**	1,243,543
Non-current liabilities	**225,631**	96,989
Total liabilities	**1,291,113**	1,340,532
Shareholders' equity	**319,078**	265,816
Proportion of the Group's ownership interest	**50%**	50%
Group's share	**159,539**	132,908
Goodwill on acquisition	**16,928**	16,928
Carrying amount of the investment	**176,467**	149,836
Revenue	**3,151,039**	3,002,975
Profit for the year	**64,971**	37,416
Other comprehensive income	**(95)**	(29)
Total comprehensive income	**64,876**	37,387
Cash and cash equivalents	**9,440**	5,175
Current financial liabilities (excluding trade and other payables and provisions)	**211,387**	63,799
Non-current financial liabilities (excluding other payables and provisions)	**179,684**	57,920
Depreciation and amortisation	**25,024**	18,040
Finance income	**9,703**	10,860
Finance expense	**52,762**	47,222
Income tax expense	**20,253**	21,158

17. INVESTMENT IN JOINT VENTURES
INVESTMENT IN ASSOCIATES (CONTINUED)

The activities of Adani Wilmar Limited is strategic to the Group's activities. No dividends were received during the financial year ended 31 December 2019 (2018: Nil).

Aggregate information about the Group's shares in joint ventures that are not individually material are as follows:

	Group	
	2019	2018
	US$'000	US$'000
Share of the joint ventures' profit for the year	**44,156**	48,481
Share of the joint ventures' total comprehensive income	**44,156**	48,481

The Group's investment in associates are summarised below:

	Group		Company	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd	**563,289**	608,422	**–**	–
Cosumar S.A.	**328,230**	335,985	**–**	–
Other associates	**1,659,660**	1,678,546	**13,677**	36,644
Investment in associates	**2,551,179**	2,622,953	**13,677**	36,644
Fair value of investment in associates for which there are published price quotations (Level 1 in the fair value hierarchy)	**823,199**	708,626	**13,857**	13,142

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.	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Assets and liabilities:				
Current assets	**557,785**	622,220	**630,634**	603,499
Non-current assets	**235,311**	233,993	**564,380**	540,744
Total assets	**793,096**	856,213	**1,195,014**	1,144,243
Current liabilities	**213,155**	173,136	**569,920**	487,345
Non-current liabilities	**1,574**	2,034	**118,772**	125,122
Total liabilities	**214,729**	175,170	**688,692**	612,467
Shareholders' equity	**564,760**	667,335	**505,634**	531,147
Proportion of the Group's ownership interest	**44%**	44%	**30%+**	30%+
Group's share	**248,494**	293,627	**153,687**	161,442
Goodwill on acquisition	**314,795**	314,795	**174,543**	174,543
Carrying amount of the investment	**563,289**	608,422	**328,230**	335,985
Revenue	**2,222,426**	2,307,819	**834,785**	813,352
(Loss)/profit for the year	**(21,748)**	73,979	**78,086**	100,109
Total comprehensive income	**(21,748)**	73,979	**78,086**	100,109

\+ The effective interest of the Group has been rounded to the nearest whole % as indicated

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$34,125,000 (2018: US$53,252,000) and US$29,992,000 (2018: US$20,212,000) were received from COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd and Cosumar S.A. respectively during the financial year ended 31 December 2019.

Aggregate information about the Group's shares in associates that are not individually material is as follows:

	Group	
	2019	2018
	US$'000	US$'000
Share of the associates' profit for the year	**62,189**	180,111
Share of the associates' total comprehensive income	**62,189**	180,111

18. INVESTMENT SECURITIES

	Group	
	2019	2018
	US$'000	US$'000
At fair value through other comprehensive income		
Non-current:		
Quoted equity instruments *	**256,185**	247,577
Unquoted equity instruments	**152,522**	155,237
Investment funds	**157,947**	170,374
	566,654	573,188
At fair value through profit or loss		
Current:		
Quoted equity instruments	**315,518**	326,164
	315,518	326,164

* 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.

Investments in equity instruments designated at fair value through other comprehensive income

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting period is as follows:

	Group	
	2019	2018
	US$'000	US$'000
At fair value through other comprehensive income		
Preference shares issued by financial institutions in China	**210,737**	206,863
Perennial Shenton Investors Pte Ltd	**95,946**	96,010
Primavera Capital (Cayman) Fund I L.P.	**81,187**	89,951
Others	**178,784**	180,364
	566,654	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 investment income of US$45,437,000 (2018: US$84,404,000) from its investment securities at FVOCI.

19. DEFERRED TAX

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Deferred tax assets:				
Provisions	**87,221**	86,632	**2,012**	(22,799)
Unutilised tax losses	**125,665**	131,550	**4,179**	(5,150)
Timing differences for tax purposes	**146,055**	67,473	**(78,442)**	19,331
Fair value adjustments on derivatives classified as cash flow hedges	**4,463**	39,425	**–**	–
Other items	**425**	5,899	**28,601**	21,864
	363,829	330,979		
Less: Deferred tax liabilities:				
Timing differences for tax purposes	**277,199**	193,054	**55,854**	52,191
Fair value adjustments on acquisition of subsidiaries	**29,107**	35,913	**(7,217)**	(3,287)
Fair value adjustments on derivatives classified as cash flow hedges	**9,113**	21,672	**–**	–
Fair value adjustments on biological assets	**8,192**	2,439	**4,467**	(2,924)
Undistributed earnings	**68,963**	74,763	**(5,800)**	1,627
Other items	**16,134**	11,551	**1,411**	1,895
	408,708	339,392		
	(44,879)	(8,413)		
Deferred income tax charge			**5,065**	62,748

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, were shown in the statements of financial position:

	Group	
	2019	2018
	US$'000	US$'000
Deferred tax assets	**244,040**	330,979
Deferred tax liabilities	**(288,919)**	(339,392)
	(44,879)	(8,413)

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately US$930,799,000 (2018: US$873,860,000) 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 (2018: 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$5,769,774,000 (2018: US$5,389,574,000). The deferred tax liability is estimated to be approximately US$440,438,000 (2018: US$400,170,000).

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2019			2018		
	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	**14,905,072**	**139,720**	**136,558**	15,393,392	280,606	129,039
Futures, options and swap contracts	**8,870,689**	**172,571**	**235,098**	8,180,777	190,545	181,959
Interest rate swap	**4,427,580**	**1,304**	**13,805**	3,983,525	2,500	2,522
Fair value of firm commitment contracts	**3,520,943**	**41,971**	**17,844**	3,941,352	58,350	41,010
Total derivative financial instruments		**355,566**	**403,305**		532,001	354,530
Less: Current portion		**(338,981)**	**(370,753)**		(524,989)	(321,857)
Non-current portion		**16,585**	**32,552**		7,012	32,673

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, Medium Term Notes and foreign exchange risk.

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 loss of approximately US$50,789,000 (2018: gain of US$22,502,000), with related deferred tax charge of approximately US$645,000 (2018: tax charge of US$3,132,000), 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$50,839,000) and US$50,000 (2018: US$22,452,000 and US$50,000).

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$4,174,000 (2018: loss of approximately US$30,845,000), with related deferred tax credit of approximately US$1,391,000 (2018: tax credit of approximately US$10,282,000), is included in the cost of hedging reserve in respect of these contracts.

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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 loss of approximately US$6,194,000 (2018: gain of US$6,496,000) is recognised in the income statement and offset with a similar gain 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 gain of approximately US$36,000 (2018: loss of US$388,000) 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	
	2019 US$'000	2018 US$'000 Restated*	**2019 US$'000**	2018 US$'000
Non-current:				
Other non-trade receivables	**22,722**	18,888	**19**	18
Amounts due from subsidiaries – non-trade	**–**	–	**229,560**	316,302
Amounts due from joint ventures – non-trade	**21,904**	22,654	**–**	–
Amounts due from associates – non-trade	**65,100**	136,023	**55,094**	53,479
Amounts due from related parties – non-trade	**22,291**	20,195	**–**	–
Other financial receivables	**132,017**	197,760	**284,673**	369,799
Current:				
Deposits	**68,681**	128,247	**290**	5
Loans to non-controlling shareholders of subsidiaries	**1,214**	53,062	**–**	–
Other non-trade receivables	**298,783**	306,763	**13,915**	8,345
Other deposits with financial institutions	**6,442,865**	6,514,776	**–**	–
Amounts due from subsidiaries – non-trade	**–**	–	**5,450,276**	3,833,511
Amounts due from joint ventures – non-trade	**125,246**	332,905	**1,487**	408,353
Amounts due from associates – non-trade	**248,788**	175,892	**10,412**	9,392
Amounts due from related parties – non-trade	**92,576**	7,485	**–**	–
Other financial receivables	**7,278,153**	7,519,130	**5,476,380**	4,259,606
Non-current:				
Prepayments	**42,961**	58,969	**–**	–
Plasma investments	**15,658**	13,512	**–**	–
Other non-financial assets	**58,619**	72,481	**–**	–
Current:				
Prepayments and other non-financial assets	**178,612**	143,236	**7,102**	5,543
Biological assets (note 14)	**38,641**	20,631	**–**	–
Tax recoverables	**157,268**	211,073	**–**	–
Advances for property, plant and equipment	**403,879**	277,388	**–**	–
Advances for acquisition of subsidiaries	**–**	6,733	**–**	–
Advances to suppliers	**605,000**	808,240	**–**	–
Other non-financial assets	**1,383,400**	1,467,301	**7,102**	5,543

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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 7.7% (2018: 2.5% to 6.6%) 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 2019, the Company has provided impairment for amounts due from subsidiaries amounting to approximately US$32,526,000 (2018: 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$51,219,000 (2018: US$206,498,000) and US$139,469,000 (2018: US$98,486,000) respectively, which bear interest ranging from 1.5% to 9.5% (2018: 1.5% to 9.0%) per annum. These balances are expected to be settled in cash.

As at 31 December 2019, the Company has provided impairment for amounts due from subsidiaries amounting to approximately US$77,439,000 (2018: 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 loan amounting to US$51,014,000 in December 2018, which beared interest ranging from 3.5% to 9.7% 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 3.3% to 4.5% (2018: 3.9% to 5.4%) per annum.

The Group has pledged other deposits with financial institutions amounting to approximately US$2,809,422,000 (2018: US$2,475,509,000) as security for bank borrowings.

22. INVENTORIES

	Group	
	2019	2018
	US$'000	US$'000
Balance Sheet		
At cost:		
Raw materials	**2,676,678**	2,314,352
Consumables	**398,670**	405,964
Finished goods	**3,220,375**	2,507,279
Stock in transit	**694,795**	390,003
	6,990,518	5,617,598
At net realisable value:		
Raw materials	**430,079**	893,919
Consumables	**6,043**	3,041
Finished goods	**534,113**	1,396,744
	970,235	2,293,704
	7,960,753	7,911,302
Income Statement		
Inventories recognised as an expense in cost of sales	**32,892,494**	34,804,938
Inclusive of the following charge:		
– (Write back) / Provision for net realisable value	**(35,849)**	83,666

23. TRADE RECEIVABLES

	Group	
	2019	2018
	US$'000	US$'000
Trade receivables	**2,903,339**	2,749,578
Notes receivables	**204,085**	198,885
Value added tax recoverable	**875,987**	803,445
Amounts due from joint ventures – trade	**206,261**	531,735
Amounts due from associates – trade	**115,531**	102,621
Amounts due from related parties – trade	**2,562**	2,495
	4,307,765	4,388,759
Less: Allowance for expected credit losses	**(56,176)**	(39,612)
	4,251,589	4,349,147

Trade receivables, including amounts due from joint ventures, associates and related parties, are non-interest bearing and the average turnover is 34 days (2018: 34 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 2019 and 31 December 2018.

The Group has pledged trade receivables amounting to approximately US$84,978,000 (2018: US$40,754,000) as security for bank borrowings.

Trade receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance for expected credit losses of trade receivables are as follows:

Movement in allowance account:

	Group	
	2019	2018
	US$'000	US$'000
At 1 January	**(39,612)**	(18,072)
Additional allowance during the year	**(26,433)**	(3,757)
Acquisition of subsidiaries	**(3,447)**	(18,929)
Bad debts written off against allowance	**13,179**	866
Currency translation differences	**137**	280
At 31 December	**(56,176)**	(39,612)

Financial assets carried at amortised cost

	Group		Company	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
		Restated*		
Trade receivables	**4,251,589**	4,349,147	**–**	–
Other financial receivables – current	**7,278,153**	7,519,130	**5,476,380**	4,259,606
Other financial receivables – non-current	**132,017**	197,760	**284,673**	369,799
Total cash and bank balances	**4,045,893**	3,369,555	**344,605**	1,848
Total financial assets carried at amortised cost	**15,707,652**	15,435,592	**6,105,658**	4,631,253

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

24. OTHER BANK DEPOSITS
CASH AND BANK BALANCES

	Group	
	2019	2018
	US$'000	US$'000
Fixed deposits pledged with financial institutions for bank facilities	**957,591**	1,264,097
Other deposits with maturity more than 3 months	**975,163**	454,980
Other bank deposits	**1,932,754**	1,719,077

	Group		Company	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Cash at banks and on hand	**1,724,149**	1,262,491	**344,605**	1,848
Short term and other deposits	**388,990**	387,987	**–**	–
Cash and bank balances	**2,113,139**	1,650,478	**344,605**	1,848

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 3.2% (2018: 2.4%) per annum.

	Group		Company	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Other bank deposits	**1,932,754**	1,719,077	**–**	–
Cash and bank balances	**2,113,139**	1,650,478	**344,605**	1,848
Total cash and bank balances	**4,045,893**	3,369,555	**344,605**	1,848

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

	Group	
	2019	2018
	US$'000	US$'000
Cash and bank balances	**2,113,139**	1,650,478
Bank overdrafts	**(64,261)**	(54,984)
Cash and cash equivalents	**2,048,878**	1,595,494

25. TRADE PAYABLES

	Group	
	2019	2018
	US$'000	US$'000
Trade payables	**1,533,660**	1,298,064
Value added tax payable	**17,018**	33,684
Amounts due to joint ventures – trade	**46,630**	31,976
Amounts due to associates – trade	**41,500**	48,474
Amounts due to related parties – trade	**51,890**	29,531
	1,690,698	1,441,729

Trade payables, including amounts due to joint ventures, associates and related parties, are non-interest bearing and the average turnover is 14 days (2018: 13 days).

25. TRADE PAYABLES (CONTINUED)

Financial liabilities carried at amortised cost

	Group 2019 US$'000	Group 2018 US$'000 Restated*	Company 2019 US$'000	Company 2018 US$'000
Trade payables	**1,690,698**	1,441,729	**–**	–
Other financial payables – current	**1,858,588**	1,509,637	**5,613,964**	3,492,000
Other financial payables – non-current	**258,288**	75,851	**–**	–
Loans and borrowings	**23,707,435**	23,344,599	**242,628**	316,125
Total financial liabilities carried at amortised cost	**27,515,009**	26,371,816	**5,856,592**	3,808,125

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

26. OTHER FINANCIAL PAYABLES OTHER NON-FINANCIAL LIABILITIES

	Group 2019 US$'000	Group 2018 US$'000 Restated*	Company 2019 US$'000	Company 2018 US$'000
Current:				
Advances from non-controlling shareholders of subsidiaries	**25,119**	19,583	**–**	–
Accrued operating expenses	**942,173**	906,604	**16,562**	13,896
Amounts due to subsidiaries – non-trade	**–**	–	**5,596,444**	3,476,533
Amounts due to joint ventures – non-trade	**41,221**	21,185	**–**	45
Amounts due to associates – non-trade	**19,199**	30,842	**–**	–
Amounts due to related parties – non-trade	**7,069**	130	**89**	89
Deposits from third parties	**258,792**	157,483	**–**	–
Payable for property, plant and equipment	**156,702**	82,298	**–**	–
Other tax payables	**11,083**	11,274	**–**	–
Lease liabilities	**39,296**	–	**–**	–
Other payables	**357,934**	280,238	**869**	1,437
Other financial payables	**1,858,588**	1,509,637	**5,613,964**	3,492,000
Non-current:				
Advances from non-controlling shareholders of subsidiaries	**66,076**	52,504	**–**	–
Due to associates – non-trade	**2,924**	2,436	**–**	–
Lease liabilities	**171,532**	–	**–**	–
Other payables	**17,756**	20,911	**–**	–
Other financial payables	**258,288**	75,851	**–**	–
Current:				
Advances from customers and others	**590,872**	404,201	**–**	–
Other non-financial liabilities	**590,872**	404,201	**–**	–
Non-current:				
Provision for employee gratuity	**131,340**	93,531	**–**	–
Deferred income – government grants	**46,742**	32,798	**–**	–
Other non-financial liabilities	**178,082**	126,329	**–**	–

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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$801,000 (2018: US$1,752,000) and amounts due to joint ventures of approximately US$25,949,000 (2018: US$17,919,000), which bear interest ranging from 3.5% to 6.4% (2018: 4.2% to 7.4%) 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 of approximately US$49,071,000 (2018: US$25,333,000), which bear interest rate at 2.5% to 7.2% (2018: 2.5% 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	
	Note	**Maturity**	**2019**	2018	**2019**	2018	**2019**	2018
			%	%	**US$'000**	US$'000	**US$'000**	US$'000
Current:								
Bank term loans	(a)	**2020**	**3**	4	**2,529,914**	1,219,189	**–**	–
Short term/pre -shipment loans	(a)	**2020**	**3**	4	**8,382,364**	8,849,017	**–**	–
Trust receipts/bill discounts	(a)	**2020**	**2**	3	**7,306,311**	7,621,898	**–**	–
Bank overdrafts	(b)	**2020**	**6**	7	**64,261**	54,984	**–**	–
Medium term notes	(c)	**–**	**–**	4	**–**	72,110	**–**	72,110
Debentures	(d)	**2020**	**12**	12	**5,262**	4,027	**–**	–
					18,288,112	17,821,225	**–**	72,110
Non-current:								
Bank term loans	(a)	**2021-2029**	**5**	6	**5,068,343**	5,138,734	**–**	–
Medium term notes	(c)	**2021-2022**	**2**	2	**242,628**	244,015	**242,628**	244,015
Debentures/redeemable preference shares/ optionally convertible preference shares	(d)	**2021-2037**	**12**	13	**108,352**	140,625	**–**	–
					5,419,323	5,523,374	**242,628**	244,015
Total loans and borrowings					**23,707,435**	23,344,599	**242,628**	316,125

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 corporate guarantees from the Company.

(c) Medium term notes

The Company issued the following notes:

- on 17 April 2014, a 7-year Medium Term Note of HK$300 million at a fixed rate of 4.70% per annum;
- on 17 July 2014, a 7-year Medium Term Note of Euro 100 million at a fixed rate of 3.03% per annum; and
- on 26 April 2017, a 5-year Medium Term Note of Japanese Yen 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. Non-convertible debentures are repayable in 12 equal quarterly instalments from 30 June 2024, bearing effective interest rate of 12.9%. Non-convertible debentures issued to Life Insurance Corporation of India ("LIC") are repayable in 20 quarterly instalments from 30 June 2019, bearing effective interest rates between 11.3% to 11.7%.

The redeemable preference shares bear effective interest rate of 12.9% and are redeemable in 40 quarterly instalments from 30 June 2027.

The optionally convertible preference shares bear effective interest rate of 12.9% and are to be converted before 31 March 2029.

(e) The bank facilities, up to a limit of approximately US$9,987,102,000 (2018: US$10,588,651,000), are guaranteed by the Company and certain subsidiaries.

(f) The Group has bank loans and other bank deposits amounting to approximately US$1,692,423,000 (2018: US$495,379,000), disclosed off-balance sheet for the financial year ended 31 December 2019 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 2018, 31 December 2018, 1 January 2019 and 31 December 2019	**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.

(b) Treasury shares

	Group and Company	
	Number of shares '000	US$'000
At 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 and 1 January 2019	**(76,433)**	**(153,315)**
Reissued pursuant to employee share option plans:		
– For cash on exercise of employee share options	**13,904**	**31,084**
– Transferred from employee share option reserve	**–**	**5,853**
– Transferred to general reserve on reissuance of treasury shares	**–**	**(6,201)**
	13,904	**30,736**
At 31 December 2019	**(62,529)**	**(122,579)**

Treasury shares relate to ordinary shares of the Company that are held by the Company.

No shares (2018: Nil) had been acquired during the financial year.

Options for a total of 13,904,150 ordinary shares (2018: 1,281,150) were exercised during the financial year pursuant to Wilmar ESOS 2009.

29. OTHER RESERVES

(a) Composition:

	Group		Company	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Capital reserve	**145,383**	145,383	**145,379**	145,379
Merger reserve	**(1,929,314)**	(1,929,314)	**–**	–
Foreign currency translation reserve	**(156,377)**	(85,410)	**–**	–
General reserve	**359,282**	340,685	**17,039**	10,838
Equity transaction reserve	**(241,115)**	(235,246)	**–**	–
Hedging reserve	**(50,789)**	22,502	**–**	–
Employee share option reserve	**71,335**	66,653	**71,335**	66,653
Fair value reserve	**112,698**	136,347	**–**	–
Asset revaluation reserve	**5,514**	5,514	**–**	–
Cost of hedging reserve	**(4,174)**	(30,845)	**–**	–
Total other reserves	**(1,687,557)**	(1,563,731)	**233,753**	222,870

(b) Movements:

(i) Capital reserve

	Group		Company	
	2019	2018	**2019**	2018
	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	
	2019	2018
	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.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(iii) Foreign currency translation reserve

	Group	
	2019	2018
	US$'000	US$'000
At 1 January	**(85,410)**	511,966
Currency translation differences of foreign operations	**(71,017)**	(596,080)
Disposal of subsidiaries	**50**	(1,296)
At 31 December	**(156,377)**	(85,410)

(iv) General reserve

	Group		Company	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
At 1 January	**340,685**	295,880	**10,838**	10,270
Transferred from retained earnings	**23,140**	11,265	**–**	–
Gain on reissuance of treasury shares	**6,201**	568	**6,201**	568
(Loss)/gain on remeasurement of defined benefit plan	**(10,744)**	32,972	**–**	–
At 31 December	**359,282**	340,685	**17,039**	10,838

(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 income statement in subsequent periods.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(v) Equity transaction reserve

	Group	
	2019	2018
	US$'000	US$'000
At 1 January	**(235,246)**	(232,105)
Share of changes in equity transaction reserve of a joint venture	**–**	250
Acquisition of additional interest in subsidiaries	**(5,872)**	(3,502)
Dilution of interest in subsidiaries	**3**	111
At 31 December	**(241,115)**	(235,246)

(vi) Hedging reserve

	Group	
	2019	2018
	US$'000	US$'000
At 1 January	**22,502**	22,173
Fair value adjustment on cash flow hedges	**(61,845)**	(9,634)
Recognised in the income statement on derivatives contracts realised	**(11,446)**	9,963
At 31 December	**(50,789)**	22,502

Hedging reserve represents the cumulative fair value changes, net of tax, of the derivatives contracts designated as cash flow hedges.

(vii) Employee share option reserve

	Group and Company	
	2019	2018
	US$'000	US$'000
At 1 January	**66,653**	56,342
Grant of equity-settled share options	**10,535**	10,864
Reissuance of treasury shares pursuant to exercise of equity -settled share options	**(5,853)**	(553)
At 31 December	**71,335**	66,653

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	
	2019	2018
	US$'000	US$'000
At 1 January	**136,347**	171,683
Fair value adjustment on investment securities at FVOCI	**(23,649)**	(35,336)
At 31 December	**112,698**	136,347

Fair value reserve represents the cumulative fair value changes, net of tax, of investment securities at FVOCI until they are disposed or impaired.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(ix) Asset revaluation reserve

	Group	
	2019	2018
	US$'000	US$'000
At 1 January	**5,514**	–
Surplus on revaluation of investment properties, net of tax	**–**	5,514
At 31 December	**5,514**	5,514

(x) Cost of hedging reserve

	Group	
	2019	2018
	US$'000	US$'000
At 1 January	**(30,845)**	7,254
Fair value adjustment on forward elements of forward contracts	**26,671**	(38,099)
At 31 December	**(4,174)**	(30,845)

30. PROVISION FOR EMPLOYEE GRATUITY

The estimated liabilities for employee gratuity based on the actuarial report have been determined using the following assumptions:

	Group	
	2019	2018
Discount rate	**8.25 % per annum**	8.85 % per annum
Wages and salaries increase	**10% per annum**	10% per annum
Retirement age	**57 years of age in 2019 and increase by 1 year for each 3 year thereafter until reach 65 years of age**	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	
	2019	2018
	US$'000	US$'000
Current service costs	**10,536**	16,777
Adjustment of new entrant employees/transfers	**896**	401
Interest costs	**8,007**	8,952
Curtailment loss	**–**	(108)
Past service costs	**(315)**	(83)
	19,124	25,939

The details of the provision for employee gratuity at the balance sheet date are as follows:

	Group	
	2019	2018
	US$'000	US$'000
Present value of benefit obligation	**131,340**	93,531
Provision for employee gratuity	**131,340**	93,531

30. PROVISION FOR EMPLOYEE GRATUITY (CONTINUED)

Movements in provision for employee gratuity are as follows:

	Group	
	2019	2018
	US$'000	US$'000
At 1 January	**93,531**	125,610
Acquisition of subsidiaries	**4,273**	2,039
Provision made for the year	**19,124**	25,939
Payments during the year	**(2,898)**	(5,542)
Currency translation differences	**2,836**	(7,953)
Disposal of a subsidiary	**–**	(980)
Remeasurements of defined benefit plan during the year	**14,474**	(45,582)
At 31 December	**131,340**	93,531

31. EMPLOYEE BENEFITS

	Group	
	2019	2018
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**1,165,541**	1,054,001
Defined contribution plans	**139,244**	123,351
Share-based payments	**10,535**	10,864
Other short term benefits	**99,316**	98,934
Other long term benefits	**19,533**	24,364
	1,434,169	1,311,514
Less: Amount capitalised as bearer plants	**(1,283)**	(1,330)
	1,432,886	1,310,184

Wilmar Executives Share Option Scheme 2009 ("Wilmar ESOS 2009")

The Wilmar ESOS 2009 was approved by shareholders on 29 April 2009 to replace the share option scheme known as Wilmar ESOS 2000 which was terminated on 29 April 2009.

No options had been granted in 2019 under the ESOS 2009 which expired on 28 April 2019. For the entire duration of the Wilmar ESOS 2009, the Company has granted options for a total of 221,555,000 shares in accordance with the rules of the aforesaid scheme. As at 31 December 2019, options for a total of 27,382,900 shares had been exercised and a total of 150,285,000 shares had lapsed/expired under the aforesaid scheme.

As at 31 December 2019, outstanding options granted in 2015 and 2017 under the Wilmar ESOS 2009 for a total of 43,887,100 shares remain valid until their respective expiry dates. The details of these grants are set out as follows:

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 2019, the number of outstanding ordinary shares that were not exercised under this option grant was 12,687,000.

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 2019, the number of outstanding ordinary shares that were not exercised under this option grant was 31,200,100 (including the retention of the outstanding option to subscribe for 600,000 ordinary shares granted to Mr Yeo Teng Yang, the former Lead Independent Director of the Company who retired on 24 April 2019. This option continues to be valid till its expiry date).

31. EMPLOYEE BENEFITS (CONTINUED)

Wilmar Executives Share Option Scheme 2009 ("Wilmar ESOS 2009") (continued)

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.

As at 31 December 2019, the total number of ordinary shares exercisable under the options granted pursuant to the Wilmar ESOS 2009 was 43,887,100 ordinary shares (2018: 101,299,000 ordinary shares).

Date of grant	Opening balance	Options cancelled/ lapsed	Options exercised	Closing balance	Exercise price	Exercise period
2019						
Wilmar ESOS 2009						
18.06.2015	**14,193,622**	**(5,756,108)**	**(3,727,550)**	**4,709,964**	**S$3.05**	**19.06.2017 to 18.06.2020**
18.06.2015	**13,674,172**	**(5,756,108)**	**(4,634,500)**	**3,283,564**	**S$3.05**	**19.06.2018 to 18.06.2020**
18.06.2015	**14,371,206**	**(5,930,534)**	**(3,747,200)**	**4,693,472**	**S$3.05**	**19.06.2019 to 18.06.2020**
	42,239,000	**(17,442,750)**	**(12,109,250)**	**12,687,000**		
08.09.2017	**22,571,800**	**(8,601,450)**	**(1,794,900)**	**12,175,450**	**S$3.04**	**09.09.2019 to 08.09.2022**
08.09.2017	**17,971,800**	**(8,601,450)**	**–**	**9,370,350**	**S$3.04**	**09.09.2020 to 08.09.2022**
08.09.2017	**18,516,400**	**(8,862,100)**	**–**	**9,654,300**	**S$3.04**	**09.09.2021 to 08.09.2022**
	59,060,000	**(26,065,000)**	**(1,794,900)**	**31,200,100**		
Total	**101,299,000**	**(43,507,750)**	**(13,904,150)**	**43,887,100**		
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		

No options had been granted during the financial year ended 31 December 2019 and 31 December 2018.

Options for a total of 13,904,150 ordinary shares (2018: 1,281,150 ordinary shares) were exercised during the financial year pursuant to Wilmar ESOS 2009.

31. EMPLOYEE BENEFITS (CONTINUED)

Wilmar Executives Share Option Scheme 2009 ("Wilmar ESOS 2009") (continued)

The weighted average share price at the date of exercise of the options during the financial year was S$3.85 (2018: S$3.20).

The range of exercise prices for options outstanding at the end of 31 December 2019 and 31 December 2018 were from S$3.04 to S$3.05. The weighted average contractual life for these options was 2.1 years (2018: 2.8 years).

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019")

On 24 April 2019, a new share option scheme known as the "Wilmar Executives Share Option Scheme 2019" ("Wilmar ESOS 2019") was approved by the shareholders of the Company. This new scheme was adopted in substitution of the Wilmar ESOS 2009 which expired on 28 April 2019. There were no options granted in 2019 under the Wilmar ESOS 2019.

32. LEASES
COMMITMENTS AND CONTINGENCIES

The Group has entered into commercial leases on certain premises and equipment. The Group also has certain leases with lease terms of 12 months or less and leases with low value, which the Group applied the recognition exemptions for these leases.

Lease Liabilities

	Group 2019 US$'000
Balance at beginning	–
Adjustment for adoption of SFRS(I) 16	**130,800**
Currency translation differences	**28**
Acquisition of subsidiaries	**63,266**
Additions	**50,125**
Accretion of interest	**5,544**
Payments	**(38,935)**
	210,828
Lease liabilities – current	**39,296**
Lease liabilities – non-current	**171,532**
	210,828

Amounts recognised in income statement

	Group 2019 US$'000
Depreciation expense of right-of-use assets	**65,555**
Interest expense on lease liabilities	**5,544**
Expense relating to short-term leases	**66,519**
Expense relating to leases of low-value assets	**9,539**
Total amounts recognised in income statement	**147,157**

32. LEASES
COMMITMENTS AND CONTINGENCIES (CONTINUED)

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	
	2019	2018
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**1,159,221**	932,429

(b) 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:

	Group	
	2019	2018
	US$'000	US$'000
Committed contracts		
Purchases	**5,490,290**	4,808,595
Sales	**5,788,704**	6,082,573

(c) Corporate guarantees

The following are the corporate guarantees for the credit facilities extended by banks to:

	Group		Company	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Subsidiaries	**–**	–	**8,277,679**	8,772,574
Joint ventures	**70,166**	81,592	**70,166**	81,592
Associates	**272,767**	287,486	**272,767**	287,486
	342,933	369,078	**8,620,612**	9,141,652

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	
	2019	2018
	US$'000	US$'000
Related Parties		
Dividend income	**834**	721
Dividend paid	**1,504**	4,615
Freight charges	**28,091**	24,525
Interest expense	**213**	218
Interest income	**988**	896
Other income	**1,686**	1,005
Other expense	**1,556**	2,116
Purchase of goods	**1,261,765**	1,622,042
Sale of goods	**276,085**	648,696
Ship charter income	**11,611**	22,247
Joint ventures		
Dividend income	**46,456**	22,253
Freight charges	**137,324**	162,410
Interest expense	**1,508**	859
Interest income	**4,191**	12,338
Other income	**23,136**	19,886
Other expense	**120**	155
Purchase of goods	**1,127,627**	1,322,981
Sale of goods	**1,611,355**	1,536,199
Ship charter income	**28,560**	28,963
Associates		
Dividend income	**91,932**	113,889
Freight charges	**2,010**	1,329
Interest expense	**163**	642
Interest income	**10,390**	8,386
Other income	**20,569**	17,517
Other expense	**47,597**	27,264
Purchase of goods	**708,596**	531,294
Sale of goods	**769,728**	727,840
Ship charter income	**70,006**	49,708

33. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel

	Group 2019 US$'000	Group 2018 US$'000
Defined contribution plans	**169**	204
Salaries and bonuses	**25,063**	21,868
Short term employee benefits (including grant of share options)	**2,248**	3,564
	27,480	25,636
Comprise amounts paid to:		
Directors of the Company	**9,679**	8,015
Other key management personnel	**17,801**	17,621
	27,480	25,636

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 2019 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	**11,582**	**368,557**	**186,515**	**566,654**
Investment securities at FVPL	**315,518**	**–**	**–**	**315,518**
Derivatives				
– Forward currency contracts, options and cross currency interest rate swaps	**–**	**139,720**	**–**	**139,720**
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	**154,054**	**61,792**	**–**	**215,846**
At 31 December 2019	**481,154**	**570,069**	**186,515**	**1,237,738**
Non-financial assets:				
Biological assets	**–**	**–**	**38,641**	**38,641**
Investment properties	**–**	**–**	**33,181**	**33,181**
	–	**–**	**71,822**	**71,822**
Liabilities measured at fair value				
Financial liabilities:				
Derivatives				
– Forward currency contracts, options and cross currency interest rate swaps	**–**	**136,558**	**–**	**136,558**
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	**217,479**	**49,268**	**–**	**266,747**
At 31 December 2019	**217,479**	**185,826**	**–**	**403,305**

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

	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

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).

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

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.
• Investment funds	The fair value is determined by reference to valuation provided by non-related fund managers.
• Unquoted equity instruments	The fair value is derived using a combination of valuation methods like income capitalisation, direct comparison and residual methods, performed by professional valuers.
• 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 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
At 1 January 2019	**189,517**	**20,631**	**21,782**	**231,930**
Total gain recognised in the income statement				
– Net gain arising from changes in fair value of biological assets	**–**	**18,126**	**–**	**18,126**
– Net gain from fair value adjustment of investment properties	**–**	**–**	**2,782**	**2,782**
Additions	**16,072**	**–**	**–**	**16,072**
Disposals	**(1,342)**	**–**	**–**	**(1,342)**
Transfer from property, plant and equipment	**–**	**–**	**8,884**	**8,884**
Total loss recognised in the other comprehensive income				
– Net loss arising from changes in fair value	**(17,248)**	**–**	**–**	**(17,248)**
– Foreign currency translation	**(484)**	**(116)**	**(267)**	**(867)**
At 31 December 2019	**186,515**	**38,641**	**33,181**	**258,337**

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2019 and 31 December 2018.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

Impact of changes to key assumptions Level 3 fair value measurement of financial instruments

The following table shows the impact on Level 3 fair value measurement of financial instruments by using reasonably possible alternative assumptions:

	Group			
	2019 US$'000		2018 US$'000	
	Carrying amount	**Effect of reasonably possible alternative assumptions**	Carrying amount	Effect of reasonably possible alternative assumptions
Investment securities				
– Quoted equity instruments	**33,993**	**(i)**	34,280	(i)
– Unquoted equity instruments	**152,522**	**(ii)**	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.

(ii) Included in unquoted equity instruments is an amount of US$95,946,000 (2018: 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 3.75% to 4.5% (2018: 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.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(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			
	2019 US$'000		2018 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**132,017**	**#**	197,760	#
Financial liabilities:				
Other financial payables	**258,288**	**#**	75,851	#

	Company			
	2019 US$'000		2018 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**284,673**	**#**	369,799	#

Fair value information has not been disclosed for these financial instruments because fair value cannot be measured reliably.

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 2019 and 31 December 2018.

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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 financial assets 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.

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 expected credit losses) at the balance sheet date is as follows:

	Group			
	2019 US$'000	**%**	2018 US$'000	%
By country:				
People's Republic of China	**1,382,865**	**33**	1,447,800	33
South East Asia	**1,409,481**	**33**	1,254,024	29
Europe	**256,526**	**6**	263,131	6
Africa	**216,642**	**5**	211,037	5
Australia/New Zealand	**205,013**	**5**	122,012	3
India	**141,842**	**3**	440,699	10
Others	**639,220**	**15**	610,444	14
	4,251,589	**100**	4,349,147	100

	Group			
	2019 US$'000	**%**	2018 US$'000	%
By segment:				
Tropical Oils	**1,991,870**	**47**	2,237,637	52
Oilseeds and Grains	**1,561,058**	**37**	1,312,792	30
Sugar	**449,767**	**11**	489,340	11
Others	**248,894**	**5**	309,378	7
	4,251,589	**100**	4,349,147	100

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

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 impaired

Information regarding financial assets that are 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.

	2019 US$'000				2018 US$'000 Restated*			
	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	**–**	**566,654**	**–**	**566,654**	–	573,188	–	573,188
Investment securities at FVPL	**315,518**	**–**	**–**	**315,518**	326,164	–	–	326,164
Trade and other financial receivables	**11,635,547**	**133,312**	**–**	**11,768,859**	12,017,699	204,139	–	12,221,838
Derivative financial instruments	**338,981**	**16,585**	**–**	**355,566**	524,989	7,012	–	532,001
Total cash and bank balances	**4,096,982**	**–**	**–**	**4,096,982**	3,427,051	–	–	3,427,051
Total undiscounted financial assets	**16,387,028**	**716,551**	**–**	**17,103,579**	16,295,903	784,339	–	17,080,242

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	2019 US$'000				2018 US$'000 Restated*			
	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 liabilities:								
Trade and other financial payables	**3,563,550**	**209,075**	**70,822**	**3,843,447**	2,952,958	75,966	–	3,028,924
Derivative financial instruments	**370,753**	**32,552**	**–**	**403,305**	321,857	32,673	–	354,530
Loans and borrowings	**18,447,972**	**5,689,915**	**135,673**	**24,273,560**	18,008,443	5,930,661	171,986	24,111,090
Total undiscounted financial liabilities	**22,382,275**	**5,931,542**	**206,495**	**28,520,312**	21,283,258	6,039,300	171,986	27,494,544
Total net undiscounted financial liabilities	**(5,995,247)**	**(5,214,991)**	**(206,495)**	**(11,416,733)**	(4,987,355)	(5,254,961)	(171,986)	(10,414,302)

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

	2019 US$'000				2018 US$'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
Company								
Financial assets:								
Other financial receivables	**5,480,100**	**284,673**	**–**	**5,764,773**	4,265,111	370,310	–	4,635,421
Total cash and bank balances	**344,605**	**–**	**–**	**344,605**	1,848	–	–	1,848
Total undiscounted financial assets	**5,824,705**	**284,673**	**–**	**6,109,378**	4,266,959	370,310	–	4,637,269
Financial liabilities:								
Other financial payables	**5,807,697**	**–**	**–**	**5,807,697**	3,630,674	–	–	3,630,674
Loans and borrowings	**–**	**242,628**	**–**	**242,628**	72,110	244,015	–	316,125
Total undiscounted financial liabilities	**5,807,697**	**242,628**	**–**	**6,050,325**	3,702,784	244,015	–	3,946,799
Total net undiscounted financial assets	**17,008**	**42,045**	**–**	**59,053**	564,175	126,295	–	690,470

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.

	2019 US$'000				2018 US$'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
Group								
Financial guarantees	**254,062**	**85,000**	**3,871**	**342,933**	363,778	5,300	–	369,078
Company								
Financial guarantees	**3,673,854**	**4,900,788**	**45,970**	**8,620,612**	3,681,212	5,460,440	–	9,141,652

(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 deposits with financial institutions.

At the balance sheet date, if the interest rates had been 50 (2018: 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$52,777,000 (2018: US$56,085,000), 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% (2018: 5%) strengthening of the United States dollar against the following currencies at the balance sheet date would have (decreased)/increased 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)	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Chinese Renminbi	**(31,468)**	(38,612)	**–**	–
Malaysian Ringgit	**(2,287)**	(425)	**(27,468)**	(6,014)
Indonesian Rupiah	**(328)**	11,147	**(9,762)**	(10,050)
Others	**(13,928)**	(15,838)	**(4,397)**	(1,431)

(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 1% (2018: 1%) 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	
	2019	2018
	US$'000	US$'000
Effect of increase in commodities price indices on		
Profit before tax	**(977)**	(14,228)
Equity (hedging reserve)	**(2,372)**	(2,702)
Effect of decrease in commodities price indices on		
Profit before tax	**977**	14,228
Equity (hedging reserve)	**2,372**	2,702

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% (2018: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been approximately US$15,776,000 (2018: US$16,309,000) 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$28,333,000 (2018: US$28,660,000) 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 2019 and 31 December 2018.

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	
	2019	2018
	US$'000	US$'000
		Restated*
Shareholders' funds	**16,762,509**	16,045,776
Loans and borrowings	**23,707,435**	23,344,599
Less: Cash and bank balances	**(4,045,893)**	(3,369,555)
Less: Other deposits with financial institutions – current	**(6,442,865)**	(6,514,776)
Net debt	**13,218,677**	13,460,268
Net gearing ratio (times)	**0.79**	0.84

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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	
	2019	2018
	US$'000	US$'000
		Restated*
Shareholders' funds	**16,762,509**	16,045,776
Liquid working capital:		
Inventories (excluding consumables)	**7,556,040**	7,502,297
Trade receivables	**4,251,589**	4,349,147
Less: Current liabilities+ (excluding loans and borrowings)	**(4,707,212)**	(3,817,170)
Total liquid working capital	**7,100,417**	8,034,274
Adjusted net debt	**6,118,260**	5,425,994
Adjusted net gearing ratio (times)	**0.36**	0.34

\+ Excluding liabilities directly associated with disposal group classified as held for sale
* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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.

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.

2019

	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	15,424,901	21,509,226	4,706,040	1,000,352	–	42,640,519
Inter-segment	116,589	5,743	–	1,144,837	(1,267,169)	–
Total revenue	15,541,490	21,514,969	4,706,040	2,145,189	(1,267,169)	42,640,519
Results:						
Segment results	841,582	636,929	2,646	74,861	–	1,556,018
Share of results of joint ventures	77,938	2,078	5	(3,379)	–	76,642
Share of results of associates	(11,011)	64,437	22,825	103	–	76,354
Unallocated expenses						(10,535)
Profit before tax from continuing operations						1,698,479
Income tax expense						(371,533)
Profit from continuing operations, net of tax						1,326,946
Profit from discontinued operations, net of tax						43,545
Profit for the year						1,370,491
Assets and Liabilities:						
Segment assets	14,588,903	21,960,647	3,289,831	8,062,969	(4,358,232)	43,544,118
Investment in joint ventures	357,993	115,903	8,791	69,314	–	552,001
Investment in associates	297,120	1,455,495	328,230	470,334	–	2,551,179
Unallocated assets						401,308
Total assets						47,048,606
Segment liabilities	8,027,710	13,216,999	3,237,663	8,320,500	(4,358,232)	28,444,640
Unallocated liabilities						727,848
Total liabilities						29,172,488
Other segment information						
Additions to non-current assets	562,603	2,596,637	253,674	292,307	–	3,705,221
Depreciation, impairment and amortisation	353,804	264,622	147,787	112,210	–	878,423
Finance income	126,657	382,949	7,531	160,344	(201,661)	475,820
Finance cost	(310,315)	(533,671)	(112,801)	(167,543)	201,661	(922,669)#

\# Including non-operating finance costs amounting to approximately US$30,246,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

37. SEGMENT INFORMATION (CONTINUED)

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 Restated*
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	1,230,252	(1,349,489)	–
Total revenue	17,058,677	22,477,334	4,014,438	2,296,746	(1,349,489)	44,497,706
Results:						
Segment results	546,125	874,957	(128,235)	19,905	–	1,312,752
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						1,612,165
Income tax expense						(349,793)
Profit from continuing operations, net of tax						1,262,372
Loss from discontinued operations, net of tax						(43,367)
Profit for the year						1,219,005
Assets and Liabilities:						
Segment assets	14,809,724	20,085,433	3,476,186	7,877,894	(5,616,331)	40,632,906
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						1,364,868
Total assets						45,712,934
Segment liabilities	8,249,544	12,785,646	3,458,465	8,081,908	(5,634,812)	26,940,751
Unallocated liabilities						1,997,167
Total liabilities						28,937,918
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	170,061	100,509	–	832,267
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)#

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

\# Including non-operating finance cost amounting to approximately US$31,774,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

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:

	2019 US$'000	2018 US$'000
Share-based payments (executive share options)	**(10,535)**	(10,864)

C Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets, 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:

	2019 US$'000	2018 US$'000 Restated*
Deferred tax assets	**244,040**	330,979
Tax recoverable	**157,268**	211,073
Assets of disposal group classified as held for sale	**–**	822,816
	401,308	1,364,868

E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2019 US$'000	2018 US$'000 Restated*
Deferred tax liabilities	**288,919**	339,392
Tax payable	**196,301**	139,746
Medium term notes	**242,628**	316,125
Liabilities directly associated with disposal group classified as held for sale	**–**	1,201,904
	727,848	1,997,167

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

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	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000 Restated*
South East Asia	**7,383,781**	7,560,170	**7,893,050**	7,131,169
People's Republic of China	**23,796,938**	24,993,221	**8,004,090**	6,958,432
India	**1,155,387**	1,279,880	**979,069**	962,858
Europe	**2,049,410**	2,519,685	**335,712**	275,474
Australia / New Zealand	**819,037**	764,478	**1,843,150**	1,707,296
Africa	**2,854,497**	2,472,632	**1,045,004**	1,090,463
Others	**4,581,469**	4,907,640	**546,965**	385,659
	42,640,519	44,497,706	**20,647,040**	18,511,351

* Prior year's figures were restated subsequent to the finalisation of purchase price allocation exercise for the acquisition of Shree Renuka Sugars Limited ("SRSL") and its subsidiaries

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets, 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	
	2019	2018
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final tax-exempt (one-tier) dividend for 2018: S$0.070 (2017: S$ 0.070) per share	**324,953**	332,816
– Interim tax-exempt (one-tier) dividend for 2019: S$0.030 (2018: S$0.035) per share	**136,880**	162,073
	461,833	494,889
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 2019: S$0.095 (2018: S$0.070) per share	**442,045**	323,087

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 2019 %	2018 %
Cai Lan Oils & Fats Industries Company Ltd (3)	Vietnam	Manufacture and sale of vegetable oils and related products	**76**	76
Equatorial Africa Pte. Ltd. (formerly known as Equatorial Trading Limited) (1) & its subsidiaries	Singapore	Investment holding and trading in agri commodities	**100**	82+
PGEO Group Sdn Bhd (2) & its subsidiaries	Malaysia	Investment holding, processing, manufacturing and sale of edible oils and related products, and trading and manufacturing of vegetarian foods	**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
PT Sentratama Niaga Indonesia (2) & its subsidiaries	Indonesia	Management consulting company; investment company; processing, manufacturing and selling of edible oils and its related products and other consumer goods; 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; and warehousing	**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+**	58+
Wilmar Africa Limited (2) & its subsidiary	Ghana	General trading in agricultural products, oil palm plantations and manufacturing of crude palm oil	**72+**	72+
Wilmar Sugar Australia Limited (2) & its subsidiaries	Australia	Investment holding, manufacturing and merchandising of raw and refined sugar products, molasses, co-generated electricity, ethanol and its by-products and distribution of oleochemicals and a range of other traded products	**100**	100

39. SUBSIDIARIES OF THE GROUP (CONTINUED)

The following is the list of the significant subsidiaries of the Group.

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest 2019 %	2018 %
Wii Pte. Ltd. (1)	Singapore	Finance and treasury centre	**100**	100
Yihai Kerry Arawana Holdings Co., Ltd (formerly known as Yihai Kerry Arawana Oils, Grains & Food Co., Ltd) (2) & its subsidiaries	People's Republic of China	Investment holding, processing, and merchandising of oilseeds, edible oils and grains	**100+**	100+
Wilmar GF Singapore Holdings Pte. Ltd. (formerly known as FPW Singapore Holdings Pte. Ltd.) (1) & its subsidiaries	Singapore	Investment holding, manufacturing, marketing and distribution of food ingredients and consumer branded food, beverage and related products	**100**	50^
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
Wilmar Ship Holdings Pte. Ltd. (3) & its subsidiaries	Singapore	Investment holding, ship-owning, ship chartering, ship brokering and ship management	**100**	100
Wilmar Trading Pte Ltd (1)	Singapore	International trading in edible oils and commodities	**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
^ Wilmar GF Singapore Holdings Pte. Ltd. (formerly known as FPW Singapore Holdings Pte. Ltd.) was a joint venture of the Group in 2018

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP

The following is the list of the significant joint ventures of the Group.

Name of joint ventures	Place of incorporation	Principal activities	Proportion of ownership interest 2019 %	2018 %
Adani Wilmar Limited (3)	India	Manufacturing and trading of edible and non-edible oils and trading of various agro based products like rice, pulses, besan, nuggets, wheat flour, etc.	**50**	50
Global Amines Company Pte. Ltd. (1)	Singapore	Investment holding and sale of fatty amines and selected amine derivatives	**50**	50
Olenex Holdings B.V. (2) & its subsidiaries	The Netherlands	Investment holding and manufacturing, marketing and distribution of edible oils	**63+**	63+
Raizen and Wilmar Sugar Pte. Ltd. (3)	Singapore	Trading in sugar and investment holding	**42+**	42+
Vietnam Agribusiness Holdings Pte. Ltd. (3)	Singapore	Investment holding	**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

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 2019 %	2018 %
Bidco Uganda Limited (3)	Uganda	Manufacture and sale of edible vegetable oils, fats and soaps	**39**	39
Changshu Luhua Edible Oil Co., Ltd (3)	People's Republic of China	Edible oils refining and packaging	**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
Cosumar S.A. (2) (3)	Morocco	Processing of sugarcane and sugar beet, refining of raw sugar, and marketing, trading and distribution of such products, creation and operation of specialised laboratories and design offices in the sugar industries	**30+**	30+
DelMar Pte. Ltd. (1)	Singapore	Investment holding	**52+**	52+
FFM Berhad (2)	Malaysia	Investment holding, grains trading, flour milling and feed milling	**20**	20
Josovina Commodities Pte Ltd (3)	Singapore	Investment holding and vegetable oils trading	**50**	50
Kencana Agri Limited (3)	Singapore	Investment holding	**20**	20
Laiyang Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing and edible oils packaging	**25+**	25+
Murzah Wilmar East Africa Limited (2)	Tanzania	Manufacturers and traders of cooking oil, cooking fat, soaps & detergents, plastic containers and furnitures	**49**	46+

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 2019 %	2018 %
Perennial Real Estate Holdings Limited (3) & its subsidiaries	Singapore	Investment holding, real estate investment and development, asset and property management services, and healthcare services	**20+**	20+
Sethal Holdings Limited (3)	Cyprus	Investment holding	**52+**	52+
Shandong Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing and edible oils packaging	**25+**	25+
Sifca SA (2)	Ivory Coast	Trading of agro and industrial products	**27+**	27+
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing and edible oils packaging	**33+**	33+
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing and edible oils packaging	**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

41. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 13 March 2020.

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL

As at 4 March 2020

Number of shares (including treasury shares and subsidiary holdings)	:	6,403,401,106
Number of shares (excluding treasury shares and subsidiary holdings)	:	6,343,821,506
Number/percentage of treasury shares held	:	59,579,600 (0.94%)
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	0.38	1,436	0.00
100 to 1,000	3,727	20.96	3,099,475	0.05
1,001 to 10,000	11,126	62.56	47,831,746	0.75
10,001 to 1,000,000	2,811	15.80	137,828,109	2.17
1,000,001 and above	53	0.30	6,155,060,740	97.03
Total	**17,785**	**100.00**	**6,343,821,506**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As at 4 March 2020

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	Deemed Interest	Total Interest	%*
Kuok Khoon Hong(1)	2,495,000	793,825,035	796,320,035	12.55
Longhlin Asia Limited(2)	69,009,921	455,423,071	524,432,992	8.27
Archer Daniels Midland Company(3)	–	1,574,673,054	1,574,673,054	24.82
Archer Daniels Midland Asia-Pacific Limited(4)	843,311,484	731,361,570	1,574,673,054	24.82
ADM Ag Holding Limited	374,961,795	–	374,961,795	5.91
Global Cocoa Holdings Ltd	356,399,775	–	356,399,775	5.62
Kuok Brothers Sdn Berhad(5)	230,000	1,179,551,955	1,179,781,955	18.60
PPB Group Berhad	1,172,614,755	–	1,172,614,755	18.48
Kerry Group Limited(6)	–	700,154,586	700,154,586	11.04
Kerry Holdings Limited(7)	–	347,915,639	347,915,639	5.48

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, 19,997,873 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 4 March 2020

(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	18.48
2.	Archer Daniels Midland Asia-Pacific Limited	843,311,484	13.29
3.	Citibank Nominees Singapore Pte Ltd	683,857,648	10.78
4.	DBS Nominees Pte Ltd	436,831,766	6.89
5.	ADM Ag Holding Limited	374,961,795	5.91
6.	Global Cocoa Holdings Ltd	356,399,775	5.62
7.	Raffles Nominees (Pte) Limited	265,123,408	4.18
8.	DBSN Services Pte Ltd	259,193,497	4.09
9.	Kuok (Singapore) Limited	256,951,112	4.05
10.	Harpole Resources Limited	256,211,778	4.04
11.	Noblespirit Corporation	242,600,000	3.82
12.	HSBC (Singapore) Nominees Pte Ltd	215,425,647	3.40
13.	DB Nominees (Singapore) Pte Ltd	130,765,319	2.06
14.	UOB Kay Hian Pte Ltd	99,427,100	1.57
15.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	79,233,985	1.25
16.	Longhlin Asia Limited	69,009,921	1.09
17.	United Overseas Bank Nominees (Private) Limited	47,750,109	0.75
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	**5,892,034,425**	**92.88**

* Based on 6,343,821,506 Shares (excluding Shares held as treasury shares) as at 4 March 2020.

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 4 March 2020, 27.99% 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.