




# Global Connection



### Wilmar's Global Connection

-  Manufacturing Presence
-  Marketing Offices
-  Domestic Manufacturing Operation

# Global Presence

Australia	Bangladesh	China	Ethiopia
Bread	Consumer pack edible oils and rice	Compound chocolate	Consumer pack edible oils
Ethanol	Edible oils refining	Consumer pack edible oils, rice and flour	Soap / Detergent
Margarine, shortening and sauces		Dry noodle	
Sugarcane plantation, milling and refining		Edible oils refining	
		Flour milling	
		Oilseed crushing	
		Oleochemicals	
		Rice milling	
		Soap / Detergent	
		Soybean milk	
		Specialty fats	
Fiji	France	Germany	Ghana
Feed milling	Oleochemicals	Edible oils refining	Consumer pack edible oils
Poultry farming		Specialty fats	Edible oils refining
			Oil palm plantation and milling
			Shea nut crushing
India	Indonesia	Ivory Coast	Malaysia
Consumer pack edible oils	Biodiesel	Consumer pack edible oils	Biodiesel
Edible oils refining	Consumer pack edible oils, flour and rice	Edible oils refining	Consumer pack edible oils
Flour milling	Copra crushing	Oil palm plantation and milling	Edible oils refining
Oilseed crushing	Edible oils refining	Palm kernel crushing	Feed milling
Oleochemicals	Fertiliser		Fertiliser
Pulses and besan	Flour milling		Flour milling
Specialty fats	Oil palm plantation and milling		Oil palm plantation and milling
Sugar milling and refining	Oleochemicals		Oilseed crushing
	Palm kernel crushing		Oleochemicals
	Rice milling		Specialty fats
	Soap / Detergent		
	Specialty fats		
Morocco	Myanmar	Netherlands	New Caledonia
Sugar milling and refining	Consumer pack edible oils	Edible oils refining	Flour milling
	Sugar milling	Oleochemicals	

New Zealand	Nigeria	Papua New Guinea	Philippines
Bread, margarine, shortening and sauces	Consumer pack edible oils	Feed milling	Consumer pack edible oils
Dairy	Edible oils refining	Flour milling	Copra crushing
Sugar refining	Oil palm plantation and milling		Edible oils refining
Poland	Russia	Singapore	South Africa
Oleochemicals	Edible oils refining	Chocolate and compounds	Consumer pack edible oils
	Oilseed crushing	Headquarters	Edible oils refining
	Soap / Detergent		Oilseed crushing
	Specialty fats		Specialty fats
Sri Lanka	Tanzania	Uganda	Ukraine
Consumer pack edible oils	Consumer pack edible oils	Consumer pack edible oils	Edible oils refining
Edible oils refining	Edible oils refining	Edible oils refining	Oilseed crushing
Specialty fats	Flour milling	Oil palm plantation and milling	Specialty fats
	Oilseed crushing	Palm kernel crushing	
	Pasta	Soap / Detergent	
	Soap / Detergent	Specialty fats	
	Specialty fats		
United States of America	Vietnam	Zambia	Zimbabwe
Edible oils refining	Consumer pack edible oils and rice	Consumer pack edible oils	Consumer pack edible oils
	Edible oils refining	Edible oils refining	Edible oils refining
	Flour milling	Oilseed crushing	Oilseed crushing
	Oilseed crushing	Soap / Detergent	Rice packing
	Rice milling	Specialty fats	Soap / Detergent
	Specialty fats		Specialty fats

In today's globalised world, the connectivity between markets is important for the success of a global business. Over a span of 26 years, we have built a marketing, manufacturing and distribution network in over 50 countries, enabling our products to reach customers in more than 150 countries in an efficient manner. The bulk of our global footprint is located in Asia and Africa. An important benefit of such an extensive footprint is the access to market information which is critical for trading and identifying significant opportunities.

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



Major oil palm plantation owner in Asia and Africa



Over 850 manufacturing plants in 33 countries\*



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



Multinational workforce of about 90,000 staff globally

#1 Player in China	Indonesia & Malaysia	Africa	India
Largest edible oils refiner and specialty fats and oleochemicals manufacturer	One of the largest oil palm plantation owners and the largest palm oil refiner, palm kernel and copra crusher, flour miller, specialty fats, oleochemicals and biodiesel manufacturer	One of the largest oil palm plantation owners, edible oils refiners and producers of consumer pack oils, soaps and detergents	Largest branded consumer pack oils, specialty fats and oleochemicals producer and edible oils refiner
Leading oilseed crusher, producer of branded consumer pack oils, rice and flour	Largest producer of branded consumer pack oils in Indonesia	Third largest sugar producer	Leading oilseed crusher
One of the largest flour and rice millers			Leading sugar miller and refiner
Australia	Russia	Ukraine	Europe
Largest raw sugar producer and refiner	Largest manufacturer of consumer pack margarine and mayonnaise	Largest edible oils refiner and specialty fats producer	Leading refiner of tropical oils
Leading consumer brands in sugar and sweetener market			
Largest manufacturer of bread, spreads and sauces			

\* Including subsidiaries, joint ventures and associates





Refinery in Quang Ninh, Vietnam



Flour Mill in Kunshan, China



Refinery in Mundra, India



Oil Palm Plantation in Kalangala, Uganda



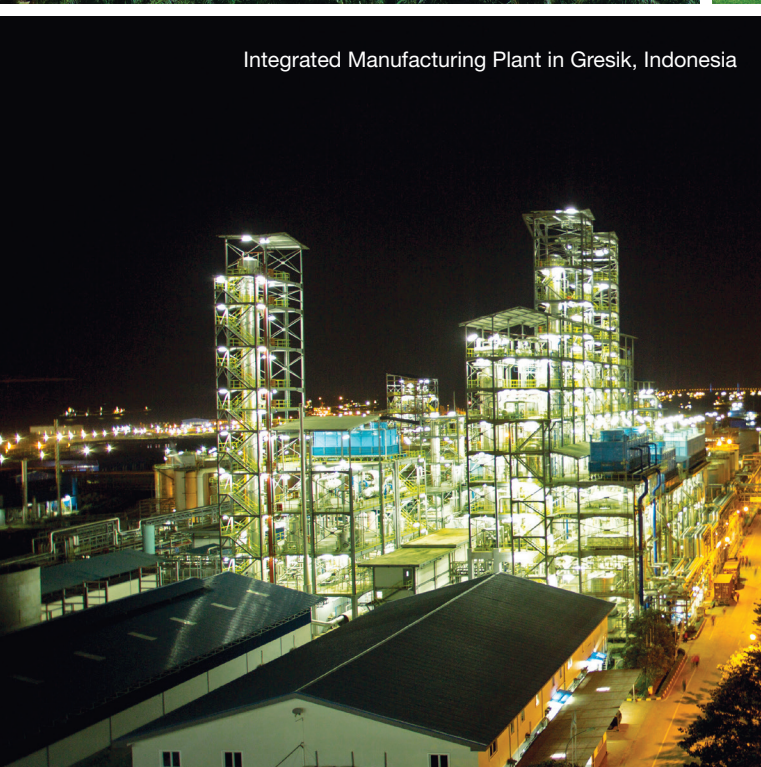
Sugar Mill in North Queensland, Australia



Refinery in Brake, Germany



Oil Palm Plantation in West Sumatra, Indonesia



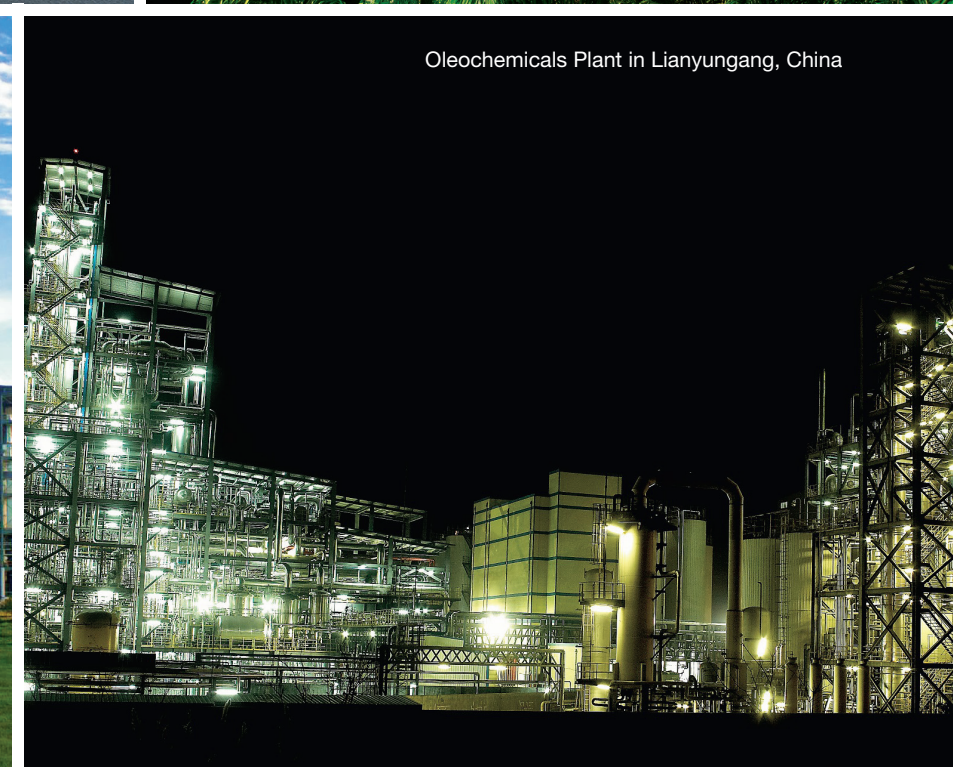
Integrated Manufacturing Plant in Gresik, Indonesia



Sugarcane farm in North Queensland, Australia



Integrated Manufacturing Facility in Pelitung, Indonesia



Oleochemicals Plant in Lianyungang, China



# About Wilmar

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

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

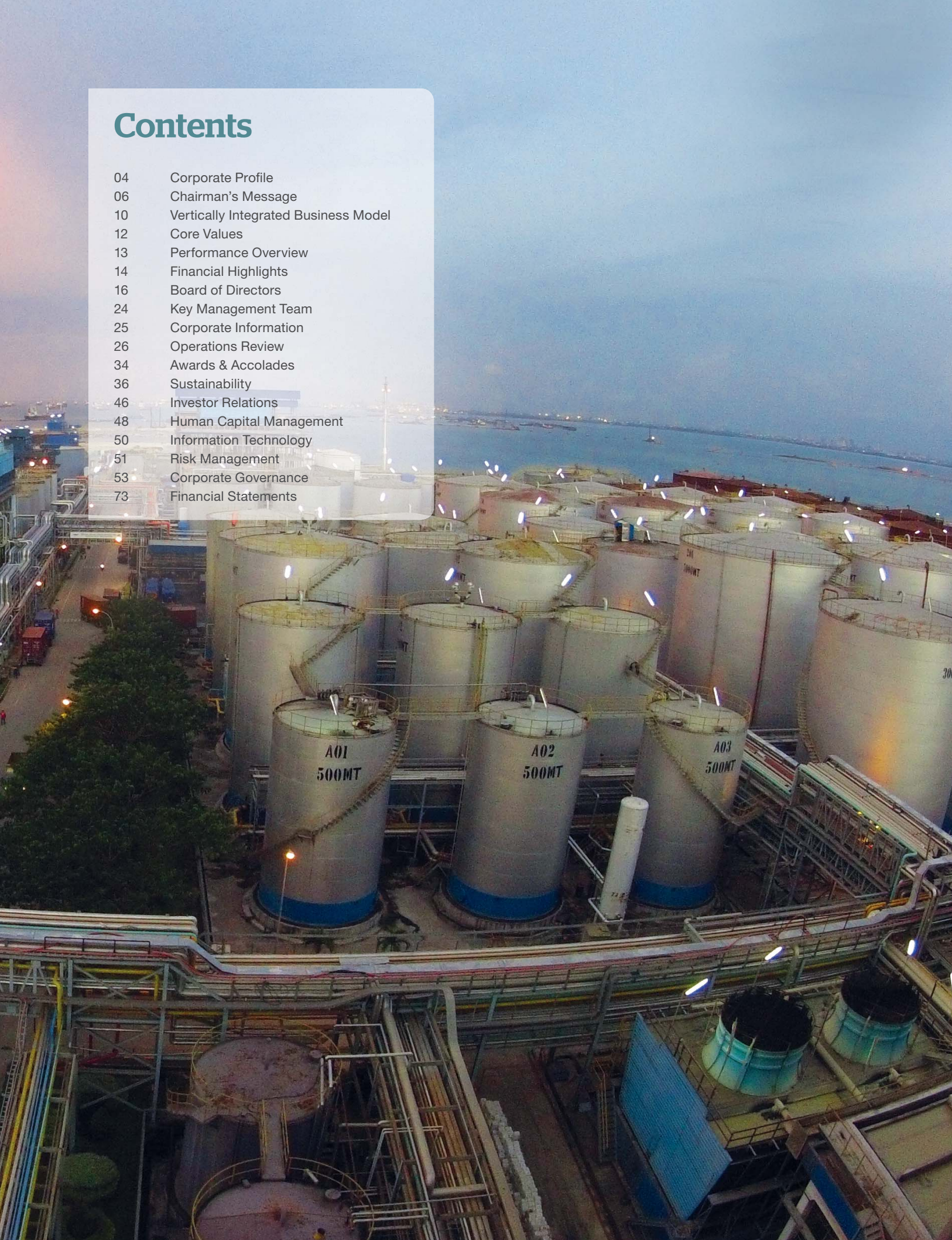
Wilmar's portfolio of high quality processed agricultural products is the preferred choice of consumers and the food manufacturing industry. Its consumer-packed products have a leading share in many Asian and African countries. Through scale, integration and the logistical advantages of its business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





# Contents

04	Corporate Profile
06	Chairman's Message
10	Vertically Integrated Business Model
12	Core Values
13	Performance Overview
14	Financial Highlights
16	Board of Directors
24	Key Management Team
25	Corporate Information
26	Operations Review
34	Awards & Accolades
36	Sustainability
46	Investor Relations
48	Human Capital Management
50	Information Technology
51	Risk Management
53	Corporate Governance
73	Financial Statements





# Chairman's Message

## FY2017 In Review

I am pleased to report that despite headwinds faced by the Tropical Oils and Sugar segments, Wilmar reported satisfactory results for FY2017, buoyed by a strong rebound of the Oilseeds and Grains segment.

The Group recorded a 25.4% jump in net profit to US\$1.22 billion in FY2017, with earnings per share of 19.3 US cents. Revenue increased 5.9% to US\$43.85 billion. The Group's balance sheet remains strong, with total assets standing at US\$40.93 billion while shareholders' funds amounted to US\$15.96 billion.

Our Oilseeds and Grains segment rebounded strongly to achieve a tripling of pre-tax profit to US\$735.0 million on the back of higher crush volume and good margins throughout the year. This was partially negated by a marginal drop of 0.9% in Consumer Products sales volume due to the early Chinese Spring Festival in 2017 that had shifted seasonal demand to the last quarter of 2016.

The Tropical Oils segment recorded a 7.2% increase in revenue to US\$18.07 billion. However, challenging operating conditions led to lower processing margins in the downstream business for most of the year. The Plantation unit registered a steady performance with improved production yield and higher realised crude palm oil prices in 2017. Overall, the segment saw a 38.2% drop in pre-tax profit to US\$426.2 million.

The Sugar segment saw sales volume drop 12.3% from lower merchandising volume and a timing effect from the new sugar marketing programme in Australia under which certain proportion of sugar produced will only be sold in the first half of 2018. Amid declining sugar prices, the segment was further impacted by the weaker performances from the merchandising, refining and consumer products businesses as well as an impairment loss on the Australian refinery assets. Consequently, the Sugar segment posted a loss of US\$24.6 million for FY2017.

## 2017 Highlights

In FY2017, we continued to execute our expansion plans to ride on the tremendous growth prospects of the various businesses in key markets.

In May 2017, we announced the intention to list the Group's operations in China on the Shanghai Stock Exchange. We have largely completed the internal restructuring of the operations and will continue to work on the proposed listing.

In June 2017, we entered into a conditional 50:50 joint venture agreement with Tokyo-listed Lion Corporation for the manufacture and sale of methyl ester sulfonate, an ingredient used to produce detergents. The joint venture, which is expected to complete by mid-2018, will enhance the competitiveness and growth of our oleochemicals business.

India is the world's largest sugar consumer. We have been a strategic industrial partner of Shree Renuka Sugars Limited (SRSL) since 2014, the leading



The Oilseeds and Grains segment rebounded strongly to achieve a tripling of pre-tax profit on the back of higher crush volume and good margins throughout the year.





The Group announced in May 2017 the intention to list its operations in China on the Shanghai Stock Exchange.

sugar company in India. In July 2017, we announced our plan to make an additional investment of INR7,839.6 million (equivalent to approximately US\$120 million) in SRSI. This was completed in March 2018, raising our stake in SRSI from approximately 27% to 39%.

Our other joint venture in India, Adani Wilmar Limited (AWL), in which we hold a 50% interest, is the largest edible oils manufacturer in India. AWL entered into transactions to acquire two refineries in 2017, is now building a new one and is also expanding its refinery in Mundra, which when completed, will be the world's biggest soft oil refinery located at one site. We are also expanding into flour and rice milling in India, having acquired a rice mill in 2017 and will be increasing capacities in the flour and rice business this year. The sales of our consumer products increased significantly in 2017 and we are working on a wider product offering to sustain the rapid growth.

In Vietnam, we commissioned our fourth flour mill in July 2017 and we will start construction of the fifth mill in 2018 to

capture the healthy demand for our products. We also have a 45% stake in the largest soybean crushing plant in Vietnam through a joint venture formed in 2016 with Bunge and a local partner.

In August 2017, we acquired a 50% equity interest in Aalst Chocolate Pte Ltd, a home-grown chocolate manufacturer in Singapore. We are a leading manufacturer of specialty fats used in the production of chocolates and compounds and Aalst Chocolate possesses the expertise to expand our offering and services to confectionery manufacturers. According to market surveys, Asia's demand for chocolate is forecast to grow at nearly twice the global pace.

In November 2017, we entered into an agreement to purchase the edible oil facilities including a palm oil refinery and a storage facility in Kuantan, Malaysia from Cargill. This marks our first presence in the east coast of Peninsular Malaysia. The strategic location of this facility in the Kuantan Port will be an advantage for regional exports. The

transfer of ownership is expected to complete by the end of 2018.

Our flour mill in Myanmar is under construction and should be completed by March 2019. We expect to start construction of a rice mill by the fourth quarter of this year. We see great potential in the agriculture sector in Myanmar and intend to expand our investment there.

In Indonesia, we invested in our first rice mill and are building two new flour mills.

We are continuing with our expansion in rice and flour milling, noodles manufacturing, crushing and refining in China. The Chinese economy is doing well and demand for high quality consumer products is rising.

Africa is the world's second fastest growing region. As Africa continues to experience very high rates of population growth, the potential for food business is tremendous. We are present in 14 countries across the continent today and we continue to strengthen our manufacturing base.





Our School Redevelopment Programme, which aims to provide quality education for children in rural communities, is currently underway in Indonesia, Ghana, Uganda and Nigeria.

Projects underway include rice and flour mills in Tanzania, a soap and detergent production plant in Ghana and an edible oils refinery in Ethiopia.

### Connectivity

A signature initiative of Chinese President Xi Jinping's administration, the Belt and Road Initiative (BRI) is an ambitious plan that aims to connect Asia, Europe and Africa.

We believe in the importance of connectivity between markets for the success of a global business. Over a span of 26 years, we have steadily built a presence – be it marketing, manufacturing or distribution – in over 50 countries, enabling our products to reach customers in more than 150 countries in an efficient manner. The bulk of our global footprint sits along the routes of the BRI. Equally important, the intrinsic value of such an extensive footprint is the access to market information that is critical for trading and identifying significant business

opportunities. This is Wilmar's unique competitive advantage and it is not something that can be replicated easily.

### Making Strides in Sustainability

We accomplished a number of sustainability milestones in the palm oil industry. We launched the Child Protection Policy in November 2017, which supersedes our longstanding No Child Labour Policy, to enhance the welfare of our workers' children who live in our plantation communities. Complementing this new policy is our School Redevelopment Programme, currently underway in Indonesia, Ghana, Uganda and Nigeria, to provide quality education for children in rural communities.

We started to focus on addressing labour issues in the Indonesian palm oil sector in late 2016. A year on, we published a report on the actions we have taken to strengthen and improve labour practices in our upstream operations. We are

heartened that our efforts have received validation and support from our workers' unions and worker representatives. We will continue to work with stakeholders to overcome entrenched labour challenges in the agricultural industry.

We believe that incorporating sustainability metrics into every aspect of our business, from daily operations to corporate financing, is key to creating value for our stakeholders. In collaboration with ING Bank, we became the first company, both in Asia and in the palm oil industry, to peg our sustainability performance to an existing credit facility. This enables us to enjoy a reduced interest rate if we meet certain environmental, social and governance (ESG) performance targets, as measured by ESG ratings and research provider, Sustainalytics.

### Outlook and Prospects

Our success in various businesses in many countries convinces us that our vertically integrated model is the best way to tap the



tremendous growth potential in agriculture-related businesses in Asia and Africa and we will continue to pursue this strategy. In order for us to maintain our leadership position, we will continue to invest heavily in research and development to improve our manufacturing processes, develop new products and improve the quality and consistency of our existing products.

### Dividends

The Board has recommended a final dividend of S\$0.070 per share for FY2017. Including the interim dividend of S\$0.030 per share paid in August 2017, the total dividend for FY2017 is S\$0.10 per share (FY2016: S\$0.065 per share), representing a dividend payout of about 39% and a 53.8% increase over the 2016 dividend.

### Board Changes

On 31 December 2017, Mr George Yong-Boon Yeo, who has served on the Wilmar

Board since 2014, stepped down as a Non-Independent Non-Executive Director to make way for the appointment of additional Independent Non-Executive Directors, in compliance with the recommendation in the Code of Corporate Governance 2012. On behalf of the Board, I wish to thank him for his invaluable contributions to the Group.

At the same time, I would like to warmly welcome Mr Lim Siong Guan and Mr Shan Weijian, both of whom were appointed Independent Non-Executive Directors on 1 January 2018, as well as Mr Raymond Guy Young who was appointed alternate director to Mr Juan Luciano on 3 November 2017. The Board looks forward to the fresh perspectives these new directors will bring to the Group.

### Appreciation

On behalf of the Board, I would like to express my sincere appreciation to our stakeholders

including our shareholders, customers, business partners and committed employees for their support over the years. Your faith in us enables us to pursue long-term strategies which are vital to ensure our success in various businesses across the globe and sets us apart from many other competitors.

### Kuok Khoon Hong

Chairman & Chief Executive Officer  
16 March 2018

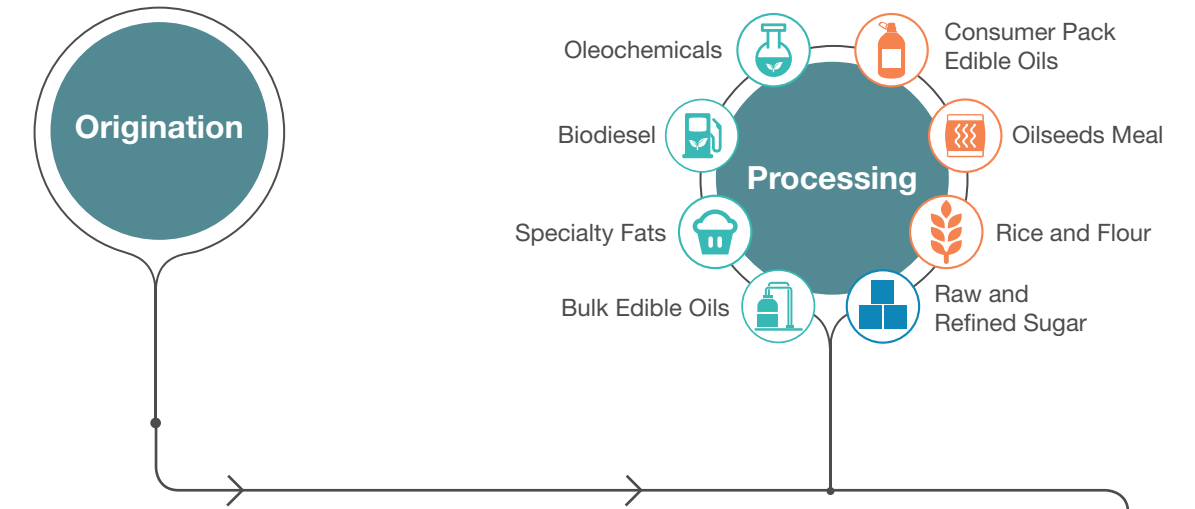


Demand for high quality consumer products is rising in China.



# Vertically Integrated Business Model

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



## Tropical Oils

**Plantation**      **Manufacturing and Merchandising**

One of the largest listed palm plantation companies in the world

Largest global processor and merchandiser of palm and lauric oils with a distribution network across more than 50 countries

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

FFB  
**3.9m MT**

Revenue US\$  
**59.4m**

Volume  
**23.2m MT**

Revenue US\$  
**18.00b**

Results US\$  
**426.2m**

## Oilseeds and Grains

**Manufacturing**      **Consumer Products**

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

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

*Almost 100% of edible oil is supplied to Consumer Products*

Volume  
**27.9m MT**

Revenue US\$  
**13.54b**

Volume  
**5.4m MT**

Revenue US\$  
**6.26b**

Results US\$  
**735.0m**

## Sugar

**Milling, Merchandising, Refining and Consumer Products**

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

Leading consumer pack sugar manufacturer in Australia and New Zealand

Volume  
**11.9m MT**

Revenue US\$  
**5.05b**

Results US\$  
**(24.6m)**

## Others

Fertiliser  
Shipping

Revenue US\$  
**2.12b**

Results US\$  
**242.0m**





# Core Values

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

## INTEGRITY

We value honesty, trustworthiness and high ethical standards.

## EXCELLENCE

We strive for excellent performance in everything we do.

## PASSION

We are passionate about growing our business globally.

## INNOVATION

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

## TEAM WORK

We work as one team to achieve our corporate goals.

## SAFETY

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



# Performance Overview

Net Profit



US\$ **1.22b**

Core Net Profit



US\$ **1.05b**

Revenue



US\$ **43.85b**

EBITDA



US\$ **2.58b**

Total Assets



US\$ **40.93b**

Earnings Per Share

**19.3 US CENTS**

Net Asset Per Share

**US\$ 2.52**

Dividend Per Share

**\$ 0.10**



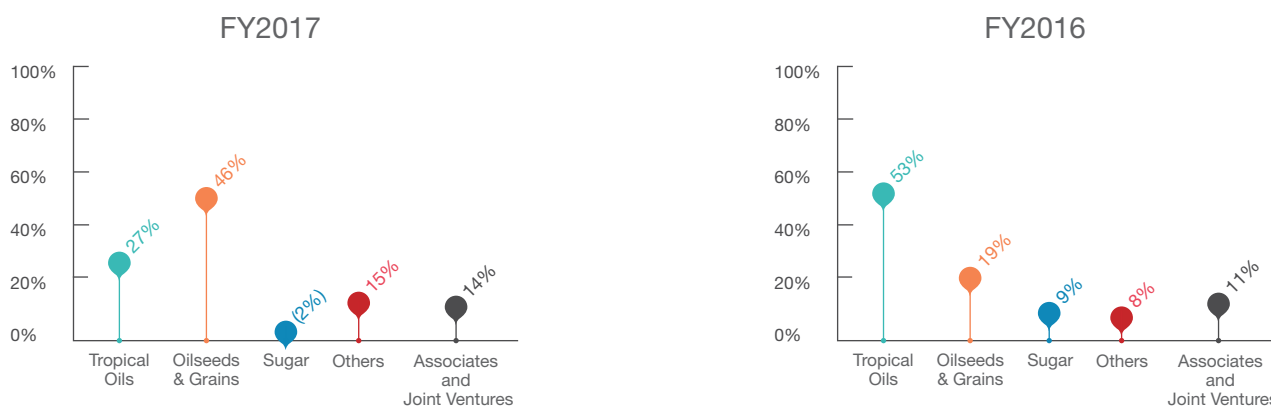
# Financial Highlights

	FY2017	FY2016	FY2015	FY2014	FY2013
<b>INCOME STATEMENT (US\$ million)*</b>					
Revenue	<b>43,846</b>	41,402	38,777	43,085	44,085
EBITDA	<b>2,578</b>	2,244	2,101	2,148	2,432
Profit before tax	<b>1,598</b>	1,300	1,379	1,538	1,775
Net profit	<b>1,219</b>	972	1,023	1,156	1,319
Earnings per share – fully diluted (US cents)	<b>19.3</b>	15.4	16.1	18.1	20.6
Dividends per share (Singapore cents)	<b>10.0</b>	6.5	8.0	7.5	8.0
Dividend payout ratio on net profit (%)#	<b>39.0</b>	30.6	36.1	31.9	30.8
<b>CASH FLOW (US\$ million)</b>					
Operating cash flows before working capital changes	<b>2,596</b>	2,020	2,042	1,844	2,449
Capital expenditure	<b>938</b>	777	865	1,093	1,376
Working capital changes	<b>(1,728)</b>	(523)	398	423	(288)
Investment in subsidiaries, joint ventures and associates	<b>132</b>	145	511	220	362
<b>BALANCE SHEET (US\$ million)*</b>					
Shareholders' funds	<b>15,964</b>	14,435	14,394	15,495	15,005
Total assets	<b>40,933</b>	37,032	36,926	43,558	46,632
Total liabilities	<b>23,947</b>	21,653	21,625	27,147	30,745
Net loans and borrowings	<b>12,596</b>	11,692	11,817	12,056	12,446
Net gearing (x)	<b>0.79</b>	0.81	0.82	0.78	0.83
Net asset value per share (US cents)	<b>252.4</b>	228.5	227.8	242.3	234.5
Net tangible assets per share (US cents)	<b>183.0</b>	159.4	158.6	173.5	165.4

\* FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants. FY2013 – FY2014 figures are not adjusted.

# FY2017 dividend payout ratio on net profit is estimated based on number of shares outstanding as at the end of the financial year.

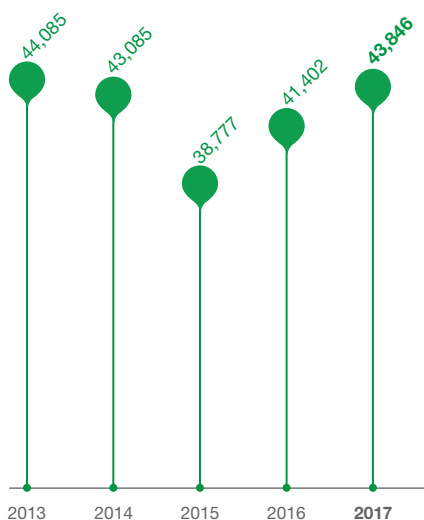
## PROFIT BEFORE TAX BY BUSINESS SEGMENT



Note:  
Segmental breakdown calculation excludes unallocated expenses and loss from biological asset revaluation.

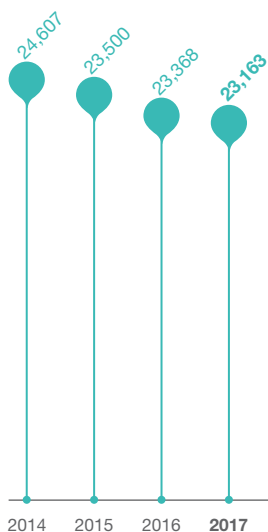


Revenue  
(US\$ million)

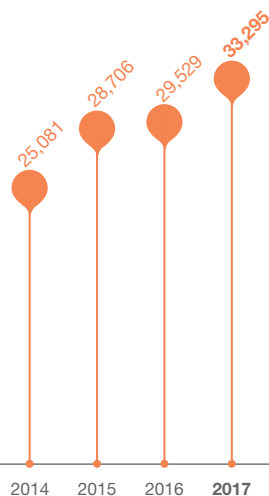


Sales Volume<sup>1</sup>

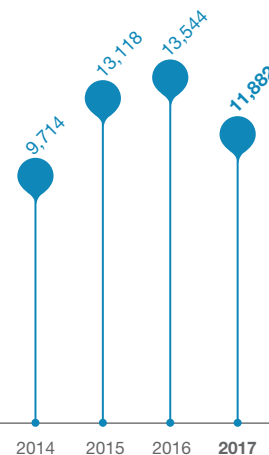
Tropical Oils<sup>2</sup>



Oilseeds & Grains



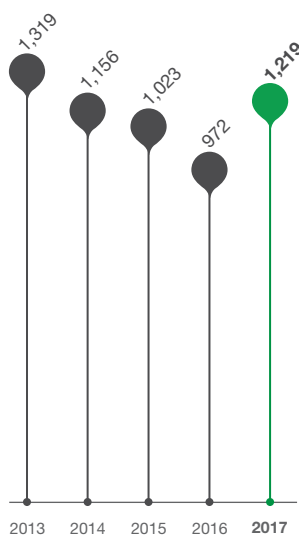
Sugar



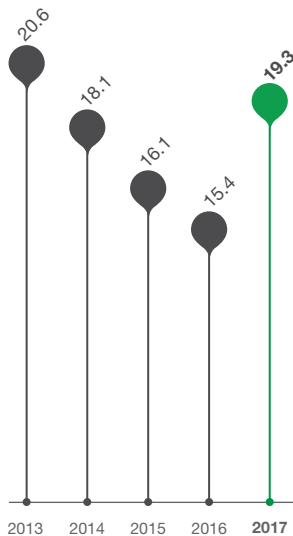
<sup>1</sup> Due to segmental reclassification with effect from FY2015, sales volume information for FY2013 is not available.

<sup>2</sup> Excludes plantation volume.

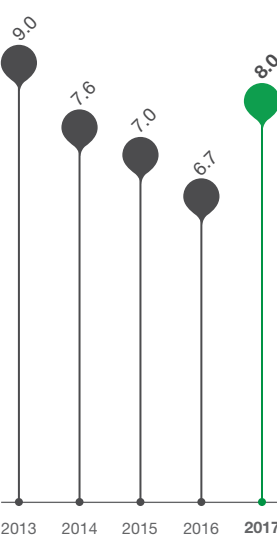
Net Profit\*  
(US\$ million)



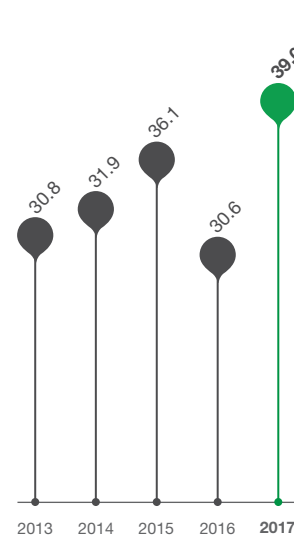
Earnings Per Share\*  
(US cents)



Return On Average Equity\*  
(%)



Dividend Payout Ratio  
On Net Profit (%)\*, #



\* FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants. FY2013 – FY2014 figures are not adjusted.

# FY2017 dividend payout ratio on net profit is estimated based on number of shares outstanding as at the end of the financial year.



# Board of Directors



**Kuok Khoon Hong**  
*Chairman and Chief  
Executive Officer*

Mr Kuok Khoon Hong, 68, is the Chairman and CEO of the Group. He is overall in charge of the management of the Group with a particular focus on new business developments. He has extensive experience in the industry and has been involved in the grains, edible oils and oilseeds businesses since 1973. Mr Kuok has completed many projects involving the establishment of oil palm plantations in Asia and Africa, as well as the processing of grains, edible oils and oilseeds. Mr Kuok graduated from the then University of Singapore with a Bachelor of Business Administration degree. Mr Kuok was appointed to the Board on 24 March 2006 and was last re-elected on 26 April 2017.

**Pua Seck Guan**  
*Chief Operating Officer  
and Executive Director*

Mr Pua Seck Guan, 54, oversees and manages the business divisions of the Group and assists CEO Mr Kuok Khoon Hong in the development of new businesses. Concurrently, he is the CEO and Executive Director of Perennial Real Estate Holdings Limited, an integrated real estate and healthcare company listed on the Singapore Stock Exchange. In addition, he is a Non-Independent Non-Executive Director of United Engineers Limited. Mr Pua has over 29 years of real estate experience in property investment, development and management across various asset classes, as well as in the creation and management of both private and listed real estate funds. Widely regarded as a Real Estate Investment Trust ("REIT") pioneer in Singapore, Mr Pua was instrumental in establishing REITs listed on the Singapore Stock Exchange such as CapitaMall Trust and CapitaRetail China Trust. Earlier, Mr Pua held concurrent positions as the CEO of Capitaland Retail Limited, CapitaMall Trust Management Pte. Ltd., and Capitaland Financial Limited. He holds a Master of Science degree in Civil Engineering from the Massachusetts Institute of Technology, USA and a Bachelor of Science degree in Building (First Class Honours) from the National University of Singapore. Mr Pua was appointed to the Board on 1 January 2016 and was re-elected on 28 April 2016.





**Martua Sitorus**  
*Non-Executive Director*

Mr Martua Sitorus, 58, is a co-founder of the Company and has been instrumental in the development of the Group's business operations in

Indonesia. Mr Sitorus was the Executive Deputy Chairman of the Company from July 2013 to March 2017 and was re-designated as a Non-Independent Non-Executive Director with effect from 1 April 2017. Mr Sitorus is the CEO of Gama Corp group of companies. He holds a degree in economics from HKBP Nomensen University in Medan, Indonesia. Mr Sitorus was appointed to the Board on 14 July 2006 and was last re-elected on 28 April 2016.



**Kuok Khoon Ean**  
*Non-Executive Director*



Mr Kuok Khoon Ean, 62, is the Chairman of Kuok (Singapore) Limited and a Director of Kerry Group Limited and Kerry Holdings Limited. He is the Chairman and Non-Executive Director of PACC Offshore Services Holdings Ltd, a company listed on the Singapore Stock Exchange. He is also

an Independent Non-Executive Director of IHH Healthcare Berhad, which is listed on Bursa Malaysia. Mr Kuok has served as the Chairman of Shangri-La Asia Limited from April 2008 to August 2013 and remained as a Non-Executive Director till June 2014. Mr Kuok holds a Bachelor of Economics degree from Nottingham University, UK. Mr Kuok was appointed to the Board on 2 July 2007 and was last re-elected on 28 April 2016.

**Kuok Khoon Hua**  
*Non-Executive Director*

Mr Kuok Khoon Hua, 39, is the Chairman of Kerry Holdings Limited, the main investment holding company of the Kuok Group in Hong Kong. He is also a Director of Kerry Group Limited and Kuok (Singapore) Limited;

an Executive Director of Kerry Logistics Network Limited and a Non-Executive Director of Kerry Properties Limited (both of which are companies listed on the Hong Kong Stock Exchange) and an Independent Director of Sea Limited (a company listed on the New York Stock Exchange). Mr Kuok holds a Bachelor's degree in Economics from Harvard University. Mr Kuok was appointed to the Board on 1 July 2016 and was re-elected on 26 April 2017.





## Board of Directors



**Juan Ricardo Luciano**  
*Non-Executive Director*

Mr Juan R. Luciano, 56, is the Chairman of the Board of Directors and CEO and President of Archer Daniels Midland Company (ADM). ADM is one of the world's leading agricultural processors and food-ingredient providers. Mr Luciano joined ADM in 2011 as Executive Vice President and COO. He was named President of ADM in February 2014, and was appointed CEO in January 2015. He became Chairman of the Board in January 2016. Mr Luciano previously spent 25 years at The Dow Chemical Company, where he last served as Executive Vice President and President of the Performance division. Mr Luciano serves on the Boards of Directors of Eli Lilly and Company, and Intersect Illinois, a non-profit economic development organisation created by Illinois Governor Bruce Rauner. He is a member of the Economic Club of Chicago and the Commercial Club of Chicago. He also serves as a Governor of the Boys and Girls Clubs of America. He holds an industrial engineering degree from the Buenos Aires Institute of Technology. Mr Luciano was appointed to the Board on 20 June 2012 and was last re-elected on 24 April 2015.

**Yeo Teng Yang**  
*Lead Independent Director*

Mr Yeo Teng Yang, 76, is the Lead Independent Director. He has a varied international career spanning senior positions in the Ministry of Finance and the Monetary Authority of Singapore, Ambassador to the European Community in Brussels as well as Executive Board Director of the Asian Development Bank, Manila and Advisor at the International Monetary Fund, Washington D.C. besides his extensive banking experience. From 1995 to 2000, he was the Senior Executive Vice President of United Overseas Bank Ltd, Singapore, with management responsibilities in treasury, international banking business, fund management, stockbroking and risk management. While in banking, he was a founding Board Member and served as Board Chairman during 1990-1992 of the Singapore International Monetary Exchange which has since merged into the current Stock Exchange of Singapore. He also served as a Board Member of Korea First Bank, South Korea, from 2000 to 2005. Mr Yeo holds a Bachelor of Social Science Honours degree from the then University of Singapore and a Masters degree in Economics from Yale University, USA. Mr Yeo was appointed to the Board on 14 July 2006 and was last re-elected on 28 April 2016.







**Tay Kah Chye**  
*Independent Director*

Mr Tay Kah Chye, 71, is currently the Executive Chairman of CLMV Consult Net Private Limited, a regional consulting company headquartered in Singapore and the CEO of the PATA Group (comprising PATA Consultancy Private Limited and PATA International Enterprise Private Limited). He has served as the Honorary Advisor of ASEAN Bankers Association, a regional banking industry group from 2008 to 2010. Prior to his retirement on 31 December 2007, Mr Tay was the President and CEO of ASEAN Finance Corporation Limited, a regional merchant bank based in Singapore and owned by various leading banks and financial institutions in ASEAN since 1991. Mr Tay has vast experience in banking and finance. Mr Tay was with Citibank N.A. Singapore Branch, where he started his banking career in 1973. His last held position in Citibank was Vice President and Head of its Corporate Marketing Group. During his 18 years with

Citibank, he held various positions in banking operations, credit management and marketing. Mr Tay was a Director of Cambodia Mekong Bank Public Limited from 2003 to 2012 and his last held position was Chairman of the Board of Directors. He is the Independent Non-Executive Chairman of Asiatic Group (Holdings) Limited and the Lead Independent Director of Chemical Industries (Far East) Ltd. Mr Tay holds a Bachelor of Social Sciences degree in Economics from the then University of Singapore. Mr Tay was appointed to the Board on 14 July 2006 and was last re-elected on 26 April 2017.



**Kwah Thiam Hock**  
*Independent Director*

Mr Kwah Thiam Hock, 71, sits on the board of various companies including IFS Capital Limited, Excelpoint Technology Ltd and Teho International Inc Ltd. He started his career in 1964 with the Port of Singapore Authority. From 1969 to 1970, he was an Assistant Accountant with the Singapore Textile Industries Limited. Subsequently, he served as the Secretary and Assistant Accountant in Singapore Spinners Private Limited from 1970 to 1973 and later in 1974, he moved on to become the Regional Accountant and Deputy Manager of its related company, IMC (Singapore). Mr Kwah left to join ECICS Holdings Ltd in 1976 and rose to become its President and CEO. He stepped down from ECICS Holdings Ltd in 2003 to assume the position of Principal Officer and CEO of ECICS Limited, a wholly-owned subsidiary of listed IFS Capital Limited. Mr Kwah retired from ECICS Limited in December 2006 but he remains as adviser of ECICS Limited. He is a Fellow, Certified Public Accountant of Australia, ISCA and ACCA. He graduated from the then University of Singapore in 1973 with a Bachelor of Accountancy degree. Mr Kwah was appointed to the Board on 14 July 2006 and was last re-elected on 26 April 2017.



## Board of Directors



**Kishore Mahbubani**  
*Independent Director*

Professor Kishore Mahbubani, 69, had a long career in government while at the same time, writing extensively on public issues. He was with the Singapore Foreign Service for 33 years (1971-2004) where he had postings in Cambodia (1973-74), Malaysia, Washington D.C. and New York, where he served two postings as Singapore's Ambassador to the UN and as

President of the UN Security Council in January 2001 and May 2002. He was Permanent Secretary at the Foreign Ministry from 1993 to 1998. He was the Dean of the Lee Kuan Yew School of Public Policy of the National University of Singapore (NUS) from 2004 to 2017. Currently, he is a Professor in the Practice of Public Policy and a Senior Advisor at the University and Global Relations Office of NUS. In the world of ideas, he has spoken and published globally. Professor Mahbubani is also a member of the Boards of Zurich Insurance Group Ltd and of Zurich Insurance Company Ltd since April 2015. He has also taken the role of Non-Executive Chairman and Non-Executive Director of Aggregate Asset Management since September 2017. Professor Mahbubani was appointed to the Board on 1 January 2016 and was re-elected on 28 April 2016.

**Lim Siong Guan**  
*Independent Director*



Mr Lim Siong Guan, 70, is a Professor at the Lee Kuan Yew School of Public Policy at the National University of Singapore, a Senior Fellow of the Singapore Civil Service College, and Advisor to the Group Executive Committee of GIC, Singapore's sovereign wealth fund. He is a member of the Board of Trustees of the Singapore University of Technology and Design. He chairs the Board of Directors of Swiss Re Asia Ltd. and is a member of the International Board of the stars, a Swiss not-for-profit organisation that promotes development of next generation leaders. He also chairs the Board of Directors of Honour (Singapore), a charity that seeks to promote a culture of honour and honouring. In September 2017, Mr Lim was named the Institute of Policy Studies' fourth SR Nathan Fellow for the Study of Singapore. Mr Lim was the Group President of GIC from 2007 to 2016

and a former Head of the Singapore Civil Service from 1999 to 2005. He was the first Principal Private Secretary to Singapore's founding Prime Minister, Mr Lee Kuan Yew, and was also the Permanent Secretary in the Ministries of Defence, Education, Finance, and the Prime Minister's Office. Mr Lim has chaired the Singapore Economic Development Board, the Inland Revenue Authority of Singapore, the Accounting and Corporate Regulatory Authority and, the Central Provident Fund Board. Mr Lim graduated with First Class Honours in Mechanical Engineering from the University of Adelaide and has a Postgraduate Diploma in Business Administration from the National University of Singapore. Mr Lim was appointed to the Board on 1 January 2018.



**Weijian Shan**  
*Independent Director*

Mr Weijian Shan, 64, is Chairman and CEO of PAG Group, a private equity firm with about US\$20 billion in capital under management. He was Co-Managing Partner of Newbridge Capital, and, after Newbridge's integration with TPG, Co-Managing Partner of TPG Asia. Mr Shan has led numerous buyouts and exits at Newbridge, TPG and PAG. Prior to TPG, Mr Shan was a Managing Director of JP Morgan. He previously was an Assistant Professor at the Wharton School of the University of Pennsylvania. His other former employers include the World Bank and Graham & James Law Firm. Mr Shan graduated from Beijing Institute of Foreign Trade (now known as Beijing University of International Business and Economics) and received his PhD and Master of Arts from University of California, Berkeley and an MBA from the University of San Francisco. Mr Shan was appointed to the Board on 1 January 2018.



**Raymond Guy Young**  
*Alternate Director to Mr Juan Ricardo Luciano*



Mr Raymond Guy Young, 56, is Executive Vice President and CFO of Archer Daniels Midland Company (ADM), and a member of ADM's Executive Council. He joined ADM in November 2010 following a 24-year tenure with General Motors where he last served in Shanghai as Vice President of GM International Operations. In 2008 and 2009, he was CFO of General Motors. Between 2004 and 2007, he was the President and Managing Director of GM do Brasil and Mercosur Operations, based in São Paulo. Mr Young holds a Bachelor's Degree in Business Administration from The Ivey School of Business, University of Western Ontario, in London, Canada, as well as an MBA from the University of Chicago. Mr Young serves on the Boards of Directors of International Paper Company and the U.S.-China Business Council. He is a member of the Boards of Directors of the American Cancer Society Lakeshore Division and the CFO Advisory Board of the University of Chicago Booth School of Business. Mr Young was appointed Alternate Director to Mr Juan Ricardo Luciano on the Wilmar Board on 3 November 2017.

## Board of Directors

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

Name of Director	Present Directorships in Listed Companies	Past Directorships in Listed Companies held over the preceding three years	Principal Commitments
<b>Executive Directors</b>			
<b>KUOK Khoon Hong</b>	<ol style="list-style-type: none"> <li>1. Wilmar International Limited <i>Chairman &amp; Chief Executive Officer</i></li> <li>2. Perennial Real Estate Holdings Limited <i>Chairman &amp; Non-Independent Non-Executive Director</i></li> </ol>	-	Wilmar International Limited and its group of companies
<b>PUA Seck Guan</b>	<ol style="list-style-type: none"> <li>1. Wilmar International Limited <i>Chief Operating Officer &amp; Executive Director</i></li> <li>2. Perennial Real Estate Holdings Limited <i>Chief Executive Officer &amp; Executive Director</i></li> <li>3. United Engineers Limited <i>Non-Independent Non-Executive Director</i></li> </ol>	-	<ol style="list-style-type: none"> <li>1. Perennial Real Estate Holdings Limited and its group of companies</li> <li>2. Wilmar International Limited and its group of companies</li> </ol>
<b>Non-Executive Directors</b>			
<b>Martua SITORUS</b>	Wilmar International Limited	-	<ol style="list-style-type: none"> <li>1. Aastar Trading Pte Ltd <i>Managing Director</i></li> <li>2. Gama Corp group of companies <i>Chief Executive Officer</i></li> <li>3. ICC Energy Holdings Pte Ltd</li> <li>4. WH Investments Pte Ltd <i>Managing Director</i></li> <li>5. Wilmar International Limited</li> </ol>
<b>KUOK Khoon Ean</b>	<ol style="list-style-type: none"> <li>1. PACC Offshore Services Holdings Ltd ("POSH") <i>Chairman &amp; Non-Executive Director</i></li> <li>2. IHH Healthcare Berhad (Listed on Bursa Malaysia)</li> <li>3. Wilmar International Limited</li> </ol>	The Bank of East Asia, Limited	<ol style="list-style-type: none"> <li>1. Kerry Group Limited</li> <li>2. Kerry Holdings Limited</li> <li>3. Kuok (Singapore) Limited <i>Chairman</i></li> <li>4. POSH <i>Chairman &amp; Non-Executive Director</i></li> </ol>
<b>KUOK Khoon Hua</b>	<ol style="list-style-type: none"> <li>1. Kerry Logistics Network Limited</li> <li>2. Kerry Properties Limited (Both listed on Hong Kong Stock Exchange)</li> <li>3. Sea Limited (Listed on New York Stock Exchange)</li> <li>4. Wilmar International Limited</li> </ol>	-	<ol style="list-style-type: none"> <li>1. Kerry Group Limited</li> <li>2. Kerry Holdings Limited <i>Chairman</i></li> <li>3. Kerry Logistics Network Limited <i>Executive Director</i></li> <li>4. Kuok (Singapore) Limited</li> <li>5. Sea Limited <i>Independent Director</i></li> </ol>
<b>Juan Ricardo LUCIANO</b>	<ol style="list-style-type: none"> <li>1. Archer Daniels Midland Company</li> <li>2. Eli Lilly and Company (Both listed on New York Stock Exchange)</li> <li>3. Wilmar International Limited</li> </ol>	-	Archer Daniels Midland Company <i>Chairman &amp; Chief Executive Officer</i>



Name of Director	Present Directorships in Listed Companies	Past Directorships in Listed Companies held over the preceding three years	Principal Commitments
<b>Lead Independent Director</b>			
<b>YEO Teng Yang</b>	Wilmar International Limited	United International Securities Limited (Dissolved on 4 December 2015)	-
<b>Independent Directors</b>			
<b>TAY Kah Chye</b>	1. Asiatic Group (Holdings) Limited <i>Independent Non-Executive Chairman</i> 2. Chemical Industries (Far East) Ltd <i>Lead Independent Director</i> 3. Wilmar International Limited	-	1. CLMV Consult Net Private Limited <i>Executive Chairman</i> 2. Cam Box Private Limited 3. PATA Consultancy Private Limited <i>Chief Executive Officer</i> 4. PATA International Enterprise Private Limited <i>Chief Executive Officer</i>
<b>KWAH Thiam Hock</b>	1. Excelpoint Technology Ltd 2. IFS Capital Limited 3. Teho International Inc Ltd 4. Wilmar International Limited	Select Group Limited (Delisted on 6 September 2016)	1. ECICS Limited 2. PM Shipping Pte Ltd
<b>Kishore MAHBUBANI</b>	1. Wilmar International Limited 2. Zurich Insurance Group Ltd (Listed on SIX Swiss Exchange)	-	Professor in the Practice of Public Policy and Senior Advisor at the University and Global Relations Office of National University of Singapore
<b>LIM Siong Guan</b>	Wilmar International Limited	-	1. Advisor to Group Executive Committee of GIC Pte Ltd 2. Professor in the Practice of Public Policy - Lee Kuan Yew School of Public Policy, National University of Singapore
<b>Weijian SHAN</b>	Wilmar International Limited	1. TCC International Holdings Limited (Delisted from Hong Kong Stock Exchange) 2. Bank of China (Hong Kong) Limited	Chairman and CEO of PAG and its group of companies
<b>Alternate Director to Mr Juan Ricardo LUCIANO</b>			
<b>Raymond Guy YOUNG</b>	1. Wilmar International Limited 2. International Papers Company (Listed on New York Stock Exchange)	-	Archer Daniels Midland Company <i>Executive Vice President and Chief Financial Officer</i>

**Notes:**

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

2. Information as at 28 February 2018.

# Key Management Team

## **Mr Kuok Khoon Hong**

*Chairman & Chief Executive Officer*

## **Mr Pua Seck Guan**

*Chief Operating Officer & Executive Director*

## **Mr Hendri Saksti**

*Country Head, Indonesia*

## **Mr Yee Chek Toong**

*Country Head, Malaysia*

## **Mr Matthew John Morgenroth**

*Group Technical Head*

## **Mr Rahul Kale**

*Group Head, Oleochemicals & Biofuels*

## **Mr Mu Yankui**

*Executive Vice Chairman, China*

## **Mr Niu Yu Xin**

*General Manager, China*

## **Mr Jean-Luc Robert Bohbot**

*Group Head, Sugar*

## **Captain Kenny Beh Hang Chwee**

*Group Head, Shipping*

## **Professor Chua Nam-Hai**

*Chief Scientific Advisor*

## **Mr Ho Kiam Kong**

*Chief Financial Officer*

## **Ms Sng Miow Ching**

*Group Financial Controller*

## **Ms Teo La-Mei**

*Group Legal Counsel & Company Secretary*

## **Mr Jeremy Goon**

*Chief Sustainability Officer*

## **Mr Patrick Tan Soo Chay**

*Group Head, Internal Audit*

## **Mr Thomas Lim Kim Guan**

*Group Head, Edible Oils*

## **Mr Kwek So Cheer**

*Chief Information Officer*

## **Mr Jeremy Tan Kok Liann**

*Group Head, Human Resources*



# Corporate Information

## Board of Directors

KUOK Khoon Hong (Chairman)  
PUA Seck Guan  
Martua SITORUS  
KUOK Khoon Ean  
KUOK Khoon Hua  
Juan Ricardo LUCIANO\*  
YEO Teng Yang  
TAY Kah Chye  
KWAH Thiam Hock  
Kishore MAHBUBANI  
LIM Siong Guan (*Appointed on 1 January 2018*)  
Weijian SHAN (*Appointed on 1 January 2018*)  
\* Raymond Guy YOUNG is alternate to  
Juan Ricardo LUCIANO  
(*Appointed on 3 November 2017*)

## Executive Committee

KUOK Khoon Hong (Chairman)  
PUA Seck Guan

## Audit Committee

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

## Nominating Committee

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

## Remuneration Committee

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

## Risk Management Committee

YEO Teng Yang (Chairman)  
KUOK Khoon Hong  
TAY Kah Chye

## Share Purchase Committee

KUOK Khoon Hong (Chairman)  
PUA Seck Guan

## Executive Risk Committee

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

## Capital Approval Committee

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

## Company Secretary

TEO La-Mei

## Registered Office

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

## Share Registrar

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

## Auditor

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

# Operations Review

## TROPICAL OILS (PLANTATION, MANUFACTURING AND MERCHANDISING)

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

### Plantation

We are one of the world's largest oil palm plantation owners with a total planted area of 239,935 hectares (ha) as at 31 December 2017. Around 68% of our total planted area is in Indonesia, 24% in East Malaysia and 8% in Africa. Through joint ventures, we own plantations in Uganda and West Africa of approximately 46,000 ha. Wilmar also directly manages 34,772 ha under smallholder schemes in Indonesia and Africa, and another 149,000 ha under smallholder and outgrower schemes through the joint ventures and associates in Africa.

The medium to long-term growth of our plantation operations is supported by the relatively young plantations with an average age of 11 years. Around 58% of the plantations are at the prime production age of seven to 18 years and 23% are at age six years and below.

### Sustainability

Sustainability is an integral part of our business and operations. Since announcing our No Deforestation,

No Peat, No Exploitation Policy in December 2013, we have continued to further our commitment to drive sustainable practices and encourage collective action to accelerate supply chain transformation.

In 2017, we launched our Child Protection Policy to enhance the welfare of children living in oil palm plantations where their parents work. The policy will be implemented throughout our global operations, including our joint ventures, third-party suppliers and contractors.

In a first for the palm oil industry, we announced a collaboration with ING Bank which pegs our sustainability performance to the interest rate of an existing facility. We believe that incorporating sustainability metrics into various aspects of our business, from daily operations to corporate financing, is key to creating value for our stakeholders.

For more information on our sustainability efforts, please refer to the Sustainability chapter on pages 36 to 45 in this report.

### Manufacturing and Merchandising

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

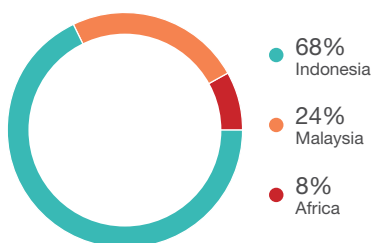
Through economies of scale and commitment to best practices in production, we have been able to sustain as one of the most cost-efficient producers in the industry. This efficiency is complemented by our strategically located facilities found near the coastal areas of both origin and destination markets,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

Within the Tropical Oils segment, our activities also include manufacturing, merchandising and distribution of consumer pack branded tropical oils. We are the leading producer and seller in markets such as India, Indonesia, Vietnam, Bangladesh, Sri Lanka and several African countries. In the key locations of India and Indonesia, we have a market share of around 20% and 35% respectively.

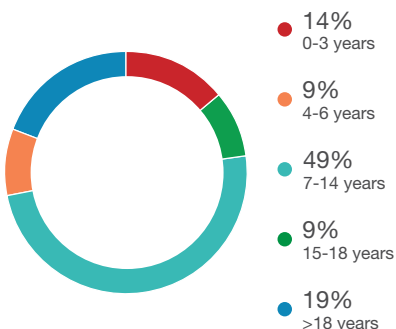
In June 2017, we entered into a conditional joint venture agreement with Lion Corporation (Lion) for the manufacture and sale of methyl ester sulfonate (MES). MES is used in the manufacture of products such as soaps and detergents. Lion, which is listed on the Tokyo Stock Exchange, is engaged in the manufacture and sale of toothpastes, toothbrushes, soaps, detergents, hair and skincare products, cooking-related products and pharmaceuticals. The transaction will be completed upon approval from all relevant authorities and certain conditions being fulfilled.

In August 2017, we announced the establishment of a joint venture with Aalst Chocolate Pte Ltd (Aalst Chocolate), a homegrown chocolate manufacturer in Singapore. Combining our expertise in the manufacturing of specialty fats used in the production of chocolates and compounds, with Aalst Chocolate's long experience in chocolate and compound-making, this

Plantations Geographic Locations as at 31 December 2017



Plantations Age Profile as at 31 December 2017





As at 31 December 2017, the Group has plants in the following countries:

	Refinery	Oleochemicals	Specialty Fats	Biodiesel
<b>Subsidiaries</b>				
Indonesia	25	4	4	11
Malaysia	14	3	1	2
China	51	10	6	0
Vietnam	4	0	2	0
Europe	0	2	0	0
Africa	2	0	2	0
Others	4	0	1	0
<b>Total no. of plants</b>	<b>100</b>	<b>19</b>	<b>16</b>	<b>13</b>
<b>Total capacity (million MT p.a)</b>	<b>30</b>	<b>2</b>	<b>2</b>	<b>3</b>
<b>Associates</b>				
India	39	2	5	0
China	7	2	2	0
Russia	4	0	1	0
Ukraine	2	0	1	0
Malaysia	3	0	0	0
Africa	10	0	4	0
Bangladesh	2	0	0	0
Europe	6	1	1	0
Others	0	0	1	1
<b>Total no. of plants</b>	<b>73</b>	<b>5</b>	<b>15</b>	<b>1</b>
<b>Total capacity (million MT p.a)</b>	<b>13</b>	<b>&lt;1</b>	<b>1</b>	<b>&lt;1</b>

Note: Refinery capacity includes palm oil and soft oils

partnership aims to expand Wilmar's offering and services to bakery products and confectionery manufacturers.



In November 2017, Wilmar and Cargill entered into an agreement for the purchase of Cargill's edible oil facilities in Kuantan, Malaysia, which include a palm oil refinery and a neighbouring storage facility. This acquisition marks our first presence in the east coast of Peninsular Malaysia. Located in the Kuantan Port, these facilities will strengthen our sales and distribution network in Malaysia and serve as a strategic location for regional

exports. The sale will be completed upon approval from all relevant authorities and certain conditions being fulfilled.

#### Industry Trend in 2017

In 2017, global palm oil production recovered strongly as the impact of El Nino faded, with production growing 14% from 59.1 million MT in 2016 to 67.1 million MT. The two largest producing countries, Indonesia and Malaysia, accounted for about 84% of global palm oil production. Indonesia's production grew 13% to 36.5 million MT and Malaysia's production increased 13% to 19.6 million MT.

Global demand for palm oil grew 4% to 64.9 million MT in 2017. Demand in Indonesia decreased marginally to 9.1 million MT partly due to the lower deliveries of biodiesel in May and June of 2017. Demand in India remained steady, with a slight increase of 1% to 9.3 million MT, affected by an import tax hike in November

2017. Demand in China declined 2% to 5.0 million MT due to rising edible oils inventories after record soybean imports and strong purchases of rapeseed oil.

Crude palm oil (CPO) prices weakened significantly towards end-February 2017 due to the strengthening of the Malaysian Ringgit and expectations of improving palm oil production. Prices remained on a general downward trend for the first half of the year. In July, CPO prices started to rise due to expectations of strong export demand coupled with weaker than anticipated supply. However, prices eased in November as Malaysian palm oil production was larger than expected. CPO prices closed at RM2,503 at the end of 2017, down 21% from RM3,163 at the beginning of the year.

#### Our Performance

In 2017, pre-tax profit for the Tropical Oils division declined 38% to US\$426.2 million from US\$689.2 million in 2016. The weaker performance was mainly due to lower processing margins in the downstream businesses.

In Plantations, production yield improved 4% to 19.7 MT per ha from 19.0 MT per ha in 2016 and led to a 3% increase in total fresh fruit bunches to 3,922,904 MT from 3,817,969 MT in 2016.

Sales volume for the manufacturing and merchandising businesses declined marginally to 23.2 million MT from 23.4 million MT in 2016. Higher CPO prices in the first nine months of the year led to an overall 7% increase in segment revenue to US\$18.07 billion from US\$16.86 billion in 2016.

#### Outlook and Strategy

Global palm oil production is expected to increase 5% to 69.3 million MT for the marketing period from October 2017 to September 2018 as production continues to recover. We remain positive about the long-term prospects of palm oil with the rise of global demand for our food and non-food applications such as oleochemicals, specialty fats and biodiesel.



### OILSEEDS AND GRAINS (MANUFACTURING & CONSUMER PRODUCTS)

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

#### Manufacturing

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

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

#### Consumer Products

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

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

#### Industry Trend in 2017

China remained the top importer of soybeans, making up approximately 64% of the world's demand in 2017. Demand

for soybeans in China grew a significant 15% from 83.2 million MT in 2016 to 95.3 million MT in 2017.

Total volume of soybeans crushed in China increased from about 79.0 million MT in 2016 to about 87.0 million MT in 2017. Consequently, both soybean meal and soybean oil saw higher consumption in 2017. Soybean meal consumption in China increased around 11% to 68.0 million MT while soybean oil consumption in China increased 10% to around 15.9 million MT in 2017. The sustained growth in soymeal demand has been driven by the trend towards a more protein-based diet. In China where pork is the protein of choice, this has also resulted in the modernisation of pig farming operations with more efficient and larger scale facilities, which in turn has led to some consolidation in the feed milling industry.

On the supply side, continuous good weather in major soybean growing areas such as the United States, Brazil and Argentina led to a year of abundant supply. International soybean prices were relatively stable in 2017. The year started with soybean prices at around US\$10.00 per bushel, hitting a peak of about US\$10.80 per bushel in mid-January and subsequently retreating to a low of around US\$9.00 per bushel in



June as expectations for US production were raised. However, prices quickly recovered to about US\$10.40 per bushel in early July on the back of increasing Chinese imports. However, a record crop in Brazil saw soybean prices retrace its gains to around US\$9.20 per bushel by mid-August and where it remained range bound for the rest of the year.

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

### Our Performance

In 2017, the Oilseeds and Grains segment achieved a pre-tax profit of US\$735.0 million, almost triple the US\$251.1 million recorded in 2016. The strong performance was driven by higher crush volume and good crush margins.

Sales volume for Oilseeds & Grains grew 13% from 29.5 million MT to 33.3 million MT. Revenue increased 11% from US\$17.81 billion to US\$19.81 billion.

### Outlook and Strategy

We expect to see continued growth for protein meals in China. Soybean imports into China are forecast to grow 4% to around 97 million MT for the marketing period from October 2017 to September 2018. With the lifting of restrictions on oilseeds and grains processing capacities in early 2017, we have been selectively expanding our facilities to enable us to better capture this growth. The more disciplined operating environment for the crushing industry in China is also beneficial for us, hence we remain positive on the outlook in 2018.

In the Consumer Products business, our growth will continue to be underpinned by the transition from unpackaged to quality branded consumer pack products. We will continue to strengthen our brand reputation while improving our distribution networks, research and development as well as expanding our portfolio of product to grow our market presence globally.

As at 31 December 2017, the Group has crushing plants and flour and rice mills in the following countries:

	Crushing	Flour Milling	Rice Milling
<b>Subsidiaries</b>			
China	53	18	18
Malaysia	1	0	0
Vietnam	3	0	0
Africa	1	0	0
Indonesia	0	2	0
<b>Total no. of plants</b>	<b>58</b>	<b>20</b>	<b>18</b>
<b>Total capacity (million MT p.a)</b>	<b>25</b>	<b>6</b>	<b>4</b>
<b>Associates</b>			
China	17	1	2
India	17	1	0
Russia	2	0	0
Ukraine	1	0	0
Malaysia	0	9	0
Indonesia	0	2	0
Others	5	8	1
<b>Total no. of plants</b>	<b>42</b>	<b>21</b>	<b>3</b>
<b>Total capacity (million MT p.a)</b>	<b>13</b>	<b>3</b>	<b>&lt;1</b>





### SUGAR (MILLING, MERCHANDISING, REFINING & CONSUMER PRODUCTS)

Wilmar is a leading sugar operator with operations covering sugar production from cane in Australia, India, Myanmar and from beet in Morocco. We are a leading sugar refiner in Australia, New Zealand, Indonesia, India and Morocco as well as a distributor of leading brands such as CSR, Chelsea, Al Kasbah and Madhur. With the support of key strategic partnerships, such as the joint venture with the leading sugar and ethanol producer, Raizen Energia S.A. in Brazil, we trade about 11 million MT of raw and white sugar globally.

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

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

we also distribute the Equal range of sweeteners.

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

In Morocco, through our 29.9% associate (as at December 2017), Cosumar S.A. (Cosumar), we have one refinery and seven sugar beet/cane mills as well as the sugar brands, Al Kasbah, La Gazelle and El Bellar. Cosumar is the sole sugar producer in Morocco and the third largest

in the African continent, with a strong distribution network that includes exporting refined sugar to neighbouring countries in Europe.

We are a strategic industrial partner of Shree Renuka Sugars Limited (SRSL), the leading sugar company in India. In India, SRSL's business comprises seven mills with a total cane crushing capacity of 5.5 million MT per annum; two port-based refineries, one each in Kandla and Haldia, with a combined capacity of 1.7 million MT per annum, a cogeneration capacity of 584 MW, as well as the sugar brand,

As at 31 December 2017, the Group has sugar mills and refining plants in the following countries:

	Milling	Refining
<b>Subsidiaries</b>		
Australia	8	2
New Zealand	-	1
Indonesia	-	2
Myanmar	2	-
<b>Total no. of mills/plants</b>	<b>10</b>	<b>5</b>
<b>Total capacity (million MT p.a.)</b>	<b>19</b>	<b>2</b>
<b>Associates</b>		
Brazil	4	-
India	7	2
Morocco	7	1
<b>Total no. of mills/plants</b>	<b>18</b>	<b>3</b>
<b>Total capacity (million MT p.a.)</b>	<b>27</b>	<b>3</b>



Madhur. In March 2018, SRSI completed a debt restructuring exercise. As part of that exercise, the Group invested an additional US\$120 million in SRSI, thereby increasing its stake from about 27% to 39%.

We have a majority 55:45 joint venture with Great Wall Food Stuff Industry Company Limited, the leading sugar company in Myanmar. The joint venture operates two sugar mills, a bio-ethanol plant and an organic compound fertiliser plant.

### Sugar Developments

In 2017, Wilmar Sugar Australia finalised an ambitious agreement with its growers regarding sugar export and marketing. Growers who supply their sugar cane to Wilmar mills now have the additional choice of nominating Wilmar to market and export their share of the sugar produced. Growers have access to a unique range of services, including crop pre-payment, competitive financing, agriculture services and flexible pricing facilities. With cane production, milling, logistics and export services now fully integrated, we are able to deliver to growers additional value on a

fully transparent basis. In the first year of the new marketing arrangement, Wilmar has significantly increased the volume of sugar exported to 1.2 million MT.

### Industry Trend in 2017

World sugar prices declined sharply and traded to a low of 12.50 US cents per pound in June 2017. Sugar prices were negatively impacted by various factors, including the significantly higher sugar production and export deregulation in Europe; the record Centre South Brazil crop and the subsidised export programme of 2 million MT implemented by Pakistan. Nonetheless, trade flows remained strong due to the low crop in India and China. Global sugar consumption increased by 3 million MT and reached a record 183 million MT.

### Our Performance

In 2017, the Sugar division reported a pre-tax loss of US\$24.6 million which included a US\$30.6 million impairment loss on our Australian refinery assets. The overall weaker performance was partly due to the timing effect of the new sugar marketing programme in our

Australian milling operations which came into effect during the year. Under the new programme, certain proportion of sugar produced in 2017 will only be sold in the first half of 2018. The division's results were further impacted by weaker performance from the merchandising, refining and consumer products businesses.

Sugar volumes declined 12% from 13.5 million MT to 11.9 million MT from lower milling and merchandising activities. Correspondingly, revenue decreased 14% from US\$5.86 billion to US\$5.05 billion.

### Outlook and Strategy

In 2018, global sugar production is expected to exceed consumption for another year. Although India and Thailand are expected to have a strong crop recovery, Brazil is expected to have a crop reduction due to a price parity strongly in favour of ethanol. Increasing crude oil prices may impact sugar and ethanol parity in many countries. At current sugar prices, the global sugar industry will be challenged and some under investment are to be expected.



## Operations Review



### FERTILISER

The bulk of Wilmar's fertiliser business and market is in Indonesia. We are one of the largest fertiliser players in Indonesia, with 1.2 million MT production capacities dedicated to nitrogen, phosphorus and potassium (NPK) compound fertilisers. We also engage in the trading and distribution of various straight fertilisers and agrochemicals, making us a one-stop supplier of agriculture inputs. The fertiliser business has been geared towards the oil palm sector, in line with our core business. The remarkable growth in new planted acreages in the past decade has resulted in a rising demand for fertilisers, thereby leading to the expansion of the fertiliser business unit. Customers of the fertiliser products are also our suppliers of fresh fruit bunches, crude palm oil and palm kernel, thus we have been able to minimise our credit risk. Supported by our extensive distribution channels and logistics networks built over the years, we have been able to maintain substantial market shares of NPK and potash in Indonesia. We are also the appointed distributor of Canadian potash, Peruvian rock phosphate and USA borate in Indonesia.

The expansion of fertiliser operations into Malaysia in the second half of 2015 provided an opportunity to tap into the demand of the world's second largest oil palm producer. Similarly supported by its own NPK production line and logistics facility, our fertiliser business in Malaysia is well-positioned to develop and complement our existing operations particularly in East Malaysia.

At present, our total installed capacity of NPK compound is 1.3 million MT per annum in Indonesia and Malaysia, and our total fertiliser sales volume is more than 2 million MT annually. Besides Indonesia and Malaysia being the backbone of our fertiliser markets, we are also shipping our products to other countries in South-East Asia as well as Africa, predominantly to the oil palm plantations sector.

### Industry Trend and Our Performance

The broader fertiliser market improved in 2017 on the back of higher consumption amid better weather conditions in the region. Fertiliser prices across the board inched up, particularly in the second half of the year, in line with recovering demand and tighter supply. This trend is expected to continue into the first half of 2018. Prices of most fertilisers ended 2017 near their year-highs, indicating strong and steady rebound from the lows in 2016. The fertiliser business recorded much improved sales volume in 2017 in line with industry recovery. However, profitability was lower due to increased fertiliser costs.



### Outlook and Strategy

We maintain a positive view on the long-term outlook of the agricultural sector in the region. We continue to actively engage and focus on markets where we have a significant presence to ensure achievable and sustained growth. The long-term deal signed with Sirius Minerals PLC for their new product coming on stream in few years' time will provide us with another avenue to boost growth organically. We are honoured to collaborate with Sirius to market this unique blend of nutrients in South-East Asia.

### SHIPPING

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

In 2017, shipping volumes of vegetable oils and of dry bulk decreased marginally from the previous year. Despite the volatile and challenging market conditions, the shipping unit maintained a respectable profit for the year.

The Group will continue to look out for good opportunities to expand its fleet with more cost-effective vessels to support the needs of its logistics operations.

As at 31 December 2017, the Group owned and controlled 60 tankers / dry bulk vessels with a total tonnage of about 2.2 million MT.





## RESEARCH AND DEVELOPMENT

Wilmar's research and development (R&D) activities aim to improve our manufacturing processes, develop new products and improve the quality and consistency of our existing products. Our R&D work is carried out by about 350 researchers in various locations worldwide.

In China, our R&D centre in Shanghai focuses on developing new technologies and products in areas including cooking oil, specialty fats, proteins, cereals, condiments as well as functional foods.

In Singapore, our R&D centres focus on the following areas:

- in-depth clinical studies of macronutrients in our products and ingredients in relation to the management of Type II diabetic conditions, obesity, heart health and sarcopenia in the elderly;
- development of high-throughput microbial platforms for the cost-effective production of valuable biochemical as well as specific and proprietary host strains that can produce engineered lipases with enhanced properties to meet industrial needs; and

- future foods, as well as food structure, texture and safety.

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

By the end of 2017, Wilmar has been granted a total of 95 patents covering these different areas.

Major activities and achievements in 2017:

- Screening microbial strains for new lipases and beta-carotene degrading enzymes.
- Cloning and characterisation of novel lipase genes.
- Engineered lipases to increase their stability and activity at elevated temperatures.
- Replacing chemical processes by enzymatic processes.
- Application of enzymes in oils and fats processing – The use of enzymes in oil processing helps reduce energy input, waste discharge and greenhouse gas emissions. Our work on enzyme development spans from upstream enzyme engineering, strain development and fermentation, to downstream recovery, formulation and immobilisation of enzymes. Application of enzymes has also expanded from degumming and interesterification to the production of oleochemicals and enhancing the quality of aromatic oils.
- Application of enzyme in seed grains to increase oil yield and in animal feed to enhance its nutritional value.
- Enzyme-mediated production of high quality biodiesel.
- Improving taste and flavour profiles of hydrolysed vegetable protein using enzyme.
- Intensifying technical support services to our customers, especially in Asia and Africa, on product innovation and applications with specialty fats.
- Development of granulated and cube bouillon for markets in Indochina and Africa.
- Transforming side-stream products, such as wheatgerm from wheat-flour milling process and rice bran powder from rice milling process, into healthier innovative food products.
- Fast prototyping of food product for Wilmar's food manufacturing and fast food customers.
- Controlling risk substances in edible oils - To ensure product safety, we are studying new processing technologies to effectively control substances in edible oils and fats that may potentially have negative health impact.
- Arawana sunflower oil conferred the Global Sunflower Oil Quality Award (Technology & Innovation) at the 2<sup>nd</sup> International Sunflower Oil Summit in Odessa, Ukraine.
- Collaborations with external parties:
  - Collaborated with the University of Udine, Italy, to develop a method to determine the freshness of extra virgin olive oil. This parameter has since been introduced by the International Olive Council in its testing methods.
  - Partnered with organisations such as the International Association of Rice Bran Oil, Novozymes, Jiangnan University and Wuhan Polytechnic University to promote the quality and consumption of rice bran oil as well as seek new applications for rice bran oil.

# Awards & Accolades

## Corporate Awards

### Wilmar International Limited Ranked 239<sup>th</sup>

Fortune Global 500  
*Fortune Magazine*

### Ranked 4<sup>th</sup>

World's Most Admired Company in Food  
Production Industry  
*Fortune Magazine*

### Ranked 388<sup>th</sup>

Forbes Global 2000: The World's  
Biggest Public Companies  
*Forbes*

### Ranked 4<sup>th</sup>

Top 100 Singapore Brands  
*BrandFinance*<sup>®</sup>

### Ranked 25<sup>th</sup>

out of 606 companies on the Singapore  
Governance and Transparency Index  
*The Business Times and the Centre  
for Governance, Institutions and  
Organisations*

### Runner-Up

Singapore Corporate Governance Award  
in Consumer Staples category  
*Securities Investors Association  
(Singapore)*

### OutSystems Innovation Awards

Overall Business Impact Award  
*OutSystems*

## Australia

### Wilmar Sugar

- Rod Rookwood Award for Agriculture/  
Engineering Design  
*Australian Society of Sugar Cane  
Technologists Annual Conference*

## China

### 益海嘉里投资有限公司

### Yihai Kerry Investments Co., Ltd.

- 百家诚信示范单位  
*中国食品安全年会组委会*

### 益海嘉里食品营销有限公司

### Yihai Kerry Food Marketing Co., Ltd

- 2017年中国美食走进纽约联合国总部  
金龙鱼食用油、大米、面粉、挂面系列  
产品指粮油产品  
*中国烹饪协会*
- 双十一 京东商城 天猫超市 苏宁易购  
粮油品类销售第一 金龙鱼旗舰店粮油  
类店铺第一  
*京东商城 天猫超市 苏宁易购 金龙鱼  
旗舰店*
- 金投赏商业创意奖  
*金投赏组委会*
- 黑龙江优质稻米生态示范基地  
*黑龙江省水稻加工大企业协会*

### 丰益(上海)生物技术研发中心有限公司

### Wilmar (Shanghai) Biotechnology Research and Development Center

- 中国粮油学会科学技术奖特等奖  
*中国粮油学会*

## Ghana

### Wilmar Africa Limited

- Manufacturing Company of the Year  
*Chartered Institute of Marketing Ghana*
- Agro Business of the Year  
*Association of Ghana Industries*

## Indonesia

### PT Wilmar Nabati Indonesia

- Companies with Highest Number  
of Exports  
*Gresik Customs*

### PT Sari Agrotama Persada

- The Best Marketing Campaign 2017  
*Majalah Marketing*

## Ivory Coast

### Sania Cie

- Silver Award for South-South  
Cooperation  
*International Forum for  
Africa Development*

## Vietnam

### Cai Lan Oils & Fats Industries Company Ltd

- Vietnamese High Quality Goods Award  
*Business Association of High Quality  
Vietnamese Products*
- VNR 500 – Top 500 Biggest Enterprises  
in Vietnam  
*Vietnamnet in collaboration with  
Vietnam Report*

### VFM-Wilmar

- Certificate of Commendation for  
Excellence in Business Performance  
*Ministry of Industry and Trade*

### Wilmar Agro

- Trusted Quality Supplier  
*Vietnam Enterprise, Department  
of Trade Promotion, Certification  
Organisation AQA-SEA (USA), Quality  
Auditor of Southeast Asia, National  
Quality Assurance - United Kingdom  
and Global Manager Group*

## Sustainability Awards

## China

### 金龙鱼慈善公益基金会

### Arawana Charity Foundation

- 2017年度公益集体奖  
*2017(第七届)中国公益节组委会*

### 益海嘉里助学工程

- 2017年度公益集体奖  
*2017(第七届)中国公益节组委会*

## Indonesia

### PT Jawamanis Rafinasi

- Zero Accident Award 2017  
*Kementerian Ketenagakerjaan  
Republik Indonesia*
- Platinum Award for Prevention  
of HIV & AIDS Program 2017  
*Kementerian Ketenagakerjaan  
Republik Indonesia*

### PT Duta Sugar International

- Zero Accident Award 2017  
*Kementerian Ketenagakerjaan  
Republik Indonesia*



## Consumer Product Awards

Brand/ Product	Award
<b>Bangladesh</b>	
Rupchanda (General)	Top 100 Most Admired Brands of Asia <i>White Page International</i> 3 <sup>rd</sup> Best Brand in Overall Category <i>Bangladesh Brand Forum in collaboration with Millward Brown Bangladesh</i>
Rupchanda Soyabean Oil	Top in Edible Oil Category in Best Brand Award <i>Bangladesh Brand Forum in collaboration with Millward Brown Bangladesh</i>
<b>China</b>	
金龙鱼 (品牌) Arawana (General)	2017消费者喜爱的食品品牌(粮食类, 食用油类, 调味品类, 饮品类) <i>中国食品工业协会 中国粮油学会</i> 中国消费者点赞杰出品牌奖 <i>中国消费者报社</i> 华盛顿政府高端品鉴晚宴指定产品 <i>中国烹饪协会</i>
金龙鱼芝麻油 Arawana Sesame Oil	2017年中国(国际)调味品及食品配料博览会金奖 <i>中国(国际)调味品及食品配料博览会</i>
金龙鱼阳光葵花籽油 Arawana Sunflower Oil	全球品质金奖(技术与创新) <i>国际葵油理事会</i>
香满园 (品牌) Wonder Farm (General)	2017消费者喜爱的食品品牌(粮食类, 食用油类) <i>中国食品工业协会 中国粮油学会</i>
胡姬花(品牌) Orchid (General)	2017消费者喜爱的食品品牌(食用油类) <i>中国食品工业协会 中国粮油学会</i>
<b>India</b>	
Fortune Cooking Oil	Superbrand <i>Superbrands India</i>
Fortune VIVO Oil	India F&B Innovative Product of the Year <i>Frost &amp; Sullivan</i>
<b>Indonesia</b>	
Sania (General)	Top Brand Award (Cooking Oil category) <i>Frontier Consulting Group and Majalah Marketing</i> Superbrand <i>Superbrands Indonesia</i>
Fortune Minyak Goreng	Best Product of the Year <i>Indonesia International Achievement Foundation</i>
<b>Ivory Coast</b>	
Dinor (General)	Product of the Year <i>The Label of African Consumers</i>
<b>Russia</b>	
Ryaba Provancal Classical Mayonnaise	Golden Medal <i>German Agricultural Society</i>
Sdobri Provancal Mayonnaise	High Quality Goods <i>Roskaschestvo Russian Quality System</i>
Kremlevskoe Spread	Product of the Year (Spreads category) <i>Moscow International Business Association, Russian Chamber of Commerce and Moscow Government</i>
<b>Uganda</b>	
White Star Bar	Best Soap
White Star Magic Washing Powder	Best Detergent <i>People's Choice Quality Awards</i>
Fortune Butto	Best Cooking Oil <i>People's Choice Quality Awards</i>
<b>Vietnam</b>	
Simply Rice Bran Oil	Vietnam Top 20 Golden Product <i>Vietnam Intellectual Property Association in cooperation with Vietnam Intellectual Property Research Institute</i>
<b>Zimbabwe</b>	
Puredrop Cooking Oil	Superbrand <i>Marketers Association Zimbabwe</i>
Buttercup Margarine	Superbrand <i>Marketers Association Zimbabwe</i>

# Sustainability

## Our Approach to Sustainability

Sustainability is firmly embedded in our core business strategy and operations. We will continue to demonstrate our commitment to advancing sustainable agriculture and spearheading collective action to expedite supply chain transformation.

We are committed to evaluating and reporting our sustainability performance against our No Deforestation, No Peat, No Exploitation (NDPE) Policy regularly. In 2017, we took a step further to increase the transparency and accountability of our operations by expanding our reporting scope to include all upstream operations where we have a major presence and over 50% shareholding and operational control. This means that for the first time, we are reporting the sustainability performance of our sugar business. For downstream operations, we include palm oil processing and sugar refining.

Our sustainability progress in the last year is summarised in the following pages, and will be detailed in our full 2017 Sustainability Report available on our dashboard ([www.wilmar-international.com/sustainability](http://www.wilmar-international.com/sustainability)) at the end of May 2018.

## Alignment with Sustainable Development Goals

In September 2015, world leaders adopted the 2030 Agenda for Sustainable Development which comprises 17 Sustainable Development Goals (SDGs)

and 169 associated targets that address the world's most pressing economic, social and environmental challenges. Recognising that the private sector plays an important role in this global mobilisation, we have identified five SDGs that are particularly relevant to our business and towards which we are contributing.



## SDG 4 – ENSURE INCLUSIVE AND QUALITY EDUCATION FOR ALL AND PROMOTE LIFELONG LEARNING

Wilmar provides training and educational assistance to our workers and their children, smallholders and local communities so that they are empowered to improve their living standards and for the future generations. We also contribute to the development and funding of educational infrastructure such as schools.

### Smallholder Training Programmes

Smallholders are an integral part of the palm oil industry. They account for 40% of global palm oil production. The Roundtable on Sustainable Palm Oil (RSPO) estimates that sustainable and best practices will improve smallholder productivity by

up to 85%, thereby enhancing incomes and livelihoods.

We engage in ongoing consultations with our oil palm and sugar smallholder suppliers and provide them with technical assistance to support their compliance with our NDPE policy. These smallholders benefit from better yields with the application of good agronomic inputs and practices as well as improved market access. We also work with a variety of partners on smallholder empowerment projects.

### Wilmar Smallholders Support in Honduras (WISSH)

Honduras is the third largest palm oil producer in Latin America and an important palm oil supplier to Europe. Smallholders own more than 40% of the total planted area of oil palm in Honduras.

In partnership with the Industrial Association of Palm Oil Producers in Honduras, we developed the WISSH programme to enhance smallholders' technical capacity on best agricultural management practices, in order to bring about better environmental outcomes, yield improvement and increase in income.

By 2017, 426 training sessions had been conducted for 3,200 independent and associated smallholders. A survey of the associated smallholders showed that 97% were satisfied with the WISSH programme while 99% applied the knowledge acquired on their plantations.

The last two trainings with independent smallholders will be conducted in 2018, after which a series of assessments will commence to review the implementation of best practices.

### Wilmar Small Growers Support Colombia (WISSCo)

Modelling the success of the WISSH programme, we partnered the Sustainable



An independent smallholder family in front of their house.



Trade Platform – Solidaridad and NES Naturaleza to launch WISSCo in Colombia. This programme reaches independent smallholders and independent small growers supplying to 10 mills, focusing on growers with land below 500 hectares (ha). 235 small growers, owning a total area of 28,715 ha, are expected to benefit from eight training sessions. The first training was conducted in August 2017.

### **Training and Certification of Independent Smallholders in Riau, Indonesia**

We piloted a training programme to facilitate smallholders in Riau in attaining the Indonesia Sustainable Palm Oil certification. 225 smallholders covering 450 ha from the Sekato Jaya Lestari cooperative participated in the initial training in August 2017. This programme can scale up to benefit 4,300 smallholders with a total land area of 8,600 ha.

### **Support for Sugar Smallholders in Myanmar**

Our joint venture Great Wall-Wilmar Sugar Mill in Maung Kong, Yangon, is the biggest sugar mill in Myanmar with a market share of nearly 30%. Since 2016, we have been conducting training programmes for smallholder farmers who account for a significant supply of sugarcane to our mill. By improving technical capacity and knowledge in best management practices, the farmers have benefited from higher

yields and incomes. The training workshops is also a platform for farmers to share their experiences and seek help in overcoming challenges in their farms.

### **Improving Access to Quality Education for Children**

As part of our endeavour to ensure that the children of our plantation workers as well as members of the local communities in which we operate have access to quality education, we have embarked on a school redevelopment programme in Indonesia, Nigeria and Ghana.

In addition to facilities such as computer labs, science labs and a well-stocked library, students can participate in extra-curricular activities ranging from music and arts to sports and uniformed groups. Outstanding students are offered scholarships to further education in provincial and national universities.

In Indonesia, two pilot schools have been completed and will be replicated across the 15 schools in Wilmar's plantation estates; redevelopment work is underway in five schools.

In Nigeria, redevelopment work has commenced for two secondary schools and a primary school near our estates. We plan to redevelop all schools in the vicinity of our

estates. In Ghana, one junior high school has been redeveloped and there are plans to expand the programme to more schools.



## **SDG 8 - PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, EMPLOYMENT AND DECENT WORK FOR ALL**

### **Strengthening Labour Practices and Industrial Relations**

We have put in place several improvements in labour practices in our upstream operations over the past year. In December 2017, we published a progress report detailing the extensive range of actions we have taken to strengthen our labour practices. Despite challenges, we have made meaningful progress with the support from stakeholders, especially our employees.

We conducted internal reviews as well as regular assessments by external parties including the International Sustainability and Carbon Certification (ISCC), RSPO, Business for Social Responsibility (BSR) and Verité Southeast Asia (Verité). Improvements were made in three main areas:

#### **1. Wages and Employment**

- Reduced the dependency on temporary workers in our plantations by converting temporary contract holders to permanent contract workers
- Standardised payslips to provide greater clarity to workers on their pay, incentives and deductions such as social security payments
- Abolished informal volunteer work arrangements and established a policy for formal application for overtime work on official rest days



Students participating in extra-curriculum activity at the newly redeveloped school at PT Gersindo Minang Plantation in Indonesia.



Occupational Safety and Health trainings are conducted regularly to explain Personal Protection Equipment specifications and practices.

2. Caring for Children in our Plantations

- Launched the Child Protection Policy, which supersedes our longstanding No Child Labour Policy, to address issues of children’s rights and welfare more holistically
- Enhanced access to quality education for the children of our workers and local communities through the school redevelopment programme

3. Health and Safety

- Better allocation and efficacy of Personal Protective Equipment
- Clearer explanation of workers’ health screening results by doctors in our estate clinics

In the last 12 months, we have taken a more proactive approach to working with labour unions in Indonesia and have built a good rapport with key unions. We have also engaged with our suppliers through trainings involving speakers from the government, unions and civil society organisations.

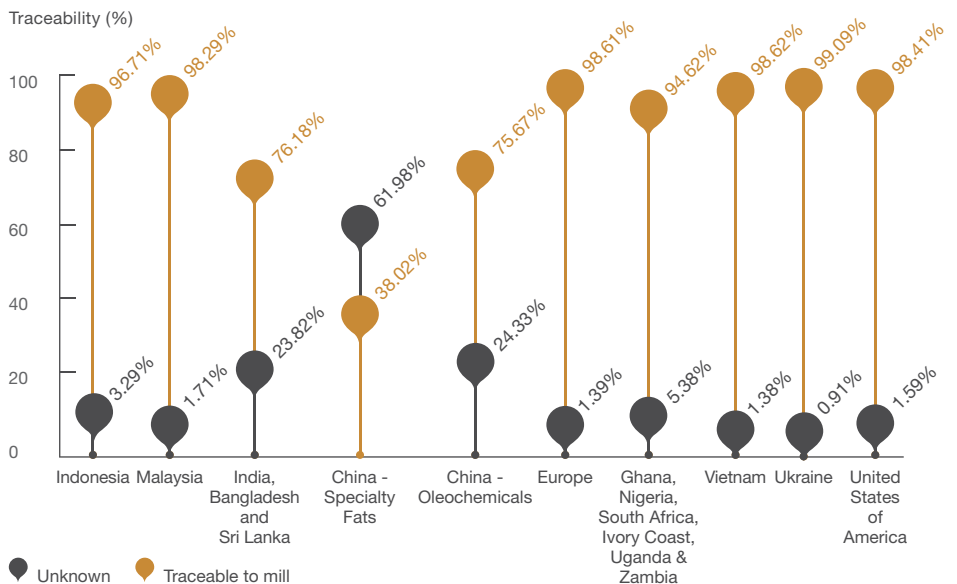
A collective effort involving industry partners and stakeholders is needed to mitigate and address labour issues that still occur in the palm oil industry. We are actively participating in various multi-stakeholder collaborations, such as within the RSPO, to find lasting solutions to these issues.

**Child Protection Policy**

We launched the Child Protection Policy (CPP) in November 2017 to enhance the welfare of children living in oil palm plantations where their parents work. The CPP applies to the Group’s global operations including joint ventures, third-party suppliers and contractors, making it the first in the palm oil industry that explicitly covers external parties.

The CPP is developed based on the principles of the United Nations Convention on the Rights of the Child

The chart below illustrates the traceability status of Wilmar’s operations globally from October 2016 to September 2017.



and seeks to protect and safeguard all children within our premises, operations and the associated services provided by the Group such as nurseries, schools and school buses.



**SDG 12 - ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS**

We were the first in the palm oil industry to launch an integrated NDPE Policy across our entire supply chain in 2013. In implementing the Policy, we work tirelessly with our supply base to understand the challenges and provide support to enable sustainable practices.

**Traceability**

We trace supply flows from ports and refineries back to palm oil sources to map our supply base, evaluate suppliers’ performance against our NDPE policy,



and engage with our suppliers to make improvements where needed.

Achieving full traceability has not been possible due to the ongoing challenges of commodity transportation and trading. In palm oil procurement and trading, the supply network to refineries is not limited to direct purchase of crude palm oil and/or palm kernels from mills. Refineries may also procure bulk and redistributed oil from third-party refiners or traders, in which case the mill origin may not be available.

For traceability to plantation, we disclose the fresh fruit bunches sourcing of our own mills in Malaysia on our sustainability dashboard.

### Supply Chain Transformation

We adopt the Aggregator Refinery Transformation (ART) approach to improve supplier compliance to our NDPE Policy and as part of risk management. Field assessments are conducted based on a selected sample of direct palm oil suppliers in a specific region. Results of these assessments are anonymised and consolidated into a wider generalised report that is shared with all suppliers in the region. The objective of ART is to provide a collaborative framework of solutions and shared best practices to overcome common issues faced by mills and growers in a region.

As of 2017, we have completed 69 assessments of mills in Indonesia, Malaysia, Latin America, and West Africa.

### Industry Certification and Standards

Certification is an important aspect in our sustainability endeavour and forms the basis for sustainable practices yielding improvements in efficiency and productivity.

#### Roundtable on Sustainable Palm Oil (RSPO)

As of 2017, 28 mills and more than 80% of our planted area across Malaysia, Indonesia and Ghana are RSPO-certified, producing about 880,000 MT and 190,000 MT of certified sustainable palm oil and palm kernels respectively.

For midstream and downstream operations, we have 56 sites certified against the RSPO Supply Chain Certification Scheme which are capable of delivering palm products under the Segregated and Mass Balance supply chain models.

#### Indonesian Sustainable Palm Oil (ISPO)

We support the ISPO certification which is implemented by the Ministry of Agriculture to improve the competitiveness of Indonesian palm oil in global markets, meet the country's commitment to reduce greenhouse gas (GHG) emissions and focus on environmental issues.

As of 2017, we have eight mills and their supply bases certified against the ISPO standard.

#### International Sustainability & Carbon Certification (ISCC)

We are a member of the ISCC Association which seeks to establish an international, practical and transparent

system for the certification of biomass and bioenergy. ISCC is oriented towards the reduction of GHG emissions, sustainable use of land, protection of natural biospheres and social sustainability.

As of 2017, we have 35 sites, covering the biodiesel supply chain, certified against the ISCC standard.

#### Smartcane BMP

Smartcane BMP is a world-class best practice system for sugarcane growing in Australia, developed by industry researchers and sugarcane farmers based on productivity, profitability and sustainability. Smartcane BMP consists of seven modules covering key aspects of sugarcane growing.

Our sugarcane farming operations are progressively working towards accreditation of the Smartcane BMP core modules. As of 2017, over 80% of our sugarcane farm is accredited for the three core modules. To encourage early Smartcane BMP uptake by our suppliers, we offer growers a one-off financial incentive of 15 cents per tonne of cane when they obtain Smartcane BMP accreditation for all core modules.

#### Bonsucro

Bonsucro is a global standard for responsible sugarcane production that is designed to create lasting value for people, communities, businesses, economies and eco-systems in all cane-growing areas. The Bonsucro Production Standard uses six principles to achieve sustainability in the production of sugarcane and its derived products, while the Bonsucro Chain of Custody Standard is concerned with the traceability of a product and adheres to five fundamental principles to ensure high performance and consistency.

As of 2017, about 54% of our sugarcane farm area as well as one raw sugar mill in Australia are certified against the Bonsucro Production Standard and Bonsucro Chain of Custody Standard.

Smartcane BMP	
Core modules	Non-core modules
<ul style="list-style-type: none"> <li>• Soil health and plant nutrition management</li> <li>• Pest, disease and weed management</li> <li>• Drainage and Irrigation management</li> </ul>	<ul style="list-style-type: none"> <li>• Crop production and harvest management</li> <li>• Natural systems management</li> <li>• Farm business management</li> <li>• Workplace health and safety management</li> </ul>



Photo from one of the camera traps installed in our estate's conservation area to monitor wildlife.

Another two mills and their supply bases in Australia have completed the certification audits in 2017 with certificates to be issued in 2018. Further down the supply chain, we have also obtained the Bonsucro Chain of Custody certification for all sugar refineries and warehouse operations in Australia and New Zealand, Jawamanis sugar refinery in Indonesia as well as the sugar trading office in Singapore.

We offer a one-off incentive of 10 cents per tonne of cane to growers who are eligible to be included in the Bonsucro certification process.



**SDG 15 - SUSTAINABLY  
MANAGE FORESTS, COMBAT  
DESERTIFICATION, HALT AND  
REVERSE LAND DEGRADATION,  
HALT BIODIVERSITY LOSS**

### **Conservation Initiatives** **PONGO Alliance**

Launched in June 2017, the PONGO Alliance aims to support the management of orangutans and other

wildlife in palm oil landscapes. We are one of the founding members together with wildlife conservation experts, non-government organisations and other palm companies.

### **Atewa Living Waters**

The Atewa Forest Reserve is one of the Guinean Forest Biodiversity hotspots, and is one of Ghana's high biodiversity significant areas. The forest also serves as a watershed for three main rivers.

Wilmar's subsidiary, Benso Oil Palm Plantation, is a member of the Atewa Living Waters' private sector working group which facilitated the establishment of a conservation plan for the Atewa Forest. Following the project completion in March 2017, the working group formed the Business in Environment Stewardship Network to continue advocating the conservation of the Atewa Forest.

### **Mitigating Climate Change** **Reducing Greenhouse Gas (GHG)** **Emissions**

Our best practices in plantation and mill operations include the building of methane capture and power generation facilities to reduce GHG emissions from palm oil mill effluent. These facilities also provide alternative sources of electricity for our operations and help to reduce overall fossil fuel consumption.

As of 2017, we have 22 commissioned and operational methane capture-power

generation facilities, with another three in various stages of construction.

We are the largest producer of renewable energy from biomass in Australia. Our eight sugar mills operate on renewable steam and electricity generated onsite by burning bagasse (a by-product of sugar milling) and have a total generation capacity of about 199 megawatts. A significant portion of the electricity produced is exported into the Queensland power grid, thereby reducing the region's overall GHG emissions. Three of our mills – Invicta, Pioneer and Victoria – have upgraded cogeneration facilities to increase their export capacities and further drive the efficient use of biomass. To ensure a supply of renewable energy to the grid beyond the cane crushing season, surplus bagasse produced from our mills during the crushing season is stockpiled on large specially designed pads.

### **Mitigating Fire and Haze** **in Southeast Asia**

We adhere strictly to a No Burn policy in our palm operations. We employ only mechanical methods in land development and the preparation for new plantings or re-planting activities. Our oil palm concessions are equipped with fire-fighting infrastructure and equipment, and staffed with an on-site fire brigade. We also have a dual fire monitoring system to alert us of fires in and within a 5-km radius of our concessions, and a fire prevention and suppression programme to minimise the incidence and impact of fire and haze. Personnel in our oil palm concessions are trained to be vigilant and to proficiently respond to fire incidences. All our suppliers are aware that any deliberate breach of our No Burn policy will result in an immediate termination of business relations.

In 2017, the number of fire incidences and affected hectareage was relatively low due to favourable weather conditions.



## Number of fire incidences and area affected in Indonesia

Region	2016				2017			
	Total no. of hotspots	No. of fires within concession	Affected area (ha)	No. of fires within 5km radius of concession	Total no. of hotspots	No. of fires within concession	Affected area (ha)	Number of fire within 5km radius of concession
Central Kalimantan	57	17	82.88	25	23	14	230.20	10
West Kalimantan	504	5	1.37	0	281	1	0	1
Sumatra	255	1	0.02	0	174	1	0	1
<b>Total</b>	<b>816</b>	<b>23</b>	<b>84.27</b>	<b>25</b>	<b>478</b>	<b>16</b>	<b>230.20</b>	<b>12</b>



### SDG 17 - REVITALISE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

#### Multi-Stakeholder Partnerships

The drivers of deforestation are complex global forces that are beyond any one industry or company to overcome. We believe that collective endeavour by businesses, governments, communities and civil society is required to effect a real and enduring change on the ground, therefore we contribute actively to partnerships and collaborations aimed to achieve transformation at the landscape level.

#### Sabah Jurisdictional Approach Steering Committee

The state government of Sabah is one of the first in the world to make a commitment to sustainable palm oil within its entire jurisdiction. We are part of the Sabah Jurisdictional Approach Steering Committee helping the Sabah government achieve its vision of 100% RSPO-certified sustainable palm oil in Sabah by 2025. The steering committee comprises public, private and civil society organisations, such as the Sabah state government agencies, Sabah Environmental Protection

Association, World Wide Fund for Nature (WWF), Kinabatangan Orangutan Conservation Programme, UNICEF and Borneo Samudera, amongst others. Forever Sabah and RSPO are advisors to the process.

As Wilmar's representatives are also co-chairs of RSPO's Smallholder Working Group and Biodiversity and High Conservation Value (HCV) Working Group, we are leading the discussions on enabling smallholder certification and HCV compensation and remediation processes for the state.

In 2017, the Steering Committee gained the support of the High Carbon Stock (HCS) Approach Executive Committee in funding a pilot project to assist in the development of the HCS assessment at the jurisdictional level, in support of the Sabah jurisdictional certification initiative. The HCS assessment will propose a revised methodology that will fulfil the HCS decision tree and can be applied at the state level. The funds will also enable the HCV Resource Network to provide guidance on the newly launched Integrated HCV-HCS Assessment Manual, in support of the Sabah Jurisdictional process in producing a state-level HCV and HCS map.

#### Tropical Forest Alliance (TFA) 2020

Wilmar's Chief Sustainability Officer is a member of the TFA 2020 Steering Committee, together with the Heads of Sustainability of various consumer business companies as

well as government officials from forest countries.

We participated in TFA 2020's Africa Palm Oil Initiative's Country Implementation Dialogues in February 2017. The forum provided a platform for multi-stakeholder engagement in the implementation of the Marrakesh Declaration and identification of how public-private collaboration can help deforestation-free palm oil development in Cote d'Ivoire, Ghana and Liberia.

We also participated in the TFA 2020 Steering Committee meeting in November 2017.

#### Fire Free Alliance (FFA)

The FFA is a voluntary multi-stakeholder platform which aims to aid in the solution to land and forest fires in Indonesia. As a founding member of the FFA, we have been actively socialising the Fire-Free Community programme to villages in the vicinity of our estates in Indonesia.

#### Barratta Creek Action Group (BCAG)

Wilmar Sugar Australia is a founding member of the BCAG, made up of sugarcane farmers, the government and providers of research, development and extension. Since 2016, BCAG has been monitoring the water quality of four Barratta Creek sub-catchments located in the Burdekin region of Queensland, Australia. BCAG captures baseline data about nutrient and pesticide loads in runoff water from sugarcane farms, and uses this data to influence on-farm

## Sustainability

activities to improve the quality of water flowing to the Great Barrier Reef.

In 2017, the project has provided advice to a number of sugarcane farmers in Burdekin region and has seen an improvement in the quality of water leaving these farms.

### Australian Packaging Covenant (APC)

The APC is a sustainable packaging initiative that aims to encourage resource

efficiency through sustainable design while reducing disposal wastages and increasing recycling. The APC brings government and industry together to find and fund solutions to packaging sustainability issues.

Wilmar, through Sugar Australia Pte Ltd, is a signatory to the APC since 2001 and actively works with key suppliers to identify opportunities in packaging and supply

chain efficiencies and where those changes make good business sense, implement them. A review and trials of improved packaging were conducted for the CSR branded 15kg and 25kg industrial sacks. All packaging sacks were converted to the new specifications by March 2017, resulting in a 9% reduction in composite packaging material usage for the same sugar tonnage.

## CONTRIBUTING TO SDGs IN CHINA

In tandem with our growth in China and our belief in sharing the fruit of our success with the local communities, we are contributing to China's implementation of four SDGs.



### SDG 3 - ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

It matters to us that the communities around us, especially the underprivileged, lead healthy and meaningful lives.

We have been funding cataract operations for the needy since 2008. To date, 25,100 patients in 16 provinces have benefited, including 1,491 in 2017.

In 2015, we started to support those in need of artificial limbs. 420 artificial limb operations have been carried out, including 150 out of an initial target of 200 in 2017.



More than 25,000 patients in China have benefited from cataract operations funded by Wilmar since 2008.

The remaining 50 will be completed within the first quarter of 2018, in addition to the 2018 target.

Towards the well-being of the disadvantaged, we contributed over

US\$627,000 to orphanages, nursing homes, and to the care of the physically disabled in 2017.

In addition, about US\$271,000 went towards poverty relief efforts.





**SDG 4 – ENSURE INCLUSIVE AND QUALITY EDUCATION FOR ALL AND PROMOTE LIFELONG LEARNING**

To improve access to quality education, we have built 31 schools in the rural parts of China since 2007, of which two were completed in 2017 and one more will be completed in 2018. A total of 26,600 students, including the 2017 cohort of 14,531 students, have enrolled in Wilmar schools which range from kindergartens to junior high schools.

In 2017, over US\$3.8 million worth of scholarships were awarded to primary schools as well as undergraduate programmes in local universities.

**SDG 8: PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, EMPLOYMENT AND DECENT WORK FOR ALL**

As of 2017, we operate over 270 plants in 46 locations, providing full-time employment to more than 25,000 locals and close to 13,000 contractors that provide services directly to our plants. In 2017, revenue from our operations in China was US\$22.39 billion, which corresponds to approximately 0.17% of China’s GDP.

This has contributed to socio-economic development and other spinoffs such as infrastructural development and growth of supporting industries that supply or service our factories.

**SDG 17: REVITALISE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT**

China is a key signatory of the Paris Climate Agreement. We are doing our part to promote the sustainability agenda and provide sustainable palm oil to the Chinese consumers. We are actively engaging with the China Roundtable on Sustainable Palm Oil and WWF China to heighten awareness and consumer interest in sustainable supply chains for palm oil.

Since the first RSPO certification attained in 2013 by our subsidiary, Shanghai Kerry Oils & Grains, we have to date 13 separate RSPO Supply Chain Certified Sites in Shanghai, Chiwan, Tianjin, Lianyungang, Dongguan, Guangzhou and Qinhuangdao.

**Locations of our plants in China**

1. Akesu	13. Guangzhou	25. Qingdao	37. Xingping
2. Anyang	14. Guigang	26. Qinhuangdao	38. Yancheng
3. Baicheng	15. Hangzhou	27. Quanzhou	39. Yantai
4. Beijing	16. Harbin	28. Shanghai	40. Yanzhou
5. Changji	17. Jiamusi	29. Shenyang	41. Yichun
6. Chengdu	18. Jilin	30. Shenzhen	42. Yingkou
7. Chongqing	19. Kunming	31. Shijiazhuang	43. Yueyang
8. Dezhou	20. Kunshan	32. Tai’an	44. Zhangjiagang
9. Dongguang	21. Lianyungang	33. Taizhou	45. Zhengzhou
10. Fangchenggang	22. Mishan	34. Tianjin	46. Zhoukou
11. Fujin	23. Nanchang	35. Wuhan	
12. Guanghan	24. Panjin	36. Wuhu	

# Sustainability

## Sustainability Performance

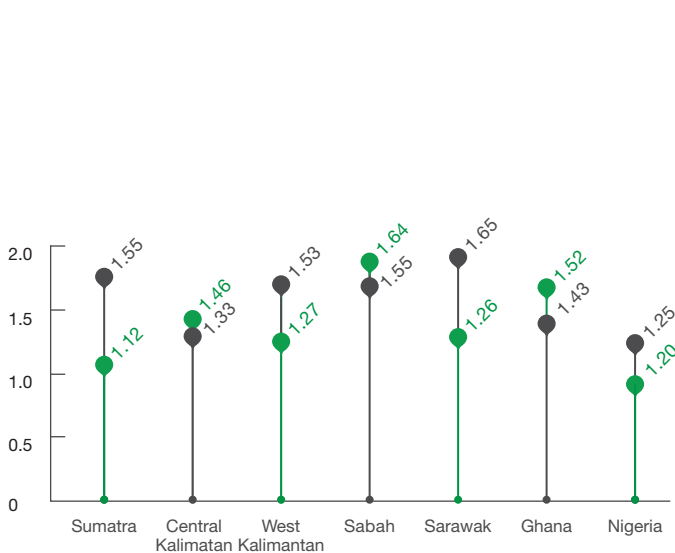
To effectively evaluate our performance against measurable targets, we monitor key performance indicators pertaining to the environment as well as health and safety.

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

### Environment

#### Water Usage

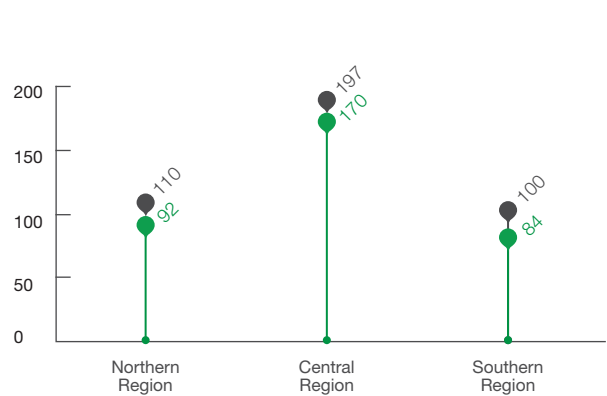
##### Water Use per tonne of FFB processed - Mills (m³)



#### Chemical Oxygen Demand (COD) Levels - China

COD is the amount of oxygen required to oxidise all organic matter in water. It is a standard method for indirect measurement of pollution that cannot be oxidised biologically in water.

##### Chemical Oxygen Demand (mg/L)

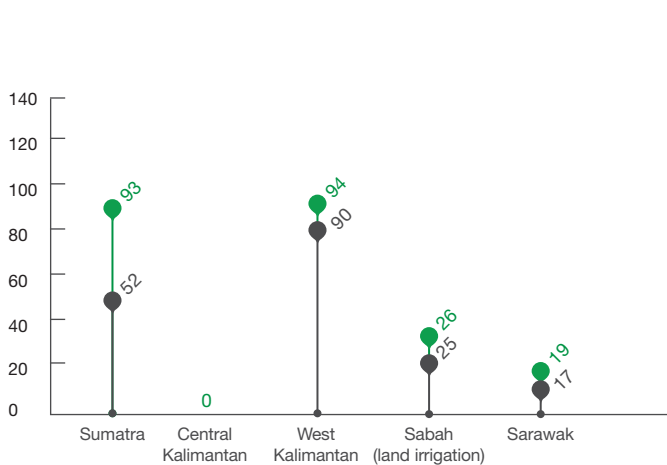


#### Biological Oxygen Demand (BOD) Levels

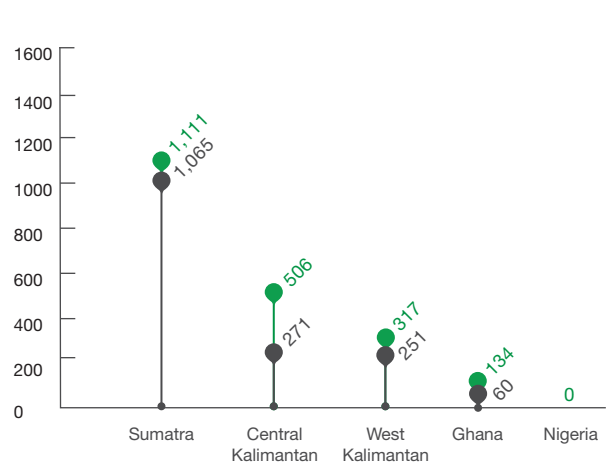
BOD is the amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

##### BOD levels by Region and Discharge Destination - Mills (mg/L)

###### River Discharge



###### Land Application



● 2016 ● 2017

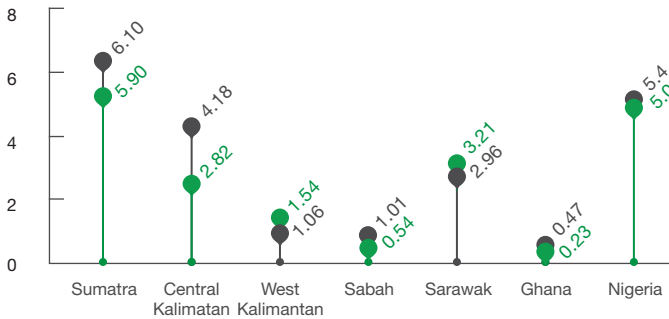


## Health & Safety

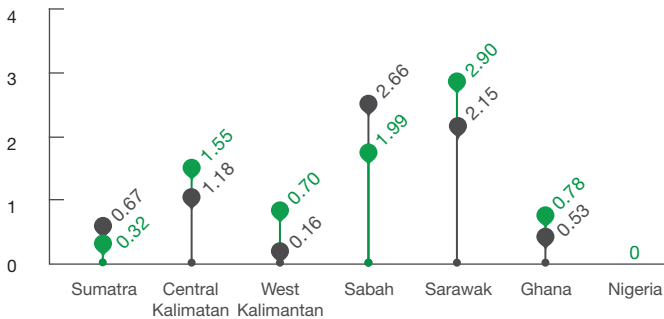
### Lost Time Incident Rate

To reduce the lost time incident rate, the Group will intensify efforts in health and safety awareness and training programmes.

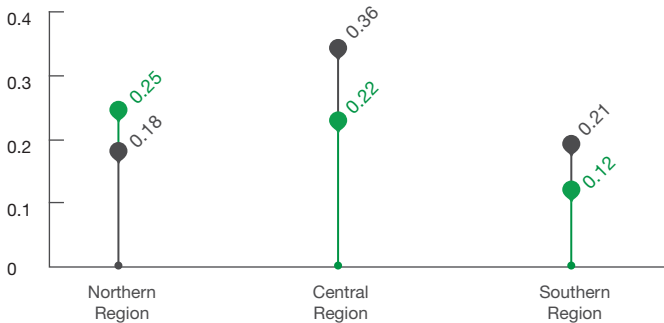
#### Plantations (per 200,000 working hours)



#### Mills (per 200,000 working hours)



#### China (per 200,000 working hours)



● 2016 ● 2017

### Fatalities

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

#### Plantations (Number of work-related deaths)

	2016	2017
Sumatra	0	2
Central Kalimantan	0	0
West Kalimantan	0	0
Sabah	1	1
Sarawak	0	0
Ghana	0	0
Nigeria	0	0

#### Mills (Number of work-related deaths)

	2016	2017
Sumatra	0	1
Central Kalimantan	0	1
West Kalimantan	0	0
Sabah	0	0
Sarawak	0	0
Ghana	0	0
Nigeria	0	0

#### China (Number of work-related deaths)

	2016	2017
Northern Region	0	0
Central Region	4	0
Southern Region	0	0

# Investor Relations

We place great emphasis on promoting long-term relationships with our stakeholders. Consistent and important updates on the Group's financial performance, strategic direction and business developments are provided through multiple channels to the investment community to assist them in making informed and timely investment decisions.

## Staying Connected with the Investment Community

Wilmar's Investor Relations (IR) team maintains regular two-way communication with investors through various touch points including one-on-one meetings, group meetings, local and overseas investor conferences, results briefings, teleconferences and roadshows to engage the investment community. These interactions encourage active dialogue on the Group's financial performance, current industry trends, prospects and sustainability issues.

In 2017, the management and IR team held about 100 meetings with over 220 investors. Stakeholders are also able to have their queries answered via e-mails or phone calls in a prompt and accurate manner. We also participated in local and overseas investor conferences and roadshows, covering Hong Kong, Kuala

Lumpur, London, Rotterdam, Paris and Zurich. These channels allow us to effectively reach out to existing and potential new investors.

Held on 25 April 2017, the Group's Annual General Meeting (AGM) was well-attended by over 300 shareholders. The AGM commenced with a presentation by the Chief Financial Officer on the Group's progress and financial highlights in the past year. This was followed by an update on our environmental, social and governance performance by the Chief Sustainability Officer. In addition to having direct communication with the Board of Directors, shareholders could raise questions to the Senior Management team who was also present at the interactive session. As our consumer products are not currently available in Singapore, we set up a product showcase so that shareholders could be familiar with our diverse product offering across various markets.

The Investor Day took place right after the AGM. Since 2014, we have been organising the Investor Day to serve as a platform for investors to have closer interaction with the Senior Management team and gain a better understanding of the Group's business activities and operations. It includes a question-and-answer session with Wilmar's Chief Executive Officer and

the heads of strategic business units. We continue to foster close relations with sell-side research analysts. Currently, about 15 analysts provide coverage on Wilmar.

## IR Resources

The IR website is a key resource for corporate and stock information, financial data, policies, quarterly financial results, annual reports and significant business developments. All disclosures submitted to the Singapore Exchange (SGX) are uploaded to the Investors & Media section of the Group's corporate website (<http://ir-media.wilmar-international.com>) in a timely manner. Members of the investment community can also subscribe to our e-mail alerts and request for information through the website.

## Sustainable Investing

In recent years, we have seen a growing interest in environmental, social and governance issues amongst investors. Together with the Group's Sustainability team, the IR team keeps investors informed of our sustainability endeavours. At the same time, we make available on the Group's Sustainability dashboard (<http://www.wilmar-international.com/sustainability>) resource materials such as the quarterly reports on



Over 300 shareholders attended the Annual General Meeting held on 25 April 2017.



Chocolates, muffins and biscuits made with Wilmar specialty fats products were available at the Annual General Meeting for shareholders to taste.

the implementation progress of our No Deforestation, No Peat, No Exploitation Policy, the Sustainability Report which will be published annually going forward as well as sustainability briefs on various programmes.

### The Road Forward

The Group continues to look for opportunities to enhance shareholder value and has been focused on expanding our Consumer Products business. The growth in this area has been recognised and

reflected in Wilmar's inclusion in the FTSE ST Consumer Goods & Services Index as well as the FTSE ST Consumer Goods & Services Liquid 20 Index in March 2017.

In May 2017, we announced the intention to list the Group's operations in China on the Shanghai Stock Exchange. We completed the restructuring of the Chinese operations in 2017 and are targeting to list the restructured entity in 2019 after it has achieved a full year (2018) of audited accounts.

With good economic performance in key Asian countries, we remain optimistic about the future of Asia. Our investment in growth opportunities will continue to align with the objective of creating long-term value for shareholders. We are proposing a total cash dividend of 10 Singapore cents per share for the year, representing around 39% of the Group's net profit in 2017.

### Investor Calendar

January	SGX-Citi C-Suite Corporate Day (Singapore)
February	FY2016 Results Briefing (Singapore)
March	Bank of America Merrill Lynch ASEAN Corporate Day (Singapore) Credit Suisse 20 <sup>th</sup> Asian Investment Conference (Hong Kong)
April	Annual General Meeting & Investor Day (Singapore)
May	1QFY2017 Analyst Meeting (Singapore) Standard Chartered Asian Investor Forum (Fixed Income) (Singapore) Citi ASEAN C-Suite Conference (Singapore)
July	CIMB Non-Deal Roadshow (Kuala Lumpur)
August	2QFY2017 Analyst Meeting (Singapore) Macquarie ASEAN Conference (Singapore)
September	CLSA 24 <sup>th</sup> Investors' Forum 2017 (Hong Kong) CLSA Europe Non-Deal Roadshow (London / Rotterdam / Paris / Zurich)
November	3QFY2017 Analyst Meeting (Singapore)



# Human Capital Management

## Human Capital Management

Our most valuable asset is our people. It is our goal to be an organisation respected for not only our business performance but also the sincerity and values of our people.

## Embracing Diversity

As an international organisation with over 90,000 employees across 27 countries, Wilmar is a melting pot of diversity in skills, knowledge, cultures and experiences. We believe in harnessing the diversity of our people to give us an advantage in forming insightful perspectives and making better decisions. For instance, women make up 25% of the senior management team and over 60% of the workforce in the Group's headquarters. We empower employees, including women, in the workplace and support them in their pursuit of career goals.

## Integrity

For a global business like Wilmar, our core values play an important role in shaping a consistent corporate culture across all locations. Integrity is one of our six core values. It reinforces our commitment to



We empower all employees and enable them to improve their skill sets to meet new challenges.



Training is an integral part of our people development effort to enhance competencies.

honesty, trustworthiness and high ethical standards. As the Group's footprint expands globally and often in emerging economies, it becomes more important that we are mindful of our responsibility to uphold business ethics and the rule of law. To this end, we have stepped up efforts in heightening awareness amongst staff of the importance of compliance to the Group's code of conduct and whistle-blowing policy.

## People Development

Enabling our people to fulfill their potential is a key priority. With the Group's global expansion, there are many opportunities for new experiences, learning, skill upgrading and ultimately professional growth.

Our talent management strategy begins with a talent acquisition programme that aims to strengthen the capabilities of our human capital. We recognise the importance of having the right people who can advance the Group's business goals. We have several ongoing recruitment

programmes with reputable universities, for instance in Africa and Myanmar. As part of the onboarding programme, new joiners will receive training in Guangdong and Sichuan, China, before they join the Group's operations in their home country.

To inculcate a pioneering spirit, entrepreneurial vision and business acumen in the younger generation, the Group offers overseas internships to tertiary institutions in Singapore such as Nanyang Technological University and Singapore Management University. Each year, more than 20 undergraduates participate in internships in our offices in emerging countries including China, India, Indonesia, Myanmar, Nigeria, South Africa, Uganda and Vietnam. Several participants have joined the Group as full-time employees after an enriching internship experience.

One of the challenges of operating in emerging economies is a lack of suitable talent. To overcome this, technical and management staff in established markets such as China are sent on short-term

deployments to new markets such as Myanmar, Zambia and Ethiopia to provide training, facilitate knowledge transfer and management guidance. This also helps to build rapport and foster a closer working relationship between country teams.

Similarly in Singapore headquarters, several workshops and training sessions covering Commercial, Information Technology System and Research & Development were conducted for our colleagues from China, Cambodia, Laos and Vietnam. Positive feedback was received from participants who benefited from a deeper commercial and product knowledge through the open sharing of experiences and best practices.

Our people should grow professionally in tandem with the Group. We will continue to seek ways of enabling our colleagues to improve skill sets to meet new challenges.

### Employee Engagement

There is no one-size-fits-all approach in employee engagement. We recognise unique business and cultural landscapes,

and encourage the Human Resources team in every country to develop initiatives of their own to connect with employees.

Our subsidiary, Wilmar Sugar Australia (WSA), created the Wilmar Human Resources Magazine in 2017. In line with WSA's motto of "by the people for the people", the monthly publication is created by employees for employees, and is an avenue for the company to share news and useful information on human resource matters.

Another initiative implemented by WSA is the "Returning from Retirement" plan. Its objective is to rehire highly skilled retired employees who wish to return to the workforce. Apart from the expertise of senior workers, they also make excellent mentors for younger colleagues.



Wilmar Sugar Australia implemented the "Returning from Retirement" programme to tap on the expertise of highly skilled retired employees.



# Information Technology



Technology is revolutionising e-commerce and the way we connect with customers.

Wilmar's Information Technology (IT) division seeks to support the Group's expanding footprint by creating digital value and synergies across business units. In the past year, we have made good headway in strengthening our digital capabilities to improve business efficiencies.

## Digitising the Value Chain

In closer alignment with the Group's operations, the division has put in place a new team organised by business functions, namely sales & marketing, logistics, supply chain, production, finance, plantation, trading and human resources. This enables digital initiatives to be implemented systemically across the entire value chain. The digital transformation process is well under way with the aim of harnessing the fullest potential of technology in our businesses. Projects with a strong business case are prioritised and commissioned around the world.

## Embracing Innovation

In a fast-changing digital world, the successful businesses will be those that demonstrate adaptability and embrace innovation. We foster a culture of innovation by exploring new technologies in small Proof-of-Concepts for pilot projects and feasibility studies in suitable

facilities. We also look at how we can leverage Blockchain technology, Artificial Intelligence and the Internet of Things to improve our operational efficiency. These form part of a pipeline of digital transformation projects to support the business needs of the Group and remain ahead of competition.

## Accelerating Digital Operations

We will continue to implement our Cloud First strategy as well as increase the number of operations running on mobile devices. Data analytics will also continue to be deployed across the Group's operations to process raw data with the purpose of finding patterns and drawing conclusions by applying an algorithmic or a mechanical process to derive insights and support predictive and prescriptive decisions. E-commerce is growing faster than ever and we will continue to strengthen our online retail presence. Other digital accelerator programmes include connected planning tools on the cloud to facilitate collaboration among planners in different geographical locations, rapid development platforms to increase time to value, robotic process automation to take over repetitive manual tasks and radio frequency technologies to automate weighbridges in manufacturing plants and machine spare parts tracking.

## Managing Cybersecurity Risks

We have an established Information Security Management Framework that aligns with industry standards such as ISO27002:2013, Center for Internet Security ('CIS') and National Institute of Standards and Technology ('NIST').

IT policies and controls are sent to all Wilmar employees with regular updates. Governance processes such as internal and external audits are also carried out to ensure continuous compliance with these controls.

Wilmar adopts a holistic approach (People, Process and Technology) to manage cybersecurity risks. We constantly review and improve our layered defences to protect Wilmar against the ever-changing threat of a cyber attack.

## Making Connections

The world is getting more connected every day. IT is transforming the way businesses are conducted and how people are connected. In a global organisation like Wilmar, connectivity within and outside of the Group is crucial. We will continue to leverage IT solutions to strengthen our connections with customers, suppliers, stakeholders and between business units within the Group.



# Risk Management

## Board-Level Risk Management Committee (RMC)

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

## Executive Risk Committee (ERC)

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

## Operating Units

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

## Independent Middle Office

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

## Overview

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

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

## Commodity Price Risk

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

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

## Foreign Exchange Risk

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

These strategies mitigate the adverse impact of foreign exchange volatility on our financial position.

## Interest Rate Risk

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

## Risk Management

with the objective of limiting the adverse impact from a rise in interest rates.

### Credit Risk

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

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

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

### Risk Governance

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

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

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

To achieve effective governance and oversight by ensuring proper segregation

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

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

# Corporate Governance

## Wilmar Governance Framework



■ Independent Directors

■ Executive Directors/Key Management



## Corporate Governance

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

### A. BOARD MATTERS

#### PRINCIPLE 1: THE BOARD’S CONDUCT OF ITS AFFAIRS

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

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

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

#### *Delegation of duties by the Board*

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

#### *Executive Committee (“Exco”)*

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

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

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

1. Audit Committee – (Principle 12)
2. Risk Management Committee – (Principle 11)
3. Nominating Committee – (Principle 4)
4. Remuneration Committee – (Principle 7).

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

### Independent judgment

All Directors exercise due diligence and independent judgment and make decisions objectively in the best interests of the Group. This is one of the performance criteria for the assessment of the contributions of the individual Directors. The Board is satisfied that in FY2017, each of the Directors was able to give sufficient attention to the affairs of the Company and has adequately carried out his duties as a Director of the Company.

### Key features of board processes

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

As part of the Company's corporate governance practice, all Directors are invited to attend meetings held by the Audit Committee and the Risk Management Committee. All written resolutions passed and minutes of meetings held by the various Board Committees are circulated to the Board for information and review, with such recommendations as the respective Board Committees consider appropriate, for approval by the Board. While the Board Committees have the delegated power to make decisions within the authority delegated to the respective committees, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

### Attendance at Board and Board Committee Meetings

The attendance of Directors at the Board and Board Committee meetings held during the financial year ended 31 December 2017 ("FY2017") is as follows:

	Board of Directors	Audit Committee	Risk Management Committee	Remuneration Committee	Nominating Committee
<b>No. of meetings held</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>
<b>Name of Director</b>	<b>Member Attendance</b>	<b>Member Attendance</b>	<b>Member Attendance</b>	<b>Member Attendance</b>	<b>Member Attendance</b>
<b>Executive Directors</b>					
Kuok Khoon Hong	4/4	-	4/4	-	1/1
Pua Seck Guan	4/4	-	-	-	-
<b>Non-Executive Directors</b>					
Martua Sitorus	4/4	-	-	-	-
Kuok Khoon Ean	4/4	-	-	-	-
Kuok Khoon Hua	4/4	-	-	-	-
Juan Ricardo Luciano	4/4	-	-	-	-
George Yong-Boon Yeo <sup>(Note 1)</sup>	4/4	-	-	-	-
<b>Independent Non-Executive Directors</b>					
Yeo Teng Yang	4/4	4/4	4/4	1/1	1/1
Tay Kah Chye	4/4	4/4	4/4	1/1	1/1
Kwah Thiam Hock	4/4	4/4	-	1/1	1/1
Kishore Mahubani <sup>(Note 2)</sup>	3/4	-	-	-	-

Note 1 – Mr George Yong-Boon Yeo resigned as a director of Wilmar with effect from 31 December 2017.

Note 2 – Professor Kishore Mahubani was unable to attend the Board meeting held in February 2017 due to another pressing engagement.

## Corporate Governance

### **Matters Requiring Board Approval**

The Company has in place internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved for the decision of the Board include:

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

### **Board Orientation and Updates**

All newly appointed Directors receive a formal letter setting out the roles and responsibilities of a Director of the Company and a set of guidance notes which explain the duties and obligations of a director under the Singapore Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the Securities & Futures Act (“SFA”). In addition, the Company makes available to newly appointed Directors, presentations and briefings on the business, operations and financial performance of the Group. New Directors are also briefed on governance practice, in particular, policies on disclosure of interests in securities, prohibitions on dealings in the Company’s securities and restrictions on disclosure of price-sensitive information.

The Company encourages Directors to participate in seminars, conferences and training programmes, which are considered beneficial to performing their roles on the Board and its committees, and funds programmes that it facilitates.

The professional development programmes attended by some Directors for FY2017 include the following:

1. Directors Conference organised by Singapore Institute of Directors (“SID”);
2. Global Corporate Governance Conference 2017 organised by Securities Investors Association (Singapore);
3. Seminar for Audit Committee 2017 jointly organised by ACRA-SGX-SID;
4. Savvy Singapore – Decoding a digital nation by Ernst & Young LLP (“EY”);
5. Conversation for Remuneration Committee Chairman 2017 organised by SID; and
6. Singapore Board of Directors Survey 2017 organised by SID.

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

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

## **PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE**

### **Board Size and Board Composition**

The Board, through regular reviews by the Nominating Committee (“NC”), seeks to ensure an appropriate balance of expertise, competencies and attributes among the Directors for providing effective entrepreneurial leadership to the Company. As part of the ongoing renewal of the Board, two new Directors, namely Mr Lim Siong Guan and Mr Weijian Shan were appointed as Independent Non-Executive Directors on 1 January 2018, following the resignation of Non-Executive Director Mr George Yong-Boon Yeo on 31 December 2017. Mr Raymond Guy Young was appointed as an Alternate Director to Mr Juan Ricardo Luciano on 3 November 2017.



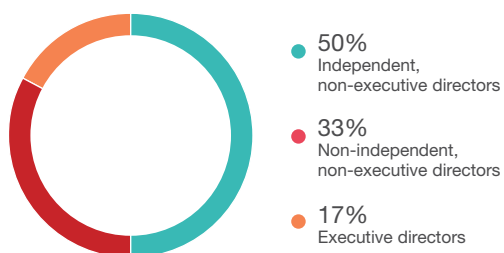
The Board is made up of Directors of different nationalities and races, with a wide range in age and skills, experience and qualifications, ranging from banking, finance, accounting and risk management expertise to industry knowledge, entrepreneurial and management experience relevant to the Group’s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

The Board size has increased to 12, comprising two Executive Directors and ten Non-Executive Directors, of whom six are Independent Directors. There is also one Alternate Director. Taking into account the nature and scope of the Group’s business and the number of Board Committees, the Board considers a board size of 12 members as appropriate.

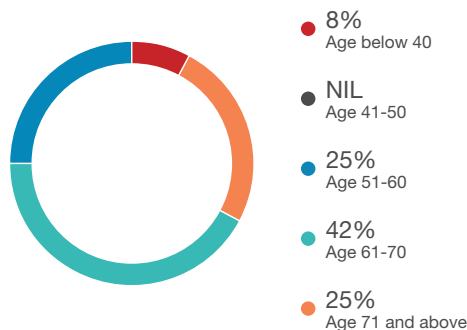
Key information about current Directors is presented in the section entitled “Board of Directors” in the Company’s Annual Report 2017 (“Annual Report”).

The Company has in place a Board Diversity Policy (a copy of which is posted in the Company’s website), which provides that, in reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of skills, experience, gender, age, ethnicity and other relevant factors. The Company has embraced all aspects of diversity in its current Board composition save for the gender diversity. All 12 current Directors and the Alternate Director are males. The Board shares the view of the NC that female directors offer fresh perspectives and will enhance diversity on corporate boards. While the Board is supportive of gender diversity, the Board’s collective view is that it should not be the main selection criteria and that board appointments, based on the right blend of skills, ability to contribute effectively and experience relevant to the Group’s business, should remain a priority.

### Board Independence



### Age Spread



*Note – The above charts do not include the alternate director.*

Non-Executive Directors review quarterly reports on the Group’s performance prepared by Management. Non-Executive Directors are well-supported by Management with accurate, complete and timely information to enable them to make informed decisions. With their expertise and competency in their respective fields, Non-Executive Directors have, collectively, provided constructive advice and good governance guidance for the Board to discharge its principal functions effectively.

## Corporate Governance

### **Board Independence**

The NC evaluates the independence of all Independent Directors annually based on the guidelines in the Code. Each Independent Director is required to state whether he considers himself independent, taking into consideration the Code's definition of an independent director and the guidance with regard to his relationships with the Company as well as the shareholders of the Company as set out in Guideline 2.3 of the Code, the existence of such relationships would deem a Director not to be independent.

In respect of Independent Directors with more than nine-year tenure, the NC has in place a rigorous process for reviewing their independence which includes separate assessments by each NC member. Based on the assessment of the Directors' performance for FY2017, the NC is satisfied that the three Independent Directors, namely Mr Yeo Teng Yang, Mr Tay Kah Chye and Mr Kwah Thiam Hock, who have served on the Wilmar Board since its inception on 14 July 2006, have continued to maintain independence in their oversight role and add value to the Company. Each Independent Director has recused himself in the determination of his own independence in this review.

The Board has collectively taken the view that the abovementioned three Independent Directors, namely Mr Yeo Teng Yang, Mr Tay Kah Chye and Mr Kwah Thiam Hock, are independent, notwithstanding that they have served more than nine years, as they have demonstrated strong independence in judgment and professionalism, as well as displayed objectivity in their conduct over the years in the discharge of their duties and responsibilities as Independent Directors of the Company.

The NC has ascertained that all six Independent Directors do not have any relationships with the Company (including related companies) and its shareholders with 10% or more voting rights in the Company (including their officers). All six Independent Directors are considered as independent for the purpose of the Code.

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

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

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

### **PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

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

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

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

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

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

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

#### **PRINCIPLE 4: BOARD MEMBERSHIP**

The members of the NC are:

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

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

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

#### ***Directors' time commitment and multiple directorships***

In determining annually whether Directors who hold other non-Group Board appointments are able to carry and have adequately carried out their duties as Directors of the Company, the NC takes into account the results of the assessment of the competencies, commitment and contributions of the individual Director. The NC and the Board are satisfied that in FY2017, each of the Directors was able to give sufficient attention to the affairs of the Company and has adequately carried out his duties as a Director of the Company.

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



## Corporate Governance

### **Succession planning**

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

### **Process for selection and nomination of new Directors**

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

### **Rotation and Re-election of Directors**

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

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

The Board has accepted the NC's recommendation to seek approval from shareholders at the 2018 AGM to re-elect the following Directors, who will be retiring under the respective provisions of the Constitution of the Company and are eligible for re-election:

1. Mr Martua Sitorus (retiring under Article 105);
2. Mr Kuok Khoon Ean (retiring under Article 105);
3. Mr Juan Ricardo Luciano (retiring under Article 105);
4. Mr Lim Siong Guan (retiring under Article 106); and
5. Mr Weijian Shan (retiring under Article 106).

### **PRINCIPLE 5: BOARD PERFORMANCE**

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

Board assessment is done by way of each Director completing various checklists. The criteria used in the evaluation of the effectiveness of the Board and Board Committees includes Board processes, Board accountability, Board knowledge of key risk management and internal control issues as well as guidance to Management. As for the appraisal of the contributions of individual Directors, the evaluation is based on factors including Directors' commitment and effective contributions and their knowledge of the Group's business operations and regulatory requirements. In view of the foregoing, there is no separate peer evaluation by individual Directors. Moreover, separate peer evaluation by individual Directors may cause disharmony among the Board members. The purpose of the annual evaluation is to seek the respective views of the Directors on various aspects of the Board's performance. The findings are discussed at the NC meeting and the summarised results are presented to the Board for review and decision to implement appropriate actions to enhance key areas (if any) that have been identified for improvement.

The NC having assessed the performance of the Board and Board Committees and the contributions of individual Directors for FY2017, is pleased to report that there were no significant issues that warrant the Board's attention. The NC noted suggestions to further enhance interactions between Non-Executive Directors and key management personnel through more informal meetings and yearly retreats. The results of the assessments were satisfactory and accepted by the Board.

## **PRINCIPLE 6: ACCESS TO INFORMATION**

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

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

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

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

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

## **B. REMUNERATION MATTERS**

### **PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

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

In accordance with the RC Terms of Reference, the RC's responsibilities are to:

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

In discharging their duties, the RC members may seek advice from the Company's Human Resource Department and external consultants, whenever necessary. Market practices and standards are taken into consideration to ensure that the remuneration packages remain competitive.

## Corporate Governance

### PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

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

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

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

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

As the Group's compensation policies and practices are clearly stated herein, the Board is of the opinion that a separate Remuneration Report is not required.

Non-Executive Directors and Independent Directors of the Company do not receive any salary. They receive annual Directors' fees, which are subject to the approval of shareholders at the Company's AGM. The RC ensures that the Non-Executive Directors and Independent Directors are not over-compensated to the extent that their independence may be compromised.

The structure of Directors' fees for FY2017 is as follows:

#### Fee Structure for Directors' Fees for FY2017

1. A single base fee of S\$80,000 for serving as Non-Executive Director;
2. Additional fee of S\$20,000 for serving as Lead Independent Director; and
3. Additional fee for serving as Chairman/Member on the following Board Committees:

Chairman's Fee	S\$	Member's Fee	S\$
Audit Committee	30,000	Audit Committee	10,000
Risk Management Committee	30,000	Risk Management Committee	10,000
Nominating Committee	10,000	Nominating Committee	5,000
Remuneration Committee	10,000	Remuneration Committee	5,000

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



## PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The breakdown of the remuneration of the Directors and the top five Key Executives of the Company for FY2017 is as follows:

Name of Directors	Proposed Directors' Fee	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Executive Directors</b>						
Kuok Khoon Hong	Nil	895,650	70,607	339,525	4,750,000	6,055,782
Pua Seck Guan	Nil	461,340	32,527	67,110	1,000,000	1,560,977
<b>Non-Executive Directors</b>						
Martua Sitorus <sup>(Note 1)</sup> <i>(Stepped down: 31 March 2017 as Executive Deputy Chairman &amp; re-designated as Non-Independent Non-Executive Director)</i>	60,000 (pro-rata fees)	103,260	-	192,500	8,000,000	8,355,760
Kuok Khoon Ean	80,000	-	-	105,500	-	185,500
Kuok Khoon Hua	80,000	-	-	47,500	-	127,500
Juan Ricardo Luciano <sup>(Note 2)</sup>	80,000	-	-	105,500	-	185,500
Raymond Guy Young <sup>(Note 3)</sup> <i>(Appointed: 3 November 2017 as Alternate Director to Mr Juan Ricardo Luciano)</i>	-	-	-	-	-	-
George Yong-Boon Yeo <i>(Resigned: 31 December 2017)</i>	80,000	-	-	105,500	-	185,500
Yeo Teng Yang	150,000	-	-	129,500	-	279,500
Tay Kah Chye	130,000	-	-	105,500	-	235,500
Kwah Thiam Hock	110,000	-	-	105,500	-	215,500
Kishore Mahbubani	80,000	-	-	47,500	-	127,500

## Corporate Governance

### TOP 5 KEY EXECUTIVES

Name	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total	Remuneration Band
Rahul Kale	27%	-	8%	65%	100%	S\$2,250,000 to S\$2,500,000
Matthew John Morgenroth	29%	4%	8%	59%	100%	S\$2,000,000 to S\$2,250,000
Thomas Lim Kim Guan	32%	-	9%	59%	100%	S\$1,750,000 to S\$2,000,000
Yee Chek Toong	39%	1%	10%	50%	100%	S\$1,250,000 to S\$1,500,000
Kenny Beh	40%	-	11%	49%	100%	S\$1,000,000 to S\$1,250,000

The aggregate remuneration of the top five Key Executives is S\$8,697,825. The remuneration of the Company's top five Key Executives takes into account the pay and employment conditions within the industry and is performance-related. The Company is of the opinion that it is not in the best interest of the Company to disclose the details of their remuneration due to the competitiveness of the industry for key talent.

#### Notes:

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

\*\* The salary amounts shown are inclusive of Central Provident Fund contributions. The remuneration reported includes all forms of remuneration from the Company and its subsidiaries. Save as disclosed, they do not receive any other remuneration from the Company and its subsidiaries.

Note 1 - Mr Martua Sitorus stepped down on 31 March 2017 as Executive Deputy Chairman but remained on the Board as Non-Independent Non-Executive Director. His remuneration includes a retirement gratuity of S\$7,000,000 in recognition of his dedicated service and valuable contributions as Executive Director, Chief Operating Officer and Executive Deputy Chairman and as co-founder of Wilmar.

Note 2 - Fee is payable to Archer Daniels Midland Company.

Note 3 - No fee is payable.

### REMUNERATION OF IMMEDIATE FAMILY MEMBER(S) OF DIRECTOR(S)

Ms Kuok Yit Li, the sister of Mr Kuok Khoon Hong, Wilmar's Chairman and CEO, is employed as an Executive in the Finance Department. Her remuneration is in the range of S\$50,000 to S\$100,000 for FY2017.

## C. ACCOUNTABILITY AND AUDIT

### PRINCIPLE 10: ACCOUNTABILITY

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

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

## PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

The RMC assists the Board in overseeing the market, credit and Operational risk governance in the Company to ensure that Management maintains a sound system of risk management to safeguard shareholders’ interests and the Group’s assets. It also determines and proposes to the Board, the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. Details on risk governance are found in the Risk Management Report on Page 51.

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

The objectives of the RMC include the following:

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

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

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

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

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



## Corporate Governance

### **Assurance from the CEO and CFO in respect of FY2017 financial statements and records**

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

1. The financial records of the Group have been properly maintained and the financial statements in respect of FY2017 give a true and fair view of the Group's operations and finances; and
2. The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business and operating environment, including material financial, operations, compliance and IT risks.

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

On the basis that the internal controls processes are regularly strengthened to take into account changes to the business needs of the Group, and audit checks performed by the internal and external auditors, and regular reviews performed by Management, the Board and relevant Board Committees, the AC and the Board are of the opinion that the Group's internal control and risk management systems were adequate and effective as at 31 December 2017 to address financial, operations, IT and compliance risks which are relevant to the Group's operations.

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

### **Dealings in Securities**

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

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

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

### **PRINCIPLE 13: INTERNAL AUDIT**

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

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

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

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

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

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

#### **PRINCIPLE 12: AUDIT COMMITTEE**

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

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

During FY2017, the AC was briefed regularly by the external auditors on changes in Financial Reporting Standards which are relevant to the Group's businesses.

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

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

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

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

# Corporate Governance

The principal activities of the AC during FY2017 are summarised below.

## Financial reporting

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

The AC met four times during FY2017 to review, inter alia, the following:

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

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

Key Audit Matters	How AC reviewed these matters and what decisions were made
Impairment assessment on goodwill and brands	<p>The AC considered the approach and methodology applied to the valuation model in goodwill and brands impairment assessment.</p> <p>The AC reviewed the reasonableness of cash flow forecasts, the long-term growth rate and discount rate.</p> <p>The impairment review was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2017. Refer to page 87 of this Annual Report.</p>
Accounting for derivative transactions	<p>The AC considered and reviewed the methodology and assumptions applied to the valuation of the derivative transactions.</p> <p>The accounting for derivative transactions was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2017. Refer to page 88 of this Annual Report.</p>

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

During FY2017, the AC had one meeting with external auditors and internal auditors separately, without the presence of Management. These meetings enable the external auditors and Group Head of IA to raise issues encountered in the course of their work directly with the AC, in a free and frank manner.

## External audit processes

The AC manages the relationship with the Group's external auditors, on behalf of the Board. During FY2017, the AC carried out its annual assessment of the cost-effectiveness of the audit process, together with the external auditors' approach to audit quality and transparency. The AC concluded that the external auditors demonstrated appropriate qualifications and expertise and that the audit process was effective.

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



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

### **Auditor independence**

In order to maintain the independence of the external auditors, the Group has a specific policy which governs the conduct of non-audit work by the external auditors. This policy prohibits the external auditors from:

1. Performing services which would result in the auditing of their own work;
2. Participating in activities normally undertaken by Management; and
3. Acting as advocate for the Group.

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

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

### **Internal audit**

During FY2017, the AC reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with Management, the Group Head of IA and external auditors.

The AC considered and reviewed with Management and the Group Head of IA the following:

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

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

### **Interested person transactions**

The AC reviewed the Group's IPTs for FY2017 to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. On a quarterly basis, Management reports to the AC, the IPTs in accordance with the IPT Mandate.

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

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

## Corporate Governance

The aggregate value of transactions entered into by the Group with interested persons as defined in the SGX-ST Listing Manual for FY2017 are as follows:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	FY2017 US\$'000	FY2017 US\$'000
Archer Daniels Midland Group	NIL	2,684,705
Pua Seck Guan	NIL	NIL
Associates of Kuok Khoon Hong & Martua Sitorus	4,168	26,524
Associates of Kuok Khoon Ean & Kuok Khoon Hua <sup>#</sup>	1,177	35,296
Martua Sitorus' Associates	NIL	279,230
Kuok Khoon Hong's Associates	6,938	1,340
PPB Group Berhad	91,088	NIL
Kuok Brothers Sdn Berhad	590	NIL

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

### Whistleblowing policy

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

All whistleblowing cases reported were objectively assessed and investigation and appropriate remedial measures were taken, where warranted. Whistleblowing matters, if substantiated, are reported to the AC. The IA Department will report to the AC immediately on matters requiring immediate or urgent attention.

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

### Compliance-related policies

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

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

## **D. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES**

### **PRINCIPLE 14: SHAREHOLDER RIGHTS**

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

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

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

### **PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS**

#### ***Disclosure of information on a timely basis***

The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company values dialogue sessions with its shareholders. In addition to the AGM, which used to be the main forum for dialogue with shareholders, the Company has held four "Investor Day" events in the last few years. The aim of these events is to provide shareholders with a better understanding of the Group's operations and offer them the opportunity to air their views and have their concerns addressed.

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

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

#### ***Interaction with shareholders***

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

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

During FY2017, the IR team, together with senior management, engaged with over 220 Singapore and foreign investors at conferences, roadshows as well as one-on-one and group meetings. The aim of such engagements is to:

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

#### ***Dividend policy***

The Company has been declaring dividends twice a year to its shareholders at half-year and year-end since 2008. In considering the level of dividend payments, the Board takes into account various factors including but not limited to the projected levels of capital expenditure and other investment plans, as well as the Group's working capital requirements and general financial condition. For FY2017, total dividend declared was S\$0.10 per share, representing a dividend payout of around 39% of its net profits.



## **PRINCIPLE 16: CONDUCT OF SHAREHOLDERS' MEETINGS**

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

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

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

In accordance with the provisions of the Singapore Companies Act, every matter requiring approval from the shareholders is proposed as a separate resolution and is voted on individually. Each item of special business included in every Notice of AGM is accompanied by an explanation for the proposed resolution.

All resolutions were voted by electronic poll since 2016 AGM. All shareholders present were briefed on the voting procedures before the start of the meeting. The voting process was conducted in the presence of an independent scrutineer. Prior to the start of the shareholders' meetings, the scrutineer will review the proxies and the electronic poll voting system.

For the 2017 AGM, Directors and senior management of the Company, external legal advisors and auditors were present at the AGM held by the Company to address queries from shareholders who attended the AGM. All resolutions were put to vote by poll. The results of the poll voting were published instantaneously at the AGM and announced via the SGXNet after the conclusion of the AGM. Minutes of general meetings that include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from Directors are available upon request.

## **MATERIAL CONTRACTS**

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

Save as mentioned above, there are no other material contracts entered into by the Company or any of its subsidiaries involving the interest of the Director or controlling shareholder, which are either subsisting at the end of FY2017 or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2016.

Dated: 16 March 2018

# Financial Statements

74	Financial Review
79	Directors' Statement
87	Independent Auditor's Report
90	Consolidated Income Statement
91	Consolidated Statement of Comprehensive Income
92	Balance Sheets
94	Statements of Changes in Equity
97	Consolidated Cash Flow Statement
99	Notes to the Financial Statements
186	Statistics of Shareholdings
188	Notice of Annual General Meeting Proxy Form

# Financial Review

## CAPITAL STRUCTURE

Our efficient capital structure continues to support our business operations and maximise returns to shareholders while preserving the strength of our balance sheet. As at 31 December 2017, shareholders' funds increased by US\$1.5 billion to US\$16.0 billion while net loans and borrowings (net of cash, bank deposits and other deposits with financial institutions) increased by US\$903.9 million to US\$12.6 billion. This led to an overall improvement in net debt to equity ratio to 0.79x as at 31 December 2017 (31 December 2016: 0.81x).

During the year, we continued to generate positive cash flows from operating activities. Similar with previous years, our investments in property, plant and equipment were largely funded through cash flows generated from operations while working capital requirements and investments in subsidiaries, joint ventures and associates were predominately funded through loans and borrowings. We also continued with our expansion plans during the year and recorded higher capital expenditures (including advances paid) at US\$937.9 million in FY2017.

Given the nature of our business, the level of financing for our working capital requirements fluctuates in accordance with prices of agricultural commodities and business volume. As such, a significant proportion of our borrowings was used for working capital financing. Our working capital comprised very liquid or near cash assets like inventories and trade receivables. Inventories are primarily agricultural commodities with a ready market, while trade receivables have short turnover period and are substantially supported by documentary credit. Hence, after adjusting the net debt level for liquid working capital, our net debt to equity ratio would be much lower at 0.26x.

As at 31 December	2017	2016
	US\$ million	US\$ million
Shareholders' funds	15,963.6	14,434.5
Net loans and borrowings	12,596.1	11,692.2
Net debt to equity	<b>0.79x</b>	0.81x
Liquid working capital:		
Inventories (excluding consumables)	7,830.3	6,653.6
Trade receivables	4,101.1	4,087.1
Less: Current liabilities (excluding loans and borrowings)	<b>(3,556.8)</b>	(4,034.1)
	<b>8,374.6</b>	6,706.6
Net loans and borrowings (excluding liquid working capital)	4,221.5	4,985.6
Adjusted net debt to equity	<b>0.26x</b>	0.35x



## CAPITAL MANAGEMENT AND TREASURY POLICIES

### Net Debt

Our total net debt of US\$12.6 billion comprised:

As at 31 December	2017	2016
	US\$ million	US\$ million
Short term loans and borrowings	16,130.3	12,689.0
Long-term loans and borrowings	3,696.2	4,331.3
	<b>19,826.5</b>	<b>17,020.3</b>
Cash and bank balances	2,957.4	3,906.8
Other deposits with financial institutions	4,273.0	1,421.3
	<b>7,230.4</b>	<b>5,328.1</b>
Net loans and borrowings	<b>12,596.1</b>	<b>11,692.2</b>

In FY2017, our net debt increased by US\$903.9 million to US\$12.6 billion, reflecting our higher working capital requirements. More than 84% 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 2019 onwards. Our loans and borrowings were predominantly on floating rates.

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

### Financial risk management

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

- **Credit risk.** Majority of our export sales require documentary credits from customers. Our domestic sales are executed on cash terms or where appropriate, credit terms are granted. We conduct thorough credit assessments before granting credit terms and limits to our customers, who are then monitored closely for adherence. The terms and limits are reviewed periodically and revised where necessary, taking into account customers’ credit worthiness and market conditions.
- **Liquidity risk.** We maintain sufficient liquidity by monitoring our cash flow closely and maintaining sufficient credit facilities, including the use of trade financing for our raw material purchases. We also aim to maintain flexibility in funding by having available credit facilities with different banks in various countries.
- **Interest rate risk.** We have minimal exposure to interest rate risk as most of our loans and borrowings are short-term and trade related, with interest cost typically priced into our products and passed on to customers. For long-term borrowings, we may use financial instruments such as interest rate swaps to hedge or minimise the interest rate risk.
- **Foreign currency risk.** Currency risk arises as entities in the Group regularly transact or borrow in currencies other than their respective functional currencies, including US\$, RMB, IDR, MYR and AUD. We seek to manage our currency risk by constructing natural hedges where it matches sales and purchases in the same currency or through financial instruments, such as foreign currency forward contracts. We are also exposed to currency translation risk arising from our net investments in foreign operations, which are not hedged as these currency positions are considered long-term in nature and the benefits are lower than the cost of hedging.

## Financial Review

- **Commodity price risk.** The prices of agricultural commodities can be very volatile, exposing us to commodity price risk as our sale and purchase commitments do not usually match at the end of each business day. We use forward physical and/or derivative contracts to mitigate such risk.
- **Market price risk.** Market price risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices (other than commodity price, interest or exchange rates). We are exposed to equity price risk arising from our investment in quoted equity instruments. These instruments are classified as held for trading or available-for-sale financial assets.

### CASH FLOW, FUNDING AND LIQUIDITY

#### Cash flow

Net cash flows generated from operating activities in FY2017 decreased to US\$386.4 million as a result of higher working capital requirements. This was brought about by the timing of trade purchases and higher level of stockholdings at the end of the current year. Nevertheless, overall cash flows increased by US\$367.5 million largely due to increase in net cash flows generated from financing activities. In line with the increase in working capital requirements, our proceeds from loans and borrowings had also increased during the year.

As at 31 December	FY2017	FY2016
	US\$ million	US\$ million
Total cash and bank balances	2,957.4	3,906.8
Less: Fixed deposits pledged for bank facilities	(809.1)	(1,122.2)
Less: Other deposits with more than 3 months maturity	(693.6)	(1,599.7)
Less: Bank overdrafts	(19.5)	(117.2)
Cash and cash equivalents	<u>1,435.2</u>	<u>1,067.7</u>
Net cash flows generated from operating activities	386.4	1,123.5
Net cash flows used in investing activities	(936.6)	(810.6)
Net cash flows generated from/(used in) financing activities	<u>917.7</u>	<u>(271.6)</u>
Net increase in cash held	<u>367.5</u>	<u>41.3</u>
Turnover days:		
Inventories	66	64
Trade receivables	33	33
Trade payables	12	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 FY2017 were as follows:

- US\$937.9 million was used to fund our capital expenditure for plantations development, property, plant and equipment (FY2016: US\$777.4 million). Major additions of property, plant and equipment during the year included refineries, grains and flour milling plants in China, Indonesia and Myanmar, as well as the construction of new vessels.
- US\$917.7 million was generated from financing activities, mainly from proceeds from loans and borrowings of US\$3.2 billion, which was in line with our increased working capital requirements. Our deposits with maturity more than 3 months also decreased by US\$906.1 million, thereby generating higher cash inflows. This was being partially offset by an increase in other financial receivables of US\$2.8 billion.

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 2017, total short-term debt stood at US\$16.1 billion. Our liquid assets consisting cash, bank and structured deposits, marketable securities, receivables and inventories amounted to US\$16.0 billion. This included cash and cash equivalents which was at US\$1.4 billion. In addition, we have committed undrawn credit facilities of US\$1.6 billion and approximately US\$12.3 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 FY2018 is expected to be met mainly by internal resources.

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

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

### **SHAREHOLDERS' RETURNS AND SHARE BUY-BACKS**

For FY2017, our Board of Directors has proposed a final dividend of 7.0 Singapore cents per share. Together with the interim dividend of 3.0 Singapore cents per share paid on 30 August 2017, total dividend for FY2017 will amount to 10.0 Singapore cents per share (FY2016: 6.5 Singapore cents per share). This will result in a dividend payout ratio of approximately 39% of net profit (FY2016: 31% 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 FY2017 will be our highest dividend declared to date.

Currently, we have a share buy-back mandate which will be expiring on 25 April 2018, being the date of the forthcoming Annual General Meeting. Shareholders' approval for the proposed renewal of the mandate will be sought at an Extraordinary General Meeting on the same date. Share purchases would be made only 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 also re-issued approximately 8.8 million treasury shares pursuant to the employee share option plans.



## Financial Review

### ACCOUNTING POLICIES

Our financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The preparation of financial statements requires management to exercise judgements and use estimates and assumptions. Significant accounting judgements, estimates and assumptions, which are discussed in greater detail under “Notes to the Financial Statements”, include:

- Assessment for impairment of goodwill and brands which requires an estimate of the expected future cash flows from cash-generating units and a suitable discount rate for present value calculation.
- Depreciation of property, plant and equipment and bearer plants which is based on management’s estimates of the assets’ useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised.
- Provision for income taxes and deferred taxes involves significant judgement as there are transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Wilmar International Limited (the "Company" or "Wilmar") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2017.

## 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 2017 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

Martua SITORUS

KUOK Khoon Ean

KUOK Khoon Hua

Juan Ricardo LUCIANO

YEO Teng Yang

TAY Kah Chye

KWAH Thiam Hock

Kishore MAHBUBANI

LIM Siong Guan (appointed on 1 January 2018)

Weijian SHAN (appointed on 1 January 2018)

Raymond Guy YOUNG is alternate to Juan Ricardo LUCIANO (appointed on 3 November 2017)

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

## Directors' Statement

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of Director	Direct Interest			Deemed Interest		
	As at 1.1.17	As at 31.12.17	As at 21.1.18	As at 1.1.17	As at 31.12.17	As at 21.1.18
<b>Company</b>						
<b>Wilmar International Limited</b>						
<i>(Ordinary Shares)</i>						
Kuok Khoon Hong	500,000	500,000	500,000	766,101,168	771,101,168	771,101,168
Pua Seck Guan	–	–	–	200,000	200,000	200,000
Martua Sitorus	4,988,000	4,988,000	4,988,000	244,321,242	110,321,242	110,321,242
Kuok Khoon Ean	–	–	–	33,467,479	33,567,479	33,567,479
Kuok Khoon Hua	133,000	233,000	233,000	33,070,221	33,070,221	33,070,221
George Yong-Boon Yeo*	–	400,000	–	210,000	210,000	–
Yeo Teng Yang	100,000	100,000	100,000	–	–	–
Tay Kah Chye	100,000	100,000	100,000	–	–	–
Kwah Thiam Hock	100,000	100,000	100,000	–	–	–
Kishore Mahubani	–	–	–	10,000	10,000	10,000

\*Mr George Yong-Boon Yeo resigned as a Director of the Company on 31 December 2017.



## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Name of Director	Direct Interest			Deemed Interest		
	As at 1.1.17	As at 31.12.17	As at 21.1.18	As at 1.1.17	As at 31.12.17	As at 21.1.18
<b>Wilmar International Limited</b>						
<i>(Share options granted at an exercise price of \$3.63 per share have expired on 13 July 2017)</i>						
Kuok Khoon Hong	1,000,000	–	–	–	–	–
Martua Sitorus	800,000	–	–	–	–	–
Kuok Khoon Ean	200,000	–	–	–	–	–
Yeo Teng Yang	250,000	–	–	–	–	–
Tay Kah Chye	200,000	–	–	–	–	–
Kwah Thiam Hock	200,000	–	–	–	–	–
<i>(Share options exercisable at S\$3.44 per share)</i>						
Kuok Khoon Hong	1,500,000	1,500,000	1,500,000	–	–	–
Martua Sitorus	1,000,000	1,000,000	1,000,000	–	–	–
Kuok Khoon Ean	400,000	400,000	400,000	–	–	–
Juan Ricardo Luciano	400,000	400,000	400,000	–	–	–
Yeo Teng Yang	500,000	500,000	500,000	–	–	–
Tay Kah Chye	400,000	400,000	400,000	–	–	–
Kwah Thiam Hock	400,000	400,000	400,000	–	–	–
<i>(Share options exercisable at S\$3.05 per share)</i>						
Kuok Khoon Hong	1,500,000	1,500,000	1,500,000	–	–	–
Martua Sitorus	1,000,000	1,000,000	1,000,000	–	–	–
Kuok Khoon Ean	400,000	400,000	400,000	–	–	–
Juan Ricardo Luciano	400,000	400,000	400,000	–	–	–
George Yong-Boon Yeo*	400,000	–	–	–	–	–
Yeo Teng Yang	500,000	500,000	500,000	–	–	–
Tay Kah Chye	400,000	400,000	400,000	–	–	–
Kwah Thiam Hock	400,000	400,000	400,000	–	–	–
<i>(Share options exercisable at S\$3.04 per share)</i>						
Kuok Khoon Hong	–	1,500,000	1,500,000	–	–	–
Pua Seck Guan	–	1,000,000	1,000,000	–	–	–
Martua Sitorus	–	500,000	500,000	–	–	–
Kuok Khoon Ean	–	500,000	500,000	–	–	–
Kuok Khoon Hua	–	500,000	500,000	–	–	–
Juan Ricardo Luciano	–	500,000	500,000	–	–	–
George Yong-Boon Yeo*	–	500,000	–	–	–	–
Yeo Teng Yang	–	600,000	600,000	–	–	–
Tay Kah Chye	–	500,000	500,000	–	–	–
Kwah Thiam Hock	–	500,000	500,000	–	–	–
Kishore Mahbubani	–	500,000	500,000	–	–	–

\*Mr George Yong-Boon Yeo resigned as a Director of the Company on 31 December 2017.

## Directors' Statement

### **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)**

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

### **SHARE OPTION SCHEMES**

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

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

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

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

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

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

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

#### ***2012 Grant***

On 12 July 2012, the Company granted options to subscribe for a total of 26,800,000 ordinary shares at S\$3.63 per share (based on Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. Outstanding options which were not exercised have expired on 13 July 2017.

#### ***2013 Grant***

On 13 November 2013, the Company granted options to subscribe for a total of 49,315,000 ordinary shares at S\$3.44 per share (based on Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2017 the number of outstanding ordinary shares that were not exercised under this grant was 38,187,500.

## SHARE OPTION SCHEMES (CONTINUED)

### *Wilmar Executives Share Option Scheme 2009 (“Wilmar ESOS 2009”) (continued)*

#### *2013 Grant (continued)*

All options granted under the 2012 Grant and 2013 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 1<sup>st</sup> anniversary of the date of grant – 33% of options granted
- After 2<sup>nd</sup> anniversary of the date of grant – 33% of options granted
- After 3<sup>rd</sup> anniversary of the date of grant – 34% of options granted

#### For Non-Executive Directors

All options are exercisable after 1<sup>st</sup> anniversary of the date of grant.

#### *2015 Grant*

On 18 June 2015, the Company granted options to subscribe for a total of 52,400,000 ordinary shares at S\$3.05 per share (at a 7.63% discount to the Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2017 the number of outstanding ordinary shares that were not exercised under this option grant was 45,806,900.

#### *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 2017 the number of outstanding ordinary shares that were not exercised under this option grant was 62,280,000 (including Mr George Yeo’s outstanding option to subscribe for 500,000 shares which lapsed on 1 January 2018).

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

#### For Non-Executive Directors

All options are exercisable after 2<sup>nd</sup> anniversary of the date of grant.

## SHARE OPTIONS EXERCISED

Options for a total of 8,847,600 ordinary shares were exercised by option holders during the financial year pursuant to Wilmar ESOS 2009.

## Directors' Statement

### 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 1.1.17	No. of options granted during the year	No. of options lapsed	No. of options exercised	As at 31.12.17	Exercise Price	Exercise Period
<i>Wilmar ESOS 2009</i>							
12.07.12	8,917,550	–	(7,650,400)	(1,267,150)	–	S\$3.63	13.7.2013 to 12.7.2017
12.07.12	7,667,550	–	(6,825,400)	(842,150)	–	S\$3.63	13.7.2014 to 12.7.2017
12.07.12	7,899,900	–	(7,252,200)	(647,700)	–	S\$3.63	13.7.2015 to 12.7.2017
Sub-total	24,485,000	–	(21,728,000)	(2,757,000)	–		
13.11.13	16,417,700	–	(622,050)	(2,028,250)	13,767,400	S\$3.44	14.11.2014 to 13.11.2018
13.11.13	13,633,200	–	(622,050)	(1,381,250)	11,629,900	S\$3.44	14.11.2015 to 13.11.2018
13.11.13	14,064,100	–	(640,900)	(633,000)	12,790,200	S\$3.44	14.11.2016 to 13.11.2018
Sub-total	44,115,000	–	(1,885,000)	(4,042,500)	38,187,500		
18.06.15	18,694,500	–	(691,350)	(2,048,100)	15,955,050	S\$3.05	19.06.2017 to 18.06.2020
18.06.15	15,394,500	–	(691,350)	–	14,703,150	S\$3.05	19.06.2018 to 18.06.2020
18.06.15	15,861,000	–	(712,300)	–	15,148,700	S\$3.05	19.06.2019 to 18.06.2020
Sub-total	49,950,000	–	(2,095,000)	(2,048,100)	45,806,900		
08.09.17	–	23,735,050	(100,650)	–	23,634,400	S\$3.04	09.09.2019 to 08.09.2022
08.09.17	–	19,135,050	(100,650)	–	19,034,400	S\$3.04	09.09.2020 to 08.09.2022
08.09.17	–	19,714,900	(103,700)	–	19,611,200	S\$3.04	09.09.2021 to 08.09.2022
Sub-total	–	62,585,000	(305,000)	–	62,280,000		
Grand Total	118,550,000	62,585,000	(26,013,000)	(8,847,600)	146,274,400		



## 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 31.12.17	Aggregate options exercised since commencement of the option schemes to 31.12.17	Aggregate options lapsed since commencement of the option schemes to 31.12.17	Aggregate options outstanding as at 31.12.17
Kuok Khoon Hong	1,500,000	6,500,000	500,000	1,500,000	4,500,000
Pua Seck Guan	1,000,000	1,000,000	–	–	1,000,000
Martua Sitorus	500,000	4,100,000	400,000	1,200,000	2,500,000
Kuok Khoon Ean	500,000	1,900,000	–	600,000	1,300,000
Kuok Khoon Hua	500,000	500,000	–	–	500,000
Juan Ricardo Luciano	500,000	1,300,000	–	–	1,300,000
George Yong-Boon Yeo*	500,000	900,000	400,000	–	500,000
Yeo Teng Yang	600,000	2,350,000	100,000	650,000	1,600,000
Tay Kah Chye	500,000	1,900,000	100,000	500,000	1,300,000
Kwah Thiam Hock	500,000	1,900,000	100,000	500,000	1,300,000
Kishore Mahbubani	500,000	500,000	–	–	500,000
<b>Total</b>	<b>7,100,000</b>	<b>22,850,000</b>	<b>1,600,000</b>	<b>4,950,000</b>	<b>16,300,000</b>

\*Mr George Yong-Boon Yeo resigned as a Director of the Company on 31 December 2017.

Except as disclosed above, since the commencement of the Wilmar ESOS 2000<sup>^</sup> and Wilmar ESOS 2009 (“Option Schemes”) until the end of the financial year under review:

- Except for options granted on 21 May 2009 to Mr Kuok Khoon Hong (for 1,000,000 shares under option) and 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 holding company and its subsidiaries as the Company does not have a parent company; and
- No options have been granted at a discount except for the options under the 2015 Grant and 2017 Grant.

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

## Directors' Statement

### AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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

### AUDITOR

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

On behalf of the Board of Directors

**Kuok Khoon Hong**  
Director

**Pua Seck Guan**  
Director

16 March 2018

# 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 2017, 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 Financial Reporting Standards in Singapore (FRSs) 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 2017 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 2017, the Group recorded goodwill and brands of US\$4.4 billion, which represents approximately 26% 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 these procedures. Finally, we reviewed the accuracy and adequacy of the disclosures made on the goodwill and brands impairment assessment in Note 15.

# Independent Auditor's Report

To the Members of Wilmar International Limited

## 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 2017, the Group's total derivative financial instruments that were carried at fair value comprised financial assets and financial liabilities of US\$373.8 million (current: US\$368.2 million) and US\$529.0 million (current: US\$503.8 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 FRSS, 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 Wong Mun Yick Christopher.

## **Ernst & Young LLP**

Public Accountants and Chartered Accountants

Singapore  
16 March 2018

# Consolidated Income Statement

For the financial year ended 31 December 2017

	Note	2017 US\$'000	2016 US\$'000
<b>Revenue</b>	4	<b>43,846,329</b>	41,401,690
Cost of sales	5	<b>(40,369,091)</b>	(37,391,071)
<b>Gross profit</b>		<b>3,477,238</b>	4,010,619
<b>Other items of income</b>			
Finance income	6	<b>254,239</b>	191,619
Other operating income	7	<b>515,786</b>	157,953
<b>Other items of expense</b>			
Net loss arising from changes in fair value of biological assets		<b>(10,028)</b>	(16,047)
Selling and distribution expenses		<b>(1,814,478)</b>	(1,806,434)
Administrative expenses		<b>(699,678)</b>	(680,675)
Other operating expenses	7	<b>(112,842)</b>	(359,271)
Finance costs	8	<b>(434,903)</b>	(348,531)
Non-operating items	9	<b>194,041</b>	9,844
Share of results of joint ventures		<b>34,809</b>	9,390
Share of results of associates		<b>193,512</b>	131,486
<b>Profit before tax</b>	10	<b>1,597,696</b>	1,299,953
Income tax expense	11	<b>(290,876)</b>	(206,294)
<b>Profit after tax</b>		<b>1,306,820</b>	1,093,659
<b>Attributable to:</b>			
Owners of the Company		<b>1,219,305</b>	972,245
Non-controlling interests		<b>87,515</b>	121,414
		<b>1,306,820</b>	1,093,659
<b>Earnings per share attributable to owners of the Company (US cents per share)</b>			
– Basic	12	<b>19.3</b>	15.4
– Diluted	12	<b>19.3</b>	15.4

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 2017

	2017 US\$'000	2016 US\$'000
<b>Profit after tax</b>	<b>1,306,820</b>	1,093,659
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified subsequently to income statement</b>		
Foreign currency translation	546,617	(498,608)
Fair value adjustment on cash flow hedges	85,021	(45,613)
Fair value adjustment on available-for-sale financial assets	29,004	(14,033)
Share of changes in equity transaction reserve of a joint venture	(322)	(10,557)
	<b>660,320</b>	<b>(568,811)</b>
<b>Item that will not be reclassified subsequently to income statement</b>		
Loss on remeasurement of defined benefit plan	(13,323)	(4,500)
	<b>(13,323)</b>	<b>(4,500)</b>
<b>Total other comprehensive income for the year, net of tax</b>	<b>646,997</b>	<b>(573,311)</b>
<b>Total comprehensive income for the year</b>	<b>1,953,817</b>	<b>520,348</b>
<b>Attributable to:</b>		
Owners of the Company	1,832,498	436,919
Non-controlling interests	121,319	83,429
	<b>1,953,817</b>	<b>520,348</b>

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

# Balance Sheets

As at 31 December 2017

	Note	Group		Company	
		2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	8,755,926	8,297,098	3,263	2,389
Bearer plants	14	722,197	726,725	-	-
Intangible assets	15	4,384,910	4,365,736	-	-
Investment in subsidiaries	16	-	-	9,084,592	9,072,026
Investment in joint ventures	17	1,151,946	1,051,425	209,636	209,686
Investment in associates	17	2,275,850	1,851,985	36,644	36,644
Available-for-sale financial assets	18	568,078	700,705	-	-
Deferred tax assets	19	321,463	312,403	-	-
Derivative financial instruments	20	5,651	32,633	-	-
Other financial receivables	21	112,047	205,832	410,271	399,634
Other non-financial assets	21	55,108	52,262	-	-
		<b>18,353,176</b>	<b>17,596,804</b>	<b>9,744,406</b>	<b>9,720,379</b>
<b>Current assets</b>					
Inventories	22	8,223,606	7,022,310	-	-
Trade receivables	23	4,101,058	4,087,069	-	-
Other financial receivables	21	5,354,750	2,354,502	3,965,710	3,399,383
Other non-financial assets	21	1,153,055	1,201,458	1,457	342
Derivative financial instruments	20	368,166	546,885	-	-
Financial assets held for trading	18	421,328	316,632	-	-
Other bank deposits	24	1,502,726	2,721,885	-	-
Cash and bank balances	24	1,454,708	1,184,881	3,037	4,057
		<b>22,579,397</b>	<b>19,435,622</b>	<b>3,970,204</b>	<b>3,403,782</b>
<b>TOTAL ASSETS</b>		<b>40,932,573</b>	<b>37,032,426</b>	<b>13,714,610</b>	<b>13,124,161</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	25	1,094,846	1,500,254	-	-
Other financial payables	26	1,397,906	1,348,963	2,896,464	2,084,329
Other non-financial liabilities	26	400,616	571,077	-	-
Derivative financial instruments	20	503,797	495,322	-	-
Loans and borrowings	27	16,130,316	12,689,019	-	169,212
Tax payables		159,648	118,511	-	-
		<b>19,687,129</b>	<b>16,723,146</b>	<b>2,896,464</b>	<b>2,253,541</b>
<b>NET CURRENT ASSETS</b>		<b>2,892,268</b>	<b>2,712,476</b>	<b>1,073,740</b>	<b>1,150,241</b>

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



	Note	Group		Company	
		2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
<b>Non-current liabilities</b>					
Other financial payables	26	69,220	51,314	–	–
Other non-financial liabilities	26	156,990	118,185	–	–
Derivative financial instruments	20	25,199	107,133	–	–
Loans and borrowings	27	3,696,224	4,331,240	323,000	215,037
Deferred tax liabilities	19	312,712	322,443	–	–
		<b>4,260,345</b>	4,930,315	<b>323,000</b>	215,037
<b>TOTAL LIABILITIES</b>		<b>23,947,474</b>	21,653,461	<b>3,219,464</b>	2,468,578
<b>NET ASSETS</b>		<b>16,985,099</b>	15,378,965	<b>10,495,146</b>	10,655,583
<b>Equity attributable to owners of the Company</b>					
Share capital	28	8,458,995	8,458,995	8,895,134	8,895,134
Treasury shares	28	(156,209)	(175,312)	(156,209)	(175,312)
Retained earnings		10,125,379	9,260,680	1,544,230	1,735,452
Other reserves	29	(2,464,573)	(3,109,829)	211,991	200,309
		<b>15,963,592</b>	14,434,534	<b>10,495,146</b>	10,655,583
Non-controlling interests		1,021,507	944,431	–	–
<b>TOTAL EQUITY</b>		<b>16,985,099</b>	15,378,965	<b>10,495,146</b>	10,655,583
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>40,932,573</b>	37,032,426	<b>13,714,610</b>	13,124,161

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

# Statements of Changes in Equity

For the financial year ended 31 December 2017

	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
<b>2017</b>							
<b>GROUP</b>							
Opening balance at 1 January 2017	8,458,995	(175,312)	9,260,680	(3,109,829)	14,434,534	944,431	15,378,965
Profit for the year	-	-	1,219,305	-	1,219,305	87,515	1,306,820
Other comprehensive income	-	-	-	613,193	613,193	33,804	646,997
<b>Total comprehensive income for the year</b>	-	-	1,219,305	613,193	1,832,498	121,319	1,953,817
Grant of equity-settled share options	-	-	-	9,163	9,163	-	9,163
Share capital contributed by non-controlling shareholders	-	-	-	-	-	12,610	12,610
Reissuance of treasury shares pursuant to exercise of share options	-	19,103	-	2,519	21,622	-	21,622
Dividends on ordinary shares	-	-	(319,532)	-	(319,532)	-	(319,532)
Dividends paid to non-controlling shareholders by subsidiaries	-	-	-	-	-	(31,757)	(31,757)
Net transfer to other reserves	-	-	(35,074)	35,074	-	-	-
<b>Total contributions by and distributions to owners</b>	-	19,103	(354,606)	46,756	(288,747)	(19,147)	(307,894)
Acquisition of additional interest in subsidiaries	-	-	-	(14,693)	(14,693)	(25,096)	(39,789)
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	(14,693)	(14,693)	(25,096)	(39,789)
<b>Closing balance at 31 December 2017</b>	<b>8,458,995</b>	<b>(156,209)</b>	<b>10,125,379</b>	<b>(2,464,573)</b>	<b>15,963,592</b>	<b>1,021,507</b>	<b>16,985,099</b>

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

	Attributable to owners of the Company						
	Share capital US\$'000	Treasury shares US\$'000	Retained earnings US\$'000	Other reserves US\$'000	Equity attributable to owners of the Company, total US\$'000	Non-controlling interests US\$'000	Equity total US\$'000
<b>2016</b>							
<b>GROUP</b>							
Opening balance at 1 January 2016	8,458,995	(168,155)	8,668,608	(2,565,309)	14,394,139	906,936	15,301,075
Profit for the year	-	-	972,245	-	972,245	121,414	1,093,659
Other comprehensive income	-	-	-	(535,326)	(535,326)	(37,985)	(573,311)
<b>Total comprehensive income for the year</b>	-	-	972,245	(535,326)	436,919	83,429	520,348
Grant of equity-settled share options	-	-	-	7,194	7,194	-	7,194
Share capital contributed by non-controlling shareholders	-	-	-	-	-	9,997	9,997
Acquisition of treasury shares	-	(9,371)	-	-	(9,371)	-	(9,371)
Reissuance of treasury shares pursuant to exercise of share options	-	2,214	-	322	2,536	-	2,536
Dividends on ordinary shares	-	-	(371,241)	-	(371,241)	-	(371,241)
Dividends paid to non-controlling shareholders by subsidiaries	-	-	-	-	-	(33,252)	(33,252)
Net transfer to other reserves	-	-	(8,932)	8,932	-	-	-
<b>Total contributions by and distributions to owners</b>	-	(7,157)	(380,173)	16,448	(370,882)	(23,255)	(394,137)
Acquisition of subsidiaries	-	-	-	-	-	(1,846)	(1,846)
Acquisition of additional interest in subsidiaries	-	-	-	(25,642)	(25,642)	5,131	(20,511)
Disposal/liquidation of subsidiaries	-	-	-	-	-	(25,964)	(25,964)
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	(25,642)	(25,642)	(22,679)	(48,321)
<b>Closing balance at 31 December 2016</b>	<b>8,458,995</b>	<b>(175,312)</b>	<b>9,260,680</b>	<b>(3,109,829)</b>	<b>14,434,534</b>	<b>944,431</b>	<b>15,378,965</b>

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 2017

	Attributable to owners of the Company				Equity attributable to owners of the Company, total US\$'000
	Share capital US\$'000	Treasury shares US\$'000	Retained earnings US\$'000	Other reserves US\$'000	
<b>2017</b>					
<b>COMPANY</b>					
Opening balance at 1 January 2017	8,895,134	(175,312)	1,735,452	200,309	10,655,583
Profit for the year	–	–	128,310	–	128,310
<b>Total comprehensive income for the year</b>	–	–	128,310	–	128,310
Grant of equity-settled share options	–	–	–	9,163	9,163
Reissuance of treasury shares pursuant to exercise of share options	–	19,103	–	2,519	21,622
Dividends on ordinary shares	–	–	(319,532)	–	(319,532)
<b>Total transactions with owners in their capacity as owners</b>	–	19,103	(319,532)	11,682	(288,747)
<b>Closing balance at 31 December 2017</b>	<b>8,895,134</b>	<b>(156,209)</b>	<b>1,544,230</b>	<b>211,991</b>	<b>10,495,146</b>
<b>2016</b>					
<b>COMPANY</b>					
Opening balance at 1 January 2016	8,895,134	(168,155)	2,075,667	192,793	10,995,439
Profit for the year	–	–	31,026	–	31,026
<b>Total comprehensive income for the year</b>	–	–	31,026	–	31,026
Grant of equity-settled share options	–	–	–	7,194	7,194
Acquisition of treasury shares	–	(9,371)	–	–	(9,371)
Reissuance of treasury shares pursuant to exercise of share options	–	2,214	–	322	2,536
Dividends on ordinary shares	–	–	(371,241)	–	(371,241)
<b>Total transactions with owners in their capacity as owners</b>	–	(7,157)	(371,241)	7,516	(370,882)
<b>Closing balance at 31 December 2016</b>	<b>8,895,134</b>	<b>(175,312)</b>	<b>1,735,452</b>	<b>200,309</b>	<b>10,655,583</b>

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 2017

	2017 US\$'000	2016 US\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	1,597,696	1,299,953
Adjustments for:		
Net loss arising from changes in fair value of biological assets	10,028	16,047
Depreciation and impairment loss of property, plant and equipment and bearer plants	773,725	763,460
Loss on disposal of investment in a joint venture	335	–
(Gain)/loss on disposal/liquidation/dilution of interest in associates	(10,196)	5
Fair value gain arising from changes of interest in a joint venture resulting in change of control	(638)	–
Amortisation of intangible assets	1,226	758
Gain on bargain purchase on acquisition of an associate	(2,210)	–
Impairment on shareholder's loan to an associate	–	11,701
Loss on disposal of property, plant and equipment	9,283	2,161
Loss/(gain) on disposal of bearer plants	4,970	(16)
Loss/(gain) on disposal/liquidation of subsidiaries	1,169	(7,383)
Gain on disposal of available-for-sale financial assets	(39)	(174)
(Gain)/loss on disposal of financial assets held for trading	(3,497)	3,969
Grant of share options to employees	9,163	7,194
Net fair value loss/(gain) on derivative financial instruments	233,039	(20,806)
Net fair value gain on financial assets held for trading	(131,269)	(11,461)
Foreign exchange differences arising from translation	126,200	(84,388)
Interest expense	459,401	371,942
Interest income	(254,239)	(191,619)
Share of results of joint ventures	(34,809)	(9,390)
Share of results of associates	(193,512)	(131,486)
<b>Operating cash flows before working capital changes</b>	<b>2,595,826</b>	<b>2,020,467</b>
Changes in working capital:		
Increase in inventories	(1,202,797)	(727,928)
Increase in receivables and other assets	(31,737)	(284,414)
(Decrease)/increase in payables	(493,696)	489,744
<b>Cash flows generated from operations</b>	<b>867,596</b>	<b>1,497,869</b>
Interest paid	(401,304)	(337,864)
Interest received	205,836	270,193
Income taxes paid	(285,756)	(306,748)
<b>Net cash flows generated from operating activities</b>	<b>386,372</b>	<b>1,123,450</b>

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 2017

	2017 US\$'000	2016 US\$'000
<b>Cash flows from investing activities</b>		
Net cash flow on acquisition of subsidiaries	(3,049)	(2,206)
Increase in plasma investments	(2,355)	(2,380)
Decrease/(increase) in financial assets held for trading	12,901	(7,501)
Decrease/(increase) in other non-financial assets	3,846	(4,404)
Payments for property, plant and equipment	(879,416)	(722,406)
Payments for bearer plants	(58,502)	(54,985)
Increase in available-for-sale financial assets	(47,739)	(89,936)
Payments for investment in joint ventures	(78,580)	(113,752)
Payments for investment in associates	(10,220)	(28,806)
Payments for intangible assets	(2,503)	–
Dividends received from joint ventures	9,055	16,089
Dividends received from associates	47,119	38,919
Proceeds from disposal of property, plant and equipment	27,136	144,152
Proceeds from disposal of interest in a joint venture	3,841	–
Proceeds from disposal/liquidation/dilution of interest in associates	42,843	233
Net cash flow from disposal/liquidation of subsidiaries	(971)	16,420
<b>Net cash flows used in investing activities</b>	<b>(936,594)</b>	<b>(810,563)</b>
<b>Cash flows from financing activities</b>		
Decrease in net amount due from related parties	640	141,174
Decrease/(increase) in net amount due from joint ventures	26,463	(64,505)
Increase in net amount due from associates	(11,903)	(36,556)
(Decrease)/increase in advances from non-controlling shareholders	(11,452)	29,624
Proceeds from/(repayments of) loans and borrowings	3,166,548	(2,157,310)
Decrease in fixed deposits pledged with financial institutions for bank facilities	46,303	2,554,038
(Increase)/decrease in other financial receivables	(2,820,538)	786,415
Decrease/(increase) in other deposits with maturity more than 3 months	906,068	(1,092,149)
Interest paid	(27,560)	(28,457)
Payment for acquisition of additional interest in subsidiaries	(39,789)	(724)
Shares buy-back held as treasury shares	–	(9,371)
Dividends paid by the Company	(319,532)	(371,241)
Dividends paid to non-controlling shareholders by subsidiaries	(31,757)	(33,252)
Proceeds from reissuance of treasury shares by the Company	21,622	2,536
Proceeds from issue of shares by subsidiaries to non-controlling shareholders	12,610	8,184
<b>Net cash flows generated from/(used in) financing activities</b>	<b>917,723</b>	<b>(271,594)</b>
Net increase in cash and cash equivalents	367,501	41,293
Cash and cash equivalents at the beginning of the financial year	1,067,724	1,026,431
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,435,225</b>	<b>1,067,724</b>

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

# Notes to the Financial Statements

For the financial year ended 31 December 2017

## 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 (“FRS”).

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) as indicated.

#### Convergence with International Financial Reporting Standards

On 29 December 2017, the Accounting Standards Council has issued Singapore Financial Reporting Standards (International) (“SFRS(I)s”), Singapore’s equivalent of the International Financial Reporting Standards (“IFRSs”). The new financial reporting framework is available for application by Singapore-incorporated companies listed on the Singapore Exchange for annual periods beginning on or after 1 January 2018. The Group will adopt SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). On transition to SFRS(I), the Group expects to elect the option to deem the cumulative translation differences for foreign operations to be nil on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group expects to reclassify an amount of approximately US\$1,444,850,000 of foreign currency translation reserve losses to the opening retained earnings as at 1 January 2017.

Other than the effects of the matter as described above and the impact on adoption of the SFRS(I) 15 and SFRS(I) 9, the Group expects that the adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 15 and SFRS(I) 9 will be similar to the impact on adoption of FRS 115 and FRS 109 as disclosed in Note 2.2(ii).

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year except for the adoption of new and revised FRS as mentioned under Note 2.2(i).

### 2.2 Changes in accounting policies

#### (i) Adoption of new and revised FRS

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 2017, including the Amendments to FRS 7 Disclosure Initiative. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

# Notes to the Financial Statements

For the financial year ended 31 December 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies (continued)

#### (ii) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Improvements to FRSs (December 2016)	
– Amendments to FRS 28 Investments in Associates and Joint Ventures	1 January 2018
Amendments to FRS 40 Transfers of Investment Property	1 January 2018
Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 104 Applying SFRS(I) 9 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 110 & FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
SFRS(I) 9 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
Improvement to FRSs (March 2018)	
– Amendments to FRS 103 Business Combinations	1 January 2019
– Amendments to FRS 111 Joint Arrangements	1 January 2019
– Amendments to FRS 12 Income Taxes	1 January 2019
– Amendments to FRS 23 Borrowing Costs	1 January 2019

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 January 2018. Upon adoption of SFRS(I) on 1 January 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

Except for SFRS(I) 9 and SFRS(I) 15, the Directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 9 and SFRS(I) 15 are described below:

#### SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary assessment of the impact on adopting SFRS(I) 15 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 15 in 2018. The impact upon adoption of SFRS(I) 15 is not expected to be material to the Group's financial statements.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies (continued)

#### (ii) Standards issued but not yet effective (continued)

##### SFRS (I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information (other than the impact on hedge accounting) and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting SFRS(I) 9 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts SFRS(I) 9 in 2018.

#### (a) Classification and measurement

The Group will continue to account for financial assets at amortised cost using the amortised cost model under SFRS(I) 9. The Group's debt instruments are expected to give rise to cash flows representing solely payments of principal and interest and the Group intends to hold the debt instruments to collect contractual cash flows and accordingly, the Group will continue to account for the debt instruments at amortised cost when it applies SFRS(I) 9.

For equity securities, the Group will continue to measure its currently held-for-trading quoted equity securities at fair value through profit or loss (FVTPL). The Group will elect to measure its currently held available-for-sale quoted equity securities and unquoted non-equity instruments at fair value through other comprehensive income (FVOCI).

The impairment loss of approximately US\$6,987,000 previously recognised in profit or loss will be adjusted against fair value reserve from retained earnings when the Group applies SFRS(I) 9.

In addition, the Group currently measures its available-for-sale unquoted equity instruments at cost. Under SFRS(I) 9, the Group will be required to measure the investments at fair value. The difference between the current carrying amount and the fair value as at 31 December 2017 would be recognized in the opening retained earnings with a corresponding tax impact when the Group applies SFRS(I) 9. As at 1 January 2018, the Group expects an increase in the carrying amount and retained earnings when the unquoted equity instruments are re-measured to fair value.

#### (b) Impairment

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its debt securities, loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group does not expect a material impact on the financial statements.

#### (c) Hedge accounting

The Group expects that all its existing hedges that are designated in effective hedging relationship will continue to qualify for hedge accounting under SFRS(I) 9.

The Group currently designates only the change in the spot element of a forward contract as a hedging instrument in a hedging relationship and accounts for the fair value changes in the forward points of the forward contracts in profit or loss. SFRS(I) 9 allows fair value changes in the forward points of the forward contracts not designated as hedging instrument to be accounted as cost of hedging. Cost of hedging are required to be deferred in other comprehensive income and recognized in the profit or loss depending on the nature of the hedge item, whether it is transaction related or time-period related. Upon adoption of SFRS(I) 9, the Group will defer the recognition of such hedging costs in other comprehensive income retrospectively and expects a decrease in opening retained earnings as at 1 January 2018.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Basis of consolidation and business combinations

##### (a) Basis of consolidation

###### Basis of consolidation from 1 January 2010

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

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

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

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

###### Basis of consolidation prior to 1 January 2010

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

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

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

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

##### (b) Business combinations

###### Business combinations from 1 January 2010

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Basis of consolidation and business combinations (continued)

#### (b) Business combinations (continued)

##### Business combinations from 1 January 2010 (continued)

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

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

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

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 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the income statement on the acquisition date.

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

##### Business combinations before 1 January 2010

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

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

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

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

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.4 *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.

#### 2.5 *Foreign currency*

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

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

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

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

#### 2.6 *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.

#### 2.7 *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.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.7 Joint arrangements (continued)**

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:

- (i) Its assets, including its share of any assets held jointly;
- (ii) Its liabilities, including its share of any liabilities incurred jointly;
- (iii) Its revenue from the sale of its share of the output arising from the joint operation;
- (iv) Its share of the revenue from the sale of the output by the joint operation; and
- (v) 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 2.8

### **2.8 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Associates and joint ventures (continued)

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.

### 2.9 Property, plant and equipment

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

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

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

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

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

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.9 *Property, plant and equipment (continued)***

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.

### **2.10 *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.

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.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.11 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.

#### 2.12 Intangible assets

##### (a) Goodwill

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

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

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

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

##### (b) Other intangible assets

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

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

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



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Intangible assets (continued)

#### (b) Other intangible assets (continued)

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.

### 2.13 Financial assets

Financial assets 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 asset at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the Group's 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 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 is recognised in the income statement.

When continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.13 Financial assets (continued)

##### (a) Financial assets at fair value through profit or loss

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category also includes derivative financial instruments (including separated embedded derivatives) entered into by the Group.

The Group does not designate any financial assets upon initial recognition as financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modified the cash flows that would otherwise be required.

##### (b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

##### (c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

##### (d) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised initially in other comprehensive income and accumulated under fair value reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

#### (a) *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amount are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

#### (b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (c) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement, increase in their fair value after impairment is recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

Reversals of impairment losses on debt instruments are recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.15 Impairment of non-financial asset

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

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

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

#### 2.16 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 2.13(b), under loans and receivables.

#### 2.17 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.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.17 Inventories (continued)**

#### **(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.

### **2.18 Financial liabilities**

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.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss or derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities that are not carried at fair value through profit or loss or derivatives are measured at amortised cost using the effective interest method.

For financial liabilities, other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

### **2.19 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.

### **2.20 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 assets 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.

### **2.21 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 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 shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

#### (c) Provision for employee service entitlements

For certain companies in Indonesia, the Group recognises a provision for employee service entitlements in accordance with Labour Law No. 13/2003 dated 25 March 2003. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method".

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in the income statement. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in the income statement.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income as general reserve in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to the income statement in subsequent periods.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Leases

#### (a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### (b) *As lessor*

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are recognised.

### 2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### (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 significant risks and rewards of ownership of goods are transferred to the customer.

#### (b) *Ship charter income*

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

#### (c) *Interest income*

Interest income is amortised using the effective interest method.

#### (d) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

### 2.25 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.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.25 Taxes (continued)

##### (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.

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.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Taxes (continued)

#### (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.

### 2.26 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.

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.

# Notes to the Financial Statements

For the financial year ended 31 December 2017

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.26 *Derivative financial instruments and hedging activities (continued)*

#### Cash flow hedges (continued)

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.

### 2.27 *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.

### 2.28 *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.

### 2.29 *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.

### 2.30 *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)

### 2.31 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).

## 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 2017 were approximately US\$3,277,193,000 (2016: US\$3,260,441,000) and US\$1,098,767,000 (2016: US\$1,098,046,000) respectively.

#### **(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 2017 were approximately US\$4,078,958,000 (2016: US\$3,987,713,000) and US\$722,197,000 (2016: US\$726,725,000), respectively.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

#### (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 2017 were approximately US\$159,648,000 (2016: US\$118,511,000), US\$321,463,000 (2016: US\$312,403,000) and US\$312,712,000 (2016: US\$322,443,000) respectively.

### 4. REVENUE

	Group	
	2017 US\$'000	2016 US\$'000
Sales of agricultural commodities and consumable products	43,543,146	41,122,221
Ship charter income	248,310	224,038
Others	54,873	55,431
	<b>43,846,329</b>	<b>41,401,690</b>

### 5. COST OF SALES

	Group	
	2017 US\$'000	2016 US\$'000
Cost of inventories recognised as expense - physical deliveries	35,607,664	32,623,277
Labour and other overhead expenses	5,156,782	4,197,887
Net (gain)/loss on fair value of derivative financial instruments	(395,355)	569,907
	<b>40,369,091</b>	<b>37,391,071</b>

### 6. FINANCE INCOME

	Group	
	2017 US\$'000	2016 US\$'000
Finance income:		
– From associates	6,880	4,965
– From bank balances	17,857	10,066
– From fixed deposits	64,234	86,554
– From joint ventures	12,829	9,404
– From other deposits with financial institutions	120,134	45,566
– From other sources	24,452	23,644
– From related parties	1,119	6,105
– Late interest charges pertaining to trade receivables	6,734	5,315
	<b>254,239</b>	<b>191,619</b>



**7. OTHER OPERATING INCOME**  
**OTHER OPERATING EXPENSES**

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

	Group	
	2017 US\$'000	2016 US\$'000
Amortisation of intangible assets	(1,226)	(758)
Allowance for advances to suppliers	(4,153)	(4,054)
Bad debts written back/(off) (non-trade)	1,911	(4,666)
Compensation (including insurance claims)/penalty income	50,808	4,237
Energy/power/steam income	51,186	35,984
Fair value gain arising from changes of interest in a joint venture resulting in change of control	638	–
Fair value gain of derivative financial instruments	11,633	16,937
Foreign exchange gain/(loss), excluding net foreign exchange loss on shareholders' loans to subsidiaries	286,621	(240,135)
Loss on disposal of property, plant and equipment	(9,283)	(2,161)
Loss on disposal of investment in a joint venture	(335)	–
Gain/(loss) on disposal/liquidation/dilution of interest in associates	10,196	(5)
(Loss)/gain on disposal of subsidiaries	(1,169)	7,383
Government grants/incentive income	28,632	35,958
Grant of share options to employees	(9,163)	(7,194)
Income from sales cancellation	934	1,464
Pre-operating expenses	(2,279)	(10)
Processing fee income/tolling income	436	346
Rental and storage income	12,140	10,176
Scrap sales	11,978	10,870
Service fees/management fees/commission income	16,827	16,289
Impairment on shareholders' loan to associates	–	(11,701)
Impairment on property, plant and equipment	(40,929)	(50,669)

The Group has received government grants of different nature during the reporting periods, among them are grants in relation to the investment and development of plants and machineries, technical skill transformation and value added tax/business tax/corporate income tax subsidy for quality enterprise.

Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the Balance Sheet. There are no unfulfilled conditions or contingencies relating to these grants.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 8. FINANCE COSTS

	Group	
	2017 US\$'000	2016 US\$'000
Interest expense:		
– Loans and borrowings	418,787	342,925
– Loans from associates	821	640
– Loans from joint ventures	1,349	520
– Loans from related parties	198	45
– Interest rate swaps	2,515	3,853
– Others	14,296	5,593
	<b>437,966</b>	<b>353,576</b>
Less: Amount capitalised		
– Bearer plants	(925)	(1,004)
– Property, plant and equipment	(2,138)	(4,041)
	<b>434,903</b>	<b>348,531</b>

### 9. NON-OPERATING ITEMS

	Group	
	2017 US\$'000	2016 US\$'000
Net foreign exchange gain/(loss) on shareholders' loans to subsidiaries	694	(4,788)
Finance costs on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries	(24,497)	(23,411)
Gain on disposal of available-for-sale financial assets	39	174
Gain/(loss) on disposal of financial assets held for trading	3,497	(3,969)
Investment income from equity instruments	83,039	30,338
Net fair value gain on financial assets held for trading	131,269	11,461
Net fair value gain on derivatives financial instruments (equity related)	–	39
	<b>194,041</b>	<b>9,844</b>

## 10. PROFIT BEFORE TAX

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

	Group	
	2017 US\$'000	2016 US\$'000
Audit fees paid to:		
– Auditor of the Company	620	577
– Other auditors	4,463	4,573
Non-audit fees paid to:		
– Auditor of the Company	33	39
– Other auditors	623	584
Depreciation of property, plant and equipment	682,410	664,313
Depreciation of bearer plants	52,324	50,175
Less: Amount capitalised as part of costs of bearer plants	(1,938)	(1,697)
Add: Impairment loss	40,929	50,669
Depreciation and impairment loss of property, plant and equipment and bearer plants - net	773,725	763,460
Employee benefits expense	1,198,371	1,144,934
Operating lease expense	44,029	40,094

## 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 2017 and 31 December 2016 are:

	Group	
	2017 US\$'000	2016 US\$'000
<b>Consolidated Income Statement</b>		
<i>Current income tax</i>		
Current year	318,690	369,508
Over provision in respect of previous years	(15,048)	(9,592)
	303,642	359,916
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	(33,581)	(158,345)
Under provision in respect of previous years	20,815	4,723
Income tax expense recognised in the income statement	290,876	206,294
<b>Deferred income tax related to other comprehensive income:</b>		
Net tax charges/(credit) in fair value of derivative financial instruments designated as cash flow hedges and others	10,006	(12,160)

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 11. INCOME TAX EXPENSE (CONTINUED)

#### (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 2017 and 31 December 2016 are as follows:

	Group	
	2017 US\$'000	2016 US\$'000
Accounting profit before income tax	1,597,696	1,299,953
Tax calculated at tax rate of 17% (2016: 17%)	271,608	220,992
Adjustments:		
Effect of different tax rates in other countries	76,160	162,659
Effect of tax incentives	(62,551)	(170,760)
Income not subject to taxation	(42,031)	(33,412)
Non-deductible expenses	38,088	23,389
Deferred tax assets not recognised	42,427	66,481
Under/(over) provision in respect of previous years	5,767	(4,869)
Share of results of joint ventures and associates	(24,922)	(16,743)
Utilisation of previously unrecognised tax losses/capital allowances	(16,928)	(44,144)
Others	3,258	2,701
Income tax expense recognised in the consolidated income statement	290,876	206,294



## 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	
	2017	2016
Profit for the year attributable to owners of the Company (US\$'000)	1,219,305	972,245
Weighted average number of ordinary shares ('000)	6,322,495	6,319,004
Basic earnings per share (US cents per share)	19.3	15.4

### (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	
	2017	2016
Profit for the year attributable to owners of the Company (US\$'000)	1,219,305	972,245
Weighted average number of ordinary shares ('000)	6,322,495	6,319,004
Effects of dilution		
– Grant of equity-settled share options ('000)	4,406	–
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	6,326,901	6,319,004
Diluted earnings per share (US cents per share)	19.3	15.4

62,280,000 (2016: 118,550,000) share options granted to employees (including directors) under existing employee share option plans have not been included in the calculation of diluted earnings per share for the financial years ended 31 December 2017 and 31 December 2016 because they are anti-dilutive.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, land and land rights US\$'000	Buildings US\$'000	Plant and machineries US\$'000	Furniture, fittings and office equipment US\$'000	Vessels US\$'000	Motor vehicles, trucks and aircrafts US\$'000	Construction in-progress US\$'000	Total US\$'000
<b>Group</b>								
<b>Costs</b>								
At 1 January 2016	1,160,432	3,079,220	6,543,237	210,018	733,647	263,767	597,451	12,587,772
Disposal of subsidiaries	(23,968)	(104,547)	(173,871)	(1,482)	–	(1,272)	(3,449)	(308,589)
Additions	35,650	26,967	44,687	15,285	39,544	13,519	525,902	701,554
Disposals	(3,667)	(46,646)	(141,041)	(7,800)	(60,872)	(13,010)	(9,100)	(282,136)
Transfers	7,713	131,301	468,046	6,412	–	1,179	(614,651)	–
Reclassifications	8,059	(14,928)	14,452	(9,456)	37	656	(107)	(1,287)
Currency translation differences	(44,792)	(120,868)	(218,143)	(10,527)	–	(10,546)	(25,654)	(430,530)
At 31 December 2016 and 1 January 2017	<b>1,139,427</b>	<b>2,950,499</b>	<b>6,537,367</b>	<b>202,450</b>	<b>712,356</b>	<b>254,293</b>	<b>470,392</b>	<b>12,266,784</b>
Acquisition of a subsidiary	–	–	10,031	76	–	–	–	10,107
Disposal of a subsidiary	–	–	–	(40)	–	–	–	(40)
Additions	39,494	23,074	38,038	19,486	86,504	82,250	588,264	877,110
Disposals	(10,797)	(6,573)	(52,906)	(4,172)	(30,900)	(11,925)	(538)	(117,811)
Transfers	7,433	144,273	392,803	8,039	–	1,359	(553,907)	–
Reclassifications	(4,824)	23,599	(19,209)	(500)	–	603	(469)	(800)
Currency translation differences	45,320	130,997	331,870	8,729	–	1,984	28,847	547,747
At 31 December 2017	<b>1,216,053</b>	<b>3,265,869</b>	<b>7,237,994</b>	<b>234,068</b>	<b>767,960</b>	<b>328,564</b>	<b>532,589</b>	<b>13,583,097</b>

### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land, land and land rights US\$'000	Buildings US\$'000	Plant and machineries US\$'000	Furniture, fittings and office equipment US\$'000	Vessels US\$'000	Motor vehicles, trucks and aircrafts US\$'000	Construction in-progress US\$'000	Total US\$'000
<b>Accumulated depreciation and impairment loss</b>								
At 1 January 2016	135,121	708,001	2,345,423	152,934	110,718	152,093	–	3,604,290
Disposal of subsidiaries	(2,535)	(17,696)	(39,807)	(728)	–	(883)	–	(61,649)
Depreciation charge for the year	19,402	121,300	434,791	22,072	43,484	23,264	–	664,313
Disposals	(515)	(18,877)	(90,880)	(7,299)	(7,179)	(11,073)	–	(135,823)
Impairment loss	–	6,941	43,692	21	–	15	–	50,669
Reclassifications	22	(980)	6,970	(6,448)	–	426	–	(10)
Currency translation differences	(5,691)	(28,787)	(100,741)	(7,896)	–	(8,989)	–	(152,104)
At 31 December 2016 and 1 January 2017	<b>145,804</b>	<b>769,902</b>	<b>2,599,448</b>	<b>152,656</b>	<b>147,023</b>	<b>154,853</b>	–	<b>3,969,686</b>
Disposal of a subsidiary	–	–	–	(30)	–	–	–	(30)
Depreciation charge for the year	<b>20,489</b>	<b>126,850</b>	<b>448,846</b>	<b>22,665</b>	<b>42,622</b>	<b>20,938</b>	–	<b>682,410</b>
Disposals	(991)	(2,758)	(38,217)	(4,059)	(24,889)	(10,483)	–	(81,397)
Impairment loss	–	419	40,510	–	–	–	–	40,929
Reclassifications	–	1,041	(974)	(461)	–	41	–	(353)
Currency translation differences	<b>5,933</b>	<b>35,614</b>	<b>165,893</b>	<b>6,827</b>	–	<b>1,659</b>	–	<b>215,926</b>
At 31 December 2017	<b>171,235</b>	<b>931,068</b>	<b>3,215,506</b>	<b>177,598</b>	<b>164,756</b>	<b>167,008</b>	–	<b>4,827,171</b>
<b>Net carrying amount</b>								
At 31 December 2016	993,623	2,180,597	3,937,919	49,794	565,333	99,440	470,392	8,297,098
At 31 December 2017	<b>1,044,818</b>	<b>2,334,801</b>	<b>4,022,488</b>	<b>56,470</b>	<b>603,204</b>	<b>161,556</b>	<b>532,589</b>	<b>8,755,926</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings and office equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
<b>Company</b>			
<b>Costs</b>			
At 1 January 2016	4,177	642	4,819
Additions	1,760	475	2,235
Disposals	(255)	(459)	(714)
At 31 December 2016 and 1 January 2017	<b>5,682</b>	<b>658</b>	<b>6,340</b>
Additions	<b>1,965</b>	–	<b>1,965</b>
Disposals	<b>(316)</b>	–	<b>(316)</b>
At 31 December 2017	<b>7,331</b>	<b>658</b>	<b>7,989</b>
<b>Accumulated depreciation</b>			
At 1 January 2016	3,172	162	3,334
Depreciation charge for the year	930	64	994
Disposals	(251)	(126)	(377)
At 31 December 2016 and 1 January 2017	<b>3,851</b>	<b>100</b>	<b>3,951</b>
Depreciation charge for the year	<b>1,025</b>	<b>66</b>	<b>1,091</b>
Disposals	<b>(316)</b>	–	<b>(316)</b>
At 31 December 2017	<b>4,560</b>	<b>166</b>	<b>4,726</b>
<b>Net carrying amount</b>			
At 31 December 2016	1,831	558	2,389
At 31 December 2017	<b>2,771</b>	<b>492</b>	<b>3,263</b>

#### **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\$2,138,000 (2016: US\$4,041,000).

#### **Assets pledged as security**

Certain property, plant and equipment of the Group amounting to approximately US\$12,379,000 (2016: US\$19,734,000) are pledged as security for bank borrowings.

#### **Impairment of assets**

During the financial year, the Group recorded an impairment loss of approximately US\$40,929,000 (2016: US\$50,669,000) which was recognised in "Other operating expenses" line item of the consolidated income statement for the financial year ended 31 December 2017. Included within is an impairment loss of approximately US\$30,600,000 (2016: US\$33,468,000), representing the write-down of plant and machineries to the recoverable amount, arising from a subsidiary of the Group within the Sugar segment which had carried out a review of the recoverable amount of its plant and machineries. The recoverable amount of the plant and machineries was based on its value in use and the pre-tax discount rate was 11.0% (2016: 11.0%).

**14. BEARER PLANTS  
BIOLOGICAL ASSETS**

	Group	
	2017 US\$'000	2016 US\$'000
<b>Bearer plants</b>		
<b>Group</b>		
<b>Costs</b>		
At 1 January	1,152,530	1,133,068
Additions	55,660	52,795
Disposals	(12,302)	(142)
Capitalisation of interest	925	1,004
Capitalisation of depreciation	1,938	1,697
Capitalisation of employee benefits	2,842	2,190
Currency translation differences	(18,766)	(38,082)
At 31 December	<u>1,182,827</u>	<u>1,152,530</u>
<b>Accumulated depreciation</b>		
At 1 January	425,805	390,786
Depreciation charge for the year	52,324	50,175
Disposals	(4,591)	–
Currency translation differences	(12,908)	(15,156)
At 31 December	<u>460,630</u>	<u>425,805</u>
<b>Net carrying amount</b>		
At 31 December	<u>722,197</u>	<u>726,725</u>

	Group	
	2017 US\$'000	2016 US\$'000
<b>Biological assets</b>		
At 1 January	49,439	65,486
Fair value loss of biological assets	(10,028)	(16,047)
Currency translation differences	(48)	–
At 31 December	<u>39,363</u>	<u>49,439</u>



## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 14. BEARER PLANTS

#### BIOLOGICAL ASSETS (CONTINUED)

##### (a) Analysis of oil palm production

During the financial year, the Group harvested approximately 3,923,000 metric tonnes (2016: 3,818,000 metric tonnes) of FFB, which had a fair value less estimated point-of-sale costs of approximately US\$534,432,000 (2016: US\$507,242,000). The fair value of FFB was determined with reference to their monthly average market prices during the year.

##### (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	
	2017 Hectares	2016 Hectares
Planted area:		
– Mature	208,645 <sup>(1)</sup>	211,914 <sup>(1)</sup>
– Immature	36,525	35,221
	<b>245,170</b>	<b>247,135</b>

Value	Group	
	2017 US\$'000	2016 US\$'000
Planted area:		
– Mature	584,061 <sup>(1)</sup>	601,468 <sup>(1)</sup>
– Immature	138,136	125,257
	<b>722,197</b>	<b>726,725</b>

(1) Mature planted areas include sugar cane plantations.

- (c) At 31 December 2017, the carrying amount of bearer plants of the Group mortgaged as securities for bank borrowings amounted to approximately US\$38,516,000 (2016: US\$38,516,000).
- (d) The interest capitalised is actual interest incurred on the bank borrowings to finance the development of oil palm plantations.
- (e) 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\$124 to US\$126 (2016: US\$151 to US\$159) per metric tonne	The estimated fair value increases as the estimated selling price of FFB increases.
Average yield (annual) is 19.7 (2016: 19.0) 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
<b>Group</b>				
<b>Cost</b>				
At 1 January 2016	3,265,346	8,245	1,098,164	4,371,755
Acquisition of a subsidiary	1,470	2,800	–	4,270
Disposal of a subsidiary	–	(66)	–	(66)
Currency translation differences	(6,375)	(149)	(118)	(6,642)
At 31 December 2016 and 1 January 2017	<b>3,260,441</b>	<b>10,830</b>	<b>1,098,046</b>	<b>4,369,317</b>
Additions	–	<b>2,503</b>	–	<b>2,503</b>
Acquisition of a subsidiary	<b>1,524</b>	–	–	<b>1,524</b>
Currency translation differences	<b>15,228</b>	<b>653</b>	<b>721</b>	<b>16,602</b>
At 31 December 2017	<b>3,277,193</b>	<b>13,986</b>	<b>1,098,767</b>	<b>4,389,946</b>
<b>Accumulated amortisation</b>				
At 1 January 2016	–	2,895	–	2,895
Amortisation during the year	–	758	–	758
Disposal of a subsidiary	–	(29)	–	(29)
Currency translation differences	–	(43)	–	(43)
At 31 December 2016 and 1 January 2017	–	<b>3,581</b>	–	<b>3,581</b>
Amortisation during the year	–	<b>1,226</b>	–	<b>1,226</b>
Currency translation differences	–	<b>229</b>	–	<b>229</b>
At 31 December 2017	–	<b>5,036</b>	–	<b>5,036</b>
<b>Net carrying amount</b>				
At 31 December 2016	3,260,441	7,249	1,098,046	4,365,736
At 31 December 2017	<b>3,277,193</b>	<b>8,950</b>	<b>1,098,767</b>	<b>4,384,910</b>

### **Amortisation expense**

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

### **Brands**

Brands relate to both the 'Arawana' and 'CSR' brand names that were acquired in 2007 and 2010 respectively. As explained in Note 2.12(b)(i), the useful lives of the brands are estimated to be indefinite.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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
<b>2017</b>					
Goodwill	2,217,084	766,720	278,217	15,172	3,277,193
Brands	–	1,089,247	9,520	–	1,098,767
<b>2016</b>					
Goodwill	2,217,045	765,196	263,028	15,172	3,260,441
Brands	–	1,089,247	8,799	–	1,098,046

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period for tropical oils, oilseeds and grains and sugar segments. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:-

	Tropical Oils		Oilseeds and Grains		Sugar	
	% 2017	% 2016	% 2017	% 2016	% 2017	% 2016
Terminal growth rates	2.0 – 3.0	2.0 – 3.0	3.0	3.0	2.0	2.0 – 2.5
Pre-tax discount rates	12.0 – 14.0	12.0 – 14.0	12.0 – 14.0	12.0 – 14.0	11.0 – 12.0	11.0 – 12.0

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted profit margin based on past performance and its expectations of the market development. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. The forecasted growth rates were based on published industry research and did not exceed the long-term average growth rate for the industries relevant to the CGU.

## 16. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 US\$'000	2016 US\$'000
Unquoted equity shares, at cost	9,084,592	9,072,026

Details of the list of significant subsidiaries are included in Note 39.

### **Acquisition of subsidiary**

The Group acquired the following subsidiary during the financial year:

Name of subsidiary acquired	Equity interest acquired %	Consideration US\$'000	Month of acquisition
Yihai Kerry (Shanghai) Chocolate Co., Ltd	50	3,499	April 2017
		<b>3,499</b>	

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	10,107
Inventories	560
Trade receivables and other assets	1,426
Cash and cash equivalents	450
	<b>12,543</b>
Trade and other payables	8,592
	<b>8,592</b>
Net identifiable assets	3,951
Identifiable net assets acquired	3,951
Less: Transfer from investment in joint venture	(1,338)
Positive goodwill arising from acquisition recognised as part of intangible assets	1,524
Fair value gain arising from changes of interest in a joint venture resulting in change of control	(638)
Total consideration for acquisition	<b>3,499</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### **Total cost of business combination**

The total cost of the business combination is as follows:

	Cashflow on acquisition US\$'000
Consideration for acquisition	3,499
Consideration for acquisition - cash paid	<u>3,499</u>

The effects of acquisition on cash flow are as follows:

Consideration settled in cash	3,499
Less: Cash and cash equivalents of subsidiary acquired	(450)
Net cash outflow on acquisition	<u>3,049</u>

#### **Impact of acquisition on consolidated income statement**

From the date of acquisition, the acquiree has contributed additional revenue and net loss of approximately US\$1,099,000 and US\$1,051,000 respectively for the financial year ended 31 December 2017. If the combination had taken place at the beginning of the financial year, the Group's revenue would have been approximately US\$43,846,597,000 and net profit would have been approximately US\$1,218,751,000.

#### **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 US\$'000	Book value US\$'000	Premium arising from acquisition US\$'000	Month of acquisition
Wilmar Sugar Holdings Pte. Ltd.	Wilmar Sugar Pte. Ltd.	6	83 +	14,245	11,081	3,164	May - Dec 2017
Wilmar Resources Pte Ltd	Equatorial Trading Limited	3	82 +	3,250	2,455	795	Jul 2017
KOG Investment Pte Ltd	Wilmar Nature Pte. Ltd.	49	100	3,500	1,673	1,827	Sep 2017
Yihai Kerry Investments Co., Ltd.	Wilmar Nutrition (Jiangsu) Co., Ltd	35	95	7,650	5,914	1,736	Dec 2017
Yihai Kerry Investments Co., Ltd.	Wilmar Spring Fruit Nutrition Products (Jiangsu) Co., Ltd	35	95	11,144	3,973	7,171	Dec 2017

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



## 16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### *Disposal of subsidiary*

During the year, the Group disposed the interests in the following subsidiary:

Name of subsidiary disposed	Equity interest disposed %	Consideration US\$'000	Month of disposal
Wilmar Foods (NZ) Limited	100	679	Oct 2017

### *Disposal of subsidiary*

The carrying amounts of assets and liabilities of the subsidiary disposed and the effect thereof as at date of disposal were as follows:

	Cashflow on disposal US\$'000
Property, plant and equipment	10
Trade receivables and other assets	2,065
Inventories	2,094
Cash and cash equivalents	1,650
	<u>5,819</u>
Trade and other payables	<u>3,875</u>
	<u>3,875</u>
Net carrying amounts of assets disposed	<u>1,944</u>
Net assets disposed	1,944
Less: Hedging reserve realised upon disposal of a subsidiary	(7)
Less: Foreign currency translation reserve realised upon disposal of a subsidiary	(89)
Loss on disposal	<u>(1,169)</u>
Sales proceeds, net	679
Less: Cash and cash equivalents of a subsidiary disposed	<u>(1,650)</u>
Net cash outflow on disposal of a subsidiary	<u>(971)</u>

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 17. INVESTMENT IN JOINT VENTURES

#### INVESTMENT IN ASSOCIATES

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

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
FPW Singapore Holdings Pte. Ltd.	543,419	553,508	102,722	102,722
Other joint ventures	608,527	497,917	106,914	106,964
<b>Investment in joint ventures</b>	<b>1,151,946</b>	<b>1,051,425</b>	<b>209,636</b>	<b>209,686</b>

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

The summarised financial information of material joint ventures are as follows:

	FPW Singapore Holdings Pte. Ltd.	
	2017 US\$'000	2016 US\$'000
<b>Assets and liabilities:</b>		
Current assets	389,118	307,001
Non-current assets	1,539,267	1,456,560
<b>Total assets</b>	<b>1,928,385</b>	<b>1,763,561</b>
Current liabilities	1,486,252	1,383,621
Non-current liabilities	264,596	189,698
<b>Total liabilities</b>	<b>1,750,848</b>	<b>1,573,319</b>
<b>Shareholders' equity</b>	<b>170,064</b>	<b>190,242</b>
Proportion of the Group's ownership interest	50%	50%
Group's share	85,032	95,121
Quasi loan	458,387	458,387
Carrying amount of the investment	543,419	553,508
Revenue	1,620,856	1,493,429
(Loss)/profit for the year	(10,846)	37,081
Other comprehensive income	(8,121)	(36,649)
Total comprehensive income	(18,967)	432

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

	FPW Singapore Holdings Pte. Ltd.	
	2017 US\$'000	2016 US\$'000
Cash and cash equivalents	110,208	81,634
Current financial liabilities (excluding trade and other payables and provisions)	1,173,684	1,154,187
Non-current financial liabilities (excluding trade and other payables and provision)	222,999	143,646
Depreciation and amortisation	45,959	48,014
Finance income	227	446
Finance expense	25,272	25,706
Income tax expense	19,012	22,891

The activities of FPW Singapore Holdings Pte. Ltd. is strategic to the Group's activities. There were no dividends (2016: US\$5,594,000) received during the financial year ended 31 December 2017. Subsequent to year end, a dividend of US\$16,033,000 was received.

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

	Group	
	2017 US\$'000	2016 US\$'000
Share of the joint ventures' profit/(loss) for the year	40,232	(9,151)
Share of the joint ventures' total comprehensive income	40,232	(9,151)

The Group's investment in associates are summarised below:

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd	644,126	603,945	-	-
Cosumar S.A.	328,888	315,914	-	-
Other associates	1,302,836	932,126	36,644	36,644
<b>Investment in Associates</b>	<b>2,275,850</b>	<b>1,851,985</b>	<b>36,644</b>	<b>36,644</b>
Fair value of investment in associates for which there are published price quotations (Level 1 in the fair value hierarchy)	915,790	535,749	15,058	17,987

Details of the list of significant associates are included in Note 40.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 17. INVESTMENT IN JOINT VENTURES

#### INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information of material associates are as follows:

	COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd		Cosumar S.A.	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
<b>Assets and liabilities:</b>				
Current assets	916,481	772,083	610,808	541,711
Non-current assets	251,229	247,129	541,024	451,919
<b>Total assets</b>	<b>1,167,710</b>	<b>1,019,212</b>	<b>1,151,832</b>	<b>993,630</b>
Current liabilities	401,795	344,599	520,931	447,722
Non-current liabilities	4,309	5,313	122,820	111,577
<b>Total liabilities</b>	<b>406,104</b>	<b>349,912</b>	<b>643,751</b>	<b>559,299</b>
<b>Shareholders' equity</b>	<b>748,480</b>	<b>657,160</b>	<b>507,798</b>	<b>435,568</b>
Proportion of the Group's ownership interest	44%	44%	30%+	31%+
Group's share	329,331	289,150	154,345	135,026
Goodwill on acquisition	314,795	314,795	174,543	180,888
Carrying amount of the investment	644,126	603,945	328,888	315,914
Revenue	2,553,952	2,131,319	697,299	570,361
Profit for the year	48,165	12,707	88,386	83,015
Total comprehensive income	48,165	12,707	88,386	83,015

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

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\$17,399,000 (2016: US\$14,560,000) were received from Cosumar S.A. during the financial year ended 31 December 2017.

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

	Group	
	2017 US\$'000	2016 US\$'000
Share of the associates' profit for the year	145,891	100,504
Share of the associates' total comprehensive income	145,891	100,504

**18. AVAILABLE-FOR-SALE FINANCIAL ASSETS**  
**FINANCIAL ASSETS HELD FOR TRADING**

	Group	
	2017 US\$'000	2016 US\$'000
<b>Available-for-sale financial assets</b>		
Non-current:		
Quoted equity instruments *	240,955	388,142
Unquoted equity instruments, at cost	80,621	60,004
Unquoted non-equity instruments	246,502	252,559
	<b>568,078</b>	700,705
<b>Financial assets held for trading</b>		
Current:		
Quoted equity instruments	421,328	316,632
	<b>421,328</b>	316,632

\* Included in the quoted equity instruments is an investment in shares quoted on National Stock Exchange of Australia. As the sale and purchase of this investment is restricted, the valuation is determined using discounted cash flow projections.

The Group's non-equity investments comprise investment funds.

Unquoted equity instruments are valued at cost as these instruments have no market prices and the fair value cannot be reliably measured using valuation techniques.



## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 19. DEFERRED TAX

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
<b>Deferred tax assets:</b>				
Provisions	80,526	81,958	6,716	(26,563)
Unutilised tax losses	89,798	82,042	(976)	(17,120)
Differences in depreciation for tax purposes	88,010	116,669	28,974	(106,293)
Fair value adjustments on derivatives classified as cash flow hedges	12,490	16,470	-	-
Other items	50,639	15,264	(17,357)	25,391
	<b>321,463</b>	<b>312,403</b>		
<b>Deferred tax liabilities:</b>				
Differences in depreciation for tax purposes	153,155	157,471	(11,870)	(29,949)
Fair value adjustments on acquisition of subsidiaries	41,518	41,767	(258)	(890)
Fair value adjustments on derivatives classified as cash flow hedges	16,892	3,645	-	-
Fair value adjustments on biological assets	9,822	12,243	(2,421)	(3,955)
Undistributed earnings	73,136	64,987	8,149	9,922
Other items	18,189	42,330	(23,723)	(4,165)
	<b>312,712</b>	<b>322,443</b>		
Deferred income tax credit			<b>(12,766)</b>	<b>(153,622)</b>

#### **Unrecognised tax losses**

At the balance sheet date, the Group has tax losses of approximately US\$522,602,000 (2016: US\$738,164,000) 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 (2016: 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\$5,242,916,000 (2016: US\$4,917,040,000). The deferred tax liability is estimated to be approximately US\$554,312,000 (2016: US\$531,628,000).

## 20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2017			2016		
	Contract/ Notional amount US\$'000	Assets US\$'000	Liabilities US\$'000	Contract/ Notional amount US\$'000	Assets US\$'000	Liabilities US\$'000
Forward currency contracts, options and cross currency interest rate swaps	15,287,387	120,242	342,567	14,405,808	311,686	262,636
Futures, options and swap contracts	4,938,219	196,156	142,084	6,804,023	162,977	206,168
Interest rate swap	3,837,423	4,585	1,242	503,396	75	3,280
Fair value of firm commitment contracts	4,084,299	52,834	43,103	1,954,374	104,780	130,371
Total derivative financial instruments		373,817	528,996		579,518	602,455
Less: Current portion		(368,166)	(503,797)		(546,885)	(495,322)
Non-current portion		5,651	25,199		32,633	107,133

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss. The Group does not apply hedge accounting, except for those designated as hedges of commodity products and Medium Term Notes.

Certain derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements and Long Form Confirmations. In general, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

### Cash flow hedges

The Group enters into various commodities futures, options, swap and forward currency contracts in order to hedge the financial risks related to the purchases and sales of commodity products. The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain of approximately US\$22,173,000 (2016: loss of US\$63,725,000), with related deferred tax charges of approximately US\$4,402,000 (2016: tax credit of US\$12,825,000), is included in the hedging reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss during the next two financial years as follows: US\$22,192,000 and (US\$19,000) (2016: US\$(63,518,000) and (US\$207,000)).

### Fair value hedges

The Group enters into commodities future contracts to hedge the financial risk related to the carrying value of commodity products. A net fair value gain of approximately US\$5,864,000 (2016: US\$5,897,000) is recognised in the income statement and offset with a similar loss on the inventory.

The Group also enters into cross currency interest rate swaps to hedge the financial risk related to Medium Term Notes issued by the Company. A net fair value gain of approximately US\$1,246,000 (2016: loss of US\$1,570,000) is recognised in the income statement and offset with a similar increase in the loans and borrowings.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 21. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
<b>Non-current:</b>				
Loans to non-controlling shareholders of a subsidiary	-	500	-	-
Other non-trade receivables	4,305	4,788	19	39
Amounts due from subsidiaries - non-trade	-	-	342,423	332,140
Amounts due from joint ventures - non-trade	34,429	28,736	11,025	5,175
Amounts due from associates - non-trade	51,515	149,880	56,804	62,280
Amounts due from related parties - non-trade	21,798	21,928	-	-
<b>Other financial receivables</b>	<b>112,047</b>	<b>205,832</b>	<b>410,271</b>	<b>399,634</b>
<b>Current:</b>				
Deposits	120,942	80,565	38	39
Loans to non-controlling shareholders of subsidiaries	21,307	40,554	-	-
Other non-trade receivables	302,971	252,632	9,110	8,768
Other deposits with financial institutions	4,272,969	1,421,311	-	-
Amounts due from subsidiaries - non-trade	-	-	3,532,351	2,992,973
Amounts due from joint ventures - non-trade	410,042	446,480	414,479	389,076
Amounts due from associates - non-trade	223,490	109,425	9,717	8,527
Amounts due from related parties - non-trade	3,029	3,535	15	-
<b>Other financial receivables</b>	<b>5,354,750</b>	<b>2,354,502</b>	<b>3,965,710</b>	<b>3,399,383</b>
<b>Non-current:</b>				
Prepayments	46,423	34,869	-	-
Plasma investments	8,685	17,393	-	-
<b>Other non-financial assets</b>	<b>55,108</b>	<b>52,262</b>	<b>-</b>	<b>-</b>
<b>Current:</b>				
Prepayments and other non-financial assets	157,197	157,111	1,457	342
Biological assets (note 14)	39,363	49,439	-	-
Tax recoverables	123,062	106,142	-	-
Advances for property, plant and equipment	154,716	154,950	-	-
Advances for acquisition of subsidiaries	1,987	5,833	-	-
Advances to suppliers	676,730	727,983	-	-
<b>Other non-financial assets</b>	<b>1,153,055</b>	<b>1,201,458</b>	<b>1,457</b>	<b>342</b>

## 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 from 2.5% to 5.4% (2016: 2.0% to 5.1%) 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 2017, the Company has provided impairment for amounts due from subsidiaries amounting to approximately US\$32,526,000 (2016: 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\$ 266,004,000 (2016: US\$276,604,000) and US\$150,036,000 (2016: US\$63,979,000) respectively, which bear interest ranging from 1.0% to 9.0% (2016: 1.0% to 6.9%) per annum. These balances are expected to be settled in cash.

As at 31 December 2017, the Company has provided impairment for amounts due from subsidiaries amounting to approximately US\$77,439,000 (2016: US\$77,439,000).

#### **Loans to non-controlling shareholders of subsidiaries**

Other than the current loans to non-controlling shareholders of subsidiaries of approximately US\$20,472,000 (2016: US\$40,273,000), which bear interest ranging from 4.4% to 5.5% (2016: 4.4% to 6.9%) per annum, the remaining amounts are interest-free and repayable on demand. These balances are expected to be settled in cash.

#### **Other deposits with financial institutions**

Other deposits with financial institutions are deposits placed with banks with high credit ratings and no history of default. The interest rates range from 3.9% to 5.9% (2016: 1.8% to 4.8%) per annum.

The Group has pledged other deposits with financial institutions amounting to approximately US\$699,187,000 (2016: US\$828,084,000) as security for bank borrowings.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 22. INVENTORIES

	Group	
	2017 US\$'000	2016 US\$'000
<b>Balance Sheet</b>		
<b>At cost:</b>		
Raw materials	2,764,186	2,485,977
Consumables	390,829	364,345
Finished goods	2,468,539	2,691,335
Stock in transit	685,532	821,252
	<b>6,309,086</b>	<b>6,362,909</b>
<b>At net realisable value:</b>		
Raw materials	637,864	251,545
Consumables	2,432	4,366
Finished goods	1,274,224	403,490
	<b>1,914,520</b>	<b>659,401</b>
	<b>8,223,606</b>	<b>7,022,310</b>
<b>Income Statement</b>		
Inventories recognised as an expense in cost of sales	35,607,664	32,623,277
Inclusive of the following charge:		
– Provision for net realisable value	37,325	30,711

### 23. TRADE RECEIVABLES

	Group	
	2017 US\$'000	2016 US\$'000
Trade receivables	2,592,036	2,864,953
Notes receivables	129,853	139,214
Value added tax recoverable	841,762	684,153
Amounts due from joint ventures - trade	363,700	63,838
Amounts due from associates - trade	135,826	328,734
Amounts due from related parties - trade	55,953	14,077
	<b>4,119,130</b>	<b>4,094,969</b>
Less: Allowance for doubtful receivables	(18,072)	(7,900)
	<b>4,101,058</b>	<b>4,087,069</b>

Trade receivables, including amounts due from joint ventures, associates and related parties, are non-interest bearing and the average turnover is 33 days (2016: 33 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. Notes receivables are non-interest bearing and have a maturity period ranging from 1 to 180 days for the financial years ended 31 December 2017 and 31 December 2016.

The Group has pledged trade receivables amounting to approximately US\$67,462,000 (2016: US\$120,056,000) as security for bank borrowings.



## 23. TRADE RECEIVABLES (CONTINUED)

### *Trade receivables that are past due but not impaired*

The Group has trade receivables amounting to approximately US\$348,456,000 (2016: US\$441,807,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2017 US\$'000	2016 US\$'000
Trade receivables past due but not impaired:		
Less than 30 days	215,148	313,353
30 – 60 days	45,947	67,805
61 – 90 days	21,208	16,864
91 – 120 days	10,040	10,469
More than 120 days	56,113	33,316
	<b>348,456</b>	<b>441,807</b>

### *Trade receivables that are impaired*

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

Movement in allowance account:

	Group	
	2017 US\$'000	2016 US\$'000
<b>Individually impaired</b>		
At 1 January	(7,900)	(5,811)
Additional allowance during the year	(10,942)	(2,540)
Bad debts written off against allowance	1,014	211
Currency translation differences	(244)	240
At 31 December	<b>(18,072)</b>	<b>(7,900)</b>

The above trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### *Loans and receivables*

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Trade receivables	4,101,058	4,087,069	–	–
Other financial receivables - current	5,354,750	2,354,502	3,965,710	3,399,383
Other financial receivables - non-current	112,047	205,832	410,271	399,634
Total cash and bank balances	2,957,434	3,906,766	3,037	4,057
Loans and receivables	<b>12,525,289</b>	<b>10,554,169</b>	<b>4,379,018</b>	<b>3,803,074</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 24. OTHER BANK DEPOSITS CASH AND BANK BALANCES

	Group	
	2017 US\$'000	2016 US\$'000
Fixed deposits pledged with financial institutions for bank facilities	809,139	1,122,229
Other deposits with maturity more than 3 months	693,587	1,599,656
Other bank deposits	<b>1,502,726</b>	2,721,885

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Cash at banks and on hand	1,035,848	753,059	3,037	4,057
Short term and other deposits	418,860	431,822	-	-
Cash and bank balances	<b>1,454,708</b>	1,184,881	<b>3,037</b>	4,057

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of the Group is 2.2% (2016: 2.3%) per annum.

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Other bank deposits	1,502,726	2,721,885	-	-
Cash and bank balances	1,454,708	1,184,881	3,037	4,057
Total cash and bank balances	<b>2,957,434</b>	3,906,766	<b>3,037</b>	4,057

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

	Group	
	2017 US\$'000	2016 US\$'000
Cash and bank balances	1,454,708	1,184,881
Bank overdrafts	(19,483)	(117,157)
Cash and cash equivalents	<b>1,435,225</b>	1,067,724

## 25. TRADE PAYABLES

	Group	
	2017 US\$'000	2016 US\$'000
Trade payables	982,766	1,336,642
Value added tax payable	17,051	18,714
Amounts due to joint ventures - trade	52,955	30,916
Amounts due to associates - trade	41,976	37,547
Amounts due to related parties - trade	98	76,435
	<b>1,094,846</b>	<b>1,500,254</b>

Trade payables, including amounts due to joint ventures, associates and related parties, are non-interest bearing and the average turnover is 12 days (2016: 13 days).

### *Total financial liabilities*

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Trade payables	1,094,846	1,500,254	–	–
Other financial payables - current	1,397,906	1,348,963	2,896,464	2,084,329
Other financial payables - non-current	69,220	51,314	–	–
Loans and borrowings	19,826,540	17,020,259	323,000	384,249
Total financial liabilities carried at amortised cost	<b>22,388,512</b>	<b>19,920,790</b>	<b>3,219,464</b>	<b>2,468,578</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 26. OTHER FINANCIAL PAYABLES

#### OTHER NON-FINANCIAL LIABILITIES

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
<b>Other Financial Payables</b>				
<b>Current:</b>				
Advances from non-controlling shareholders of subsidiaries	89,628	96,824	-	-
Accrued operating expenses	815,949	738,518	10,061	10,348
Amounts due to subsidiaries - non-trade	-	-	2,884,512	2,072,186
Amounts due to joint ventures - non-trade	19,044	15,605	-	5
Amounts due to associates - non-trade	17,656	33,720	-	132
Amounts due to related parties - non-trade	8,146	8,142	92	93
Deposits from third parties	145,978	150,397	-	-
Payable for property, plant and equipment	55,889	62,475	-	-
Other tax payables	11,355	12,218	-	-
Other payables	234,261	231,064	1,799	1,565
<b>Other financial payables</b>	<b>1,397,906</b>	<b>1,348,963</b>	<b>2,896,464</b>	<b>2,084,329</b>
<b>Non-current:</b>				
Advances from non-controlling shareholders of subsidiaries	66,552	50,947	-	-
Other payables	2,668	367	-	-
<b>Other financial payables</b>	<b>69,220</b>	<b>51,314</b>	<b>-</b>	<b>-</b>
<b>Other Non-Financial Liabilities</b>				
<b>Current:</b>				
Advances from customers and others	400,616	571,077	-	-
<b>Other non-financial liabilities</b>	<b>400,616</b>	<b>571,077</b>	<b>-</b>	<b>-</b>
<b>Non-current:</b>				
Provision for employee gratuity	125,610	94,515	-	-
Deferred income - government grants	31,380	23,670	-	-
<b>Other non-financial liabilities</b>	<b>156,990</b>	<b>118,185</b>	<b>-</b>	<b>-</b>

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\$8,484,000 (2016: US\$13,752,000) and amounts due to joint ventures of approximately US\$18,970,000 (2016: US\$14,847,000), which bear interest ranging from 1.0% to 9.0% (2016: 1.0% to 9.0%). These 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\$62,003,000 (2016: US\$69,304,000), which bear interest ranging from 2.4% to 8.1% (2016: 2.4% to 7.8%). These are expected to be settled in cash.

There are no unfulfilled conditions or contingencies attached to the deferred government grants.

## 27. LOANS AND BORROWINGS

	Note	Maturity	Weighted average interest rate		Group		Company	
			2017 %	2016 %	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
<b>Current:</b>								
Bank term loans	(a)	2018	5	2	2,556,522	2,483,908	-	-
Short term/pre-shipment loans	(a)	2018	3	2	8,094,977	4,608,351	-	-
Trust receipts/bill discounts	(a)	2018	1	1	5,459,334	5,310,391	-	-
Bank overdrafts	(b)	2018	6	5	19,483	117,157	-	-
Medium term notes		2018	-	4	-	169,212	-	169,212
					<b>16,130,316</b>	<b>12,689,019</b>	<b>-</b>	<b>169,212</b>
<b>Non-current:</b>								
Bank term loans	(a)	2019-2024	3	4	3,373,224	4,116,203	-	-
Medium term notes	(c)	2019-2022	3	4	323,000	215,037	323,000	215,037
					<b>3,696,224</b>	<b>4,331,240</b>	<b>323,000</b>	<b>215,037</b>
<b>Total loans and borrowings</b>					<b>19,826,540</b>	<b>17,020,259</b>	<b>323,000</b>	<b>384,249</b>

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, bearer plants, fixed deposits, trade receivables, other deposits with financial institutions and corporate guarantees from the Company and certain subsidiaries.

**(b) Bank overdrafts**

Certain bank overdrafts are secured by trade receivables and corporate guarantees from the Company.

**(c) Medium term notes**

During the financial year ended 31 December 2012, the Company issued a 5-year Medium Term Note of S\$250 million at a fixed rate of 3.50% per annum and a 7-year Medium Term Note of S\$100 million at a fixed rate of 4.10% per annum.

The Company issued the following notes during the financial year ended 31 December 2014:

- on 17 April 2014, a 7-year Medium Term Note of HK\$300 million at a fixed rate of 4.70% per annum; and
- on 17 July 2014, a 7-year Medium Term Note of Euro 100 million at a fixed rate of 3.03% per annum.

During the financial year ended 31 December 2017, the Company issued a 5-year Medium Term Note of Japanese Yen ("JPY") 10 billion at a fixed rate of 0.58% per annum.

**(d)** The bank facilities, up to a limit of approximately US\$8,968,544,000 (2016: US\$10,676,090,000), are guaranteed by the Company and certain subsidiaries.

**(e)** The Group has bank loans and other bank deposits amounting to approximately US\$2,792,690,000 (2016: US\$2,530,097,000), disclosed off-balance sheet for the financial year ended 31 December 2017 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.



## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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 2016, 31 December 2016, 1 January 2017 and 31 December 2017	<b>6,403,402</b>	8,458,995	<b>6,403,402</b>	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 2016	(83,414)	(168,155)
Acquired during the financial year	(4,198)	(9,371)
Reissued pursuant to employee share option plans:		
– For cash on exercise of employee share options	1,050	2,536
– Transferred from employee share option reserve	–	531
– Transferred to general reserve on reissuance of treasury shares	–	(853)
	1,050	2,214
At 31 December 2016 and 1 January 2017	<b>(86,562)</b>	<b>(175,312)</b>
Reissued pursuant to employee share option plans:		
– For cash on exercise of employee share options	8,848	21,622
– Transferred from employee share option reserve	–	4,909
– Transferred to general reserve on reissuance of treasury shares	–	(7,428)
	8,848	19,103
At 31 December 2017	<b>(77,714)</b>	<b>(156,209)</b>

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

No shares (2016: 4,198,000) had been acquired during the financial year.

Options for a total of 8,848,000 ordinary shares (2016: 1,050,000) were exercised during the financial year pursuant to Wilmar ESOS 2009.

## 29. OTHER RESERVES

### (a) Composition

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Capital reserve	145,383	145,383	145,379	145,379
Merger reserve	(1,929,314)	(1,929,314)	-	-
Foreign currency translation reserve	(932,884)	(1,444,850)	-	-
General reserve	295,880	266,225	10,270	2,842
Equity transaction reserve	(232,105)	(217,090)	-	-
Hedging reserve	22,173	(63,725)	-	-
Employee share option reserve	56,342	52,088	56,342	52,088
Fair value reserve	109,952	81,454	-	-
Total other reserves	(2,464,573)	(3,109,829)	211,991	200,309

### (b) Movements

#### (i) Capital reserve

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
At 1 January and 31 December	145,383	145,383	145,379	145,379

Capital reserve includes both shares granted to employees and the equity component of convertible bonds.

Capital reserve arising from granting of 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.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 29. OTHER RESERVES (CONTINUED)

#### (b) Movements (continued)

##### (ii) Merger reserve

	Group	
	2017 US\$'000	2016 US\$'000
At 1 January and 31 December	<b>(1,929,314)</b>	(1,929,314)

Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under the acquisition of all WHPL interests in its subsidiaries and associated companies, save for its interests in the Company, and shares owned by Archer Daniels Midland Asia-Pacific Limited ("ADM") and/or its affiliated companies ("ADM Group") in companies where ADM Group holds shares with WHPL, together with non-controlling interests held by WHPL in certain subsidiaries of the Company ("IPT Assets"). The above transaction was accounted for using the pooling-of-interest method in 2007.

##### (iii) Foreign currency translation reserve

	Group	
	2017 US\$'000	2016 US\$'000
At 1 January	<b>(1,444,850)</b>	(986,359)
Currency translation differences of foreign operations	<b>512,055</b>	(453,515)
Disposal of subsidiaries	<b>(89)</b>	(4,976)
At 31 December	<b>(932,884)</b>	(1,444,850)

## 29. OTHER RESERVES (CONTINUED)

### (b) Movements (continued)

#### (iv) General reserve

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
At 1 January	266,225	260,816	2,842	1,989
Transferred from retained earnings	35,074	8,932	–	–
Gain on reissuance of treasury shares	7,428	853	7,428	853
Loss on remeasurement of defined benefit plan	(12,847)	(4,376)	–	–
At 31 December	295,880	266,225	10,270	2,842

- (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.
- (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) Loss on remeasurement of defined benefit plan arises from remeasurements of defined benefit plan. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income as general reserve in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

#### (v) Equity transaction reserve

	Group	
	2017 US\$'000	2016 US\$'000
At 1 January	(217,090)	(180,891)
Share of changes in equity transaction reserve of a joint venture	(322)	(10,557)
Acquisition of additional interest in subsidiaries	(14,693)	(25,642)
At 31 December	(232,105)	(217,090)

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 29. OTHER RESERVES (CONTINUED)

#### (b) Movements (continued)

##### (vi) Hedging reserve

	Group	
	2017 US\$'000	2016 US\$'000
At 1 January	(63,725)	(16,255)
Fair value adjustment on cash flow hedges	93,737	(23,867)
Recognised in the income statement on derivatives contracts realised	(7,832)	(23,488)
Disposal of subsidiaries	(7)	(115)
At 31 December	22,173	(63,725)

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	
	2017 US\$'000	2016 US\$'000
At 1 January	52,088	45,425
Grant of equity-settled share options	9,163	7,194
Reissuance of treasury shares pursuant to exercise of equity-settled share options	(4,909)	(531)
At 31 December	56,342	52,088

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	
	2017 US\$'000	2016 US\$'000
At 1 January	81,454	95,886
Fair value adjustment on available-for-sale financial assets	28,537	(14,258)
Recognised in the income statement on disposal of available-for-sale financial assets	(39)	(174)
At 31 December	109,952	81,454

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed or impaired.



### 30. PROVISION FOR EMPLOYEE GRATUITY

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

	Group	
	2017	2016
Discount rate	7.85% per annum	8.9% per annum
Wages and salaries increase	10% per annum	10% per annum
Retirement age	56 years of age in 2015 57 years of age in 2019 and increase by 1 year for each 3 year thereafter until reaching 65 year of age	56 years of age in 2015 57 years of age in 2019 and increase by 1 year for each 3 year thereafter until reaching 65 year 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	
	2017 US\$'000	2016 US\$'000
Current service costs	8,886	10,187
Adjustment of new entrant employees/transfers	1,224	9,296
Interest costs	7,870	5,818
Curtailement loss	(164)	(650)
Past service costs	(22)	(91)
	<b>17,794</b>	<b>24,560</b>

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

	Group	
	2017 US\$'000	2016 US\$'000
Present value of benefit obligation	125,610	94,515
Provision for employee gratuity	125,610	94,515

Movement in provision for employee gratuity is as follows:

	Group	
	2017 US\$'000	2016 US\$'000
At 1 January	94,515	63,573
Provision made for the year	17,794	24,560
Payments during the year	(3,814)	(1,499)
Currency translation differences	(616)	1,913
Remeasurements of defined benefit plan during the year	17,731	5,968
At 31 December	<b>125,610</b>	<b>94,515</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 31. EMPLOYEE BENEFITS

	Group	
	2017 US\$'000	2016 US\$'000
<b>Employee benefits expense (including directors):</b>		
Salaries and bonuses	967,950	924,803
Defined contribution plans	114,166	102,483
Share-based payments	9,163	7,194
Other short term benefits	90,005	88,043
Other long-term benefits	19,929	24,601
	<b>1,201,213</b>	<b>1,147,124</b>
Less: Amount capitalised as bearer plants	<b>(2,842)</b>	<b>(2,190)</b>
	<b>1,198,371</b>	<b>1,144,934</b>

#### *Share option schemes*

##### Wilmar ESOS 2009

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

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

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

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

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

##### *2012 Grant*

On 12 July 2012, the Company granted options to subscribe for a total of 26,800,000 ordinary shares at S\$3.63 per share (based on Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. Outstanding options which were not exercised have expired on 13 July 2017.

### 31. EMPLOYEE BENEFITS (CONTINUED)

#### *Share option schemes (continued)*

##### *2013 Grant*

On 13 November 2013, the Company granted options to subscribe for a total of 49,315,000 ordinary shares at S\$3.44 per share (based on Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2017 the number of outstanding option shares that were not exercised under this grant was 38,187,500.

All options granted under the 2012 Grant and 2013 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 1<sup>st</sup> anniversary of the date of grant – 33% of options granted
- After 2<sup>nd</sup> anniversary of the date of grant – 33% of options granted
- After 3<sup>rd</sup> anniversary of the date of grant – 34% of options granted

##### For Non-Executive Directors

All options are exercisable after 1<sup>st</sup> anniversary of the date of grant.

##### *2015 Grant*

On 18 June 2015, the Company granted options to subscribe for a total of 52,400,000 ordinary shares at S\$3.05 per share (at a 7.63% discount to the Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2017 the number of outstanding ordinary shares that were not exercised under this option grant was 45,806,900.

##### *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 2017 the number of outstanding ordinary shares that were not exercised under this option grant was 62,280,000 (including Mr George Yeo's outstanding option to subscribe for 500,000 shares which lapsed on 1 January 2018).

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

##### For Non-Executive Directors

All options are exercisable after 2<sup>nd</sup> anniversary of the date of grant.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 31. EMPLOYEE BENEFITS (CONTINUED)

#### Share option schemes (continued)

As at 31 December 2017, the total number of ordinary shares exercisable under the options granted pursuant to the Wilmar ESOS 2009 was 146,274,400 ordinary shares (2016: 118,550,000 ordinary shares).

Date of grant	Opening balance	Options granted	Options lapsed	Options exercised	Closing balance	Exercise price	Exercise period
<b>2017</b>							
<i>Wilmar ESOS 2009</i>							
12.07.2012	8,917,550	-	(7,650,400)	(1,267,150)	-	S\$3.63	13.07.2013 to 12.07.2017
12.07.2012	7,667,550	-	(6,825,400)	(842,150)	-	S\$3.63	13.07.2014 to 12.07.2017
12.07.2012	7,899,900	-	(7,252,200)	(647,700)	-	S\$3.63	13.07.2015 to 12.07.2017
	<u>24,485,000</u>	-	<u>(21,728,000)</u>	<u>(2,757,000)</u>	-		
13.11.2013	16,417,700	-	(622,050)	(2,028,250)	13,767,400	S\$3.44	14.11.2014 to 13.11.2018
13.11.2013	13,633,200	-	(622,050)	(1,381,250)	11,629,900	S\$3.44	14.11.2015 to 13.11.2018
13.11.2013	14,064,100	-	(640,900)	(633,000)	12,790,200	S\$3.44	14.11.2016 to 13.11.2018
	<u>44,115,000</u>	-	<u>(1,885,000)</u>	<u>(4,042,500)</u>	<u>38,187,500</u>		
18.06.2015	18,694,500	-	(691,350)	(2,048,100)	15,955,050	S\$3.05	19.06.2017 to 18.06.2020
18.06.2015	15,394,500	-	(691,350)	-	14,703,150	S\$3.05	19.06.2018 to 18.06.2020
18.06.2015	15,861,000	-	(712,300)	-	15,148,700	S\$3.05	19.06.2019 to 18.06.2020
	<u>49,950,000</u>	-	<u>(2,095,000)</u>	<u>(2,048,100)</u>	<u>45,806,900</u>		
08.09.2017	-	23,735,050	(100,650)	-	23,634,400	S\$3.04	09.09.2019 to 08.09.2022
08.09.2017	-	19,135,050	(100,650)	-	19,034,400	S\$3.04	09.09.2020 to 08.09.2022
08.09.2017	-	19,714,900	(103,700)	-	19,611,200	S\$3.04	09.09.2021 to 08.09.2022
	-	<u>62,585,000</u>	<u>(305,000)</u>	-	<u>62,280,000</u>		
<b>Total</b>	<b>118,550,000</b>	<b>62,585,000</b>	<b>(26,013,000)</b>	<b>(8,847,600)</b>	<b>146,274,400</b>		

### 31. EMPLOYEE BENEFITS (CONTINUED)

#### Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options lapsed	Options exercised	Closing balance	Exercise price	Exercise period
<b>2016</b>							
<i>Wilmar ESOS 2009</i>							
12.07.2012	9,331,700	-	(414,150)	-	8,917,550	S\$3.63	13.07.2013 to 12.07.2017
12.07.2012	8,081,700	-	(414,150)	-	7,667,550	S\$3.63	13.07.2014 to 12.07.2017
12.07.2012	8,326,600	-	(426,700)	-	7,899,900	S\$3.63	13.07.2015 to 12.07.2017
	<u>25,740,000</u>	<u>-</u>	<u>(1,255,000)</u>	<u>-</u>	<u>24,485,000</u>		
13.11.2013	17,705,450	-	(858,000)	(429,750)	16,417,700	S\$3.44	14.11.2014 to 13.11.2018
13.11.2013	14,805,450	-	(858,000)	(314,250)	13,633,200	S\$3.44	14.11.2015 to 13.11.2018
13.11.2013	15,254,100	-	(884,000)	(306,000)	14,064,100	S\$3.44	14.11.2016 to 13.11.2018
	<u>47,765,000</u>	<u>-</u>	<u>(2,600,000)</u>	<u>(1,050,000)</u>	<u>44,115,000</u>		
18.06.2015	19,329,750	-	(635,250)	-	18,694,500	S\$3.05	19.06.2017 to 18.06.2020
18.06.2015	16,029,750	-	(635,250)	-	15,394,500	S\$3.05	19.06.2018 to 18.06.2020
18.06.2015	16,515,500	-	(654,500)	-	15,861,000	S\$3.05	19.06.2019 to 18.06.2020
	<u>51,875,000</u>	<u>-</u>	<u>(1,925,000)</u>	<u>-</u>	<u>49,950,000</u>		
Total	<u>125,380,000</u>	<u>-</u>	<u>(5,780,000)</u>	<u>(1,050,000)</u>	<u>118,550,000</u>		

Options for a total of 62,585,000 ordinary shares (2016: Nil) were granted during the financial year ended 31 December 2017. The weighted average fair value of options granted during the financial year ended 2017 was S\$0.56.

Options for a total of 8,847,600 ordinary shares (2016: 1,050,000 ordinary shares) were exercised during the financial year pursuant to Wilmar ESOS 2009.

The weighted average share price at the date of exercise of the options during the financial year was S\$3.59 (2016: S\$3.66).

The range of exercise prices for options outstanding at the end of 31 December 2017 and 31 December 2016 were from S\$3.04 to S\$3.63 and S\$3.05 to S\$3.63 respectively. The weighted average contractual life for these options was 3.0 years (2016: 2.3 years).



## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 31. EMPLOYEE BENEFITS (CONTINUED)

#### *Share option schemes (continued)*

The fair values of the options are estimated at the respective grant dates using trinomial option pricing in the Bloomberg Executive Option Valuation Module, taking into account the terms and conditions upon which the options were granted. The inputs to the models used are as follows:

Grant year	2017	2016
Dividend (S\$ per share)	0.11	No issuance
Expected volatility	0.21	No issuance
Risk-free interest rate (% p.a.)	1.61	No issuance
Expected life of option (years)	3.00 to 4.00	No issuance
Weighted average share price at date of grant (S\$)	3.24	No issuance

The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

### 32. COMMITMENTS AND CONTINGENCIES

#### (a) *Capital commitments*

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2017 US\$'000	2016 US\$'000
Capital commitments in respect of property, plant and equipment	476,942	256,257

#### (b) *Operating lease commitments – as lessee*

The Group has entered into commercial leases on certain premises and equipment. Future minimum rental payable under non-cancellable operating leases at the balance sheet date are as follows:

	Group	
	2017 US\$'000	2016 US\$'000
Not later than one year	27,242	24,147
Later than one year but not later than five years	27,625	33,127
Later than five years	17,405	15,076
	72,272	72,350

### 32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### (b) Operating lease commitments – as lessee (continued)

The Group's material joint venture's future minimum rental payable under non-cancellable operating leases at the balance sheet date are as follows:

	FPW Singapore Holdings Pte. Ltd.	
	2017 US\$'000	2016 US\$'000
Not later than one year	21,094	15,718
Later than one year but not later than five years	47,834	39,820
Later than five years	48,474	43,508
	<b>117,402</b>	<b>99,046</b>

#### (c) Commitments for sales and purchases contracts

The Group has the following committed sales and purchases contracts that are entered into for the use of the Group. The contractual or underlying principal amounts of the committed contracts with fixed pricing terms that were outstanding as at 31 December are as follows:

	2017 US\$'000	2016 US\$'000
<b>Committed contracts</b>		
Purchases	4,596,064	4,036,129
Sales	6,974,687	5,216,690

#### (d) Corporate guarantees

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

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Subsidiaries	–	–	9,467,941	9,814,919
Associates	365,552	459,242	359,409	453,484
	<b>365,552</b>	<b>459,242</b>	<b>9,827,350</b>	<b>10,268,403</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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	
	2017 US\$'000	2016 US\$'000
<b>Related Parties</b>		
Dividend income	534	383
Freight charges	29,581	19,849
Interest expense	198	45
Interest income	1,119	6,105
Other income	418	380
Other expense	865	4,970
Purchase of goods	1,906,062	1,468,238
Sales of goods	1,073,864	369,072
Ship charter income	8,278	11,564
<b>Joint ventures</b>		
Dividend income	9,055	16,089
Freight charges	122,220	80,522
Interest expense	1,349	520
Interest income	12,829	9,404
Other income	19,764	10,429
Other expense	113	2,836
Purchase of goods	863,413	664,024
Sales of goods	1,683,583	1,305,269
Ship charter income	16,746	15,875
<b>Associates</b>		
Dividend income	47,119	38,919
Freight charges	1,518	3,349
Interest expense	821	640
Interest income	6,880	4,965
Other income	24,394	11,466
Other expense	37,253	50,346
Purchase of goods	646,835	642,487
Sales of goods	859,727	1,037,826
Ship charter income	65,933	45,772

**33. RELATED PARTY DISCLOSURES (CONTINUED)**  
**(b) Compensation of key management personnel**

	Group	
	2017 US\$'000	2016 US\$'000
Defined contribution plans	220	199
Salaries and bonuses	26,030	18,334
Short term employee benefits (including grant of share options)	2,393	2,416
	<b>28,643</b>	20,949
 <i>Comprise amounts paid to:</i>		
Directors of the Company	13,012	7,152
Other key management personnel	15,631	13,797
	<b>28,643</b>	20,949

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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 2017 US\$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Assets measured at fair value</b>				
Financial assets:				
Available-for-sale financial assets	5,747	443,804	37,906	487,457
Financial assets held for trading	421,328	-	-	421,328
Derivatives				
- Forward currency contracts, options and cross currency interest rate swaps	-	120,242	-	120,242
- Futures, options, swap contracts, interest rate swap and firm commitment contracts	143,370	110,205	-	253,575
At 31 December 2017	570,445	674,251	37,906	1,282,602
Non-financial assets:				
Biological assets	-	-	39,363	39,363
At 31 December 2017	-	-	39,363	39,363
<b>Liabilities measured at fair value</b>				
Financial liabilities:				
Derivatives				
- Forward currency contracts, options and cross currency interest rate swaps	-	342,567	-	342,567
- Futures, options, swap contracts, interest rate swap and firm commitment contracts	128,071	58,358	-	186,429
At 31 December 2017	128,071	400,925	-	528,996



### 34. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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

	Group 2016 US\$'000			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at fair value</b>				
Financial assets:				
Available-for-sale financial assets	156,933	448,731	35,037	640,701
Financial assets held for trading	316,632	–	–	316,632
Derivatives				
– Forward currency contracts, options and cross currency interest rate swaps	–	311,686	–	311,686
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	134,039	133,793	–	267,832
At 31 December 2016	607,604	894,210	35,037	1,536,851
Non-financial assets:				
Biological assets	–	–	49,439	49,439
At 31 December 2016	–	–	49,439	49,439
<b>Liabilities measured at fair value</b>				
Financial liabilities:				
Derivatives				
– Forward currency contracts, options and cross currency interest rate swaps	–	262,636	–	262,636
– Futures, options, swap contracts, interest rate swap and firm commitment contracts	165,954	173,865	–	339,819
At 31 December 2016	165,954	436,501	–	602,455

#### 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).

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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
<ul style="list-style-type: none"><li>• Quoted equity instruments</li></ul>	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.
<ul style="list-style-type: none"><li>• Unquoted non-equity instruments</li></ul>	The fair value is determined by reference to valuation provided by non-related fund managers.
<ul style="list-style-type: none"><li>• Forward currency contracts</li></ul>	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
<ul style="list-style-type: none"><li>• Futures, options and swap contracts, interest rate swap and firm commitment contracts</li></ul>	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.
<ul style="list-style-type: none"><li>• Biological assets</li></ul>	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(e) for more details.

### 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		
	Available-for-sale financial assets	Biological assets	Total
At 1 January 2016	35,508	65,486	100,994
Total loss recognised in the income statement			
– Net loss arising from changes in fair value of biological assets	–	(16,047)	(16,047)
Total loss recognised in the other comprehensive income			
– Foreign currency translation	(471)	–	(471)
At 31 December 2016 and 1 January 2017	<b>35,037</b>	<b>49,439</b>	<b>84,476</b>
Total loss recognised in the income statement			
– Net loss arising from changes in fair value of biological assets	–	(10,028)	(10,028)
Total loss recognised in the other comprehensive income			
– Foreign currency translation	<b>2,869</b>	<b>(48)</b>	<b>2,821</b>
At 31 December 2017	<b>37,906</b>	<b>39,363</b>	<b>77,269</b>

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2017 and 31 December 2016.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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			
	2017 US\$'000		2016 US\$'000	
	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
<b>Available-for-sale financial assets</b>				
– Quoted equity instruments	37,906	–	35,037	–

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.

#### (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			
	2017 US\$'000		2016 US\$'000	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>				
Other financial receivables	112,047	#	205,832	#
Equity instruments, at cost	80,621	*	60,004	*
<b>Financial liabilities:</b>				
Other financial payables	69,220	#	51,314	#

	Company			
	2017 US\$'000		2016 US\$'000	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>				
Other financial receivables	410,271	#	399,634	#

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

\* *Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in the companies that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.*



## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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 2017 and 31 December 2016.

To ensure a sound system of internal controls, the Board has established a risk management framework for the Group. Wilmar's risk governance structure comprises three levels:

- The Risk Management Committee at the Board level;
- The Executive Risk Committee; and
- Risk management by the respective operating units.

The Board-level Risk Management Committee is responsible for

- overseeing the Executive Risk Committee;
- reviewing the overall risk management guidelines/framework;
- reviewing and recommending risk limits; and
- assessing the adequacy and effectiveness of the risk management policies and systems.

The Executive Risk Committee comprises Senior Executives and its responsibilities include, amongst others, the monitoring and improvement of the overall effectiveness of the risk management system and the review of positions and limits to manage overall risk exposure.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. For 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.

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (a) Credit risk (continued)

##### 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 doubtful receivables) at the balance sheet date is as follows:

	Group			
	2017 US\$'000	%	2016 US\$'000	%
<b>By country:</b>				
People's Republic of China	1,332,467	32	1,237,851	30
South East Asia	1,152,848	28	1,144,724	28
Europe	257,927	6	288,198	7
India	232,450	6	180,131	4
Africa	137,543	3	195,021	5
Australia/New Zealand	106,895	3	361,560	9
Others	880,928	22	679,584	17
	<b>4,101,058</b>	<b>100</b>	<b>4,087,069</b>	<b>100</b>

	Group			
	2017 US\$'000	%	2016 US\$'000	%
<b>By segment:</b>				
Tropical Oils	2,146,352	52	1,936,142	48
Oilseeds and Grains	1,155,508	28	1,026,981	25
Sugar	552,310	14	832,201	20
Others	246,888	6	291,745	7
	<b>4,101,058</b>	<b>100</b>	<b>4,087,069</b>	<b>100</b>

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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, available-for-sale financial assets, financial assets held for trading and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

##### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group maintains sufficient liquidity by closely monitoring its cash flow. Due to the dynamic nature of its underlying business, the Group adopts prudent liquidity risk management policies in maintaining sufficient credit facilities, including the use of trade finance for the Group's raw material purchases. The Group also aims at maintaining flexibility in funding by keeping credit facilities available with different banks.

##### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted amounts.

	2017 US\$'000				2016 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
<b>Group</b>								
<b>Financial assets:</b>								
Available-for-sale financial assets	-	568,078	-	568,078	-	700,705	-	700,705
Financial assets held for trading	421,328	-	-	421,328	316,632	-	-	316,632
Trade and other financial receivables	9,567,908	113,066	-	9,680,974	6,477,261	214,163	-	6,691,424
Derivative financial instruments	368,166	5,651	-	373,817	546,885	32,633	-	579,518
Total cash and bank balances	2,977,186	-	-	2,977,186	3,968,281	-	-	3,968,281
<b>Total undiscounted financial assets</b>	<b>13,334,588</b>	<b>686,795</b>	<b>-</b>	<b>14,021,383</b>	<b>11,309,059</b>	<b>947,501</b>	<b>-</b>	<b>12,256,560</b>

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (b) Liquidity risk (continued)

	2017 US\$'000				2016 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
<b>Group</b>								
<b>Financial liabilities:</b>								
Trade and other financial payables	2,495,337	69,495	–	2,564,832	2,852,694	55,276	–	2,907,970
Derivative financial instruments	503,797	25,199	–	528,996	495,322	107,133	–	602,455
Loans and borrowings	16,313,908	3,856,395	7,486	20,177,789	12,783,280	4,506,867	7,486	17,297,633
Total undiscounted financial liabilities	19,313,042	3,951,089	7,486	23,271,617	16,131,296	4,669,276	7,486	20,808,058
Total net undiscounted financial liabilities	(5,978,454)	(3,264,294)	(7,486)	(9,250,234)	(4,822,237)	(3,721,775)	(7,486)	(8,551,498)

	2017 US\$'000				2016 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
<b>Company</b>								
<b>Financial assets:</b>								
Trade and other financial receivables	3,973,182	411,985	–	4,385,167	3,406,538	402,505	–	3,809,043
Total cash and bank balances	3,037	–	–	3,037	4,057	–	–	4,057
Total undiscounted financial assets	3,976,219	411,985	–	4,388,204	3,410,595	402,505	–	3,813,100
<b>Financial liabilities:</b>								
Trade and other financial payables	2,896,464	–	–	2,896,464	2,084,329	–	–	2,084,329
Loans and borrowings	–	323,000	–	323,000	169,212	215,037	–	384,249
Total undiscounted financial liabilities	2,896,464	323,000	–	3,219,464	2,253,541	215,037	–	2,468,578
Total net undiscounted financial assets/ (liabilities)	1,079,755	88,985	–	1,168,740	1,157,054	187,468	–	1,344,522

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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.

	2017 US\$'000				2016 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
<b>Group</b>								
Financial guarantees	200,618	164,934	-	365,552	271,243	187,999	-	459,242
<b>Company</b>								
Financial guarantees	4,637,175	5,190,175	-	9,827,350	3,917,186	6,348,967	2,250	10,268,403

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to joint ventures, associates, related parties and non-controlling shareholders of subsidiaries and fixed deposits with financial institutions.

At the balance sheet date, if the interest rates had been 50 (2016: 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\$66,217,000 (2016: US\$67,045,000), 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 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) 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 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% (2016: 5%) strengthening of the United States dollar against the following currencies at the balance sheet date would have increased/(decreased) profit before tax and equity by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group			
	Profit before tax		Equity (Hedging Reserve)	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Chinese Renminbi	(23,401)	17,605	(5,127)	28,063
Malaysian Ringgit	(8,009)	19,670	8,437	(17,893)
Indonesian Rupiah	(20,164)	(35,213)	(33,600)	(20,900)
Others	(5,401)	3,130	5,370	(865)

#### (e) Commodity price risk

The prices of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subjected to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise its risks arising from such fluctuations by hedging its sales either through direct purchases of a similar commodity or through futures contracts on the commodity exchanges. The prices on the commodity exchanges are generally quoted up to twelve months forward.

In the course of hedging its sales either through direct purchases or through futures, options and swap contracts, the Group may also be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place a risk management system to manage such risk exposure.

At the balance sheet date, a 5% (2016: 5%) increase/decrease of the commodities price indices, with all other variables held constant, would have (decreased)/increased profit before tax and equity by the amounts as shown below:

	Group	
	2017 US\$'000	2016 US\$'000
Effect of increase in commodities price indices on		
Profit before tax	(80,695)	(147,811)
Equity (hedging reserve)	(32,875)	(30,854)
Effect of decrease in commodities price indices on		
Profit before tax	80,695	147,811
Equity (hedging reserve)	32,875	30,854



## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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 quoted equity instruments. These instruments are classified as financial assets held for trading or available-for-sale financial assets.

#### Sensitivity analysis for equity price risk

At the balance sheet date, if the market price had been 5% (2016: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been approximately US\$21,067,000 (2016: US\$15,832,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's other reserves in equity would have been approximately US\$10,153,000 (2016: US\$17,656,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale financial assets.

### 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 shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 31 December 2016.

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	
	2017 US\$'000	2016 US\$'000
Shareholders' funds	15,963,592	14,434,534
Loans and borrowings	19,826,540	17,020,259
Less: Cash and bank balances	(2,957,434)	(3,906,766)
Less: Other deposits with financial institutions - current	(4,272,969)	(1,421,311)
Net debt	12,596,137	11,692,182
Net gearing ratio (times)	0.79	0.81

### 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	
	2017 US\$'000	2016 US\$'000
Shareholders' funds	15,963,592	14,434,534
Liquid working capital:		
Inventories (excluding consumables)	7,830,345	6,653,599
Trade receivables	4,101,058	4,087,069
Less: Current liabilities (excluding loans and borrowings)	(3,556,813)	(4,034,127)
Total liquid working capital	8,374,590	6,706,541
Adjusted net debt	4,221,547	4,985,641
Adjusted net gearing ratio (times)	0.26	0.35

### 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 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 wheat 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 respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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, 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.

2017	Tropical Oils US\$'000	Oilseeds and Grains US\$'000	Sugar US\$'000	Others US\$'000	Eliminations US\$'000	Per Consolidated Financial Statements US\$'000
<b>Revenue:</b>						
Sales to external customers	17,970,078	19,803,936	5,054,732	1,017,583	–	43,846,329
Inter-segment	97,174	2,423	2	1,102,699	(1,202,298)	–
Total revenue	18,067,252	19,806,359	5,054,734	2,120,282	(1,202,298)	43,846,329
<b>Results:</b>						
Segment results	426,157	734,993	(24,643)	242,031	–	1,378,538
Share of results of joint ventures	19,797	(8,943)	3,337	20,618	–	34,809
Share of results of associates	27,156	127,560	30,518	8,278	–	193,512
Unallocated expenses						(9,163)
Profit before tax						1,597,696
Income tax expense						(290,876)
Profit after tax						1,306,820
<b>Assets and Liabilities:</b>						
Segment assets	14,424,061	17,219,034	3,242,935	6,086,222	(3,912,000)	37,060,252
Investment in joint ventures	421,880	676,925	3,437	49,704	–	1,151,946
Investment in associates	231,417	1,374,547	334,968	334,918	–	2,275,850
Unallocated assets						444,525
Total assets						40,932,573
Segment liabilities	8,147,696	10,528,401	2,813,513	5,574,504	(3,912,000)	23,152,114
Unallocated liabilities						795,360
Total liabilities						23,947,474
<b>Other segment information</b>						
Additions to non-current assets	297,079	344,024	93,695	212,106	–	946,904
Depreciation, impairment and amortisation	318,984	222,036	152,530	81,401	–	774,951
Finance income	112,594	244,211	15,777	130,526	(248,869)	254,239
Finance cost	(236,302)	(276,172)	(58,244)	(137,551)	248,869	(459,400) <sup>#</sup>

<sup>#</sup> Including non-operating finance costs amounting to approximately US\$24,497,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

### 37. SEGMENT INFORMATION (CONTINUED)

2016						
	Tropical Oils US\$'000	Oilseeds and Grains US\$'000	Sugar US\$'000	Others US\$'000	Eliminations US\$'000	Per Consolidated Financial Statements US\$'000
<b>Revenue:</b>						
Sales to external customers	16,768,176	17,811,357	5,861,814	960,343	–	41,401,690
Inter-segment	86,967	1,810	–	908,011	(996,788)	–
Total revenue	16,855,143	17,813,167	5,861,814	1,868,354	(996,788)	41,401,690
<b>Results:</b>						
Segment results	689,240	251,069	125,333	100,629	–	1,166,271
Share of results of joint ventures	12,395	(3,568)	–	563	–	9,390
Share of results of associates	27,049	91,810	14,674	(2,047)	–	131,486
Unallocated expenses						(7,194)
Profit before tax						1,299,953
Income tax expense						(206,294)
Profit after tax						1,093,659
<b>Assets and Liabilities:</b>						
Segment assets	13,982,477	14,309,637	3,557,974	6,213,830	(4,353,447)	33,710,471
Investment in joint ventures	359,279	668,664	–	23,482	–	1,051,425
Investment in associates	207,518	1,205,260	321,995	117,212	–	1,851,985
Unallocated assets						418,545
Total assets						37,032,426
Segment liabilities	7,832,390	8,422,731	3,273,090	5,653,494	(4,353,447)	20,828,258
Unallocated liabilities						825,203
Total liabilities						21,653,461
<b>Other segment information</b>						
Additions to non-current assets	305,878	279,786	84,306	88,648	–	758,618
Depreciation, impairment and amortisation	317,949	212,798	149,875	83,596	–	764,218
Finance income	134,029	193,023	11,001	110,200	(256,634)	191,619
Finance cost	(231,982)	(219,066)	(50,155)	(127,373)	256,634	(371,942) <sup>#</sup>

<sup>#</sup> Including non-operating finance costs amounting to approximately US\$23,411,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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:

	2017 US\$'000	2016 US\$'000
Share-based payments (executive share options)	(9,163)	(7,194)
	<u>(9,163)</u>	<u>(7,194)</u>

C Additions to non-current assets consist of additions to property, plant and equipment, intangible assets and bearer plants.

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

	2017 US\$'000	2016 US\$'000
Deferred tax assets	321,463	312,403
Tax recoverables	123,062	106,142
	<u>444,525</u>	<u>418,545</u>

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

	2017 US\$'000	2016 US\$'000
Deferred tax liabilities	312,712	322,443
Tax payables	159,648	118,511
Medium term notes	323,000	384,249
	<u>795,360</u>	<u>825,203</u>

### 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	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
South East Asia	8,930,374	8,360,734	7,047,544	6,987,288
People's Republic of China	22,392,019	20,255,675	6,897,668	6,428,927
India	1,754,331	1,316,820	149,981	110,316
Europe	2,585,691	2,711,236	253,218	250,314
Australia / New Zealand	1,051,821	1,500,830	1,994,381	1,955,871
Africa	2,445,244	2,352,440	772,673	706,936
Others	4,686,849	4,903,955	342,519	111,411
	<b>43,846,329</b>	<b>41,401,690</b>	<b>17,457,984</b>	<b>16,551,063</b>

Non-current assets information presented above consists of property, plant and equipment, investment in joint ventures and associates, plasma investments, bearer plants, intangible assets, other financial receivables and other non-financial assets as presented in the consolidated balance sheet.

### 38. DIVIDENDS

	Group and Company	
	2017 US\$'000	2016 US\$'000

#### Declared and paid during the financial year:

Dividends on ordinary shares:

- Final tax-exempt (one-tier) dividend for 2016: S\$0.040 (2015: S\$ 0.055) per share	180,154	254,320
- Interim tax-exempt (one-tier) dividend for 2017: S\$0.030 (2016: S\$0.025) per share	139,378	116,921
	<b>319,532</b>	<b>371,241</b>

#### 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 2017: S\$0.070 (2016: S\$0.040) per share	336,729	174,643
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## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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	
			2017 %	2016 %
Cai Lan Oils & Fats Industries Company Ltd <sup>(3)</sup>	Vietnam	Manufacture and sale of vegetable oils and related products	76	76
Equatorial Trading Limited <sup>(2)</sup> & its subsidiaries	Malaysia	Investment holding and trading in vegetable oils	82 <sup>+</sup>	78 <sup>+</sup>
PGEO Group Sdn Bhd <sup>(2)</sup> & its subsidiaries	Malaysia	Investment holding, processing, manufacture and sale of edible oils and related products	100	100
PPB Oil Palms Berhad <sup>(2)</sup> & 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 AMP Plantation <sup>(2)</sup>	Indonesia	Oil palm cultivation and palm oil milling	100	100
PT Buluh Cawang Plantations <sup>(2)</sup>	Indonesia	Oil palm cultivation and palm oil milling	100	100
PT Kencana Sawit Indonesia <sup>(2)</sup>	Indonesia	Oil palm cultivation and palm oil milling	100	100
PT Multimas Nabati Asahan <sup>(2)</sup>	Indonesia	Edible oils refining	100	100
PT Mustika Sembuluh <sup>(2)</sup>	Indonesia	Oil palm cultivation and palm oil milling	90	90
PT Perkebunan Milano <sup>(2)</sup>	Indonesia	Palm oil milling and oil palm cultivation	100	100
PT Sinar Alam Permai <sup>(2)</sup>	Indonesia	Edible oils refining	100	100
PT Wilmar Nabati Indonesia <sup>(2)</sup>	Indonesia	Edible oils refining	100	100
Wilmar Africa Limited <sup>(2)</sup> & its subsidiary	Ghana	General trading in agricultural products, oil palm plantations and manufacturing of crude palm oil	67 <sup>+</sup>	67 <sup>+</sup>
Wilmar Sugar Australia Limited <sup>(2)</sup> & its subsidiaries	Australia	Investment holding, processing and merchandising of sugar products, molasses and packaged oils, electricity co-generation, distilling ethanol and distribution of it, its by-products and oleochemicals	100	100
Wii Pte. Ltd. <sup>(1)</sup>	Singapore	Finance and treasury centre	100	100
Wilmar China Limited <sup>(2)</sup> & its subsidiaries	Hong Kong	Investment holding, processing and merchandising of oilseeds, edible oils and grains	100	100
Wilmar Europe Holdings B.V. <sup>(2)</sup> & its subsidiaries	The Netherlands	Investment holding, manufacturing, trading, marketing and distribution of edible oils, oleochemicals and biodiesel	100	100
Wilmar Ship Holdings Pte. Ltd. <sup>(3)</sup> & its subsidiaries	Singapore	Investment holding, ship-owning, ship chartering, ship brokering and ship management	100	100
Wilmar Trading Pte Ltd <sup>(1)</sup>	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

#### 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	
			2017 %	2016 %
Adani Wilmar Limited <sup>(3)</sup>	India	Manufacturing and trading of edible and non-edible oils and trading of various agro based products	50	50
Dongguan Yihai Kerry Syral Starch Technology Co., Ltd <sup>(3)</sup>	People's Republic of China	Natural food additives (glucose syrup, iso-glucose & starch derivatives) processing	51	51
FPW Singapore Holdings Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding	50	50
Global Amines Company <sup>(1)</sup> Pte. Ltd.	Singapore	Investment holding and sale of fatty amines and selected amine derivatives	50	50
Nauvu Investments Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding	50	50
PT Usaha Inti Padang <sup>(2)</sup>	Indonesia	Edible oils refining	50	50
Liaoning Yihai Kerry Tereos Starch Technology Co., Ltd <sup>(3)</sup>	People's Republic of China	Corn processing	51	51
Olenex Holdings B.V. <sup>(2)</sup> and its subsidiaries	The Netherlands	Investment holding and manufacturing, marketing and distribution of edible oils	63+	63+
Vietnam Agribusiness Holdings Pte. Ltd. <sup>(3)</sup>	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

## Notes to the Financial Statements

For the financial year ended 31 December 2017

### 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	
			2017 %	2016 %
Bidco Uganda Limited <sup>(3)</sup>	Uganda	Manufacture and sale of edible vegetable oils, fats and soaps	39	39
Changshu Luhua Edible Oil Co., Ltd <sup>(3)</sup>	People's Republic of China	Edible oils refining and packaging	33	33
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd <sup>(3)</sup>	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. <sup>(2)(3)</sup>	Morocco	Processing of sugar cane and sugar beet, refining of imported raw sugar and marketing and distribution of such products	30+	31+
DelMar Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding	52+	48
FFM Berhad <sup>(3)</sup>	Malaysia	Investment holding, grains trading, flour milling and feed milling	20	20
Josovina Commodities Pte Ltd <sup>(3)</sup>	Singapore	Investment holding and vegetable oils trading	50	50
Kencana Agri Limited <sup>(3)</sup>	Singapore	Investment holding	20	20
Lahad Datu Edible Oils Sdn Bhd <sup>(2)</sup>	Malaysia	Palm oil refining, crushing of palm kernel and marketing of palm oil and palm kernel products	45	45
Laiyang Luhua Fragrant Peanut Oil Co., Ltd <sup>(3)</sup>	People's Republic of China	Peanut crushing and edible oils packaging	25+	25+
Murzah Wilmar East Africa Limited <sup>(2)</sup>	Tanzania	Manufacturers and traders of cooking oil, cooking fat, soaps & detergents, plastic containers and furnitures	46+	46+

#### 40. JOINT VENTURES AND ASSOCIATES OF THE GROUP (CONTINUED)

The following is the list of the significant associates of the Group (continued).

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest	
			2017 %	2016 %
Perennial Real Estate Holdings Limited <sup>(3)</sup> and its subsidiaries	Singapore	Investment holding, real estate investment and development, asset and property management services, and healthcare services	20	17 <sup>+</sup>
Sethal Holdings Limited <sup>(3)</sup>	Cyprus	Investment holding	52 <sup>+</sup>	48
Shandong Luhua Fragrant Peanut Oil Co., Ltd <sup>(3)</sup>	People's Republic of China	Peanut crushing and edible oils packaging	25 <sup>+</sup>	25 <sup>+</sup>
Shree Renuka Sugars Limited <sup>(2)</sup>	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	27 <sup>+</sup>	28 <sup>+</sup>
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd <sup>(3)</sup>	People's Republic of China	Peanut crushing and edible oils packaging	33	33
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd <sup>(3)</sup>	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 2017 were authorised for issue in accordance with a resolution of the directors on 16 March 2018.

# Statistics of Shareholdings

## SHARE CAPITAL

As at 13 March 2018

Number of shares (including treasury shares and subsidiary holdings)	: 6,403,401,106
Number of shares (excluding treasury shares and subsidiary holdings)	: 6,326,264,356
Number/percentage of treasury shares held	: 77,136,750 (1.22%)
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	67	0.28	1,360	0.00
100 to 1,000	4,314	18.22	3,676,512	0.06
1,001 to 10,000	15,067	63.65	67,069,392	1.06
10,001 to 1,000,000	4,169	17.61	190,940,149	3.02
1,000,001 and above	56	0.24	6,064,576,943	95.86
<b>Total</b>	<b>23,673</b>	<b>100.00</b>	<b>6,326,264,356</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

As at 13 March 2018

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	Deemed Interest	Total Interest	%*
Kuok Khoon Hong <sup>(1)</sup>	995,000	774,435,968	775,430,968	12.26
Longhlin Asia Limited <sup>(2)</sup>	69,009,921	446,204,971	515,214,892	8.14
Archer Daniels Midland Company <sup>(3)</sup>	–	1,574,673,054	1,574,673,054	24.89
Archer Daniels Midland Asia–Pacific Limited <sup>(4)</sup>	843,311,484	731,361,570	1,574,673,054	24.89
ADM Ag Holding Limited	374,961,795	–	374,961,795	5.93
Global Cocoa Holdings Ltd	356,399,775	–	356,399,775	5.63
Kuok Brothers Sdn Berhad <sup>(5)</sup>	230,000	1,179,551,955	1,179,781,955	18.65
PPB Group Berhad	1,172,614,755	–	1,172,614,755	18.54
Kerry Group Limited <sup>(6)</sup>	–	700,154,586	700,154,586	11.07
Kerry Holdings Limited <sup>(7)</sup>	–	347,915,639	347,915,639	5.50

### Notes:

1. Mr Kuok Khoon Hong is deemed to be interested in 179,204,971 Shares held by Hong Lee Holdings (Pte) Ltd, 230,461,271 Shares held by HPR Investments Limited, 21,964,873 Shares held by HPR Holdings Limited, 336,009,921 Shares held by Longhlin Asia Limited, 6,650,932 Shares held by Pearson Investments Limited and 144,000 Shares held by Kuok Hock Swee & Sons Sdn Bhd.
2. Longhlin Asia Limited is deemed to be interested in 267,000,000 Shares held in the names of nominee companies and 179,204,971 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 13 March 2018

(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	18.54
2.	Archer Daniels Midland Asia-Pacific Limited	843,311,484	13.33
3.	Citibank Nominees Singapore Pte Ltd	582,379,437	9.21
4.	ADM Ag Holding Limited	374,961,795	5.93
5.	Global Cocoa Holdings Ltd	356,399,775	5.63
6.	DBS Nominees Pte Ltd	349,270,444	5.52
7.	HSBC (Singapore) Nominees Pte Ltd	309,709,228	4.90
8.	Raffles Nominees (Pte) Ltd	308,629,734	4.88
9.	Kuok (Singapore) Limited	256,951,112	4.06
10.	Harpole Resources Limited	256,211,778	4.05
11.	Noblespirit Corporation	242,600,000	3.83
12.	DBSN Services Pte Ltd	196,768,222	3.11
13.	DB Nominees (Singapore) Pte Ltd	162,613,294	2.57
14.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	79,373,555	1.25
15.	UOB Kay Hian Pte Ltd	69,393,090	1.10
16.	Longhlin Asia Limited	69,009,921	1.09
17.	United Overseas Bank Nominees Pte Ltd	59,696,359	0.94
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
	<b>Total</b>	<b>5,792,259,309</b>	<b>91.55</b>

\* Based on 6,326,264,356 Shares (excluding Shares held as treasury shares) as at 13 March 2018.

## SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 13 March 2018, 26.56% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the SGX-ST Listing Manual.



# Notice of Annual General Meeting

## WILMAR INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199904785Z)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Marina Mandarin Ballroom, Lobby Level, Marina Mandarin Hotel, 6 Raffles Boulevard, Singapore 039594 on Wednesday, 25 April 2018 at 10.00 a.m. for the following businesses:

### AS ORDINARY BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

1. To receive and adopt the Directors' Statement and audited financial statements for the financial year ended 31 December 2017 and the Auditor's Report thereon. (Resolution 1)
2. To approve the payment of a proposed final tax exempt (one-tier) dividend of S\$0.07 per ordinary share for the financial year ended 31 December 2017. (Resolution 2)
3. To approve the payment of Directors' fees of S\$850,000 for the financial year ended 31 December 2017 (2016: S\$790,000).  
  
(See Explanatory Note 1) (Resolution 3)
4. To re-elect the following Directors pursuant to the Constitution of the Company:  
Retiring by rotation under Article 105:
  - (i) Mr Martua Sitorus (Resolution 4)
  - (ii) Mr Kuok Khoon Ean (Resolution 5)
  - (iii) Mr Juan Ricardo Luciano (Resolution 6)  
Retiring under Article 106:
  - (iv) Mr Lim Siong Guan (Resolution 7)
  - (v) Mr Weijian Shan (Resolution 8)  
(See Explanatory Note 2)
5. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

#### 6. Authority to issue and allot shares in the capital of the Company

That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("Companies Act"), and the listing rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (including any supplemental measures thereto from time to time), approval be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and

- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued, while the authority conferred by shareholders was in force, in accordance with the terms of issue of such Instruments, (notwithstanding that such authority conferred by shareholders may have ceased to be in force);

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while the authority was in force or any additional Instruments referred to in (a)(iii) above,

provided always that

- (I) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares issued other than on a *pro rata* basis to existing shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (II) below);
- (II) (subject to such manner of calculation as may be prescribed by SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above), the percentage of the issued shares is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution after adjusting for:
  - (i) new shares arising from the conversion or exercise of convertible securities;
  - (ii) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares; and
- (III) the authority conferred by this Resolution shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting ("AGM") or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 3)

(Resolution 10)

#### 7. Authority to grant options and issue and allot shares under Wilmar Executives Share Option Scheme 2009

That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Wilmar Executives Share Option Scheme 2009 of the Company ("Wilmar ESOS 2009") and, pursuant to Section 161 of the Companies Act, to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted (while the authority conferred by this Resolution is in force) under the Wilmar ESOS 2009, notwithstanding that the authority conferred by this Resolution may have ceased to be in force, PROVIDED ALWAYS THAT:

## NOTICE OF ANNUAL GENERAL MEETING

- (a) the aggregate number of shares over which the committee may offer to grant options on any date, when added to the number of new shares issued and/or issuable and/or existing shares transferred and/or transferable in respect of the options granted under the Wilmar ESOS 2009 and in respect of all other share-based incentive schemes of the Company, if any, shall not exceed 5% of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time; and
- (b) the authority conferred by this Resolution shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 4)

(Resolution 11)

### 8. Renewal of Shareholders' Mandate for Interested Person Transactions

That:

- (a) approval be and is hereby given, for the renewal of the mandate for the purposes of Chapter 9 of the Listing Manual of SGX-ST, for the Company, its subsidiaries and associated companies (within the meaning of the said Chapter 9) or any of them to enter into any of the transactions falling within the categories of interested person transactions as set out in the Company's Letter to Shareholders dated 9 April 2018 (the "**Letter to Shareholders**"), with any party who is of the class or classes of Interested Persons described in the Letter to Shareholders, provided that such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders and are in accordance with the procedures as set out in the Letter to Shareholders (the "**IPT Mandate**");
- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company is held or is required by law to be held, whichever is earlier; and
- (c) the Directors of the Company and/or any of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

(See Explanatory Note 5)

(Resolution 12)

### 9. Renewal of Share Purchase Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Share Purchase Committee of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Share Purchase Committee from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
  - (i) on-market purchases (each an "**On-Market Share Purchase**") on the SGX-ST; and/or
  - (ii) off-market purchases (each an "**Off-Market Share Purchase**") effected in accordance with any equal access scheme(s) as may be determined or formulated by the Share Purchase Committee as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Shareholders in general meeting, the authority conferred on the Share Purchase Committee pursuant to the Share Purchase Mandate may be exercised by the Share Purchase Committee at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next AGM of the Company is held; or
- (ii) the date by which the next AGM of the Company is required by law to be held; or
- (iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated;

(c) in this Ordinary Resolution:-

**“Prescribed Limit”** means 10% of the total number of issued Shares excluding Treasury Shares and subsidiary holdings as at the date of the passing of this Ordinary Resolution; and

**“Maximum Price”** in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price, where:

**“Average Closing Price”** means the average of the closing market prices of a Share over the last 5 Market Days (**“Market Day”** being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

(d) the directors of the Company and/or each of them be and are hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

All capitalised terms used in this Resolution which are not defined herein shall have the same meaning ascribed to them in the Letter to Shareholders dated 9 April 2018.

*(See Explanatory Note 6)*

(Resolution 13)

## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE is also hereby given that the Share Transfer Register and Register of Members of the Company will be closed from 7 May 2018, 5.00 p.m. to 8 May 2018, both dates inclusive, for the purpose of determining shareholders' entitlement to the Company's proposed final tax exempt (one-tier) dividend of S\$0.07 per ordinary share for the financial year ended 31 December 2017 (the "**Proposed Final Dividend**").

Duly completed registrable transfers received by the Company's registrar, Tricor Barbinder Share Registration Services, of 80 Robinson Road #02-00, Singapore 068898 up to 5.00 p.m. on 7 May 2018 will be registered to determine shareholders' entitlement to the Proposed Final Dividend. The Proposed Final Dividend, if approved at the AGM to be held on 25 April 2018, will be paid on 16 May 2018.

Depositors whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5.00 p.m. on 7 May 2018 will be entitled to the Proposed Final Dividend.

By Order of the Board  
Teo La-Mei  
Company Secretary

Singapore  
9 April 2018

## Explanatory Notes:

1. The Ordinary Resolution 3 proposed in item no. 3 above is to approve the payment of Directors' fees of S\$850,000 (2016: S\$790,000) for the financial year ended 31 December 2017 for services rendered by Non-Executive Directors. The amount of proposed Directors' fees is based on the following fee structure:
  - (1) base fee of S\$80,000 per year for each Non-Executive Director;
  - (2) Lead Independent Director (S\$20,000); and
  - (3) supplemental fees for serving on the following Board committees:
    - (a) Audit Committee - as Chairman: S\$30,000, as Member: S\$10,000;
    - (b) Risk Management Committee - as Chairman: S\$30,000, as Member: S\$10,000;
    - (c) Remuneration Committee - as Chairman: S\$10,000, as Member: S\$5,000; and
    - (d) Nominating Committee - as Chairman: S\$10,000, as Member: S\$5,000.

2. The Ordinary Resolutions 4, 5, 6, 7 and 8 proposed in items nos. 4 (i), (ii), (iii), (iv) and (v) above are to approve the re-election of the following Directors retiring and seeking re-election at the forthcoming Annual General Meeting in 2018 ("2018 AGM"):

- (a) In relation to Ordinary Resolution 4, there are no familial relationships between Mr Martua Sitorus, a Non-Executive Director, and other Directors of the Company or its 10% shareholders\*;
- (b) In relation to Ordinary Resolution 5, Mr Kuok Khoon Ean, a Non-Executive Director, is a cousin of Mr Kuok Khoon Hong, the Chairman and Chief Executive Officer and a substantial shareholder of the Company;
- (c) In relation to Ordinary Resolution 6, Mr Juan Ricardo Luciano, a Non-Executive Director, is nominated by Archer Daniels Midland Company, a substantial shareholder of the Company;
- (d) In relation to Ordinary Resolution 7, there are no familial relationships between Mr Lim Siong Guan, an Independent Director, and other Directors of the Company or its 10% shareholders\*; and
- (e) In relation to Ordinary Resolution 8, there are no familial relationships between Mr Weijian Shan, an Independent Director, and other Directors of the Company or its 10% shareholders\*.

*\*The term "10% shareholder" is defined in the Singapore Code of Corporate Governance 2012 ("Code"), to refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares (exclude treasury shares) in the company.*

Pursuant to Guideline 4.7 of the Code, key information on these directors, including their dates of first appointment, dates of last re-election and other directorships and principal commitments, are found in the "Board of Directors" section and "Corporate Information" section in the Company's Annual Report 2017.

3. The Ordinary Resolution 10 proposed in item no. 6 above, if passed, will authorise the Directors of the Company from the date of the 2018 AGM until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued shall be based on the total number of issued shares at the time that Ordinary Resolution 10 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 10 is passed, and any subsequent bonus issue or consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.



## NOTICE OF ANNUAL GENERAL MEETING

4. The Ordinary Resolution 11 proposed in item no. 7 above, if passed, will empower the Directors of the Company from the date of the 2018 AGM until the next AGM to offer and grant options under the Wilmar ESOS 2009 and to issue and allot shares pursuant to the exercise of such options under the aforesaid option scheme, provided that the aggregate number of shares over which the committee may offer to grant options on any date, when added to the number of new shares issued and/or issuable and/or existing shares transferred and/or transferable in respect of the options granted under the Wilmar ESOS 2009 and in respect of all other share-based incentive schemes of the Company, if any, shall not exceed 5% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.
5. The Ordinary Resolution 12 proposed in item no. 8 above, if passed, will renew the IPT Mandate for the Company, its subsidiaries and associated companies that are considered “entities at risk” to enter in the ordinary course of business into certain types of transactions with specified classes of the Interested Persons set out in the Letter to Shareholders. Such resolution, if passed, will take effect from the date of the 2018 AGM until the next AGM (unless revoked or varied by the Company in general meeting). The IPT Mandate, the renewal of which was approved by shareholders at the last AGM of the Company held on 26 April 2017, will be expiring at the 2018 AGM. Information relating to the renewal of the IPT Mandate can be found in the Letter to Shareholders dated 9 April 2018. Please refer to the Letter to Shareholders for more details.
6. The Ordinary Resolution 13 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of the 2018 AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to repurchase ordinary issued Shares of the Company by way of market purchase(s) or off-market purchase(s) of up to 10% of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition, including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in the Letter to Shareholders dated 9 April 2018. Please refer to the Letter to Shareholders for more details.

## Notes:

1. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the 2018 AGM. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the 2018 AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

“Relevant intermediary” means:

(i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(iii) the Central Provident Fund Board (the “CPF Board”) established by the Central Provident Fund Act (Cap. 36) (“CPF Act”), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the proxy form must be executed under seal or the hand of its attorney or officer duly authorised.

4. The instrument or form appointing a proxy, duly executed, must be **deposited** at the office of the Company’s registrar, **Tricor Barbinder Share Registration Services, at 80 Robinson Road #11-02, Singapore 068898** not less than **72 hours** before the time appointed for the holding of the 2018 AGM in order for the proxy to be entitled to attend and vote at the 2018 AGM.

## Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 2018 AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 2018 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 2018 AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

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**IMPORTANT**

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS funds to buy Wilmar International Limited shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their CPF Approved Nominees if they have any queries regarding their appointment as proxies (Please see Note 3).
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2018.

# PROXY FORM

I / We \_\_\_\_\_ (Name), NRIC/Passport No./Co Reg Number \_\_\_\_\_  
of \_\_\_\_\_ (Address)  
being a member/members of Wilmar International Limited (the “Company”), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

and/or (please delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting of the Company (“AGM”) as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM to be held at Marina Mandarin Ballroom, Lobby Level, Marina Mandarin Hotel, 6 Raffles Boulevard, Singapore 039594 on Wednesday, 25 April 2018 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion.

No.	Ordinary Resolutions	Number of votes For*	Number of votes Against*
1	To receive and adopt the Directors’ Statement and audited financial statements for the financial year ended 31 December 2017 and the Auditor’s Report thereon.		
2	To approve the payment of Proposed Final Dividend.		
3	To approve the payment of Directors’ Fees.		
4	To re-elect Mr Martua Sitorus as a Director.		
5	To re-elect Mr Kuok Khoon Ean as a Director.		
6	To re-elect Mr Juan Ricardo Luciano as a Director.		
7	To re-elect Mr Lim Siong Guan as a Director.		
8	To re-elect Mr Weijian Shan as a Director.		
9	To re-appoint Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration.		
10	To authorise Directors to issue and allot shares in the Company.		
11	To authorise Directors to offer and grant options under the Wilmar ESOS 2009 and to issue and allot shares in accordance with the provisions of the Wilmar ESOS 2009.		
12	To approve the renewal of Shareholders’ Mandate for Interested Person Transactions.		
13	To approve the renewal of Share Purchase Mandate.		

\* If you wish to use all your votes “For” or “Against”, please indicate with an “X” within the box provided. Otherwise, please indicate number of votes “For” or “Against” for each resolution within the box provided.

Dated this \_\_\_\_ day of \_\_\_\_\_ 2018

<b>Total Number of Shares Held (see Note 1)</b>



\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal  
**IMPORTANT – Please read notes overleaf**



**NOTES TO PROXY FORM:**

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).  
"Relevant intermediary" means:
  - (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
  - (iii) the Central Provident Fund Board (the "CPF Board") established by the Central Provident Fund Act (Cap. 36) (the "CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. CPF/SRS investors whose names have been given by their CPF Approved Nominees to the Company or the Company's share registrar, as the case may be, pursuant to a blanket proxy form may attend and vote in person at the AGM. In the event that such CPF/SRS investors are unable to attend the AGM but would like to vote, they should inform their CPF Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case they shall be precluded from attending the AGM.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be **deposited** at the office of the Company's registrar, **Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898** not less than **72 hours** before the time appointed for holding the AGM.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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**WILMAR INTERNATIONAL LIMITED**  
c/o Tricor Barbinder Share Registration Services

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Wilmar International Limited is firmly committed to responsible corporate citizenship and we endeavour to do our part to protect the environment. This publication is produced by a printer certified by the Forest Stewardship Council™ (FSC™) and uses soy-based ink – a more environmentally responsible option than the traditionally used petroleum-based ink. It does not have finishing processes like lamination and UV coating, and is printed on Green Forest Smooth paper, which is certified to be environmentally friendly according to the FSC™ standard.



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