wilmar

25 YEARS OF GROWTH

THE 25TH ANNIVERSARY ANNUAL REPORT

1991 - 2016

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.

Treehouse at PT Agra Masang Perkasa, Wilmar's first oil palm plantation project, in West Sumatra, Indonesia.

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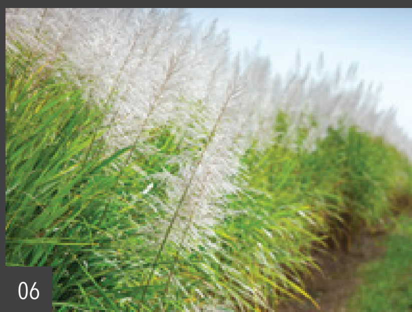
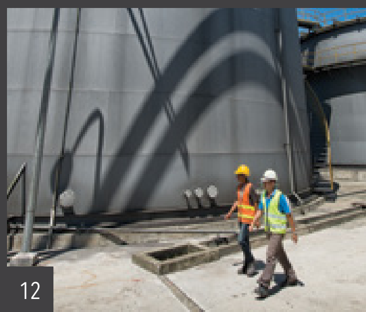
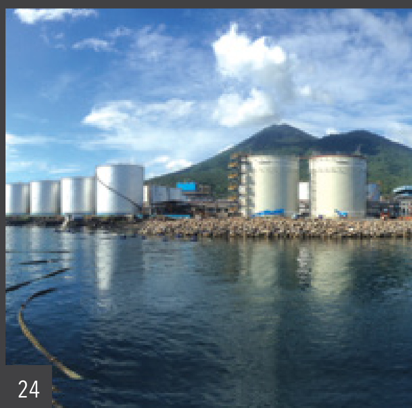
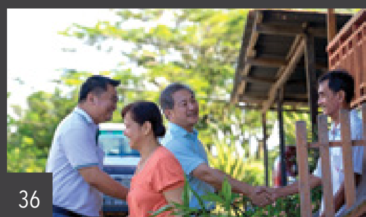








25 YEARS OF GROWTH

SIGNIFICANT MILESTONES IN WILMAR'S GROWTH JOURNEY

BEFORE WILMAR...

Drum-making (top) and consumer pack plant (bottom) at Southseas Oils & Fats.

Mr Kuok Khoon Hong embarked on his career with the Kuok Group in 1973. His earliest projects include the first 400 MT/day soybean crushing plant and 200 MT/day edible oils refinery in Pasir Gudang, Malaysia in August 1980 and February 1981 respectively. *Arawana* consumer pack oil was launched in Malaysia in 1986. This was followed by the acquisitions of refineries in Sandakan and Prai.

In 1988, the Kuok Group formed a joint venture, Southseas Oils & Fats, with Top Glory, COFCO's subsidiary in Hong Kong, to build China's first large-scale modern refinery, drum and consumer pack plant in Shenzhen. The plant was commissioned in 1990 and became a huge success. *Arawana* oil was launched in 1991 in China and is today the country's top consumer pack oil brand.

Mr Kuok left the Kuok Group in 1991 to start the Wilmar Group. The Kuok Group went on to build more refineries in East Malaysia, China, Vietnam, Bangladesh and Europe.

1991, 1 APRIL

Wilmar's global headquarters on Neil Road in 1992 (left) and today (right).

The Wilmar Group was co-founded by Mr Kuok Khoon Hong and Pak Martua Sitorus. The first company formed was Wilmar Trading Pte Ltd which had a paid-up capital of SGD100,000 and five employees.

PT AMP – Land preparation in developing an oil palm plantation (left) and a mature plantation today (right).

The company's first project was PT Agra Masang Perkasa (AMP) – a 7,000 ha oil palm plantation in West Sumatra, Indonesia.

Construction of refinery in Dumai (left) and the refinery today (right).

This was followed by a 50 MT/day palm kernel crushing plant in North Sumatra and a 700 MT/day refinery in Dumai, Indonesia. Riding on the back of a growing refining business, the refinery, commissioned in 1993, was expanded to 2,400 MT/day by 1995.

The Indonesian business flourished and the Group expanded rapidly its refining capacity and plantation acreage. It also diversified into new businesses like palm oil milling, copra crushing, oleochemicals, biodiesel and flour milling.

1993

Commissioned in 1995, EOGI comprised silos, storage tanks, soybean crushing plant, flour, rice and feed mills, refinery, drum manufacturing plant and consumer pack plant.

Ventured into China through a joint venture (JV) with Top Glory Holding Co and started construction of East Ocean Grains Industry (EOGI) which at the time was the first large, integrated oils and grains manufacturing complex in China. Following its huge success, Wilmar and Archer Daniels Midland (ADM) went on about three years later to build five large-scale crushing plants along the coast.

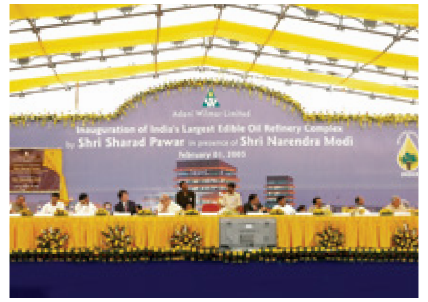
Formed a JV with the Adani Group of India to manufacture consumer pack edible oils and rice in Bangladesh.

Started ship ownership with the purchase of 6,000 MT single-hull-single bottom tanker, MT. Lisa. The domestic fleet in Indonesia and China started in 1995 and 2004 respectively. The Group's fleet has since grown to over 170 vessels including both owned and managed, with a combined fleet tonnage of about 2.3 million MT.

1994

ADM invested in 20% of Wilmar. Around the same time, other investors took another 20%. ADM remains a long-standing investor and business partner of the Group today.

1999



Inauguration of the edible oil refinery complex in Mundra was graced by Guest-of-Honour, Mr Narendra Modi, then Chief Minister of Gujarat.

Ventured into India through a JV with the Adani Group. The first project, a 600 MT/day oil refinery and consumer pack plant in Mundra, Gujarat commenced operation in 2000 and was expanded by another 1,000 MT/day in 2002. The JV operates 45 plants in eight locations in India today and its 'Fortune' brand is the country's top-selling consumer pack soft oils.

2000

Developed jointly with Bidco Uganda Limited, Wilmar's first oil palm plantation in Africa is on Lake Victoria in Kalangala, Uganda.

First footprint in Africa with an oil palm plantation project in Kalangala, Uganda. Today Wilmar is in 14 countries across the continent engaging in cultivation of oil palm and rubber, edible oils refining and packing, production of oleochemicals, specialty fats, soaps and detergents, oilseed crushing, seed planting, rice distribution as well as sugar plantations.

2004

Established a JV with Pyramid Ltd to build the first 200 MT/day refinery and consumer pack oil plant in Colombo, Sri Lanka. It is today the country's largest refinery, consumer pack oil and specialty fats manufacturer.

Pyramid Wilmar is the top producer of consumer pack edible oils under the Fortune brand.

2005

Entered a JV for an oil refinery project in Yuzhny, Ukraine and two years later merged it with NMGK which had refineries, crushing plants, margarine, mayonnaise and soap manufacturing plants in Russia. The Yuzhny plant is the largest refinery in Ukraine and NMGK is the largest seller of table margarine, mayonnaise and sauces in Russia.

2006, 8 AUGUST

(From left to right) Ms Sng Miow Ching, Mr Chua Puay Hee, Mr Kuok Khoon Hong, Pak Martua Sitorus and Mr Teo Kim Yong at the IPO briefing on 19 July 2006.

Wilmar's oil palm business was listed on the Singapore Stock Exchange with an initial market capitalisation of SGD2.38 billion.

2007, 28 JUNE

Wilmar's first oil refinery in Vietnam (through merger with the Kuok Group) was a joint venture with Vocarimex which commenced operation in 1988.

Wilmar merged with the Kuok Group's oils and grains and oil palm plantation business. The merger created the largest merchandiser and refiner of palm oil, the largest integrated agri-group in Asia and one of the largest listed oil palm plantation companies. At the time of merger in 2007, the Kuok Group had oil palm plantation of 63,000 ha in East Malaysia and 56,000 ha in Indonesia while Wilmar had 76,000 ha in Indonesia. The Group's market capitalisation after the merger was SGD20.3 billion.

Through the merger, Wilmar had extended its footprint to Vietnam with two refineries and a rice bran oil extraction plant, as well as to Europe with two refineries.

In addition, Wilmar bought two copra crushing plants with total crushing capacity of 1,000 MT/day and a 350 MT/day refinery in the Philippines.

2010

Cane harvesting in Burdekin, North Queensland, Australia.

Wilmar expanded into the sugar business through the acquisition of Sucrogen Limited (known today as Wilmar Sugar) in Australia – one of the world's largest sugar companies. Proserpine Mill, fifth largest sugar mill in Australia, was added to the sugar business the following year.

2014

Great Wall-Wilmar Sugar Mill in Maung Kong, Yangon, Myanmar.

The Group formed a JV with Great Wall Food Stuff Industry Company Limited in Myanmar to produce and sell sugar and its by-products. The JV company acquired Great Wall's existing sugar-related business, mills and plants including two mills, a bioethanol plant and an organic compound fertiliser plant. The Group also acquired a 100-acre site in Thilawa Port to build an oils and grains complex starting with an oil packing plant and a flour mill. The Group is the largest exporter of palm oil to Myanmar and a leading seller of consumer pack oil.

2015

Wilmar acquired Goodman Fielder together with First Pacific, each taking 50%. Goodman Fielder's origins date back to 1909. Today, it is Australasia's leading food company with a portfolio of consumer products including breads, dairy, dressings, mayonnaise, spreads & oils and poultry.

For generations, millions of Australians and New Zealanders have turned to Goodman Fielder brands for top shelf performance in reliability, quality and affordability.

TODAY

A leading agribusiness group in Asia and one of the largest globally. The Group has

Over

500 manufacturing plants in

15 countries

Extensive distribution network covering China, India, Indonesia and some

50 other countries

CHAIRMAN'S MESSAGE

FY2016 IN REVIEW

Despite uncertainties and slowing economic growth in Asia and Africa, Wilmar achieved satisfactory performance in FY2016.

The Group recorded US$972.2 million net profit in FY2016, with earnings per share of 15.4 US cents. Overall sales volume in FY2016 grew but was partially offset by lower commodity prices experienced during the first quarter of the year. Revenue increased 6.8% to US$41.40 billion. The Group's balance sheet remains strong, with total assets standing at US$37.03 billion while shareholders' funds amounted to US$14.43 billion.

Our Tropical Oils segment rebounded strongly to achieve pre-tax profit of US$689.2 million on the back of higher crude palm oil (CPO) prices since the second quarter and consistently robust performance from the downstream businesses. The Oilseeds & Grains segment suffered losses in the second quarter as a result of untimely purchases of soybeans but recovered strongly in the third and fourth quarters. The Consumer Products unit, on the other hand, continued to deliver a stable performance with sales volume growing 8.4% year-on-year. Despite an overall sales volume increase of 2.9%, the segment recorded a lower pre-tax profit of US$251.1 million. The Sugar segment posted a 48.7% jump in pre-tax profit to US$125.3 million, with the merchandising and manufacturing businesses chalking up 7.2% increase in sales volume. The milling division delivered an outstanding performance due to higher sugar prices and volume of cane crushed.

2016 HIGHLIGHTS

In FY2016, we continued to invest in projects that are complementary to our core business and formed several new joint ventures.

6.8%

increase in revenue to US$41.40 billion

US$37.03 billion

in total assets

We are tapping the enormous agricultural and market potential in Africa and building first class sustainable agricultural and industrial operations.

Consumer Products will continue to perform well leveraging our strong presence and a burgeoning middle class population in Asia and Africa.

In January 2016, we entered into joint ventures with Singapore Food Industries (SFI) to operate central kitchens in China. SFI is a wholly-owned subsidiary of SATS Ltd. which is Asia's leading provider of gateway services and food solutions. The first central kitchen in Kunshan has obtained its production license.

We formed a 50:50 sugar joint venture called "Raízen and Wilmar Sugar Pte. Ltd." (RAW) with Raízen Energia S.A. (Raízen) in September 2016. RAW will combine the strengths of Brazil's largest producer of sugar with the world's leading trader of the commodity. It is set to become one of the largest exporters of Brazilian sugar to the world with a total volume of approximately 4.5 million metric tonnes annually. All relevant regulatory approvals for the establishment of RAW have been obtained.

Following the strategic agreement with Archer Daniels Midland (ADM) reached in 2015, Olenex was launched as a full-function joint venture between Wilmar and ADM in November 2016. Olenex today owns and operates specialty oils and fats and palm refining plants in Hamburg, Germany, as well as tropical oils processing plants in Brake, Germany and Rotterdam, the Netherlands. In addition to processing, Olenex integrates raw materials sourcing, trading, and sales and marketing operations. It will also market refined oils and fats from ADM's plants in the Czech Republic, Germany, the Netherlands, Poland and the U.K.

In December 2016, we formed a joint venture with Bunge in Vietnam by acquiring 45% of Bunge's equity in its Vietnam crush operations, creating a three-party joint venture with Bunge and Wilmar as equal 45% shareholders and Quang Dung – a leading soybean meal distributor in Vietnam and majority owner of Green Feed, a growing Vietnamese feed milling business – retaining its existing 10% stake in the operations. The joint venture creates the biggest animal feed raw materials seller in Vietnam and the crushing plant will benefit from Wilmar's soybean oil requirement for our local consumer products business.

INVESTING IN INNOVATION

Research and development plays a critical role in improving product quality, food technology, oil palm productivity and operational efficiency. We are very pleased to be awarded venture capital funds of S$10 million, on a matching basis, by the National Research Foundation in May 2016 under its Early Stage Venture Fund Scheme to invest in innovative local tech start-ups. We believe there is potential for Singapore to grow in AgriFood Biotech which is an area ripe for an explosion in innovation given the growing affluence and changing consumption patterns in Asia. We look forward to invest in, incubate and accelerate projects with a primary focus in disruptive technologies that may significantly impact on a wider area of agriculture and food-related applications.

Olenex's tropical oils processing plant in Brake, Germany.

In China, a cooking competition was organised to promote the Group's flagship brand, Arawana.

> 2016 marked Wilmar's 25th anniversary. As co-founders, Martua and I had never expected the small trading company we set up in 1991 with a start-up capital of S$100,000 to become one of the largest agri-commodity players in the world.

MULTI-STAKEHOLDER COLLABORATIONS FOR SUSTAINABILITY

Three years into the implementation of our No Deforestation, No Peat and No Exploitation policy, we have learnt that the drivers of deforestation and degradation are bigger than the palm oil industry, and need to be addressed holistically. We believe that a multi-stakeholder landscape approach, involving the local governments, civil society organisations and industry players, is the best way to achieve transformation on the ground that is both environmentally and socio-economically sustainable. In our pursuit of a sustainable supply chain, we recognise that we need to support the smallholders. The success of Sapta Tunggal Mandiri, which in June 2016 became the world's largest individual group of independent smallholders ever to be certified by the Roundtable on Sustainable Palm Oil, is an example of an inclusive sustainable value chain model that can be replicated and scaled up in other regions.

Labour rights in the palm oil sector is another issue that requires a collaborative effort as there are common challenges facing the wider industry. In November 2016, we embarked on a collaboration that involves a global non-profit organisation conducting a review of current labour practices in the palm oil sector in Indonesia. As a first step, the review will help us in assessing gaps and eventually in formulating practical processes and solutions to improve labour practices.

SILVER JUBILEE AND BEYOND

2016 marked Wilmar's 25th anniversary. As co-founders, Martua and I had never expected the small trading company we set up in 1991 with a start-up

2016 marked Wilmar's 25th anniversary and the Group celebrated with a gala dinner on 15 April 2016.

capital of S$100,000 to become one of the largest agri-commodity players in the world. Our success is owing to several factors.

From the onset, we were very focused on palm and the agri business mainly in Asia. We benefitted from the massive increase in palm oil production in Indonesia and Malaysia and Asia's rapid economic growth in the last few decades. We also have a very good team. I believe we have the best people in the business in most of the countries we operate in. Good partners also play a crucial role in our success. Our growth in markets such as India, Sri Lanka, Russia, Ukraine and Africa would not have been possible without our partners.

While we have achieved much success today, we are not complacent. We continue to work hard, seek improvements to our business model and learn new skills. We maintain our spirit of adventure and our willingness to venture into new and difficult markets. We set our sights on the very long term and are committed to the goals we have set.

Our challenge now is to ensure we continue to grow and become an even more successful Group in the next 25 years. There are a few things which are key to getting there.

First and foremost, we must maintain high standards uniformly across the Group, including major associate companies, in plant and food safety and sustainability issues.

Technology is rapidly changing the world. We need to embrace new technologies to improve our operational efficiency, identify consumer trends and market our products more effectively.

Research & Development is important to improve our manufacturing processes and product quality as well as developing new products.

As the Group expands, we need to improve the skills of our staff through better training and hiring better talent. Our staff must always maintain the highest standard of integrity.

We must share our success with shareholders, employees and the communities in which we operate. Our charity work which has been successful will be accelerated.

We must aspire to be a Group that is immensely respected for its product quality, innovation, sincerity of its values and the integrity of its people.

OUTLOOK AND PROSPECTS

Food is one of the largest businesses in Asia and Africa, where the fastest and biggest population growth is expected. Coupled with growing prosperity, the demand for quality food products will rise rapidly. Given the solid base that we have developed in many Asian and African countries and the people that we have, I am confident of our prospects in the next 25 years.

We will continue with our growth strategy with emphasis on the downstream businesses. The recent lifting of restrictions in China, our biggest market, on oilseeds and grains processing on foreign companies will ease our expansion there.

DIVIDENDS

The Board has recommended a final dividend of S$0.040 per share for FY2016. Including the interim dividend of S$0.025 per share paid in August 2016, the total dividend for FY2016 is S$0.065 per share (FY2015: S$0.080 per share), representing a dividend payout of about 30%.

BOARD CHANGES

On 30 June 2016, Mr Kuok Khoon Chen, who has served on the Wilmar Board since 2010, stepped down as Non-Independent Non-Executive Director to focus on his increasing work commitments. 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 Kuok Khoon Hua who was appointed a Non-Independent Non-Executive Director on 1 July 2016 as part of the board membership renewal process. The Board looks forward to the fresh perspectives he will bring to the Group with his wide exposure to the Kuok Group's various businesses.

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. It is with your support that we have been able to achieve such growth in 25 years. I hope you will stay on this journey and my colleagues and I will do our very best to ensure that you will be well rewarded for your confidence.

KUOK KHOON HONG

Chairman & Chief Executive Officer

17 March 2017

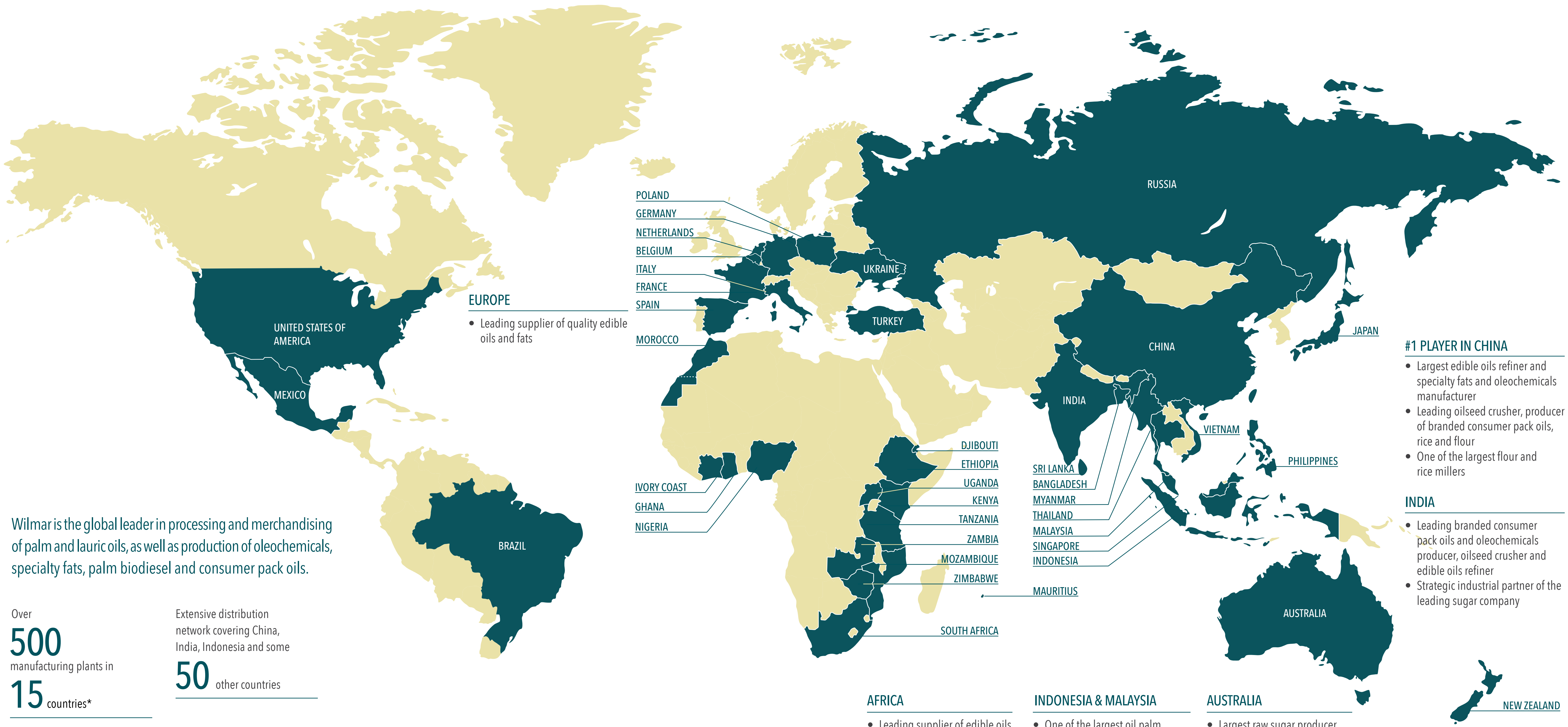
FROM VISION TO INTEGRATION

The strategy of building an integrated business model has driven our growth from a trading company to a listed global company and a significant player in agricultural-related businesses in Asia in 25 years. On this foundation, we have continued to invest and broaden our manufacturing base to develop leading market positions for our consumer products business in the fastest growing countries in the world. With good leadership and a dedicated team, we will realise our vision to become one of the largest players in the global food industry.

GLOBAL PRESENCE

RUSSIA & UKRAINE

- Largest manufacturer of consumer pack margarine, mayonnaise and solid soap in Russia
- Largest edible oils refiner and specialty fats producer in Ukraine



EUROPE

- Leading supplier of quality edible oils and fats

#1 PLAYER IN CHINA

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

INDIA

- Leading branded consumer pack oils and oleochemicals producer, oilseed crusher and edible oils refiner
- Strategic industrial partner of the leading sugar company

Wilmar is the global leader in processing and merchandising of palm and lauric oils, as well as production of oleochemicals, specialty fats, palm biodiesel and consumer pack oils.

Over
500
manufacturing plants in
15 countries*

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

Multinational workforce of about
90,000 staff globally

AFRICA

- Leading supplier of edible oils
- Operates oil palm plantations, refineries and produces consumer pack oils, soaps and detergents
- Third largest sugar producer

INDONESIA & MALAYSIA

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

AUSTRALIA

- Largest raw sugar producer and refiner
- Leading consumer brands in sugar and sweetener market
- Top 10 global raw sugar producers
- Owns 50% of Goodman Fielder - Australasia's leading food company

Subsidiaries only, not including associates

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 its business model, we are able to extract margins at every step of the value chain, thereby reaping operational synergies and cost efficiencies.

ORIGINATION

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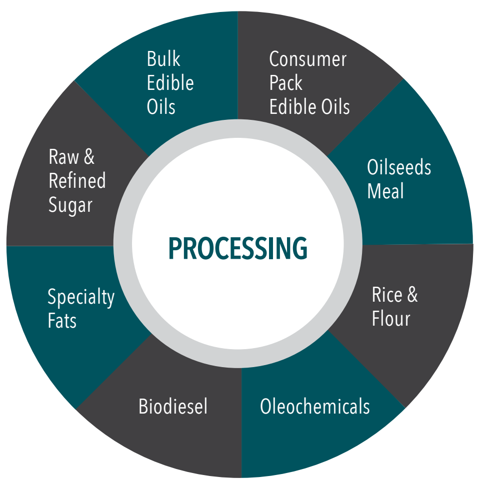

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MERCHANDISING & DISTRIBUTION

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CUSTOMERS

TROPICAL OILS

PLANTATION

One of the largest listed palm plantation companies in the world

MANUFACTURING & MERCHANDISING

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

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

OILSEEDS AND GRAINS

MANUFACTURING

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

CONSUMER PRODUCTS

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

Almost 100% of edible oil is supplied to Consumer Products

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

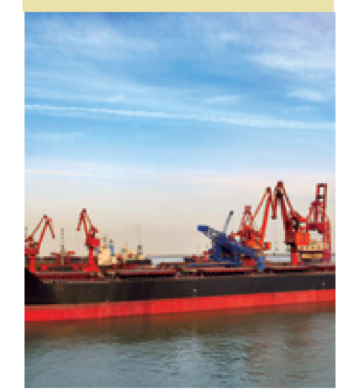
OTHERS

Fertiliser

Shipping

STRONG VOLUMES AND PROFITABILITY ACROSS ALL SEGMENTS (FY2016)

Tropical Oils – Plantation	Tropical Oils – Manufacturing & Merchandising	Oilseeds and Grains – Manufacturing	Oilseeds and Grains – Consumer Products	Sugar	Others
FFB: 3.8 m MT Revenue: US$64.1 m	Volume: 23.4 m MT Revenue: US$16.79 b	Volume: 24.0 m MT Revenue: US$11.40 b	Volume: 5.5 m MT Revenue: US$6.42 b	Volume: 13.5 m MT Revenue: US$5.86 b	Revenue: US$1.87 b
Results: US$689.2 m		Results: US$251.1 m		Results: US$125.3 m	Results: US$100.6 m



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$972.2
million

CORE NET PROFIT

US$976.6
million

EARNINGS PER SHARE

15.4 US cents

NET ASSET PER SHARE

US$2.29

DIVIDEND PER SHARE

S$0.065

REVENUE

US$41.40
billion

EBITDA

US$2.24
billion

TOTAL ASSETS

US$37.03
billion

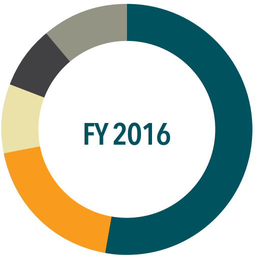
FINANCIAL HIGHLIGHTS

	FY2016	FY2015	FY2014	FY2013	FY2012
Income Statement *(US$ million)* [1]					
Revenue	**41,402**	38,777	43,085	44,085	45,463
EBITDA	**2,244**	2,101	2,148	2,432	2,406
Profit before tax	**1,300**	1,379	1,538	1,775	1,655
Net profit	**972**	1,023	1,156	1,319	1,255
Earnings per share – fully diluted *(US cents)*	**15.4**	16.1	18.1	20.6	19.6
Dividends per share *(Singapore cents)*	**6.5**	8.0	7.5	8.0	5.0
Dividend payout ratio on net profit (%) [2]	**30.0**	36.1	31.9	30.8	20.5
Cash Flow *(US$ million)*					
Operating cash flows before working capital changes	**2,021**	2,042	1,844	2,449	2,201
Capital expenditure	**777**	865	1,093	1,376	1,735
Working capital changes	**(523)**	398	423	(288)	(581)
Investment in subsidiaries, joint ventures and associates	**145**	511	220	362	300
Balance Sheet *(US$ million)* [1]					
Shareholders' funds	**14,435**	14,394	15,495	15,005	14,346
Total assets	**37,032**	36,926	43,558	46,632	41,920
Total liabilities	**21,653**	21,625	27,147	30,745	26,725
Net loans and borrowings	**11,692**	11,817	12,056	12,446	12,209
Net gearing (x)	**0.81**	0.82	0.78	0.83	0.85
Net asset value per share *(US cents)*	**228.5**	227.8	242.3	234.5	224.3
Net tangible assets per share *(US cents)*	**159.4**	158.6	173.5	165.4	154.6

[1] *FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants. FY2012 – FY2014 figures are not adjusted.*

[2] *FY2016 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



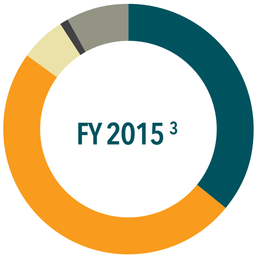
53% Tropical Oils

8% Others

19% Oilseeds & Grains

11% Associates and Joint Ventures

9% Sugar



36% Tropical Oils

1% Others

49% Oilseeds & Grains

8% Associates and Joint Ventures

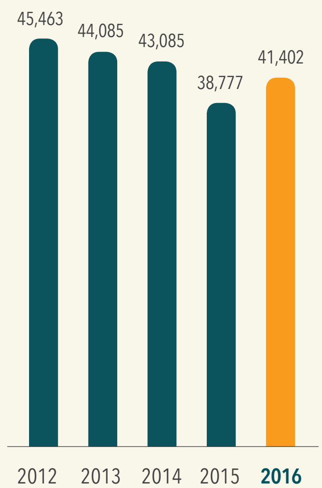
6% Sugar

Note:

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

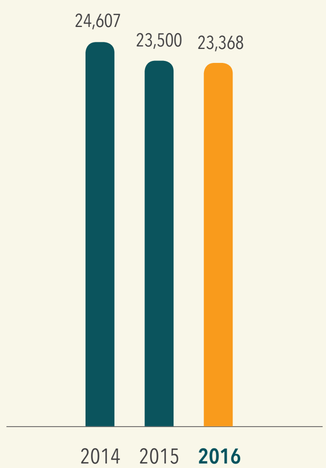
[3] *FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants.*

REVENUE
(US$ million)

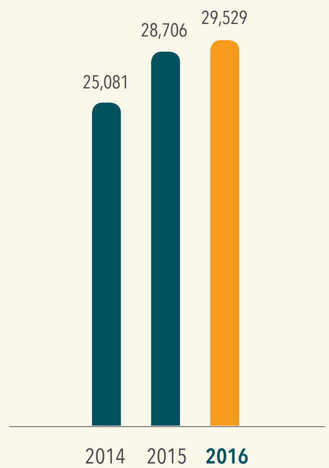


SALES VOLUME[4]

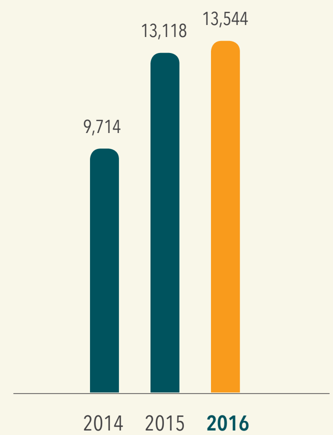
Tropical Oils[5]



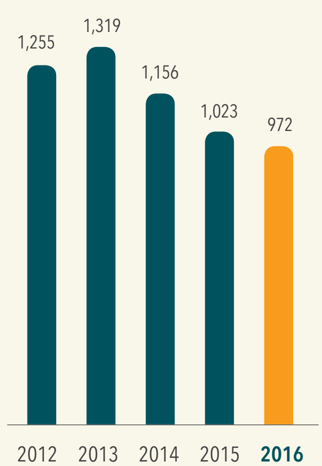
Oilseeds & Grains



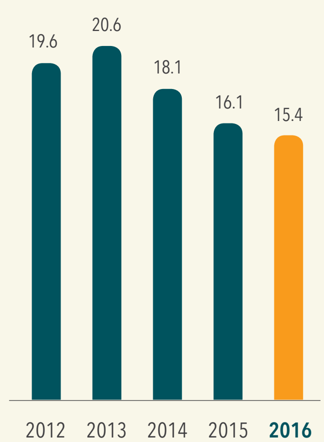
Sugar



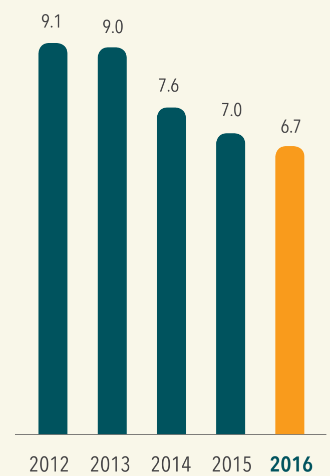
NET PROFIT[1]
(US$ million)



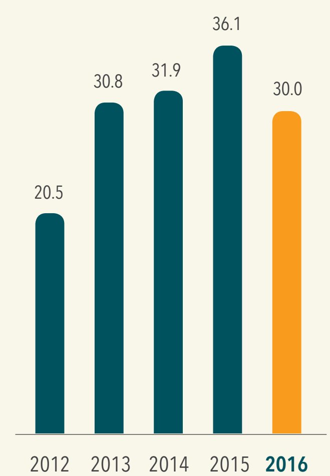
EARNINGS PER SHARE[1]
(US cents)



RETURN ON AVERAGE EQUITY[1]
(%)



DIVIDEND PAYOUT RATIO ON NET PROFIT[1,2] *(%)*



[4] *Due to the segmental reclassification with effect from FY2015, sales volume information for FY2012 and FY2013 are not available.*

[5] *Excludes plantation volume.*

BOARD OF DIRECTORS

From left to right:
Kuok Khoon Hong
Martua Sitorus
Pua Seck Guan

KUOK KHOON HONG

Chairman and Chief Executive Officer

Mr Kuok Khoon Hong, 67, is the Chairman and Chief Executive Officer of the Group. He is overall in charge of the management of the Group with a particular focus on new business developments. He has extensive experience in the industry and has been involved in the grains, edible oils and oilseeds businesses since 1973. Mr Kuok has completed many projects involving the establishment of oil palm plantations in Asia and Africa, as well as the processing of grains, edible oils and oilseeds. Mr Kuok graduated from the then University of Singapore with a Bachelor of Business Administration degree. Mr Kuok was appointed to the Board on 24 March 2006 and was last re-elected on 25 April 2014.

MARTUA SITORUS

Executive Deputy Chairman

Mr Martua Sitorus, 57, is the Executive Deputy Chairman of the Group. Mr Sitorus has been instrumental in the development of the Group's business operations in Indonesia. He is in charge of the Group's operations in Indonesia and plantation operations. 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.

PUA SECK GUAN

Chief Operating Officer and Executive Director

Mr Pua Seck Guan, 53, 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 Chief Executive Officer and Executive Director of Perennial Real Estate Holdings Limited, an integrated real estate and healthcare company listed on the Singapore Stock Exchange. Mr Pua has over 28 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 Chief Executive Officer 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.

From left to right:
Kuok Khoon Ean
Kuok Khoon Hua
Juan Ricardo Luciano

KUOK KHOON EAN
Non-Executive Director

Mr Kuok Khoon Ean, 61, 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 The Bank of East Asia, Limited and IHH Healthcare Berhad, which are listed on the Hong Kong Stock Exchange and Bursa Malaysia respectively. 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, 38, 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, Kuok (Singapore) Limited and Kerry Wines Limited; a non-executive director of Kerry Properties Limited, and an executive director of Kerry Logistics Network Limited. Both Kerry Properties Limited and Kerry Logistics Network Limited are companies listed on the Hong Kong 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.

JUAN RICARDO LUCIANO
Non-Executive Director

Mr Juan R. Luciano, 55, is the Chairman of the Board of Directors and Chief Executive Officer 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 Chief Operating Officer. 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 is a member of the board of directors of Eli Lilly and Company, and 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.

BOARD OF DIRECTORS

From left to right:

George Yong-Boon Yeo
Yeo Teng Yang
Tay Kah Chye
Kwah Thiam Hock
Kishore Mahbubani

GEORGE YONG-BOON YEO

Non-Executive Director

Mr George Yong-Boon Yeo, 62, is Chairman and Executive Director of Hong Kong-listed Kerry Logistics Network Limited and a Director of Kerry Holdings. From 1988 to 2011, Mr Yeo served in the Singapore Government, as Minister of State for Finance, then as Minister for Information and the Arts, Health, Trade and Industry, and Foreign Affairs. Prior to 1988, Mr Yeo served in various capacities in the Singapore Armed Forces, Republic of Singapore Air Force and Defence Ministry, attaining the rank of Brigadier-General. Mr Yeo is a member of the Board of Trustees of the World Economic Forum, the Berggruen Institute on Governance, the Panel of Advisers to the Dean of Harvard Business School, the International Advisory Board of IESE Business School, the International Advisory Committee of Peking University, Hong Kong's Economic Development Commission, the International Advisory Committee of Japan's National Graduate Institute for Policy Studies, the International Advisory Committee of Mitsubishi Corporation and the International Advisory Panel of China Eco-Forum Global. In 2013, he was appointed a member of the Pontifical Commission for Reference on the Economic-Administrative Structure of the Holy See and became a member of the newly-formed Vatican Council for the Economy in May 2014. Mr Yeo has been an independent non-executive director of Hong Kong-listed AIA Group Limited since November 2012. Mr Yeo was awarded the Philippines' Order of Sikatuna, India's Padma Bhushan and Australia's Honorary Officer of the Order of Australia. Mr Yeo graduated from Cambridge University with a double first in engineering in 1976 and also obtained a master of business administration degree (Baker Scholar) from Harvard Business School in 1985. Mr Yeo was appointed to the Board on 1 November 2014 and was last re-elected on 24 April 2015.

YEO TENG YANG

Lead Independent Director

Mr Yeo Teng Yang, 75, 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 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. 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. Mr Yeo, who held office until the last annual general meeting of the Company on 28 April 2016 ("AGM") in accordance with the then Section 153 of the Companies Act which has since been repealed, was re-appointed at the AGM.

TAY KAH CHYE

Independent Director

Mr Tay Kah Chye, 70, is currently the Executive Chairman of CLMV Consult Net Private Limited, a regional consulting company headquartered in Singapore and the Chief Executive Officer of the PATA Group (comprising PATA Consultancy Private Limited and PATA International Enterprise Private Limited). He has served as the Honorary Advisor of ASEAN Bankers Association, a regional banking industry group from 2008 to 2010. Prior to his retirement on 31 December 2007, Mr Tay was the President and Chief Executive Officer of ASEAN Finance Corporation Limited, a regional merchant bank based in Singapore and owned by various leading banks and financial institutions in ASEAN since 1991.

Mr Tay has vast experience in banking and finance. Mr Tay was with Citibank N.A. Singapore Branch, where he started his banking career in 1973. His last held position in Citibank was Vice President and Head of its Corporate Marketing Group. During his 18 years with Citibank, he held various positions in banking operations, credit management and marketing. Mr Tay was a director of Cambodia Mekong Bank Public Limited from 2003 to 2012 and his last held position was Chairman of the Board of Directors. He is the Independent Non-Executive Chairman of Asiatic Group (Holdings) Limited 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 24 April 2015.

KWAH THIAM HOCK

Independent Director

Mr Kwah Thiam Hock, 70, 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 Chief Executive Officer. He stepped down from ECICS Holdings Ltd in 2003 to assume the position of Principal Officer and Chief Executive Officer of ECICS Limited, a wholly-owned subsidiary of listed IFS Capital Limited. Mr Kwah retired from ECICS Limited in December 2006 but he remains as adviser of ECICS Limited. He is a Fellow, Certified Public Accountant of Australia, ICPAS 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 25 April 2014.

KISHORE MAHBUBANI

Independent Director

Professor Kishore Mahbubani, 68, 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 DC 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. Currently, he is the Dean and Professor in the Practice of Public Policy at the Lee Kuan Yew School of Public Policy of the National University of Singapore. In the world of ideas, he has spoken and published globally. Prof Mahbubani was appointed to the Board on 1 January 2016 and was re-elected on 28 April 2016.

BOARD OF DIRECTORS

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

NAME OF DIRECTOR	PRESENT DIRECTORSHIPS IN LISTED COMPANIES	PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS	PRINCIPAL COMMITMENTS
Executive Directors			
KUOK Khoon Hong	1. Wilmar International Limited - Chairman & Chief Executive Officer 2. Perennial Real Estate Holdings Limited - Chairman & Non-Independent Non-Executive Director	Cosumar S.A., a Wilmar associated company	Wilmar International Limited and its group of companies
Martua SITORUS	Wilmar International Limited - Executive Deputy Chairman	-	1. Wilmar International Limited and its group of companies 2. Aastar Trading Pte Ltd - Managing Director 3. WH Investments Pte Ltd - Managing Director 4. ICC Energy Holdings Pte Ltd
PUA Seck Guan	1. Wilmar International Limited - Chief Operating Officer & Executive Director 2. Perennial Real Estate Holdings Limited - Chief Executive Officer & Executive Director	-	1. Wilmar International Limited and its group of companies 2. Perennial Real Estate Holdings Limited and its group of companies
Non-Executive Directors			
KUOK Khoon Ean	1. PACC Offshore Services Holdings Ltd ("POSH") - Chairman & Non-Executive Director 2. IHH Healthcare Berhad *(Bursa Malaysia)* 3. The Bank of East Asia, Limited *(Hong Kong Stock Exchange)* 4. Wilmar International Limited	1. Shangri-La Asia Limited 2. Shangri-La Hotel Public Company Limited	1. Kerry Group Limited 2. Kerry Holdings Limited 3. Kuok (Singapore) Limited - Chairman 4. POSH - Chairman & Non-Executive Director
KUOK Khoon Hua	1. Kerry Logistics Network Limited 2. Kerry Properties Limited *(Both listed on Hong Kong Stock Exchange)* 3. Wilmar International Limited	-	1. Kerry Holdings Limited - Chairman 2. Kerry Logistics Network Limited 3. Kerry Group Limited 4. Kuok (Singapore) Limited 5. Kerry Wines Limited

NAME OF DIRECTOR	PRESENT DIRECTORSHIPS IN LISTED COMPANIES	PAST DIRECTORSHIPS IN LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS	PRINCIPAL COMMITMENTS
Juan Ricardo LUCIANO	1. Archer Daniels Midland Company 2. Eli Lilly and Company *(Both listed on New York Stock Exchange)* 3. Wilmar International Limited	-	Archer Daniels Midland Company - Chairman & Chief Executive Officer
George Yong-Boon YEO	1. Kerry Logistics Network Limited - Chairman & Executive Director 2. AIA Group Limited *(Both listed on Hong Kong Stock Exchange)* 3. Wilmar International Limited	-	1. Kerry Logistics Network Limited 2. Kerry Holdings Limited 3. AIA Group Limited
Lead Independent Director			
YEO Teng Yang	Wilmar International Limited	United International Securities Limited (dissolved on 4 December 2015)	
Independent Directors			
TAY Kah Chye	1. Asiatic Group (Holdings) Limited - Independent Non-Executive Chairman 2. Chemical Industries (Far East) Ltd - Lead Independent Director 3. Wilmar International Limited	-	1. CLMV Consult Net Private Limited - Executive Chairman 2. Cam Box Private Limited 3. PATA Consultancy Private Limited - Chief Executive Officer 4. PATA International Enterprise Private Limited - Chief Executive Officer
KWAH Thiam Hock	1. Excelpoint Technology Ltd 2. IFS Capital Limited 3. Teho International Inc Ltd 4. Wilmar International Limited	Select Group Limited	1. ECICS Limited 2. PM Shipping Pte Ltd
Kishore MAHBUBANI	1. Wilmar International Limited 2. Zurich Insurance Group Ltd *(SIX Swiss Exchange)*	-	Dean, Professor in the Practice of Public Policy - Lee Kuan Yew School of Public Policy, National University of Singapore

Notes:

1. *In accordance to the Code of Corporate Governance 2012, the term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organizations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*
2. *Board of Directors write-up is based on information as at 28 February 2017.*

KEY MANAGEMENT TEAM

(As at 28 February 2017)

MR KUOK KHOON HONG
Chairman & Chief Executive Officer

MR MARTUA SITORUS
Executive Deputy Chairman

MR PUA SECK GUAN
Executive Director & Chief Operating Officer

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 of Oleochemicals & Biofuels

MR MU YANKUI
Vice Chairman & Chief Operating Officer, China

MR NIU YU XIN
General Manager, China

MR JEAN-LUC ROBERT BOHBOT
Group Head of Sugar

CAPTAIN KENNY BEH HANG CHWEE
Group Head of 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 of Internal Audit

MR THOMAS LIM KIM GUAN
Group Head of Edible Oils

CORPORATE INFORMATION

(As at 28 February 2017)

BOARD OF DIRECTORS

KUOK Khoon Hong (Chairman)
Martua SITORUS
PUA Seck Guan
KUOK Khoon Ean
KUOK Khoon Hua *(Appointed on 1 July 2016)*
Juan Ricardo LUCIANO
George Yong-Boon YEO
YEO Teng Yang
TAY Kah Chye
KWAH Thiam Hock
Kishore MAHBUBANI

EXECUTIVE COMMITTEE

KUOK Khoon Hong (Chairman)
Martua SITORUS
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)
Martua SITORUS
PUA Seck Guan

COMPANY SECRETARY

TEO La-Mei

REGISTERED OFFICE

56 Neil Road
Singapore 088830
Telephone: (65) 6216 0244
Fax: (65) 6536 2192

SHARE REGISTRAR

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

FROM PERFORMANCE TO RESILIENCE

The Group achieved satisfactory performance in 2016. Tropical Oils segment rebounded strongly on the back of higher crude palm oil prices and consistently robust performance from the downstream businesses. Oilseeds and Grains recorded lower profit due to untimely purchases of raw materials in the second quarter of the year. Sugar performed better than last year as the extension of the milling season in Australia led to a higher volume of sugarcane crushed, coupled with an increase in sugar prices.

OPERATIONS REVIEW

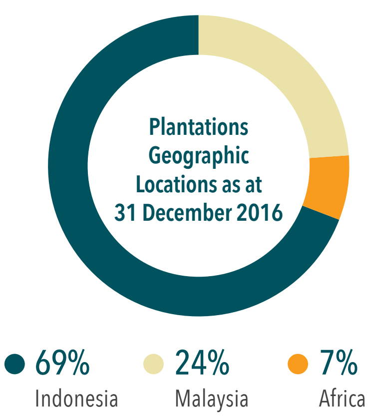
TROPICAL OILS (PLANTATION, MANUFACTURING AND MERCHANDISING)

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

PLANTATION

We are one of world's largest oil palm plantation owners with a total planted area of 241,892 hectares (ha) as at 31 December 2016. Around 69% of our total planted area is in Indonesia, 24% in East Malaysia and 7% in Africa. Through joint ventures, we own plantations in Uganda and West Africa of approximately 47,000 ha. Wilmar also directly manages 31,284 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.

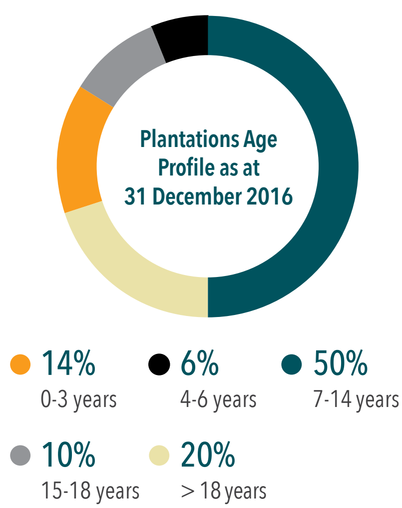
The medium to long-term growth of our plantation operations is supported by the relatively young plantations with an average age of 12 years. Around 60% of the plantations are at the prime production age of seven to 18 years and 20% are at age six years and below.



Sustainability

In 2016, we continued to make progress on the objectives of our No Deforestation, No Peat, No Exploitation Policy. One of the highlights of the year was the Roundtable on Sustainable Palm Oil (RSPO) certification of the world's single largest independent oil palm smallholder group. With support from Wilmar's subsidiary, PT Tania Selatan, and financial assistance from the RSPO Smallholder Support Fund, a group of more than 2,700 independent smallholders covering 5,500 ha in South Sumatra, Indonesia, received the RSPO certification on 16 June 2016.

For more information on our sustainability efforts, please refer to the Sustainability chapter on pages 41 to 48 in this report.



MANUFACTURING AND MERCHANDISING

We are the world's largest processor and merchandiser of palm and lauric oils, processing them 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 a sales and distribution network in more than 50 countries.

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 over 30% respectively.

During the year, Wilmar and Archer Daniels Midland Company (ADM) completed the transition of Olenex from a marketing and sales partnership to a full-function joint venture with its own assets. Established in 2012 as a partnership to market refined vegetable oils and fats in Europe, Olenex today owns and operates specialty oils and fats and palm refining plants in Hamburg, Germany, as well as tropical oils processing plants in Brake, Germany and Rotterdam, the Netherlands. In

As at 31 December 2016, the Group has plants located in the following countries:

	REFINERY	OLEOCHEMICALS	SPECIALTY FATS	BIODIESEL
Subsidiaries				
Indonesia	25	4	4	11
Malaysia	14	3	1	2
China	49	10	6	0
Vietnam	3	0	2	0
Europe	0	2	0	0
Africa	2	0	2	0
Others	4	0	1	0
Total no. of plants	**97**	**19**	**16**	**13**
Total capacity *(million MT p.a)*	**28**	**2**	**2**	**3**
Associates				
India	29	1	5	0
China	8	2	2	0
Russia	4	0	1	0
Ukraine	2	0	1	0
Malaysia	3	0	0	0
Africa	10	0	3	0
Bangladesh	2	0	0	0
Europe	5	1	2	0
Total no. of plants	**63**	**4**	**14**	**0**
Total capacity *(million MT p.a)*	**11**	**<1**	**1**	**0**

Note: Refinery capacity includes palm oil and soft oils

addition to processing, the new joint venture integrates raw materials sourcing, trading, and sales and marketing operations. Olenex will also market refined oils and fats from ADM's plants in the Czech Republic, Germany, the Netherlands, Poland and the United Kingdom.

INDUSTRY TREND IN 2016

In 2016, global palm oil production declined 6.8% to 58.3 million MT, the most significant decline in recent years. The two key producing countries, Indonesia and Malaysia, saw production drop by 4.8% to 31.8 million MT and 13.1% to 17.4 million MT respectively. Indonesia and Malaysia account for about 84% of global palm oil production. The lower production was due to the lagged impact of very dry conditions in parts of Indonesia and Malaysia in the later half of 2015 which resulted in lower yields in 2016.

Global demand for palm oil grew 2.4% to 62.0 million MT in 2016. The growth in demand was driven by Indonesia, which saw consumption increase by 28.8% to 9.1 million MT, supported by its palm biodiesel programme. India, another key consumption market, saw some disruption to demand at the end of the year due to the demonetisation exercise in November. For 2016, palm oil consumption from India was flat at 9.2 million MT. Consumption in China declined 11% to 5.1 million MT as a result of competition from other edible oils, including the release of rapeseed oil from the Chinese government's reserves.

The tight supply of palm oil resulted in generally higher prices in 2016 compared to 2015. Crude palm oil (CPO) prices rallied in the fourth quarter of 2016 after the United States lifted biodiesel targets and also as it became evident that the recovery in palm production would be later than anticipated.CPO prices ended the year at RM3,109, an increase of 38.9% from RM 2,238 at the beginning of 2016.

OUR PERFORMANCE

In 2016, the Tropical Oils segment achieved a 40.2% increase in pre-tax profit to US$689.2 million from US$491.5 million in 2015. Throughout the year, our downstream businesses, which include oleochemicals, specialty fats and biodiesel, showed consistently robust performance. This was coupled with the strong performance in the plantations business in the fourth quarter of the year which benefited from higher CPO prices.

In Plantations, production yield which was affected by the El Nino phenomenon declined 11.6% to 19.0 MT per ha, resulting in a 14.8% decrease in total fresh fruit bunches to 3,817,969 MT for the year.

Sales volume for the manufacturing and merchandising businesses declined marginally to 23.4 million MT from 23.5 million MT in 2015. Higher CPO prices since the second quarter of the year led to an overall 8.0% increase in segment revenue to US$16.86 billion.

OUTLOOK AND STRATEGY

Global palm oil production is expected to increase 2.5% to 63.5 million MT for the marketing period from October 2016 to September 2017 as production recovers from the El Nino impact. We remain positive about the long-term prospects of palm oil with the rise of global demand for our food and non-food applications such as oleochemicals and biodiesel. The key demand drivers for palm oil will continue to come from emerging markets like Indonesia and India.

OPERATIONS REVIEW

OILSEEDS AND GRAINS (MANUFACTURING & CONSUMER PRODUCTS)

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

MANUFACTURING

We are a leading player in oilseed crushing with extensive presence in various parts of the world such as China, India, 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 our own 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 and Thailand.

In December 2016, we formed a joint venture with Bunge and Quang Dung, a leading soybean meal distributor in Vietnam and majority owner of Green Feed, a growing Vietnamese feed meal business. The joint venture between three uniquely positioned leaders in the Vietnamese oil and feed markets will connect Bunge's upstream crushing capabilities to Wilmar's downstream oil refining and consumer products business, and to Green Feed's feed milling and marketing activities. The soybean meal distribution capabilities of the joint venture also complement our animal feed ingredients business in Vietnam, including rice bran, wheat bran, palm kernel expeller, copra expeller, canola meal and feed oils.

As at 31 December 2016, the Group has crushing plants and flour and rice mills located in the following countries:

	CRUSHING	FLOUR MILLING	RICE MILLING
Subsidiaries			
China	52	18	16
Malaysia	1	0	0
Vietnam	3	0	0
Africa	1	0	0
Indonesia	0	2	0
Total no. of plants	**57**	**20**	**16**
Total capacity *(million MT p.a)*	**24**	**6**	**3**
Associates			
China	20	1	1
India	13	1	0
Russia	2	0	0
Ukraine	1	0	0
Malaysia	0	8	0
Indonesia	0	2	0
Others	4	3	0
Total no. of plants	**40**	**15**	**1**
Total capacity *(million MT p.a)*	**12**	**2**	**<1**

CONSUMER PRODUCTS

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

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

INDUSTRY TREND IN 2016

Accounting for approximately 63% of the world's demand in 2016, China continued to be the top importer of soybeans. Demand for soybeans in China increased 3% from 81.7 million MT in 2015 to 84 million MT in 2016.

Total volume of soybean crushed in China increased 11% to 77.6 million MT from 70.1 million MT in 2015. In line with the higher volume of soybean crushed, soybean meal and soybean oil both saw higher consumption in 2016. Soybean meal consumption increased around 10% to 60.1 million MT while soybean oil consumption increased 9% to around 14.2 million MT in 2016.

On the supply side, drought in Brazil during the first quarter of 2016 and floods in Argentina during the second quarter stoked concerns of a poor crop and resulted in a spike in soybean prices. Soybean prices started the year at around US$8.70 per bushel and peaked at around US$11.80 per bushel in mid-June, a more than 30% movement. The unexpected surge in soybean prices during this period led to negative crush margins in China. However, prices retreated thereafter as expectations of a good crop in the United States filtered into the market. By end-August, prices had fallen close to 20% from the peak to about US$9.60 per bushel and remained range bound for the rest of the year.

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

OUR PERFORMANCE

In 2016, the Oilseeds and Grains segment recorded a pre-tax profit of US$251.1 million compared to US$689.8 million in 2015. The lower profit was due to losses of US$343.8 million recognised in the second quarter of the year as a result of untimely purchases of raw materials.

Sales volume for Oilseeds & Grains Manufacturing grew 1.7% to 24.0 million MT while sales volume for Consumer Products increased 8.4% to 5.5 million MT.

OUTLOOK AND STRATEGY

The Chinese government recently lifted restrictions on oilseeds and grains processing capacities owned by foreign companies. This will benefit our operations in China as it provides flexibility to expand if needed. With the improved operating environment for the crushing industry in China, we remain positive for the outlook in 2017.

In the Consumer Products business, we will continue to benefit as more consumers shift from loose to quality branded consumer pack products. We will continue to increase the range of our products, improve our sales and distribution networks and research and development to make it our fastest growing segment.

SUGAR (MILLING, MERCHANDSING, REFINING & CONSUMER PRODUCTS)

In Australia, our sugar business involves the cultivation of sugarcane, the milling of sugarcane to produce raw sugar and the refining of raw sugar to produce food-grade products such as white sugar, brown sugar, caster sugar and syrups. From our milling operations, we produce ethanol as well as fertiliser. The mills also generate their own electricity by burning sugarcane fibre (bagasse). Excess electricity not required in the milling operations is sold to the local electricity grid.

We are Australia's largest raw sugar producer and refiner. We produce over 50% of Australia's raw sugar and our 75%-owned refinery joint venture supplies about 75% of Australia's and New Zealand's 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 operators. We operate two refineries located near Cigading Port in West Java. These refineries have a production capacity of about 700,000 MT and process imported raw sugar and supply refined sugar to the food and beverage manufacturing industry.

In Morocco, through our 30.26% associate (as at Jan 2017), Cosumar S.A. (Cosumar), we have one refinery and seven sugar beet/cane mills in Morocco. 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. In 2016, Cosumar announced the construction of a world-class sugar refinery in Saudi Arabia, to be located in the port of Yanbu, with a local Saudi partner. The refinery is expected to be operational in 2019 with a production capacity of around 800,000 MT.

As at 31 December 2016, the Group has sugar mills and refining plants in the following countries:

	MILLING	REFINING
Subsidiaries		
Australia	8	2
New Zealand	-	1
Indonesia	-	2
Myanmar	2	-
Total no. of mills/plants	**10**	**5**
Total capacity *(million MT p.a.)*	**19**	**2**
Associate		
Brazil	4	-
India	7	2
Morocco	7	1
Total no. of mills/plants	**18**	**3**
Total capacity *(million MT p.a)*	**27**	**3**

Through a 27.72% participation, 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 tonnes per annum; two port-based refineries, one each in Kandla and Haldia, with a combined capacity of 1.7 million tonnes per annum and a cogeneration capacity of 584 MW as well as port and logistics assets.

We also entered into a majority 55:45 joint venture with Great Wall Food Stuff Industry Company Limited, the leading sugar company in Myanmar. The joint venture consists of the partners' existing sugar-related business, two sugar mills, a bio-ethanol plant and an organic compound fertiliser plant.

SUGAR DEVELOPMENTS

Within six years of entering the sugar business, we have become a leading sugar operator and the only global integrated sugar company, with operations covering sugar production from cane in Australia, India, Brazil, Myanmar and from beet in Morocco. We are also a leading sugar refiner in Australia, New Zealand, Indonesia, India, Morocco, merchandising of about 12 million MT of raw and white sugar, and distribution of leading brands such as *CSR* and *Chelsea*.

In September 2016, we formed a strategic 50:50 joint venture with the leading sugar and ethanol producer, Raízen Energia S.A., to meet the growing global demand for Brazilian sugar. The partnership combines the strengths of Brazil's largest sugar producer with one of the world's largest trader of the commodity.

INDUSTRY TREND IN 2016

World sugar prices increased significantly during the year, from a low of 12.50 US cents per pound to a high of 23.90 US cents per pound. This was due to a deficit between world production estimated at 172 million MT and consumption at 178 million MT, despite a record crop of 35.5 million MT from South Brazil. Demand from key consumer markets, such as China and Indonesia, was particularly strong.

OUR PERFORMANCE

In 2016, the Sugar division reported pre-tax profit of US$125.3 million, a 48.7% increase from US$84.3 million in 2015. The improved performance for the year was due to a strong fourth quarter showing as the extension of the milling season in Australia led to a higher volume of sugarcane crushed, coupled with an increase in sugar prices. The division's result included a US$33.5 million impairment charge on the refinery assets in Australia. Excluding this impairment charge, pre-tax profit improved 88.5% to US$158.8 million in 2016.

Sugar volumes grew 3.2% to 13.5 million MT from higher merchandising activities while revenue increased 33.1% to US$5.86 billion, largely due to higher sugar prices.

OUTLOOK AND STRATEGY

In 2017, India, the world's largest sugar consumer, is facing a significant crop reduction in the two major states of Maharashtra and Karnataka, creating a deficit between production and consumption. At the same time, China's sugar crop has not recovered well and is expected to leave the country with a production deficit of around 5.0 million MT. Brazil's crop will have to be robust again in order to stabilise world sugar prices.

The Sugar division is well-placed to capture the opportunities offered by the sugar market and will continue to focus on cost control, operational efficiency, risk management and development of new markets.

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 capacity 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 for the fertiliser products are also our suppliers of fresh fruit bunches, crude palm oil and palm kernel, thus we have been able to tap into this captive market and minimise credit risk. Supported by 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 was an opportunity for us 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 the East Malaysian market.

At present, our total installed capacity of NPK compound is 1.3 million MT per annum in Indonesia and Malaysia, achieving a sales volume of around 2.0 million MT annually.

INDUSTRY TREND AND OUR PERFORMANCE

The first half of 2016 saw the continuation of a slowing global economy and unfavourable dry weather for fertiliser application. Although market conditions had somewhat improved in the second half of the year, fertiliser consumption for the full-year was lower than in 2015 due to the strong impact of the El Nino phenomenon. Despite the decline in annual sales volume, the fertiliser business delivered higher profitability overall compared to the previous year.

OUTLOOK AND STRATEGY

We maintain a positive view on the long-term outlook of the agricultural sector in the region. We will also continue to actively engage and focus on markets in which we have a significant presence to ensure achievable and sustained growth.

SHIPPING

As part of Wilmar's integrated business model, we own a fleet of liquid and dry bulk carriers which improves the flexibility and efficiency of our logistic operations. This fleet provides partial support for our total shipping requirements while the balance of our requirements is met by chartering-in third-party vessels.

Despite the challenging market conditions in 2016, the shipping unit maintained a respectable profit for the year.

We will continue to look out for good opportunities to renew and expand our fleet.

As at 31 December 2016, we own 55 liquid / dry bulk vessels with a total tonnage of 2.0 million MT.

RESEARCH AND DEVELOPMENT

Wilmar's research and development (R&D) activities aim to improve the quality and broaden the range of our product offerings and enhance operational efficiency while reducing energy consumption and minimising environmental impact. The R&D work is carried out by about 350 researchers in various international locations focusing on food technology, oleochemical research and oil palm productivity. By the end of 2016, we have been granted a total of 88 patents covering these different areas.

Through our Innovation Centres, we collaborate with several Institutes of Higher Learning in Singapore.

WILMAR INNOVATION CENTRE 1 (WIC 1)

Located in Temasek Life Sciences Laboratory at National University of Singapore, WIC 1 was established in May 2015. It focuses on enzyme engineering to increase thermostability, robustness and efficacy as well as biotransformation in areas of taste peptide identification and microbiome of fermented food products.

Major activities in WIC 1 in 2015 and 2016 included:

- Cloned and expressed lipase genes from tropical plants and organisms with high storage lipids.
- Explored protein tagging to improve lipase efficacy and/or enzyme purification.
- Engineered lipases to increase their stability and activity at high temperatures.
- Characterised changes in microorganism during soy sauce fermentation.
- Established a soy sauce database in which sauces were categorised through metabolomics analysis.
- Carried out screening to identify new bacterial strains and lipase genes from activated sludge.

WILMAR INNOVATION CENTRE 2 (WIC 2)

Located at Republic Polytechnic in Singapore, WIC 2 was set up in March 2016 and officially opened in August 2016. It focuses on future foods, food structure, food texture and food safety. The food and ingredient R&D that WIC 2 undertakes include chocolate, ice cream, sauces and condiments as well as bakery products.

Activities and objectives of WIC 2 include:

- Providing innovative solutions in the development of functional foods with Health, Nutrition, Palatability and Safety values.
- Developing next generation foods using Wilmar's existing secondary products such as rice bran, okara (soy pulp), soy protein isolates by texture alteration and nutritional enhancement to increase their applicability in high-end novel foods.
- Collaboration with multi-national food companies that have their R&D Centres in Singapore.

R&D IN CHINA

Our R&D Centre in Shanghai focuses on next generation technology to elevate product quality and expand product diversity. The products include major food ingredients such as oil, protein and starch as well as food products derived from these ingredients. The primary objective is to deliver to consumers safe and healthy foods without compromising their nutritional value.

In 2016, a number of new products and technologies were successfully launched in China, including:

- Aerated filling fat which won the Technology Innovation Award from the Confectionary Committee of the China National Food Industry Association.
- A technology to optimise the crystallisation process of palm oil was awarded second prize in an advanced operation competition in Shanghai and has helped Wilmar's Shanghai factory improve production efficiency.
- Instant soybean curd jelly which received two distinguished awards in the Chinese food industry – (1) China Food Science and Technology Progress Award; (2) Food Innovation Award.
- Long shelf-life (up to 12 months) buckwheat flour produced using a selection and grading technology as well as buckwheat noodles produced using a combination of buckwheat and high quality wheat flour.

In addition, *Arawana* rice bran oil received the International Quality Award from the International Association of Rice Bran Oil.

R&D IN INDONESIA

Our R&D Laboratory in Indonesia focuses on biotechnology research to enhance our competitiveness and sustainability in the oil palm industry. Beneficial microbes have been identified that can be used to control or prevent oil palm diseases, reduce the use of chemical fertilisers and improve plant health.

Molecular Oil Palm Breeding

In collaboration with Temasek Life Sciences Laboratory, we are generating specific DNA markers associated with important agronomic traits of oil palm. These markers will be applied in DNA-assisted breeding of oil palm. At this stage, high yield and Ganoderma tolerant palms are the main focus.

Enzyme and Microbial Bioprospecting

The laboratory isolated a bacterium which produces 1,3-propanediol (PDO), an important intermediate compound that can generate a myriad of unique and high-value oleochemicals. This isolate can be developed for enzyme-based PDO production from palm oil. Specific plasmids to increase 1,3-PDO production were also successfully constructed.

The Republic Polytechnic-Wilmar Innovation Centre was officially launched on 3 August 2016 by Associate Professor Muhammad Faishal Ibrahim, Parlimentary Secretary, Ministry of Education & Ministry of Social and Family Development (far right).

AWARDS & ACCOLADES

CORPORATE AWARDS

WILMAR INTERNATIONAL LIMITED

- Fortune Global 500, ranked 254th
- World's Most Admired Company, ranked 3rd in Food Production Industry
  Fortune Magazine
- Best Investor Relations Award (Silver)
  Singapore Corporate Awards
- Forbes Global 2000: The World's Biggest Public Companies, ranked 359th
- Ranked 17th out of 631 companies on the Governance and Transparency Index
  The Business Times and the Centre for Governance, Institutions and Organisations
- Nominated in "Best in Country: Singapore" category
  IR Magazine South-East Asia 2016
- Top 100 Singapore Brands, ranked 5th
  BrandFinance®

AUSTRALIA

Wilmar Sugar

- Large Employer of the Year Award
  2016 Queensland Training Awards – North Queensland Region Finals

CHINA

益海嘉里投资有限公司
Yihai Kerry Investments Co., Ltd.

- 2016上海市“百强企业”第15名
  上海市企业联合会、上海市企业家协会、上海市经济团体联合会

益海嘉里（兖州）粮油工业有限公司
Yihai Kerry (Yanzhou) Grain and Oil Industry Co., Ltd.

- 2016年食安山东.诚信守望典型公选影响山东责任企业
  大众报业集团、齐鲁晚报、食安山东质量诚信联盟、山东省食品工业协会、山东省畜牧协会、山东省旅游饭店协会

深圳南海粮食工业有限公司
Shenzhen Nanhai Grain Industry Co., Ltd

- 广东省诚信示范企业
  广东省企业联合会、广东省企业家协会

益海嘉里食品营销有限公司
Yihai Kerry Food Marketing Co., Ltd

- 中餐国际推广突出贡献单位
  中国烹饪协会
- 2016中国十佳粮油集团, 2016中国百佳粮油企业
  中国粮油财富论坛

嘉里粮油（中国）有限公司
Kerry Grain and Oil (China) Co., Ltd

- 第二届“我心中的品牌”的全国公众推选活动“中国品牌诚信企业”
  人民日报《民生周刊》杂志社、国家品牌网编辑委员会

益海嘉里餐饮发展队
Yihai Kerry Food & Beverage Development Team

- 第八届中国烹饪世界大赛团体金奖冠军
  世界中餐业联合会、全荷华人华侨联合总会

EUROPE

Wilmar Europe

- Best Performing Employer of the Year (Oils and Fats Branch)
  National Business Success Award

GHANA

Benso Oil Palm Plantation

- 2015 Ghana Club 100 – 66th Position
- 2015 Ghana Club 100 – Leader in Agriculture & Agribusiness Sector Ranking
  Ghana Investment Promotion Centre

INDIA

Adani Wilmar Limited

- Diamond Finalist Award: Lightweight Square-Shaped Edible Oil Bottle & Cap
  DuPont Packaging Awards 2016

INDONESIA

PT Wilmar Nabati Indonesia

- IPC Customer Awards – Best Cargo Owner 2016
  PT Pelabuhan Indonesia II (Persero)

MALAYSIA

PGEO Group Sdn Bhd

- MPOB Oil Industry Awards 2015/2016 – Best Palm Kernel Crushing Plant
  Malaysian Palm Oil Board

The Yihai Kerry Food & Beverage Development Team clinched the Gold award at the 8th World Championship of Chinese Cuisine.

VIETNAM

Cai Lan Oils & Fats Industries Company Ltd

- Vietnamese High Quality Goods Award
  Saigon Tiep Thi newspaper
- VNR 500 – Top 500 Biggest Enterprises in Vietnam
  Vietnamnet in collaboration with Vietnam Report

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

金龙鱼慈善公益基金会
Arawana Charity Foundation

2016 年度公益集体奖
2016（第六届）中国公益节组委会

益海嘉里、金龙鱼慈善公益基金会
(Yihai Kerry and Arawana Charity Foundation)

"情系桑梓，惠泽民生" 纪念玉牌
国务院侨务办公室

CONSUMER PRODUCT AWARDS

BRAND	AWARD
Bangladesh	
Rupchanda Rupchanda Soybean Oil	• 6th best brand in Overall category • Top in Edible Oil category in Best Brand Award *Bangladesh Brand Forum in collaboration with Millward Brown Bangladesh*
China	
金龙鱼（品牌） Arawana (General)	• 我心中的品牌 中国第一 *人民日报社、《民生周刊》杂志社、国家品牌网* • "2016中国连锁餐饮优秀供应商品牌" 称号 *中国食品工业协会豆制品专业委员会*
金龙鱼稻米油 Arawana Rice Bran Oil	• 第三届国际稻米油会议ICRBO国际品质大奖 *ICRBO-国际稻米油理事会*
金龙鱼食用油 Arawana Cooking Oil	• 食用油品牌力指数排行榜 第一名 *工业和信息化部指导、品牌评价机构 Chnbrand* • 2016中国十佳粮油（食品）品牌 *中国粮油财富论坛*
金龙鱼葵花籽油 Arawana Sunflower Oil	• 欧洲最健康食用油 *APK Inform-Agency*
金龙鱼豆乳 Arawana Soy Milk	• 中国豆制品行业科技进步奖产品、工艺创新奖一等奖 *中国食品工业协会豆制品专业委员会*
金龙鱼速食豆腐花 Arawana Instant Soy Bean Curd	• 2016年中国方便食品创新奖 *第十六届中国方便食品大会* • 中餐科技进步奖 - 一等奖 *中国食品科学技术学会*
Ghana	
Frytol	• Most Valuable Brand Award *2016 Brand Leadership Awards by Premier Brands Ghana*
Indonesia	
Sania	• Top Brand Award (Cooking Oil category) *Frontier Consulting Group and Majalah Marketing*
Nigeria	
Devon King	• No. 1 Equity Brand in Vegetable Oil category *Kantar Millward Brown*
Russia	
Monpari	• Gold Medal for toilet soap and laundry soap *International Exhibition Forum Inter Expo Show 2016*
Uganda	
White Star Bar White Star Magic Washing Powder Fortune Butto	• Best Soap • Best Detergent • Best Cooking Oil *People's Choice Quality Awards*
Soap & Detergents Edible Fats & Oils	• Gold Award • Silver Award *President's Export Awards*
Vietnam	
Simply Cooking Oil	• "Trust & Use" Award *Vietnam Economic Times*
Zimbabwe	
Pure Drop Buttercup Surface Wilmar	• Super Brand of the Year in Cooking Oils category • No. 8 Overall Consumer Products category • No. 15 Overall Business to Consumer Award • 2nd runner-up Best Supplier Groceries category *Superbrand*

FROM RESPONSIBILITY TO SUSTAINABILITY

Since the launch of our No Deforestation, No Peat, No Exploitation (NDPE) Policy, we have come a long way but we recognise that sustainability is a journey in pursuit of continuous improvement. We believe that to bring about transformational change in the palm oil industry, forming multi-stakeholder collaborations is the way to go. It is also important to empower and integrate smallholders into a traceable and deforestation-free supply chain.

SUSTAINABILITY

Wilmar's sustainability strategy focuses on developing and advocating environmental, social and labour best practices, in collaboration with our partners and industry stakeholders. We believe that a multi-stakeholder landscape approach is the best way to achieve transformation on the ground that is both environmentally and socially sustainable.

We are committed to evaluating and reporting our sustainability performance against our No Deforestation, No Peat, No Exploitation (NDPE) Policy regularly to increase the transparency and accountability of our operations. In addition to a biennial sustainability report, we also release quarterly NDPE policy implementation reports on our sustainability dashboard (*http://www.wilmar-international.com/sustainability*). Starting 2017, we will publish a sustainability report annually.

In January 2016, we released a two-year progress update on the implementation progress of our NDPE Policy. It summarises Wilmar's progress towards the aspirations set out in our NDPE Policy since it was launched in 2013, and identifies areas for improvement.

Wilmar has come a long way since 2013 but we recognise that sustainability is a journey of continuous improvements and there is still much work to be done. In 2016, our work was focused on NDPE Policy implementation and supplier compliance.

STAKEHOLDER ENGAGEMENT

Our stakeholders include employees, business partners, customers, governments, peers in the palm oil industry, civil society organisations as well as local and indigenous communities. We believe that multi-stakeholder collaboration is the best way to achieve a sustainable palm oil supply chain and to bring about industry transformation.

MULTI-STAKEHOLDER PARTNERSHIPS

We are an active participant in a variety of multi-stakeholder platforms that seek to drive transformational change in the palm oil industry.

Tropical Forest Alliance 2020

Wilmar is a steering committee member of the Tropical Forest Alliance 2020 (TFA). In TFA's General Assembly in March 2016, Wilmar's Chief Sustainability Officer, Mr Jeremy Goon, co-chaired a workshop with Solidaridad, an international network organisation focused on producer support, sustainable supply chains and market development. Attended by high-level representatives from business, government and civil society, the workshop explored initiatives to increase the demand for sustainable palm oil in China and India.

As part of the TFA General Assembly's agenda, we also hosted a field trip to our Sabahmas oil palm estate in Sabah, East Malaysia, for TFA members. The objective of the trip was to showcase best practices in oil palm plantation management, including sustainability considerations. Participants included representatives from the Norwegian Ministry of Climate and Environment, civil society organisations as well as certification bodies.

Contributing to a Long-Term Solution to Forest Fires

Wilmar is a founding member of the Fire Free Alliance (FFA) which was launched in March 2016. Other members include leading forestry and agriculture companies and non-governmental organisations (NGOs). The FFA is a voluntary multi-stakeholder platform which aims to aid in the solution to land and forest fires in Indonesia.

Members are committed to collaborate and share knowledge, information and potentially, resources to roll out fire prevention initiatives based on the Fire Free Village Programme (FFVP), and also to enhance fire monitoring, detection and suppression.

The FFVP is a multi-pronged fire prevention initiative that seeks to educate, enable and empower villagers against the use of fire for agriculture purposes. Based on trials in participating villages by one of the FFA members, a relatively significant reduction in fire incidence was achieved in 2015 when Indonesia experienced one of the worst El Nino episodes, as compared to 2014.

Wilmar has initiated the FFVP in three estates each in both Central Kalimantan and South Sumatra. By end 2016, we have set up the fire-fighting organisation structure and committee as well as developed a risk map that identified areas around our concessions which were most fire-prone. Furthermore, as part of our ongoing fire management efforts, we are deploying drones to monitor fire incidences in our High Conservation Value (HCV) areas and using instant messaging service such as WhatsApp for alerts and communications of fire incidence on the ground to activate deployment of rapid response teams for fire suppression.

Fire watch towers (above), water pumps and fire brigade crews are part of our fire monitoring system.

TOWARDS A RESPONSIBLE SUPPLY CHAIN

Suppliers are our key partners in implementing our NDPE policy on the ground. We engage closely with our supply base to understand the challenges they face and to help them implement 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 to engage with our suppliers to achieve improvements where needed.

In view of the ongoing challenges of commodity transportation and trading, we acknowledge that achieving 100% traceability has not been possible. In palm oil procurement and trading, the supply network to refineries is not just limited to direct purchase of crude palm oil (CPO) and/or palm kernels from mills; refineries may also procure bulk and redistributed oil from third-party refiners or traders. Where these types of purchases are made, the mill origin may not be available.

For traceability to plantation, we will publish the fresh fruit bunches (FFB) sourcing of our own mills in phases, starting with the Malaysian maps which are available on the Wilmar sustainability dashboard.

SUPPLIER COMPLIANCE

Wilmar implements the Aggregator Refinery Transformation (ART) approach developed with The Forest Trust (TFT) to improve supplier compliance. ART involves consolidating the results of regional mill assessments into a wider generalised report that is shared with all our suppliers in the region. Its objective is to provide a collaborative framework of solutions and shared best practices to common issues faced by mills and growers in a region.

As of 2016, we have completed 64 mill assessments in Indonesia, Malaysia, Latin America and West Africa.

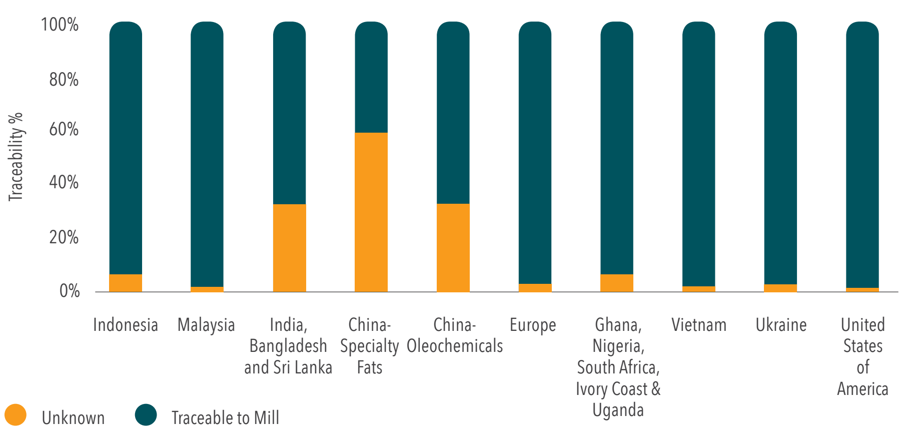
INDUSTRY CERTIFICATION AND STANDARDS

Industry certification is part of our ongoing commitment to adopting and advocating best practices and standards. We benchmark our processes and products to a range of international and local certification standards including the Roundtable on Sustainable Palm Oil (RSPO), International Sustainability & Carbon Certification (ISCC) and the Indonesian Sustainable Palm Oil (ISPO).

RSPO Certification

As of 2016, 26 of our mills and more than 80% of our planted area across Malaysia, Indonesia and Ghana are RSPO-certified, producing 810,000 MT and 175,000 MT of certified sustainable palm oil and palm kernels respectively.

The graph below illustrates the traceability status of Wilmar's operations globally from October 2015 - September 2016.



On the smallholder front, production of certified sustainable palm oil and palm kernels was reduced by 20% and 14% to 9,400 MT and 2,400 MT respectively as some smallholder groups, collectively known as Sapta Tunggal Mandiri, have become independent smallholders after repaying their loans and redeeming their land titles. More information about smallholders can be found in "Empowering Smallholders" on the next page.

For our midstream and downstream operations, we have 57 sites certified against the RSPO Supply Chain Certification Scheme which are capable of delivering palm products under the Segregation and Mass Balance supply chain models.

We are an active participant in RSPO working groups, which aim to improve standards and practices, and develop solutions to complex issues through a multi-stakeholder and participatory process. We are part of the Emissions Reduction Working Group, the Biodiversity & High Conservation Value Working Group, the Smallholders Working Group, the Human Rights Working Group and the Trade and Traceability Standing Committee. Within these working groups, we will be pushing for improvements and better clarity in the implementation of key components of the RSPO Principles and Criteria.

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. They announced this intention at the RSPO Roundtable 13 in Kuala Lumpur, Malaysia, in November 2015, along with the regent of Seruyan in Central Kalimantan province and provincial governor of South Sumatra.

Wilmar is part of the Sabah Jurisdictional Approach Steering Committee, to help the Sabah government achieve its vision of 100% RSPO-certified sustainable palm oil in Sabah by 2025. The steering committee includes public, private and civil society organisations, such as the Sabah state government agencies, Sabah Environmental Protection Agency

(SEPA), WWF, Kinabatangan Orangutan Conservation Programme (Hutan), UNICEF, TSH Resources, Sime Darby, Borneo Samudera and HSBC. Forever Sabah and RSPO are advisors to the process. The first two meetings of the Steering Committee were held in April and June 2016. The committee is now in the process of developing a five-year work plan for achieving its certification targets.

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

ISPO Certification

Wilmar supports the ISPO certification, a policy implemented by the Indonesian Ministry of Agriculture to improve the competitiveness of Indonesian palm oil in world markets, to meet Indonesia's commitment to reduce greenhouse gas (GHG) emissions and to focus on environmental issues.

As of 2016, six mills and their supply bases have been certified against the ISPO standards.

ISCC

Wilmar is 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 2016, we have 39 sites, covering the biodiesel supply chain, certified against the ISCC standards.

RIGHTS OF WORKERS

Labour rights is a complicated issue across industries with operations in developing nations. The palm oil industry is no exception. A collaborative effort is needed to identify, mitigate and address the root causes of labour rights issues on the ground.

Wilmar is constantly seeking ways to improve labour practices in the industry. Our collaboration with Golden Agri-Resources and Business for Social Responsibility (BSR), a global non-profit organisation, was formally announced on 7 November 2016. The collaboration began with a review of current labour practices in the palm oil sector in Indonesia, and is intended to formulate practical approaches to improving labour practices.

Two cases related to labour rights issues in Wilmar's supply chain in Indonesia were registered through our Grievance Procedure in 2016. We welcome information and reports from stakeholders, such as the report by Amnesty International published on 30 November 2016. These reports and information help to highlight common labour challenges in the palm oil industry and catalyse concerted efforts required to address them.

We are committed to maintaining the highest levels of transparency and accountability. All stakeholders will be kept updated on the outcome of our collaboration to improve labour practices and the progress of our handling of these grievance cases through our sustainability dashboard.

In Malaysia, the focus has been on finding solutions to the safekeeping of passports and travel documents for our labour force, who are mainly foreign guest workers. In 2016, we piloted a secure locker system in selected estates in Sabah and Sarawak. The lockers are now being rolled out across all operations in Malaysia and will be completed by mid-2017.

EMPOWERING SMALLHOLDERS

PROGRESS ON CERTIFICATION OF INDEPENDENT SMALLHOLDERS

In Indonesia, the Sapta Tunggal Mandiri independent smallholder group, linked to Wilmar's PT Tania Selatan in South Sumatra, formally received their RSPO Group Certification on 13 June 2016. Covering 5,500 ha and involving approximately 2,700 farmers, Sapta Tunggal Mandiri is the world's largest RSPO-certified group of independent smallholders.

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In Malaysia, the Sustainable Palm Oil and Traceability with Sabah small producers (SPOTS) project, in partnership with IDH, L'Oreal, Clariant, Global Amines and Wild Asia Smallholder Group, continues to increase its smallholder base pursuing RSPO certification. The project has been expanded to involve three Wilmar mills - Sapi Mill, Terusan Mill and Reka Halus Mill.

WISSH PROGRAMME (WILMAR SMALL-HOLDERS SUPPORT IN HONDURAS)

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

Wilmar Europe and The Industrial Association of Palm Oil Producers in Honduras (AIPAH) have established a partnership to strengthen good agricultural and environmental practices of palm oil smallholders in Honduras. Formally launched at the RSPO Europe Roundtable in Milan, Italy, in June 2016, the Wilmar Smallholders Support in Honduras (WISSH) Programme aims to enhance smallholders' knowledge and technical capacity on best agricultural management practices that will lead to better environmental outcomes, yield improvement and increase in income.

The WISSH training programme has a cascading structure: the objective is to train supervisors at the eight mills under the AIPAH group, who will subsequently jointly train 4,000 of their supplying smallholders with the WISSH trainer from 2016 to 2018. The eight mills represent 60% of the total national palm oil production, processing about 1.1 million tonnes of FFB from smallholders. The 4,000 smallholders represent approximately 25% of all smallholders in Honduras which consists of 2,300 affiliated and 1,700 independent smallholders.

Two series of WISSH training sessions for smallholders have been completed. The main topics of the sessions were Wilmar's NDPE policy and the importance of conserving ecosystems. A total of 1,980 smallholders have been trained, out of the target of 2,300 for 2016. Wilmar Europe participated in one of the training sessions in Honduras to better understand the programme and to seek feedback from participants; this will help adapt and improve the programme where required.

Our implementation partner, NES Naturaleza, is also piloting a mobile application (app) to facilitate crop management. The app is a monitoring and controlling tool that enables record keeping of field activities, such as pesticide application, fossil fuel use and harvesting schedules. The app is currently being tested at the Aceydesa mill. A guidebook has also been developed to facilitate usage of the app.

IMPROVING SMALLHOLDER TRANSPARENCY WITH INNOVATIVE TRACEABILITY SYSTEM

In an industry first, IDH, WildAsia, GeoTraceability and Wilmar launched a project to develop a new system that enables mills to map their smallholder supply base and trace smallholder FFB deliveries from the mills back to their plantations. A key innovation of this project is that participating smallholders receive agronomic recommendations for increasing productivity from mills and supporting organisations.

The first phase of the project piloted at our Sapi plantation in Sabah, Malaysia was successfully completed in October 2016, with more than 90% of the smallholder supply base of the mill surveyed and mapped, and 1,400 traceable deliveries of smallholder FFB recorded.

The next step in the project is to roll out the system to an additional Wilmar-owned mill.

MITIGATING CLIMATE CHANGE

REDUCING GREENHOUSE GAS EMISSIONS

Wilmar is committed to monitoring and reducing the GHG emissions in our operations. We adopt best practices in plantation and mill operations, which include the building of methane capture and power generation facilities to reduce GHG emissions from palm oil mill effluent.

To date, we have 17 operational methane capture-power generation facilities, with eight more in various phases of construction.

To date, we have 17 operational methane capture-power generation facilities, with eight more in various phases of construction. These facilities also provide alternative sources of electricity for our operations and help to reduce overall fossil fuel consumption. Through this, we estimate that we can achieve an annual emission reduction (from the methane gas capture only excluding the emissions avoided from non-use of fossil fuels for electricity generation) of about 430,000 tonnes of carbon dioxide equivalent (CO2e).

MITIGATING FIRE AND HAZE

We adhere strictly to a No Burn policy and only employ mechanical methods in land development. We have a 24/7 fire monitoring system in place to alert us of fires in and around our concessions, and a well-established fire prevention and suppression programme to minimise the incidence and impact of fire and haze. Our concessions are equipped with fire-fighting infrastructure and equipment and staffed with an on-site fire brigade. Personnel on the ground are also trained to be vigilant and prepared to proficiently respond to fire incidences. All our suppliers have also been notified that any deliberate breach of our No Burn policy will result in an immediate termination of business relations.

In 2016, the number of fire incidents and affected hectarage was significantly reduced by about 90% due in part to wetter weather. We will continue to prioritise fire management and prevention efforts, as well as work with community leaders and local governments to raise awareness at the grassroots level.

CONSERVATION INITIATIVES

GIBBON REHABILITATION

Siamang is a species of gibbon found mainly in Peninsular Malaysia and the provinces of Sumatra and Kalimantan in Indonesia. They are categorised as vulnerable to extinction under the International Union for Conservation of Nature (IUCN) Red List of Threatened Species.

Wilmar has been partnering with the Kalaweit Foundation on a rehabilitation programme for rescued siamangs to be returned to the wild. On 10 August 2016, we signed a second Memorandum of Understanding (MoU) with Kalaweit Foundation to extend our partnership on rehabilitation of rescued siamangs for another five years.

Kalaweit Foundation first released three pairs of siamangs into the HCV area in our plantation in Sumatra in early 2015. This initial release was met with mixed results as all of them had to be replaced due to injuries or disappearance. Kalaweit has since replaced the three original pairs and is monitoring their progress in assimilating into the environment. The extension of the MoU will enable Wilmar and Kalaweit to continue our collaboration, monitor the three pairs and potentially release of another four pairs in another HCV area in the same estate.

ADVANCING RESEARCH ON BIODIVERSITY AND ECOSYSTEM SERVICES

RESEARCH PARTNERSHIP WITH SEARRP ON BIODIVERSITY CONSERVATION IN OIL PALM PLANTATIONS

Wilmar and the South-East Asia Rainforest Research Partnership (SEARRP) signed a MoU on 30 March 2016, to formalise and expand our collaboration to advance the knowledge and application of sustainable plantation practices in Malaysia, Indonesia and the wider tropics.

Under the MoU, Wilmar and SEARRP will establish a five-year research and training programme. Both parties commit to support and facilitate research by academics from many leading universities with a strong focus on biodiversity conservation and the management of conservation areas within an oil palm plantation landscape. Wilmar and SEARRP will also work together to develop simplified methods for environmental assessment and monitoring. By deepening the partnership between a leading palm oil processor and one of the foremost research programmes in the tropics, Wilmar and SEARRP aim to make a major contribution to science which is critical to underpinning conservation, sustainability and environmental best practices for the palm oil industry.

FIRE INCIDENCE IN INDONESIA

	Planted area (ha)	Unplanted area (ha)	Total no. of fires
2015	676.00	1,358.00	414
2016	1.39	67.15	22

Note: The number of fires in 2015, as reported in Wilmar's Annual Report 2015, has been restated following EY's limited assurance procedure conducted on Wilmar's Sustainability Report 2015. The above 2016 data has not undergone limited assurance engagement at the time of printing.

BIODIVERSITY AND ECOSYSTEM SERVICES TRAINING

In late September 2016, we organised an internal workshop with our research partners in Sampit, Central Kalimantan, to bring together the researchers working in our various plantation areas to exchange knowledge and research findings, and improve the management of our HCV areas.

The workshop was attended by most of our research partners from University Malaysia Sarawak, University Andalas, SEARRP, Zoological Society of London and Borneo Orangutan Survival Foundation. Discussions covered findings and potential collaborations from the research that has been undertaken by the research agencies in Wilmar's conservation areas in Sumatra, Central Kalimantan, Sabah and Sarawak. The workshop also boosted the capacity of our internal HCV and managerial team on the latest research findings for HCV management.

CONTRIBUTING TO IMPROVING LIVES IN CHINA

Wilmar believes in sharing the fruit of our success with the community. We allocate about 1% of our annual profit to support charitable causes. In China where we have a substantial operational footprint, we support a range of causes aimed at improving lives. Through the *Arawana* Charity Foundation, we donated US$3.33 million in 2016 to extend and broaden our reach in the following focus areas: (i) education & scholarships, (ii) cataract operations for needy communities, (iii) orphanages & nursing homes, (iv) artificial-limb operations for the physically disabled and (v) disaster relief.

On the education & scholarships front, we supported the establishment of 31 schools in rural China, ranging from kindergartens to primary and secondary Schools. Over US$918,000 worth of *Arawana* Scholarships were awarded across 13 universities in China in 2016.

We continue to provide access to life-changing cataract surgery to needy communities. To date, over 22,000 patients in 16 provinces and municipalities are leading more fulfilling lives after successful cataract operations sponsored by Wilmar.

Approximately US$207,000 was also donated to several orphanages, nursing homes and in aid of physically disabled people in 2016.

Following a series of floods and tornadoes in Xiangxi, Yancheng, Jingxing, Anyang, Wuhan and Huanggang, which resulted in over 1,000 fatalities between June and August 2016, we donated over US$350,000 to support the recovery and rehabilitation of those affected by these tragic events.

A workshop on High Conservation Value gathered researchers working in various plantation areas to exchange knowledge and research findings.

Wilmar donated over US$350,000 to support the recovery and rehabilitation of those affected by floods and tornadoes in China.

SUSTAINABILITY PERFORMANCE

To effectively evaluate its performance against measurable targets, Wilmar monitors key performance indicators pertaining to the environment as well as health and safety.

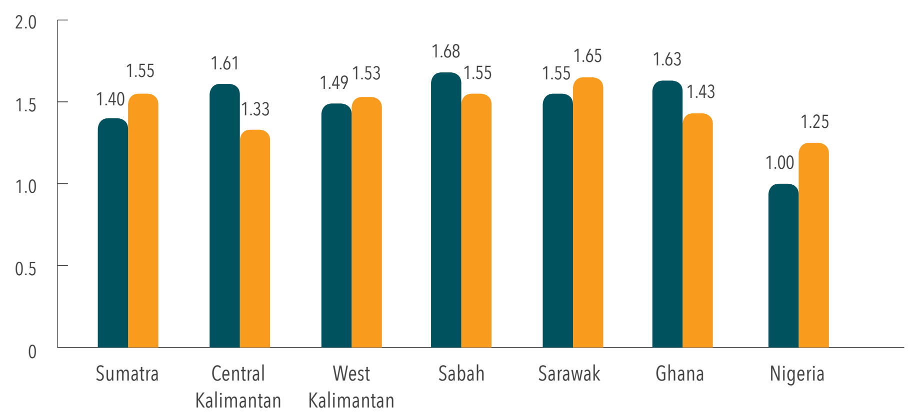
Note: Sustainability performance indicators have not undergone limited assurance engagement at the time of printing.

● 2015 ● 2016

ENVIRONMENT

Water Usage

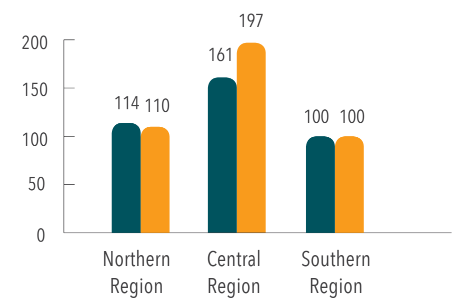
Water Use per tonne of FFB processed — Mills (m^3)



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)

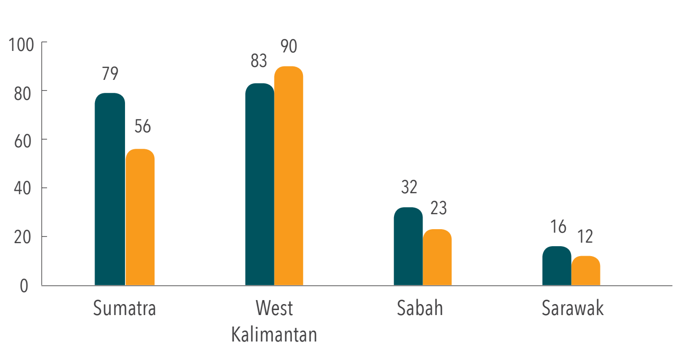


Biological Oxygen Demand (BOD) Levels

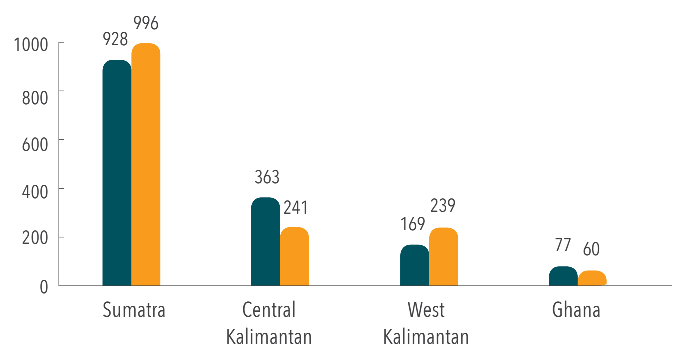
BOD is the amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

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

River Discharge



Land Application



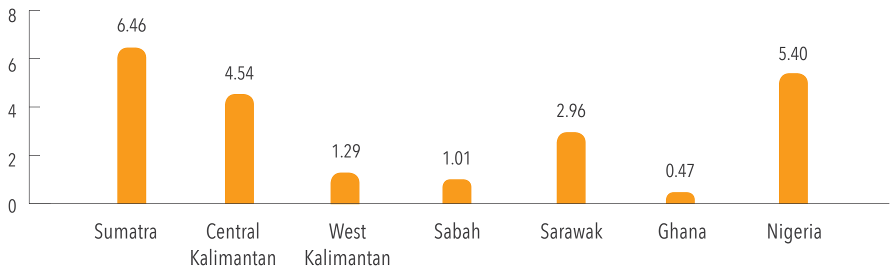
Note: In Nigeria, there was sufficient pond capacity to contain all effluent without land discharge.

HEALTH & SAFETY

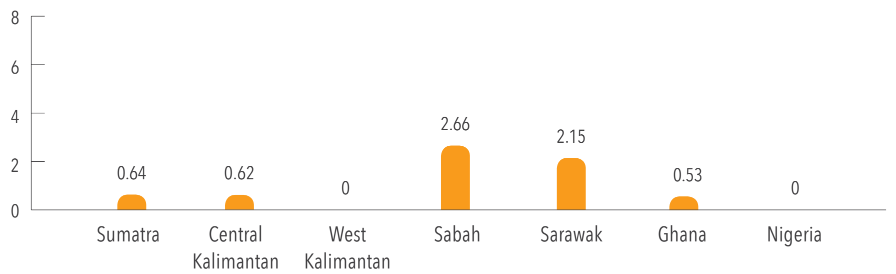
Lost Time Incident Rate

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

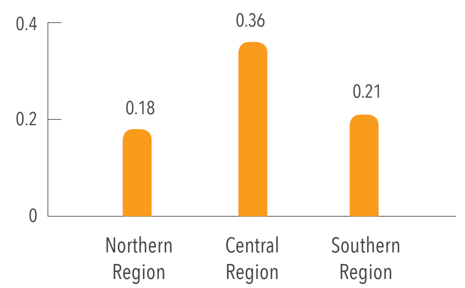
Lost Time Incident Rate – Plantations *(per 200,000 working hours)*



Lost Time Incident Rate – Mills *(per 200,000 working hours)*



Lost Time Incident Rate – China *(per 200,000 working hours)*



Note: In the course of compiling the 2015 Sustainability Report, it was discovered that methodologies for collating incidents differed across our sites. Therefore, lost time incident rates for 2015 are not reported. We seek to reinforce a more consistent reporting standard from 2016 onwards.

Fatalities

Wilmar deeply regrets that five workplace deaths had occurred in 2016. Every case of fatality is followed by a thorough review of cause and actions to prevent recurrence. The causes of these unfortunate fatalities are accidental exposure to hazardous substance, non-conformance with operational procedures, an oversight of safety procedure with tractors and a traffic accident. The reviews are reinforced with continued efforts in training and protective equipment use to minimise, if not eliminate, risks.

Plantations

	2015	2016
Sumatra	0	**0**
Central Kalimantan	1	**0**
West Kalimantan	0	**0**
Sabah	1	**1**
Sarawak	0	**0**
Ghana	0	**0**
Nigeria	0	**0**

Mills

	2015	2016
Sumatra	2	**0**
Central Kalimantan	0	**0**
West Kalimantan	0	**0**
Sabah	0	**0**
Sarawak	0	**0**
Ghana	0	**0**
Nigeria	0	**0**

China

	2015	2016
Northern Region	1	**0**
Central Region	0	**4**
Southern Region	0	**0**

FROM COMMITMENT TO ENGAGEMENT

Across our diverse stakeholder groups, we endeavour to make meaningful engagement. With the investment community, we aim to cultivate long-term relationships by providing accessibility and timely information. For the next generation consumers, we are leveraging digital technologies to transform the way we do business and create greater value. Driving our engagement efforts is a committed global workforce which is the backbone of Wilmar. Not only do we embrace our diversity, we ride on it to foster teamwork all over the world.

INVESTOR RELATIONS

We continue our commitment to cultivating long-term relationships with stakeholders and engaging in two-way communication with all investors. Regular and relevant information on the Group's progress, performance and strategic direction are disseminated through various platforms to aid all existing and potential investors in making informed and timely investment decisions.

EFFECTIVE STAKEHOLDER ENGAGEMENT

In 2016, the management and Investor Relations (IR) team engaged more than 220 investors in over 100 meetings through several touch points including one-on-one meetings, group meetings, local and overseas investor conferences, results briefings and teleconferences. These engagements provide platforms for active discussions on the Group's financial performance, current industry trends, prospects and sustainability issues with potential and existing investors. We also ensure that immediate concerns raised by shareholders and investors who do not attend these conferences are addressed through e-mails and phone calls in a timely and accurate manner.

Our Annual General Meeting (AGM) held on 28 April 2016 was well attended by around 300 shareholders. A presentation was delivered by the Chief Financial Officer to update shareholders on our progress over the past year. As the AGM serves as an important platform for shareholders to communicate directly with the Board, the Directors and Senior Management were present to address queries and concerns raised. We also held our third Annual Investor Day immediately after the AGM. This event saw our Chairman and Chief Executive Officer provide insight into the Group's consumer products business and plans for expansion. This was followed by an interactive question and answer session to conclude the event.

IR RESOURCES

The IR website is a key resource for corporate information, financial data and significant business developments. All disclosures submitted to the Singapore Exchange are available in the Investors & Media section of the Group's corporate website (*http://ir-media.wilmar-international.com*).

The Annual General Meeting (AGM) held on 28 April 2016 was well attended by around 300 shareholders.

In the past few years, there has been a steady increase in our sustainability efforts. To ensure that stakeholders are provided accurate and timely information, the IR team works closely with the Group Sustainability team to provide the latest progress updates to interested parties. The Sustainability team produces quarterly reports that detail the implementation progress of our sustainability policy, the sustainability report as well as other resource materials which are available on the Group's Sustainability Dashboard (*http://www.wilmar-international.com/sustainability/*).

In addition, we participated in a sustainability-focused roadshow in Europe during the year to further develop relations with investors based there.

RECOGNITION

In 2016, our commitment to good corporate governance standards and effective stakeholder communications was acknowledged on two occasions. We received the Best Investor Relations Silver Award (Market Capitalisation of $1 Billion and Above) at the Singapore Corporate Awards 2016. We were also nominated in the Best in Country: Singapore category at the IR Magazine South-East Asia 2016 Awards.

The Group will continue to execute on our stated growth strategy, with emphasis on the downstream businesses whilst focusing on high growth markets in Asia and Africa. We also aim to provide long-term value for shareholders. We are proposing a total cash dividend of 6.5 Singapore cents per share for the year, representing around 30% of the Group's net profit in 2016.

INVESTOR CALENDAR

1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
FY2015 Results Briefing (Singapore)	Annual General Meeting, Extraordinary General Meeting & Investor Day (Singapore)	2QFY2016 Results Briefing (Singapore)	3QFY2016 Analyst Meeting (Singapore)
Credit Suisse 19th Annual Asian Investment Conference (Hong Kong)	1QFY2016 Analyst Meeting (Singapore)	Macquarie ASEAN Conference (Singapore)	Morgan Stanley 15th Asia Pacific Summit 2016 (Singapore)
	Citi ASEAN Investor Conference (Singapore)	CLSA 23rd Investors' Forum 2016 (Hong Kong)	
	Sustainability Non-Deal Roadshow (London / Paris / Frankfurt)		

HUMAN CAPITAL MANAGEMENT

In commemoration of Wilmar's 25th anniversary, our staff and partners from all over the world gathered in Singapore for a gala dinner on 15 April 2016. Marking the significant milestone, Mr Kuok Khoon Hong, Chairman & CEO of Wilmar, shared his thoughts on the Group's growth over the last 25 years and his vision for the future. In his speech, Mr Kuok highlighted the need for good people to realise a vision and the importance of global teamwork, technology and a strong corporate culture. These are all priorities for the Group's Human Resources (HR) team. At the same time, we continue to support charitable causes in the communities we operate in.

GLOBAL TEAMWORK

To ensure continued business expansion and a performance driven culture, we strongly encourage employees to focus on global teamwork and multi-cultural engagement.

In March 2016, a sharing and exchange session on management innovation with the theme "We Will Be Better Tomorrow" was held in Shenzhen with the objective of exploring process automation, new business models to deepen regional engagement and a better understanding of the HR Business Partnering model.

In November 2016, the Russian Senior Management team visited the offices and manufacturing bases in Gaodong (Shanghai), Taizhou and Kunshan to gain a better understanding of their operations, management and strategy. The discussions centered on understanding best practices and included sharing of HR best practices in goal-setting by top management, as well as staff recruitment and retention.

TRAINING & DEVELOPMENT

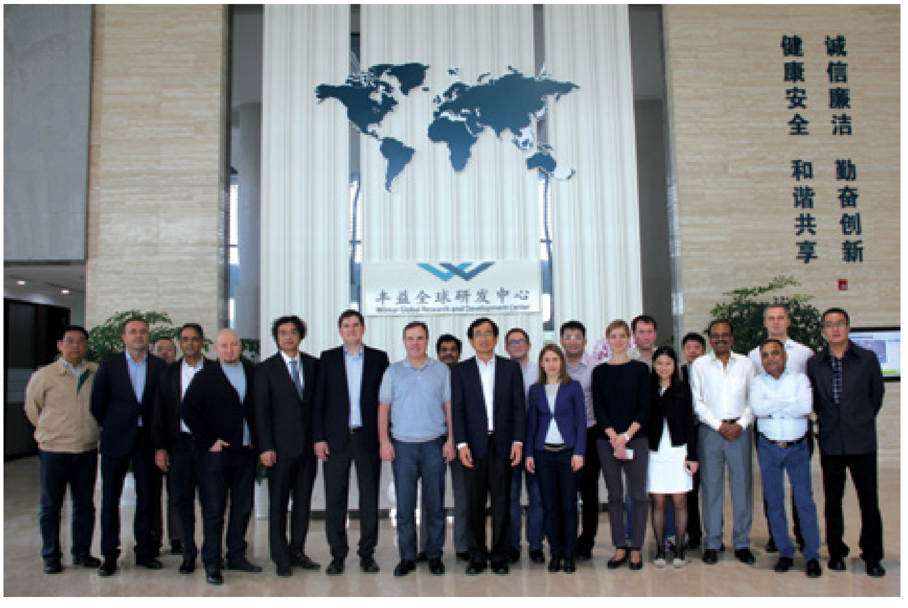
As the Group's business grows, it becomes increasingly important for staff to continuously enhance their skill sets. In Ghana, the local HR team of Benso Oil Palm Plantation (BOPP) organised a well-received series of in-house and external seminars, on-the-job training, leadership engagement meetings and team-building activities. Their focus was to improve work productivity and staff retention.

Wilmar strongly supports global mobility. Leveraging our geographical diversity, we offer employees both long-term and short-term postings. These postings support business needs and encourage skill transfer within the Group. For employees, overseas assignments provide significant learning opportunities and career growth.

CHARITY & VOLUNTEERING WORK

Lending a helping hand to the less fortunate is a deeply ingrained value in our corporate culture. Across the Group, there are many employee-driven initiatives that stem from a desire to make a difference in the lives of the surrounding communities. Often, these efforts are undertaken during the employees' personal free time, demonstrating the true spirit of volunteerism.

The entire entertainment programme at the 25th Anniversary gala dinner was put up by staff who came from all over the world to celebrate the Group's Silver Jubilee.



The Russian Senior Management team visited offices and manufacturing plants in China to gain a better understanding of their operations, management and strategy.

In Uganda, Oil Palm Uganda Limited (OPUL) partnered with their local community in Bugala Island Kalangala District to enhance local infrastructure including improving poor quality roads. OPUL staff helped to fund several projects such as the construction and renovation of schools, volunteered to improve poor quality roads and helped to install a proper tap system to provide clean water.

Employees across multiple entities of Wilmar CLV (Cambodia, Laos and Vietnam) launched "W-Care" in 2014 to help the less fortunate. Under the "W-Care" campaign themed "For The Better Future", volunteers raised funds, donated to less fortunate employees and families, and contributed rations to hospitals and areas affected by floods.

In Vietnam, we continue to support the "Simple Free Heart Check" programme to provide complimentary heart checkups in 51 provinces nationwide. Since 2010, we have engaged a team of qualified doctors to provide blood pressure checks, BMI analyses, electrocardiogram testing and cardiovascular advice at 591 medical stations. This programme has benefited nearly a million participants since its inception.

In the Philippines, Wilmar's plants in the cities of Roxas and Gingoog have been supporting "Adopt A School Feeding Programme" since 2014. This programme is targeted at school children and focuses on delivering food with higher nutritional value to young school children. They also established a scholarship programme to help deserving children of farmers pursue further studies. The Philippines team also sponsored the construction of a school building in Roxas city, transforming it from a rundown wooden building with a zinc rooftop to a brick building equipped with better ventilation and proper shelter.

Wilmar Edible Oils Philippines donated a new ambulance to serve the residents of Gingoog city in 2015 as well as established and staffed two community clinics to provide free medical consultation and medicine for the needy in the area. Together, both clinics have helped over thirty thousand patients to date.

In Ukraine, the HR team of Delta Wilmar has been providing free lunches for children from lower income families located at New Bilyary village during the summer since 2010. They also distribute food packages containing sunflower oil, canned fish, sugar and other staples to the disadvantaged elderly.

In the words of our Chairman & CEO, Wilmar's vision is to build "an extraordinary Group that commands tremendous respect from society for the quality of its products, the sincerity of its values and the integrity of its people. A Group with many outstanding people, people with vision, integrity, great character, a good heart and ideals".

The "Simple Free Heart Check" programme provides complimentary heart checkups in 51 provinces across Vietnam and has benefited nearly a million participants.

Delta Wilmar in Ukraine has been providing free lunches during summer holiday to children from low income families since 2010.

INFORMATION TECHNOLOGY

The Information Technology (IT) division is responsible for implementing IT capabilities and optimising business operations to meet the technological needs of the Group.

Digital technologies are transforming the way we live and work and are set to reinvent much of the way businesses are run in the near to medium future. The impact of these changes has been dramatic and the pace accelerating rapidly. In embracing digital technologies, Wilmar's enterprise technologies are converging around the theme of digital business.

DIGITAL TRANSFORMATION

A digital operating model is pertinent in our interaction with consumers, distributors and retailers in the new digital era. In the past year, several strategic IT initiatives were deployed to build a user centric and intelligent enterprise on top of foundational capabilities. The IT team also leveraged new technology platforms to flexibly and quickly develop and deliver new and constantly evolving capabilities to support interactions in logistics, production, sales and marketing, supply chain and more.

A key initiative undertaken in 2016 was the implementation of an enterprise integration platform in China, Indonesia and Europe. This platform enables IT to fulfil complex system integration requests and connect applications together quickly and easily. It has also improved visibility on the data exchanges between systems and strengthen governance on IT application services to bring about scalability for future expansion and business needs.

Also as part of the digital roadmap, we adopted a "Cloud First" principle. Cloud brings about the possibility to virtualise and consume infrastructure, platforms and applications as a service. This enables new levels of scalability, flexibility and responsiveness. We have managed to rationalise most of the IT infrastructure landscape through the migration to Cloud since 2015 and will continue to leverage on Cloud into the future.

UNLOCKING BUSINESS GROWTH

The next generation consumer, empowered by digital technologies, will create huge opportunities for the consumer packaged goods (CPG) industry. Adopting a digital agenda is part of the Group's strategy to support this growing business and address fast evolving consumer behaviour. The desired outcomes of the digital agenda include digitalising collaboration with stakeholders, enabling predictive analytics and operations to develop in-depth forward-looking acumen for business supported by a digital IT workforce.

RIDING THE DIGITAL WAVE

The digital economy is here and evolving. To maintain leadership in this new economy, we are embracing the digital transformation as a value creation driver and creating a business model that delivers value and offers a great experience to customers. The digital revolution challenges existing business models but also brings opportunities for businesses to remain relevant. The IT division continues to play an integral role in driving our digital strategy to help the Group stay ahead in a competitive landscape.

RISK MANAGEMENT

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.

Agricultural commodities prices and the foreign exchange market have been very volatile in the past year. Large funds participation in the futures market exacerbated the price movement. This, together with unexpected flooding in Argentina affecting the soybean harvest, and untimely purchases of soybean in a highly volatile market, resulted in flat earnings for the first half year of 2016.

Risk management policies and procedures, including risk limits, have been adhered to at all times, and notwithstanding the performance for the first half of 2016, our integrated agribusiness model remained intact and resilient. To be more prudent, we will reduce our exposure at times when markets are highly volatile.

We will continue to 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). We operate in numerous 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 protect us against adverse impact of foreign exchange volatility associated with foreign currency purchases and sales as well as other assets and liabilities arising in the normal course of business.

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 may vary depending on 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 borrow 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 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 its 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 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 its 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.

WILMAR'S RISK GOVERNANCE STRUCTURE

BOARD-LEVEL RISK MANAGEMENT COMMITTEE (RMC)

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

EXECUTIVE RISK COMMITTEE (ERC)

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

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 of the principles and guidelines of the Code. In so far as any guideline that has not been complied, the explanations are 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 and social 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 three Executive Directors namely, Mr Kuok Khoon Hong (Chairman and Chief Executive Officer ("CEO")), Mr Martua Sitorus (Executive Deputy Chairman) 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; and
5. Identify key stakeholder groups and recognise and mitigate adverse perceptions which would affect the Company's reputation.

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.

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. 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 teleconferencing and videoconferencing.

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 2016 ("FY2016") is as follows:

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

Note 1 – Mr Kuok Khoon Hua was appointed a director of Wilmar on 1 July 2016 to replace Mr Kuok Khoon Chen (a nominee of PPB Group Berhad which is a Wilmar substantial shareholder) who resigned on 30 June 2016. During FY2016, Mr Kuok Khoon Chen attended all Board meetings during the first half of 2016 and Mr Kuok Khoon Hua attended all Board meetings since his appointment to the Board.

Note 2 – Mr Kuok Khoon Ean was absent with apology from the Board meeting held in August 2016 due to another pressing engagement.

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 full 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 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 FY2016 include the following:

1. Conference on Digital Disruption organised by the Singapore Institute of Directors ("SID");
2. Launch of Remuneration Committee Guide and Board Guide by SID;
3. Presentation on Singapore Exchange Limited's ("SGX") Sustainability Reporting requirement organised by SGX;
4. Seminar on Raising the Bar for Financial Reporting and Audit jointly organised by ACRA-SGX-SID;
5. Workshop on Corporate Governance for Independent Directors organised by Ernst & Young LLP ("EY");
6. Seminar on Board Diversity, Director Nomination and Shareholder Value organised by Investor Relations Professionals Association (Singapore); and
7. Singapore Perspective 2016 organised by Institute of Policy Studies, Lee Kuan Yew School of Public Policy and National University of Singapore.

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 onsite visits of 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 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 by the Company Secretary.

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, three new Directors, namely Mr Pua Seck Guan (COO & Executive Director), Professor Kishore Mahbubani (Independent Non-Executive Director) and Mr Kuok Khoon Hua (Non-Executive Director) came on board in 2016 following the retirement of Executive Director Mr Teo Kim Yong and the resignations of Non-Executive Directors Dr Leong Horn Kee and Mr Kuok Khoon Chen.

The Board is made up of Directors of different nationalities and races, with a wide range of 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 enable Wilmar to continue to meet the challenges and demands of the global markets in which it operates.

The Board size remains unchanged at 11, comprising three Executive Directors and eight Non-Executive Directors, of whom four are Independent Directors. The Company does not have any alternate directors. 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 between 10 to 12 members as appropriate.

Key information about current Directors is presented in the section entitled "Board of Directors" in the Company's Annual Report 2016 ("Annual Report").

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.

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.

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 which 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 FY2016, 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 NC has ascertained that the Independent Directors, namely Mr Yeo Teng Yang, Mr Tay Kah Chye, Mr Kwah Thiam Hock (notwithstanding that all three Independent Directors have served more than nine years) and Professor Kishore Mahbubani 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 four 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.

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

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

As the number of Independent Directors of the Company made up more than one-third 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.

The Code, however, recommends that where the Chairman of the Board is also the CEO as is the case with Mr Kuok Khoon Hong, who is the Chairman of the Board and CEO of the Group, half of the Board's composition should be independent, no later than the date of the Company's annual general meeting to be convened in April 2018. The NC will ensure that the Company will comply with Guideline 2.2 of the Code by the deadline. In the interim, the four Independent Directors will continue to uphold good corporate governance at the Board level and their presence facilitates the exercise of independent and objective judgment on corporate affairs.

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 the organisation 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 cognizant of the affairs of the Group. He also promotes a culture of openness and solicits contributions from the Board members to facilitate constructive discussions.

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

The role of the Chairman and CEO is not separate as there is adequate accountability and transparency reflected by internal controls established within the Group. 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.

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

PRINCIPLE 4: BOARD MEMBERSHIP

The members of the NC are:

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

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

1. Review and recommend to the Board the appointment and re-appointment 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 representations 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 FY2016, each of the Directors was able to give sufficient attention to the affairs of the Company and has adequately carried out his duties as a Director of the Company.

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

Succession planning

The Board embraces the philosophy that a good Board needs the support of a strong 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

The Chairman, who is a member of the NC, takes the lead in identifying, evaluating and selecting potential candidates for new Director appointments, other than proposed appointments nominated by major shareholders of the Company. 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/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 for approval by the Board, taking into account an appropriate mix of core competencies for the Board to fulfill its roles and responsibilities.

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. NC members, who are due for retirement, have abstained from the deliberations on their proposed re-election at the forthcoming 2017 AGM.

The Board has accepted the NC's recommendation to seek approval from shareholders at the 2017 AGM to re-elect the following Directors, who will be retiring under the respective provisions of the Constitution of the Company and are eligible for re-election:

1. Mr Kuok Khoon Hong (retiring under Article 105);
2. Mr Kwah Thiam Hock (retiring under Article 105);
3. Mr Tay Kah Chye (retiring under Article 105); and
4. Mr Kuok Khoon Hua (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. The purpose of the annual evaluation is to seek the respective views of the Directors on various aspects of the Board's performance. The findings are discussed at the NC meeting and the summarized results are presented to the Board for review and decision to implement appropriate actions to enhance key areas (if any) that have been identified for improvement.

The NC has assessed the performance of the Board and Board Committees and the contributions of individual Directors for FY2016. The NC 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 an ongoing 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 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. 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's terms of reference, the RC's responsibilities are to:

1. Review and recommend to the Board, a framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, grant of shares and share options and benefits-in-kind;
2. Review and determine the specific remuneration packages for each Director as well as for the key management personnel;
3. Implement and administer the Company's share options plan;
4. Review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses; and
5. 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 Human Resource Department and external consultants, whenever necessary. Market practices and standards are taken into consideration to ensure that the remuneration packages remain competitive.

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 structure of Directors' fees for FY2016 is as follows:

Fee Structure for Directors' Fees for FY2016

a. A single base fee of S$80,000 for serving as Non-Executive Director;
b. Additional fee of S$20,000 for serving as Lead Independent Director; and
c. 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 FY2016 is as follows:

Name of Directors	Proposed Directors' Fee	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total
Executive Directors	**S$**	**S$**	**S$**	**S$**	**S$**	**S$**
Kuok Khoon Hong	Nil	871,650	95,591	430,995	4,750,000	6,148,236
Martua Sitorus	Nil	373,260	550	287,330	1,500,000	2,161,140
Pua Seck Guan	Nil	432,240	19,599	-	-	451,839
Non-Executive Directors						
Kuok Khoon Ean	80,000	-	-	116,000	-	196,000
Kuok Khoon Chen (Resigned: 30 June 2016)	40,000	-	-	-	-	40,000
Kuok Khoon Hua (Appointed: 1 July 2016)	40,000	-	-	-	-	40,000
Juan Ricardo Luciano	80,000	-	-	116,000	-	196,000
George Yong-Boon Yeo	80,000	-	-	116,000	-	196,000
Yeo Teng Yang	150,000	-	-	145,000	-	295,000
Tay Kah Chye	130,000	-	-	116,000	-	246,000
Kwah Thiam Hock	110,000	-	-	116,000	-	226,000
Kishore Mahbubani	80,000	-	-	-	-	80,000

TOP 5 KEY EXECUTIVES

Name	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total	Remuneration Band
Rahul Kale	28%	-	9%	63%	100%	S$2,000,000 to S$2,250,000
Matthew John Morgenroth	29%	4%	11%	56%	100%	S$2,000,000 to S$2,250,000
Thomas Lim Kim Guan	33%	-	12%	55%	100%	S$1,500,000 to S$1,750,000
Yee Chek Toong	38%	1%	12%	49%	100%	S$1,000,000 to S$1,250,000
Kenny Beh	39%	-	12%	49%	100%	S$1,000,000 to S$1,250,000

The aggregate remuneration of the top five key executives is S$8,379,827. 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.*

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 FY2016.

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.

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 and Mr Tay Kah Chye. 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 including environmental sustainability issues;
2. Review and recommend risk limits; and
3. Review major non-compliance with risk policies.

In addition to the regular meetings to review the risk exposures and limits, RMC met with Management to review the circumstances that led to the second quarter 2016 loss reported by Wilmar prior to the release of a profit warning announcement to the SGX.

In carrying out its duties, the RMC is currently assisted by the Executive Risk Committee ("ERC"). The ERC comprises the CEO Mr Kuok Khoon Hong, CFO Mr Ho Kiam Kong 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; and
3. 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.

Assurance from the CEO and CFO in respect of FY2016 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 FY2016 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 2016 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 direct 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 Charter.

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 (AC 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 FY2016, 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 Charter 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.

The principal activities of the AC during FY2016 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 FY2016 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 auditor's 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	The AC considered the approach and methodology applied to the valuation model in goodwill and brands impairment assessment. The AC reviewed the reasonableness of cash flow forecasts, the long-term growth rate and discount rate. The impairment review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2016. Refer to pages 87 and 88 of this Annual Report.
Adoption of Amendments to FRS 16, Property, Plant and Equipment and FRS 41, Agriculture: Bearer Plants	The AC considered the approach and methodology applied to the separation of bearer plants from their agricultural produce. The AC reviewed the reasonableness of the average yield rate and fresh fruit bunches price used in the valuation of agricultural produce. The adoption of Amendments to FRS 16 and FRS 41 was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2016. Refer to page 88 of this Annual Report.
Accounting for derivative transactions	The AC considered and reviewed the methodology and assumptions applied to the valuation of the derivative transactions. The accounting for derivative transactions was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2016. Refer to page 88 of this Annual Report.
Deferred Tax Assets	The AC considered the approach and assumptions applied to the recognition of deferred tax assets. The AC reviewed the reasonableness of cash flow forecasts, past performance and future plans associated with the Operations. The accounting for deferred tax assets was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2016. Refer to page 89 of this Annual Report.

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

During FY2016, 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.

In addition to the above, the AC met with Management to review the circumstances that led to the second quarter 2016 loss reported by Wilmar prior to the release of a profit warning announcement to the SGX.

External audit processes

The AC manages the relationship with the Group's external auditors, on behalf of the Board. During FY2016, 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 as 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 FY2016, 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 FY2016 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.

The aggregate value of transactions entered into by the Group with interested persons as defined in the SGX-ST Listing Manual for FY2016 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$100,000)
	FY2016	FY2016
	US$'000	US$'000
Archer Daniels Midland Group	NIL	1,574,808
Pua Seck Guan	88,175	NIL
Associates of Kuok Khoon Hong & Martua Sitorus	3,985	4,486
Associates of Kuok Khoon Chen & Kuok Khoon Ean#	67,372	7,223
Associates of Kuok Khoon Ean & Kuok Khoon Hua#	271	6,155
Martua Sitorus' Associates	NIL	497,590
Kuok Khoon Hong's Associates	88,175	1,337
PPB Group Berhad	51,237	NIL
Kuok Brothers Sdn Berhad	618	NIL

 # The IP associates for Mr Kuok Khoon Chen, 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 ("Policy") which covers employees and external parties including customers, suppliers, contractors and anyone who is a stakeholder of the Group. The objective of the 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 whistleblower 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 Policy has been communicated to employees of the Group and the Policy is posted on the Company's website. On an ongoing basis, the Policy is covered during staff training as part of the Group's efforts to promote awareness of fraud control.

D. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

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

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

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

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Disclosure of information on a timely basis

The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company values dialogue sessions with its shareholders. In addition to the AGM, which used to be the main forum for dialogue with shareholders, the Company holds an "Investor Day" event after the conclusion of its AGM. The aim of this event 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.

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

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

Interaction with shareholders

The Group has a dedicated investor relations (IR) team which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns in a timely manner.

The 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 FY2016, the IR team, together with senior management, engaged with over 220 Singapore and foreign investors at conferences, 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 final 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 FY2016, total dividend declared was S$0.065 per share, representing a dividend payout of around 30% of its net profits.

PRINCIPLE 16: CONDUCT OF SHAREHOLDERS' MEETINGS

The Company has on 28 April 2016 adopted a new Constitution which took into account major amendments made to the Singapore Companies Act following the implementation of the Companies (Amendment) Act 2014 as well as the relevant changes to the listing rules of the Singapore Exchange.

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.

For FY2016, all Directors of the Company, legal advisors and the external auditors were present at the AGM and Extraordinary General Meeting ("EGM") held by the Company to address queries from shareholders who attended the AGM and EGM and all resolutions were put to vote by electronic poll. The results of the electronic poll voting were published instantaneously at the AGM and EGM and announced via the SGXNet. 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 FY2016 or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2015.

Dated: 20 March 2017

FINANCIAL STATEMENTS

FINANCIAL REVIEW

CAPITAL STRUCTURE

Effective from 1 January 2016, we revised our accounting treatment for biological assets that meet the definition of bearer plants upon the adoption of *Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*. Under the amendments introduced, biological assets that meet the definition of bearer plants are no longer required to be accounted for at fair value under *FRS 41 Agriculture: Bearer Plants*. Instead, bearer plants are accounted for under *FRS 16 Property, Plant and Equipment* at accumulated costs before they mature, and are subsequently measured using either the cost model or revaluation model upon maturity. We have applied the Amendments retrospectively, resulting in a decrease in retained earnings, thus reducing shareholders' fund as at 31 December 2015 to US$14.4 billion (previously reported: US$15.1 billion).

We maintain an efficient capital structure to support our business operations and maximise returns to shareholders while preserving our balance sheet strength. As at 31 December 2016, shareholders' funds improved by US$40.4 million to US$14.4 billion while net loans and borrowings (net of cash, bank deposits and other deposits with financial institutions) decreased by US$124.4 million to US$11.7 billion. Net debt to equity ratio remained comparable at 0.81x as at 31 December 2016 (31 December 2015: 0.82x).

During the year, we continued to generate positive cash flows from operating activities. As in previous years, our investments in property, plant and equipment were funded mainly through cash flows generated from operations while subsidiaries, joint ventures and associates investments and working capital requirements were predominately funded through loans and borrowings. Capital expenditures (including advances paid) was lower at US$777.4 million in FY2016.

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 0.35x.

As at 31 December	**2016** **US$ million**	2015* US$ million
Shareholders' funds	**14,434.5**	14,394.1
Net debt	**11,692.2**	11,816.6
Net debt to equity	**0.81x**	0.82x
Liquid working capital:		
Inventories (excluding consumables)	**6,653.6**	5,794.0
Trade receivables	**4,087.1**	3,752.7
Less: Current liabilities (excluding loans and borrowings)	**(4,034.1)**	(3,614.5)
	6,706.6	5,932.2
Net loans and borrowings (excluding liquid working capital)	**4,985.6**	5,884.4
Adjusted net debt to equity	**0.35x**	0.41x

* FY2015 figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

CAPITAL MANAGEMENT AND TREASURY POLICIES

Net Debt

The Group's total net debt of US$11.7 billion comprised:

As at 31 December	2016 US$ million	2015 US$ million
Short term loans and borrowings	**12,689.0**	11,076.3
Long term loans and borrowings	**4,331.3**	6,347.5
	17,020.3	17,423.8
Cash and bank balances	**3,906.8**	3,706.6
Other deposits with financial institutions	**1,421.3**	1,900.6
	5,328.1	5,607.2
Net Debt	**11,692.2**	11,816.6

During the year, our net debt decreased by US$124.4 million to US$11.7 billion. This was mainly achieved through positive cash flow from our operations. More than 78% 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 2018 onwards. Our loans and borrowings were predominantly on floating rates.

The 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. These currencies mainly comprised Chinese Renminbi (RMB), Australian Dollars (AUD), Singapore Dollars (SGD), Indonesian Rupiah (IDR) and Euro (EUR).

FINANCIAL RISK MANAGEMENT

Wilmar operates in several countries and we 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, AUD and SGD. 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.

- **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 for FY2016 was US$1.1 billion, compared to US$2.2 billion in FY2015, largely due to the increase in working capital needs.

	FY2016 US$ million	FY2015 US$ million
Total cash and bank balances	**3,906.8**	3,706.6
Less: Fixed deposits pledged for bank facilities	**(1,122.2)**	(1,902.8)
Less: Other deposits with maturity of more than 3 months	**(1,599.7)**	(507.5)
Less: Bank overdrafts	**(117.2)**	(269.9)
Cash and cash equivalents	**1,067.7**	1,026.4
Net cash flows generated from operating activities	**1,123.6**	2,232.1
Net cash flows used in investing activities	**(810.7)**	(1,313.0)
Net cash flows used in financing activities	**(271.6)**	(1,593.7)
Net increase/(decrease) in cash held	**41.3**	(674.6)
Turnover days:		
Inventories	**64**	65
Trade receivables	**33**	34
Trade payables	**13**	14

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 FY2016 were as follows:

- US$777.4 million was applied towards plantations development, property, plant and equipment (FY2015: US$864.8 million). Major additions of property, plant and equipment during the year included refineries, oleochemicals plants, grains and flour milling plants in China and Indonesia, as well as the construction of new vessels.

- US$271.6 million was used in financing activities, mainly from higher deposits of US$1.1 billion placed. This was being partially offset by a decrease in other financial receivables of US$786.4 million and net decrease in fixed deposits pledged with financial institutions for bank facilities of US$396.7 million (net of repayments of loans and borrowings).

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

Funding and liquidity

At the end of FY2016, total short-term debt stood at US$12.7 billion. We had cash, bank and structured deposits, marketable securities, receivables and inventories amounting to US$12.4 billion, including cash and cash equivalents at US$1.1 billion. In addition, we had committed undrawn credit facilities of US$3.2 billion and approximately US$12.7 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 FY2017 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. Typically, the third quarter of the year is the seasonal peak in terms of sales volume. The additional funding requirements for that quarter would be met by the 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 FY2016, the Board of Directors has proposed a final dividend of 4.0 Singapore cents per share. Together with the interim dividend of 2.5 Singapore cents per share paid on 30 August 2016, total dividend for FY2016 will amount to 6.5 Singapore cents per share (FY2015: 8.0 Singapore cents per share). This resulted in a dividend payout ratio of approximately 30% of net profit (FY2015: 36% of net profit). The Company has been declaring dividends at its half-year and year-end periods to its shareholders. 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; and the Group's working capital requirements and general financing condition.

The Company re-purchased 4.2 million of its ordinary shares for a consideration of US$9.4 million as part of its share buyback programme. Currently, we have a share buy-back mandate which will be expiring on 26 April 2017, 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 1.1 million treasury shares pursuant to the employee share option plans.

ACCOUNTING POLICIES

Our financial statements have been prepared in accordance with Singapore Financial Reporting Standards (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 2016.

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 2016 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
Martua SITORUS
PUA Seck Guan
KUOK Khoon Ean
KUOK Khoon Hua (appointed on 1 July 2016)
Juan Ricardo LUCIANO
George Yong-Boon YEO
YEO Teng Yang
TAY Kah Chye
KWAH Thiam Hock
Kishore MAHBUBANI

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Direct Interest			Deemed Interest		
Name of Director	**As at 1.1.16 or date of appointment (if later)**	**As at 31.12.16**	**As at 21.1.17**	**As at 1.1.16 or date of appointment (if later)**	**As at 31.12.16**	**As at 21.1.17**
Company						
Wilmar International Limited						
(Ordinary Shares)						
Kuok Khoon Hong	500,000	500,000	500,000	766,101,168	766,101,168	766,101,168
Martua Sitorus	4,988,000	4,988,000	4,988,000	505,321,242	244,321,242	194,321,242
Pua Seck Guan	-	-	-	200,000	200,000	200,000
Kuok Khoon Ean	-	-	-	33,467,479	33,467,479	33,467,479
Kuok Khoon Hua*	133,000	133,000	133,000	33,070,221	33,070,221	33,070,221
George Yong-Boon Yeo	200,000	-	-	10,000	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 Mahbubani	-	-	-	10,000	10,000	10,000

**Mr Kuok Khoon Hua was appointed as Director of the Company on 1 July 2016*

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	Direct Interest			Deemed Interest		
Name of Director	As at 1.1.16 or date of appointment (if later)	As at 31.12.16	As at 21.1.17	As at 1.1.16 or date of appointment (if later)	As at 31.12.16	As at 21.1.17
Wilmar International Limited						
(Share options exercisable at S$3.63 per share)						
Kuok Khoon Hong	1,000,000	1,000,000	1,000,000	-	-	-
Martua Sitorus	800,000	800,000	800,000	-	-	-
Kuok Khoon Ean	200,000	200,000	200,000	-	-	-
Yeo Teng Yang	250,000	250,000	250,000	-	-	-
Tay Kah Chye	200,000	200,000	200,000	-	-	-
Kwah Thiam Hock	200,000	200,000	200,000	-	-	-
(Share options exercisable at S$3.44 per share)						
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	-	-	-
(Share options exercisable at S$3.05 per share)						
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	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	-	-	-

Except as disclosed in this statement, no 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 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).

2010 Grant

On 10 March 2010, the Company granted options to subscribe for a total of 25,705,000 ordinary shares at S$6.68 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 10 March 2015.

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. As at 31 December 2016 the number of outstanding ordinary shares that were not exercised under this grant was 24,485,000.

SHARE OPTION SCHEMES (CONTINUED)

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

2013 Grant

On 13 November 2013, the Company granted options to subscribe for a total of 49,315,000 ordinary shares at S$3.44 per share (based on Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2016 the number of outstanding ordinary shares that were not exercised under this grant was 44,115,000.

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

For Non-Executive Directors

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

2015 Grant

On 18 June 2015, the Company granted options to subscribe for a total of 52,400,000 ordinary shares at S$3.05 per share (at a 7.63% discount to the Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2016 the number of outstanding ordinary shares that were not exercised under this option grant was 49,950,000.

All options granted under the 2015 Grant are valid for a term of five years from the date of grant of options and are exercisable in the following manner:

For Executive Directors and Executives

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

For Non-Executive Directors

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

SHARE OPTIONS EXERCISED

Options for a total of 1,050,000 shares were exercised by option holders during the financial year pursuant to Wilmar ESOS 2009.

UNISSUED SHARES UNDER OPTION

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

Date of Grant	As at 1.1.16	No. of options granted during the year	No. of options cancelled/ lapsed	No. of options exercised	As at 31.12.16	Exercise Price	Exercise Period
Wilmar ESOS 2009							
12.07.12	9,331,700	-	(414,150)	-	8,917,550	S$3.63	13.7.2013 to 12.7.2017
12.07.12	8,081,700	-	(414,150)	-	7,667,550	S$3.63	13.7.2014 to 12.7.2017
12.07.12	8,326,600	-	(426,700)	-	7,899,900	S$3.63	13.7.2015 to 12.7.2017
Sub-total	25,740,000	-	(1,255,000)	-	24,485,000		
13.11.13	17,705,450	-	(858,000)	(429,750)	16,417,700	S$3.44	14.11.2014 to 13.11.2018
13.11.13	14,805,450	-	(858,000)	(314,250)	13,633,200	S$3.44	14.11.2015 to 13.11.2018
13.11.13	15,254,100	-	(884,000)	(306,000)	14,064,100	S$3.44	14.11.2016 to 13.11.2018
Sub-total	47,765,000	-	(2,600,000)	(1,050,000)	44,115,000		
18.06.15	19,329,750	-	(635,250)	-	18,694,500	S$3.05	19.06.2017 to 18.06.2020
18.06.15	16,029,750	-	(635,250)	-	15,394,500	S$3.05	19.06.2018 to 18.06.2020
18.06.15	16,515,500	-	(654,500)	-	15,861,000	S$3.05	19.06.2019 to 18.06.2020
	51,875,000	-	(1,925,000)	-	49,950,000		
Grand Total	125,380,000	-	(5,780,000)	(1,050,000)	118,550,000		

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 scheme to 31.12.16	Aggregate options exercised since commencement of the option scheme to 31.12.16	Aggregate options lapsed since commencement of the option scheme to 31.12.16	Aggregate options outstanding as at 31.12.16
Kuok Khoon Hong	-	5,000,000	500,000	500,000	4,000,000
Martua Sitorus	-	3,600,000	400,000	400,000	2,800,000
Kuok Khoon Ean	-	1,400,000	-	400,000	1,000,000
Juan Ricardo Luciano	-	800,000	-	-	800,000
George Yong-Boon Yeo	-	400,000	-	-	400,000
Yeo Teng Yang	-	1,750,000	100,000	400,000	1,250,000
Tay Kah Chye	-	1,400,000	100,000	300,000	1,000,000
Kwah Thiam Hock	-	1,400,000	100,000	300,000	1,000,000
Total	-	15,750,000	1,200,000	2,300,000	12,250,000

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

- Except for options granted on 21 May 2009 to Mr Kuok Khoon Hong (for 1,000,000 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.

^ 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 charter. 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.

In addition to the above, the AC met with Company's Management to review the circumstances that led to the second quarter 2016 loss reported by Wilmar prior to the release of a profit warning announcement to the SGX.

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

20 March 2017

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 2016, 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 2016 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 2016, the Group recorded goodwill and brands of US$4.4 billion, which represents approximately 28% 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.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment on goodwill and brands (continued)

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.

Adoption of Amendments to FRS 16, Property, Plant and Equipment and FRS 41, Agriculture: Bearer Plants

(Refer to Note 14 to the financial statements)

In previous years, the Group accounted for bearer plants and their agricultural produce as a single asset measured at fair value less costs to sell in accordance with FRS 41. The Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants became effective as of 1 January 2016. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 41. Instead, such bearer plants will be within the scope of FRS 16 and have to be measured at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). Produce that grow on bearer plants remain within the scope of FRS 41 and continue to be measured at fair value less costs to sell.

In the current year, the Group adopted these amendments and this resulted in a change in the Group's accounting policy for biological assets as disclosed in Note 2.10. The effects on adoption of these amendments and the restatement of comparatives are disclosed in Note 2.2(i) and Note 41.

We considered the audit of this to be a key audit matter as the adoption of these amendments resulted in material adjustments made to a few account balances, including the restatement of comparatives.

We obtained an understanding of management's process for separating bearer plants from their agricultural produce. With respect to bearer plants, we obtained an understanding of management's identification of the costs that can be capitalised and test-checked the accuracy of cost amounts of bearer plants to supporting documents.

For the agricultural produce, we obtained an understanding of management's fair value measurement methodologies used to measure the fair value of these produce and assessed the significant assumptions used in the valuation such as crop yield and prices of fresh fruit bunches. We checked that the adjustments to the respective account balances have been made in accordance with the requirements set out in the Amendments. We also assessed the adequacy of the disclosures related to the adoption of these amendments in Note 14.

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, forward freight agreements and various commodity futures, options and swap contracts to hedge its risks associated with interest rates, foreign currency, freight charges and commodity price fluctuations.

At 31 December 2016, the Group's total derivative financial instruments that were carried at fair value comprised financial assets and financial liabilities of US$579.5 million (current: US$546.9 million) and US$602.5 million (current: US$495.3 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 unrealised 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 testing the fair values of derivatives.

We also assessed the adequacy of the related disclosures in the notes to the financial statements.

KEY AUDIT MATTERS (CONTINUED)

Deferred Tax Assets

(Refer to Note 19 to the financial statements)

As at 31 December 2016, the Group has recognised deferred tax assets ("DTA") of US$312.4 million. The testing of these assets was significant to our audit as the estimation of DTA involved significant management judgement given that it is dependent on management's forecast of profitability.

Our audit procedures included, amongst others, assessing and testing management's assumptions to determine the probability that DTA will be recovered based on management's expectation of taxable income in future years. We involved our internal tax specialist to review the tax positions and to assess the assumptions used to determine the tax positions. We assessed the historical accuracy of management's assumptions and estimation process by comparing the forecasted results against actual results of operations. We also assessed the adequacy of the disclosure in Note 19 of 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Wilmar International Limited

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Ernst & Young LLP
Public Accountants and Chartered Accountants

Singapore
20 March 2017

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2016

	Note	2016 US$'000	2015 US$'000 Restated*
Revenue	4	**41,401,690**	38,776,635
Cost of sales	5	**(37,391,071)**	(34,867,211)
Gross profit		**4,010,619**	3,909,424
Other items of income			
Finance income	6	**191,619**	470,527
Other operating income	7	**157,953**	139,396
Other items of expense			
Net loss arising from changes in fair value of biological assets		**(16,047)**	(15,552)
Selling and distribution expenses		**(1,806,434)**	(1,677,771)
Administrative expenses		**(680,675)**	(696,461)
Other operating expenses	7	**(359,271)**	(315,756)
Finance costs	8	**(348,531)**	(444,176)
Non-operating items	9	**9,844**	(94,953)
Share of results of joint ventures		**(11,682)**	(6,673)
Share of results of associates		**152,558**	111,337
Profit before tax	10	**1,299,953**	1,379,342
Income tax expense	11	**(206,294)**	(281,993)
Profit after tax		**1,093,659**	1,097,349
Attributable to:			
Owners of the Company		**972,245**	1,022,925
Non-controlling interests		**121,414**	74,424
		1,093,659	1,097,349
Earnings per share attributable to owners of the Company (US cents per share)			
- Basic	12	**15.4**	16.1
- Diluted	12	**15.4**	16.1

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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 2016

	2016 US$'000	2015 US$'000 Restated*
Profit after tax	**1,093,659**	1,097,349
Other comprehensive income:		
Items that may be reclassified subsequently to income statement		
Foreign currency translation	**(498,608)**	(834,223)
Fair value adjustment on cash flow hedges	**(45,613)**	(111,703)
Fair value adjustment on available-for-sale financial assets	**(14,033)**	43,647
Share of changes in equity transaction reserve of a joint venture	**(10,557)**	-
	(568,811)	(902,279)
Item that will not be reclassified subsequently to income statement		
Loss on remeasurement of defined benefit plan	**(4,500)**	(9,824)
	(4,500)	(9,824)
Total other comprehensive income for the year, net of tax	**(573,311)**	(912,103)
Total comprehensive income for the year	**520,348**	185,246
Attributable to:		
Owners of the Company	**436,919**	159,551
Non-controlling interests	**83,429**	25,695
	520,348	185,246

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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

BALANCE SHEETS
As at 31 December 2016

	Note	Group			Company	
		2016	2015	2014	**2016**	2015
		US$'000	US$'000	US$'000	**US$'000**	US$'000
			Restated*	Restated*		
ASSETS						
Non-current assets						
Property, plant and equipment	13	**8,297,098**	8,983,482	9,477,284	**2,389**	1,485
Bearer plants	14	**726,725**	742,282	796,252	**-**	-
Plasma investments		**17,393**	14,721	12,829	**-**	-
Intangible assets	15	**4,365,736**	4,368,860	4,401,908	**-**	-
Investment in subsidiaries	16	**-**	-	-	**9,072,026**	9,004,098
Investment in joint ventures	17	**940,287**	874,980	355,185	**205,886**	231,396
Investment in associates	17	**1,963,123**	1,856,422	1,770,045	**40,444**	41,347
Available-for-sale financial assets	18	**700,705**	650,042	592,245	**-**	-
Deferred tax assets	19	**312,403**	198,116	203,808	**-**	-
Derivative financial instruments	20	**32,633**	2,786	15,172	**-**	-
Other financial receivables	21	**205,832**	334,552	293,974	**399,634**	351,373
Other non-financial assets	21	**34,869**	33,171	31,489	**-**	-
		17,596,804	18,059,414	17,950,191	**9,720,379**	9,629,699
Current assets						
Inventories	22	**7,022,310**	6,317,534	6,581,020	**-**	-
Trade receivables	23	**4,087,069**	3,752,720	4,044,799	**-**	-
Other financial receivables	21	**2,354,502**	2,898,826	3,995,132	**3,399,383**	3,354,424
Other non-financial assets	21	**1,152,019**	1,253,509	1,478,001	**342**	1,622
Derivative financial instruments	20	**546,885**	567,221	755,826	**-**	-
Biological assets	14	**49,439**	65,486	81,038	**-**	-
Financial assets held for trading	18	**316,632**	304,694	261,470	**-**	-
Other bank deposits	24	**2,721,885**	2,410,281	5,452,091	**-**	-
Cash and bank balances	24	**1,184,881**	1,296,316	1,947,096	**4,057**	1,374
		19,435,622	18,866,587	24,596,473	**3,403,782**	3,357,420
TOTAL ASSETS		**37,032,426**	36,926,001	42,546,664	**13,124,161**	12,987,119
EQUITY AND LIABILITIES						
Current liabilities						
Trade payables	25	**1,500,254**	1,226,854	1,746,920	**-**	-
Other financial payables	26	**1,348,963**	1,260,764	1,191,558	**2,084,329**	1,602,231
Other non-financial liabilities	26	**571,077**	546,361	393,892	**-**	-
Derivative financial instruments	20	**495,322**	480,775	538,242	**-**	-
Loans and borrowings	27	**12,689,019**	11,076,303	15,204,154	**169,212**	-
Tax payables		**118,511**	99,708	122,366	**-**	-
		16,723,146	14,690,765	19,197,132	**2,253,541**	1,602,231
NET CURRENT ASSETS		**2,712,476**	4,175,822	5,399,341	**1,150,241**	1,755,189

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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

BALANCE SHEETS

As at 31 December 2016

		Group			Company	
	Note	**2016**	2015	2014	**2016**	2015
		US$'000	US$'000	US$'000	**US$'000**	US$'000
			Restated*	Restated*		
Non-current liabilities						
Other financial payables	26	**51,314**	58,220	28,282	**-**	-
Other non-financial liabilities	26	**118,185**	91,743	92,910	**-**	-
Derivative financial instruments	20	**107,133**	72,582	47,491	**-**	-
Loans and borrowings	27	**4,331,240**	6,347,547	7,158,172	**215,037**	389,449
Deferred tax liabilities	19	**322,443**	364,069	387,546	**-**	-
		4,930,315	6,934,161	7,714,401	**215,037**	389,449
TOTAL LIABILITIES		**21,653,461**	21,624,926	26,911,533	**2,468,578**	1,991,680
NET ASSETS		**15,378,965**	15,301,075	15,635,131	**10,655,583**	10,995,439
Equity attributable to owners of the Company						
Share capital	28	**8,458,995**	8,458,995	8,458,995	**8,895,134**	8,895,134
Treasury shares	28	**(175,312)**	(168,155)	(19,282)	**(175,312)**	(168,155)
Retained earnings		**9,260,680**	8,668,608	8,004,639	**1,735,452**	2,075,667
Other reserves	29	**(3,109,829)**	(2,565,309)	(1,684,598)	**200,309**	192,793
		14,434,534	14,394,139	14,759,754	**10,655,583**	10,995,439
Non-controlling interests		**944,431**	906,936	875,377	**-**	-
TOTAL EQUITY		**15,378,965**	15,301,075	15,635,131	**10,655,583**	10,995,439
TOTAL EQUITY AND LIABILITIES		**37,032,426**	36,926,001	42,546,664	**13,124,161**	12,987,119

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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 2016

	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
2016							
GROUP							
Opening balance at 1 January 2016, as previously reported	8,458,995	(168,155)	9,464,246	(2,628,282)	15,126,804	951,940	16,078,744
Adjustments for adoption of the Amendments to FRS 16 & FRS 41	-	-	(795,638)	62,973	(732,665)	(45,004)	(777,669)
Opening balance at 1 January 2016, as restated	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)
Total comprehensive income for the year	-	-	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	-	-	-
Total contributions by and distributions to owners	-	(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)
Total changes in ownership interests in subsidiaries	-	-	-	(25,642)	(25,642)	(22,679)	(48,321)
Closing balance at 31 December 2016	**8,458,995**	**(175,312)**	**9,260,680**	**(3,109,829)**	**14,434,534**	**944,431**	**15,378,965**

* *The opening balances were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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 2016

	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
2015							
GROUP							
Opening balance at 1 January 2015, as previously reported	8,458,995	(19,282)	8,767,132	(1,711,911)	15,494,934	915,867	16,410,801
Adjustments for adoption of the Amendments to FRS 16 & FRS 41	-	-	(762,493)	27,313	(735,180)	(40,490)	(775,670)
Opening balance at 1 January 2015, as restated	8,458,995	(19,282)	8,004,639	(1,684,598)	14,759,754	875,377	15,635,131
Profit for the year	-	-	1,022,925	-	1,022,925	74,424	1,097,349
Other comprehensive income	-	-	-	(863,374)	(863,374)	(48,729)	(912,103)
Total comprehensive income for the year	-	-	1,022,925	(863,374)	159,551	25,695	185,246
Grant of equity-settled share options	-	-	-	8,295	8,295	-	8,295
Share capital contributed by non-controlling shareholders	-	-	-	-	-	46,274	46,274
Acquisition of treasury shares	-	(148,873)	-	-	(148,873)	-	(148,873)
Dividends on ordinary shares	-	-	(380,526)	-	(380,526)	-	(380,526)
Dividends paid to non-controlling shareholders by subsidiaries	-	-	-	-	-	(32,171)	(32,171)
Net transfer to retained earnings	-	-	21,570	(21,570)	-	-	-
Total contributions by and distributions to owners	-	(148,873)	(358,956)	(13,275)	(521,104)	14,103	(507,001)
Acquisition of a subsidiary	-	-	-	-	-	113	113
Acquisition of additional interest in subsidiaries	-	-	-	(3,975)	(3,975)	(7,353)	(11,328)
Disposal of subsidiaries	-	-	-	-	-	(2,099)	(2,099)
Dilution of interest in a subsidiary	-	-	-	-	-	1,100	1,100
Loss on dilution of interest in a subsidiary	-	-	-	(87)	(87)	-	(87)
Total changes in ownership interests in subsidiaries	-	-	-	(4,062)	(4,062)	(8,239)	(12,301)
Closing balance at 31 December 2015	8,458,995	(168,155)	8,668,608	(2,565,309)	14,394,139	906,936	15,301,075

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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
2016					
COMPANY					
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
Total comprehensive income for the year	-	-	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)
Total transactions with owners in their capacity as owners	-	(7,157)	(371,241)	7,516	(370,882)
Closing balance at 31 December 2016	**8,895,134**	**(175,312)**	**1,735,452**	**200,309**	**10,655,583**
2015					
COMPANY					
Opening balance at 1 January 2015	8,895,134	(19,282)	1,747,814	234,239	10,857,905
Profit for the year	-	-	658,638	-	658,638
Total comprehensive income for the year	-	-	658,638	-	658,638
Grant of equity-settled share options	-	-	-	8,295	8,295
Acquisition of treasury shares	-	(148,873)	-	-	(148,873)
Dividends on ordinary shares	-	-	(380,526)	-	(380,526)
Transfer to retained earnings	-	-	49,741	(49,741)	-
Total transactions with owners in their capacity as owners	-	(148,873)	(330,785)	(41,446)	(521,104)
Closing balance at 31 December 2015	8,895,134	(168,155)	2,075,667	192,793	10,995,439

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 2016

	2016 US$'000	2015 US$'000 Restated*
Cash flows from operating activities		
Profit before tax	**1,299,953**	1,379,342
Adjustments for:		
Net loss arising from changes in fair value of biological assets	**16,047**	15,552
Depreciation of bearer plants	**50,175**	47,720
Depreciation and impairment loss of property, plant and equipment	**713,285**	676,398
Impairment on available-for-sale financial assets	**-**	802
Loss on liquidation/disposal of associates	**5**	2
Amortisation of intangible assets	**758**	763
Impairment on shareholders' loan to associates	**11,701**	4,674
Loss/(gain) on disposal of property, plant and equipment	**2,161**	(907)
(Gain)/loss on disposal of subsidiaries	**(7,383)**	1,351
Gain on disposal of available-for-sale financial assets	**(174)**	(850)
Loss/(gain) on disposal of financial assets held for trading	**3,969**	(9,267)
Grant of share options to employees	**7,194**	8,295
Net fair value (gain)/loss on derivative financial instruments	**(20,806)**	135,477
Net fair value (gain)/loss on financial assets held for trading	**(11,461)**	59,873
Foreign exchange differences arising from translation	**(84,244)**	(169,345)
Interest expense	**371,942**	466,836
Interest income	**(191,619)**	(470,527)
Share of results of joint ventures	**11,682**	6,673
Share of results of associates	**(152,558)**	(111,337)
Operating cash flows before working capital changes	**2,020,627**	2,041,525
Changes in working capital:		
(Increase)/decrease in inventories	**(727,928)**	240,267
(Increase)/decrease in receivables and other assets	**(284,414)**	501,197
Increase/(decrease) in payables	**489,744**	(343,348)
Cash flows generated from operations	**1,498,029**	2,439,641
Interest paid	**(337,864)**	(464,818)
Interest received	**270,193**	577,264
Income taxes paid	**(306,748)**	(319,961)
Net cash flows generated from operating activities	**1,123,610**	2,232,126

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

	2016 US$'000	2015 US$'000 Restated*
Cash flows from investing activities		
Net cash flow on acquisition of subsidiaries	**(2,206)**	(1,250)
Increase in plasma investments	**(2,540)**	(2,373)
Increase in financial assets held for trading	**(7,501)**	(14,243)
Increase in other non-financial assets	**(4,404)**	(1,534)
Payments for property, plant and equipment	**(722,406)**	(816,969)
Payments for bearer plants	**(54,985)**	(47,835)
Increase in available-for-sale financial assets	**(89,936)**	(157,288)
Payments for investment in joint ventures	**(113,752)**	(454,799)
Payments for investment in associates	**(28,806)**	(43,901)
Dividends received from joint ventures	**16,089**	8,325
Dividends received from associates	**38,919**	46,016
Proceeds from disposal of property, plant and equipment	**144,152**	170,326
Proceeds from disposal of bearer plants	**-**	424
Proceeds from liquidation of an associate	**233**	-
Net cash flow from disposal/liquidation of subsidiaries	**16,420**	2,102
Net cash flows used in investing activities	**(810,723)**	(1,312,999)
Cash flows from financing activities		
Decrease/(increase) in net amount due from related parties	**141,174**	(144,851)
(Increase)/decrease in net amount due from joint ventures	**(65,095)**	55,770
(Increase)/decrease in net amount due from associates	**(35,966)**	2,894
Increase/(decrease) in advances from non-controlling shareholders	**29,624**	(8,209)
Repayments of loans and borrowings	**(2,157,310)**	(7,989,359)
Decrease in fixed deposits pledged with financial institutions for bank facilities	**2,554,038**	5,205,868
Decrease in other financial receivables	**786,415**	1,166,788
(Increase)/decrease in other deposits with maturity more than 3 months	**(1,092,149)**	672,886
Interest paid	**(28,457)**	(29,920)
Payment for acquisition of additional interest in subsidiaries	**(724)**	(11,328)
Shares buy-back held as treasury shares	**(9,371)**	(148,873)
Dividends paid by the Company	**(371,241)**	(380,526)
Dividends paid to non-controlling shareholders by subsidiaries	**(33,252)**	(32,171)
Proceeds from dilution of interest in a subsidiary	**-**	1,013
Proceeds from reissuance of treasury shares by the Company	**2,536**	-
Proceeds from issue of shares by subsidiaries to non-controlling shareholders	**8,184**	46,274
Net cash flows used in financing activities	**(271,594)**	(1,593,744)
Net increase/(decrease) in cash and cash equivalents	**41,293**	(674,617)
Cash and cash equivalents at the beginning of the financial year	**1,026,431**	1,701,048
Cash and cash equivalents at the end of the financial year	**1,067,724**	1,026,431

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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 2016

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.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

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 2016. Except for Amendments to FRS 16 and FRS 41, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants

The amendments require changes to the accounting requirements for biological assets that meet the definition of bearer plants as detailed in Note 2.10. Under the amendments, biological assets that meet the definition of bearer plants are no longer within the scope of FRS 41. Instead, FRS 16 will apply. The Group's bearer plants comprise mainly oil palm plantations as disclosed in Note 14.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

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

Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants (continued)

Prior to the application of the Amendments, the Group recognised its bearer plants together with its produce as biological assets (non-current) using the fair value model where changes to its fair value less costs to sell at each reporting date were recognised in the income statement in the respective periods. Pursuant to the application of the amendments by the Group, immature bearer plants are initially recognised and measured under FRS 16 at accumulated cost, while matured bearer plants are accounted for using the cost model in FRS 16 i.e. at cost less accumulated depreciation and impairment. Produce that grows on bearer plants remain within the scope of FRS 41 and are measured at fair value less costs to sell. Government grants related to bearer plants are accounted for under FRS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

The Group has applied the amendments retrospectively on 1 January 2016 according to its transitional provisions. The effects of the application of the Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants are listed in the table below. The impact of the Amendments to the Group's assets and equity as at 31 December 2016 and to the Group's total comprehensive income for the year ended 31 December 2016 are not practicably determinable.

	Group	
(Decrease)/increase	As at 1 January 2015 (restated) US$'000	As at 31 December 2015 (restated) US$'000
Bearer plants (non-current)	(1,064,569)	(1,052,312)
Biological assets (current) - Fresh fruit bunches	81,038	65,486
Investment in joint ventures	(13,704)	(11,108)
Investment in associates	(14,262)	(14,608)
Deferred tax liabilities	(235,827)	(234,873)
Total equity (including non-controlling interests)	(775,670)	(777,669)

(Decrease)	For the year ended 31 December 2015 (restated)
Earnings per share, basic and diluted, US cents per share	(0.5)

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 that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Improvements to FRSs (December 2016)	
- Amendments to FRS 112 Classifications of the Scope of the Standard	1 January 2017
- Amendments to FRS 28 Measuring an Associate or Joint Venture at fair value	1 January 2018
Amendments to FRS 40 Transfer 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 FRS 109 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 and FRS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019

Except for FRS 109 and FRS 115, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 115 are described below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

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

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, 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 will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Group has performed a preliminary assessment of the impact of FRS 115. Based on this preliminary assessment, the impact upon adoption of FRS 115 is not expected to be material to the Group's financial statements. However, it will need to perform a more detailed analysis which considers all reasonable and supportable information to determine the extent of impact.

FRS 109 Financial Instruments

The Group has performed a preliminary assessment of the impact of FRS 109, which is subject to changes arising from a more detailed ongoing analysis. FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

(a) Classification and measurement

The Group will continue to account for loans and receivables at amortised cost using the amortised cost model under FRS109.

Currently, the Group measures its available for sale financial assets at fair value through other comprehensive income, except for its unquoted equity instruments which is measured at cost. Under FRS 109, the Group will be required to measure the investment in unquoted equity instruments at fair value. The Group is currently assessing if it will elect to present subsequent changes in fair value of its available for sale financial assets in other comprehensive income.

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, 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 its equity. However, it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward looking elements to determine the extent of impact.

(c) Hedge accounting

The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

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.

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.

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)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Associates and joint ventures (continued)

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Bearers plants and biological assets

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants mainly include mature and immature oil palm plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at acquisition cost less accumulated depreciation and impairment. Mature plantations are depreciated on a straight-line basis 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 of bearer plants is capitalised during the period of time that is required to complete and prepare the bearer plant for its intended use. All other borrowing costs are expensed.

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

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

2.11 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets (continued)

(b) Other intangible assets (continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

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.

(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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits (continued)

(c) Provision for employee service entitlements

For certain companies in Indonesia, the Group recognises a provision for employee service entitlements in accordance with Labour Law No. 13/2003 dated 25 March 2003. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method".

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in the income statement. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in the income statement.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income as general reserve in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to the income statement in subsequent periods.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 *Taxes (continued)*

(b) Deferred tax (continued)

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 each end of the 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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2016 were approximately US$3,260,441,000 (2015: US$3,265,346,000) and US$1,098,046,000 (2015: US$1,098,164,000) 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 2016 were approximately US$3,987,713,000 (2015: US$4,254,898,000) and US$726,725,000 (2015: US$742,282,000), respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (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 2016 were approximately US$118,511,000 (2015: US$99,708,000), US$312,403,000 (2015: US$ 198,116,000) and US$322,443,000 (2015: US$364,069,000) respectively.

4. REVENUE

	Group	
	2016	2015
	US$'000	US$'000
Sales of palm based products, oilseeds and grains products, consumer products, sugar and other agricultural commodities	**41,122,221**	38,468,057
Ship charter income	**224,038**	244,413
Others	**55,431**	64,165
	41,401,690	38,776,635

5. COST OF SALES

	Group	
	2016	2015
	US$'000	US$'000
		Restated*
Cost of inventories recognised as expense - physical deliveries	**32,623,277**	30,842,388
Labour and other overhead expenses	**4,197,887**	4,399,043
Net loss/(gain) on fair value of derivative financial instruments	**569,907**	(374,220)
	37,391,071	34,867,211

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

6. FINANCE INCOME

	Group 2016 US$'000	Group 2015 US$'000
Finance income:		
- From associates	**5,138**	5,100
- From bank balances	**10,066**	13,754
- From fixed deposits	**86,554**	205,115
- From joint ventures	**9,231**	7,485
- From other deposits with financial institutions	**45,566**	195,031
- From other sources	**23,644**	29,633
- From related parties	**6,105**	8,862
- Late interest charges pertaining to trade receivables	**5,315**	5,547
	191,619	470,527

7. OTHER OPERATING INCOME OTHER OPERATING EXPENSES

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

	Group 2016 US$'000	Group 2015 US$'000
Amortisation of intangible assets	**(758)**	(763)
Allowance for advances to suppliers	**(4,054)**	(374)
Bad debts written off (non-trade)	**(4,666)**	(903)
Compensation/penalty income	**4,237**	12,234
Energy/power/steam income	**35,984**	26,360
Fair value gain/(loss) of derivative financial instruments	**16,937**	(38,960)
Foreign exchange loss, excluding net foreign exchange loss on shareholders' loans to subsidiaries	**(240,135)**	(210,598)
(Loss)/gain on disposal of property, plant and equipment	**(2,161)**	907
Loss on liquidation/disposal of associates	**(5)**	(2)
Gain/(loss) on disposal of subsidiaries	**7,383**	(1,351)
Government grants/incentive income	**35,958**	37,976
Grant of share options to employees	**(7,194)**	(8,295)
Income from sales cancellation	**1,464**	3,935
Pre-operating expenses	**(10)**	(1,265)
Processing fee income/tolling income	**346**	1,546
Rental and storage income	**10,176**	4,003
Scrap sales	**10,870**	12,004
Service fees/management fees/commission income	**16,289**	8,745
Impairment on shareholders' loan to associates	**(11,701)**	(4,674)
Impairment on property, plant and equipment	**(50,669)**	(4,362)

The Group has received government grants of different nature during the reporting periods, among them are grants in relation to the investment and development of plants and machineries, technical skill transformation and value added tax/business tax/corporate income tax subsidy for quality enterprise.

Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the Balance Sheet. There are no unfulfilled conditions or contingencies relating to these grants.

8. FINANCE COSTS

	Group	
	2016	2015
	US$'000	US$'000
Interest expense:		
- Loans and borrowings	**342,925**	437,600
- Loans from associates	**640**	1,169
- Loans from joint ventures	**520**	155
- Loans from related parties	**45**	-
- Interest rate swaps	**3,853**	8,318
- Others	**5,593**	4,194
	353,576	451,436
Less: Amount capitalised		
- Bearer plants	**(1,004)**	(1,070)
- Property, plant and equipment	**(4,041)**	(6,190)
	348,531	444,176

9. NON-OPERATING ITEMS

	Group	
	2016	2015
	US$'000	US$'000
Net foreign exchange loss on shareholders' loans to subsidiaries	**(4,788)**	(43,135)
Finance costs on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries	**(23,411)**	(22,660)
Gain on disposal of available-for-sale financial assets	**174**	850
(Loss)/gain on disposal of financial assets held for trading	**(3,969)**	9,267
Investment income from equity instruments	**30,338**	20,652
Net fair value gain/(loss) on financial assets held for trading	**11,461**	(59,873)
Net fair value gain/(loss) on derivatives financial instruments (equity related)	**39**	(54)
	9,844	(94,953)

10. PROFIT BEFORE TAX

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

	Group	
	2016	2015
	US$'000	US$'000
		Restated*
Audit fees paid to:		
- Auditor of the Company	**497**	631
- Other auditors	**4,573**	4,538
Non-audit fees paid to:		
- Auditor of the Company	**39**	39
- Other auditors	**584**	639
Depreciation of property, plant and equipment	**664,313**	673,708
Depreciation of bearer plants	**50,175**	47,720
Less: Amount capitalised as part of costs of bearer plants	**(1,697)**	(1,672)
Add: Impairment loss	**50,669**	4,362
Depreciation and impairment loss of property, plant and equipment and bearer plants - net	**763,460**	724,118
Employee benefits expense	**1,144,934**	1,113,816
Operating lease expense	**40,094**	38,278

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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 2016 and 31 December 2015 are:

	Group	
	2016	2015
	US$'000	US$'000
		Restated*
Consolidated Income Statement		
Current income tax		
Current year	**369,508**	278,412
(Over)/under provision in respect of previous years	**(9,592)**	1,273
	359,916	279,685
Deferred income tax		
(Reversal) / origination of temporary differences	**(158,345)**	2,020
Under provision in respect of previous years	**4,723**	288
Income tax expense recognised in the income statement	**206,294**	281,993
Deferred income tax related to other comprehensive income:		
Net tax credit in fair value of derivative financial instruments designated as cash flow hedges and others	**(12,160)**	(5,758)

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 2016 and 31 December 2015 are as follows:

	Group	
	2016	2015
	US$'000	US$'000
		Restated*
Accounting profit before income tax	**1,299,953**	1,379,342
Tax calculated at tax rate of 17% (2015: 17%)	**220,992**	234,488
Adjustments:		
Effect of different tax rates in other countries	**162,659**	75,822
Effect of tax incentives	**(170,760)**	(42,430)
Income not subject to taxation	**(33,412)**	(20,756)
Non-deductible expenses	**23,389**	23,086
Deferred tax assets not recognised	**66,481**	44,075
(Over)/under provision in respect of previous years	**(4,869)**	1,561
Share of results of joint ventures and associates	**(16,743)**	(14,673)
Utilisation of previously unrecognised tax losses / capital allowances	**(44,144)**	(13,336)
Others	**2,701**	(5,844)
Income tax expense recognised in the consolidated income statement	**206,294**	281,993

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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	
	2016	2015 Restated*
Profit for the year attributable to owners of the Company (US$'000)	**972,245**	1,022,925
Weighted average number of ordinary shares ('000)	**6,319,004**	6,370,293
Basic earnings per share (US cents per share)	**15.4**	16.1

(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	
	2016	2015 Restated*
Profit for the year attributable to owners of the Company (US$'000)	**972,245**	1,022,925
Weighted average number of ordinary shares ('000)	**6,319,004**	6,370,293
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**6,319,004**	6,370,293
Diluted earnings per share (US cents per share)	**15.4**	16.1

118,550,000 (2015: 125,380,000) 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 2016 and 31 December 2015 because they are anti-dilutive.

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, land and land rights	Buildings	Plant and machineries	Furniture, fittings and office equipment	Vessels	Motor vehicles, trucks and aircrafts	Construction in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group								
Costs								
At 1 January 2015	1,231,141	2,991,846	6,515,342	210,387	646,702	253,787	905,684	12,754,889
Acquisition of subsidiaries	5,165	10,548	3,441	135	-	101	-	19,390
Disposal of subsidiaries	(294)	(1,414)	(1,180)	(137)	-	(51)	(251)	(3,327)
Additions	22,478	48,735	64,559	15,027	29,212	17,764	687,503	885,278
Disposals	(8,302)	(9,103)	(28,906)	(8,820)	(72,933)	(6,512)	(87,972)	(222,548)
Transfers	2,337	224,569	495,558	8,863	129,168	2,361	(862,856)	-
Reclassifications	-	(18,465)	9,589	(2,509)	1,500	9,106	(774)	(1,553)
Currency translation differences	(92,093)	(167,496)	(515,166)	(12,928)	(2)	(12,789)	(43,883)	(844,357)
At 31 December 2015 and 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	**1,139,427**	**2,950,499**	**6,537,367**	**202,450**	**712,356**	**254,293**	**470,392**	**12,266,784**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land, land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircrafts US$'000	Construction in-progress US$'000	Total US$'000
Group								
Accumulated depreciation and impairment loss								
At 1 January 2015	126,303	634,463	2,157,564	147,804	71,712	139,759	-	3,277,605
Disposal of subsidiaries	(52)	(645)	(770)	(134)	-	(51)	-	(1,652)
Depreciation charge for the year	20,721	122,135	440,597	25,091	41,892	23,272	-	673,708
Disposals	(617)	(2,349)	(16,552)	(8,489)	(4,212)	(5,890)	-	(38,109)
Impairment loss	-	373	4,021	(32)	-	-	-	4,362
Reclassifications	-	(1,592)	(1,058)	(1,354)	1,328	2,435	-	(241)
Currency translation differences	(11,234)	(44,384)	(238,379)	(9,952)	(2)	(7,432)	-	(311,383)
At 31 December 2015 and 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	**145,804**	**769,902**	**2,599,448**	**152,656**	**147,023**	**154,853**	**-**	**3,969,686**
Net carrying amount								
At 31 December 2015	1,025,311	2,371,219	4,197,814	57,084	622,929	111,674	597,451	8,983,482
At 31 December 2016	**993,623**	**2,180,597**	**3,937,919**	**49,794**	**565,333**	**99,440**	**470,392**	**8,297,098**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Company			
Costs			
At 1 January 2015	3,606	642	4,248
Additions	599	-	599
Disposals	(28)	-	(28)
At 31 December 2015 and 1 January 2016	**4,177**	**642**	**4,819**
Additions	**1,760**	**475**	**2,235**
Disposals	**(255)**	**(459)**	**(714)**
At 31 December 2016	**5,682**	**658**	**6,340**
Accumulated depreciation			
At 1 January 2015	2,290	98	2,388
Depreciation charge for the year	907	64	971
Disposals	(25)	-	(25)
At 31 December 2015 and 1 January 2016	**3,172**	**162**	**3,334**
Depreciation charge for the year	**930**	**64**	**994**
Disposals	**(251)**	**(126)**	**(377)**
At 31 December 2016	**3,851**	**100**	**3,951**
Net carrying amount			
At 31 December 2015	1,005	480	1,485
At 31 December 2016	**1,831**	**558**	**2,389**

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$4,041,000 (2015: US$6,190,000).

Assets pledged as security

Certain property, plant and equipment of the Group amounting to approximately US$19,734,000 (2015: US$64,933,000) are pledged as security for bank borrowings.

Impairment of assets

During the financial year, the Group recorded an impairment loss of approximately US$50,669,000 (2015: US$4,362,000). These impairment losses were mainly 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. An impairment loss of approximately US$33,468,000, representing the write-down of these plant and machineries to the recoverable amount was recognised in "Other operating expenses" line item of Consolidated Income Statement for the financial year ended 31 December 2016. The recoverable amount of the plant and machineries was based on its value in use and the pre-tax discount rate was 11.0%.

14. BEARER PLANTS
BIOLOGICAL ASSETS

Bearer plants	Group 2016 US$'000	Group 2015 US$'000 Restated*
Group		
Costs		
At 1 January	**1,133,068**	1,181,348
Additions	**52,795**	44,205
Disposals	**(142)**	(4,826)
Capitalisation of interest	**1,004**	1,070
Capitalisation of depreciation	**1,697**	1,672
Capitalisation of employee benefits	**2,190**	3,630
Currency translation differences	**(38,082)**	(94,031)
At 31 December	**1,152,530**	1,133,068
Accumulated depreciation		
At 1 January	**390,786**	385,096
Depreciation charge for the year	**50,175**	47,720
Currency translation differences	**(15,156)**	(42,030)
At 31 December	**425,805**	390,786
Net carrying amount		
At 31 December	**726,725**	742,282

Biological assets	Group 2016 US$'000	Group 2015 US$'000 Restated*
At 1 January	**65,486**	81,038
Fair value loss of biological assets	**(16,047)**	(15,552)
At 31 December	**49,439**	65,486

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants.*

(a) Analysis of oil palm production

During the financial year, the Group harvested approximately 3,818,000 tonnes (2015: 4,481,000 tonnes) of FFB, which had a fair value less estimated point-of-sale costs of approximately US$507,242,000 (2015: US$501,192,000). The fair value of FFB was determined with reference to their monthly average market prices during the year.

14. BEARER PLANTS
BIOLOGICAL ASSETS (CONTINUED)

(b) Analysis of bearer plants

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

	Group	
	2016	2015
Area	**Hectares**	Hectares
Planted area:		
- Mature	**211,914**[1]	214,262[1]
- Immature	**35,221**	31,938
	247,135	246,200

	Group	
	2016	2015
	US$'000	US$'000
Value		Restated*
Planted area:		
- Mature	**601,468**[1]	626,030[1]
- Immature	**125,257**	116,252
	726,725	742,282

(1) Mature planted areas include sugar cane plantations.

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

(c) At 31 December 2016, the carrying amount of bearer plants of the Group mortgaged as securities for bank borrowings amounted to approximately US$38,516,000 (2015: US$38,918,000).

(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$151 to US$159 (2015: US$100 to US$104) per metric tonne	The estimated fair value increases as the estimated selling price of FFB increases.
Average yield (annual) is 19.0 (2015: 21.4) metric tonne per hectare	The estimated fair value increases as the estimated average yield increases.

15. INTANGIBLE ASSETS

	Goodwill	Trademarks & licenses and others	Brands	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Cost				
At 1 January 2015	3,295,975	8,973	1,099,235	4,404,183
Acquisition of subsidiaries	1,040	-	-	1,040
Currency translation differences	(31,669)	(728)	(1,071)	(33,468)
At 31 December 2015 and 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	**3,260,441**	**10,830**	**1,098,046**	**4,369,317**
Accumulated amortisation				
At 1 January 2015	-	2,275	-	2,275
Amortisation during the year	-	763	-	763
Currency translation differences	-	(143)	-	(143)
At 31 December 2015 and 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	**-**	**3,581**	**-**	**3,581**
Net carrying amount				
At 31 December 2015	3,265,346	5,350	1,098,164	4,368,860
At 31 December 2016	**3,260,441**	**7,249**	**1,098,046**	**4,365,736**

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.

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	Oilseeds and Grains	Sugar	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
2016					
Goodwill	**2,217,045**	**765,196**	**263,028**	**15,172**	**3,260,441**
Brands	**-**	**1,089,247**	**8,799**	**-**	**1,098,046**
2015					
Goodwill	2,218,183	768,012	265,449	13,702	3,265,346
Brands	-	1,089,247	8,917	-	1,098,164

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	
	%	%	%	%	%	%
	2016	2015	**2016**	2015	**2016**	2015
Terminal growth rates	**2.0 - 3.0**	2.0 - 3.0	**3.0**	3.0	**2.0 - 2.5**	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**	8.0 - 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	
	2016	2015
	US$'000	US$'000
Unquoted equity shares, at cost	**9,072,026**	9,004,098

Details of the list of significant subsidiaries are included in Note 39.

Acquisition of subsidiaries

The Group acquired the following subsidiary during the financial year:

Name of subsidiary acquired	**Equity interest acquired**	**Consideration**	**Month of acquisition**
	%	US$'000	
Wilmar Nature Pte. Ltd.	51	3,357	Aug 2016
		3,357	

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
Intangible asset	2,800
Trade receivables and other assets	8,218
Cash and cash equivalents	1,151
	12,169
Trade and other payables	13,122
	13,122
Net identifiable liabilities	(953)
Add: Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets	1,846
Identifiable net assets acquired	893
Add: Transfer from investment in associates	994
Positive goodwill arising from acquisition recognised as part of intangible assets	1,470
Total consideration for acquisition	**3,357**

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	3,357
Consideration for acquisition - cash paid	**3,357**
The effects of acquisition on cash flow are as follows:	
Consideration settled in cash	3,357
Less: Cash and cash equivalents of subsidiary acquired	(1,151)
Net cash outflow on acquisition	**2,206**

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/ (discount) arising from acquisition US$'000	Month of acquisition
Wilmar Resources Pte Ltd Equatorial Trading Limited	Wilmar Continental Edible Oils & Fats (Pty) Ltd	40	94+	19,788	(5,709)	25,497	June 2016
Yihai Kerry Investments Co., Ltd	Yihai (Jiamusi) Oils & Grains Industries Co., Ltd	3	100	489	329	160	Nov 2016
Yihai Kerry Investments Co., Ltd	Yihai (Jiamusi) Bio-cogeneration Co., Ltd	3	100	234	249	(15)	Nov 2016

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

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries

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

Name of subsidiaries disposed	Equity interest disposed %	Consideration US$'000	Month of disposal
African Consumer Products (Ghana) Limited	100	400	Apr 2016
Wilmar Foods Pty Ltd	100	982	Jun 2016
Wilmar Surfactant Material (Dongguan) Co., Ltd (now known as Dongguan Grand Resources New Energy Co., Ltd)	98	15,910	Dec 2016
Wilmar Edible Oils B.V. (now known as Olenex Edible Oil B.V.)	38+	9,590	Dec 2016

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

Disposal of subsidiaries

The carrying amounts of assets and liabilities of subsidiaries disposed and the effect thereof as at date of disposal were as follows:

	Cashflow on disposal US$'000
Property, plant and equipment	246,940
Intangible assets	37
Trade receivables and other assets	114,150
Inventories	28,961
Cash and cash equivalents	3,775
	393,863
Trade and other payables	287,910
Loans and borrowings	33,756
	321,666
Net carrying amounts of assets disposed	72,197
Less: Non-controlling interest	(25,964)
Less: Transfer to investment in a joint venture	(28,085)
Less: Transfer to investment in available-for-sale financial assets	(245)
Net assets disposed	17,903
Net assets disposed	17,903
Less: Hedging reserve realised upon disposal of a subsidiary	(115)
Less: Foreign currency translation reserve realised upon disposal of subsidiaries	(4,976)
Gain on disposal	7,383
Sales proceeds, net	20,195
Less: Cash and cash equivalents of subsidiaries disposed	(3,775)
Net cash inflow on disposal of subsidiaries	**16,420**

17. INVESTMENT IN JOINT VENTURES INVESTMENT IN ASSOCIATES

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

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
		Restated*		
FPW Singapore Holdings Pte. Ltd.	**553,508**	552,579	**102,722**	102,722
Other joint ventures	**386,779**	322,401	**103,164**	128,674
Investment in joint ventures	**940,287**	874,980	**205,886**	231,396

* *Prior year's figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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.	
	2016	2015
	US$'000	US$'000
Assets and liabilities:		
Current assets	**307,001**	290,834
Non-current assets	**1,456,560**	1,445,491
Total assets	**1,763,561**	1,736,325
Current liabilities	**1,383,621**	1,177,475
Non-current liabilities	**189,698**	357,852
Total liabilities	**1,573,319**	1,535,327
Shareholders' equity	**190,242**	188,384
Proportion of the Group's ownership interest	**50%**	50%
Group's share	**95,121**	94,192
Quasi loan	**458,387**	458,387
Carrying amount of the investment	**553,508**	552,579
Revenue	**1,493,429**	1,125,948
Profit for the year	**37,081**	21,937
Other comprehensive income	**(36,649)**	(38,259)
Total comprehensive income	**432**	(16,322)

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

	FPW Singapore Holdings Pte. Ltd.	
	2016	2015
	US$'000	US$'000
Cash and cash equivalents	**81,634**	99,473
Current financial liabilities (excluding trade and other payables and provisions)	**778,245**	840,551
Depreciation and amortisation	**48,015**	41,311
Finance income	**446**	531
Finance expense	**25,706**	23,320
Income tax expense	**22,891**	9,109

The activities of FPW Singapore Holdings Pte. Ltd. is strategic to the Group's activities. Dividends of approximately US$5,594,000 (2015: US$Nil) were declared during the financial year ended 31 December 2016.

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

	Group	
	2016	2015
	US$'000	US$'000
		Restated*
Share of the joint ventures' loss for the year	**(30,223)**	(17,575)
Share of the joint ventures' total comprehensive income	**(30,223)**	(17,575)

The Group's investments in associates are summarised below:

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
		Restated*		
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd	**603,945**	618,120	**-**	-
Cosumar S.A.	**315,914**	291,580	**-**	-
Other associates	**1,043,264**	946,722	**40,444**	41,347
Investment in Associates	**1,963,123**	1,856,422	**40,444**	41,347
Fair value of quoted investment in associates for which there are published price quotations - Level 1 in fair value hierarchy	**535,749**	295,553	**17,987**	14,907

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

Details of the list of significant associates are included in Note 40.

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.	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Assets and liabilities:				
Current assets	**772,083**	764,387	**541,711**	544,515
Non-current assets	**247,129**	281,935	**451,919**	421,152
Total assets	**1,019,212**	1,046,322	**993,630**	965,667
Current liabilities	**344,599**	343,409	**447,722**	451,727
Non-current liabilities	**5,313**	448	**111,577**	111,404
Total liabilities	**349,912**	343,857	**559,299**	563,131
Shareholders' equity	**657,160**	689,376	**435,568**	400,384
Proportion of the Group's ownership interest	**44%**	44%	**31%+**	29%+
Group's share	**289,150**	303,325	**135,026**	118,114
Goodwill on acquisition	**314,795**	314,795	**180,888**	173,466
Carrying amount of the investment	**603,945**	618,120	**315,914**	291,580
Revenue	**2,131,319**	1,952,572	**570,361**	519,059
Profit for the year	**12,707**	18,462	**83,015**	62,916
Total comprehensive income	**12,707**	18,462	**83,015**	62,916

+ 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$14,560,000 (2015: US$13,076,000) were received from Cosumar S.A. during the financial year ended 31 December 2016.

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

	Group	
	2016	2015
	US$'000	US$'000
		Restated*
Share of the associates' profit for the year	**120,724**	78,585
Share of the associates' total comprehensive income	**120,724**	78,585

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture; Bearer Plants*

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS
FINANCIAL ASSETS HELD FOR TRADING

	Group	
	2016	2015
	US$'000	US$'000
Available-for-sale financial assets		
Non-current:		
Quoted equity instruments *	**388,142**	367,845
Unquoted equity instruments, at cost	**60,004**	59,665
Unquoted non-equity instruments	**252,559**	222,532
	700,705	650,042
Financial assets held for trading		
Current:		
Quoted equity instruments	**316,632**	304,694
	316,632	304,694

* 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.

19. DEFERRED TAX

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
		Restated*		Restated*
Deferred tax assets:				
Provisions	**81,958**	59,105	**(26,563)**	4,668
Unutilised tax losses	**82,042**	65,383	**(17,120)**	(2,870)
Differences in depreciation for tax purposes	**116,669**	10,859	**(106,293)**	(622)
Fair value adjustments on derivatives classified as cash flow hedges	**16,470**	7,042	**-**	-
Other items	**15,264**	55,727	**25,391**	(16,445)
	312,403	198,116	**-**	-
Deferred tax liabilities:				
Differences in depreciation for tax purposes	**157,471**	201,535	**(29,949)**	11,649
Fair value adjustments on acquisition of subsidiaries	**41,767**	42,661	**(890)**	(4,629)
Fair value adjustments on derivatives classified as cash flow hedges	**3,645**	2,866	**-**	-
Fair value adjustments on biological assets	**12,243**	16,198	**(3,955)**	(3,888)
Undistributed earnings	**64,987**	55,065	**9,922**	3,807
Other items	**42,330**	45,744	**(4,165)**	10,638
	322,443	364,069	**-**	-
Deferred income tax (credit) / expense			**(153,622)**	2,308

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately US$738,164,000 (2015: US$550,554,000) 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 (2015: 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$4,917,040,000 (2015: US$5,043,372,000). The deferred tax liability is estimated to be approximately US$531,628,000 (2015: US$527,124,000).

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2016			2015		
	Contract/ Notional amount US$'000	**Assets US$'000**	**Liabilities US$'000**	Contract/ Notional amount US$'000	Assets US$'000	Liabilities US$'000
Forward currency contracts, options and cross currency interest rate swaps	**14,405,808**	**311,686**	**262,636**	23,231,594	261,847	248,442
Futures, options and swap contracts	**6,804,023**	**162,977**	**206,168**	4,768,885	157,740	200,788
Interest rate swap	**503,396**	**75**	**3,280**	506,157	-	5,346
Fair value of firm commitment contracts	**1,954,374**	**104,780**	**130,371**	1,045,793	150,420	98,781
Total derivative financial instruments		**579,518**	**602,455**		570,007	553,357
Less: Current portion		**(546,885)**	**(495,322)**		(567,221)	(480,775)
Non-current portion		**32,633**	**107,133**		2,786	72,582

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 loss of approximately US$63,725,000 (2015: US$16,255,000), with related deferred tax credit of approximately US$12,825,000 (2015: US$4,174,000), 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$(63,518,000) and US$(207,000) (2015: US$(18,718,000) and US$2,463,000).

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$5,897,000 (2015:US$11,706,000) is recognised in the income statement and offset with a similar loss on the inventory.

The Group also enters into cross currency interest rate swaps to hedge the financial risk related to Medium Term Notes issued by the Company. A net fair value loss of approximately US$1,570,000 (2015: US$6,279,000) is recognised in the income statement and offset with a similar decrease in the loans and borrowings.

21. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Non-current:				
Loans to non-controlling shareholders of a subsidiary	**500**	28,400	**-**	-
Other non-trade receivables	**4,788**	5,136	**39**	21
Other deposits with financial institutions	**-**	120,773	**-**	-
Amounts due from subsidiaries - non-trade	**-**	-	**332,140**	293,258
Amounts due from joint ventures - non-trade	**26,111**	19,314	**5,175**	-
Amounts due from associates - non-trade	**152,505**	143,246	**62,280**	58,094
Amounts due from related parties - non-trade	**21,928**	17,683	**-**	-
Other financial receivables	**205,832**	334,552	**399,634**	351,373
Current:				
Deposits	**80,565**	40,888	**39**	42
Loans to non-controlling shareholders of subsidiaries	**40,554**	58,592	**-**	-
Other non-trade receivables	**252,632**	381,056	**8,768**	8,607
Other deposits with financial institutions	**1,421,311**	1,900,618	**-**	-
Amounts due from subsidiaries - non-trade	**-**	-	**2,992,973**	2,948,124
Amounts due from joint ventures - non-trade	**327,599**	133,490	**389,010**	396,217
Amounts due from associates - non-trade	**228,306**	235,175	**8,593**	1,434
Amounts due from related parties - non-trade	**3,535**	149,007	**-**	-
Other financial receivables	**2,354,502**	2,898,826	**3,399,383**	3,354,424
Non-current:				
Prepayments	**34,869**	33,171	**-**	-
Other non-financial assets	**34,869**	33,171	**-**	-
Current:				
Prepayments and other non-financial assets	**157,111**	185,470	**342**	652
Tax recoverables	**106,142**	135,873	**-**	-
Advances for property, plant and equipment	**154,950**	142,899	**-**	970
Advances for acquisition of subsidiaries	**5,833**	1,429	**-**	-
Advances to suppliers	**727,983**	787,838	**-**	-
Other non-financial assets	**1,152,019**	1,253,509	**342**	1,622

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 2.0% to 5.1% (2015: 2.0% to 4.4%), 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.

The Company has provided impairment for amounts due from subsidiaries amounting to approximately US$32,526,000 (2015: US$32,526,000).

Amounts due from subsidiaries, joint ventures, associates and related parties (current)

Other than the current non-trade receivables from joint ventures, associates and related parties of approximately US$276,604,000 (2015: US$81,336,000), US$63,979,000 (2015: US$50,977,000) and US$Nil (2015: US$140,222,000) respectively, which bear interest ranging from 1.0% to 6.9% (2015: 2.0% to 8.0%), the remaining amounts are interest-free, unsecured and repayable on demand. These balances are expected to be settled in cash.

The Company has provided impairment for amounts due from subsidiaries amounting to approximately US$77,439,000 (2015: US$7,496,000).

Loans to non-controlling shareholders of subsidiaries

Other than the current loans to non-controlling shareholders of approximately US$40,273,000 (2015: US$57,377,000), which bear interest ranging from 4.4% to 6.9% (2015: 5.6% to 7.5%), the remaining amounts are interest-free and have no fixed terms of repayment. These balances are expected to be settled in cash.

The non-current loans to non-controlling shareholders bear interest rate at 7.3% (2015: 6.7%) and are expected to be settled in cash. These loans are secured over the non-controlling shareholders' interests in the subsidiaries.

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 1.8% to 4.8% (2015: 1.9% to 5.7%) per annum.

The Group has pledged other deposits with financial institutions amounting to approximately US$828,084,000 (2015: US$691,150,000) as security for bank borrowings.

22. INVENTORIES

	Group	
	2016	2015
	US$'000	US$'000
Balance Sheet		
At cost:		
Raw materials	**2,485,977**	2,290,566
Consumables	**364,345**	513,100
Finished goods	**2,691,335**	2,330,708
Stock in transit	**821,252**	366,345
	6,362,909	5,500,719
At net realisable value:		
Raw materials	**251,545**	262,363
Consumables	**4,366**	10,457
Finished goods	**403,490**	543,995
	659,401	816,815
	7,022,310	6,317,534
Income Statement		
Inventories recognised as an expense in cost of sales	**32,623,277**	30,842,388
Inclusive of the following charge:		
- Addition /(write back) of provision for net realisable value	**30,711**	(33,986)

23. TRADE RECEIVABLES

	Group	
	2016	2015
	US$'000	US$'000
Trade receivables	**2,864,953**	2,658,986
Notes receivables	**139,214**	116,915
Value added tax recoverable	**684,153**	698,951
Amounts due from joint ventures - trade	**63,838**	32,092
Amounts due from associates - trade	**328,734**	244,536
Amounts due from related parties - trade	**14,077**	7,051
	4,094,969	3,758,531
Less: Allowance for doubtful receivables	**(7,900)**	(5,811)
	4,087,069	3,752,720

Trade receivables, including amounts due from joint ventures, associates and related parties, are non-interest bearing and the average turnover is 33 days (2015: 34 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. Notes receivables are non-interest bearing and have a maturity period ranging from 1 to 180 days for the financial years ended 31 December 2016 and 31 December 2015.

The Group has pledged trade receivables amounting to approximately US$120,056,000 (2015: US$138,272,000) 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$441,807,000 (2015: US$387,291,000) 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	
	2016	2015
	US$'000	US$'000
Trade receivables past due but not impaired:		
Less than 30 days	**313,353**	203,679
30 - 60 days	**67,805**	49,677
61 - 90 days	**16,864**	36,491
91 - 120 days	**10,469**	21,367
More than 120 days	**33,316**	76,077
	441,807	387,291

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	
	2016	2015
Individually impaired	**US$'000**	US$'000
At 1 January	**(5,811)**	(6,275)
Additional allowance during the year	**(2,540)**	(1,188)
Bad debts written off against allowance	**211**	1,274
Currency translation differences	**240**	378
At 31 December	**(7,900)**	(5,811)

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	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables	**4,087,069**	3,752,720	**-**	-
Other financial receivables - current	**2,354,502**	2,898,826	**3,399,383**	3,354,424
Other financial receivables - non-current	**205,832**	334,552	**399,634**	351,373
Total cash and bank balances	**3,906,766**	3,706,597	**4,057**	1,374
Loans and receivables	**10,554,169**	10,692,695	**3,803,074**	3,707,171

24. OTHER BANK DEPOSITS
CASH AND BANK BALANCES

	Group	
	2016	2015
	US$'000	US$'000
Fixed deposits pledged with financial institutions for bank facilities	**1,122,229**	1,902,774
Other deposits with maturity more than 3 months	**1,599,656**	507,507
Other bank deposits	**2,721,885**	2,410,281

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Cash at banks and on hand	**753,059**	1,183,840	**4,057**	1,374
Short term and other deposits	**431,822**	112,476	**-**	-
Cash and bank balances	**1,184,881**	1,296,316	**4,057**	1,374

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 2.3% (2015: 2.7%) per annum.

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Other bank deposits	**2,721,885**	2,410,281	**-**	-
Cash and bank balances	**1,184,881**	1,296,316	**4,057**	1,374
Total cash and bank balances	**3,906,766**	3,706,597	**4,057**	1,374

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

	Group	
	2016	2015
	US$'000	US$'000
Cash and bank balances	**1,184,881**	1,296,316
Bank overdrafts	**(117,157)**	(269,885)
Cash and cash equivalents	**1,067,724**	1,026,431

25. TRADE PAYABLES

	Group	
	2016	2015
	US$'000	US$'000
Trade payables	**1,336,642**	1,105,785
Value added tax payable	**18,714**	9,808
Amounts due to joint ventures - trade	**30,916**	16,982
Amounts due to associates - trade	**37,547**	66,927
Amounts due to related parties - trade	**76,435**	27,352
	1,500,254	1,226,854

Trade payables, including amounts due to joint ventures, associates and related parties, are non-interest bearing and the average turnover is 13 days (2015: 14 days).

Total financial liabilities

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**1,500,254**	1,226,854	**-**	-
Other financial payables - current	**1,348,963**	1,260,764	**2,084,329**	1,602,231
Other financial payables - non-current	**51,314**	58,220	**-**	-
Loans and borrowings	**17,020,259**	17,423,850	**384,249**	389,449
Total financial liabilities carried at amortised cost	**19,920,790**	19,969,688	**2,468,578**	1,991,680

26. OTHER FINANCIAL PAYABLES OTHER NON-FINANCIAL LIABILITIES

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Other Financial Payables				
Current:				
Advances from non-controlling shareholders of subsidiaries	**96,824**	35,428	**-**	-
Accrued operating expenses	**738,518**	632,165	**10,348**	12,466
Amounts due to subsidiaries - non-trade	**-**	-	**2,072,186**	1,562,106
Amounts due to joint ventures - non-trade	**15,473**	38,648	**-**	26,657
Amounts due to associates - non-trade	**33,852**	65,119	**137**	108
Amounts due to related parties - non-trade	**8,142**	8,195	**93**	89
Deposits from third parties	**150,397**	102,445	**-**	-
Payable for property, plant and equipment	**62,475**	70,807	**-**	-
Other tax payables	**12,218**	13,066	**-**	-
Other payables	**231,064**	294,891	**1,565**	805
Other financial payables	**1,348,963**	1,260,764	**2,084,329**	1,602,231
Non-current:				
Advances from non-controlling shareholders of subsidiaries	**50,947**	58,037	**-**	-
Other payables	**367**	183	**-**	-
Other financial payables	**51,314**	58,220	**-**	-
Other Non-Financial Liabilities				
Current:	**-**	-	**-**	-
Advances from customers and others	**571,077**	546,361	**-**	-
Other non-financial liabilities	**571,077**	546,361	**-**	-
Non-current:				
Provision for employee gratuity	**94,515**	63,573	**-**	-
Deferred income - government grants	**23,670**	28,170	**-**	-
Other non-financial liabilities	**118,185**	91,743	**-**	-

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$13,752,000 (2015: US$22,889,000) and amounts due to joint ventures of approximately US$14,847,000 (2015: US$10,964,000), which bear interest ranging from 1.0% to 9.0% (2015: 3.7% to 10.0%). 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$69,304,000 (2015: US$$1,386,000), which bear interest ranging from 2.4% to 7.8% (2015: 3.5%). 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 2016 %	Weighted average interest rate 2015 %	Group 2016 US$'000	Group 2015 US$'000	Company 2016 US$'000	Company 2015 US$'000
Current:								
Bank term loans	(a)	**2017**	**2**	2	**2,483,908**	2,425,069	**-**	-
Short term/pre-shipment loans	(a)	**2017**	**2**	3	**4,608,351**	4,271,573	**-**	-
Trust receipts/bill discounts	(a)	**2017**	**1**	1	**5,310,391**	4,109,776	**-**	-
Bank overdrafts	(b)	**2017**	**5**	4	**117,157**	269,885	**-**	-
Medium Term Notes	(c)	**2017**	**4**	-	**169,212**	-	**169,212**	-
					12,689,019	11,076,303	**169,212**	-
Non-current:								
Bank term loans	(a)	**2018-2023**	**4**	3	**4,116,203**	5,958,098	**-**	-
Medium term notes	(c)	**2019-2021**	**4**	4	**215,037**	389,449	**215,037**	389,449
					4,331,240	6,347,547	**215,037**	389,449
Total loans and borrowings					**17,020,259**	17,423,850	**384,249**	389,449

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.

(d) The bank facilities, up to a limit of approximately US$10,676,090,000 (2015: US$11,562,037,000), are guaranteed by the Company and certain subsidiaries.

(e) The Group has bank loans and other bank deposits amounting to approximately US$2,530,097,000 (2015: US$4,470,301,000), disclosed off-balance sheet for the financial year ended 31 December 2016 as the Group has transferred substantially all the risks and rewards of the cash flows arising from the deposits and have also legally been released from the responsibility for the loans.

28. SHARE CAPITAL TREASURY SHARES

(a) Share capital

	Group		Company	
	Number of shares		Number of shares	
	'000	US$'000	'000	US$'000
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	**6,403,402**	**8,458,995**	**6,403,402**	**8,895,134**

The holders of ordinary shares, except for treasury shares, are entitled to receive dividends as and when declared by the Company. All ordinary shares, except for treasury shares, carry one vote per share without restrictions. The ordinary shares have no par value. All the above issued ordinary shares are fully paid.

The Company has granted options to both directors and executives of the Group to subscribe for the Company's ordinary shares.

(b) Treasury shares

	Group and Company	
	Number of shares	
	'000	US$'000
At 1 January 2015	(8,103)	(19,282)
Acquired during the financial year	(75,311)	(148,873)
At 31 December 2015 and 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	**(86,562)**	**(175,312)**

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

The Company acquired approximately 4,198,000 (2015: 75,311,000) shares in the Company through purchases on the Singapore Exchange Securities Trading Limited during the financial year. The total amount paid to acquire the shares was approximately US$9,371,000 (2015: US$148,873,000) and this was presented as a component within shareholders' equity.

Options for a total of 1,050,000 shares (2015:Nil) were exercised during the financial year pursuant to Wilmar ESOS 2009.

29. OTHER RESERVES

(a) Composition:

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
		Restated*		
Capital reserve	**145,383**	145,383	**145,379**	145,379
Merger reserve	**(1,929,314)**	(1,929,314)	**-**	-
Foreign currency translation reserve	**(1,444,850)**	(986,359)	**-**	-
General reserve	**266,225**	260,816	**2,842**	1,989
Equity transaction reserve	**(217,090)**	(180,891)	**-**	-
Hedging reserve	**(63,725)**	(16,255)	**-**	-
Employee share option reserve	**52,088**	45,425	**52,088**	45,425
Fair value reserve	**81,454**	95,886	**-**	-
Total other reserves	**(3,109,829)**	(2,565,309)	**200,309**	192,793

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

(b) Movements:

(i) Capital reserve

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
At 1 January and 31 December	**145,383**	145,383	**145,379**	145,379

Capital reserve includes both 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.

(ii) Merger reserve

	Group	
	2016	2015
	US$'000	US$'000
At 1 January and 31 December	**(1,929,314)**	(1,929,314)

Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under the acquisition of all WHPL interests in its subsidiaries and associated companies, save for its interests in the Company, and shares owned by Archer Daniels Midland Asia-Pacific Limited ("ADM") and/or its affiliated companies ("ADM Group") in companies where ADM Group holds shares with WHPL, together with non-controlling interests held by WHPL in certain subsidiaries of the Company ("IPT Assets"). The above transaction was accounted for using the pooling-of-interest method in 2007.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(iii) Foreign currency translation reserve

	Group	
	2016	2015
	US$'000	US$'000
		Restated*
At 1 January	**(986,359)**	(201,060)
Currency translation differences of foreign operations	**(453,515)**	(786,649)
Disposal of subsidiaries	**(4,976)**	1,350
At 31 December	**(1,444,850)**	(986,359)

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

(iv) General reserve

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
At 1 January	**260,816**	242,139	**1,989**	1,989
Transferred from retained earnings	**8,932**	28,171	**-**	-
Gain on reissuance of treasury shares	**853**	-	**853**	-
Loss on remeasurement of defined benefit plan	**(4,376)**	(9,494)	**-**	-
At 31 December	**266,225**	260,816	**2,842**	1,989

(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.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(v) Equity transaction reserve

	Group	
	2016	2015
	US$'000	US$'000
At 1 January	**(180,891)**	(176,829)
Share from a joint venture	**(10,557)**	-
Acquisition of additional interest in subsidiaries	**(25,642)**	(3,975)
Dilution of interest in a subsidiary	**-**	(87)
At 31 December	**(217,090)**	(180,891)

(vi) Hedging reserve

	Group	
	2016	2015
	US$'000	US$'000
At 1 January	**(16,255)**	95,973
Fair value adjustment on cash flow hedges	**(23,867)**	(197,393)
Recognised in the income statement on derivatives contracts realised	**(23,488)**	85,165
Disposal of a subsidiary	**(115)**	-
At 31 December	**(63,725)**	(16,255)

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	
	2016	2015
	US$'000	US$'000
At 1 January	**45,425**	86,871
Grant of equity-settled share options	**7,194**	8,295
Expiry of employee share options transferred to retained earnings	**-**	(49,741)
Reissuance of treasury shares pursuant to exercise of equity-settled share options	**(531)**	-
At 31 December	**52,088**	45,425

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.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(viii) Fair value reserve

	Group	
	2016	2015
	US$'000	US$'000
At 1 January	**95,886**	52,239
Fair value adjustment on available-for-sale financial assets	**(14,258)**	44,497
Recognised in the income statement on disposal of available-for-sale financial assets	**(174)**	(850)
At 31 December	**81,454**	95,886

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	
	2016	2015
Discount rate	**8.9 % per annum**	9.5 % per annum
Wages and salaries increase	**10% per annum**	10% per annum
Retirement age	**56 years of age in 2015 57 years of age in 2019 and increase by 1 year for each 3 year thereafter until reach 65 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 reach 65 year of age
Mortality rate	**TMI 2011**	TMI 2011
Method	**Projected unit credit**	Projected unit credit

30. PROVISION FOR EMPLOYEE GRATUITY (CONTINUED)

The details of the employee gratuity expense recognised/(written back) in the income statement are as follows:

	Group	
	2016	2015
	US$'000	US$'000
Current service costs	**10,187**	6,911
Adjustment of new entrant employees/transfers	**9,296**	1,333
Interest costs	**5,818**	4,273
Curtailment loss	**(650)**	(284)
Past service costs	**(91)**	(12,504)
Others	**-**	(239)
	24,560	(510)

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

	Group	
	2016	2015
	US$'000	US$'000
Present value of benefit obligation	**94,515**	63,744
Immediate recognition on effect of changes in actuarial assumption	**-**	(170)
Others	**-**	(1)
Provision for employee gratuity	**94,515**	63,573

Movement in provision for employee gratuity is as follows:

	Group	
	2016	2015
	US$'000	US$'000
At 1 January	**63,573**	58,204
Provision/(write back) made for the year	**24,560**	(510)
Payments during the year	**(1,499)**	(2,164)
Currency translation differences	**1,913**	(5,695)
Remeasurements of defined benefit plan during the year	**5,968**	12,886
Others	**-**	852
At 31 December	**94,515**	63,573

31. EMPLOYEE BENEFITS

	Group	
	2016	2015
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**924,803**	919,826
Defined contribution plans	**102,483**	102,241
Share-based payments	**7,194**	8,295
Other short term benefits	**88,043**	87,538
Other long term benefits	**24,601**	(454)
	1,147,124	1,117,446
Less: Amount capitalised as bearer plants	**(2,190)**	(3,630)
	1,144,934	1,113,816

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.

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 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 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 shares of the Company on the date immediately preceding the relevant date of grant.

The aggregate number of 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.

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

2010 Grant

On 10 March 2010, the Company granted options to subscribe for a total of 25,705,000 ordinary shares at S$6.68 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 10 March 2015.

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. As at 31 December 2016 the number of outstanding option shares that were not exercised under this grant was 24,485,000.

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 2016 the number of outstanding option shares that were not exercised under this grant was 44,115,000.

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

For Non-Executive Directors

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

2015 Grant

On 18 June 2015, the Company granted options to subscribe for a total of 52,400,000 ordinary shares at S$3.05 per share (at a 7.63% discount to the Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2016 the number of outstanding ordinary shares that were not exercised under this option grant was 49,950,000.

All options granted under the 2015 Grant are valid for a term of five years from the date of grant of options and are exercisable in the following manner:

For Executive Directors and Executives

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

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

For Non-Executive Directors

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

As at 31 December 2016, the total number of shares exercisable under the options granted pursuant to the Wilmar ESOS 2009 was 118,550,000 shares (2015: 125,380,000 shares).

Date of grant	Opening balance	Options granted	Options cancelled/ lapsed	Options exercised	Closing balance	Exercise price	Exercise period
2016							
Wilmar ESOS 2009							
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
	25,740,000	-	(1,255,000)	-	24,485,000		
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
	47,765,000	-	(2,600,000)	(1,050,000)	44,115,000		
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
	51,875,000	-	(1,925,000)	-	49,950,000		
Total	125,380,000	-	(5,780,000)	(1,050,000)	118,550,000		

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options cancelled/ lapsed	Options exercised	Closing balance	Exercise price	Exercise period
2015							
Wilmar ESOS 2009							
10.03.2010	8,607,700	-	(8,607,700)	-	-	S$6.68	11.03.2011 to 10.03.2015
10.03.2010	7,157,700	-	(7,157,700)	-	-	S$6.68	11.03.2012 to 10.03.2015
10.03.2010	7,374,600	-	(7,374,600)	-	-	S$6.68	11.03.2013 to 10.03.2015
	23,140,000	-	(23,140,000)	-	-		
12.07.2012	9,389,450	-	(57,750)	-	9,331,700	S$3.63	13.07.2013 to 12.07.2017
12.07.2012	8,139,450	-	(57,750)	-	8,081,700	S$3.63	13.07.2014 to 12.07.2017
12.07.2012	8,386,100	-	(59,500)	-	8,326,600	S$3.63	13.07.2015 to 12.07.2017
	25,915,000	-	(175,000)	-	25,740,000		
13.11.2013	17,928,200	-	(222,750)	-	17,705,450	S$3.44	14.11.2014 to 13.11.2018
13.11.2013	15,028,200	-	(222,750)	-	14,805,450	S$3.44	14.11.2015 to 13.11.2018
13.11.2013	15,483,600	-	(229,500)	-	15,254,100	S$3.44	14.11.2016 to 13.11.2018
	48,440,000	-	(675,000)	-	47,765,000		
18.06.2015	-	19,503,000	(173,250)	-	19,329,750	S$3.05	19.06.2017 to 18.06.2020
18.06.2015	-	16,203,000	(173,250)	-	16,029,750	S$3.05	19.06.2018 to 18.06.2020
18.06.2015	-	16,694,000	(178,500)	-	16,515,500	S$3.05	19.06.2019 to 18.06.2020
	-	52,400,000	(525,000)	-	51,875,000		
Total	97,495,000	52,400,000	(24,515,000)	-	125,380,000		

No options (2015: 52,400,000) had been granted during the financial year ended 31 December 2016. The weighted average fair value of options granted during the financial year ended 2015 was S$0.58.

Options for a total of 1,050,000 (2015: Nil) 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$3.66 (2015: Nil).

The range of exercise prices for options outstanding at the end of 31 December 2016 and 31 December 2015 were from S$3.05 to S$3.63. The weighted average contractual life for these options was 2.3 years (2015: 3.3 years).

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 and binomial options pricing model respectively, taking into account the terms and conditions upon which the options were granted. The inputs to the models used are as follows:

Grant year	2016	2015
Dividend (S$ per share)	**No issuance**	0.06
Expected volatility	**No issuance**	0.21
Risk-free interest rate (% p.a.)	**No issuance**	0.98 to 1.48
Expected life of option (years)	**No issuance**	3.00 to 4.00
Weighted average share price at date of grant (S$)	**No issuance**	3.26

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	
	2016	2015
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**256,257**	408,676

(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	
	2016	2015
	US$'000	US$'000
Not later than one year	**24,147**	22,063
Later than one year but not later than five years	**33,127**	31,410
Later than five years	**15,076**	20,247
	72,350	73,720

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.	
	2016	2015
	US$'000	US$'000
Not later than one year	**15,718**	18,943
Later than one year but not later than five years	**39,820**	36,932
Later than five years	**43,508**	47,082
	99,046	102,957

(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:

	2016	2015
	US$'000	US$'000
Committed contracts		
Purchases	**4,036,129**	2,976,739
Sales	**5,216,690**	4,630,116

(d) Corporate guarantees

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

	Group		Company	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Subsidiaries	**-**	-	**9,814,919**	10,568,592
Associates	**459,242**	376,079	**453,484**	376,079
	459,242	376,079	**10,268,403**	10,944,671

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	
	2016	2015
	US$'000	US$'000
Related Parties		
Dividend income	**383**	421
Freight charges	**19,849**	8,249
Interest expense	**45**	-
Interest income	**6,105**	8,862
Other income	**380**	319
Other expense	**4,970**	483
Purchase of goods	**1,468,238**	2,183,862
Sales of goods	**369,072**	361,209
Ship charter income	**11,564**	23,164
Joint ventures		
Dividend income	**16,089**	8,325
Freight charges	**80,522**	129,670
Interest expense	**520**	155
Interest income	**9,231**	7,485
Other income	**10,371**	10,478
Other expense	**3**	6
Purchase of goods	**639,448**	514,202
Sales of goods	**222,670**	177,307
Ship charter income	**15,875**	27,679
Associates		
Dividend income	**38,919**	46,016
Freight charges	**3,349**	788
Interest expense	**640**	1,169
Interest income	**5,138**	5,100
Other income	**11,521**	16,447
Other expense	**53,179**	20,730
Purchase of goods	**667,063**	735,895
Sales of goods	**2,120,425**	1,203,459
Ship charter income	**45,772**	36,036

33. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel

	Group	
	2016	2015
	US$'000	US$'000
Defined contribution plans	**199**	230
Salaries and bonuses	**18,334**	29,456
Short term employee benefits (including grant of share options)	**2,416**	5,136
	20,949	34,822
Comprise amounts paid to:		
Directors of the Company	**7,152**	11,615
Other key management personnel	**13,797**	23,207
	20,949	34,822

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 2016 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets	156,933	448,731	35,037	640,701
Financial assets held for trading	316,632	-	-	316,632
Derivatives				
- Forward currency contracts, options and cross currency interest rate swaps	-	311,686	-	311,686
- Futures, options, swap contracts, forward freight agreements 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
Liabilities measured at fair value				
Financial liabilities:				
Derivatives				
- Forward currency contracts, options and cross currency interest rate swaps	-	262,636	-	262,636
- Futures, options, swap contracts and firm commitment contracts	165,954	173,865	-	339,819
At 31 December 2016	165,954	436,501	-	602,455

34. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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

	Group 2015 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3) Restated*	Total
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets	155,487	399,382	35,508	590,377
Financial assets held for trading	304,694	-	-	304,694
Derivatives				
- Forward currency contracts, options and cross currency interest rate swaps	-	261,847	-	261,847
- Futures, options, swap contracts, forward freight agreements and firm commitment contracts	112,514	195,646	-	308,160
At 31 December 2015	572,695	856,875	35,508	1,465,078
Non-financial assets:				
Biological assets	-	-	65,486	65,486
At 31 December 2015	-	-	65,486	65,486
Liabilities measured at fair value				
Financial liabilities:				
Derivatives				
- Forward currency contracts, options and cross currency interest rate swaps	-	248,442	-	248,442
- Futures, options, swap contracts, forward freight agreements and firm commitment contracts	150,135	154,780	-	304,915
At 31 December 2015	150,135	403,222	-	553,357

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

34. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
– Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
– Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of assets and liabilities other than those whose carrying amounts reasonably approximate their fair values as mentioned in Note 34B, are as follows:

Assets and liabilities	Methods and assumptions
• Quoted equity instruments	Other than the quoted equity instruments disclosed in level 3, fair value is determined directly by reference to their published market bid price at the balance sheet date.
• Unquoted non-equity instruments	The fair value is determined by reference to valuation provided by non-related fund managers.
• Forward currency contracts	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
• Futures, options and swap contracts, firm commitment contracts and forward freight agreements	Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.
• Biological assets	Fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of maintainance 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** Restated*	**Total**
At 1 January 2015	39,770	81,038	120,808
Total loss recognised in the income statement			
- Net loss arising from changes in fair value of biological assets	-	(15,552)	(15,552)
Total loss recognised in the other comprehensive income			
- Foreign currency translation	(4,262)	-	(4,262)
At 31 December 2015 and 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	**35,037**	**49,439**	**84,476**

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2016 and 31 December 2015.

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			
	2016 US$'000		2015 US$'000	
	Carrying amount	**Effect of reasonably possible alternative assumptions**	Carrying amount	Effect of reasonably possible alternative assumptions
Available-for-sale financial assets				
- Quoted equity instruments	**35,037**	**-**	35,508	-

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			
	2016 US$'000		2015 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**205,832**	#	334,552	#
Equity instruments, at cost	**60,004**	*	59,665	*
Financial liabilities:				
Other financial payables	**51,314**	#	58,220	#

	Company			
	2016 US$'000		2015 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**399,634**	#	351,373	#

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

* Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in the companies that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency, commodity price and market price risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant financial instruments to hedge the risks of such commercial exposure. Such financial instruments are not held for trade or speculative purposes. These market risk management activities are governed by its risk management system. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31 December 2016 and 31 December 2015.

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.

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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk (continued)*

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and segment profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables (net of allowance for doubtful receivables) at the balance sheet date is as follows:

	Group			
	2016		2015	
	US$'000	%	US$'000	%
By country:				
South East Asia	**1,144,724**	**28**	1,752,109	47
People's Republic of China	**1,237,851**	**30**	743,631	20
India	**180,131**	**4**	117,802	3
Europe	**288,198**	**7**	202,778	5
Australia/New Zealand	**361,560**	**9**	304,866	8
Africa	**195,021**	**5**	218,415	6
Others	**679,584**	**17**	413,119	11
	4,087,069	**100**	3,752,720	100

	Group			
	2016		2015	
	US$'000	%	US$'000	%
By segment:				
Tropical Oils	**1,936,142**	**48**	2,042,316	54
Oilseeds and Grains	**1,026,981**	**25**	658,686	18
Sugar	**832,201**	**20**	748,447	20
Others	**291,745**	**7**	303,271	8
	4,087,069	**100**	3,752,720	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, 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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

	2016 US$'000				2015 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	Less than 1 year	1 to 5 years	Over 5 years	Total
Group								
Financial assets:								
Available-for-sale financial assets	**-**	**700,705**	**-**	**700,705**	-	650,042	-	650,042
Financial assets held for trading	**316,632**	**-**	**-**	**316,632**	304,694	-	-	304,694
Trade and other financial receivables	**6,477,261**	**214,163**	**-**	**6,691,424**	6,680,271	350,493	-	7,030,764
Derivative financial instruments	**546,885**	**32,633**	**-**	**579,518**	567,221	2,786	-	570,007
Total cash and bank balances	**3,968,281**	**-**	**-**	**3,968,281**	3,766,761	-	-	3,766,761
Total undiscounted financial assets	**11,309,059**	**947,501**	**-**	**12,256,560**	11,318,947	1,003,321	-	12,322,268

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	2016 US$'000				2015 US$'000			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Group								
Financial liabilities:								
Trade and other financial payables	**2,852,694**	**55,276**	**-**	**2,907,970**	2,489,351	58,220	-	2,547,571
Derivative financial instruments	**495,322**	**107,133**	**-**	**602,455**	480,775	72,582	-	553,357
Loans and borrowings	**12,783,280**	**4,506,867**	**7,486**	**17,297,633**	11,204,209	6,431,284	160,821	17,796,314
Total undiscounted financial liabilities	**16,131,296**	**4,669,276**	**7,486**	**20,808,058**	14,174,335	6,562,086	160,821	20,897,242
Total net undiscounted financial liabilities	**(4,822,237)**	**(3,721,775)**	**(7,486)**	**(8,551,498)**	(2,855,388)	(5,558,765)	(160,821)	(8,574,974)

	2016 US$'000				2015 US$'000			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Company								
Financial assets:								
Trade and other financial receivables	**3,406,538**	**402,505**	**-**	**3,809,043**	3,354,482	351,373	-	3,705,855
Total cash and bank balances	**4,057**	**-**	**-**	**4,057**	1,374	-	-	1,374
Total undiscounted financial assets	**3,410,595**	**402,505**	**-**	**3,813,100**	3,355,856	351,373	-	3,707,229
Financial liabilities:								
Trade and other financial payables	**2,084,329**	**-**	**-**	**2,084,329**	1,602,231	-	-	1,602,231
Loans and borrowings	**169,212**	**215,037**	**-**	**384,249**	-	238,523	150,926	389,449
Total undiscounted financial liabilities	**2,253,541**	**215,037**	**-**	**2,468,578**	1,602,231	238,523	150,926	1,991,680
Total net undiscounted financial assets/ (liabilities)	**1,157,054**	**187,468**	**-**	**1,344,522**	1,753,625	112,850	(150,926)	1,715,549

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.

	2016 US$'000				2015 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	Less than 1 year	1 to 5 years	Over 5 years	Total
Group								
Financial guarantees	**271,243**	**187,999**	**-**	**459,242**	180,519	195,560	-	376,079
Company								
Financial guarantees	**3,917,186**	**6,348,967**	**2,250**	**10,268,403**	2,989,741	7,916,220	38,710	10,944,671

(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 (2015: 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$67,045,000 (2015: US$63,065,000), 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), Australian Dollar (AUD) and Singapore Dollar (SGD).

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% (2015: 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)	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Chinese Renminbi	**17,605**	7,202	**28,063**	26,333
Malaysian Ringgit	**19,670**	(711)	**(17,893)**	(16,750)
Indonesian Rupiah	**(35,213)**	(29,645)	**(20,900)**	(1,750)
Others	**3,130**	27,835	**(865)**	(4,797)

(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% (2015: 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	
	2016	2015
	US$'000	US$'000
Effect of increase in commodities price indices on		
Profit before tax	**(147,811)**	(100,802)
Equity (hedging reserve)	**(30,854)**	(29,241)
Effect of decrease in commodities price indices on		
Profit before tax	**147,811**	100,802
Equity (hedging reserve)	**30,854**	29,241

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% (2015: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been approximately US$15,832,000 (2015: US$15,235,000) 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$17,656,000 (2015: US$16,617,000) 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 2016 and 31 December 2015.

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	
	2016	2015
	US$'000	US$'000
		Restated*
Shareholders' funds	**14,434,534**	14,394,139
Loans and borrowings	**17,020,259**	17,423,850
Less: Cash and bank balances	**(3,906,766)**	(3,706,597)
Less: Other deposits with financial institutions - current	**(1,421,311)**	(1,900,618)
Net debt	**11,692,182**	11,816,635
Net gearing ratio (times)	**0.81**	0.82

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

36. CAPITAL MANAGEMENT

(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	
	2016	2015
	US$'000	US$'000
		Restated*
Shareholders' funds	**14,434,534**	14,394,139
Liquid working capital:		
Inventories (excluding consumables)	**6,653,599**	5,793,977
Trade receivables	**4,087,069**	3,752,720
Less: Current liabilities (excluding loans and borrowings)	**(4,034,127)**	(3,614,462)
Total liquid working capital	**6,706,541**	5,932,235
Adjusted net debt	**4,985,641**	5,884,400
Adjusted net gearing ratio (times)	**0.35**	0.41

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

37. SEGMENT INFORMATION

Reporting format

For the management purposes, the Group is organised into operating segments 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.

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.

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
Revenue:						
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
Results:						
Segment results	689,240	251,069	125,333	100,629^	-	1,166,271
Share of results of joint ventures	(8,824)	(6,221)	-	3,363	-	(11,682)
Share of results of associates	48,268	94,463	14,674	(4,847)	-	152,558
Unallocated expenses						(7,194)
Profit before tax						1,299,953
Income tax expense						(206,294)
Profit after tax						1,093,659
Assets and Liabilities:						
Segment assets	13,982,477	14,309,637	3,557,974	6,213,830	(4,353,447)	33,710,471
Investment in joint ventures	255,484	658,521	-	26,282	-	940,287
Investment in associates	311,313	1,215,403	321,995	114,412	-	1,963,123
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
Other segment information						
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)#

\# *Including non-operating finance costs amounting to approximately US$23,411,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries*

^ *Excluding the gains from investment securities, profit before tax for others segment would be US$62.6 million for FY2016*

37. SEGMENT INFORMATION (CONTINUED)

2015

	Tropical Oils US$'000	Oilseeds and Grains US$'000	Sugar US$'000	Others US$'000	Eliminations US$'000	Per Consolidated Financial Statements US$'000 Restated*
Revenue:						
Sales to external customers	15,523,546	17,702,131	4,404,352	1,146,606	-	38,776,635
Inter-segment	83,732	2,940	-	1,105,735	(1,192,407)	-
Total revenue	15,607,278	17,705,071	4,404,352	2,252,341	(1,192,407)	38,776,635
Results:						
Segment results	491,459	689,815	84,278	17,421^	-	1,282,973
Share of results of joint ventures	909	(3,870)	-	(3,712)	-	(6,673)
Share of results of associates	29,688	97,214	(20,082)	4,517	-	111,337
Unallocated expenses						(8,295)
Profit before tax						1,379,342
Income tax expense						(281,993)
Profit after tax						1,097,349
Assets and Liabilities:						
Segment assets	13,932,212	14,944,884	3,281,445	5,738,606	(4,036,537)	33,860,610
Investment in joint ventures	220,760	619,715	-	34,505	-	874,980
Investment in associates	200,387	1,139,441	309,247	207,347	-	1,856,422
Unallocated assets						333,989
Total assets						36,926,001
Segment liabilities	7,960,049	8,863,837	3,017,151	4,967,200	(4,036,537)	20,771,700
Unallocated liabilities						853,226
Total liabilities						21,624,926
Other segment information						
Additions to non- current assets	336,167	302,571	120,605	190,570	-	949,913
Depreciation, impairment and amortisation	302,710	223,691	115,697	82,783	-	724,881
Finance income	228,724	377,629	7,513	140,072	(283,411)	470,527
Finance cost	(247,294)	(290,846)	(43,737)	(168,370)	283,411	(466,836)#

Including non-operating finance costs amounting to approximately US$22,660,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

^ *Excluding the losses from investment securities, profit before tax for others segment would be US$46.6 million for FY2015*

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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:

	2016 US$'000	2015 US$'000
Share-based payments (executive share options)	**(7,194)**	(8,295)
	(7,194)	(8,295)

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:

	2016 US$'000	2015 US$'000
Deferred tax assets	**312,403**	198,116
Tax recoverable	**106,142**	135,873
	418,545	333,989

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

	2016 US$'000	2015 US$'000 Restated*
Deferred tax liabilities	**322,443**	364,069
Tax payable	**118,511**	99,708
Medium term notes	**384,249**	389,449
	825,203	853,226

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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	
	2016	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000 Restated*
South East Asia	**8,633,404**	7,660,567	**6,987,288**	7,055,123
People's Republic of China	**19,983,005**	19,370,506	**6,428,927**	6,951,732
India	**1,316,820**	1,337,842	**110,316**	103,416
Europe	**2,711,236**	2,484,891	**250,314**	272,847
Australia / New Zealand	**1,500,830**	1,410,687	**1,955,871**	2,036,096
Africa	**2,352,440**	2,023,884	**706,936**	686,379
Others	**4,903,955**	4,488,258	**111,411**	102,877
	41,401,690	38,776,635	**16,551,063**	17,208,470

* *Prior year figures were restated upon adoption of Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*

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	
	2016	2015
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final tax-exempt (one-tier) dividend for 2015: S$0.055 (2014: S$ 0.055) per share	**254,320**	265,966
- Interim tax-exempt (one-tier) dividend for 2016: S$0.025 (2015: S$0.025) per share	**116,921**	114,560
	371,241	380,526
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 2016: S$0.04 (2015: S$0.055) per share	**174,643**	246,088

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 2016 %	2015 %
Cai Lan Oils & Fats Industries Company Ltd [3]	Vietnam	Manufacture and sale of vegetable oils and related products	**76**	76
Equatorial Trading Limited [2] & its subsidiaries	Malaysia	Investment holding and trading in vegetable oils	**78+**	78+
PGEO Group Sdn Bhd [2] & its subsidiaries	Malaysia	Investment holding, processing, manufacture and sale of edible oils and related products	**100**	100
PPB Oil Palms Berhad [2] & its subsidiaries	Malaysia	Investment holding and provision of agricultural and technical advisory services, oil palm cultivation, operation of palm oil mills and cultivation and sale of clonal plantlets	**100**	100
PT AMP Plantation [2]	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT Buluh Cawang Plantations [2]	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT Kencana Sawit Indonesia [2]	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT Multimas Nabati Asahan [2]	Indonesia	Edible oils refining	**100**	100
PT Mustika Sembuluh [2]	Indonesia	Oil palm cultivation and palm oil milling	**90**	90
PT Perkebunan Milano [2]	Indonesia	Palm oil milling and oil palm cultivation	**100**	100
PT Sinar Alam Permai [2]	Indonesia	Edible oils refining	**100**	100
PT Wilmar Nabati Indonesia [2]	Indonesia	Edible oils refining	**100**	100
Wilmar Africa Limited [2] & its subsidiary	Ghana	General trading in agricultural products, oil palm plantations and manufacturing of crude palm oil	**67+**	67+
Wilmar Sugar Australia Limited [2] & 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. [1]	Singapore	Finance and treasury centre	**100**	100
Wilmar China Limited [2] & its subsidiaries	Hong Kong	Investment holding, processing and merchandising of oilseeds, edible oils and grains	**100**	100
Wilmar Europe Holdings B.V. [2] & its subsidiaries	The Netherlands	Investment holding, manufacturing, trading and sale of edible oil products	**100**	100
Wilmar Ship Holdings Pte. Ltd. [3] & its subsidiaries	Singapore	Investment holding, ship-owning, ship chartering, ship brokering and ship management	**100**	100
Wilmar Trading Pte Ltd [1]	Singapore	International trading in edible oils and commodities	**100**	100

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
+ The effective interest of the Group has been rounded to the nearest whole % as indicated

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 2016 %	Proportion of ownership interest 2015 %
Dongguan Yihai Kerry Syral Starch Technology Co., Ltd[3]	People's Republic of China	Natural food additives (glucose syrup, iso-glucose & starch derivatives) processing	**51**	51
FPW Singapore Holdings Pte. Ltd.[1]	Singapore	Investment holding	**50**	50
Global Amines Company Pte. Ltd.[1]	Singapore	Investment holding and sale of fatty amines and selected amine derivatives	**50**	50
Nauvu Investments Pte. Ltd.[1]	Singapore	Investment holding	**50**	50
PT Usaha Inti Padang[2]	Indonesia	Palm kernel crushing	**50**	50
TSH-Wilmar Sdn. Bhd.[2]	Malaysia	Palm oil refining and kernel crushing	**50**	50
Wilmar Gavilon Pty Ltd[2]	Australia	Commodity trading and importer and distributor of edible oils	**50**	50
Olenex Holdings B.V. and its subsidiaries[4]	The Netherlands	Investment holding and being a marketing service provider for Olenex Sarl	**63+**	-
Vietnam Agribusiness Holdings Pte. Ltd.[3]	Vietnam	Investment holding	**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
(4) The joint venture was newly set up in 4Q2016. Auditors are not appointed as at the date of the report
\+ The effective interest of the Group has been rounded to the nearest whole % as indicated

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP (CONTINUED)

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

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
Adani Wilmar Limited [3]	India	Manufacturing and trading of edible and non-edible oils and trading of various agro based products	**50**	50
Bidco Uganda Limited[3]	Uganda	Manufacture and sale of edible vegetable oils, fats and soaps	**39**	39
Changshu Luhua Edible Oil Co., Ltd[3]	People's Republic of China	Edible oils refining and packaging	**33**	33+
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd[3]	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging; flour and rice milling and specialty fats processing	**44**	44
Cosumar S.A.[2][3]	Morocco	Processing of sugar cane and sugar beet, refining of imported raw sugar and marketing and distribution of such products	**31+**	29+
DelMar Pte. Ltd. [1]	Singapore	Investment holding	**48**	48
FFM Berhad[3]	Malaysia	Investment holding, grains trading, flour milling, feed milling and bakery products manufacturing	**20**	20
Josovina Commodities Pte Ltd[3]	Singapore	Investment holding and vegetable oils trading	**50**	50
Kencana Agri Limited[3]	Singapore	Investment holding	**20**	20
Lahad Datu Edible Oils Sdn Bhd[2]	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[3]	People's Republic of China	Peanut crushing and edible oils packaging	**25+**	25+
Murzah Wilmar East Africa Limited[2]	Tanzania	Manufacturers and traders of cooking oil, cooking fat, soaps & detergents, plastic containers and furnitures	**46+**	46+
Sethal Holdings Limited[3]	Cyprus	Investment holding	**48**	48
Shandong Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**25+**	25+
Shree Renuka Sugars Limited[3]	India	Refining of raw sugar, production of sugar and ethanol derived from sugar cane, sale, distribution, trading and/or branding of sugar and ethanol and generation, distribution, sale and trading of electricity/power	**28+**	28+
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**33**	33
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**49**	49

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
+ The effective interest of the Group has been rounded to the nearest whole % as indicated

41. COMPARATIVE FIGURES

Financial information and disclosures were restated upon adoption of Amendments to *FRS 16 Property, Plant and Equipment* and *FRS 41 Agriculture Bearer plants*. Accordingly, the comparative figures have been restated as below:

	Group	
	Previously reported US$'000	As restated US$'000
Consolidated Income Statement		
Cost of sales	(34,819,491)	(34,867,211)
Net loss arising from changes in fair value of biological assets	(10,169)	(15,552)
Share of results of joint ventures	(12,472)	(6,673)
Share of results of associates	113,392	111,337
Income tax expenses	(294,044)	(281,993)
Consolidated Statement of Comprehensive Income		
Foreign currency translation reserve	(869,532)	(834,223)
Balance Sheet		
Bearer plants (non-current)	1,794,594	742,282
Biological assets (current) - Fresh fruit bunches	-	65,486
Investment in joint ventures	886,088	874,980
Investment in associates	1,871,030	1,856,422
Deferred tax liabilities	598,942	364,069
Retained earnings	9,464,246	8,668,608
Other reserves	(2,628,282)	(2,565,309)
Non-controlling interests	951,940	906,936
Consolidated Cash Flows		
Net loss arising from changes in fair value of biological assets	10,169	15,552
Depreciation of bearer plants	-	47,720
Share of results of joint ventures	12,472	6,673
Share of results of associates	(113,392)	(111,337)
Note 5 Cost of sales		
Labour and other overhead expenses	4,351,323	4,399,043
Note 10 Profit before tax		
Depreciation of bearer plants	-	47,720

41. COMPARATIVE FIGURES (CONTINUED)

	Group	
	Previously reported	As restated
	US$'000	US$'000
Note 11 Income tax expenses		
Income tax expense recognised in the consolidated income statement	294,044	281,993
Note 14 Bearer plants		
Biological assets		
Net carrying value of bearer plants (non-current)	1,794,594	742,282
Fair value of biological assets (current) - Fresh fruit bunches	-	65,486
Note 17 Investment in joint ventures		
Other joint ventures	333,509	322,401
- Aggregate information about the Group's shares in joint ventures that are not individually material:		
Share of joint ventures' loss for the year	(23,374)	(17,575)
Share of joint ventures' total comprehensive income	(23,374)	(17,575)
Note 17 Investment in associates		
Other associates	961,330	946,722
- Aggregate information about the Group's shares in associates that are not individually material:		
Share of associates' profit for the year	80,640	78,585
Share of associates' total comprehensive income	80,640	78,585
Note 19 Deferred tax		
Deferred tax liabilities	598,942	364,069
Note 29 Other reserves		
Foreign currency translation reserve	(1,049,332)	(986,359)

42. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 20 March 2017.

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 6 MARCH 2017

Number of Shares *(excluding treasury shares)*	: 6,319,948,506
Number of Shareholders	: 21,247
Number of Treasury Shares Held	: 83,452,600
Class of Shares	: Ordinary shares ("Shares")
Voting Rights	: One vote per share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 to 99	68	0.32	1,412	0.00
100 to 1,000	4,114	19.36	3,534,048	0.06
1,001 to 10,000	13,442	63.27	59,166,682	0.94
10,001 to 1,000,000	3,565	16.78	163,988,214	2.59
1,000,001 and above	58	0.27	6,093,258,150	96.41
Total	**21,247**	**100.00**	**6,319,948,506**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As at 6 March 2017
(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	Deemed Interest	Total Interest	%*
Kuok Khoon Hong(1)	500,000	766,101,168	766,601,168	12.13
Longhlin Asia Limited(2)	69,009,921	446,204,971	515,214,892	8.15
Archer Daniels Midland Company(3)	–	1,512,303,750	1,512,303,750	23.93
Archer Daniels Midland Asia-Pacific Limited(4)	780,942,180	731,361,570	1,512,303,750	23.93
ADM Ag Holding Limited	374,961,795	–	374,961,795	5.93
Global Cocoa Holdings Ltd	356,399,775	–	356,399,775	5.64
Kuok Brothers Sdn Berhad(5)	230,000	1,174,011,955	1,174,241,955	18.58
PPB Group Berhad	1,172,614,755	–	1,172,614,755	18.55
Kerry Group Limited (6)	–	639,958,201	639,958,201	10.13
Kerry Holdings Limited(7)	–	323,813,248	323,813,248	5.12

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, 13,630,073 Shares held by HPRY 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 780,942,180 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 and 23,000 Shares held by Hoe Sen (Mersing) Sdn Bhd.

6. Kerry Group Limited is deemed to be interested in 23,021,377 Shares held by Ace Time Holdings Limited, 10,979,049 Shares held by Alpha Model Limited, 500,000 Shares held by Athena Equities Holding Limited, 30,991,220 Shares held by Bright Magic Investments Limited, 593,899 Shares held by Crystal White Limited, 30,705,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 2,635,215 Shares held by Kerry Asset Management Limited, 7,755,853 Shares held by Macromind Investments Limited, 203,555 Shares held by Marsser Limited, 33,760,355 Shares held by Natalon Company Limited and 242,600,000 Shares held by Noblespirit Corporation.

7. Kerry Holdings Limited is deemed to be interested in 500,000 Shares held by Athena Equities Holding Limited, 30,705,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 2,635,215 Shares held by Kerry Asset Management Limited and 33,760,355 Shares held by Natalon Company Limited.

TWENTY LARGEST SHAREHOLDERS

As at 6 March 2017

(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	18.55
2.	Archer Daniels Midland Asia-Pacific Limited	780,942,180	12.36
3.	Citibank Nominees Singapore Pte Ltd	594,757,033	9.41
4.	Raffles Nominees (Pte) Ltd	380,443,218	6.02
5.	DBS Nominees Pte Ltd	380,031,644	6.01
6.	ADM Ag Holding Limited	374,961,795	5.93
7.	Global Cocoa Holdings Ltd	356,399,775	5.64
8.	HSBC (Singapore) Nominees Pte Ltd	283,407,877	4.48
9.	Kuok (Singapore) Limited	256,951,112	4.07
10.	Harpole Resources Limited	256,211,778	4.05
11.	Noblespirit Corporation	242,600,000	3.84
12.	DB Nominees (Singapore) Pte Ltd	211,194,954	3.34
13.	DBSN Services Pte Ltd	203,397,013	3.22
14.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	76,243,665	1.21
15.	Longhlin Asia Limited	69,009,921	1.09
16.	United Overseas Bank Nominees Pte Ltd	57,641,976	0.91
17.	Hong Lee Holdings (Pte) Ltd	36,204,971	0.57
18.	Natalon Company Limited	33,760,355	0.53
19.	Kefkong Limited	32,400,000	0.51
20.	Dalex Investments Limited	31,335,900	0.50
	Total	**5,830,509,922**	**92.24**

* Based on 6,319,948,506 Shares (excluding Shares held as treasury shares) as at 6 March 2017.

Shareholding Held By The Public

Based on the information available to the Company as at 6 March 2017, 27.32% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

WILMAR INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199904785Z)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Tower Ballroom, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Wednesday, 26 April 2017 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 2016 and the Auditor's Report thereon. (Resolution 1)

2. To approve the payment of a proposed final tax exempt (one-tier) dividend of S$0.04 per ordinary share for the financial year ended 31 December 2016. (Resolution 2)

3. To approve the payment of Directors' fees of S$790,000 for the financial year ended 31 December 2016 (2015: S$801,670).

   (See Explanatory Note 1) (Resolution 3)

4. To re-elect the following Directors pursuant to the Constitution of the Company:

   (See Explanatory Note 2)

   (i) Mr Kuok Khoon Hong (Retiring by rotation under Article 105) (Resolution 4)

   (ii) Mr Kwah Thiam Hock (Retiring by rotation under Article 105)

   Note: Mr Kwah Thiam Hock will, upon his re-election as a Director of the Company, remain as a member of the Audit Committee and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Mr Kwah Thiam Hock will also continue to serve as Chairman of the Nominating Committee and Remuneration Committee upon his re-election. (Resolution 5)

   (iii) Mr Tay Kah Chye (Retiring by rotation under Article 105)

   Note: Mr Tay Kah Chye will, upon his re-election as a Director of the Company, remain as the Chairman of the Audit Committee and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Mr Tay Kah Chye will also continue to serve as a member of the Nominating Committee, Risk Management Committee and Remuneration Committee upon his re-election. (Resolution 6)

   (iv) Mr Kuok Khoon Hua (Retiring under Article 106) (Resolution 7)

5. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)

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) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with subparagraph (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) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with subparagraph (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 subparagraph (I) above), the percentage of the issued shares is based on the Company's total number of issued shares (excluding treasury shares) 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 9)

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:

(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) 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 10)

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 Addendum dated 3 April 2017 to the Company's Annual Report 2016 (the "**Addendum**"), with any party who is of the class or classes of Interested Persons described in the Addendum, 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 Addendum (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 11)

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 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 Addendum dated 3 April 2017 to the Company's Annual Report 2016.

(See Explanatory Note 6) (Resolution 12)

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 8 May 2017, 5.00 p.m. to 9 May 2017, both dates inclusive, for the purpose of determining shareholders' entitlement to the Company's proposed final tax exempt (one-tier) dividend of S$0.04 per ordinary share for the financial year ended 31 December 2016 (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 8 May 2017 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 26 April 2017, will be paid on 16 May 2017.

Depositors whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's ordinary shares as at 5.00 p.m. on 8 May 2017 will be entitled to the Proposed Final Dividend.

By Order of the Board
Teo La-Mei
Company Secretary

Singapore
3 April 2017

Explanatory Notes:

1. The Ordinary Resolution 3 proposed in item no. 3 above is to approve the payment of Directors' fees of S$790,000 (2015: S$801,670) for the financial year ended 31 December 2016 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); (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 and 7 proposed in items nos. 4 (i), (ii), (iii) and (iv) above are to approve the re-election of the following Directors retiring and seeking re-election at the forthcoming Annual General Meeting in 2017 ("2017 AGM"):

   (a) In relation to Ordinary Resolution 4, Mr Kuok Khoon Hong, the Chairman and Chief Executive Officer and a substantial shareholder of the Company, is a cousin of Mr Kuok Khoon Ean and Mr Kuok Khoon Hua;
   (b) In relation to Ordinary Resolution 5, there are no relationships (including immediate family relationships) between Mr Kwah Thiam Hock, an Independent Director, and other Directors of the Company or its 10% shareholders;
   (c) In relation to Ordinary Resolution 6, there are no relationships (including immediate family relationships) between Mr Tay Kah Chye, an Independent Director, and other Directors of the Company or its 10% shareholders; and
   (d) In relation to Ordinary Resolution 7, Mr Kuok Khoon Hua, a Non-Executive Director, is a brother of Mr Kuok Khoon Ean and a cousin of Mr Kuok Khoon Hong.

   Pursuant to Guideline 4.7 of the Singapore Code of Corporate Governance 2012, key information on these directors, including their dates of first appointment, dates of last re-election and other listed directorships and principal commitments, are found in the "Board of Directors" section and "Corporate Information" section in the Company's Annual Report 2016.

3. The Ordinary Resolution 9 proposed in item no. 6 above, if passed, will authorise the Directors of the Company from the date of the 2017 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) 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 9 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 9 is passed, and any subsequent bonus issue or consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

4. The Ordinary Resolution 10 proposed in item no. 7 above, if passed, will empower the Directors of the Company from the date of the 2017 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) 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 11 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 Addendum. Such resolution, if passed, will take effect from the date of the 2017 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 28 April 2016, will be expiring at the 2017 AGM. Information relating to the renewal of the IPT Mandate can be found in the Addendum dated 3 April 2017 accompanying the Notice of the 2017 AGM.

6. The Ordinary Resolution 12 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of the 2017 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 ten per cent. (10%) of the total number of issued Shares (excluding Treasury Shares) 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 greater detail in the Addendum dated 3 April 2017 accompanying the Notice of the 2017 AGM.

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 2017 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 2017 AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

   "Relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act (Cap. 36) ("CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. A proxy need not be a Member of the Company.

3. If the appointor is a corporation, the proxy form must be executed under seal or the hand of its attorney or officer duly authorised.

4. The instrument or form appointing a proxy, duly executed, must be **deposited** at the office of the Company's registrar, **Tricor Barbinder Share Registration Services, at 80 Robinson Road #11-02, Singapore 068898** not less than **72 hours** before the time appointed for the holding of the 2017 AGM in order for the proxy to be entitled to attend and vote at the 2017 AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 2017 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 2017 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 2017 AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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WILMAR INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199904785Z)

PROXY FORM

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies 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 3 April 2017.

I / We ____(Name), NRIC/Passport No./Co Reg Number ___________________________

of____ (Address)
being a member/members of Wilmar International Limited (the "**Company**"), hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

and/or (please delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting of the Company ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM to be held at Tower Ballroom, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Wednesday, 26 April 2017 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 2016 and the Auditor's Report thereon.		
2	To approve the payment of Proposed Final Dividend.		
3	To approve the payment of Directors' Fees.		
4	To re-elect Mr Kuok Khoon Hong as a Director.		
5	To re-elect Mr Kwah Thiam Hock as a Director.		
6	To re-elect Mr Tay Kah Chye as a Director.		
7	To re-elect Mr Kuok Khoon Hua as a Director.		
8	To re-appoint Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration.		
9	To authorise Directors to issue and allot shares in the Company.		
10	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.		
11	To approve the renewal of Shareholders' Mandate for Interested Person Transactions.		
12	To approve the renewal of Share Purchase Mandate.		

* If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.

Total Number of Shares Held (see Note 1)

Dated this___________ day of____________________2017

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

80 Robinson Road #11-02
Singapore 068898

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