investing for the *future*

Wilmar International Limited
Annual Report 2012

wilmar

Contents

corporate *profile*

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, oilseeds crushing, edible oils refining, sugar milling and refining, specialty fats, oleochemicals, biodiesel and fertilisers manufacturing and grains processing. At the core of Wilmar's strategy is a resilient integrated agribusiness model that encompasses the entire value chain of the agricultural commodity processing business, from origination and processing to branding, merchandising and distribution of a wide range of agricultural products. It has over 450 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries. The Group is backed by a multinational workforce of over 93,000 people.

Wilmar's portfolio of high quality processed agricultural products is the preferred choice of the food manufacturing industry, as well as the industrial and consumer food businesses. Its consumer-packed products occupy a leading share in its targeted markets. 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 remains a firm advocate of sustainable growth and is committed to its role as a responsible corporate citizen.

chairman's *message*

FY2012 in Review

In FY2012, the world continued to grapple with the aftermath of the European sovereign debt crisis and the threat of a global downward spiral triggered by the unstable Western economies. Particularly for the agriculture sector, uncertainties were exacerbated by a severe drought in the United States. Notwithstanding tough external conditions, the Group delivered a satisfactory performance overall with Palm and Laurics, Consumer Products and Sugar all recording growth in operating profitability. Despite a challenging and volatile operating environment in China, Oilseeds and Grains delivered satisfactory results, turning around losses from the first half of the year to record a profit for the full year, albeit lower than the previous year's.

The Group recorded US$1.26 billion net profit in FY2012 versus US$1.60 billion in FY2011. Excluding non-operating items and net gains from changes in the fair value of biological assets, the Group's net profit declined 23% to US$1.17 billion in FY2012. Total revenue increased marginally by 2% to US$45.46 billion versus US$44.71 billion in FY2011 as higher sales volume in Palm and Laurics, Consumer Products and Sugar segment was substantially offset by the lower average selling price of crude palm oil and sugar.

Earnings per share dropped to 19.6 US cents in FY2012 as compared to 25.0 US cents in FY2011. The Group's balance sheet remained strong, with total assets up by 6% to US$41.92 billion while shareholders' funds increased to US$14.35 billion. Gearing remained healthy despite a marginal increase to 0.85x, from 0.79x in FY2011, arising from an increase in net loans and borrowings.

Dividends

The Board has recommended a final dividend of S$0.03 per share for FY2012. Including the interim dividend of S$0.02 per share paid in September 2012, the total dividend for FY2012 is S$0.05 per share, representing a dividend payout of about 20%.

Setting Sights on the Long Horizon

The challenging business climate of 2012 has reaffirmed the strength of our integrated business model. Its resilience has helped the Group to weather rough times and kept us ahead of competition. We will continue to strengthen our business model to keep it dynamic and resilient.

Another key driver of the Group's growth strategy is long-term investments. Our strategy focuses on greenfield projects with high potential despite their longer gestation. In recent years, we have started to venture beyond traditional Asian markets and into fast-emerging ones such as Ghana and Nigeria in Africa. At the same time, we continue to invest across the entire value chain by expanding capacities in upstream, midstream and downstream operations.

Wilmar's investment strategy focuses on greenfield projects with promising potential.

In growing the Group's business in some of these countries, we seek like-minded partners to form synergistic collaborations aimed at achieving optimal returns. In 2012, a number of these alliances were formed and we are confident we will reap the fruit of these investments in the future.

Africa

Since the Group's first venture into Africa in 2007, we are today the largest exporter of tropical oil to the continent. With a presence in nine countries in Africa, we are engaged in the cultivation of oil palm and rubber, edible oil refining and packing, and oilseeds crushing. In November 2012, we inaugurated the Calaro, Ibiae and Biase Oil Palm Plantations in Nigeria which are jointly owned by PZ Cussons and Wilmar.

A fast growing economy fuelled by increasing local demand, Africa is well-positioned to provide the next stage of growth for the palm oil industry and its related businesses. Wilmar will continue to invest in the entire palm oil value chain in Africa as we see great potential in the sector.

Strategic Collaborations

In 2012, we formed three joint ventures with ADM, a longtime business partner of the Group, in tropical oils refining in Europe, global fertiliser purchasing and distribution, and global ocean freight operations. These three joint ventures will enable both parties to optimise refining capacity utilisation, purchasing of fertiliser and improve the management of their shipping fleets and freight requirements. In November, the joint venture began the sale and marketing of refined vegetable oils and fats to the European Economic Area and Switzerland.

Optimistic about Africa's palm oil industry, Wilmar will continue to invest in the entire palm oil value chain.

Leveraging on our manufacturing and distribution network in China, the Group formed a 50:50 joint venture with Kellogg Company for the manufacture, sale and distribution of breakfast cereals and savoury snacks in China. The collaboration will allow both partners to maximise marketing and manufacturing synergies to develop premium quality breakfast cereals and snack products for the Chinese consumer.

To further strengthen Wilmar's foothold in basic and downstream oleochemicals, we established a 50:50 joint venture with Clariant Ltd, world leader in specialty chemicals, to produce and sell amines and selected amines derivatives.

Sugar

In Australia, Wilmar's total cane area now stands at 7,000 hectares. This will translate to more than 620,000 tonnes of cane added to the harvest by 2014 when all the land is fully developed. At the same time, successful trialling of new milling technology and biomass transport options is ongoing and our continued reinvestment in our milling operations will continue to enhance the performance of the Sugar segment in the future.

Flour and Rice

The Group continued to expand in new flour and rice projects in China where we are now the leading seller of premium packaged flour and rice. We are optimistic that with growing affluence, the demand for quality flour and rice will increase rapidly in China. The Group also established VFM-Wilmar Flour Mills Company Limited in Vietnam with FFM Berhad. The joint venture will build a new flour mill in Hanoi, North Vietnam.

The Group contributed about US$17.2 million to its global philanthropic programme in 2012.

Sustainability and Corporate Social Responsibility

Despite a challenging business climate, the Group stayed on the course of sustainable development. While continuing our support for programmes that were initiated earlier, we also achieved several milestones in 2012 that are worthy of mention.

With another two mills in Indonesia achieving the RSPO certification, the Group's total annual production of CSPO increased to about 600,000 tonnes from 520,000 tonnes in 2011. This volume is expected to grow further as we target to complete certification audits for all plantations and mills by 2016.

Biodiversity conservation remains one of the top priorities in our plantation management. Following a successful tripartite collaboration with the Borneo Orangutan Survival Foundation (BOSF) and the Governor of Central Kalimantan, Indonesia, to develop Best Management Practices for orangutan conservation which ended in 2012, we extended the initiative for another three years with the aim of formulating the practices into a policy in Central Kalimantan.

The Group's second Sustainability Report was published in 2012. In our effort to uphold a high standard of transparency and accountability, KPMG was commissioned to perform assurance work on selected information disclosed in the Report, in addition to the external expert stakeholder commentary.

Concurrently, the Group continues in its philanthropic efforts. In 2012, we spent about US$17.2 million in our global philanthropic programme. In China, the Group set up the Arawana Charity Foundation with the primary objective of helping the less fortunate and contributing towards the betterment of society.

Believing in providing equal opportunities to the young, the Group has also built 24 primary and secondary schools in rural parts of China. Building on this foundation, we also assist poor students in pursuing higher education by providing scholarships as well as donating to several reputable tertiary institutions both in China and Singapore.

In addition, the Group continues to contribute to the welfare of the needy. At the end of 2012, we have funded more than 16,000 cataract operations for the elderly and 90 prosthetic operations for the poor. Meanwhile, the Group maintains its ongoing support to an old folks' home, orphanage and rehabilitation center for disabled children.

Outlook and Prospects

In spite of a challenging operating environment for Oilseeds and Grains and a fall in crude palm oil prices, the Group delivered a satisfactory set of results for 2012. Whilst uncertainties in the global economy are likely to remain in the short term, we are cautiously optimistic of our long-term prospects due to good economic growth in our key markets of China, India and Indonesia.

Going forward, we will continue to strengthen our integrated business model and invest in new promising markets to maintain the rapid growth of the Group.

Acknowledgements

On behalf of the Board, I would like to thank Mr John Daniel Rice who stepped down from the Board in June 2012, for his many years of invaluable contributions.

I would also like to convey our appreciation for the unwavering support from our employees, customers, business partners and bankers.

Last but not least, I wish to thank our shareholders for their strong support and confidence in the Group.

Kuok Khoon Hong
Chairman & Chief Executive Officer
22 March 2013

investing for the *future*

Part of the Group's strategy in driving growth is through capacity expansion and new investments in promising markets. The Group exercises great care in assessing investment opportunities, evaluating them by their long-term potential and value-add to its core businesses. By being one of the early movers, the Group has been able to establish a leading position in many agri-related businesses in China, Indonesia, India, Vietnam, Ukraine, Sri Lanka and Uganda.

From 2009 to 2012, the Group's capital expenditure has been in excess of USD 1 billion annually.

Key Investments from 2009 to 2011

2009

- Increased oil palm acreage, palm oil milling and refining capacities in Indonesia
- Acquired a 16.67% interest in Three-A Resources Berhad, manufacturer of intermediate food ingredients in Malaysia
- Operations began at the palm oil refinery in Brake, Germany, the Group's second refinery in Europe
- Joint ventures in India expanded capacities rapidly in existing and new locations to meet rising demand for edible oils, specialty fats and other processed agricultural products
- Expanded oil palm acreage, refineries and downstream products in Africa
- Expanded crushing, refining, flour milling, rice milling, specialty fats and oleochemicals manufacturing capacities in China

Wilmar's palm oil refinery in Brake, Germany, commenced operations in 2009.

Large scale intergrated manufacturing complex in Gresik, Indonesia.

2010

- A large scale integrated manufacturing complex in Gresik, near Surabaya, Indonesia producing refined palm oil, fertiliser, oleochemicals, palm biodiesel and other value-added products commenced operations
- Ventured into the sugar business by acquiring Sucrogen Limited, one of the largest global sugar companies with operations spanning plantations, milling, refining and distribution
- Acquired Indonesian sugar refinery PT Jawamanis Rafinasi
- Commenced construction of an integrated oleochemicals complex in Lianyungang, China
- Acquired Natural Oleochemicals Sdn Bhd in Malaysia
- Expanded footprint in Ghana and Nigeria through both business acquisitions and joint ventures
- Acquired a 20% stake in FFM Berhad which is the largest flour milling group in Malaysia with five flour mills in Malaysia, one each in Vietnam and Indonesia, and one through a joint venture in Thailand
- Expanded crushing and refining capacities in India to meet fast-growing demand for edible oils, specialty fats, oleochemicals and other processed agri-products
- Continued to invest in the origination, manufacturing and distribution infrastructure in China to meet the growing demand for edible oils, rice, flour and other quality agri-products

2011

- Acquired Indonesian sugar refinery PT Duta Sugar International
- Commenced construction of two flour mills – one each in Indonesia and Vietnam
- Commenced construction of two crushing plants – one each in Russia and Ukraine
- Completed two flour mills and two rice mills in China
- Formed partnership with Gavilon, LLC to set up an edible oil processing, transloading and storage facility in California, United States

Oleochemicals plant in Lianyungang, China.

- Acquired a 76.63% stake in Ghana-listed Benso Oil Palm Plantation Limited, commenced construction of a palm oil refinery in Nigeria through a joint venture with PZ Cussons and acquired a 55% interest in two oilseeds crushing plants in South Africa
- Acquired Proserpine Mill and bought land for sugar cultivation in Australia
- Expanded oleochemicals capacities in Indonesia and India

Significant Investments and Corporate Activities in 2012

Issuance of Medium Term Notes

In January, Wilmar issued S$250,000,000 3.5% Notes due 2017 and S$100,000,000 4.1% Notes due 2019 under the US$5,000,000,000 Guaranteed Medium Term Note Programme.

This enables the Group to diversify its funding sources and to term out its debt maturities. Net proceeds of the Notes will be used for general corporate purposes.

Capturing Growth in Flour & Rice

Optimistic about the demand for quality flour and rice, the Group has in the past few years expanded aggressively in new flour and rice milling projects.

Wilmar, through wholly-owned subsidiary Siteki Investments Pte Ltd, inked an agreement with Glowland Limited, a wholly-owned subsidiary of FFM Berhad, to establish VFM-Wilmar Flour Mills Company Limited in Vietnam.

In China, the Group has been adding several flour and rice mills yearly to meet the increasing demand for quality flour and rice.

Going Global with a Longstanding Partner

In February, Wilmar and Archer Daniels Midland Company (ADM) formed strategic partnerships in tropical oils refining in Europe, global fertiliser purchasing and distribution, and global ocean freight operations. These three joint ventures will allow both parties to optimise refining capacity utilisation, purchasing of fertiliser and improve the management of their shipping fleets.

Regulatory approvals for the joint ventures in global fertiliser and European vegetable oil were completed in October and the partnership in global ocean freight was launched at the same time. In mid-November, Olenex C.V., headquartered in Rolle, Switzerland, was launched to handle the sale and marketing of refined vegetable oils and fats to the European Economic Area and Switzerland.

Wilmar has had a longstanding association with ADM since the early 1990s when ADM took a 20% stake in Wilmar and jointly invested in many agri-projects in China and Indonesia. With these new strategic partnerships, the co-operation between two market leaders is extended globally and greater synergies are to be expected.

Inaugural Share Buyback

Wilmar exercised a share buyback of 7,388,000 shares at S$3.00 per share in September. This reflected the Board's confidence in the long-term fundamentals and growth prospects of the Group.

Over the past few years, the Group has been expanding its flour and rice projects on the back of an increasing demand for quality food staples.

Two Renowned Brands Combining Forces in China

Through its wholly-owned subsidiary, Yihai Kerry Investments Co., Ltd, Wilmar established a 50:50 joint venture company, Yihai Kerry Kellogg Foods (Shanghai) Company Ltd, with Kellogg Company for the manufacture, sale and distribution of breakfast cereals and savoury snacks in China.

Wilmar will bring to the partnership its infrastructure, supply chain scale, extensive sales and distribution network in China as well as local market experience; while Kellogg will contribute a portfolio of products from the globally recognised brands Kellogg's® and Pringles®. The collaboration will enable both partners to maximise marketing and manufacturing synergies.

Competence meets Expertise

In October, Wilmar inked an agreement with Clariant Ltd, a world leader in specialty chemicals, to establish a 50:50 joint venture as the global platform for production and sales of amines and selected amines derivatives.

Combining Wilmar's large presence in basic and downstream oleochemicals with Clariant's technical expertise and established market presence in amines, this collaboration will create a new leading player in the global amine and amine derivative market. The joint venture will be headquartered in Singapore with global sales, distribution and production affiliates.

Africa – The New Frontier of Palm Oil Cultivation

In November, the Calaro, Ibiae and Biase Oil Palm plantations, jointly owned by Wilmar and PZ Cussons, were inaugurated at Mbarakom, Nigeria. The plantations were handed over by the Cross River State Government to Wilmar and PZ Cussons under its privatisation programme.

The Group's vision is to revive the palm oil industry in Nigeria and restore its past glory by investing in the entire palm oil value chain, including plantations, mills, refineries and production of packaged edible oil. Establishing such a value chain would increase the country's oil production to satisfy increasing local demand and export while at the same time, minimise foreign exchange exposure and create jobs. Wilmar is also committed to contributing to sustainable community development by building schools and hospitals.

To date, the Group has acquired approximately 30,000 ha of land in Nigeria while the total planted area in Africa stands at over 10,000 ha.

With fast economic growth and rapidly increasing population and per capital income, the future of the African palm oil industry is promising.

The Group has established a presence in Africa since 2007 and has been steadily increasing its planted area.

Sweet Success
Following the acquisition of its eighth sugar mill – Proserpine - in December 2011, the Group's total sugar milling capacity increased by about two million tonnes to about 17 million tonnes in 2012. During the year, the Group acquired more land for cultivation, bringing the total cane area to about 7,000 ha.

First Venture in the United States
Wilmar acquired Gavilon, LLC's 50% interest in Wilmar Gavilon, LLC, making it a 100% owned subsidiary. Wilmar Gavilon, LLC was a joint venture formed in 2011 for the establishment of an edible oil processing, transloading and storage facility in California, United States. Wilmar Gavilon, LLC has been renamed Wilmar Oils & Fats (Stockton), LLC. Centrally located in the Port of Stockton, the state-of-the-art facility is expected to be operational by mid-2013.

Smooth Sailing
During the year, the Group rejuvenated part of its shipping fleet with new and young second-hand vessels, bringing the total to 33. The expanded fleet will improve logistical efficiency and reduce shipping costs.

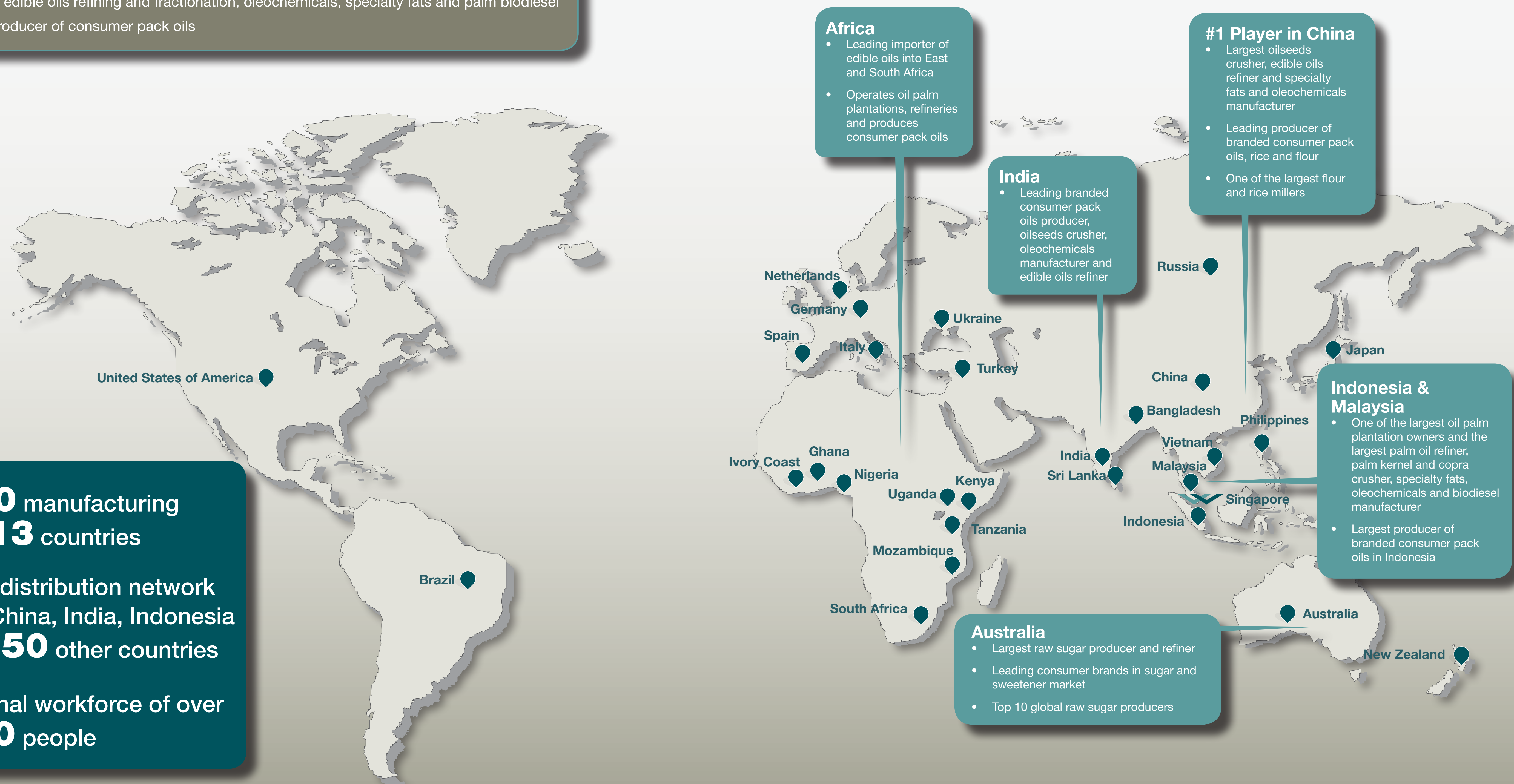
The Group is the largest raw sugar producer and refiner in Austrialia, and a leading refiner in Indonesia.

As part of the Group's intergrated business model, it has a fleet of vessels that serves primarily in-house needs.

global *presence*

- World's largest processor and merchandiser of palm and laurics oils
- Largest in edible oils refining and fractionation, oleochemicals, specialty fats and palm biodiesel
- Largest producer of consumer pack oils

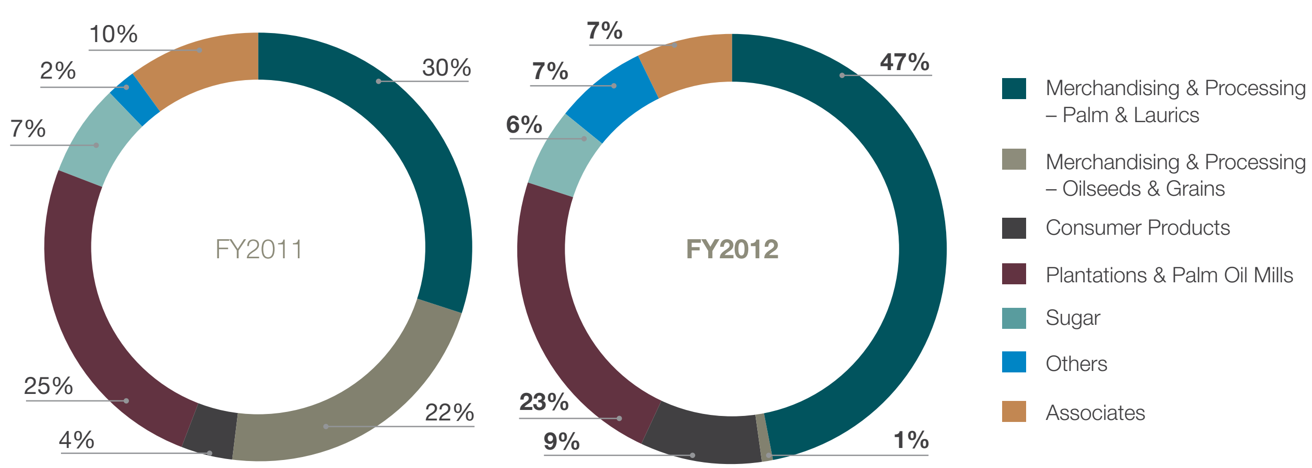
- Over **450** manufacturing plants in **13** countries
- Extensive distribution network covering China, India, Indonesia and some **50** other countries
- Multinational workforce of over **93,000** people



financial *highlights*

	FY2012	FY2011	FY2010	FY2009	FY2008
INCOME STATEMENT *(US$ million)*					
Revenue	**45,463**	44,710	30,378	23,885	29,145
EBITDA	**2,406**	2,789	2,033	2,590	2,230
Profit before tax	**1,655**	2,079	1,644	2,294	1,789
Net profit	**1,255**	1,601	1,324	1,882	1,531
Earnings per share – fully diluted *(US cents)*	**19.6**	25.0	20.7	27.4	23.7
Dividends per share *(Singapore cents)*	**5.0**	6.1	5.5	8.0	7.3
CASH FLOW *(US$ million)*					
Operating cash flows before working capital changes	**2,201**	2,459	1,935	2,137	2,089
Capital expenditure	**1,735**	1,554	1,064	1,063	1,107
Working capital changes	**(581)**	22	(3,926)	(2,404)	1,630
Investment in subsidiaries and associates	**300**	356	1,679	70	248
BALANCE SHEET *(US$ million)*					
Shareholders' funds	**14,346**	13,370	11,856	10,931	9,606
Total assets	**41,920**	39,640	33,969	23,449	17,869
Total liabilities	**26,725**	25,391	21,412	12,037	7,894
Net loans and borrowings	**12,209**	10,530	9,962	4,107	2,390
Net gearing (x)	**0.85**	0.79	0.84	0.38	0.25
Net asset value per share *(US cents)*	**224.3**	208.9	185.3	171.1	150.4
Net tangible assets per share *(US cents)*	**154.6**	140.0	116.5	108.0	88.7

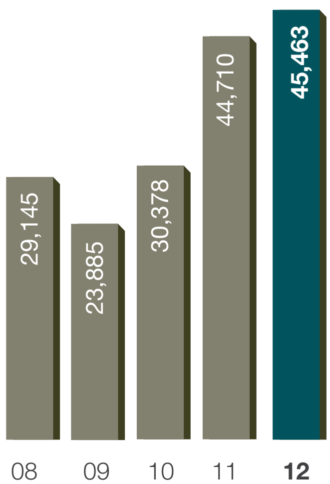
PROFIT BEFORE TAX BY BUSINESS SEGMENT



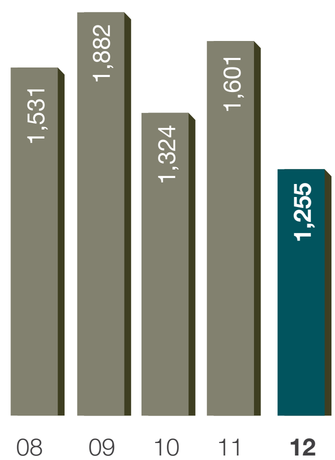
Note:

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

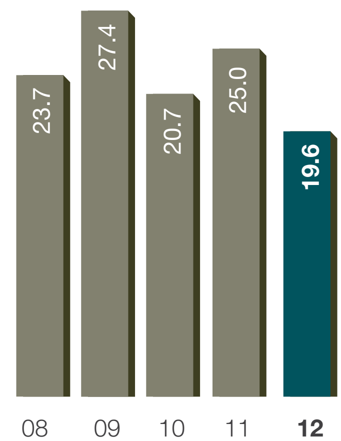
Revenue *(US$ million)*



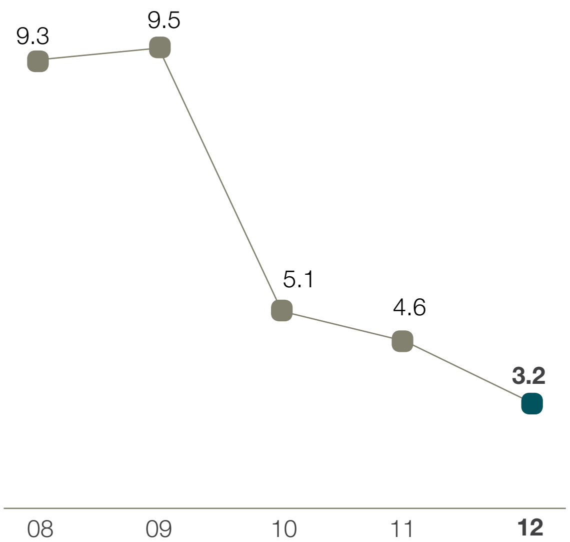
Net Profit *(US$ million)*



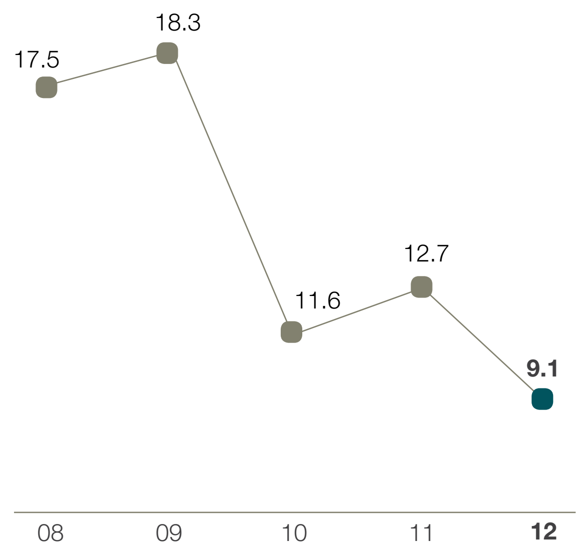
Earnings Per Share *(US cents)*



Return on Average Assets *(%)*



Return on Average Equity *(%)*



board of *directors*


Leong Horn Kee
Independent Director
Yeo Teng Yang
Lead Independent Director
Kwah Thiam Hock
Independent Director
Tay Kah Chye
Independent Director

board of *directors (continued)*

Kuok Khoon Hong

Chairman and Chief Executive Officer

Mr Kuok Khoon Hong, 63, 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 the processing of grains, edible oils and oilseeds. He has held several key executive positions in various companies, including General Manager of Federal Flour Mills Bhd from 1986 to 1991 and Managing Director of Kuok Oils & Grains Pte Ltd from 1989 to 1991. Mr Kuok graduated from the then University of Singapore with a Bachelor of Business Administration degree. Mr Kuok was appointed on 24 March 2006 and was last re-elected on 27 April 2012.

Martua Sitorus

Executive Director and Chief Operating Officer

Mr Martua Sitorus, 53, is the Chief Operating Officer of the Group. He is in charge of the plantation, manufacturing, palm and bio-diesel trading operations of the Group. Mr Sitorus has been instrumental in the development of the Group's business operations in Indonesia. He holds a degree in economics from HKBP Nomensen University in Medan, Indonesia. Mr Sitorus was appointed on 14 July 2006 and was last re-elected on 28 April 2011.

Teo Kim Yong

Executive Director

Mr Teo Kim Yong, 59, is in charge of commercial activities and the Group's merchandising of palm and lauric oils. Mr Teo joined the Group in 1992 and has extensive experience in the marketing and merchandising of edible oil products. Mr Teo graduated from the then University of Singapore with a Bachelor of Business Administration degree. Mr Teo was appointed on 14 July 2006 and was last re-elected on 28 April 2011.

Kuok Khoon Chen

Non-Executive Director

Mr Kuok Khoon Chen, 58, has been a senior executive of the Kuok Group since 1978. He is currently the Deputy Chairman and Managing Director of Kerry Group Limited and the Chairman and Managing Director of Kerry Holdings Limited. He is also the Chairman of Kuok Brothers Sdn Berhad and a director of a number of Kuok Group companies. He is the Chairman of Kerry Properties Limited which is listed on the Hong Kong Stock Exchange, and an executive director of China World Trade Center Company Limited which is listed on the Shanghai Stock Exchange. Mr Kuok holds a Bachelor's degree in Economics from Monash University in Australia. Mr Kuok was appointed on 8 February 2010 and was last re-elected on 28 April 2010.

Kuok Khoon Ean

Non-Executive Director

Mr Kuok Khoon Ean, 57, is a director of Kuok (Singapore) Limited, Kerry Group Limited and Kerry Holdings Limited. He is the Executive Chairman of Shangri-La Asia Limited and an independent non-executive director of The Bank of East Asia, Limited, both of which are listed companies in Hong Kong. He is a director of Shangri-La Hotel Public Co. Ltd. and IHH Healthcare Berhad which are listed on the Thai Stock Exchange and Bursa Malaysia respectively. He has served on various statutory bodies in Singapore, namely the Sentosa Development Corporation from 1993 to 2000, the Singapore Trade Development Board from 1995 to 1998 and the Singapore Tourism Board from 2000 to 2001. He also served on the Board of Trustees of the Singapore Management University from 2000 to January 2013. Mr Kuok was Chairman and Executive Director of SCMP Group Limited from January 1998 until January 2013. He also served on the Board of Post Publishing Public Co. Ltd. from April 1999 to January 2013. Mr Kuok holds a Bachelor of Economics degree from Nottingham University, UK. Mr Kuok was appointed on 2 July 2007 and was last re-elected on 28 April 2010.

Juan Ricardo Luciano

Non-Executive Director

Mr Juan R. Luciano, 51, is the Executive Vice President and Chief Operating Officer of Archer Daniels Midland Company (ADM), a member of its Executive Committee and Global Operating Committee, and an officer of the corporation. In his role, he oversees the commercial and production activities of ADM's corn, oilseeds, agricultural services, and cocoa and milling businesses, as well as its research, project-management and risk-management functions. He also oversees the company's Operational Excellence initiatives, which seek to improve productivity and efficiency companywide. Mr Luciano joined ADM following a successful 25-year tenure at Dow Chemical Company, where he last served as executive vice president and president of Dow's performance division, and as a member of the company's executive leadership committee, strategy board and management committee. He is a national trustee of the Boys & Girls Clubs of America Midwest region and holds an industrial engineering degree from the Buenos Aires Institute of Technology. Mr Luciano was appointed on 20 June 2012.

Yeo Teng Yang

Lead Independent Director

Mr Yeo Teng Yang, 71, is the lead independent director. Currently he is also an independent director of United International Securities Limited, Singapore. 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 IMF, 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. He was appointed on 14 July 2006 and was last re-appointed on 27 April 2012 to hold office until the conclusion of the next Annual General Meeting of the Company.

Leong Horn Kee

Independent Director

Mr Leong Horn Kee, 60, is currently the Chairman of CapitalCorp Partners Pte Ltd. Mr Leong has established a wide career in the private sector with Far East Organization, Orchard Parade Holdings Limited, Yeo Hiap Seng Limited, Rothschild Singapore, Transtech Ventures and Natsteel group, as well as in the public sector with the Ministry of Trade & Industry and the Ministry of Finance. In addition, he was a Singapore Member of Parliament from 1984 to 2006, and was Singapore's Non-resident Ambassador to Mexico from September 2006 to February 2013. Mr Leong holds a Production Engineering degree from Loughborough University, UK; an Economics degree from London University, UK; a Chinese Language and Literature degree from Beijing Normal University, China; an MBA degree from INSEAD, France; and a Master in Business Research from University of Western Australia. Mr Leong was appointed on 30 June 2000 and was last re-elected on 27 April 2012.

Tay Kah Chye

Independent Director

Mr Tay Kah Chye, 66, is currently the Executive Chairman of CLMV Consult Net Private Limited, a regional consulting company headquartered in Singapore. 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 a member on the board of directors 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 on 14 July 2006 and was last re-elected on 27 April 2012.

Kwah Thiam Hock

Independent Director

Mr Kwah Thiam Hock, 66, sits on the board of various companies including IFS Capital Limited, Select Group 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 the non-executive Director 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 on 14 July 2006 and was last re-elected on 28 April 2011.

board of *directors (continued)*

The principal directorships, 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	Wilmar International Limited - Chairman & CEO Perennial China Retail Trust Management Pte. Ltd. (Trustee-Manager of Perennial China Retail Trust)		
Martua Sitorus	Wilmar International Limited - Executive Director & COO	PALMCI SA	
Teo Kim Yong	Wilmar International Limited - Executive Director Kencana Agri Limited PALMCI SA (BRVM, Bourse Regionale des Valeurs, Western Africa Regional Stock Exchange)		
NON-EXECUTIVE DIRECTORS			
Kuok Khoon Chen	Kerry Properties Limited (Hong Kong Stock Exchange) - Chairman China World Trade Center Company Limited (Shanghai Stock Exchange) Wilmar International Limited		Kerry Group Limited - Deputy Chairman & MD Kerry Holdings Limited - Chairman & MD Kuok Brothers Sdn Berhad - Chairman China World Trade Center Ltd
Kuok Khoon Ean	Shangri-La Asia Limited (Hong Kong Stock Exchange) - Executive Chairman Shangri-La Hotel Public Co. Ltd. (Stock Exchange of Thailand) IHH Healthcare Berhad (Bursa Malaysia) The Bank of East Asia, Limited (Hong Kong Stock Exchange) Wilmar International Limited	SCMP Group Limited The Post Publishing Public Co. Ltd.	Kerry Group Limited Kerry Holdings Limited Kuok (Singapore) Limited China World Trade Center Ltd.
Juan Ricardo Luciano	Wilmar International Limited		Archer Daniels Midland Company - Executive Vice President & COO

Name of Director	Present Directorships in Listed Companies	Past Directorships in Listed Companies held over the preceding three years	Principal Commitments#
LEAD INDEPENDENT DIRECTOR			
Yeo Teng Yang	United International Securities Limited Wilmar International Limited	Overseas Union Securities Ltd	
INDEPENDENT DIRECTORS			
Leong Horn Kee	Amtek Engineering Ltd China Energy Ltd ECS Holdings Ltd Linair Technologies Ltd Tat Hong Holdings Ltd Wilmar International Limited	Biosensors International Group Ltd Kian Ho Bearings Ltd	CapitalCorp Partners Pte Ltd - Chairman & CEO
Tay Kah Chye	Chemical Industries (Far East) Ltd Wilmar International Limited		CLMV Consult Net Private Limited - Executive Chairman Cam Box Private Limited PATA International Enterprise Pte Ltd
Kwah Thiam Hock	Excelpoint Technology Ltd IFS Capital Limited Select Group Limited Teho International Inc Ltd Wilmar International Limited	Swissco International Limited	ECICS Limited Northern Star Shipping Pte Ltd PM Shipping Pte Ltd

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

key management *team*

Mr Kuok Khoon Hong
Chairman and Chief Executive Officer

Mr Martua Sitorus
Executive Director and Chief Operating Officer

Mr Teo Kim Yong
Executive Director (Commercial)

Mr Goh Ing Sing
Head of Plantations Division

Mr Matthew John Morgenroth
Group Technical Head

Mr Hendri Saksti
Head of Operations, Indonesia

Mr Yee Chek Toong
Head of Operations, Malaysia

Mr Rahul Kale
Group Head of Oleochemicals & Biofuels

Mr Mu YanKui
Vice Chairman and Head of Northern Region & Grains Trading, China Division

Mr Niu Yu Xin
General Manager and Head of Central Region & Oils Trading, China Division

Mr Jean-Luc Robert Bohbot
Managing Director, Wilmar Sugar Pte Ltd

Captain Kenny Beh Hang Chwee
Managing Director, Raffles Shipping Corporation Pte Ltd

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 & Joint Company Secretary

Mr Patrick Tan Soo Chay
Head of Internal Audit

Mr Jeremy Goon
Group Head of Corporate Social Responsibility

corporate *information*

Board of Directors
Kuok Khoon Hong *(Chairman)*
Martua Sitorus
Teo Kim Yong
Kuok Khoon Chen
Kuok Khoon Ean
Juan Ricardo Luciano *(Appointed on 20 June 2012)*
Yeo Teng Yang
Leong Horn Kee
Tay Kah Chye
Kwah Thiam Hock

Executive Committee
Kuok Khoon Hong *(Chairman)*
Martua Sitorus
Teo Kim Yong

Audit Committee
Tay Kah Chye *(Chairman)*
Kwah Thiam Hock
Yeo Teng Yang

Nominating Committee
Kwah Thiam Hock *(Chairman)*
Kuok Khoon Hong
Tay Kah Chye

Remuneration Committee
Kwah Thiam Hock *(Chairman)*
Kuok Khoon Ean
Yeo Teng Yang
Leong Horn Kee

Risk Management Committee
Yeo Teng Yang *(Chairman)*
Kuok Khoon Hong
Leong Horn Kee

Company Secretaries
Teo La-Mei
Colin Tan Tiang Soon

Registered Office
56 Neil Road
Singapore 088830

Telephone: (65) 6216 0244
Facsimile: (65) 6836 1709

Share Registrar
Tricor Barbinder Share Registration Services

80 Robinson Road #02-00
Singapore 068898

Telephone: (65) 6236 3333
Facsimile: (65) 6236 3405

Auditors
Ernst & Young LLP

One Raffles Quay
#18-01 North Tower
Singapore 048583

Partner-in-Charge: Lim Tze Yuen
(Appointed since financial year ended 31 December 2011)

growing a better *tomorrow*

The resilience of Wilmar's integrated business model has enabled its five business segments to weather the volatility of the commodities market in 2012 and continue to be the Group's pillars of growth.

Palm and Laurics, Consumer Products and Sugar recorded stronger performance while Oilseeds and Grains managed a credible finish to the year despite challenging market conditions. With firmly-rooted fundamentals, the Group also continued to sharpen its competitive edge with long-term strategic collaborations with like-minded partners.

Setting sights on new horizons, the Group will leverage growth opportunities in fast-emerging markets.

operations *review*

Merchandising & Processing – Palm & Laurics

The Palm and Laurics division is a major contributor to the Group's profitability. The division processes palm and lauric oils into refined palm oil, specialty fats, oleochemicals and biodiesel. Wilmar is the world's largest processor and merchandiser of palm and lauric oils.

The Group's processing plants are strategically located near the coastal areas of both the origin and destination markets. This enables the Group to manage its transport, logistical and operational costs efficiently, ensuring smooth access to the consuming markets. Complemented by an extensive distribution network spanning more than 50 countries, the Group is well-positioned to capitalise on the market intelligence acquired throughout the entire supply-chain across different geographies. In addition, it gives the Group greater flexibility to meet the ever-changing demands of its customers.

In response to Indonesia's change in export duty structure for palm products that came into effect in mid-September 2011, the Group announced plans to expand its refining capacity in Indonesia by approximately 50%. By the end of 2012, all except three of the new refining plants had been completed. The swift expansion not only gives the Group a first-mover advantage to leverage on the favourable margins but also allows it to capture the growing domestic market share within Indonesia.

In Europe, the Group sought new collaborations with long-time partner and shareholder, Archer Daniels Midland, with the launch of Olenex C.V.. The joint venture involves the sale and marketing of refined vegetable oils and fats to the European Economic Area and Switzerland, with the aim of optimising the partners' refining capacity utilisation.

The Group also added capacity in oleochemicals, with new plants in China and Indonesia. In October, Wilmar and Clariant Ltd established a 50:50 joint venture as the global platform for the production and sales of amines and selected amines derivatives production. The joint venture will be headquartered in Singapore, with global sales, distribution and production affiliates. Amines are used in the production of a wide range of consumer and industrial products including personal care, detergents, industrial lubricants, paints and coatings.

As at 31 December 2012, the Group has plants located in the following countries:

	Refinery	Oleo-chemicals	Specialty Fats	Biodiesel
Subsidiaries				
Indonesia	25	4	4	7
Malaysia	13	1	1	1
China	48	9	6	-
Vietnam	2	-	1	-
Europe	4	-	1	-
Africa	2	-	-	-
Others	3	-	1	-
Total no. of plants	**97**	**14**	**14**	**8**
Total capacity *(million MT p.a.)*	**25**	**2**	**1**	**2**
Associates				
India	25	-	5	-
China	9	1	2	-
Russia	4	-	3	-
Ukraine	2	-	1	-
Malaysia	3	-		-
Bangladesh	1	-	1	-
Others	2	-	1	-
Total no. of plants	**46**	**1**	**13**	**-**
Total capacity *(million MT p.a.)*	**8**	**<1**	**1**	**-**

Note: Refinery capacity includes palm oil and soft oils

Industry Trend in 2012

During the first half of 2012, growth in global palm oil production was inhibited by tree stress affecting several regions. However, the yields turned around and peaked during the second half. Hence, for the full year, Malaysia's palm oil production fell slightly to 18.6 million MT, while Indonesia's production grew by almost 10% to 26.3 million MT. Collectively, Indonesia and Malaysia constitute 85% of global palm production. Global palm oil production amounted to 53.0 million MT, recording a 4% annual growth in 2012.

Global consumption of palm oil continued to register a steady growth of 5% to 52.0 million MT in 2012. Partly fuelled by the substitution for soybean oil, palm oil consumption in India was lifted by 11% to 7.6 million MT. Indonesia, the second largest consuming market, also saw demand increase by 11% to 7.0 million MT, driven by population growth and economic development. Although palm oil consumption in China, Africa and Eastern Europe remained flat, demand in Western Europe rebounded from a drop in 2011.

Palm oil prices were supported by an uplifted demand during the festive seasons as well as concerns over lower palm oil supply during the first quarter of 2012. Subsequently, prices began to decline as palm oil production recovered and inventory levels increased in the second half of 2012 against a backdrop of an uncertain macro-economic environment.

Our Performance

In 2012, the Group processed and merchandised a total of 23.1 million MT palm and lauric oils, representing a 14% increase from 2011. The healthy volume growth was achieved through an expanded refining capacity in Indonesia and strong demand for palm products which was boosted by lower prices. The lower average selling price for palm products resulted in a marginal decline in revenue to US$22.7 billion. Nonetheless, pretax profit grew by a robust 32% to US$771.1 million due to improved margin and increased sales volume. The improved margin was due to the revised Indonesian export duty structure which favoured Indonesian refiners.

Outlook and Strategy

With growing urban populations particularly in Asia and Africa, palm oil applications in both the food and non-food industries are set to grow in the long run. Today, Africa's economic pulse has hastened. The Group will continue to extend its palm oil footprint in Africa, providing food solutions to this emerging economy. Since the start of 2013, the Group has commissioned one new refinery in Ghana and another in Nigeria.

On the supply side, the combined palm oil production from Malaysia and Indonesia is expected to reach approximately 50.0 million MT in 2013, on recovery from tree stress and maturing hectarage in Indonesia. The Group expects refining margin to taper off on the back of increasing palm processing capacities in Indonesia, however, this should be offset by the increase in volume.

While the uncertainties in the macro-economic environment remain a concern, the Group will focus its strategy on leveraging its existing distribution network to provide a wide range of competitive solutions catered to the needs of its consumers.

Merchandising & Processing – Oilseeds & Grains

The Group crushes oilseeds such as soybean, rapeseed, groundnut, cottonseed, sunflower seed and sesame seed into protein meals and crude oils. Protein meals are mainly used to produce animal feed. The oils produced are largely sold to its consumer products division. Being the leading oilseed crusher in China, the Group is the largest importer of soybeans in China. The Group also has oilseeds crushing operations in India, Malaysia, Russia and South Africa.

Wilmar is one of the largest wheat and rice millers in China. The Group engages in the milling of wheat into wheat flour and the milling of paddy into rice, rice bran and rice bran oil.

As at 31 December 2012, the Group has crushing plants and flour and rice mills located in the following countries:

	Crushing	Flour milling	Rice milling
Subsidiaries			
China	55	11	13
Malaysia	1	-	-
Vietnam	1	-	-
South Africa	2	-	-
Total no. of plants	**59**	**11**	**13**
Total capacity *(million MT p.a.)*	**22**	**4**	**2**
Associates			
China	15	1	1
India	10	-	-
Russia	2	-	-
Malaysia	-	5	-
Others	-	2	-
Total no. of plants	**27**	**8**	**1**
Total capacity *(million MT p.a.)*	**10**	**2**	**<1**

Industry Trend in 2012

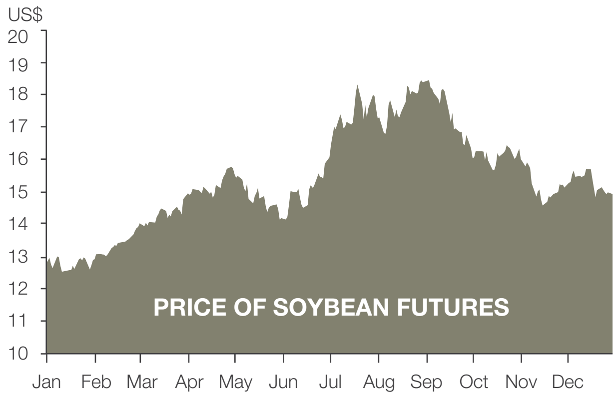
China is the world's largest importer of soybeans, accounting for close to 64% of global imports. In 2012, China imported 59.2 million MT of soybeans representing a growth of 13% per annum. During the year, soybean crushing volumes increased by 11% to 61.0 million MT reflecting continued economic development and the trend towards a more protein-based diet.

Advancement of the livestock industry in China, led by the expansion of large and modern livestock organisations to replace smaller backyard farms, has accelerated the use of commercial protein meals. Soybean meal is the preferred component for animal feed because of its digestible amino acid profile and high protein concentration. As such, in 2012, soybean meal consumption jumped 9% to 47.4 million MT, representing 70% of major protein meals consumed in China. Consumption of soybean oil also rose by approximately 7% to 11.9 million MT in line with the country's economic growth.

However, China's crushing operations remained challenging as the industry was confronted with a confluence of factors which made 2012 a particularly difficult year. The industry continued to face severe overcapacity. In 2012, total crushing capacity in China was estimated to be around 120.0 million MT, resulting in an average industry utilisation rate of 51%.

The overcapacity situation was exacerbated by extreme volatility in soybean prices during 2012. Although expectation of higher soybean supplies from Brazil and Argentina kept prices low towards the end of 2011, the subsequent dry weather reduced the South American crop yield, causing prices to soar in the first half of 2012. In the third quarter, soybean prices surged to a record high of US$17.71 per bushel as the unanticipated drought in the United States (US) parched soybean acreage, resulting in the smallest soybean harvest in nine years. As a consequence, soybean inventories in the US fell to the lowest in four decades. However, the late rain in the US contributed to a higher-than-expected crop yield. Coupled with larger soybean acreage cultivation in South America, soybean prices fell sharply towards the end of September.

Despite high international prices of soybeans, domestic prices in China



were relatively lower due to dumping of soybean products by speculative players. These activities added to the challenges already faced by the industry.

Our Performance

During the year, sales volume for the Oilseeds and Grains segment declined 2% to 19.6 million MT. The lower sales volume was due to the excess crushing capacity in China, partially offset by strong volume growth in flour. In the first half of 2012, the Group recorded a pretax loss as a result of negative crush margins, exacerbated by the depreciation of the Chinese Renminbi against the US Dollar. The Group managed to turn around from the losses in the second half of the year as crush margins improved, coupled with timely purchases of raw materials. However, pretax profit of US$14.1 million for 2012 was lower than the US$422.9 million achieved in 2011 due to the challenging operating environment.

Outlook and Strategy

While market conditions are expected to remain challenging in 2013 for Oilseeds and Gains, the Group believes it is well-positioned to ride out the current difficulties faced by the industry. The Group remains optimistic about its long-term future in China with growth continuing to be driven by demand for high quality food and agri-products. The Group has further invested in its flour and rice business in China, with another five flour mills and two rice mills under construction. These will be completed progressively from mid-2013 to the third quarter of 2014.

Outside of China, the Group will be completing construction of two oilseeds crushing plants in the second half of 2013, one each in Russia and Ukraine. The Group will also be completing construction of two flour mills, one each in Indonesia and Vietnam, which will be completed mid-2013 and mid-2014 respectively.

operations *review*

Consumer Products

Wilmar produces consumer packs of edible oils, rice, flour, grains and noodles which are marketed under its own brands. In China, the Group is the largest producer of consumer pack edible oils with approximately 45% market share. The Group also has significant share in the consumer pack edible oils market in India, Indonesia, Vietnam and Bangladesh. Its joint venture in India, Adani Wilmar Limited, is the leading producer of consumer pack oils with approximately 15% market share. The Group is the largest producer of consumer pack oils in Indonesia and Vietnam with over 35% and 55% market share respectively. It is also one of the leading producers in Bangladesh with over 20% market share.

The Group's flour and rice businesses in China continued to progress in 2012. Sales volume for flour increased by more than 40%, while sales volume for rice increased by over 20%. Wilmar is a leading producer with more than 10% market share in both the consumer pack flour and rice markets. The Group has also started to market and distribute flour in Vietnam and Indonesia, as well as rice in India, Vietnam, Indonesia and Bangladesh.

In September 2012, the Group entered into a 50:50 joint venture with Kellogg Company to manufacture, sell and distribute breakfast cereals and savoury snacks in China. The Group will contribute its extensive sales and distribution network in China, supply chain and manufacturing scale, as well as local China market expertise to the joint venture. Kellogg will contribute a portfolio of globally recognised brands and products, along with deep cereals and snacks category expertise. The joint venture will use the Kellogg's® and Pringles® brands. Together, the Group and Kellogg will leverage this complementary expertise to maximise marketing and manufacturing synergies. The joint venture started operations in January 2013, currently focusing on the sale and distribution of cereals and snacks.

Industry Trend in 2012

The total industry volume for consumer pack oils in China grew by about 13% to approximately 7.5 million MT in 2012. The market share for consumer pack oils versus other forms of edible oils increased from 27% of total edible oils consumed in China in 2011 to 30% in 2012, reflecting continued popularity of pack oils.

In India, Indonesia and Vietnam, demand for branded consumer pack oils also continued to increase due to growing affluence and urbanisation.

In India, industry volume for consumer pack oils grew by about 16% to 6.8 million MT. In Indonesia, industry volume grew by around 13% to 0.7 million MT. In Vietnam, industry volume grew by almost 3%. In Bangladesh, however, industry volume fell 16% due to government intervention and restriction on sales due to high prices in the second quarter of 2012.

The total industry volume for consumer pack flour and rice in China each grew approximately 10% to 2.2 million MT and 6.6 million MT respectively in 2012. The market share for consumer pack flour and rice versus other forms of rice and flour remained relatively low at around 5%.

Our Performance

The Group's sales volume of 4.6 million MT for 2012 was 5% higher compared to 2011 mainly due to stronger demand for the Group's rice and flour products in China. Indonesia consumer products also demonstrated significant growth in volume. Pretax profit grew by a significant 84% to US$157.2 million in 2012 compared to 2011 due to lower feedstock cost as well as the absence of a price restriction in China which was in place during the first seven months of 2011.

Outlook and Strategy

The Group is optimistic about the longer-term prospects for consumer products due to economic growth, low per capita consumption and the continued shift from the consumption of loose to quality branded consumer pack products in its key markets. In these markets, the Group will continue to invest in strengthening its distribution networks, focus on brand building and increase retail penetration, product innovation as well as new products to deepen its market presence. The Group is expanding the production and distribution of consumer pack oils into African markets such as Ghana and Nigeria. Recently, the Group also launched a range of laundry soaps in China, leveraging its expertise in oleochemicals and diversifying beyond its consumer food business.

The Group is honoured that many of its consumer brands have received recognition from both local authorities and consumers for their quality and popularity. It remains steadfast in its commitment to the highest standards of quality and food safety.

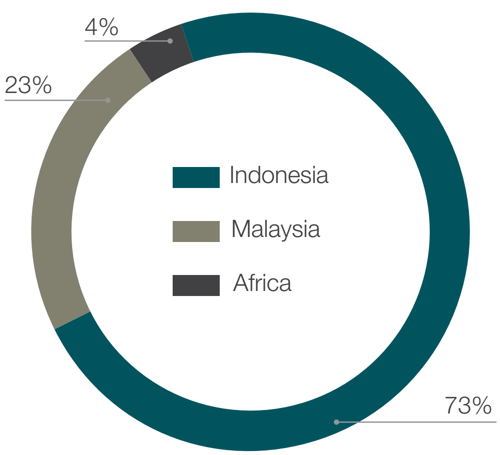
operations *review*

Plantations & Palm Oil Mills

Wilmar is one the largest oil palm plantation owners with a total planted area of 255,648 hectares (ha) as at 31 December 2012. About 73% of the total planted area is located in Indonesia, 23% in East Malaysia and 4% in Africa. It also manages 41,407 ha under the Group's Plasma Scheme. In Indonesia, it processes fresh fruit bunches (FFB) sourced from its own plantations, smallholders under the Plasma and Outgrowers schemes, as well as third-party suppliers. The crude palm oil (CPO) and palm kernel produced by its oil palm mills are predominantly supplied to its refineries and palm kernel crushing plants.

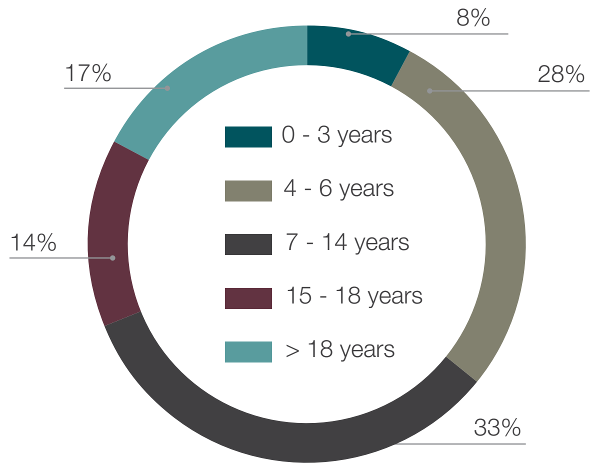
The Group also owns plantations in Uganda and West Africa via joint ventures. Total planted area in Uganda and West Africa are approximately 6,000 ha and 39,000 ha respectively. In addition, the joint ventures manage over 140,000 ha under the Outgrowers scheme in Africa.

PLANTATIONS GEOGRAPHIC LOCATION AS AT 31 DECEMBER 2012



With an average age of 11 years, the Group's plantations are still relatively young. Of the 255,648 ha planted, 47% are at the prime production age of 7 to 18 years while another 36% are at age 6 years and below. These young trees will support the medium to long-term growth of the group's plantations operations as they mature.

PLANTATIONS AGE PROFILE AS AT 31 DECEMBER 2012



Higher FFB Production

The Group's FFB production rose by over 3% to 4.2 million MT due to an increase in mature area from 205,485 ha in 2011 to 222,370 ha in 2012. However, FFB yield dropped to 18.9 MT per ha as a result of low crop trend in Sarawak and the after effects of dry weather in Sabah, Kalimantan and Sumatra during the first nine months of 2012.

Sustainability and Certification

The Roundtable on Sustainable Palm Oil (RSPO) certification standard is at the core of Wilmar's sustainability strategy. The Group's plantations and milling processes adhere strictly to the Principles and Criteria of the RSPO, which include the protection of high conservation value land, treatment of wastewater and provision of community services.

All of the Group's plantations and mills in Malaysia have been RSPO-certified and its Indonesian operations are scheduled to complete certification by 2016. Seven of its Indonesian mills have successfully completed certification.

For more information on sustainability, please refer to the Corporate Social Responsibility section.

Our Performance

The Group registered a pretax profit of US$410.8 million in 2012, a 44% decline from 2011. Pretax profit included a revaluation gain from biological assets of US$28.8 million. The revaluation was mainly due to the maturing hectarage of the Group's plantations. Excluding this gain, pretax profit was US$382.0 million, a decline of about 19% from pretax profit in 2011. This was mainly due to lower average selling price, higher unit production cost and lower production yield. Unit production costs for 2012 were higher due to increased labour and fertiliser costs.

Outlook and Strategy

While CPO prices have been declining since the second quarter of 2012, Wilmar remains positive about the long-term prospects for palm oil due to the rising global demand for its food and non-food applications as well as competitive pricing. Emerging markets like China, India, Indonesia and Pakistan are expected to be the key demand drivers for palm oil.

Supply growth will come mainly from higher mature hectarage and yield improvement in Indonesia. Wilmar will continue to explore opportunities to expand its hectarage mainly in Indonesia and Africa through new plantings and acquisitions.

In Africa, the Group has expanded its plantings with acquisitions in Nigeria. It has about 30,000 ha of land in Nigeria where rehabilitation and replanting will commence in 2013. In February 2013, the Group agreed to purchase a 53.74% stake in Noble Plantations Pte Ltd from Noble Group Limited. Noble will own the balance 46.27%. This joint venture which holds a majority interest in 22,953 ha of land for palm production in Papua, Indonesia, will develop and operate palm projects to produce and sell CPO and its by-products.

operations *review*

Sugar

The Group's sugar business involves the milling of sugarcane to produce raw sugar and the refining of raw sugar to produce food-grade products. In addition, the Group produces ethanol as well as fertiliser, using by-products from its milling operations. The Group's mills in Australia also generate their own electricity by burning sugarcane fibre (bagasse). Excess electricity not required in the milling operations is sold into the local electricity grid.

The Group is Australia's largest cane milling company. It is responsible for more than 50% of cane crushed and raw sugar produced. It is also Australia's largest generator of renewable electricity from biomass and a large cane grower in its own right.

The refining of sugar produces food-grade products such as white sugar, brown sugar, caster sugar and syrups. The Group's sugar refining business supplies a broad range of industrial and consumer markets and its products are distributed in both bulk and packaged forms.

In Australia and New Zealand, the Group's refined sugar business is a joint venture with Mackay Sugar which has a 25% stake. This joint venture produces around 930,000 MT of refined sugar a year, predominantly distributed domestically, where it represents over 60% of volume sales across the retail, food service and food and beverage ingredient markets. The business also exports to many Asia Pacific and European markets, as well as refined sugar dairy blends to Japan. The Group owns the leading brands of *CSR* in Australia and *Chelsea* in New Zealand.

The diversified product and brand portfolio is also complemented by the distribution of the *Equal* range, as well as the development of an emerging stevia and glucose offering.

In Indonesia, Wilmar's two refineries are licensed to import raw sugar and supply refined sugar to the food and beverage manufacturing industry. The Group has a market share of around 25% in Indonesia.

As at 31 December 2012, the Group has sugar mills and refining plants in the following countries:

	Milling	Refining
Australia	8	2
New Zealand	-	1
Indonesia	-	2
Total no. of mills / plants	**8**	**5**
Total annual capacity (million MT)	**17**	**2**

Industry Trend in 2012

In 2012, world sugar production saw a strong recovery, following the marginal surplus in 2011 and deficits in 2009 and 2010. Sugar production was almost 10.0 million MT in excess over sugar consumption. This resulted in prices trending lower in 2012 with reduced volatility compared to the previous two years. In late February 2012, sugar prices peaked at over 26 cents/pound. It staged an unexpected recovery during the summer months due to unfavourable weather conditions and logistical pressures in Brazil and firm demand from Asia. However, as the weather improved and mills

were able to catch up with the earlier delays, the Brazilian crop ended nearly 10% above the previous season. Combined with a record crop in Thailand and favourable prospects in the northern hemisphere harvest, sugar prices ended the year around 20% lower at below 20 cents/pound.

Our Performance

In 2012, pretax profit for Sugar segment fell 29% to US$99.8 million. Excluding non-operating items, profit before tax from operations increased 22% US$115.2 million.

Milling

In 2012, the volume of cane crushed increased 3% to 13.9 million MT while commercial cane sugar content was higher at 14% compared to 13% in 2011. The Milling business reported revenue of US$1.1 billion from sales of approximately 1.9 million MT of raw sugar, over 450,000 MT of molasses and 43.0 million litres of ethanol. The mills also sold more than 300,000 megawatt hours of electricity. Pretax profit was US$6.2 million for the year. Excluding non-operating items, pretax profit fell 71% to US$14.3 million owing to lower sugar prices and wet weather in the first half of 2012, which resulted in higher unit production cost for the year.

Merchandising and Processing

The Merchandising and Processing business reported a 25% jump in revenue to US$2.6 billion in 2012. Sales volume increased substantially by 52% to 3.7 million MT. Pretax profit also surged 69% to US$93.6 million. Excluding non-operating items*, pretax profit more than doubled to US$100.9 million, driven by higher profit from merchandising activities and contribution from the Group's refinery in Indonesia, PT Duta Sugar International, which was acquired in the third quarter of 2011.

* Non-operating items included an accounting profit relating to pre-acquisition hedging reserves, a foreign exchange gain arising from US$ intercompany loans and interest expense on borrowings directly attributable to the funding of the Sucrogen acquisition.

Outlook and Strategy

In 2013, world sugar supply is expected to see its third consecutive year of surplus. Nearly all sugar producing countries are expected to achieve close to record production levels. The sugar market should continue to trade lower throughout the year with accentuated pressure seen during the peak season in Brazil i.e. the second half of 2013.

Asia and Middle East countries are expected to account for around 50% of total world sugar imports given their economic growth and low per capita sugar consumption. In particular, Indonesia is expected to be the largest sugar importer in 2013, importing more than three million MT of sugar.

The Group is well positioned to meet this potential growth in Asia and will continue to focus on remaining an internationally competitive, low cost producer of raw and refined sugar products.

The sugar milling operations will continue to expand area under cane and enhance productivity through new technology as well as improved farming practices and mill performance.

Wilmar's growth of its own cane area and harvesting operation continued in 2012 with total area of around 7,000 hectares purchased. This will see more than 620,000 MT of cane added to the harvest by 2014 once all the land is fully developed.

The Group will continue to invest in its milling, refining and ethanol operations to maintain its operational cost efficiency and reliability. In Australia, particular focus will be given to extracting additional value from milling by-products such as bagasse, ash, mill mud and dunder. In Indonesia, new product and packaging lines will be introduced in late 2013 to better serve the needs of key multinational customers.

operations *review*

Fertiliser

The bulk of the Group's fertiliser output is sold in Indonesia. Wilmar is one of the largest fertiliser players in Indonesia, with production lines focusing on NPK (nitrogen, phosphorus and potassium) compound fertilisers. It also engages in the trading and distribution of potash, phosphate and nitrogen fertilisers as well as secondary nutrients and trace element products. Wilmar has been able to maintain substantial market shares of both potash and NPK in Indonesia, particularly in the oil palm sector. Customers of the fertiliser products are also the Group's suppliers of FFB, CPO and palm kernel, thereby enabling it to tap this captive market and minimise credit risk. Indonesian oil palm plantations have been expanding in the past decade, resulting in increasing demand for fertilisers and providing the Group with opportunities to continuously expand its fertiliser business unit. At present, the Group's total installed capacity in Indonesia is 1.0 million MT per annum.

Revenue from the Group's fertiliser unit was higher in 2012 due to higher sales volume. The higher sales volume was driven by increased demand for palm oil in the first half of 2012. Additional types of fertilisers were also offered to fit the needs of plantations. However, the prices of major nutrients trended down and ended 2012 at lower levels compared to the beginning of the year, reflecting lower commodities prices, weather conditions, and the uncertain macroeconomic environment. In the second half of 2012, dry weather conditions resulted in delayed fertiliser application. Notwithstanding better sales numbers, the overall profitability of the fertiliser unit declined in 2012. This reflected the weaker performance in the second half as higher inventory levels led to higher unit cost of sales, coupled with competitive market conditions and lower international fertiliser prices.

The Group believes the long-term agricultural prospects in Indonesia remain positive, supported by continual growth in oil palm acreage. Complementing the existing fertiliser business, the Group has also focused on the agrochemical market, especially in glyphosate herbicide. The Group's current production capacity is 1.5 million litres annually with potential to expand up to two to three million litres. These products serve the oil palm plantations and other crops in the retail market, synchronising with the developments in the Group's insecticide and fungicide products which received their permits in the third quarter of 2012. The insecticide and fungicide products are mainly for the cash crop market which will provide a platform for the Group's fertiliser business to expand outside the oil palm sector.

Shipping

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

Profitability of the shipping unit remained stable in 2012. While volumes for vegetable oils continued to increase, oilseed volumes declined slightly. In addition, freight rates for dry bulk products decreased.

In 2012, the Group rejuvenated part of its fleet with new and second-hand vessels. It also has orders for more vessels, including economically fuel efficient liquid bulk carriers that comply with the latest environmental standards. As at 31 December 2012, the Group owned a total of 33 vessels.

As the volume of edible oils merchandised by the Group increases, the Group will continue to expand its shipping fleet and reduce shipping costs by acquiring larger and more cost effective vessels.

operations
review

Research & Development

The Group conducts research and development (R&D) activities in China and Indonesia with the key objectives of improving the quality and expanding the range of products and enhancing overall operational efficiency. Besides supporting the Group's business and brands, the overarching aim of its R&D efforts is to provide sustainable solutions by optimising resources, reducing energy consumption and minimising environmental impact. The Group plans to invest more than US$120 million in R&D over the next five years.

The Global R&D centre based in Shanghai and its branch in Qinhuangdao have 235 research staff of which 24 hold doctorate degrees. The number of research staff is expected to increase to 350 in about three to five years. R&D activities undertaken in China are focused mainly on applying next generation technologies to ensure the safety and health-impact as well as to preserve the nutritional value of the Group's products which include edible oils, specialty fats, proteins and cereals.

In 2012, the R&D centre implemented the use of biotechnology to develop more environmentally-friendly food processing methods. Under the degumming and interesterification programmes, chemical methods are being replaced by enzymatic methods in the oil refining process. Enzymatic processing methods can significantly save energy, reduce emissions and at the same time produce a more natural and value-added product for consumers.

Given its commitment to sustainability, the Group is constantly exploring ways to improve by-product utilisation while providing high quality food ingredients and food. The Group's rice milling, wheat milling and peanut crushing operations are prime examples of such innovation.

In the rice milling process, the by-products - rice germ and paddy husk, are used to produce a range of antioxidant-rich rice bran oils and to generate electricity respectively. Wheat germ, which arises as a by-product of the wheat milling process, is endowed with nutrients. However, its instability and unpleasant flavour had precluded its use as a food product in the past. A new technology developed by the Global R&D centre has improved the flavour of the wheat germ rendering it a value-added nutritious ingredient. In peanut processing, years of R&D have resulted in a breakthrough enzymatic technology that significantly improves the aroma of peanut oil produced by the Group.

The Group's R&D efforts in Cikarang, Indonesia, are focused on biotechnology research to support its competitiveness and sustainability in the oil palm industry. Its activities include research into agronomic traits of oil palm and cloning of key oil palm genes involved in fatty acid biosynthesis. The R&D team in Indonesia has also identified beneficial microbes which are being used to develop environmentally friendly approaches to controlling or preventing oil palm diseases, reducing the use of synthetic fertilisers and improving plant growth. Other R&D activities involve more effective treatment of waste generated by the Group's oil palm mills and refineries.

awards and *accolades*

Corporate Awards

Wilmar International Limited

- Fortune Global 500, ranked 223rd
- World's Most Admired Company, ranked 1st in Food Production Industry, by Fortune Magazine
- Forbes Global 2000, ranked 246th
- Global 500 Brands 2012 by BrandFinance®, ranked 353rd globally and 2nd in Singapore
- Business Alliance Award by the Australian Chamber of Commerce, Australia
- Bronze Stevie Winner (Company of the Year – Food & Beverage) by The 2012 International Business Awards
- Global Chinese Business 1000 Award & Outstanding Business in Singapore Award by Yazhou Zhoukan Magazine
- Most Transparent Company Award (Winner) for Food & Beverages category by Securities Investors Association (Singapore)
- Singapore International 100 – Top Companies by Overseas Sales Turnover (First place ranking) by DP Information Group with Ernst & Young as Co-Producer, supported by ACRA, IE Singapore, SPRING, IDA and Singapore Business Federation
- Exporter of Palm Oil to India for a Decade by Globoil India Awards
- Top Importer of U.S. Soybean Worldwide by the U.S. Agriculture Business Partner Award for Marketing Year Oct 1, 2011 to Sep 30, 2012

Yihai Kerry Investments Co., Ltd. (China)

- Top 100 Enterprises in Shanghai (Ranked 7th) by Shanghai Enterprise Confederation, Shanghai Enterprise Directors Association and Shanghai Federation of Economic Organisations
- Top 50 Manufacturing Enterprises in Shanghai (Ranked 3rd) by Shanghai Enterprise Confederation, Shanghai Enterprise Directors Association and Shanghai Federation of Economic Organisations

Wilmar's Chief Financial Officer, Mr Ho Kiam Kong (right), received the Singapore International 100 Award from Mr Lim Hng Kiang, Minister for Trade and Industry.

PT Wilmar Nabati Indonesia (Indonesia)

- Primaniyarta Award by the National Agency for Export Development for its extraordinary performance in non-oil and natural gas export

Sucrogen Limited (Australia)

- Sucrogen's Cane Products arm was conferred Employer of the Year (Training) in the North Queensland Regional Finals by Queensland Training Awards
- Sucrogen BioEthanol was accorded the Award for Innovation by Diageo

Cai Lan Oils & Fats Industries Company Ltd (Vietnam)

- Vietnamese High Quality Goods Award by Saigon Tiep Thi newspaper
- VNR 500 – Ranking of Top 500 Biggest Enterprises in Vietnam by Vietnamnet in collaboration with Vietnam Report
- Golden Dragon Award by Vietnam Economic Times
- Top 10 Viet Trademarks by Vietnam Union of Science and Technology Associations (VUSTA)

Sustainability Awards

Wilmar International Limited

- CSR Leadership Award by World CSR Day

Yihai Kerry Investments Co., Ltd. (China)

- Corporate Social Responsibility Outstanding Case Award for its contribution to education by the China Philanthropy Times and China Association of Social Workers, Committee of Corporate Citizenship
- Subsidiary Yihai Kerry Foodstuffs Marketing Co., Ltd. was accorded Healthy China 2012 Most Socially Responsible Enterprise Award by Tsinghua University

Sucrogen Limited (Australia)

- Runner-up winner in the Marketplace category of the Sustainable 60 Awards

Cai Lan Oils & Fats Industries Company Ltd (Vietnam)

- Environmentally Friendly Foreign Enterprise Award by the Ministry of Natural Resources and Environment
- "Noble Heart" Award by Ministry of Labour, Invalids and Society, and Labour and Society Magazine in collaboration with Vietnam Investment Cooperation JSC and Vietnam Television Station. It recognises the company's contribution to the sustainable development of community.

Consumer Product Awards

China

Brand	Award
Arawana	• Arawana Rice Bran Oil won the Gold Award at the 12th China International Agricultural Products and Technology Exhibition • Arawana second generation Blended Oil won the 2012 Annual Food Industry Social Contribution Award

Indonesia

Brand	Award
Sania	• Superbrand 2012 • 4-Star Quality Product by Global Customer Satisfaction Standard
Sovia	• Peduli Gizi Award for product innovation by Pergizi Pangan and GAPMMI

Bangladesh

Brand	Award
Rupchanda	• Best Brand 2012 (Edible Oil category) and ranked 9th among all brands nationwide

Ghana

Brand	Award
Frytol	• Superbrand 2012

Vietnam

Brand	Award
Neptune	• Top 20 Famous Trademarks by National Office of Intellectual Property of Vietnam and Hanoi Television Station • "Trust and Use" Certificate by Vietnam Economic Times, VnEconomy and Ministry of Industry and Trade
Simply	• "Trust and Use" Certificate by Vietnam Economic Times, VnEconomy and Ministry of Industry and Trade

Australasia

Brand	Award
Sugar Australia	• Supply Chain Excellence Award by Diageo
NZ Sugar	• Favourite Brand by Reader's Digest • Trusted Brand (Highly Commended) by Reader's Digest
NZ Sugar's Flavoured Icing Sugars	• Favourite Baking Product by Women's Weekly

a future built on *sustainability*

The Group persevered on the course of sustainability despite a difficult business climate in 2012.

Good progress was made on its sustainability certification endeavour, conservation efforts were stepped up and community development initiatives were strengthened. The Group continued to uphold high transparency and accountability standards with the publication of its second Sustainability Report.

At the same time, the Group remained committed to its philanthropic activities with a total investment of about US$17.2 million globally in 2012. With the establishment of the Arawana Charity Foundation, the Group will be better-positioned to contribute to the betterment of deserving communities.

corporate *social responsibility*

As part of its philanthropic efforts, the Group has built a total of 24 primary and secondary schools in the rural parts of China.

Wilmar understands the nature of its products renders it more important that its business is managed responsibly. That is why even as the Group remains prudent during these challenging economic times, it persists with its long-term view on sustainable development. In 2012, Wilmar continued to strengthen and support relevant and meaningful programmes started in previous years. Some of the notable milestones achieved in the year in review included making good progress on its sustainability certification endeavour, an extension of multi-stakeholder collaboration on orangutan conservation and the launch of its second Sustainability Report.

Sustainability Certification Schemes

International Certification

All of Wilmar's Malaysian plantations and mills are certified according to the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria (P&C). As at end 2012, the total certified volume in Malaysia constituted approximately 50% of the Group's current total Certified Sustainable Palm Oil (CSPO) volume.

In Indonesia, an additional two mills were certified in 2012, which together contributed another 78,000 tonnes of CSPO to the Group's total annual production capacity of about 600,000 tonnes. The Group's CSPO volume is expected to grow as it progressively rolls out its certification work towards bringing all its plantations and mills to international standards.

Wilmar aims to complete certification audits for all its plantations and mills by 2016.

In addition to the RSPO certification, the Group is also diligently pursuing the International Sustainability and Carbon Certification (ISCC) which is developed for the biomass and bioenergy sectors.

National Certification

Since the last report, different types of certification systems, notably the Indonesian Sustainable Palm Oil (ISPO) certification, have emerged in the market. The government of Indonesia recently launched the ISPO certification as a mandatory requirement for all the Indonesian companies as well as smallholders. Going forward, with the regulatory requirement coming into effect, all plantations and mills in Indonesia will have to attain the ISPO certification before undertaking RSPO certification or re-certification, in line with Principle 2 of the RSPO standard which requires members to comply with applicable laws and regulations in countries where they operate.

The Group commenced the ISPO certification audit process in the last quarter of 2012. To date, three estates have completed the audit and are awaiting approval.

Stepping Up Conservation Efforts

Based on the findings from surveys conducted by independent organisations in 2007 on orangutan population and distribution, as well as socio-economic aspects of the local communities, Wilmar has been reinforcing its orangutan conservation efforts in its Central Kalimantan estates.

In 2012, the Group continued to expand orangutan transects throughout the High Conservation Value (HCV) areas in its estates to monitor the small orangutan populations. All its orangutan management plans were and continue to be reviewed by independent orangutan experts whose recommendations are incorporated in the training of its own conservation teams.

Following the successful tripartite collaboration with the Borneo Orangutan Survival Foundation (BOSF) and the Governor of Central Kalimantan, Indonesia, to develop Best Management Practices (BMP) for orangutan conservation in oil palm plantations which ended on 31 December 2012, Wilmar subsequently signed another Memorandum of Understanding (MoU) to extend the initiative for another three years with the aim to formulate the implementation of BMP in palm oil industry into a formal policy in Central Kalimantan.

In addition, Wilmar also supported the Orangutan Land Trust (OLT), a not-for-profit organisation that focuses on supporting the preservation, restoration and protection of land masses in areas where orangutans naturally exist or have existed in the past. The main objective of OLT is to ensure that there are safe forest areas set aside within the habitats of the primates and other species to form a healthy ecosystem.

Wilmar furthers its commitment to orangutan conservation with a second collaboration the Borneo Orangutan Survival Foundation and the Governor of Central Kalimantan, Indonesia.

corporate *social responsibility*

Community Development

Humana schools are a product of the Group's partnership with the Borneo Child Aid Society, a not-for-profit non-government organisation (NGO). They are established with the primary aim of providing basic education to the children of Wilmar's migrant workers, in line with the United Nation's Millennium Development Goal of ensuring children everywhere will be able to complete a full course of primary schooling.

Wilmar started with four Humana schools in Sabah, East Malaysia, in 2008. As at 2012, the number of schools has grown to 13, providing education to about 900 students.

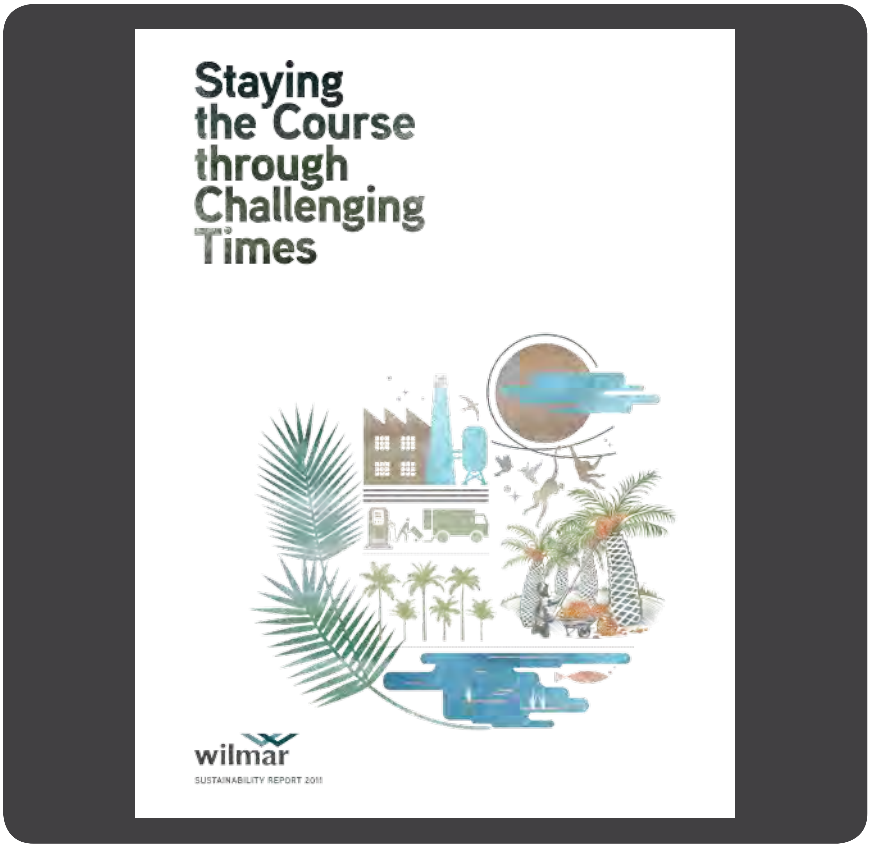
In Sarawak where its NGO partner is unable to obtain an operating license to run the Humana school, Wilmar has set up a private learning centre solely managed by the Group to give children growing up in a plantation a head start in life.

Empowering the Industry

As one of the leading industry players, Wilmar has an obligation to help steer the industry towards the adoption of more sustainable practices. Using its annual supplier meeting as an outreach platform, Wilmar brought together its palm oil suppliers, the RSPO and an end-user multinational corporation customer to share market trends and expectations of sustainable supply chain, as well as challenges and opportunities; and together discuss how the industry can work collectively towards sustainable development. Many suppliers found the session insightful and are considering joining the RSPO.

At same time, the RSPO and end-user client also gained insights into the complexity of the palm oil supply chain, and appreciated that reasonable time must be given to the industry, especially the small and medium players, to rise up to the level of sustainability that the market expects.

At its annual supplier meeting, Wilmar gathered the RSPO and palm oil industry under one roof to exchange insights on sustainable development.



Published in September, the second biennial Sustainability Report highlights the Group's achievements and progress made amid a challenging economic climate.

Transparency & Accountability

In September, Wilmar launched its second Sustainability Report (SR) which gives an account of its environmental and social performance from 2010 to 2011. Entitled "Staying the Course through Challenging Times", the report highlights Wilmar's achievements, progress and challenges over the specified period. Specifically, the report tracks its RSPO certification progress as well as addresses some stakeholders' concerns including social conflict management, biodiversity and conservation, peatland development (climate change) and supply chain.

As part of the Group's commitment to continuous improvement, for the first time, KPMG was commissioned to perform assurance work on selected information disclosed in the SR, based on the AA1000 Principles of "Inclusivity", "Materiality" and "Responsiveness". This is in addition to the external expert stakeholder commentary included in this SR.

The SR is available on the Group's website:
http://www.wilmar-international.com/sustainability/information-resources/

Corporate Philanthropy

Wilmar's philanthropic practice is founded on the belief in sharing the success of its business with the community in which it operates. Given its global presence, the Group strives to build long-lasting and trusted relationships with local communities. It sees itself as a part of the local community and having the responsibility to contribute to the betterment of the locals' lives.

In 2012, Wilmar invested about US$17.2 million in its global philanthropic programme. While the Group's philanthropic activities spans China, Singapore, Malaysia, Indonesia and Australia amongst other countries, its primary focus is in China where it is one of the largest commodities players.

In 2012, Wilmar established the Arawana Charity Foundation in China. The premise of the Foundation is to help the less fortunate though philanthropy and contribute towards the betterment of society.

The Foundation will serve its mission in the following ways:

1. Create and support poverty alleviation programmes for those in need;
2. Provide disaster relief and emergency services;
3. Improve levels of education in underdeveloped areas in order to create more equal opportunities;
4. Fund programmes and foster talent at leading universities and research centres; and
5. Support cultural, education, health, environmental and social welfare programmes.

corporate *social responsibility*

Students from the Singapore Management University conducted a two-week summer teaching programme at the Group's school in Shanxi Province, China.

Making Education Accessible and Meaningful
As of December 2012, a total of 24 primary and secondary schools have been set up in rural areas across China. At the same time, the Group continues to advocate higher education through donations to various universities.

Back home in Singapore, the Group continues to support the China Leadership Programme at Nanyang Technological University (NTU). The KKH Opportunity Scholarship Fund, founded by Wilmar's Chairman and Chief Executive Officer, saw the second batch of 12 students from NTU participate in a 10-week internship programme. Designed to inculcate a pioneering spirit, entrepreneurial vision and keen business acumen, participants were assigned to Wilmar offices in emerging economies such as Africa, Eastern Europe and Central Asia. At the Singapore Institute of Technology (SIT), the Group established the SIT-KKH Scholarship for deserving students. An ongoing partnership between Wilmar and Singapore Management University saw 17 students conduct a two-week summer teaching programme at one of the Group's schools in Shanxi Province, China while at the same time continuing its support for the Lee Kuan Yew Global Business Plan Competition.

Welfare for the Needy
In the hope of improving welfare of the less fortunate, the Group has implemented several healthcare initaitives in China. In 2012, the Group funded 2,000 cataract operations for the elderly, bringing the total number of operations to 16,000 to date. The Group embarked on an initiative in July 2011 to provide prosthetic operations for patients unable to afford the procedure. Upon completion of the project in 2012, 90 successful operations have been carried out, enhancing the mobility of the disabled. The Group also renders ongoing support to an old folks' home, orphanage and rehabilitation center for disabled children.

Giving Back to the Community
Despite a challenging business environment in 2012, Wilmar continued to support Singapore-based charities and voluntary welfare organisations through donations and sponsorships.

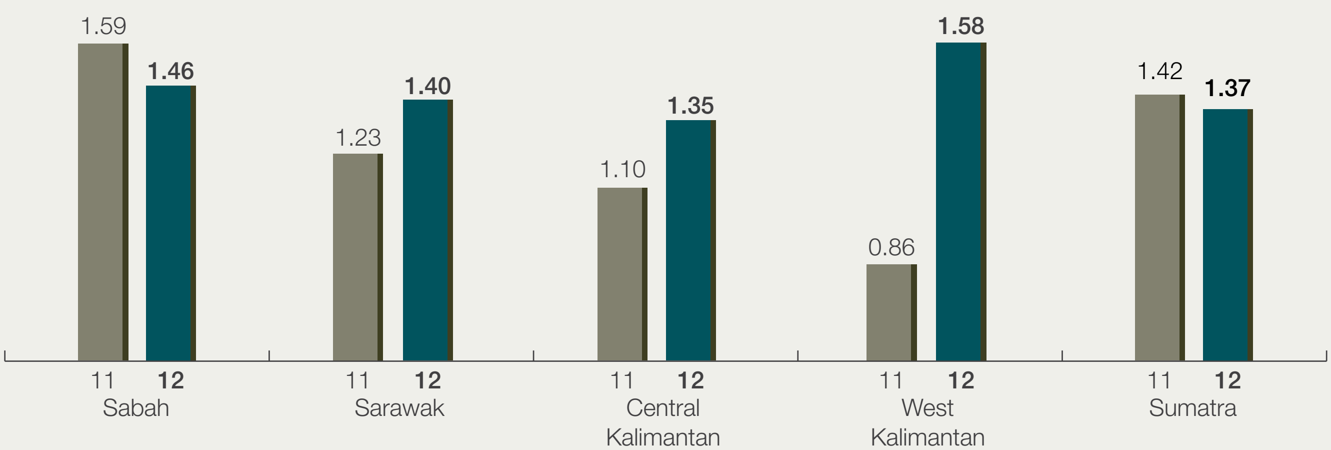
Sustainability Performance

In recognition of the Group's scale of operations in China, the scope of key performance indicators has been extended for the first time to include the processing facilities such as oilseeds crushing, wheat and rice milling and edible oil refining activities. The performance report of Indonesia and Malaysia continues to focus on the plantation and mill sector.

Environment

Water Usage

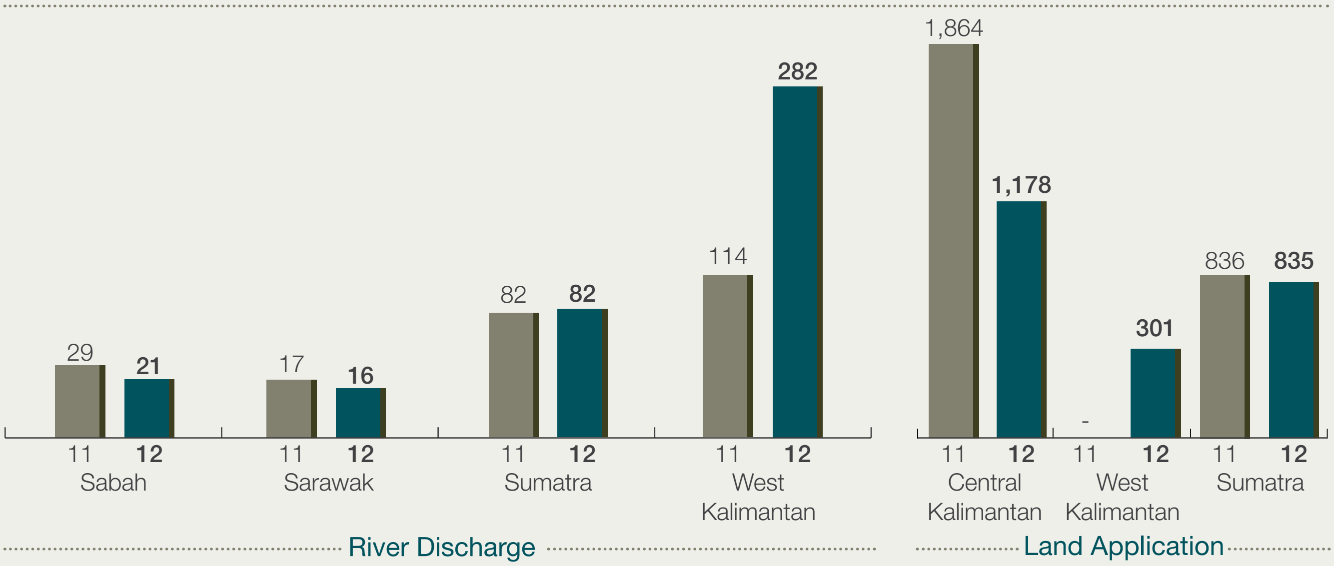
Water Use per tonne of FFB processed - Mills *(m^3)*



Biological Oxygen Demand (BOD) Levels

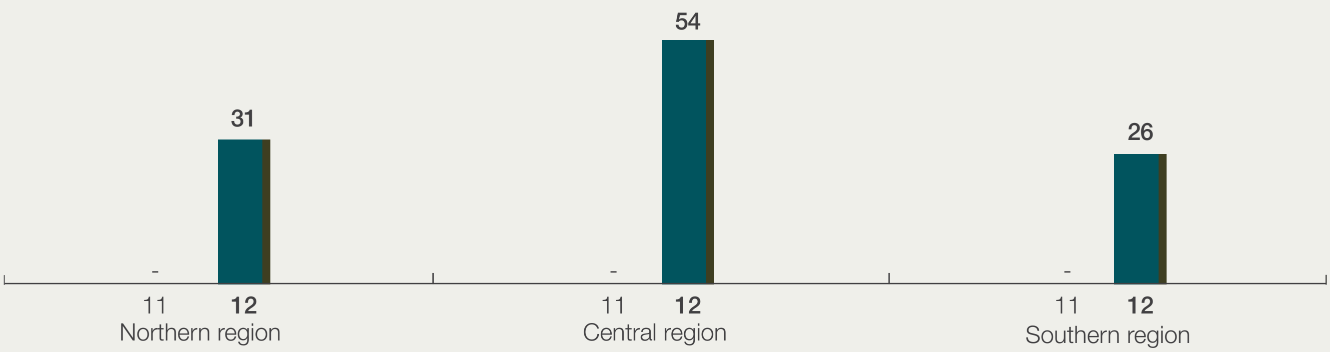
BOD is the amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

BOD levels by Region and Discharge Destination *(mg/l)*



corporate *social responsibility*

BOD levels - China *(mg/l)*

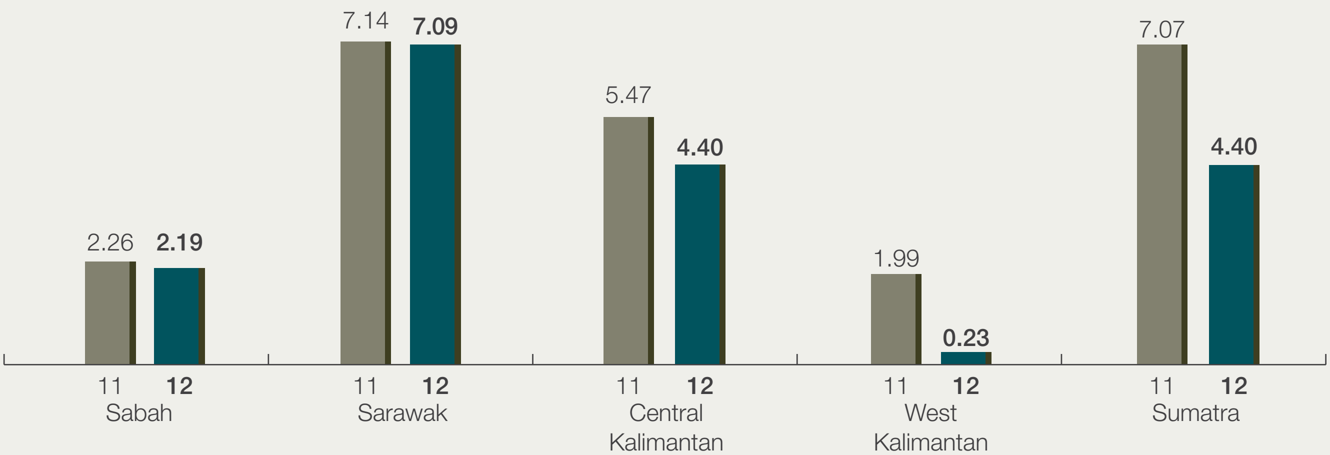


Health & Safety

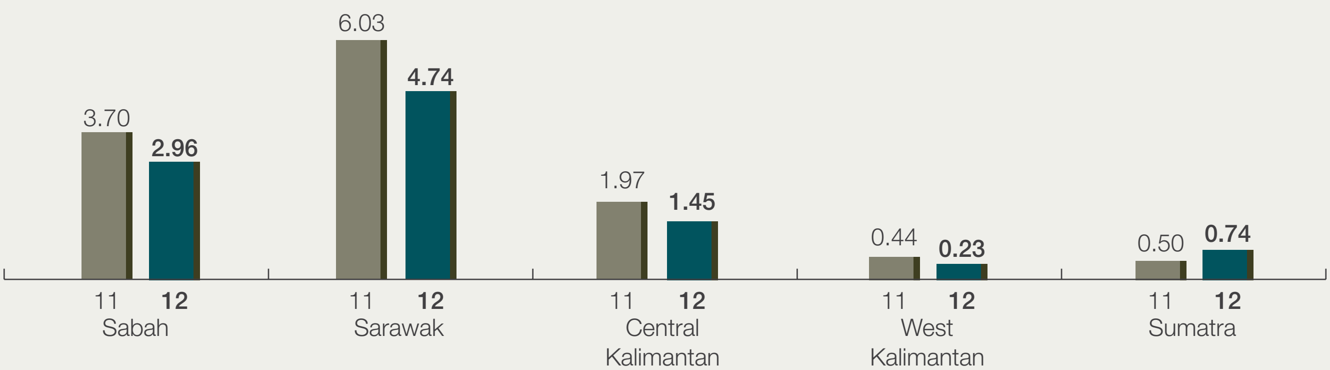
Lost Time Incident Rate

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

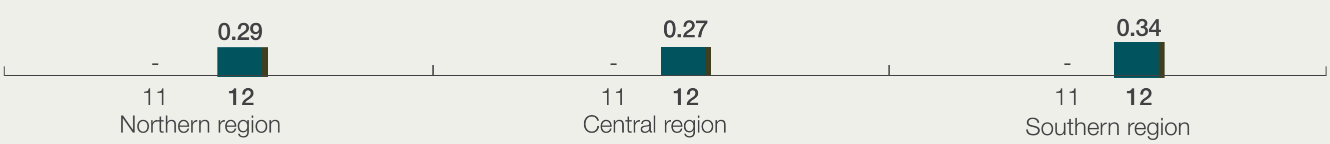
Lost Time Incident Rate - Plantations *(per 200,000 working hours)*



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



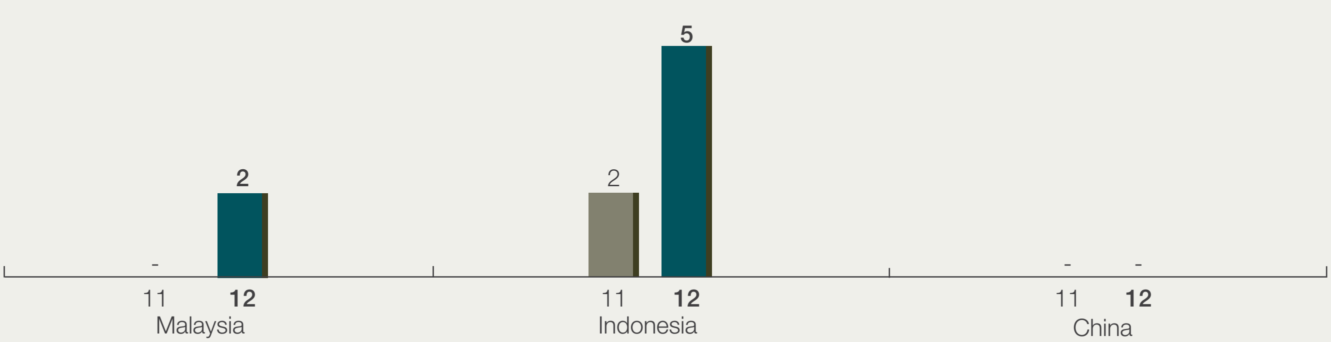
Lost Time Incident Rate - China *(per 200,000 working hours)*



Fatalities

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

Fatalities *(Number of work-related deaths)*



Note:

Some data are restated due to different interpretations of definition in some sites and calculation errors in others.

our people, our *future*

Recognising that relationships are integral to achieving business success, the Group invests resources to foster meaningful relationships with all its stakeholders.

In engaging the investor community, the Group believes in the importance of communication and upholding a high standard of accountability, transparency and governance.

Across its global presence, the Group is supported by the best local talents. Enhancing human capital is a priority in the Wilmar family where every member enjoys a supportive culture, leadership development and professional growth.

investor *relations*

Wilmar's Investor Relations (IR) efforts are driven by the Group's firm belief in the importance of investor communications and are dedicated to empower the investing community to make informed investment decisions. The Group is committed to fostering longstanding relationships with its valued stakeholders. In a challenging year during which the Group's operations were affected by the weak macro-economic environment as well as huge volatility in commodity prices, the Group persevered in its IR efforts, continuing to engage the investing public as well as provide timely updates on the Group's operations, financial performances and strategies.

Committed Engagement with Shareholders

In reaching out to its investor base, the IR team utilises various forms of communications including one-on-one meetings, investor conferences, combined media and analyst results briefings, post-results meetings as well as roadshows to strengthen investors' understanding of the Group's businesses. The IR team also takes effort to address immediate concerns raised by both institutional and retail shareholders via emails and phone calls.

In 2012, the Group met close to 400 fund managers, analysts and potential shareholders in more than 150 one-on-one and group meetings. To facilitate the understanding of the Group's operational performance, combined media and analyst results briefings were held quarterly. These were supplemented by quarterly post-results meetings with investors. Together with senior management, the IR team also attended eight conferences – both local and overseas. Besides Singapore, the Group has a significant number of investors from Asia, Europe, North America and United Kingdom. Overseas conferences were thus targeted to reach out to current and potential foreign shareholders. This two-way communication between investors and the Group is key in helping senior management and the IR team understand and address investors' concerns.

Wilmar's Annual General Meeting and Extraordinary General Meeting were well-attended by about 120 shareholders.

The Group's Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) held on 27 April 2012 were well-attended by approximately 120 shareholders. The general meetings are a vital platform in which shareholders are able to clarify their queries with the Board of Directors before voting on the resolutions. Additionally, these meetings give shareholders the opportunity for informal interactions with the Board and the senior management team.

The Group extended its engagement with bond investors through a two-day roadshow following the establishment of its US$5 billion medium-term note (MTN) programme at the end of 2011. In January 2012, the Group successfully raised S$350 million under this MTN programme.

In response to a heightening interest in sustainability issues, the Group's Corporate Social Responsibility (CSR) team publishes a biennial Sustainability Report that is available on the Group's corporate website. The CSR team also supports the Group's IR efforts by engaging with and responding to investors' queries on sustainability matters.

Wilmar was recognised for its commitment to high corporate governance standards and proactive communications at the SIAS 13th Investors' Choice Award.

Recognition from Investors

The Group's commitment to outstanding corporate governance standards and regular communications has won it the Most Transparent Company Award in the Food & Beverage category in the Securities Investors Association (Singapore) 13th Investors' Choice Award 2012.

Building Shareholder Value

The Group strives to build long-term value for its investors. During the year, the Group continued to invest in key growth areas such as edible oils refining, oleochemicals, oil palm plantations as well as rice and flour milling. It is through such investments that the Group, which started out with a few million dollars of capital, has been able to grow to become one of the largest companies by market capitalisation on the Singapore Exchange. Today, Wilmar is a constituent of the Straits Time Index (STI), with a market capitalisation of approximately S$22.7 billion*.

Looking ahead, the Group will continue to strengthen its ties with its stakeholders, invest in future growth and maximise shareholders' value. In line with the Group's policy to maintain a dividend payout ratio of approximately 20%, Wilmar is proposing a total cash dividend of five cents per share for the year.

**As at 28 February 2013*

human capital *management*

Happy faces celebrating the Plantation Inauguration in Mbarakom, Nigeria.

A Growing Team

In tandem with the Group's expansion, its staff strength grew to over 93,000 people globally. At the core of its human capital management is a strategy focused on building corporate culture, developing leadership and strengthening its talent pool to ensure manpower sustainability.

Apart from its Singapore headquarters, the Group's operations are present in over 50 countries and are managed primarily by local talents who possess in-market knowledge, experience and capabilities. Such expertise is critical in maximising effectiveness and staying ahead of competition. Across the Group, human resource policies are guided by common core values although they do take into consideration local labour practices and standards.

The Group believes in continual investment in its human capital in order to be an effective organisation.

A Culture Built on Core Values

At Wilmar, the corporate environment is shaped by its core values of integrity, excellence, passion, innovation, teamwork and safety. Efforts are made to provide a healthy and conducive environment in which employees are motivated to perform their duties effectively. The Group promotes work-life balance with a plethora of initiatives such as intra-company badminton tournaments, soccer games and weekly sports and fitness activities. At the same time, all employees are entitled to healthcare benefits including health insurance.

Developing Leadership

Leadership development and renewal is crucial to the Group's continued success. Using a leadership style inventory feedback tool that measures constructive leadership behaviour against a global norm standard, a Coaching and Leadership Programme is specially designed to allow potential leaders to develop their leadership attributes effectively. It includes a training session conducted annually using international coaching tools to support performance development and management process.

To identify promising employees for fast-track development, a formal talent review is conducted with the leaders of specific business units. In addition, a new initiative designed to nurture leadership qualities in second-tier leaders was introduced in 2012. At the same time, this initiative aims to improve cross-functional communication to serve overall business objectives.

Manpower Sustainability

Recognising the importance of a talent pool to long-term business viability, the Group has in place extensive talent acquisition plans and a management framework that caters to different employee groups.

Recruitment of fresh graduates is complemented with a structured on-the-job training programme that serves to equip them with practical field competencies and in-depth technical knowledge in preparation for deployment to various business functions requiring specific skillsets. In the course of training, they will also participate in personal development and business networking for a well-balanced career development.

The rapid expansion of the Group's business means there are opportunities for overseas assignments and exposure to global markets. In 2012, several of the Group's overseas offices established in-house training centres to facilitate classroom training. Furthermore, a structured framework for employee development was instituted to enhance technical and professional competencies in various business critical roles.

Wilmar is heartened to have a considerable pool of long-serving employees who have grown together with the Group. In appreciation of their commitment, the Group accords them formal recognition in the form of special entitlements.

Human Capital Investment

Continual human capital investment is the Group's strategic effort in retaining and attracting the best talents across its global operations. Apart from a comprehensive and competitive compensation scheme, time and resources are invested into employees' professional development and personal well-being. The Group's dynamic approach to enhancing human capital value through multi-faceted training will allow it to maintain an edge in an increasingly competitive environment in which knowledge and skills are critical.

At Sucrogen's Graduate Retreat themed "Grow.Lead.Inspire", participants put their heads together in team building exercises designed to strengthen communication, collaboration and leadership.

Held in Shanghai in May 2012, Yihai Kerry's Fun and Sports Day gave regional staff an opportunity to interact outside of the corporate environment and foster camaraderie through sports.

information *technology*

Wilmar Consultancy Services (WCS) is the Business Information Technology (IT) services arm of the Group. Started as a unit providing internal IT support to the Group, WCS is today a full-fledged global business solutions company providing services in two main service categories – IT Products and Solutions, and Outsourcing. WCS aims to offer innovative business solutions to help companies achieve lower total cost of ownership and higher productivity, thereby optimising business performance.

Strengthening Foothold in China

In 2012, China continued to boast a strong domestic market for IT solutions and outsourcing requirements. In tandem with its economic growth, the Chinese market is increasingly demanding IT expertise in Research & Development (R&D) design, network maintenance, business consultation, financial management, talent cultivation and maintenance support.

With 10 offices in China, WCS is well-positioned to capture business opportunities. For instance, Wilmar (Shanghai) IT Services Co., Ltd. successfully clinched its first external SAP implementation project with Xiang Piao Piao Food Co., Ltd., one of the largest instant milk tea manufacturers in China. Another highlight of the year was the launch of a new innovative software product catered to the healthcare IT market. Named "Clinical Pathway", the well-received software was developed by a team of experienced healthcare informatics experts at Wilmar Technology (Shanghai) Co., Ltd.

Staying Connected with the Industry

During the year, WCS continued to invest time and resources in supporting industry initiatives. At some of these events, WCS furthered its participation by delivering presentations and sharing insights with peers and customers. Such engagements with the industry have helped WCS to stay abreast of the latest happenings and trends in the fast changing world of IT. At the same time, WCS was able to demonstrate its domain expertise, heighten awareness of its services and develop potential business opportunities.

In 2012, some of the industry events which WCS has participated in include:

- Indonesian Palm Oil Conference (IPOC), Bali, Indonesia
- SAP Association of Chinese SAP Users (CSUA) Conference, Beijing, China
- SAP CXO Roundtable, Beijing, China
- SAP Forum Indonesia, Jakarta, Indonesia
- SAP, IBM & WCS Plantation Solution Seminar, Medan, Indonesia
- WCS & SAP Customer Seminars, Suzhou/Shanghai/Hangzhou, China

As part of the company's industry engagement efforts, WCS' Chief Executive Officer, Mr Robert Koh, shared his insights on "Logistics and Distribution Services in China" at the SAP CXO Roundtable in Beijing.

Enhancing Capabilities

In its pursuit of continual improvement, WCS has successfully attained the following certifications.

- **SAP AQM (Active Quality Management) Accreditation**

  Launched since 2011, the global quality accreditation programme aims to improve project implementation, control project risks and improve customer satisfaction. WCS is proud to be among the 350 partners worldwide participating in the programme in 2012.

- **SAP Authorised Education Partner**

  This certification is regarded as the benchmark in the IT consulting industry. As an education partner, WCS is authorised to provide intensive certification training programme at its training locations in Shanghai, Beijing and Wuxi for those aspiring to become SAP consultants.

- **CMMI (Capability Maturity Model Integration®) Maturity Level 3**

  This achievement is testament to WCS' compliance to the international standard of software product quality management. Apart from management measures for project implementation, WCS can also institutionalise measures according to specific situations and customise standard process for companies. As a result, scientific management will become part of WCS' culture and organisational asset, which will give WCS an edge in commercial bidding.

As part of the CMMI 3 certification, the WCS team was trained to comply with the international standard of software product quality management.

- **ISO9001**

  A well-recognised international standard, the ISO9001 certification attests to WCS' commitment to its quality management system designed to improve customer satisfaction, staff motivation and continual improvement.

Recognition

WCS is heartened to have been conferred the "Best Newcomer SAP Business All-In-One, Indonesia" by SAP Indonesia. Nominations were pre-selected by SAP Executives at the regional level, thus attesting to the competition WCS faced in clinching the honour.

Staying Ahead of the Curve

IT has been and will remain integral to business efficiency. To stay at the forefront of competition, WCS believes in investing in capabilities so as to optimise resources and better support the Group's IT requirements. Concurrently, it will leverage its proven track record, global presence and expertise across a wide range of industries to expand its customer base.

To learn more about WCS' services, please go to www.wcs-global.com.

risk *management*

Overview

The Group continues to recognise that risk management is vital to business sustainability. Wilmar's risk management framework comprises processes and policies designed to identify, measure, monitor and manage the various types of risks the Group is exposed to. To ensure robustness, they are regularly reviewed and enhanced in accordance with changes in the external environment.

Amid a volatile global business climate in 2012, the Group continued to maintain a proactive approach in evaluating risks and ensuring coverage against its exposure. At the same time, the Group continued to promote a strong culture of communication and risk awareness so as to strengthen its strategic and operational decision-making process.

Commodity Price Risk

Prices of agricultural commodities are affected by factors such as weather, government policies, global demographic changes and competition from substitution products, making them very volatile. In sourcing raw materials and selling manufactured outputs, the Group is 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. The Group seeks to manage such risks by carefully monitoring its commodity positions and using forward physical contracts and/or derivatives.

Foreign Exchange Risk

The Group's reporting currency is U.S. Dollars (USD). The majority of the Group's exports from Indonesia and the bulk of its imports into China are denominated in USD, while the majority of the Group's expenses and sales elsewhere are denominated in the respective local currencies. Foreign exchange risk arises from movements in foreign currency exchange rates.

Wilmar seeks to manage its foreign currency exposures by constructing natural hedges when it matches sales and purchases in any single currency, or through financial instruments such as foreign currency forward contracts. Such contracts offer protection against volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities arising in the normal course of business.

Interest Rate Risk

A substantial portion of the Group's borrowings are 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 have minimal impact on the net contribution margin. To meet capital expenditures and working capital requirements, the Group also has term loans which are exposed to interest rate risk.

Interest rate risk arising from floating rate loans is managed through the use of interest rate derivatives with the primary objective of limiting the extent to which net interest exposure could be affected by adverse movements in interest rates.

Credit Risk

The majority of the Group's sales are export sales in bulk, for which letters of credit from customers or cash against the presentation of documents of title are required. For domestic sales China, the Group may grant its more substantial customers credit terms while requiring cash on delivery or advance payment for others.

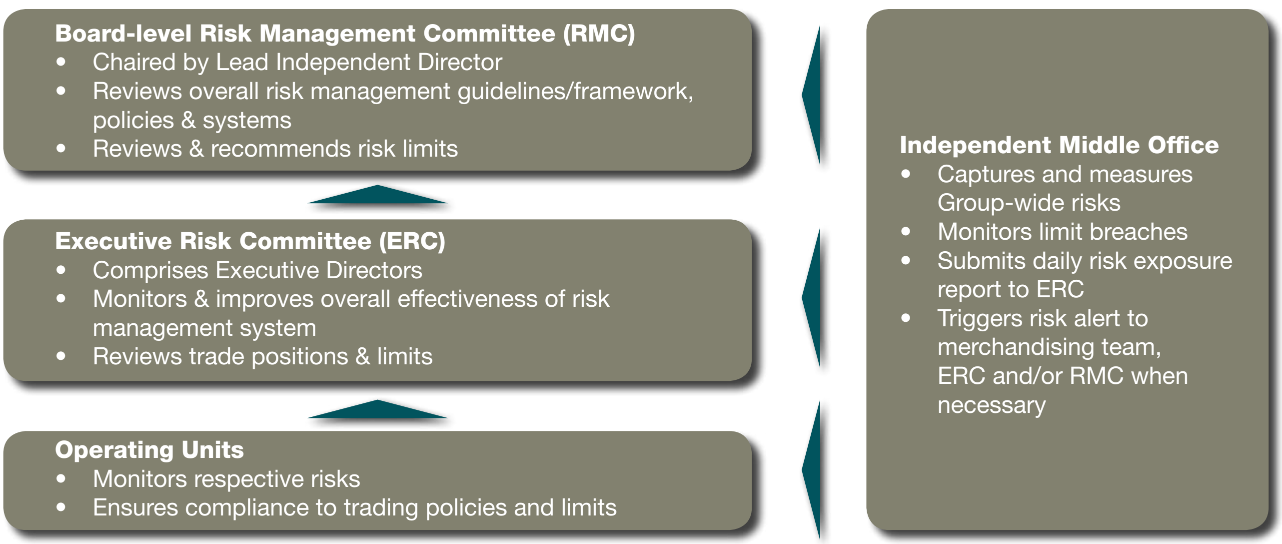
New customers' credit worthiness is evaluated by considering their financial standings and operating track records as well as conducting background checks through industrial contacts. In this regard, the Group benefits from the experience and local knowledge of its wide manufacturing base and distribution network. Actual credit terms and limits to be granted are decided based on the information obtained. As a practice, the Group will usually require a letter of credit for sales to new customers.

For existing customers who are granted credit facilities, the Group will review periodically the credit terms granted. It will consider a customer's current financial strength, payment history, transaction volume and duration of its business relationship with the Group. It also monitors the outstanding trade debts to ensure that appropriate steps are taken to collect such outstanding debts.

Risk Governance

The Group's risk governance structure comprises the Risk Management Committee at the Board level, the Executive Risk Committee and risk management by the respective operating units.

Wilmar's Risk Governance Structure



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 Executive Directors. 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 ensure proper segregation of authority and responsibility to achieve effective governance and oversight, the Group has a Middle Office independent of the front and back office. The Middle Office is responsible for the capture and measurement of Group-wide risks as well as for monitoring limit breaches.

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, Executive Risk Committee and/or the Risk Management Committee when risk exposure is seen to be nearing trigger levels.

The documented risk management policy clearly defines the procedures for monitoring, controlling and reporting risk in a timely and accurate manner. The Group has 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 all 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.

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 sets out the practices mainly with specific references to the guidelines set out in the Code of Corporate Governance 2005 ("Code"). The Company has incorporated some of the disclosures recommended in the Code of Corporate Governance 2012 ("Revised Code"), notwithstanding that the Revised Code is applicable only with effect from the financial year commencing 1 January 2013.

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 assiduously seek to protect and enhance long term shareholder value and returns. The Board is committed to achieving sustained 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. The Board reviews the strategic plans, business development proposals and risk management policies of the Group directly or through the respective Board Committees.

In addition to its statutory responsibilities, the Board's primary responsibilities are to:

- Evaluate and approve the Group's business strategies, key operational initiatives, major investment and funding decisions;
- Ensure that decisions and investments are consistent with medium and long term strategic goals;
- Oversee the management of principal risks that may affect the Group's businesses and ensuring that suitable risk management systems are in place;
- Review Management's performance and ensuring the formulation of Group-wide policies and processes to promote high standards of business conduct by employees of the Group; and
- Approve various matters falling under the Board's purview. These include acquisitions and disposals of investments, businesses and assets of US$30 million and above, new lines of businesses and grant of corporate guarantees or letters of comfort by the Company to third parties for credit facilities exceeding certain thresholds as prescribed by the Board.

The Board conducts regular scheduled meetings on a quarterly basis and ad-hoc meetings are convened, if warranted by circumstances deemed appropriate by the Board. 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 Articles of Association, Directors may convene Board meetings by teleconferencing and videoconferencing. To assist the Board in the execution of its duties and responsibilities, the Board has delegated specific authority to the following Board Committees which function within the respective terms of reference approved by the Board:

1. Executive Committee

The Executive Committee ("Exco") oversees the management of the business and affairs of the Group in accordance with its terms of reference as approved by the Board, which may be revised from time to time. The members of the Exco are Mr Kuok Khoon Hong (Chairman), Mr Martua Sitorus and Mr Teo Kim Yong, all of whom are Executive Directors of the Company.

In addition to the above, the Exco is tasked with the supervision of Management's delegated responsibilities in the following functions:

- Draw up the Group's annual budget and business plan for the Board's approval and ensure that the necessary financial resources are in place for the Company to meet its objectives;
- Evaluate new business opportunities and carrying through approved strategic business proposals with due consideration for sustainability issues;
- Review proposed acquisitions and disposals of investments, businesses and assets for approval by the Board or the Exco in accordance with the limits prescribed in the Exco's terms of reference;

- Implement appropriate systems of internal accounting and other controls;
- Adopt suitably competitive human resource practices and compensation policies and ensure that the necessary human resources needs are met;
- Ensure that the Group operates within the approved budgets and business direction;
- Set Company's values and standards to ensure that obligations to shareholders are understood and met; and
- Identify key stakeholder groups, recognise and mitigate adverse perceptions which would affect the Company's reputation.

The Exco meets on an informal basis and all decisions are placed on record by way of written resolutions.

2. Audit Committee

The Audit Committee ("AC") comprises three Independent Directors, Mr Tay Kah Chye (Chairman), Mr Kwah Thiam Hock and Mr Yeo Teng Yang, all of whom have accounting or relevant financial management qualifications, expertise and experience. As part of the Company's corporate governance practices, all Directors are invited to attend all AC meetings which are convened at least four times annually. In addition, the AC meets with the external and internal auditors at least once a year, without the presence of Management, to discuss any matters that in the opinion of the AC or the external or internal auditors, should be dealt with privately with the AC. Details of the functions of the AC are found in Principle 11 of this report.

3. Risk Management Committee

The Risk Management Committee ("RMC"), which supports the Board in performing its risk oversight functions, is chaired by Mr Yeo Teng Yang, the Lead Independent Director. The other members of the RMC are Mr Kuok Khoon Hong and Mr Leong Horn Kee. The RMC meets no less than four times a year. Members of the Board are also invited to attend the RMC meetings. The RMC would also hold informal meetings as and when the need arises.

One of the principal tasks of the RMC is to recommend the implementation of new risk policies and guidelines as well as to review and, if necessary, to recommend changes to existing risk management policies and guidelines to the Board for approval. In addition to the above, the RMC reviews risk reports that monitor and control risk exposures on a regular basis to identify new risk exposures that may arise from changes in the business environment.

In carrying out its duties, the RMC is assisted by the Executive Risk Committee ("ERC"). The ERC reviews trade positions and limits to manage overall risk exposure and is thus responsible for monitoring the overall effectiveness of the Group's risk management system. The members of the ERC are Mr Kuok Khoon Hong, Mr Martua Sitorus, Mr Teo Kim Yong and the Chief Financial Officer, Mr Ho Kiam Kong.

4. Nominating Committee

The Nominating Committee ("NC") comprises three Directors, a majority of whom, including the Chairman, are Independent Directors. The members are Mr Kwah Thiam Hock (Chairman), Mr Kuok Khoon Hong and Mr Tay Kah Chye. The NC convenes its meetings at least once a year and Board members who are non-NC members are also invited to attend its meetings. The functions of the NC are enumerated in Principle 4 of this report.

5. Remuneration Committee

The Remuneration Committee ("RC") comprises four members, namely Mr Kwah Thiam Hock (Chairman), Mr Kuok Khoon Ean, Mr Yeo Teng Yang and Mr Leong Horn Kee. Other than Mr Kuok Khoon Ean who is a Non-Executive Director, all RC members are Independent Directors. The RC meets at least once a year with the Chief Executive Officer ("CEO") in attendance. The role of the RC is set out in Principle 7 of this report.

All written resolutions passed and minutes of meetings held by the abovementioned Board Committees are submitted to the Board for information and review, with such recommendations as the respective Board Committees consider appropriate for approval by the Board. While the aforesaid Board Committees have the delegated power to make decisions or make recommendations within the scope of their respective terms of reference, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

corporate *governance*

The Directors' attendance at the Board and Board Committee meetings during the financial year ended 31 December 2012 is set out 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	NM	4/4	NM	1/1
Martua Sitorus	4/4	NM	NM	NM	NM
Teo Kim Yong	4/4	NM	NM	NM	NM
Non-Executive Directors					
Kuok Khoon Chen	3/4	NM	NM	NM	NM
Kuok Khoon Ean	3/4	NM	NM	1/1	NM
John Daniel Rice (Note 1)	1/4	NM	NM	NM	NM
Juan Ricardo Luciano (Note 2)	2/4	NM	NM	NM	NM
Independent Non-Executive Directors					
Yeo Teng Yang	4/4	4/4	4/4	1/1	NM
Leong Horn Kee	4/4	NM	4/4	1/1	NM
Tay Kah Chye	4/4	4/4	NM	NM	1/1
Kwah Thiam Hock	4/4	4/4	NM	1/1	1/1

Note 1 – Mr John Daniel Rice resigned on 19 June 2012.
Note 2 – Mr Juan Ricardo Luciano was appointed a director on 20 June 2012.
NM – Refers to Board members who are non-committee members but who have been invited to attend these meetings (except for Remuneration Committee meetings where the CEO is the only non-committee member in attendance).

As part of the Company's continuing efforts to update its Directors on changes to the regulatory environment, Directors are encouraged to attend relevant seminars and courses which are paid for by the Company. Regular updates on proposed and ongoing core business projects are presented at Board meetings to enable the Board to deliberate and contribute effectively to the business strategies of the Group. In addition, the Company organises on-site visits for Non-Executive Directors to familiarise them with the operations of the various business divisions in key areas of operations. Newly appointed Directors are provided with guidance notes setting out their duties and obligations and are given an orientation to acquaint themselves with the businesses and operations of the Group.

Principle 2
Board Composition and Guidance

The Board presently has 10 members comprising three Executive Directors and seven Non-Executive Directors. Out of the total of 10 Directors, four of them have confirmed that they are independent from management and substantial shareholders and that they do not have any business relationships with the Company. As more than one-third of the directors are Independent Directors, the Board is of the view that the current composition of the Board is balanced and adequate.

The Board is made up of Directors with a wide range of skills, experience and qualifications and they bring with them expertise and knowledge in areas such as accounting, finance, business management and specific industry knowledge relevant to the Group's business. Key information about the Directors is presented in the section entitled "Board of Directors" in this annual report.

The composition and the effectiveness of the Board are reviewed on an annual basis by the NC to ensure that there is an appropriate mix of expertise and experience for the Board to effectively discharge its duties.

The Board collectively views that its current size is effective. The Board will review, from time to time, the need to revise its size and composition taking into consideration further expansion of the Group's business and will determine the impact of the effectiveness of any proposed change on its current size.

Principle 3
Chairman and Chief Executive Officer

The Chairman and CEO, Mr Kuok Khoon Hong, provides leadership to the Group and is 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. All strategic and major decisions made by him are reviewed and approved by the Board.

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

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 single leadership arrangement ensures that the decision-making process for seizing good growth prospects for the Group would not be unnecessarily impeded. 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 in the decision-making process. 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 principal functions of the NC are as follows:

1. To review nominations of new Director appointments based on selection criterion such as the incumbent's credentials and his skills and contributions required by the Company.
2. To review and recommend to the Board the re-nomination of Directors in accordance with the Company's Articles of Association.
3. To determine annually whether a Director is "Independent", in accordance with the guidelines contained in the prevailing code of corporate governance which may be further enhanced from time to time.
4. To decide whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular, whether the Directors concerned have multiple board representations or if any of these multiple directorships are in conflict with the interests of the Company.
5. To decide how the Board's performance may be evaluated and to propose objective performance criteria.

Appointments of new Directors are deliberated and approved by the Board based on the recommendations of the NC.

In accordance with the Company's Articles of Association, 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 Board has accepted the NC's recommendation to seek approval from shareholders at the 2013 AGM to re-elect the following Directors, who will be retiring under the respective provisions of the Articles of Association of the Company and are eligible for re-election:

- Mr Kuok Khoon Chen (retire under Article 99)
- Mr Kuok Khoon Ean (retire under Article 99)
- Mr Martua Sitorus (retire under Article 99)
- Mr Juan Ricardo Luciano (retire under Article 100)

Mr Yeo Teng Yang, who is subject to annual re-appointment pursuant to section 153 of the Singapore Companies Act, has also been nominated for re-appointment at the 2013 AGM.

The NC has applied the Revised Code's definition and guidance pertaining to the existence of relationships which would nullify the independence of a director in its annual review of the status of independence of the Independent Directors, namely Messrs Yeo Teng Yang, Leong Horn Kee, Tay Kah Chye and Kwah Thiam Hock. The NC is of the view that all four said directors are considered independent in accordance with the Revised Code, including Mr Leong who was appointed as a director of the Company since 30 June 2000. The review took into consideration the circumstance that Mr Leong was serving an entirely different board prior to his service on the Wilmar board, which was constituted upon the completion of the reverse takeover of Ezyhealth Asia Pacific Limited by Wilmar on 14 July 2006. The NC is satisfied that there is nothing that would affect Mr Leong's role as an Independent Director.

The NC is of the view that although some Directors hold other non-Group Board representations, they are nevertheless able to carry and have effectively carried out their duties as Directors of the Company. The Board supports the view of the NC and is of the opinion that a more meaningful measure is the quality of time spent on the Company's matters at the respective Board and Board Committee meetings.

Principle 5
Board Performance

The NC has in place, a process for the evaluation of the Board's effectiveness as a whole. The evaluation is done through written assessments by individual directors. The objective of the annual evaluation is to identify areas for improvement to implement appropriate actions. In appraising the Board's effectiveness, the assessment is based on factors including the Board's understanding of the Group's business operations, development of strategic directions and the effectiveness of Board meetings to facilitate discussion and decision on critical and major corporate matters. The collated findings are reported and recommendations are submitted to the Board for review and further enhancement of the Board's effectiveness. Performance criteria such as key performance indicators of the Company as well as a benchmark index of its industry peers are reviewed on a quarterly basis, while the Company's share price performance is reviewed from time to time. The NC and the Board noted that there were no significant problems identified and were satisfied with the results of the Board performance evaluation as a whole.

Although the Directors are not evaluated individually, the factors taken into consideration with regard to the re-nomination of Directors for the current year, include their attendance and contributions made at these meetings.

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. The Board has separate, independent and unrestricted access to Management of the Group at all times. Requests for information from the Board are dealt with promptly by Management.

The Board is provided with complete, adequate and timely information prior to Board meetings. In addition, members of the Board are briefed by Executive Directors on major business developments in the Group at every Board meeting. The Company Secretaries attend all Board and Board Committee meetings and are responsible to ensure that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretaries work together with the respective divisions of the Company to ensure that the Company complies with all relevant rules and regulations.

Principle 7
Procedures for Developing Remuneration Policies

The Remuneration Committee (RC) is chaired by Mr Kwah Thiam Hock, with members comprising Mr Yeo Teng Yang, Mr Leong Horn Kee and Mr Kuok Khoon Ean. Apart from Mr Kuok Khoon Ean, who is a Non-Executive Director, the Chairman and the other members of the RC are Independent Directors.

The main responsibilities of the RC are to assist the Board to ensure that viable compensation policies and practices are in place to attract, motivate and retain talented executives and to administer and review the Company's share option plans. The RC members review and recommend remuneration policies for the Directors and key executives of the Group to the Board. Recommendations are then submitted to the Board for endorsement. No Director is involved in deciding his own remuneration. In discharging their duties, the RC members have access to 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

In making its recommendations to the Board on the level and mix of remuneration, the RC will take into consideration, the pay and employment conditions within the industry and comparable companies. The RC strives to be competitive, linking rewards with performance.

Staff remuneration comprises a fixed and a variable component, the latter of which is in the form of bonus linked to the performance of the individual and the Company, as well as short term and long term incentives in the form of share options designed to strengthen the pay-for-performance framework which serves to reward and recognise the key executives' contributions to the growth of the Company. In July 2012, a total of 26,800,000 option shares were granted to Directors and key executives in the Group pursuant to the rules of the Wilmar Executives Share Option Scheme 2009. This incentive was to reward and acknowledge their contributions to the Group's success.

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 in times of rapid globalisation, and to foster a greater ownership culture amongst its senior management and key executives.

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 AGM. The structure of Director's fees for the financial year ended 31 December 2012 is as follows:

Fee Structure

a. A single base fee of S$70,000 for serving as Non-Executive Director

b. Additional fee of S$20,000 for serving as Lead Independent Director

c. Additional fee for serving as Chairman/Member on the following Board Committees:

Chairman's Fee	S$
Audit Committee	20,000
Risk Management Committee	20,000
Nominating Committee	10,000
Remuneration Committee	10,000

Member's Fee	S$
Audit Committee	5,000
Risk Management Committee	5,000
Nominating Committee	5,000
Remuneration Committee	5,000

A review of directors' fees, which takes into account Directors' contributions and their respective responsibilities, including attendance and time spent at Board meetings and various Board Committee meetings, was undertaken. Such fees were benchmarked against the amounts paid by other major listed companies.

Principle 9
Disclosure on Remuneration

The breakdown of the remuneration of the Directors and the top five (5) Key Executives of the Company for the financial year ended 31 December 2012 is as follows:

Directors

Name of Directors	Proposed Directors' Fee	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total
	S$	S$	S$	S$	S$	S$
Executive Directors						
Kuok Khoon Hong	Nil	725,625	73,657	312,200	4,000,000	5,111,482
Martua Sitorus	Nil	670,600	15,302	249,760	3,700,000	4,635,662
Teo Kim Yong	Nil	547,950	43,038	375,900	1,500,000	2,466,888
Non-Executive Directors						
Kuok Khoon Ean	75,000	-	-	94,000	-	169,000
Kuok Khoon Chen	70,000	-	-	94,000	-	164,000
John Daniel Rice (1) / Juan Ricardo Luciano (2) & (3)	70,000 (3)	-	-	-	-	70,000
Independent Non-Executive Directors						
Yeo Teng Yang	120,000	-	-	117,500	-	237,500
Leong Horn Kee	80,000	-	-	94,000	-	174,000
Tay Kah Chye	95,000	-	-	94,000	-	189,000
Kwah Thiam Hock	95,000	-	-	94,000	-	189,000

(1) *Mr John Rice resigned on 19 June 2012*

(2) *Mr Juan Luciano was appointed on 20 June 2012*

(3) *The proposed proportionate fees for Mr John Rice and Mr Juan Luciano, upon approval by shareholders at the 2013 Annual General Meeting, will be paid to Archer Daniels Midland Company.*

Top 5 Key Executives

Name	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total	Remuneration Band
Matthew John Morgenroth	29%	4%	17%	50%	100%	S$1,750,000 to S$2,000,000
Goh Ing Sing	23%	-	18%	59%	100%	S$1,500,000 to S$1,750,000
Rahul Kale	30%	-	10%	60%	100%	S$1,500,000 to S$1,750,000
Yee Chek Toong	29%	1%	16%	54%	100%	S$1,000,000 to S$1,250,000
Kenny Beh	38%	-	18%	44%	100%	S$ 750,000 to S$1,000,000

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 exact details of their remuneration due to the competitiveness of the industry for key talent.

Notes:

* *The fair values of the options granted 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.*

Relatives of the Directors

Apart from the disclosures of the remuneration of Directors and the top 5 Key Executives (set out in the above tables) which are in line with the recommendation of the Revised Code, the disclosure of the remuneration of the following employees, who are immediate family members of certain Directors of the Company and who received more than S$50,000 during the year under review, is also in line with guidelines of the Revised Code:

Ms Kuok Yit Li and Mr Kuok Meng Ru, the sister and son of Mr Kuok Khoon Hong, Chairman and Chief Executive Officer, are employed as Executives in the Finance and Business Development departments respectively. Both their remuneration are in the range of S$50,000 to S$100,000.

Mr Kuok Meng Wei, a Senior Executive in the Trading department, is the son of Mr Kuok Khoon Ean, Non-Executive Director and also a nephew of Mr Kuok Khoon Hong. His remuneration is between S$100,000 to S$150,000.

Principle 10
Accountability of the Board and Management

The Board is responsible to shareholders, the public and the regulatory authorities in providing a balanced and comprehensive assessment of the Company's performance and prospects. Management provides the Board with management reports and accounts of the Group's performance, financial position and prospects on a quarterly basis. Both the Board and Management continually strive towards maximising sustainable value to the shareholders of the Company.

Principle 11
Audit Committee

The operations of the AC are regulated by its charter. In addition, the AC also adheres to the guidelines as set out in the "Guidebook for Audit Committees in Singapore" issued in 2008. The Board is satisfied that the members of the AC have the requisite qualifications as well as sufficient expertise and experience to discharge their duties competently.

The members of the AC perform the following functions:

- Review the criteria for the appointment of a professional public accounting firm as the external auditors to the Company;
- Review with the external auditors, their evaluation of the system of internal accounting controls;
- Review and approve the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors;
- Review with the external auditors, their audit report, findings and recommendations. Where the external auditors also supply a substantial volume of non-audit services to the Company, to review the nature and extent of such services to maintain the independence of the auditors;
- Review and approve the financial statements of the Company and the consolidated financial statements of the Group for submission to the Board of Directors for approval;
- Review the assistance given by the Company's officers to the external auditors;
- Nominate external auditors for re-appointment;
- Ensure that the internal audit function is adequately resourced and has appropriate standing within the Group. For the avoidance of doubt, the internal audit function can be discharged either in-house, outsourced to a reputable accounting/auditing third-party firm or performed by a major shareholder, holding company, parent company or controlling enterprise with internal audit staff;
- Review the scope and findings of the internal audit work;
- Ensure the adequacy of the internal audit function at all times;

- Ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management is conducted annually;
- Review Interested Person Transactions; and
- Meet with the external and internal auditors without the presence of Management at least once a year.

The AC has explicit authority to investigate any matters within the scope of its duties and is empowered to obtain independent professional advice. It has been given full access to and co-operation by Management and reasonable resources to discharge its duties properly. It has full discretion to invite other Directors or executives to attend its meetings.

During the last financial year, the AC met four times to review, inter alia, the following:

- The financial statements of the Company and the Group before each of the announcements of the Company's quarterly results. 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;
- 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 were followed up with Management;
- The independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the nature and volume of non-audit services provided by them;
- The internal audit findings raised by the internal auditors. During the process, material non-compliance and internal control weaknesses were reviewed and discussed. The AC ensured that appropriate follow-up actions had been taken regularly with Management on outstanding internal audit issues; and
- The reporting on Interested Person Transactions to ensure that established procedures for monitoring of Interested Person Transactions have been complied with. These transactions are reviewed quarterly with the internal auditors and annually with the external auditors. The AC is satisfied that the guidelines and review procedures established to monitor Interested Person Transactions have been complied with.

The Company has recently put in place a Whistle-Blowing Policy ("Policy"), which comes under the purview of the Audit Committee, to provide a channel for staff to raise concerns about possible improprieties in matters of financial reporting or other aspects in confidence and in good faith, without fear of reprisal. The objective of the Policy is to ensure that the relevant processes are in place to facilitate independent investigations of such concerns and for initiating the appropriate follow-up actions.

The AC has recommended to the Board the re-appointment of Ernst & Young LLP, a firm registered with the Accounting and Corporate Regulatory Authority, as the Company's external auditors at the forthcoming AGM.

In appointing the auditors of the Company and the subsidiaries, the Company has complied with Rule 712 and Rule 715 read together with Rule 716 of the SGX-ST Listing Manual.

Principles 12 & 13
Internal Controls and Audit

Reporting to the AC, the Internal Audit department carries out internal audit reviews and performs checks and compliance tests of the Group's systems of internal controls, including financial, operational and information technology controls and risk management. Audit work is prioritised and scoped according to an assessment of the different risk exposures, including financial, operational and technology risk. Ad-hoc reviews are also conducted on areas of concern identified by Management and the AC.

The Internal Audit department, headed by Mr Patrick Tan, meets the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. The department has unrestricted access to all records, properties, functions and co-operation from Management and staff, as necessary, to effectively discharge its responsibilities and is independent of the activities it audits.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, and reviews performed by the Management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that as at 31 December 2012, the Group's internal controls, addressing financial, operational and compliance risks, information technology controls and risk management systems risks were adequate in meeting the Group's business operational objectives. The Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Principles 14 & 15
Communication with Shareholders

The Board's policy is that all shareholders should be promptly informed of all major developments affecting the Group. The Company engages in communication with shareholders and the investment community through its Investor Relations and Corporate Communications departments.

The AGM is the main forum for dialogue with shareholders and shareholders are encouraged to meet with the Board and senior Management so as to have a greater insight into the Group's operations. The Board (including the Chairmen of the respective Board Committees) and Management will be present at the Company's AGMs to address any concerns that shareholders may have. Shareholders who hold shares through nominees are allowed, upon the presentation of proxy forms and/or official letters issued by their nominees, to attend the AGM as proxies without being constrained by the two-proxy rule.

The Company also communicates through holding formal media and analysts' briefings of the Group's quarterly results, chaired by the Chairman and CEO, together with Executive Directors and key Management members. Briefing materials are disseminated through announcements to the SGX-ST.

Shareholders and the public can access the Company's announcements, media releases, presentation materials used at briefings and other corporate information posted on its official website www.wilmar-international.com.

Dealings in Securities

The Group has in place procedures for prohibiting dealings in the Company's shares by all staff while in possession of price-sensitive information and during the period commencing two weeks prior to the announcement of the Company's quarterly results and one month prior to the announcement of the Company's full year results. Directors and employees are reminded to refrain from dealing in the Company's shares on short term considerations and to observe insider trading laws at all times, even when dealing in securities during the permitted trading period. These procedures will be reviewed from time to time and further strengthened for good corporate governance.

Interested Person Transactions

The Group has established a procedure for recording and reporting Interested Person Transactions. Details of significant interested person transactions for the year ended 31 December 2012 are set out below:

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$100,000)
	2012 **US$'000**	**2012** **US$'000**
Archer Daniels Midland Group	NIL	3,839,179
Associates of Kuok Khoon Hong & Martua Sitorus	554	4,853
Kuok Khoon Ean's Associates#	39,656	13,113
Martua Sitorus' Associates	257	115,791
Kuok Khoon Hong's Associates	39,481	1,368
PPB Group Berhad	116,071	NIL
Kuok Brothers Sdn Berhad	123	NIL

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

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 those 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 CEO, Director or controlling shareholder, which are either subsisting at the end of the financial year ended 31 December 2012 or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2011.

financial *statements*

Capital Structure

Wilmar maintains an efficient capital structure to support its business operation and maximise returns to shareholders while preserving its balance sheet strength. Given the nature of its business, the Group requires a high level of financing to fund its working capital requirements. The level of funding fluctuates in accordance with prices of agricultural commodities and business volume.

In FY2012, the Group generated positive cash flows from operating activities. It continued to invest in property, plant and equipment mainly through cash flows generated from its operations while subsidiaries and associates investments and working capital requirements are predominately funded through loans and borrowings.

Shareholders' funds of the Group increased by US$1.0 billion to US$14.3 billion while total loans and borrowings were up US$1.4 billion to US$22.2 billion as at 31 December 2012. Loans and borrowings net of cash, bank deposits and other deposits with financial institutions, was US$1.7 billion higher at US$12.2 billion.

Net debt to equity ratio increased but remained healthy at 0.85x as at 31 December 2012 from 0.79x a year ago. Interest coverage was also at a comfortable level of 8.4x (FY2011: 9.2x).

As mentioned, a large proportion of the Group's borrowings is used for working capital financing. Its working capital comprises 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, the Group's net debt to equity ratio would be much lower at 0.36x.

As at 31 December	2012 US$ million	2011* US$ million Restated**
Shareholders' funds	**14,345.9**	13,370.2
Net loans and borrowings	**12,209.0**	10,529.8
Net debt to equity	**0.85x**	0.79x
Liquid working capital:		
Inventories (excluding consumables)	**6,731.1**	6,905.0
Trade receivables	**3,953.1**	3,502.9
Less: Current liabilities (excluding loans and borrowings)	**(3,673.0)**	(3,736.4)
	7,011.2	6,671.5
Net loans and borrowings (excluding liquid working capital)	**5,197.8**	3,858.3
Adjusted net debt to equity	**0.36x**	0.29x

* *Net loans and borrowings and gearing ratios as at 31 December 2011 have been revised to reflect the net-off of "other deposits with financial institutions" in the definition of net loans and borrowings.*

** *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International (Note 15).*

Capital Management And Treasury Policies

Borrowings

The Group's total loans and borrowings of US$22.2 billion comprised:

As at 31 December	2012 US$ million	2011 US$ million
Short term	**17,740.3**	18,409.0
Long term	**4,505.0**	2,479.9
	22,245.3	20,888.9

During the year, the Group's short term loans and borrowings decreased by US$0.7 billion. More than 70% of short term loans and borrowings were trade financing lines with minimal refinancing risks as they are backed by inventories and receivables and are self-liquidating. Long term loans and borrowings were committed loans, due from 2014 onwards.

The majority of the Group's loans and borrowings were denominated in United States Dollar (US$) while the balance represented borrowings in the local currencies of the countries where it operates. These currencies consisted mainly of Chinese Renminbi (RMB), Indonesian Rupiah (IDR), Malaysian Ringgit (MYR) and Australian Dollar (AUD).

The Group's loans and borrowings were predominantly on floating rates.

Cash and cash equivalents

Cash and cash equivalents were held in US$ and the local currencies of the respective countries where the Group operates, mainly RMB and MYR. As at 31 December 2012, its cash and cash equivalents comprised:

As at 31 December	2012 US$ million	2011 US$ million
Total cash and bank balances	**8,562.2**	7,898.4
Less: Fixed deposits pledged for bank facilities	**(6,560.9)**	(6,441.1)
Less: Other deposits with maturity of more than 3 months	**(420.2)**	(80.5)
Less: Bank overdrafts	**(52.6)**	(97.1)
Cash and cash equivalents	**1,528.5**	1,279.7

The increase in deposits pledged for bank facilities was in line with the Group's increased loans and borrowings.

Financial risk management

Wilmar operates in several countries and is 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 in the Risk Management section and Notes to the Financial Statements, and is summarised as follows:

- **Credit risk.** The majority of the Group's export sales require documentary credit from customers. Its domestic sales are executed on cash terms or where appropriate, credit terms are granted. The Group conducts thorough credit assessment before granting credit terms and limits, which 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.** The Group maintains sufficient liquidity by closely monitoring its cash flow and 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.

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

- **Foreign currency risk.** Currency risk arises as entities in the Group regularly transact or borrow in currencies other than their respective functional currencies, including US$, RMB, IDR, MYR and AUD. The Group seeks to manage its 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. The Group is also exposed to currency translation risk arising from its net investments in foreign operations, which are not hedged as these currency positions are considered long term in nature.

- **Commodity price risk.** The prices of agricultural commodities can be very volatile, exposing the Group to commodity price risk as its sale and purchase commitments do not normally match at the end of each business day. The Group uses 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 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 held for trading or available-for-sale financial assets.

Cash Flow, Funding And Liquidity

Cash flow

Net cash flows generated from operating activities for FY2012 was US$1.1 billion compared to US$1.9 billion in FY2011. The lower inflow for FY2012 resulted from lower earnings as well as higher working capital requirements arising mainly from an increase in receivables.

	FY2012 US$ million	FY2011 US$ million
Net cash flows generated from operating activities	**1,067.7**	1,947.7
Net cash flows used in investing activities	**(2,028.5)**	(2,068.2)
Net cash flows generated from financing activities	**1,209.5**	999.7
Net increase in cash held	**248.7**	879.2
Turnover days:		
Inventory	**66**	64
Trade receivables	**30**	28
Trade payables	**14**	12

Other major applications and source of funds in FY2012 were as follows:

- Approximately US$2.0 billion was used in investing activities, of which US$1.7 billion was applied towards plantations development, property, plant and equipment and US$300.0 million for investment in subsidiaries and associates.

  Major additions of property, plant and equipment during the year included oleochemicals plants and flour and rice mills in China; oleochemicals plants and edible oils refineries in Indonesia; and the construction of new vessels.

- US$1.2 billion was generated from financing activities. Included here was net proceeds of US$3.3 billion (net of increase in fixed deposits pledged with financial institutions for bank facilities) raised from loans and borrowings. Uses of funds included US$1.2 billion placed as other short term deposits and financial products with financial institutions and US$263.1 million for the payment of dividends.

Funding and liquidity

At the end of FY2012, credit facilities in the form of short term loans, trade finance and committed loans available to the Group added up to approximately US$35.8 billion, of which US$22.2 billion was utilised. The unutilised facilities, together with the Group's US$1.5 billion available cash and cash equivalents, brought the Group's total liquidity to approximately US$15.1 billion as at 31 December 2012.

The Group's capital expenditure for FY2013 is expected to be met mainly by internal resources.

Operationally, assuming no major movements in the prices of agricultural commodities, the Group's 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 should be met by the Group's healthy liquidity position.

The Group's covenants with lenders are not restrictive on its ability to utilise additional credit facilities.

Shareholders' Returns And Share Buy-Backs

For FY2012, the Board of Directors has proposed a final dividend of 3.0 Singapore cents per share. Together with the interim dividend of 2.0 Singapore cents per share paid on 7 September 2012, total dividend for FY2012 will amount to 5.0 Singapore cents per share or a payout ratio of approximately 20% of net profit. Barring any unforeseen circumstances, the Group expects to maintain a dividend payout ratio of approximately 20%.

Currently, Wilmar has a share buy-back mandate which will be expiring on 25 April 2013, 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 Group purchased 7,388,000 shares, held as treasury shares. The Group reissued approximately 130,000 treasury shares pursuant to the employee share option plans.

Accounting Policies

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

- Assessment for impairment of goodwill and brands which requires an estimate of the expected future cash flows from the cash-generating unit and a suitable discount rate for present value calculation.
- Depreciation of plant and equipment which is based on management estimates of their useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised.
- Provision for income 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.
- Biological assets, which are stated at fair value less point-of-sale costs, are estimated by reference to an independent valuer's assessment. Changes in the conditions of the biological assets could impact the fair value of these assets.

The directors are pleased to present their report 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 2012.

Directors

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

Kuok Khoon Hong
Martua Sitorus
Teo Kim Yong
Kuok Khoon Chen
Kuok Khoon Ean
Juan Ricardo Luciano (appointed on 20 June 2012)
Yeo Teng Yang
Leong Horn Kee
Tay Kah Chye
Kwah Thiam Hock

Arrangements To Enable Directors To Acquire Shares And Debentures

Except as disclosed in this report, 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, Share Options, Convertible Securities 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, Cap. 50, an interest in shares, share options and convertible securities of the Company and its related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest			Deemed Interest		
	As at 1.1.12	As at 31.12.12	As at 21.1.13	As at 1.1.12	As at 31.12.12	As at 21.1.13
<u>Company</u>						
Wilmar International Limited						
(Ordinary Shares)						
Kuok Khoon Hong	500,000	500,000	500,000	763,467,168	766,101,168	766,101,168
Martua Sitorus	4,988,000	4,988,000	4,988,000	646,321,242	650,321,242	650,321,242
Teo Kim Yong	-	-	-	33,852,274	33,852,274	33,852,274
Kuok Khoon Chen	-	-	-	11,693,156	777,600	777,600
Kuok Khoon Ean	-	-	-	486,400	694,410	694,410
Yeo Teng Yang	100,000	100,000	100,000	-	-	-
Leong Horn Kee	100,000	100,000	100,000	-	-	-
Tay Kah Chye	100,000	100,000	100,000	-	-	-
Kwah Thiam Hock	100,000	100,000	100,000	-	-	-

Directors' Interests In Shares, Share Options, Convertible Securities And Debentures (Continued)

	Direct Interest			Deemed Interest		
	As at 1.1.12	As at 31.12.12	As at 21.1.13	As at 1.1.12	As at 31.12.12	As at 21.1.13
Wilmar International Limited						
(Share options exercisable at S$4.50 per share)						
Kuok Khoon Hong	500,000	500,000	500,000	-	-	-
Martua Sitorus	400,000	400,000	400,000	-	-	-
Teo Kim Yong	250,000	250,000	250,000	-	-	-
Kuok Khoon Ean	200,000	200,000	200,000	-	-	-
Yeo Teng Yang	150,000	150,000	150,000	-	-	-
Leong Horn Kee	100,000	100,000	100,000	-	-	-
Tay Kah Chye	100,000	100,000	100,000	-	-	-
Kwah Thiam Hock	100,000	100,000	100,000	-	-	-
(Share options exercisable at S$6.68 per share)						
Teo Kim Yong	500,000	500,000	500,000	-	-	-
Kuok Khoon Chen	200,000	200,000	200,000	-	-	-
Kuok Khoon Ean	200,000	200,000	200,000	-	-	-
Yeo Teng Yang	250,000	250,000	250,000	-	-	-
Leong Horn Kee	200,000	200,000	200,000	-	-	-
Tay Kah Chye	200,000	200,000	200,000	-	-	-
Kwah Thiam Hock	200,000	200,000	200,000	-	-	-
(Share options exercisable at S$3.63 per share)						
Kuok Khoon Hong	-	1,000,000	1,000,000	-	-	-
Martua Sitorus	-	800,000	800,000	-	-	-
Teo Kim Yong	-	500,000	500,000	-	-	-
Kuok Khoon Chen	-	200,000	200,000	-	-	-
Kuok Khoon Ean	-	200,000	200,000	-	-	-
Yeo Teng Yang	-	250,000	250,000	-	-	-
Leong Horn Kee	-	200,000	200,000	-	-	-
Tay Kah Chye	-	200,000	200,000	-	-	-
Kwah Thiam Hock	-	200,000	200,000	-	-	-
Wilmar International Limited						
(US$600,000,000 Convertible bonds due 2012) (US$)						
Kuok Khoon Hong	-	-	-	2,500,000	-	-
Martua Sitorus	1,000,000	-	-	-	-	-

Directors' Interests In Shares, Share Options, Convertible Securities And Debentures (Continued)

The Company has fully redeemed all its outstanding principal amount of US$571,000,000 Convertible Bonds (after taking into account a total of US$25,000,000 Convertible Bonds which have been repurchased and cancelled and a total of US$4,000,000 Convertible Bonds which have been converted into 1,074,421 Wilmar shares) which matured on 18 December 2012.

Except as disclosed in this report, no director who held office at the end of the financial year, had interests in shares, convertible securities, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' Contractual Benefits

Except as disclosed in this report and in the financial statements, since the end of the previous financial year, or date of appointment if later, no director of the Company, who held office at the end of the financial year, has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share Option Schemes

Wilmar Executives Share Option Scheme 2000 ("Wilmar ESOS 2000")

The Wilmar ESOS 2000 which was approved by shareholders of the Company on 30 June 2000, was terminated on 29 April 2009 following the adoption of a new share option scheme. A total of 18,170,000 shares were granted pursuant to the Wilmar ESOS 2000 to executives of the Group on 27 November 2008 and 9 December 2008 at the relevant Market Price as defined in the aforesaid scheme. No options were granted to directors or controlling shareholders (and their associates) of the Company under the Wilmar ESOS 2000. The options are valid for a term of five years from the date of grant. The options are exercisable in the following manner: 50% after the 1st anniversary of the date of grant and the remaining 50% are exercisable after the 2nd anniversary of the date of grant. Outstanding options granted under the Wilmar ESOS 2000 remain valid until the respective expiry dates of the options. As at 31 December 2012, options to subscribe for a total of 2,949,500 shares remained outstanding.

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.

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 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 (including those under the Wilmar ESOS 2000); and (ii) the number of treasury shares delivered in respect of options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company on the date immediately preceding the relevant date of grant.

Share Option Schemes (Continued)

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

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 shares available under the Wilmar ESOS 2009, provided that the number of shares available to each controlling shareholder or each of his associates shall not exceed 10% of the total number of 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 (Chairman), Mr Kuok Khoon Ean, Mr Yeo Teng Yang and Mr Leong Horn Kee, the majority 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).

On 21 May 2009, a total of 4,750,000 shares under option ("option shares") were granted to all directors (including two directors who were controlling shareholders on the date of grant) of the Company at Market Price. As at 31 December 2012, the number of unexercised option shares was 2,250,000, out of which a total 450,000 unexercised option shares held by past directors continue to be valid as the options were issued in recognition of their contributions at the time of the grant. The options are valid for a term of five years from the date of grant, of which 50% are exercisable after the 1st anniversary and the remaining 50% after the 2nd anniversary of the date of the grant.

On 10 March 2010, the Company granted options to subscribe for a total of 25,705,000 shares at S$6.68 per share at Market Price to directors and senior executives of the Company and its subsidiaries. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2012, the number of shares that were unexercised under this option grant stood at 24,270,000 out of which options to subscribe for a total 1,000,000 shares held by past directors continue to be valid until the expiry period. The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

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

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

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

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

During the year, the Company granted options to subscribe for a total of 26,800,000 shares at S$3.63 per share at Market Price to directors and senior executives of the Company and its subsidiaries. No options were granted to controlling shareholders (and their associates) of the Company. The number of outstanding option shares that were not exercised as at 31 December 2012 was 26,800,000. The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

Share Option Schemes (Continued)

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

For Executive Directors and Senior 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.

Share Options Exercised

The details of share options exercised by option holders during the year pursuant to the following schemes are as follows:

Wilmar ESOS 2000:

- 1,026,500 ordinary shares were allotted in respect of options exercised at S$2.45 per share.
- 130,000 treasury shares were transferred at a weighted average price of S$2.45 each upon the exercise of share options at S$2.45 per share.
- 25,000 ordinary shares were allotted in respect of options exercised at S$2.63 per share.

Wilmar ESOS 2009:

- 250,000 ordinary shares were allotted in respect of options exercised at S$4.50 per share.

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 1.1.12	No. of options granted during the year	No. of options cancelled	No. of options exercised	As at 31.12.12	Exercise Price	Exercise Period
*Wilmar ESOS 2000 ** *							
27.11.08	1,050,500	-	-	(247,500)	803,000	S$2.45	28.11.2009 to 26.11.2013
27.11.08	3,005,500	-	-	(909,000)	2,096,500	S$2.45	28.11.2010 to 26.11.2013
09.12.08	25,000	-	-	-	25,000	S$2.63	10.12.2009 to 08.12.2013
09.12.08	50,000	-	-	(25,000)	25,000	S$2.63	10.12.2010 to 08.12.2013
Sub-total	4,131,000	-	-	(1,181,500)	2,949,500		
Wilmar ESOS 2009							
21.05.09	325,000	-	(100,000)	-	225,000	S$4.50	22.5.2010 to 21.5.2014
21.05.09	2,375,000	-	(100,000)	(250,000)	2,025,000	S$4.50	22.5.2011 to 21.5.2014
Sub-total	2,700,000	-	(200,000)	(250,000)	2,250,000		
10.03.10	9,190,150	-	(209,550)	-	8,980,600	S$6.68	11.3.2011 to 10.3.2015
10.03.10	7,740,150	-	(209,550)	-	7,530,600	S$6.68	11.3.2012 to 10.3.2015
10.03.10	7,974,700	-	(215,900)	-	7,758,800	S$6.68	11.3.2013 to 10.3.2015
Sub-total	24,905,000	-	(635,000)	-	24,270,000		
12.07.12	-	9,681,500	-	-	9,681,500	S$3.63	13.7.2013 to 12.7.2017
12.07.12	-	8,431,500	-	-	8,431,500	S$3.63	13.7.2014 to 12.7.2017
12.07.12	-	8,687,000	-	-	8,687,000	S$3.63	13.7.2015 to 12.7.2017
Sub-total	-	26,800,000	-	-	26,800,000		
Grand Total	31,736,000	26,800,000	(835,000)	(1,431,500)	56,269,500		

** *Refer to Note 31 for vesting conditions for various tranches of options granted*

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 31.12.12	Aggregate options exercised since commencement of the option scheme to 31.12.12	Aggregate options outstanding as at 31.12.12
Kuok Khoon Hong	1,000,000	2,000,000	500,000	1,500,000
Martua Sitorus	800,000	1,600,000	400,000	1,200,000
Teo Kim Yong	500,000	1,500,000	250,000	1,250,000
Kuok Khoon Chen	200,000	400,000	-	400,000
Kuok Khoon Ean	200,000	600,000	-	600,000
Yeo Teng Yang	250,000	750,000	100,000	650,000
Leong Horn Kee	200,000	600,000	100,000	500,000
Tay Kah Chye	200,000	600,000	100,000	500,000
Kwah Thiam Hock	200,000	600,000	100,000	500,000
Total	3,550,000	8,650,000	1,550,000	7,100,000

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 (1,000,000 option shares) and Mr Martua Sitorus (800,000 option shares) who were controlling shareholders on the date of grant, 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.

^ *From 14 July 2006 (completion of reverse takeover)*

Audit Committee

The Audit Committee ("AC") members at the date of this report are Mr Tay Kah Chye (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, Cap. 50, the Listing Manual of the SGX-ST, the Singapore Code of Corporate Governance and the Guidebook for Audit Committees in Singapore issued in 2008.

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 non-significant 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 directors of the Company for adoption. The AC also met with the external and internal auditors, without the presence of management, to discuss issues of concern to them.

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

The AC was satisfied that proper risk management procedures were in place. It will consider regularly the need to conduct independent risk management reviews and disclose its decision and the results of such reviews to shareholders and the SGX-ST.

The AC was satisfied with the independence and objectivity of the external auditors and has nominated Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditors

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

On behalf of the Board of Directors

Kuok Khoon Hong
Director

Martua Sitorus
Director

22 March 2013

statement by directors

We, Kuok Khoon Hong and Martua Sitorus, being two of the directors of Wilmar International Limited, do hereby state that, in the opinion of the directors,

(a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(b) 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.

On behalf of the Board of Directors

Kuok Khoon Hong
Director

Martua Sitorus
Director

22 March 2013

independent auditors' report

to the Members of Wilmar International Limited

Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Wilmar International Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 88 to 185, which comprise the balance sheets of the Group and the Company as at 31 December 2012, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility For The Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore

22 March 2013

consolidated income statement

For the financial year ended 31 December 2012

	Note	2012 US$'000	2011 US$'000
Revenue	4	**45,463,414**	44,710,034
Cost of sales	5	**(41,572,433)**	(40,839,399)
Gross profit		**3,890,981**	3,870,635
Other items of income			
Net gains arising from changes in fair value of biological assets		**28,846**	262,657
Finance income	6	**433,789**	317,665
Other operating income	7	**182,375**	675,251
Other items of expense			
Selling and distribution expenses		**(1,731,640)**	(1,964,672)
Administrative expenses		**(645,022)**	(559,841)
Other operating expenses	7	**(80,604)**	(98,378)
Finance costs	8	**(611,491)**	(505,796)
Non-operating items	9	**64,276**	(104,035)
Share of results of associates		**123,091**	185,255
Profit before tax	10	**1,654,601**	2,078,741
Income tax expense	11	**(334,174)**	(379,219)
Profit after tax		**1,320,427**	1,699,522
Attributable to:			
Owners of the Company		**1,255,498**	1,600,840
Non-controlling interests		**64,929**	98,682
		1,320,427	1,699,522
Earnings per share attributable to owners of the Company (US cents per share)			
- Basic	12	**19.6**	25.0
- Diluted	12	**19.6**	25.0

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 2012

	2012 US$'000	2011 US$'000
Profit after tax	**1,320,427**	1,699,522
Other comprehensive income		
Foreign currency translation	**127,543**	97,302
Fair value adjustment on cash flow hedges	**8,190**	110,391
Fair value adjustment on available-for-sale financial assets	**6,680**	(22,663)
Total other comprehensive income for the year, net of tax	**142,413**	185,030
Total comprehensive income for the year	**1,462,840**	1,884,552
Attributable to:		
Owners of the Company	**1,391,117**	1,761,398
Non-controlling interests	**71,723**	123,154
	1,462,840	1,884,552

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

balance sheets

As at 31 December 2012

	Note	Group 2012 US$'000	Group 2011 US$'000 Restated*	Company 2012 US$'000	Company 2011 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**8,923,738**	7,469,278	**1,494**	1,278
Biological assets	14	**1,970,311**	1,845,982	**-**	-
Plasma investments		**15,243**	8,499	**-**	-
Intangible assets	15	**4,458,266**	4,425,302	**132**	397
Investment in subsidiaries	16	**-**	-	**8,744,713**	8,697,067
Investment in associates	17	**1,657,863**	1,578,746	**163,400**	201,698
Available-for-sale financial assets	18	**421,935**	193,843	**36,000**	36,000
Deferred tax assets	19	**233,687**	226,865	**-**	-
Derivative financial instruments	20	**23,889**	23,660	**-**	-
Other financial receivables	21	**350,502**	80,101	**376,512**	129,473
Other non-financial assets	21	**45,221**	38,504	**-**	-
		18,100,655	15,890,780	**9,322,251**	9,065,913
Current assets					
Inventories	22	**7,137,227**	7,265,300	**-**	-
Trade receivables	23	**3,953,104**	3,502,925	**-**	-
Other financial receivables	21	**2,162,266**	3,156,123	**1,452,411**	1,791,780
Other non-financial assets	21	**1,432,703**	1,368,955	**2,498**	1,667
Derivative financial instruments	20	**254,126**	239,354	**-**	330
Financial assets held for trading	18	**317,887**	333,715	**-**	-
Other bank deposits	24	**6,981,163**	6,521,570	**-**	-
Cash and bank balances	24	**1,581,003**	1,376,783	**678**	3,243
		23,819,479	23,764,725	**1,455,587**	1,797,020
TOTAL ASSETS		**41,920,134**	39,655,505	**10,777,838**	10,862,933
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	25	**1,579,750**	1,710,004	**-**	-
Other financial payables	26	**1,204,336**	1,147,089	**47,480**	24,448
Other non-financial liabilities	26	**494,796**	469,834	**-**	-
Derivative financial instruments	20	**271,924**	263,402	**-**	-
Loans and borrowings	27	**17,740,250**	18,409,070	**-**	558,417
Tax payables		**122,227**	146,086	**-**	760
		21,413,283	22,145,485	**47,480**	583,625
NET CURRENT ASSETS		**2,406,196**	1,619,240	**1,408,107**	1,213,395

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International (Note 15).*

balance sheets

As at 31 December 2012

		Group		Company	
	Note	**2012**	2011	**2012**	2011
		US$'000	US$'000	US$'000	US$'000
			Restated*		
Non-current liabilities					
Other financial payables	26	**20,117**	4,691	**-**	-
Other non-financial liabilities	26	**94,614**	94,612	**-**	-
Derivative financial instruments	20	**7,789**	43,057	**-**	-
Loans and borrowings	27	**4,505,024**	2,479,873	**285,765**	-
Deferred tax liabilities	19	**684,093**	639,422	**-**	-
		5,311,637	3,261,655	**285,765**	-
TOTAL LIABILITIES		**26,724,920**	25,407,140	**333,245**	583,625
NET ASSETS		**15,195,214**	14,248,365	**10,444,593**	10,279,308
Equity attributable to owners of the Company					
Share capital	28	**8,458,995**	8,451,521	**8,895,134**	8,887,660
Treasury shares	28	**(17,440)**	-	**(17,440)**	-
Retained earnings		**6,979,373**	6,011,599	**1,352,730**	1,191,918
Other reserves	29	**(1,075,062)**	(1,092,930)	**214,169**	199,730
		14,345,866	13,370,190	**10,444,593**	10,279,308
Non-controlling interests		**849,348**	878,175	**-**	-
TOTAL EQUITY		**15,195,214**	14,248,365	**10,444,593**	10,279,308
TOTAL EQUITY AND LIABILITIES		**41,920,134**	39,655,505	**10,777,838**	10,862,933

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International (Note 15).*

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 2012

	Note	Share capital	Treasury shares	Retained earnings	Other reserves	Equity attributable to owners of the Company, total	Non-controlling interests	Equity total
		Attributable to owners of the Company						
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2012								
GROUP								
Opening balance at 1 January 2012		8,451,521	-	6,011,599	(1,092,930)	13,370,190	878,175	14,248,365
Profit for the year		-	-	1,255,498	-	1,255,498	64,929	1,320,427
Other comprehensive income for the year		-	-	-	135,619	135,619	6,794	142,413
Total comprehensive income for the year		-	-	1,255,498	135,619	1,391,117	71,723	1,462,840
Grant of equity-settled share options	29(b)(vii)	-	-	-	16,058	16,058	-	16,058
Issue of shares pursuant to exercise of share options	29(b)(vii)	4,524	-	-	(1,560)	2,964	-	2,964
Issue of shares pursuant to conversion of convertible bonds		2,950	-	-	-	2,950	-	2,950
Share capital contributed by non-controlling shareholders		-	-	-	-	-	27,789	27,789
Acquisition of treasury shares		-	(17,759)	-	-	(17,759)	-	(17,759)
Reissuance of treasury shares pursuant to exercise of share options		-	319	-	(59)	260	-	260
Dividends on ordinary shares	38	-	-	(263,086)	-	(263,086)	-	(263,086)
Dividends paid to non-controlling shareholders by subsidiaries		-	-	-	-	-	(35,474)	(35,474)
Net transfer to other reserves		-	-	(24,638)	24,638	-	-	-
Total contributions by and distributions to owners		7,474	(17,440)	(287,724)	39,077	(258,613)	(7,685)	(266,298)
Acquisition of subsidiaries		-	-	-	-	-	19,090	19,090
Acquisition of additional interest in subsidiaries		-	-	-	-	-	(132,275)	(132,275)
Premium paid for acquisition of additional interest in subsidiaries		-	-	-	(160,556)	(160,556)	-	(160,556)
Disposal of a subsidiary		-	-	-	-	-	(1,610)	(1,610)
Dilution of interest in subsidiaries		-	-	-	-	-	21,919	21,919
Gain on dilution of interest in subsidiaries		-	-	-	3,728	3,728	11	3,739
Total changes in ownership interests in subsidiaries		-	-	-	(156,828)	(156,828)	(92,865)	(249,693)
Closing balance at 31 December 2012		**8,458,995**	**(17,440)**	**6,979,373**	**(1,075,062)**	**14,345,866**	**849,348**	**15,195,214**

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 2012

	Note	Share capital	Retained earnings	Other reserves	Equity attributable to owners of the Company, total	Non-controlling interests	Equity total
		Attributable to owners of the Company					
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2011							
GROUP							
Opening balance at 1 January 2011		8,434,768	4,729,552	(1,308,486)	11,855,834	750,458	12,606,292
Profit for the year		-	1,600,840	-	1,600,840	98,682	1,699,522
Other comprehensive income for the year		-	-	160,558	160,558	24,472	185,030
Total comprehensive income for the year		-	1,600,840	160,558	1,761,398	123,154	1,884,552
Grant of equity-settled share options	29(b)(vii)	-	-	19,964	19,964	-	19,964
Issue of shares pursuant to exercise of share options	29(b)(vii)	16,753	-	(5,600)	11,153	-	11,153
Share capital contributed by non-controlling shareholders		-	-	-	-	35,770	35,770
Dividends on ordinary shares	38	-	(279,820)	-	(279,820)	-	(279,820)
Dividends paid to non-controlling shareholders by subsidiaries		-	-	-	-	(29,075)	(29,075)
Net transfer to other reserves		-	(38,973)	38,973	-	-	-
Total contributions by and distributions to owners		16,753	(318,793)	53,337	(248,703)	6,695	(242,008)
Acquisition of subsidiaries		-	-	-	-	40,208	40,208
Acquisition of additional interest in subsidiaries		-	-	-	-	(42,314)	(42,314)
Gain on bargain purchase of additional interest in subsidiaries		-	-	1,661	1,661	(26)	1,635
Total changes in ownership interests in subsidiaries		-	-	1,661	1,661	(2,132)	(471)
Closing balance at 31 December 2011		**8,451,521**	**6,011,599**	**(1,092,930)**	**13,370,190**	**878,175**	**14,248,365**

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 2012

	Note	Share capital	Treasury shares	Retained earnings	Other reserves	Equity attributable to owners of the Company, total
		Attributable to owners of the Company				
		US$'000	US$'000	US$'000	US$'000	US$'000
2012						
COMPANY						
Opening balance at 1 January 2012		8,887,660	-	1,191,918	199,730	10,279,308
Profit for the year		-	-	423,898	-	423,898
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	423,898	-	423,898
Grant of equity-settled share options	29(b)(vii)	-	-	-	16,058	16,058
Issue of shares pursuant to exercise of share options	29(b)(vii)	4,524	-	-	(1,560)	2,964
Issue of shares pursuant to conversion of convertible bonds		2,950	-	-	-	2,950
Acquisition of treasury shares		-	(17,759)	-	-	(17,759)
Reissuance of treasury shares pursuant to exercise of share options		-	319	-	(59)	260
Dividends on ordinary shares	38	-	-	(263,086)	-	(263,086)
Total transactions with owners in their capacity as owners		7,474	(17,440)	(263,086)	14,439	(258,613)
Closing balance at 31 December 2012		**8,895,134**	**(17,440)**	**1,352,730**	**214,169**	**10,444,593**
2011						
COMPANY						
Opening balance at 1 January 2011		8,870,907	-	1,307,593	185,366	10,363,866
Profit for the year		-	-	164,145	-	164,145
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	164,145	-	164,145
Grant of equity-settled share options	29(b)(vii)	-	-	-	19,964	19,964
Issue of shares pursuant to exercise of share options	29(b)(vii)	16,753	-	-	(5,600)	11,153
Dividends on ordinary shares	38	-	-	(279,820)	-	(279,820)
Total transactions with owners in their capacity as owners		16,753	-	(279,820)	14,364	(248,703)
Closing balance at 31 December 2011		**8,887,660**	**-**	**1,191,918**	**199,730**	**10,279,308**

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 2012

	2012 US$'000	2011 US$'000
Cash flows from operating activities		
Profit before tax	**1,654,601**	2,078,741
Adjustments for:		
Net gains from changes in fair value of biological assets	**(28,846)**	(262,657)
Depreciation of property, plant and equipment	**542,688**	478,112
Loss on liquidation/disposal of associates	**6,115**	1,333
Amortisation of intangible assets	**516**	461
Gain on bargain purchase on business combination	**-**	(7,348)
Positive goodwill written off to income statement	**-**	4
Loss/(gain) on disposal of property, plant and equipment	**8,907**	(10,817)
Gain on liquidation/disposal of subsidiaries	**(980)**	(613)
(Gain)/loss on disposal of available-for-sale financial assets	**(4,210)**	38
Gain on disposal of financial assets held for trading	**(4,546)**	(21,123)
Grant of share options to employees	**16,058**	19,964
Net fair value loss on derivative financial instruments	**33,139**	21,416
Net fair value (gain)/loss on financial assets held for trading	**(71,684)**	89,856
Foreign exchange differences arising from translation	**(35,685)**	25,888
Interest expense	**641,500**	548,857
Interest income	**(433,789)**	(317,665)
Share of results of associates	**(123,091)**	(185,255)
Operating cash flows before working capital changes	**2,200,693**	2,459,192
Changes in working capital:		
Decrease/(increase) in inventories	**128,826**	(531,080)
(Increase)/decrease in receivables and other assets	**(560,506)**	63,775
(Decrease)/increase in payables	**(149,173)**	488,882
Cash flows generated from operations	**1,619,840**	2,480,769
Interest paid	**(595,957)**	(493,094)
Interest received	**386,086**	229,457
Income taxes paid	**(342,244)**	(269,396)
Net cash flows generated from operating activities	**1,067,725**	1,947,736

consolidated cash flow statement

For the financial year ended 31 December 2012

	2012 US$'000	2011 US$'000
Cash flows from investing activities		
Proceeds from dilution of interest in subsidiaries	**25,658**	-
Net cash flow on acquisition of subsidiaries	**(71,110)**	(164,286)
Payments for acquisition of additional interest in subsidiaries	**(196,496)**	(18,679)
Increase in plasma investments	**(6,775)**	(3,081)
Decrease/(increase) in financial assets held for trading	**93,224**	(84,598)
Increase in other non-financial assets	**-**	(74,076)
Payments for property, plant and equipment	**(1,689,843)**	(1,481,596)
Payments for biological assets	**(45,391)**	(72,217)
Increase in available-for-sale financial assets	**(210,047)**	(66,136)
Payments for investment in associates	**(32,428)**	(172,822)
Payments for intangible assets	**(409)**	(1,662)
Dividends received from associates	**25,881**	18,330
Proceeds from disposal of property, plant and equipment	**33,162**	47,154
Proceeds from disposal of biological assets	**3,509**	5,338
Proceeds from disposal of intangible assets	**-**	88
Proceeds from disposal of associates	**42,602**	-
Net cash flows used in investing activities	**(2,028,463)**	(2,068,243)
Cash flows from financing activities		
(Increase)/decrease in net amount due from related parties	**(11,699)**	1,718
Increase in net amount due from associates	**(133,250)**	(80,058)
Increase in advances from non-controlling shareholders	**38,184**	29,799
Proceeds from loans and borrowings	**8,078,940**	3,762,458
Increase in fixed deposits pledged with financial institutions for bank facilities	**(4,785,371)**	(733,208)
Repayments of finance lease liabilities	**(17)**	(35)
(Increase)/decrease in other deposits with maturity more than 3 months	**(339,742)**	106,952
Interest paid	**(48,354)**	(54,655)
Increase in other financial receivables	**(1,303,852)**	(1,771,309)
Shares buy-back held as treasury shares	**(17,759)**	-
Dividends paid by the Company	**(263,086)**	(279,820)
Dividends paid to non-controlling shareholders by subsidiaries	**(35,474)**	(29,075)
Proceeds from issue of shares by the Company	**3,224**	11,153
Proceeds from issue of shares by subsidiaries to non-controlling shareholders	**27,789**	35,770
Net cash flows generated from financing activities	**1,209,533**	999,690
Net increase in cash and cash equivalents	**248,795**	879,183
Cash and cash equivalents at the beginning of the financial year	**1,279,658**	400,475
Cash and cash equivalents at the end of the financial year	**1,528,453**	1,279,658

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

1. Corporate Information

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

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

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. 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 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 in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2012. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary Of Significant Accounting Policies (Continued)

2.2 Changes in accounting policies (continued)

(ii) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 - Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 - Employee Benefits	1 January 2013
FRS 113 - Fair Value Measurement	1 January 2013
Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSs 2012	1 January 2013
- Amendment to FRS 1 Presentation of Financial Statements	1 January 2013
- Amendment to FRS 16 Property, Plant and Equipment	1 January 2013
- Amendment to FRS 32 Financial Instruments: Presentation	1 January 2013
Amendments to FRS 101 Government Loans	1 January 2013
Revised FRS 27 Separate Financial Statements	1 January 2014
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2014
FRS 110 Consolidated Financial Statements	1 January 2014
FRS 111 Joint Arrangements	1 January 2014
FRS 112 Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014

Except for the Amendments to FRS 1, FRS 112 and amendments to FRS 107, the directors expect that the adoption of the other standards and interpretations 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 the Amendments to FRS 1, FRS 107, and FRS 112 are described below.

<u>Amendments to FRS 1 Presentation of Items of Other Comprehensive Income</u>

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (“OCI”) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to income statement at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

<u>Amendments to FRS 107: Disclosures – Offsetting Financial Assets and Financial Liabilities</u>

The Amendments to FRS 107 provides disclosure requirements that are intended to help investors and other financial statements users better assess the effect or potential effect of offsetting arrangements on a company’s financial position. The new disclosures require information about the gross amount of financial assets and liabilities before offsetting and the amounts set off in accordance with offsetting model in FRS 32. As the Amendments only affect disclosures, it will not have any impact to the financial position or financial performance of the Group upon adoption.

2. Summary Of Significant Accounting Policies (Continued)

2.2 Changes in accounting policies (continued)

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

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

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.

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.

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.

2. Summary Of Significant Accounting Policies (Continued)

2.3 Basis of consolidation and business combinations (continued)

(b) Business combinations

Business combinations from 1 January 2010

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 accordance with FRS 39 either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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) 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.

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 2.11(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. 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.

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.

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) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were 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 was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were 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, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable 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 year. 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 entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2. Summary Of Significant Accounting Policies (Continued)

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in associates is accounted for using the equity method. Under the equity method, the investment in associates is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate 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 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 in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses once its interest in the associate is reduced to zero, unless it has incurred obligations or made payments on behalf of the associate. If the associate 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.

The Group's profit or loss reflects its share of the associates' profit or loss after tax and non-controlling interests in the subsidiaries of associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

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. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

The most recent available audited financial statements of the associated companies 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 over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the income statement.

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

2.8 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.

2. Summary Of Significant Accounting Policies (Continued)

2.8 Property, plant and equipment (continued)

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.

2.9 Biological assets

Biological assets, mainly include mature and immature oil palm plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilizing and maintenance, capitalization 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 fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement. In general, oil palms are considered mature 30 to 36 months after field planting. Point-of-sale costs include all costs that would be necessary to sell the assets.

2. Summary Of Significant Accounting Policies (Continued)

2.9 Biological assets (continued)

The fair value of the mature oil palm plantations is estimated by reference to independent professional valuations using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the mature oil palm plantations is determined using the market price and the estimated yield of the agricultural produce, being fresh fruit bunches ("FFB"), net of maintenance and harvesting costs and any costs required to bring the oil palm plantations to maturity. The estimated yield of the oil palm plantations 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.

2.10 Plasma investments

Cost 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 Company, 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.

2.11 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.

2. Summary Of Significant Accounting Policies (Continued)

2.11 Intangible assets (continued)

(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.

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 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.

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 & licences and others

Trademarks and licences 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.

2.12 Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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.

2. Summary Of Significant Accounting Policies (Continued)

2.12 Financial assets (continued)

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.

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 held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling or repurchasing in the near term.

The Group does not designate any financial assets which are not held for trading at 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.

2. Summary Of Significant Accounting Policies (Continued)

2.12 Financial assets (continued)

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

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.

2.13 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 has been 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.

2. Summary Of Significant Accounting Policies (Continued)

2.13 Impairment of financial assets (continued)

(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. 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.

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 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.

2.14 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 to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognized 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 recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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. Summary Of Significant Accounting Policies (Continued)

2.15 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 2.12(b), under loans and receivables.

2.16 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 manufacturing and sale activities. The prices and physical delivery of the sales and purchases are fixed in the contracts and these contracts are not recognised in the financial statements until physical deliveries take place.

The Group also enters into non-physical delivery forward contracts and commodity derivatives to manage the price risk of its physical inventory and to hedge against fluctuations in commodity prices. Commodity derivatives include futures, options and swap contracts on palm oil and palm based products, soybeans and other non-palm products.

Gains or losses arising from matched forward and derivative contracts are recognised immediately in the income statement. Any difference arising from the fair value assessment will be recognised in the financial statements. Unrealised losses arising from the valuations are set off against unrealised gains on an aggregated basis.

The outstanding forward and derivative contracts are valued at their fair value at the end of the reporting period against quoted market prices. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar. The notional principal amounts of the outstanding forward and futures contracts are off-balance sheet items.

(b) Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price less the costs of completion and selling expenses.

2.17 Financial liablities

Financial liabilities within the scope of FRS 39 are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method except for derivatives which are measured at fair value.

2. Summary Of Significant Accounting Policies (Continued)

2.17 Financial liablities (continued)

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 extinguished. 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.

2.18 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.

(a) Borrowings

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.

(b) Convertible bonds

When convertible bonds are issued, the total proceeds are allocated to the liability component and the equity component, which are separately presented on the balance sheet. Should there be embedded derivatives, the fair value of the embedded derivatives is to be independently valued and separately presented on the balance sheet.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component and the fair value of the embedded derivatives is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to the share capital account. When the conversion option lapses, its carrying amount remains in the capital reserves within equity.

2.19 Borrowing cost

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)

2.20 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the term of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.21 Provisions

Provisions are recognised when the Group has a present obligation 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.

2. Summary Of Significant Accounting Policies (Continued)

2.22 Employee benefits (continued)

(b) Employee share option plans

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(c) Provision for employee service entitlements

For certain companies in Indonesia, the Group recognises a provision for employee service entitlements in accordance with Labour Law No. 13/2003 dated 25 March 2003. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method". Actuarial gains or losses are recognised as income or expense when the cumulative actuarial gains or losses exceed 10% of the defined benefit obligation. These gains or losses are recognised over the expected remaining working lives of employees. Past service cost is amortised over the remaining working lives of each employee.

2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(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.

2. Summary Of Significant Accounting Policies (Continued)

2.23 Leases (continued)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are recognised.

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

(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 recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.25 Income taxes

(a) Current tax

Current 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 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.

2. Summary Of Significant Accounting Policies (Continued)

2.25 Income taxes (continued)

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, 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.

2. Summary Of Significant Accounting Policies (Continued)

2.25 Income taxes (continued)

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 in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

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

2.26 Derivative financial instrument 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.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivatives are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instruments are not measured at fair value through profit or loss.

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.

2. Summary Of Significant Accounting Policies (Continued)

2.26 Derivative financial instrument and hedging activities (continued)

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 cost of sales 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. The Group has elected not to apply basis adjustments to hedges of forecast transactions that result in the recognition of a non-financial asset or a non-financial 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 profit or loss.

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 as gain or loss on reissuance of treasury shares.

2. Summary Of Significant Accounting Policies (Continued)

2.29 Contingencies

A contingent liability or asset is:

(a) A possible obligation or asset 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.

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.

2.31 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.

2. Summary Of Significant Accounting Policies (Continued)

2.31 Related parties (continued)

(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 2012 were approximately US$3,352,810,000 (2011: US$3,319,962,000) and US$1,101,906,000 (2011: US$1,101,625,000) respectively.

3. Significant Accounting Judgement And Estimates (continued)

(b) Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment 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 amount of the Group's plant and equipment as at 31 December 2012 was approximately US$4,049,153,000 (2011: US$3,551,336,000).

(c) Income 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 2012 were approximately US$122,227,000 (2011: US$146,086,000), US$233,687,000 (2011: US$226,865,000) and US$684,093,000 (2011: US$639,422,000) respectively.

(d) Biological assets

The Group's biological assets are stated at fair value less point-of-sale costs. This is estimated by reference to an independent valuer's assessment of the fair value of the biological assets. Changes in the conditions of the biological assets could impact the fair value of the assets. The carrying amount of the Group's biological assets as at 31 December 2012 was approximately US$1,970,311,000 (2011: US$1,845,982,000).

4. Revenue

	Group 2012 US$'000	Group 2011 US$'000
Sales of palm based products, oilseeds and grains products, consumer products, sugar and other agricultural commodities	**45,174,202**	44,499,696
Ship charter income	**196,537**	162,709
Others	**92,675**	47,629
	45,463,414	44,710,034

5. Cost Of Sales

	Group 2012 US$'000	Group 2011 US$'000
Cost of inventories recognised as expense - physical deliveries	**37,413,835**	37,340,408
Labour and other overhead expenses	**4,231,688**	3,932,876
Net (gain)/loss on non-physical delivery forward contracts ("paper trades")	**(32,118)**	32,709
Net gain on fair value of derivative financial instruments	**(40,972)**	(466,594)
	41,572,433	40,839,399

6. Finance Income

	Group 2012 US$'000	Group 2011 US$'000
Finance income:		
- From associates	**9,446**	10,978
- From bank balances	**10,492**	12,113
- From fixed deposits	**245,230**	212,453
- From other deposits with financial institutions	**148,298**	71,052
- From other sources	**9,231**	2,799
- From related parties	**180**	-
- Late interest charges pertaining to trade receivables	**10,912**	8,270
	433,789	317,665

7. Other Operating Income Other Operating Expenses

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

	Group	
	2012	2011
	US$'000	US$'000
Amortisation of intangible assets	**(516)**	(461)
Bad debts recovered	**12**	126
Bad debts written off (non-trade)	**(1,015)**	(168)
Compensation/penalty expenses	**(5,973)**	(8,699)
Dividend received from equity instruments	**13,130**	11,407
Fair value gain/(loss) of derivative financial instruments	**14,708**	(1,361)
Foreign exchange gain, excluding net foreign exchange gain on shareholders' loans to subsidiaries	**3,004**	556,519
Gain on bargain purchase on business combinations	**-**	7,348
Gain on liquidation/disposal of subsidiaries	**980**	613
Government grants/incentive income	**33,540**	20,099
Grant of share options to employees	**(16,058)**	(19,964)
Impairment of property, plant and equipment	**(1,925)**	(257)
Income from sales cancellation	**4,842**	1,581
Inventories written off	**(521)**	(487)
(Loss)/gain on disposal of property, plant and equipment	**(8,907)**	10,817
Loss on liquidation/disposal of associates	**(6,115)**	(1,333)
Positive goodwill arising from acquisition of subsidiaries written off	**-**	(4)
Pre-operating expenses	**(6,327)**	(6,140)
Processing fee income/tolling income	**6,272**	3,539
Project expenses	**(2,102)**	(16,351)
Rental and storage income	**13,019**	8,322
Scrap sales	**16,922**	16,063
Service fees/management fees/commission income	**2,379**	3,585
Write back of allowance for doubtful receivables	**207**	425

8. Finance Costs

	Group	
	2012	2011
	US$'000	US$'000
Interest expense:		
- Loans and borrowings	**623,964**	505,191
- Loans from associates	**847**	495
- Others	**5,025**	11,705
	629,836	517,391
Less: Amount capitalised		
- Biological assets	**(4,308)**	(3,814)
- Property, plant and equipment	**(14,037)**	(7,781)
	611,491	505,796

9. Non-Operating Items

	Group	
	2012	2011
	US$'000	US$'000
Fair value loss of embedded derivatives of convertible bonds	**(330)**	(84,684)
Net foreign exchange gain on shareholders' loans to subsidiaries	**532**	26,479
Finance costs on bank borrowings for acquisition of Sucrogen Limited & its subsidiaries	**(30,009)**	(43,061)
Gain/(loss) on disposal of available-for-sale financial assets	**4,210**	(38)
Gain on disposal of financial assets held for trading	**4,546**	21,123
Investment income from available-for-sale financial assets	**277**	117
Net fair value gain/(loss) on financial assets held for trading	**70,287**	(89,856)
Reversal of pre-acquisition hedging loss	**14,763**	65,885
	64,276	(104,035)

10. Profit Before Tax

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

	Group	
	2012	2011
	US$'000	US$'000
Audit fees paid to:		
- Auditors of the Company	**756**	494
- Other auditors	**5,057**	4,276
Non-audit fees paid to:		
- Auditors of the Company	**70**	957
- Other auditors	**908**	391
Depreciation of property, plant and equipment:	**542,637**	480,342
Less: Amount capitalised as part of costs of biological assets	**(1,874)**	(2,487)
Add: Impairment loss	**1,925**	257
Depreciation of property, plant and equipment - net	**542,688**	478,112
Employee benefits expense	**1,031,787**	869,365
Operating lease expense	**47,252**	40,779

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 2012 and 31 December 2011 are:

	Group	
	2012	2011
	US$'000	US$'000
Consolidated Income Statement		
Current income tax		
Current year	**246,274**	349,898
Under/(over) provision in respect of previous years	**14,134**	(18,930)
	260,408	330,968
Deferred income tax		
Origination and reversal of temporary differences	**98,384**	43,771
(Over)/under provision in respect of previous years	**(24,618)**	4,480
Income tax expense recognised in the income statement	**334,174**	379,219
Deferred income tax related to other comprehensive income:		
Net change in fair value of derivative financial instruments designated as cash flow hedges	**(43,217)**	(37,938)

(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 2012 and 31 December 2011 are as follows:

	Group	
	2012	2011
	US$'000	US$'000
Accounting profit before income tax	**1,654,601**	2,078,741
Tax calculated at tax rate of 17% (2011: 17%)	**281,282**	353,386
Adjustments:		
Effect of different tax rates in other countries	**88,611**	150,448
Effect of tax incentives	**(89,248)**	(101,767)
Income not subject to taxation	**(47,460)**	(59,283)
Non-deductible expenses	**71,801**	57,250
Deferred tax assets not recognised	**56,872**	26,186
Over provision in respect of previous years	**(10,484)**	(14,450)
Share of results of associates	**(14,590)**	(28,995)
Others	**(2,610)**	(3,556)
Income tax expense recognised in the consolidated income statement	**334,174**	379,219

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	
	2012	2011
Profit for the year attributable to owners of the Company (US$'000)	**1,255,498**	1,600,840
Weighted average number of ordinary shares ('000)	**6,401,478**	6,398,300
Basic earnings per share (US cents per share)	**19.6**	25.0

(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 (after adjusting for the fair value and accretion of interest on convertible bonds) 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	
	2012	2011
Profit for the year attributable to owners of the Company (US$'000)	**1,255,498**	1,600,840
Weighted average number of ordinary shares ('000)	**6,401,478**	6,398,300
Effects of dilution		
- Grant of equity-settled share options ('000)	**1,291**	3,808
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**6,402,769**	6,402,108
Diluted earnings per share (US cents per share)	**19.6**	25.0

12. Earnings Per Share (Continued)

(b) Diluted earnings per share (continued)

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year. The fair value adjustments on embedded derivatives and accretion of interest on convertible bonds were not included in the computation of diluted earnings per share for the financial year ended 31 December 2011 as the conversion of convertible bonds was anti-dilutive. The outstanding convertible bonds were fully redeemed on 18 December 2012.

53,320,000 (2011: 24,905,000) shares 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 2012 and 31 December 2011 because they are anti-dilutive.

Since the end of the financial year, executives of the Group have exercised options to acquire 281,000 (2011: 243,000) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

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 2011	843,721	1,654,170	4,280,687	121,227	336,134	164,456	530,910	7,931,305
Acquisition of subsidiaries, as previously reported	22,434	30,470	101,135	319	-	426	98,513	253,297
Finalisation of purchase price allocation	-	-	389	-	-	-	-	389
Acquisition of subsidiaries, as restated	22,434	30,470	101,524	319	-	426	98,513	253,686
Additions	86,407	73,073	103,563	19,393	17,002	23,976	1,093,761	1,417,175
Disposals	(1,981)	(4,928)	(27,065)	(1,851)	(32,151)	(6,011)	(2,138)	(76,125)
Transfers	2,580	250,450	357,363	3,091	18,521	1,235	(633,240)	-
Reclassifications	83	2,222	(6,307)	1,138	(11)	313	(1,687)	(4,249)
Currency translation differences	10,685	12,691	43,834	2,633	(7,612)	439	9,995	72,665
At 31 December 2011, as restated and 1 January 2012	**963,929**	**2,018,148**	**4,853,599**	**145,950**	**331,883**	**184,834**	**1,096,114**	**9,594,457**
Acquisition of subsidiaries	**22,542**	**28,557**	**67,560**	**1,599**	**-**	**945**	**33,301**	**154,504**
Additions	**86,538**	**59,936**	**37,890**	**18,287**	**84,836**	**23,449**	**1,500,856**	**1,811,792**
Disposals	**(341)**	**(7,909)**	**(27,573)**	**(2,061)**	**(58,291)**	**(7,396)**	**-**	**(103,571)**
Transfers	**947**	**353,763**	**707,717**	**10,910**	**172,919**	**4,676**	**(1,250,932)**	**-**
Reclassifications	**(850)**	**(3,641)**	**1,713**	**2,860**	**-**	**127**	**(2,090)**	**(1,881)**
Currency translation differences	**12,730**	**18,722**	**72,176**	**641**	**(2,289)**	**(1,709)**	**10,608**	**110,879**
At 31 December 2012	**1,085,495**	**2,467,576**	**5,713,082**	**178,186**	**529,058**	**204,926**	**1,387,857**	**11,566,180**

13. Property, Plant And Equipment (Continued)

	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								
Accumulated depreciation								
At 1 January 2011	68,476	285,807	1,033,167	73,252	105,626	98,532	-	1,664,860
Depreciation charge for the year	13,294	75,405	316,720	18,051	38,550	18,322	-	480,342
Disposals	(333)	(1,765)	(11,020)	(1,445)	(20,879)	(4,227)	-	(39,669)
Impairment loss	-	-	252	5	-	-	-	257
Reclassifications	(98)	(559)	634	(10)	-	25	-	(8)
Currency translation differences	751	6,914	16,719	1,888	(7,086)	211	-	19,397
At 31 December 2011 and 1 January 2012	**82,090**	**365,802**	**1,356,472**	**91,741**	**116,211**	**112,863**	**-**	**2,125,179**
Depreciation charge for the year	**13,453**	**91,255**	**363,777**	**21,345**	**32,626**	**20,181**	**-**	**542,637**
Disposals	**(45)**	**(1,846)**	**(17,769)**	**(1,860)**	**(33,744)**	**(6,220)**	**-**	**(61,484)**
Impairment loss	**-**	**786**	**1,139**	**-**	**-**	**-**	**-**	**1,925**
Reclassifications	**39**	**1,280**	**(5,271)**	**3,116**	**-**	**836**	**-**	**-**
Currency translation differences	**1,464**	**5,321**	**29,398**	**27**	**(394)**	**(1,631)**	**-**	**34,185**
At 31 December 2012	**97,001**	**462,598**	**1,727,746**	**114,369**	**114,699**	**126,029**	**-**	**2,642,442**
Net carrying amount								
At 31 December 2011	881,839	1,652,346	3,497,127	54,209	215,672	71,971	1,096,114	7,469,278
At 31 December 2012	**988,494**	**2,004,978**	**3,985,336**	**63,817**	**414,359**	**78,897**	**1,387,857**	**8,923,738**

13. Property, Plant And Equipment (Continued)

	Furniture, fittings and office equipment	Motor vehicles	Total
	US$'000	US$'000	US$'000
Company			
Costs			
At 1 January 2011	20	154	174
Additions	1,312	183	1,495
Disposals	-	(154)	(154)
At 31 December 2011 and 1 January 2012	**1,332**	**183**	**1,515**
Additions	**829**	**-**	**829**
At 31 December 2012	**2,161**	**183**	**2,344**
Accumulated depreciation			
At 1 January 2011	4	26	30
Depreciation charge for the year	231	2	233
Disposals	-	(26)	(26)
At 31 December 2011 and 1 January 2012	**235**	**2**	**237**
Depreciation charge for the year	**595**	**18**	**613**
At 31 December 2012	**830**	**20**	**850**
Net carrying amount			
At 31 December 2011	1,097	181	1,278
At 31 December 2012	**1,331**	**163**	**1,494**

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$14,037,000 (2011: US$7,781,000).

Assets pledged as security

In addition to assets held under finance leases, certain property, plant and equipment of the Group amounting to approximately US$272,734,000 (2011: US$329,901,000) are pledged as security for bank borrowings.

14. Biological Assets

	Group 2012 US$'000	Group 2011 US$'000
At 1 January	**1,845,982**	1,512,209
Acquisition of subsidiaries	**31,817**	7,716
Additions	**34,530**	57,209
Disposals	**(3,324)**	(5,310)
Capitalisation of interest	**4,308**	3,814
Capitalisation of depreciation	**1,874**	2,487
Capitalisation of employee benefits	**10,861**	15,008
Currency translation differences	**15,417**	(9,808)
	1,941,465	1,583,325
Increase in fair value less point-of-sale costs	**28,846**	262,657
At 31 December	**1,970,311**	1,845,982

(a) *Analysis of oil palm production*

During the financial year, the Group harvested 4,210,490 tonnes (2011: 4,072,961 tonnes) of FFB, which had a fair value less estimated point-of-sale costs of approximately US$745,742,000 (2011: US$804,157,000). The fair value of FFB was determined with reference to their market prices during the year.

(b) *Analysis of biological assets*

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

Area	Group 2012 Hectares	Group 2011 Hectares
Planted area:		
- Mature	**226,815**	209,811
- Immature	**33,278**	41,596
	260,093	251,407

Value	Group 2012 US$'000	Group 2011 US$'000
Planted area:		
- Mature	**1,809,189**	1,677,174
- Immature	**161,122**	168,808
	1,970,311	1,845,982

* *Mature planted area includes rubber and sugar cane plantations.*

14. Biological Assets (Continued)

(c) At 31 December 2012, the fair value of biological assets of the Group mortgaged as securities for bank borrowings amounted to approximately US$72,137,000 (2011: US$60,796,000).

(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 valuations by an independent professional valuer using discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantations are determined using the market price and the estimated yield of FFB, net of maintenance and harvesting costs and any costs required to bring the oil palm plantations to maturity. The estimated yield of the oil palm plantations 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 valuations were based on the following significant assumptions:

(i) No new planting or replanting activities are assumed;

(ii) Oil palm trees have an average life of 25 (2011: 25) years, with the first three years as immature and remaining years as mature;

(iii) Discount rate per annum of 8.16% to 11.82% (2011: 7.92% to 13.19%);

(iv) FFB selling price of US$109 to US$131 (2011: US$147 to US$179) per metric tonne; and

(v) Average yield is 18.9 (2011: 19.8) metric tonne per hectare.

15. Intangible Assets

	Goodwill	Trademarks & Licenses and others	Brands	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Cost				
At 1 January 2011	3,266,315	3,415	1,101,625	4,371,355
Additions, as previously reported	40,856	1,662	-	42,518
Finalisation of purchase price allocation	15,363*	-	-	15,363
Additions, as restated	56,219	1,662	-	57,881
Written off to income statement	(4)	(276)	-	(280)
Disposals	-	(84)	-	(84)
Currency translation differences	(2,568)	(119)	-	(2,687)
At 31 December 2011, as restated and 1 January 2012	**3,319,962**	**4,598**	**1,101,625**	**4,426,185**
Additions	**25,147#**	**409**	**-**	**25,556**
Currency translation differences	**7,701**	**(71)**	**281**	**7,911**
At 31 December 2012	**3,352,810**	**4,936**	**1,101,906**	**4,459,652**
Accumulated amortisation and impairment				
At 1 January 2011	-	(416)	-	(416)
Amortisation during the year	-	(461)	-	(461)
Disposals	-	1	-	1
Currency translation differences	-	(7)	-	(7)
At 31 December 2011 and 1 January 2012	**-**	**(883)**	**-**	**(883)**
Amortisation during the year	**-**	**(516)**	**-**	**(516)**
Currency translation differences	**-**	**13**	**-**	**13**
At 31 December 2012	**-**	**(1,386)**	**-**	**(1,386)**
Net carrying amount				
At 31 December 2011	3,319,962	3,715	1,101,625	4,425,302
At 31 December 2012	**3,352,810**	**3,550**	**1,101,906**	**4,458,266**

* *In accordance with FRS 103, the management has assessed the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. The purchase price allocation was completed during the financial year. Accordingly, the provisional goodwill recognized in the prior year has now been adjusted retrospectively to reflect the finalised carrying fair value.*

\# *In accordance with FRS 103, the management is required to determine the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Valuation reviews for some of the acquisitions are in progress as at 31 December 2012. Accordingly, provisional goodwill arising from these acquisitions are included in the addition of goodwill for the year.*

15. Intangible Assets (Continued)

	Trademarks and licenses	Total
	US$'000	US$'000
Company		
Costs		
At 1 January 2011, 31 December 2011 and 31 December 2012	**794**	**794**
Accumulated amortisation and impairment		
At 1 January 2011	(133)	(133)
Amortisation during the year	(264)	(264)
At 31 December 2011 and 1 January 2012	**(397)**	**(397)**
Amortisation during the year	**(265)**	**(265)**
At 31 December 2012	**(662)**	**(662)**
Net carrying amount		
At 31 December 2011	397	397
At 31 December 2012	**132**	**132**

Finalisation of purchase price allocation

The Group finalised the purchase price allocation for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International during the financial year. The retrospective adjustments to the provisional purchase price allocation were as follows:

	Group		
	Previously reported	Restated	Adjustments
	US$'000	US$'000	US$'000
Property, plant and equipment	7,468,889	7,469,278	389
Intangible assets	4,409,939	4,425,302	15,363
	11,878,828	11,894,580	15,752
Other financial payables	1,131,337	1,147,089	15,752
	1,131,337	1,147,089	15,752

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 2.11(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:

	Merchandising and Processing Segment		Consumer Products Segment	Plantations and Palm Oil Mills Segment	Sugar Segment		Others	Total Segment
	Palm and Laurics	Oilseeds and Grains			Milling	Merchandising and Processing		
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2012								
Goodwill	**623,638**	**738,725**	**28,986**	**1,605,272**	**215,912**	**128,699**	**11,578**	**3,352,810**
Brands	**-**	**-**	**1,089,247**	**-**	**-**	**12,659**	**-**	**1,101,906**
2011								
						Restated*		
Goodwill	608,375	737,042	28,986	1,596,605	210,960	127,462	10,532	3,319,962
Brands	-	-	1,089,247	-	-	12,378	-	1,101,625

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International.*

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 consumer products, merchandising and processing, sugar milling and sugar merchandising and processing segments. For plantations and palm oil mills, management has used cash flow projections based on the age of the plantations. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow beyond the five-year period are as follows:-

	Merchandising and Processing Segment		Consumer Products Segment	Plantations and Palm Oil Mills Segment	Sugar Segment	
	Palm and Laurics	Oilseeds and Grains			Milling	Merchandising and Processings
	%	%	%	%	%	%
2012						
Terminal growth rates	**2.0-3.0**	**3.0**	**3.0**	**N.A.**	**2.8**	**2.0-2.8**
Pre-tax discount rates	**12.0-14.0**	**14.0**	**12.0**	**12.0**	**9.6**	**9.6-12.0**
2011						
Terminal growth rates	2.0-3.0	3.0	3.0	N.A.	2.5	2.0-2.5
Pre-tax discount rates	12.0-14.0	14.0	12.0	12.0	9.8	9.8-12.0

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross 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 are based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGU.

16. Investment In Subsidiaries

	Company 2012 US$'000	Company 2011 US$'000
Unquoted equity shares, at cost	**8,744,713**	8,697,067

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

Acquisition of subsidiaries and business

The Group acquired the following subsidiaries and business during the financial year:

Name of subsidiaries and business acquired	Equity interest acquired %	Consideration US$'000	Month of acquisition
Jiangxi Yichun Yuanda Chemical Co., Ltd	70	14,411	January 2012
Ersun Kimya Sanayi Dis Ticaret Limited Sirketi	100	2,650	May 2012
PT Bangun Inti Kencana	95	798	May 2012
Jinqiao Yihai (Lianyungang) Chlor-alkali Co., Ltd	51	16,993	September 2012
Wilmar Consultancy Services Pte. Ltd.	25[1]	-[2]	November 2012
Wilmar Oils & Fats (Stockton), LLC (formerly known as Wilmar Gavilon, LLC)	50[1]	7,408	November 2012
		42,260	
Acquisition of plantation business in Nigeria		26,000	October 2012
		68,260	

(1) Prior to the above acquisition, these companies were classified as associates.
(2) The consideration is less than US$1,000.

16. Investment In Subsidiaries (Continued)

The fair values of the identifiable assets and liabilities of subsidiaries and business acquired and the effect thereof as at the date of above acquisitions were as follows:

	Fair value recognised on acquisition US$'000
Property, plant and equipment	154,504
Biological assets	31,817
Investment in associates	559
Inventories	16,474
Deferred tax assets	852
Trade and other receivables	59,001
Cash and cash equivalents	9,993
	273,200
Trade and other payables	155,498
Loans and borrowings	37,314
Deferred tax liabilities	2,700
	195,512
Net identifiable assets	77,688
Less: Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets	(19,090)
Identifiable net assets acquired	58,598
Less: Transfer from investment in associates	(15,485)
	43,113
Positive goodwill arising from acquisition recognised as part of intangible assets	25,147
Total consideration for acquisition	**68,260**

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	68,260
Less: Advance payments made in prior year	(798)
Less: Payables for acquisition	(2,909)
Consideration for acquisition - cash paid	**64,553**
The effects of acquisition on cash flow is as follows:	
Consideration settled in cash	64,553
Less: Cash and cash equivalents of subsidiaries/business acquired	(9,993)
Add: Adjustments of consideration for acquisition of subsidiaries in prior year	16,550
Net cash outflow on acquisition	**71,110**

Impact of acquisition on consolidated income statement

From the date of acquisition, the acquirees have contributed an additional revenue and profit of approximately US$172,721,000 and US$644,000 respectively for the financial year ended 31 December 2012. If the combination had taken place at the beginning of the financial year, the Group's revenue would have been approximately US$45,472,277,000 and profit would have been approximately US$1,256,414,000.

16. Investment In Subsidiaries (Continued)

Acquisition of non-controlling interests

During the year, the Group acquired additional interest in the following subsidiaries from the existing non-controlling shareholders:

Acquirer	Acquiree	Additional interest	Proportion of ownership interest after additional acquisition	Consideration	Book value	Premium/ (discount) arising from acquisition	Month of acquisition
		%	%	US$'000	US$'000	US$'000	
Wilmar China New Investments Pte. Ltd.	Liaoning Jinxin Biology & Chemistry Co., Ltd	42+	85	26,732	23,994	2,738	January 2012
WCL Holdings Limited	Wilmar China Limited	2+	100	248,898	95,906	152,992	March 2012
Yihai Kerry Investments Co., Ltd.	Yihai (Changji) Oils & Grains Industries Co., Ltd	1+	94+	357	43	314	April 2012
Wilmar Ship Holdings Pte. Ltd.	Natalie Shipping Co Pte. Ltd.	20	100	562	555	7	April 2012
Wilmar Ship Holdings Pte. Ltd.	Olivia Shipping Co Pte.Ltd.	20	100	52	52	-	April 2012
Wilmar Ship Holdings Pte. Ltd.	Analisa Shipping Co Pte Ltd	20	100	-*	(57)	57	April 2012
Wilmar Ship Holdings Pte. Ltd.	Alicia Shipping Co Limited	9	100	104	161	(57)	April 2012
Yihai Kerry Investments Co., Ltd.	Hengyang Yihai Oils and Grains Co., Ltd	20	100	1,315	714	601	July 2012
Wilmar China New Investments Pte. Ltd.	Yihai Kerry (Nanchang) Oils, Grains & Foodstuffs Co., Ltd	9+	94+	2,550	1,415	1,135	July 2012
Yihai Kerry Investments Co., Ltd.	Yihai (Yancheng) Oils & Grains Industries Co., Ltd	10	100	2,441	864	1,577	September 2012
Yihai Kerry Investments Co., Ltd.	Yihai Kerry (Lianyungang) Chemical Industries Co.,Ltd (formerly known as Yihai Tiancheng (Lianyungang) Chemical Industries Co., Ltd)	15	80	9,820	8,585	1,235	October 2012
Wilmar Consultancy Services Pte. Ltd.	WCS Softech Consulting Pte. Ltd.	50	100	-*	69	(69)	November 2012
Yihai Kerry Investments Co., Ltd.	Jiangxi Yichun Yuanda Chemical Co., Ltd	10	80	-	(26)	26	November 2012

\+ *The effective interest of the Group has been rounded to the nearest whole % as indicated.*
* *The consideration is less than US$1,000.*

17. Investment In Associates

	Group		Company	
	2012	2011	**2012**	2011
	US$'000	US$'000	US$'000	US$'000
Shares, at cost	**963,587**	980,800	**52,434**	90,732
Share of post-acquisition reserves	**525,460**	430,915	**-**	-
Share of associates' other comprehensive income	**918**	918	**-**	-
Currency translation differences	**56,932**	55,147	**-**	-
	1,546,897	1,467,780	**52,434**	90,732
Quasi equity loans	**110,966**	110,966	**110,966**	110,966
	1,657,863	1,578,746	**163,400**	201,698
Fair value of investment in associates for which there are published price quotations	**88,763**	78,962	**22,176**	21,560

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

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2012	2011
	US$'000	US$'000
Assets and liabilities:		
Current assets	**6,933,297**	6,999,725
Non-current assets	**2,764,487**	2,572,296
Total assets	**9,697,784**	9,572,021
Current liabilities	**6,007,369**	5,849,731
Non-current liabilities	**806,853**	838,940
Total liabilities	**6,814,222**	6,688,671
Results:		
Revenue	**16,560,652**	15,532,402
Profit for the year	**336,792**	498,507

18. Available-For-Sale Financial Assets Financial Assets Held For Trading

	Group		Company	
	2012	2011	**2012**	2011
	US$'000	US$'000	US$'000	US$'000
Available-for-sale financial assets				
Non-current:				
Quoted equity instruments*	**187,350**	78,636	**-**	-
Unquoted equity instruments, at cost	**124,748**	59,156	**36,000**	36,000
Unquoted non-equity instruments	**109,837**	56,051	**-**	-
	421,935	193,843	**36,000**	36,000
Financial assets held for trading				
Quoted equity instruments	**282,414**	223,239	**-**	-
Quoted non-equity instruments	**35,473**	110,476	**-**	-
	317,887	333,715	**-**	-

* *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 by Sugar Terminals Limited, 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	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
Deferred tax assets:				
Provisions	**103,287**	87,974	**(13,951)**	(24,087)
Unutilised tax losses	**63,245**	83,072	**21,263**	(25,301)
Differences in depreciation for tax purposes	**15,839**	16,510	**1,051**	880
Fair value adjustments on derivatives classified as cash flow hedges	**1,217**	4,113	**-**	-
Other items	**50,099**	35,196	**(15,269)**	(9,455)
	233,687	226,865		
Deferred tax liabilities:				
Differences in depreciation for tax purposes	**198,899**	147,008	**48,093**	4,191
Fair value adjustments on acquisition of subsidiaries	**67,939**	69,279	**(2,613)**	(2,092)
Fair value adjustments on derivatives classified as cash flow hedges	**20,070**	64,713	**-**	-
Fair value adjustments on derivatives classified as fair value hedges	**-**	339	**(786)**	(3,365)
Fair value adjustments on biological assets	**295,658**	280,746	**12,748**	68,898
Undistributed earnings	**32,412**	28,890	**3,522**	3,991
Other items	**69,115**	48,447	**19,708**	34,591
	684,093	639,422	**-**	-
Deferred income tax expense			**73,766**	48,251

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately US$424,442,000 (2011: US$201,361,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deffered 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 (2011: US$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately US$3,199,765,000 (2011: US$2,275,709,000). The deferred tax liability is estimated to be approximately US$381,365,000 (2011: US$286,341,000).

20. Derivative Financial Instruments

	Group					
	2012			2011		
	Contract/ Notional amount	Assets	Liabilities	Contract/ Notional amount	Assets	Liabilities
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Forward currency contracts and cross currency interest rate swaps	**14,126,134**	**113,432**	**93,418**	15,857,690	101,999	130,358
Futures, options and swap contracts	**5,520,201**	**145,585**	**123,925**	4,329,959	131,129	157,346
Interest rate swap	**131,121**	**-**	**1,853**	145,408	216	669
Forward freight agreements	**6,948**	**2,280**	**-**	23,165	8,815	-
Fair value of embedded derivatives of convertible bonds	**-**	**-**	**-**	-	330	-
Fair value of firm commitment contracts	**1,016,839**	**16,718**	**60,517**	430,126	20,525	18,086
Total derivative financial instruments		**278,015**	**279,713**		263,014	306,459
Less: Current portion		**(254,126)**	**(271,924)**		(239,354)	(263,402)
Non-current portion		**23,889**	**7,789**		23,660	43,057

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss. Other than those designated as hedges of commodity products and Medium Term Notes, the Group do not apply hedge accounting.

Cash flow hedges

The Group enters into various commodities futures, options and swap and forward currency contracts in order to hedge the financial risks related to the purchase and sales of commodity products. The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain of approximately US$38,287,000 (2011: US$31,151,000), with related deferred tax charges of approximately US$18,853,000 (2011: US$8,260,000), 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 three financial years as follows: US$26,588,000, US$11,699,000 and US$Nil (2011: US$31,660,000, US$(2,778,000) and US$2,269,000).

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/(loss) of approximately US$8,931,000 (2011: US$(6,790,000)) is deferred in the income statement and offset with a similar (loss)/gain on the inventory.

The Group also enters into cross currency interest rate swaps to hedge the financial risk related to Medium Term Notes issued by the Company. A net fair value loss of approximately US$557,000 (2011: US$Nil) is deferred in the income statement and offset with a similar loss on the loans and borrowings.

21. Other Financial Receivables Other Non-Financial Assets

	Group 2012 US$'000	Group 2011 US$'000	Company 2012 US$'000	Company 2011 US$'000
Non-current:				
Loans to non-controlling shareholders of a subsidiary	**27,900**	-	**-**	-
Other non-trade receivables	**13,856**	12,135	**15**	14
Other deposits with financial institutions	**143,785**	-	**-**	-
Amounts due from subsidiaries - non-trade	**-**	-	**337,365**	100,612
Amounts due from associates - non-trade	**152,130**	67,966	**39,132**	28,847
Amounts due from related parties - non-trade	**12,831**	-	**-**	-
Other financial receivables	**350,502**	80,101	**376,512**	129,473
Current:				
Deposits	**16,582**	13,011	**7**	7
Loans to non-controlling shareholders of subsidiaries	**80,953**	25,469	**-**	-
Other non-trade receivables	**311,669**	336,363	**8,678**	1,749
Other deposits with financial institutions	**1,474,055**	2,460,807	**-**	-
Amounts due from subsidiaries - non-trade	**-**	-	**1,437,521**	1,771,476
Amounts due from associates - non-trade	**278,681**	293,547	**6,205**	18,548
Amounts due from related parties - non-trade	**326**	26,926	**-**	-
Other financial receivables	**2,162,266**	3,156,123	**1,452,411**	1,791,780
Non-current:				
Prepayments	**45,221**	38,504	**-**	-
Other non-financial assets	**45,221**	38,504	**-**	-
Current:				
Prepayments and other non-financial assets	**210,118**	189,402	**1,326**	520
Tax recoverables	**103,309**	83,062	**-**	-
Advances for property, plant and equipment	**292,299**	400,070	**1,172**	1,147
Advances for acquisition of a subsidiary	**-**	74,076	**-**	-
Advances to suppliers	**826,977**	622,345	**-**	-
Other non-financial assets	**1,432,703**	1,368,955	**2,498**	1,667

Amounts due from subsidiaries, associates and related parties (non-current)

Other than the non-current non-trade receivables from associates and related parties, which bear interest rates from 3.6% to 6.6%, the remaining loans 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 a subsidiary amounting to approximately US$26,200,000 (2011: US$Nil).

21. Other Financial Receivables Other Non-Financial Assets (Continued)

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

The current non-trade receivables from subsidiaries, associates and related parties are unsecured, non-interest bearing and repayable on demand except for amounts due from associates of approximately US$143,589,000 (2011: US$153,935,000), which bear interest ranging from 2.4% to 8.8% (2011: 0.1% to 9.0%) per annum and are expected to be settled in cash.

The Company has provided impairment for amounts due from subsidiaries amounting to approximately US$19,560,000 (2011: US$36,721,000).

Loans to non-controlling shareholders of subsidiaries

Other than the non-current loans to non-controlling shareholders, loans to non-controlling shareholders of subsidiaries have no fixed repayment dates and are expected to be settled in cash. These loans are secured over the non-controlling shareholders' interests in the subsidiaries.

The non-current loans to non-controlling shareholders bear interest at US Prime rate and are expected to be settled in cash within 5 years. 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 reputable banks with high credit ratings and no history of default. The interest rates range from 3% to 8% (2011: 2% to 7%) per annum.

The Group has pledged other deposits with financial institutions amounting to approximately US$362,581,000 (2011: US$397,226,000) as security for bank borrowings.

22. Inventories

	Group	
	2012	2011
	US$'000	US$'000
Balance Sheet		
At cost:		
Raw materials	**2,201,555**	2,364,027
Consumables	**404,152**	358,238
Finished goods	**1,882,867**	1,724,884
Stock in transit	**250,645**	420,560
	4,739,219	4,867,709
At net realisable value:		
Raw materials	**754,751**	599,728
Consumables	**1,948**	2,097
Finished goods	**1,641,309**	1,795,766
	2,398,008	2,397,591
	7,137,227	7,265,300
Income Statement		
Inventories recognised as an expense in cost of sales	**37,413,835**	37,340,408
- (Reversal of)/additional provision for net realisable value	**(22,187)**	102,700

The Group has pledged inventories amounting to approximately US$183,287,000 (2011: US$318,571,000) as security for bank borrowings.

23. Trade Receivables

	Group 2012 US$'000	Group 2011 US$'000
Trade receivables	**2,670,035**	2,477,670
Notes receivables	**302,809**	267,225
Value added tax recoverable	**582,109**	543,793
Amounts due from associates - trade	**376,122**	191,574
Amounts due from related parties - trade	**44,148**	43,104
	3,975,223	3,523,366
Less: Allowance for doubtful receivables	**(22,119)**	(20,441)
	3,953,104	3,502,925

Trade receivables, including amounts due from associates and related parties, are non-interest bearing and the average turnover is 30 days (2011: 28 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 2012 and 31 December 2011.

The Group has pledged trade receivables amounting to approximately US$78,899,000 (2011: US$82,678,000) as security for bank borrowings.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to approximately US$587,619,000 (2011: US$415,797,000) 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 2012 US$'000	Group 2011 US$'000
Trade receivables past due but not impaired:		
Less than 30 days	**375,169**	263,862
30 - 60 days	**105,831**	58,079
61 - 90 days	**26,414**	18,823
91 - 120 days	**9,014**	12,461
More than 120 days	**71,191**	62,572
	587,619	415,797

23. Trade Receivables (Continued)

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 Individually Impaired	
	2012	2011
	US$'000	US$'000
At 1 January	**(20,441)**	(9,456)
Addition allowance during the year	**(3,258)**	(15,217)
Acquisition of subsidiaries	**(108)**	(156)
Bad debts written off against allowance	**2,510**	4,268
Currency translation differences	**(822)**	120
At 31 December	**(22,119)**	(20,441)

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	
	2012	2011	**2012**	2011
	US$'000	US$'000	US$'000	US$'000
Trade receivables	**3,953,104**	3,502,925	**-**	-
Other financial receivables - current	**2,162,266**	3,156,123	**1,452,411**	1,791,780
Other financial receivables - non-current	**350,502**	80,101	**376,512**	129,473
Total cash and bank balances	**8,562,166**	7,898,353	**678**	3,243
Loans and receivables	**15,028,038**	14,637,502	**1,829,601**	1,924,496

24. Other Bank Deposits Cash And Bank Balances

	Group	
	2012	2011
	US$'000	US$'000
Fixed deposits pledged with financial institutions for bank facilities	**6,560,946**	6,441,096
Other deposits with maturity more than 3 months	**420,217**	80,474
Other bank deposits	**6,981,163**	6,521,570

	Group		Company	
	2012	2011	**2012**	2011
	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand	**1,449,866**	1,194,139	**678**	3,243
Short term and other deposits	**131,137**	182,644	**-**	-
Cash and bank balances	**1,581,003**	1,376,783	**678**	3,243

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 and the Company is 3% (2011: 3%) per annum and 1% (2011: 1%) per annum respectively.

	Group		Company	
	2012	2011	**2012**	2011
	US$'000	US$'000	US$'000	US$'000
Other bank deposits	**6,981,163**	6,521,570	**-**	-
Cash and bank balances	**1,581,003**	1,376,783	**678**	3,243
Total cash and bank balances	**8,562,166**	7,898,353	**678**	3,243

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

	Group	
	2012	2011
	US$'000	US$'000
Cash and bank balances	**1,581,003**	1,376,783
Bank overdrafts	**(52,550)**	(97,125)
Cash and cash equivalents	**1,528,453**	1,279,658

25. Trade Payables

	Group 2012 US$'000	Group 2011 US$'000
Trade payables	**1,264,578**	1,277,753
Value added tax payable	**21,641**	28,178
Amounts due to associates - trade	**131,277**	110,143
Amounts due to related parties - trade	**162,254**	293,930
	1,579,750	1,710,004

Trade payables, including amounts due to associates and related parties, are non-interest bearing and the average turnover is 14 days (2011: 12 days).

Total financial liabilities

	Group 2012 US$'000	Group 2011 US$'000 Restated*	Company 2012 US$'000	Company 2011 US$'000
Trade payables	**1,579,750**	1,710,004	**-**	-
Other financial payables - current	**1,204,336**	1,147,089	**47,480**	24,448
Other financial payables - non-current	**20,117**	4,691	**-**	-
Loans and borrowings	**22,245,274**	20,888,943	**285,765**	558,417
Total financial liabilities carried at amortised cost	**25,049,477**	23,750,727	**333,245**	582,865

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International (Note 15).*

26. Other Financial Payables Other Non-Financial Liabilities

	Group		Company	
	2012	2011	**2012**	2011
	US$'000	US$'000	US$'000	US$'000
		Restated*		
Current:				
Advances from non-controlling shareholders of subsidiaries	**97,607**	58,884	**-**	-
Accrued operating expenses	**570,880**	557,993	**10,076**	10,131
Amounts due to subsidiaries - non-trade	**-**	-	**32,470**	12,891
Amounts due to associates - non-trade	**34,941**	50,081	**4,533**	1,242
Amounts due to related parties - non-trade	**9,089**	7,825	**90**	92
Deposits from third parties	**110,616**	84,570	**-**	-
Payable for property, plant and equipment	**95,840**	99,919	**-**	-
Other tax payables	**19,440**	26,050	**-**	-
Other payables	**265,923**	261,767	**311**	92
Other financial payables	**1,204,336**	1,147,089	**47,480**	24,448
Non-current:				
Advances from non-controlling shareholders of subsidiaries	**13,027**	3,680	**-**	-
Other payables	**7,090**	1,011	**-**	-
Other financial payables	**20,117**	4,691	**-**	-
Current:				
Advances from customers	**494,796**	469,834	**-**	-
Other non-financial liabilities	**494,796**	469,834	**-**	-
Non-current:				
Provision for employee gratuity	**47,047**	39,339	**-**	-
Deferred income - government grants	**47,567**	55,273	**-**	-
Other non-financial liabilities	**94,614**	94,612	**-**	-

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International (Note 15).*

Other payables include wages and employee taxes and other creditors.

The current amounts due to subsidiaries, associates and related parties are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

The advances from non-controlling shareholders are unsecured, non-interest bearing and 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 2012	2011	Group 2012	2011	Company 2012	2011
			%	%	US$'000	US$'000	US$'000	US$'000
Current:								
Bank term loans	(a)	**2013**	**2**	2	**2,402,726**	1,998,587	**-**	-
Short term/ pre-shipment loans	(a)	**2013**	**2**	3	**10,770,955**	10,724,560	**-**	-
Trust receipts/bill discounts	(a)	**2013**	**2**	1	**4,514,009**	5,030,366	**-**	-
Bank overdrafts	(b)	**2013**	**1**	5	**52,550**	97,125	**-**	-
Obligations under finance leases		**2013**	**7**	6	**10**	15	**-**	-
Convertible bonds	(c)	**-**	**-**	4	**-**	558,417	**-**	558,417
					17,740,250	18,409,070	**-**	558,417
Non-current:								
Bank term loans	(a)	**2014-2019**	**2**	2	**4,219,249**	2,479,851	**-**	-
Obligations under finance leases		**2014-2015**	**5**	6	**10**	22	**-**	-
Medium term notes	(d)	**2017-2019**	**4**	-	**285,765**	-	**285,765**	-
					4,505,024	2,479,873	**285,765**	-
Total loans and borrowings					**22,245,274**	20,888,943	**285,765**	558,417

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 are secured by a pledge over property, plant and equipment, biological assets, fixed deposits, trade receivables, inventories, other deposits with financial institutions and corporate guarantees from the Company and certain subsidiaries.

(b) Bank overdrafts

Certain bank overdrafts are secured by inventories, trade receivables and corporate guarantees from the Company.

(c) Convertible bonds

The Company has fully redeemed all its outstanding principal amount of US$571,000,000 Convertible Bonds (after taking into account a total of US$25,000,000 Convertible Bonds which have been repurchased and cancelled and a total of US$4,000,000 Convertible Bonds which have been converted into 1,074,421 Wilmar shares) which matured on 18 December 2012.

27. Loans And Borrowings (Continued)

(d) *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.

(e) The bank facilities, up to a limit of approximately US$6,862,574,000 (2011: US$5,056,857,000), are guaranteed by the Company and certain subsidiaries.

(f) The Group has bank loans and other bank deposits amounting to approximately US$6,156,913,00 (2011: US$Nil), disclosed off-balance sheet for the financial year ended 31 December 2012 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. Both the loans and deposits have the same maturity terms and are placed with the same reputable banks.

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 2011	6,396,925	8,434,768	6,396,925	8,870,907
Shares arising from exercise of share options	4,503	16,753	4,503	16,753
At 31 December 2011 and 1 January 2012	**6,401,428**	**8,451,521**	**6,401,428**	**8,887,660**
Shares arising from exercise of share options	**1,302**	**4,524**	**1,302**	**4,524**
Shares arising from conversion of convertible bonds	**672**	**2,950**	**672**	**2,950**
At 31 December 2012	**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 the employees of the Group and issued convertible bonds to its holders to subscribe for the Company's ordinary shares.

28. Share Capital Treasury Shares (Continued)

(b) Treasury shares

	Group and Company	
	Number of shares	
	'000	US$'000
At 1 January 2011, 31 December 2011 and 1 January 2012	**-**	**-**
Acquired during the financial year	**(7,388)**	**(17,759)**
Reissued pursuant to employee share option plans:		
- For cash on exercise of employee share options	**130**	**260**
- Transferred from employee share option reserve	**-**	**145**
- Transferred to gain or loss on reissuance of treasury shares	**-**	**(86)**
	130	**319**
At 31 December 2012	**(7,258)**	**(17,440)**

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

The Company has acquired approximately 7,388,000 shares (2011: Nil) 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$17,759,000 (2011: US$Nil) and this was presented as a component within shareholders' equity.

The Company reissued approximately 130,000 (2011: Nil) treasury shares pursuant to its employee share option scheme at an exercise price of S$2.45 (2011: S$Nil) each.

29. Other Reserves

(a) Composition:

	Group		Company	
	2012	2011	**2012**	2011
	US$'000	US$'000	US$'000	US$'000
Capital reserve	**145,383**	145,383	**145,379**	145,379
Merger reserve	**(1,929,314)**	(1,929,314)	**-**	-
Foreign currency translation reserve	**559,450**	437,647	**-**	-
General reserve	**215,255**	190,531	**86**	-
Equity transaction reserve	**(160,833)**	(4,005)	**-**	-
Hedging reserve	**38,287**	31,151	**-**	-
Employee share option reserve	**68,704**	54,351	**68,704**	54,351
Fair value reserve	**(11,994)**	(18,674)	**-**	-
Total other reserves	**(1,075,062)**	(1,092,930)	**214,169**	199,730

29. Other Reserves (Continued)

(b) Movements:

(i) Capital reserve

	Group		Company	
	2012	2011	**2012**	**2011**
	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 grant to employees and 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 long services with the Group.

Equity component of convertible bonds represents the residual amount included shareholders' equity in capital reserve.

(ii) Merger reserve

	Group	
	2012	2011
	US$'000	US$'000
At 1 January and 31 December	**(1,929,314)**	(1,929,314)

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

(iii) Foreign currency translation reserve

	Group	
	2012	2011
	US$'000	US$'000
At 1 January	**437,647**	363,133
Currency translation differences of foreign operations	**122,245**	75,120
Disposal of subsidiaries	**(442)**	(606)
At 31 December	**559,450**	437,647

29. Other Reserves (Continued)

(b) Movements (continued)

(iv) General reserve

	Group	
	2012	2011
	US$'000	US$'000
At 1 January	**190,531**	151,558
Transferred from retained earnings	**24,638**	38,973
Gain on reissuance of treasury shares	**86**	-
At 31 December	**215,255**	190,531

(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, a certain amount from net earnings must be allocated to Reserve Fund. The percentage to be allocated to Reserve Fund is determined by the General Meeting of the shareholders.

(c) Gain on reissuance of treasury shares reserve represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares.

(v) Equity transaction reserve

	Group	
	2012	2011
	US$'000	US$'000
At 1 January	**(4,005)**	(5,666)
Acquisition of additional interest in subsidiaries	**(160,556)**	1,661
Dilution of interest in subsidiaries	**3,728**	-
At 31 December	**(160,833)**	(4,005)

29. Other Reserves (Continued)

(b) Movements (continued)

(vi) Hedging reserve

	Group	
	2012	2011
	US$'000	US$'000
At 1 January	**31,151**	(77,556)
Fair value adjustment on cash flow hedges	**35,217**	27,216
Recognised in the income statement on derivatives contracts realised	**(28,081)**	81,491
At 31 December	**38,287**	31,151

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	
	2012	2011
	US$'000	US$'000
At 1 January	**54,351**	39,987
Grant of equity-settled share options	**16,058**	19,964
Exercise of equity-settled share options	**(1,560)**	(5,600)
Reissuance of treasury shares pursuant to exercise of equity-settled share options	**(145)**	-
At 31 December	**68,704**	54,351

Employee share option reserve represents the equity-settled share options granted to employees (including directors). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

(viii) Fair value reserve

	Group	
	2012	2011
	US$'000	US$'000
At 1 January	**(18,674)**	3,989
Fair value adjustment on available-for-sale financial assets	**10,890**	(22,701)
Recognised in the income statement on disposal of available-for-sale financial assets	**(4,210)**	38
At 31 December	**(11,994)**	(18,674)

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	
	2012	2011
Discount rate	**6% per annum**	6.85% per annum
Wages and salaries increase	**8% per annum**	8% - 10% per annum
Retirement age	**55 years of age**	55 years of age
Mortality rate	**CSO - 1980**	CSO - 1980
Method	**Projected unit credit**	Projected unit credit

The details of the employee gratuity expense recognised in the income statement are as follows:

	Group	
	2012	2011
	US$'000	US$'000
Current service costs	**8,038**	6,611
Adjustment of new entrant employees/transfers	**(139)**	1,207
Interest costs	**3,076**	3,446
Curtailment loss	**(380)**	(1,594)
Immediate recognition of past service cost	**(2)**	(31)
Others	**679**	938
	11,272	10,577

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

	Group	
	2012	2011
	US$'000	US$'000
Present value of benefit obligation	**66,017**	48,731
Unamortised service cost	**(483)**	(413)
Unrecognised actuarial loss	**(18,487)**	(8,979)
Provision for employee gratuity	**47,047**	39,339

30. Provision For Employee Gratuity (Continued)

Movement in provision for employee gratuity is as follows:

	Group	
	2012	2011
	US$'000	US$'000
At 1 January	**39,339**	31,014
Acquisition of subsidiaries	**560**	95
Provision made for the year	**11,272**	10,577
Payments during the year	**(1,651)**	(2,028)
Others	**(37)**	(36)
Currency translation differences	**(2,436)**	(283)
At 31 December	**47,047**	39,339

31. Employee Benefits

	Group	
	2012	2011
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**873,541**	735,933
Defined contribution plans	**69,156**	54,509
Share-based payments	**16,058**	19,964
Other short term benefits	**72,511**	63,379
Other long term benefits	**11,382**	10,588
	1,042,648	884,373
Less: Amount capitalised as biological assets	**(10,861)**	(15,008)
	1,031,787	869,365

Share option schemes

Wilmar ESOS 2000

Under the Wilmar Executives Share Option Scheme 2000 ("Wilmar ESOS 2000"), approved by shareholders on 30 June 2000, share options are granted to eligible executives selected by the Remuneration Committee. The exercise price of the options is 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 consecutive trading days immediately preceding the date of the grant of that option ("Market Price") or at a discount to the Market Price (up to a maximum of 20%). The number of shares in respect of which options may be granted when aggregated with those granted under any other share option schemes of the Company and for the time being in force, shall not exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant. There are no cash settlement alternatives.

31. Employee Benefits (Continued)

Share option schemes (continued)

Wilmar ESOS 2000 (continued)

A total of 18,170,000 share options were granted in 2008 to executives of the Group at Market Price. The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

- After 1st anniversary of the date of grant – 50% of options granted
- After 2nd anniversary of the date of grant – the remaining 50% of options granted

As at 31 December 2012, options to subscribe for 2,949,500 shares remained outstanding. No shares had been granted in 2012 under the Wilmar ESOS 2000 which was terminated with effect from 29 April 2009. Outstanding options under Wilmar ESOS 2000 remain valid until the respective expiry dates of the options.

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 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 (including those under the Wilmar ESOS 2000); and (ii) the number of treasury shares delivered in respect of options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued shares (excluding treasury 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 shares available under the Wilmar ESOS 2009, provided that the number of shares available to each controlling shareholder or each of his associates shall not exceed 10% of the total number of 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.

On 21 May 2009, the Company granted options to subscribe for a total of 4,750,000 Wilmar shares at S$4.50 per share (being Market Price as defined above) to all directors of the Company (including two directors who were controlling shareholders). The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

- After 1st anniversary of the date of grant – 50% of options granted
- After 2nd anniversary of the date of grant – the remaining 50% of options granted

As at 31 December 2012, the number of unexercised option shares was 2,250,000, out of which a total 450,000 unexercised option shares held by past directors continue to be valid as the options were issued in recognition of their contributions at the time of the grant. The options are valid for a term of five years from the date of grant, of which 50% are exercisable after the 1st anniversary and the remaining 50% after the 2nd anniversary of the date of the grant.

31. Employee Benefits (Continued)

Share option schemes (continued)

Wilmar ESOS 2009 (continued)

On 10 March 2010, the Company granted options to subscribe for a total of 25,705,000 shares at S$6.68 per share at Market Price to directors and senior executives of the Company and its subsidiaries. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2012, the number of shares that were unexercised under this option grant stood at 24,270,000 out of which options to subscribe for a total 1,000,000 shares held by past directors continue to be valid until the expiry period. The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

For Executive Directors and Senior 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 the 1st anniversary of the date of grant.

During the year, the Company granted options to subscribe for a total of 26,800,000 shares at S$3.63 per share at Market Price to directors and senior executives of the Company and its subsidiaries. No options were granted to controlling shareholders (and their associates) of the Company. The number of outstanding option shares that were not exercised as at 31 December 2012 was 26,800,000. The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

For Executive Directors and Senior 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.

As at 31 December 2012, the total number of shares exercisable under the options granted pursuant to the Wilmar ESOS 2009 was 53,320,000 shares.

31. Employee Benefits (Continued)

Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options cancelled	Options exercised	Closing balance	Exercise price	Exercise period
2012							
Wilmar ESOS 2000							
27.11.2008	1,050,500	-	-	(247,500)	803,000	$2.45	28.11.2009 to 26.11.2013
27.11.2008	3,005,500	-	-	(909,000)	2,096,500	$2.45	28.11.2010 to 26.11.2013
09.12.2008	25,000	-	-	-	25,000	$2.63	10.12.2009 to 08.12.2013
09.12.2008	50,000	-	-	(25,000)	25,000	$2.63	10.12.2010 to 08.12.2013
	4,131,000	-	-	(1,181,500)	2,949,500		
Wilmar ESOS 2009							
21.05.2009	325,000	-	(100,000)	-	225,000	$4.50	22.05.2010 to 21.05.2014
21.05.2009	2,375,000	-	(100,000)	(250,000)	2,025,000	$4.50	22.05.2011 to 21.05.2014
	2,700,000	-	(200,000)	(250,000)	2,250,000		
10.03.2010	9,190,150	-	(209,550)	-	8,980,600	$6.68	11.03.2011 to 10.03.2015
10.03.2010	7,740,150	-	(209,550)	-	7,530,600	$6.68	11.03.2012 to 10.03.2015
10.03.2010	7,974,700	-	(215,900)	-	7,758,800	$6.68	11.03.2013 to 10.03.2015
	24,905,000	-	(635,000)	-	24,270,000		
12.07.2012	-	9,681,500	-	-	9,681,500	$3.63	13.07.2013 to 12.07.2017
12.07.2012	-	8,431,500	-	-	8,431,500	$3.63	13.07.2014 to 12.07.2017
12.07.2012	-	8,687,000	-	-	8,687,000	$3.63	13.07.2015 to 12.07.2017
	-	26,800,000	-	-	26,800,000		
Total	31,736,000	26,800,000	(835,000)	(1,431,500)	56,269,500		

31. Employee Benefits (Continued)

Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options cancelled	Options exercised	Closing balance	Exercise price	Exercise period
2011							
Wilmar ESOS 2000							
27.11.2008	1,278,000	-	-	(227,500)	1,050,500	S$2.45	28.11.2009 to 26.11.2013
27.11.2008	5,771,000	-	-	(2,765,500)	3,005,500	S$2.45	28.11.2010 to 26.11.2013
09.12.2008	25,000	-	-	-	25,000	S$2.63	10.12.2009 to 08.12.2013
09.12.2008	60,000	-	-	(10,000)	50,000	S$2.63	10.12.2010 to 08.12.2013
	7,134,000	-	-	(3,003,000)	4,131,000		
Wilmar ESOS 2009							
21.05.2009	1,825,000	-	-	(1,500,000)	325,000	S$4.50	22.05.2010 to 21.05.2014
21.05.2009	2,375,000	-	-	-	2,375,000	S$4.50	22.05.2011 to 21.05.2014
	4,200,000	-	-	(1,500,000)	2,700,000		
10.03.2010	9,401,350	-	(211,200)	-	9,190,150	S$6.68	11.03.2011 to 10.03.2015
10.03.2010	7,951,350	-	(211,200)	-	7,740,150	S$6.68	11.03.2012 to 10.03.2015
10.03.2010	8,192,300	-	(217,600)	-	7,974,700	S$6.68	11.03.2013 to 10.03.2015
	25,545,000	-	(640,000)	-	24,905,000		
Total	36,879,000	-	(640,000)	(4,503,000)	31,736,000		

The weighted average fair value of options granted during the financial year ended 31 December 2012 was S$1.05. No options had been granted during the financial year ended 31 December 2011.

The weighted average share price at the date of exercise of the options during the financial year was S$4.42 (2011: S$5.30).

The range of exercise prices for options outstanding at the end of the year was from S$2.45 to S$6.68 (2011: S$2.45 to S$6.68). The weighted average remaining contractual life for these options is 3.2 years (2011: 3.0 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	2012	2010
Dividend (S$ per share)	**0.06**	0.05
Expected volatility	**44%**	55%
Risk-free interest rate (% p.a.)	**0.23 to 0.37**	0.77 to 1.30
Expected life of option (years)	**2.0**	2.0
Weighted average share price at date of grant (S$)	**3.53**	6.86

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 is as follows:

	Group	
	2012	2011
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**780,510**	779,208

(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	
	2012	**2011**
	US$'000	US$'000
Not later than one year	**14,932**	13,829
Later than one year but not later than five years	**23,865**	24,626
Later than five years	**28,577**	32,459
	67,374	70,914

32. Commitments And Contingencies (Continued)

(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:

	2012	2011
	US$'000	US$'000
Committed contracts		
Purchase	**2,939,368**	2,784,417
Sales	**4,660,757**	5,125,508

(d) *Commitments for the development of oil palm plantations*

The Group has commitments in relation to the development of oil palm plantations amounting to approximately US$44,028,000 as of 31 December 2012 (2011: US$65,076,000).

(e) *Corporate guarantees*

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

	Group		Company	
	2012	2011	2012	2011
	US$'000	US$'000	US$'000	US$'000
Subsidiaries	**-**	-	**6,513,312**	5,016,547
Associates	**252,946**	310,816	**241,069**	299,072
	252,946	310,816	**6,754,381**	5,315,619

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	
	2012	2011
	US$'000	US$'000
Related Parties		
Dividend income	**683**	680
Freight charges	**6,982**	16,657
Interest income	**180**	-
Others	**13,982**	34,722
Purchase of goods	**3,396,141**	3,676,331
Sales of goods	**413,853**	594,389
Associates		
Dividend income	**26,425**	50,059
Freight charges	**205,246**	203,680
Interest expense	**847**	495
Interest income	**9,446**	10,978
Others	**22,192**	16,010
Purchase of goods	**1,906,889**	2,368,694
Sales of goods	**1,975,549**	1,597,097
Ship charter income	**99,505**	45,427

B. *Compensation of key management personnel*

	Group	
	2012	2011
	US$'000	US$'000
Defined contribution plans	**129**	176
Salaries and bonuses	**20,209**	18,350
Short term employee benefits (including grant of share options)	**2,913**	4,160
	23,251	22,686
Comprise amounts paid to:		
Directors of the Company	**10,984**	12,788
Other key management personnel	**12,267**	9,898
	23,251	22,686

34. Fair Value Of Financial Instruments

A. *Fair value of financial instruments that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group 2012 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets:				
Available-for-sale financial assets	136,945	109,837	50,405	297,187
Financial assets held for trading	317,887	-	-	317,887
Derivatives				
- Forward currency contracts and cross currency interest rate swaps	-	113,432	-	113,432
- Futures, options, swap contracts, forward freight agreements and firm commitment contracts	130,714	33,869	-	164,583
At 31 December 2012	585,546	257,138	50,405	893,089
Financial liabilities:				
Derivatives				
- Forward currency contracts and cross currency interest rate swaps	-	93,418	-	93,418
- Futures, options, swap contracts, forward freight agreements and firm commitment contracts	96,916	89,379	-	186,295
At 31 December 2012	96,916	182,797	-	279,713

34. Fair Value Of Financial Instruments (Continued)

A. Fair value of financial instruments that are carried at fair value (continued)

	Group 2011 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets:				
Available-for-sale financial assets	29,352	56,051	49,284	134,687
Financial assets held for trading	333,715	-	-	333,715
Derivatives				
- Forward currency contracts	-	101,999	-	101,999
- Futures, options, swap contracts, forward freight agreements and firm commitment contracts	87,157	73,528	-	160,685
- Embedded derivatives of convertible bonds	-	-	330	330
At 31 December 2011	450,224	231,578	49,614	731,416
Financial liabilities:				
Derivatives				
- Forward currency contracts	-	130,358	-	130,358
- Futures, options, swap contracts, forward freight agreements and firm commitment contracts	140,876	35,225	-	176,101
At 31 December 2011	140,876	165,583	-	306,459

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

– Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

– Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

34. Fair Value Of Financial Instruments (Continued)

A. *Fair value of financial instruments that are carried at fair value (continued)*

Methods and assumptions used to determine fair values

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

Financial assets and liabilities	**Methods and assumptions**
• Quoted equity and non-equity instruments	Other than the quoted equity instruments disclosed below, 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.

Movements in Level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group US$'000		
	Embedded derivatives of convertible bonds	Available-for-sale financial assets	Total
At 1 January 2011	85,014	45,300	130,314
Arising from business combination	-	4,059	4,059
Total losses recognised in the income statement (presented in non-operating items)	(84,684)	-	(84,684)
Currency translation differences	-	(75)	(75)
At 31 December 2011 and 1 January 2012	**330**	**49,284**	**49,614**
Total losses recognised in the income statement (presented in non-operating items)	**(330)**	**-**	**(330)**
Currency translation differences	**-**	**1,121**	**1,121**
At 31 December 2012	**-**	**50,405**	**50,405**

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2012 and 31 December 2011.

34. Fair Value Of Financial Instruments (Continued)

A. *Fair value of financial instruments that are carried at fair value (continued)*

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

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

	Group			
	2012 US$'000		2011 US$'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	**50,405**	-	49,284	-

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 Financial Instruments (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			
	2012		2011	
	US$'000		US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**350,502**	#	80,101	#
Equity instruments, at cost	**124,748**	*	59,156	*
Financial liabilities:				
Other financial payables	**20,117**	#	4,691	#
Loans and borrowings				
- Obligations under finance leases	**10**	#	22	#

	Company			
	2012		2011	
	US$'000		US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**376,512**	#	129,473	#
Equity instruments, at cost	**36,000**	*	36,000	*

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.*

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 2012 and 31 December 2011.

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 Executive Directors 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 financial assets recognised in the balance sheets, including derivatives with positive fair values.

35. Financial Risk Management Objectives And Policies (Continued)

(a) *Credit risk (continued)*

<u>*Credit risk concentration profile*</u>

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			
	2012		2011	
	US$'000	%	US$'000	%
By country:				
South East Asia	**964,618**	**24**	949,329	27
People's Republic of China	**1,499,959**	**38**	1,254,515	36
India	**243,695**	**6**	84,176	2
Europe	**281,288**	**7**	307,969	9
Australia/New Zealand	**382,814**	**10**	422,425	12
Africa	**147,072**	**4**	135,704	4
Others	**433,658**	**11**	348,807	10
	3,953,104	**100**	3,502,925	100

	Group			
	2012		2011	
	US$'000	%	US$'000	%
By segment:				
Merchandising and Processing				
- Palm and Laurics	**2,009,268**	**51**	1,498,925	43
- Oilseeds and Grains	**867,438**	**22**	786,723	23
Consumer Products	**314,733**	**8**	379,667	11
Plantations and Palm Oil Mills	**20,107**	**1**	17,147	-#
Sugar				
- Milling	**243,418**	**6**	279,391	8
- Merchandising and Processing	**227,000**	**5**	188,528	5
Others	**271,140**	**7**	352,544	10
	3,953,104	**100**	3,502,925	100

less than 1%

35. Financial Risk Management Objectives And Policies (Continued)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, available-for-sale financial assets, financial assets held for trading and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting 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.

	2012 US$'000				2011 US$'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	**-**	**109,837**	**-**	**109,837**	-	193,843	-	193,843
Financial assets held for trading	**317,887**	**-**	**-**	**317,887**	333,715	-	-	333,715
Trade and other financial receivables	**6,196,847**	**381,730**	**-**	**6,578,577**	6,741,901	80,490	-	6,822,391
Derivative financial instruments	**254,126**	**23,889**	**-**	**278,015**	239,354	23,660	-	263,014
Total cash and bank balances	**8,890,701**	**-**	**-**	**8,890,701**	8,121,345	-	-	8,121,345
Total undiscounted financial assets	**15,659,561**	**515,456**	**-**	**16,175,017**	15,436,315	297,993	-	15,734,308

35. Financial Risk Management Objectives And Policies (Continued)

(b) Liquidity risk (continued)

	2012 US$'000				**2011 US$'000 Restated***			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Group								
Financial liabilities:								
Trade and other financial payables	**2,784,086**	**20,117**	**-**	**2,804,203**	2,857,093	4,691	-	2,861,784
Derivative financial instruments	**271,924**	**7,789**	**-**	**279,713**	263,402	43,057	-	306,459
Loans and borrowings	**17,883,733**	**4,803,003**	**81,809**	**22,768,545**	18,620,836	2,813,445	38	21,434,319
Total undiscounted financial liabilities	**20,939,743**	**4,830,909**	**81,809**	**25,852,461**	21,741,331	2,861,193	38	24,602,562
Total net undiscounted financial (liabilities)/ assets	**(5,280,182)**	**(4,315,453)**	**(81,809)**	**(9,677,444)**	(6,305,016)	(2,563,200)	(38)	(8,868,254)

	2012 US$'000				**2011 US$'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:								
Available-for-sale financial assets	**-**	**36,000**	**-**	**36,000**	-	36,000	-	36,000
Trade and other financial receivables	**1,454,774**	**376,887**	**-**	**1,831,661**	1,794,978	129,848	-	1,924,826
Derivative financial instruments	**-**	**-**	**-**	**-**	330	-	-	330
Total cash and bank balances	**678**	**-**	**-**	**678**	3,243	-	-	3,243
Total undiscounted financial assets	**1,455,452**	**412,887**	**-**	**1,868,339**	1,798,551	165,848	-	1,964,399

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International (Note 15).*

35. Financial Risk Management Objectives And Policies (Continued)

(b) Liquidity risk (continued)

	2012 US$'000 Less than 1 year	2012 US$'000 1 to 5 years	2012 US$'000 Over 5 years	2012 US$'000 Total	2011 US$'000 Less than 1 year	2011 US$'000 1 to 5 years	2011 US$'000 Over 5 years	2011 US$'000 Total
Financial liabilities:								
Trade and other financial payables	**47,480**	**-**	**-**	**47,480**	24,448	-	-	24,448
Loans and borrowings	**-**	**204,118**	**81,647**	**285,765**	675,468	-	-	675,468
Total undiscounted financial liabilities	**47,480**	**204,118**	**81,647**	**333,245**	699,916	-	-	699,916
Total net undiscounted financial assets/ (liabilities)	**1,407,972**	**208,769**	**(81,647)**	**1,535,094**	1,098,635	165,848	-	1,264,483

The table below shows the contractual expiry by maturity of the Group 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.

	2012 US$'000 Less than 1 year	2012 US$'000 1 to 5 years	2012 US$'000 Over 5 years	2012 US$'000 Total	2011 US$'000 Less than 1 year	2011 US$'000 1 to 5 years	2011 US$'000 Over 5 years	2011 US$'000 Total
Group								
Financial guarantees	**169,094**	**83,852**	**-**	**252,946**	122,935	187,881	-	310,816
Company								
Financial guarantees	**3,792,038**	**2,962,343**	**-**	**6,754,381**	2,144,286	3,171,333	-	5,315,619

(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 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 (2011: 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$74,236,000 (2011: US$68,132,000), 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.

35. Financial Risk Management Objectives And Policies (Continued)

(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) and Australian Dollar (AUD).

Currency risk arises when transactions are denominated in foreign currencies. The Group seeks to manage its foreign currency exposure by constructing natural hedges when it matches sales and purchases in any single currency or through financial instruments, such as foreign currency forward exchange contracts. To manage the currency risk, individual Group entities in consultation with Group Treasury 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 and Vietnam. 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.

Sensitivity analysis for foreign currency risk

A 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.

	Profit before tax		Equity (Hedging reserve)	
	2012	2011	**2012**	2011
	US$'000	US$'000	US$'000	US$'000
Chinese Renminbi	**(158,286)**	(392,249)	**7,472**	178,996
Malaysian Ringgit	**10,703**	25,098	**(29,818)**	(42,307)
Indonesian Rupiah	**18,289**	(3,654)	**(38,560)**	(23,705)
Australian Dollar	**(944)**	(2,595)	**(18,440)**	(15,696)
Others	**(16,815)**	(18,186)	**-**	-

(e) Commodity price risk

The price 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 subject to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise their 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.

35. Financial Risk Management Objectives And Policies (Continued)

(e) Commodity price risk (continued)

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% (2011: 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	
	2012	**2011**
	US$'000	US$'000
Effect of increase in commodities price indices on		
Profit before tax	**(163,488)**	(88,576)
Equity (hedging reserve)	**(16,417)**	2,754
Effect of decrease in commodities price indices on		
Profit before tax	**163,488**	88,576
Equity (hedging reserve)	**16,417**	(2,754)

(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.

<u>Sensitivity analysis for equity price risk</u>

At the balance sheet date, if the market price had been 5% (2011: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been approximately US$14,118,000 (2011: US$12,532,000) 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$6,848,000 (2011: US$1,469,000) 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 2012 and 31 December 2011.

36. Capital Management (Continued)

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	
	2012	2011
	US$'000	US$'000
Shareholders' funds	**14,345,866**	13,370,190
Loans and borrowings	**22,245,274**	20,888,943
Less: Cash and bank balances	**(8,562,166)**	(7,898,353)
Less: Other deposits with financial institutions - current	**(1,474,055)**	(2,460,807)
Net debt	**12,209,053**	10,529,783
Net gearing ratio (times)	**0.85**	0.79

Note: Net loans and borrowings and gearing ratios as at 31 December 2011 have been revised to reflect the net off of current portion of "other deposits with financial institutions" in the definition of net loans and borrowings.

(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	
	2012	2011
	US$'000	US$'000
		*Restated
Shareholders' funds	**14,345,866**	13,370,190
Liquid working capital:		
Inventories (excluding consumables)	**6,731,127**	6,904,965
Trade receivables	**3,953,104**	3,502,925
Less: Current liabilities (excluding loans and borrowings)	**(3,673,033)**	(3,736,415)
Total liquid working capital	**7,011,198**	6,671,475
Adjusted net debt	**5,197,855**	3,858,308
Adjusted net gearing ratio (times)	**0.36**	0.29

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International (Note 15).*

37. Segment Information

Reporting format

For management purposes, the Group is organised into business units based on their products and services, and has seven reportable operating segments as follows:

Merchandising and Processing

Palm and laurics
This segment comprises the merchandising and processing of palm oil and laurics related products. Processing includes refining, fractionation and other down-stream processing.

Oilseeds and grains
This segment comprises the merchandising and processing of a wide range of edible oils, oilseeds and grains from the crushing and milling, further processing and refining of soybean as well as other oilseeds and grains.

Consumer Products

This segment comprises packaging and sales of consumer pack edible oils, rice, flour and grains.

Plantations and Palm Oil Mills

This segment comprises oil palm cultivation and milling.

Sugar

Milling
This segment comprises milling of sugar cane to produce raw sugar and also by-products, such as molasses.

Merchandising & Processing
This segment comprises the merchandising and processing of sugar and its related products. The processing of sugar produces food-grade products such as white sugar, brown sugar, caster sugar and syrups.

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 corporate assets, income tax and deferred tax assets and liabilities, loans and borrowings and related expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

37. Segment Information (Continued)

2012

	Merchandising and Processings				Sugar				
	Palm and Laurics	Oilseeds and Grains	Consumer Products	Plantations and Palm Oil Mills	Milling	Merchandising and Processing	Others	Eliminations	Per consolidated financial statements
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue:									
Sales to external customers	22,211,280	11,075,720	7,096,180	69,885	958,361	2,563,834	1,488,154	-	45,463,414
Inter-segment	536,335	1,860,441	15	1,658,236	119,141	465	1,239,035	(5,413,668)	-
Total revenue	22,747,615	12,936,161	7,096,195	1,728,121	1,077,502	2,564,299	2,727,189	(5,413,668)	45,463,414
Results:									
Segment results	771,140	14,061	157,238	410,820	6,186	93,639	110,347	-	1,563,431
Share of results of associates	17,869	61,295	427	36,220	-	-	7,280	-	123,091
Unallocated expenses									(31,921)
Profit before tax									1,654,601
Income tax expense									(334,174)
Profit after tax									1,320,427
Assets and Liabilities:									
Segment assets	9,011,046	14,552,503	7,442,943	4,398,186	1,740,071	1,072,641	10,946,257	(9,238,372)	39,925,275
Investment in associates	340,077	1,059,402	6,381	117,266	-	-	134,737	-	1,657,863
Unallocated assets									336,996
Total assets									41,920,134
Segment liabilities	6,779,788	12,377,582	5,096,913	360,537	1,536,430	811,713	7,908,244	(9,238,372)	25,632,835
Unallocated liabilities									1,092,085
Total liabilities									26,724,920
Other segment information									
Additions to non-current assets	974,444	295,195	91,594	208,407	95,546	55,221	348,653	-	2,069,060
Depreciation, impairment and amortisation	137,020	134,657	31,046	48,004	88,395	41,366	62,716	-	543,204
Finance income	156,029	385,581	66,077	9,268	1,485	3,023	63,006	(250,680)	433,789
Finance cost	(252,934)	(398,846)	(56,493)	(16,888)	(29,610)	(15,985)	(121,424)	250,680	(641,500)[#]

[#] *Including non-operating finance costs amounting to approximately US$30,009,000 on bank borrowings for acquisition of Sucrogen Limited and its subsidiaries.*

37. Segment Information (Continued)

2011

	Merchandising and Processings: Palm and Laurics	Merchandising and Processings: Oilseeds and Grains	Consumer Products	Plantations and Palm Oil Mills	Sugar: Milling	Sugar: Merchandising and Processing	Others	Eliminations	Per consolidated financial statements
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
					Restated*	Restated*			
Revenue:									
Sales to external customers	22,425,880	10,729,682	6,768,811	82,049	1,015,828	2,044,189	1,643,595	-	44,710,034
Inter-segment	491,450	1,940,605	-	1,760,459	147,714	406	1,233,061	(5,573,695)	-
Total revenue	22,917,330	12,670,287	6,768,811	1,842,508	1,163,542	2,044,595	2,876,656	(5,573,695)	44,710,034
Results:									
Segment results	585,923	422,886	85,296	733,837	85,710	55,542	41,642	-	2,010,836
Share of results of associates	19,448	128,685	(494)	23,843	3,109	3,109	7,555	-	185,255
Unallocated expenses									(117,350)
Profit before tax									2,078,741
Income tax expense									(379,219)
Profit after tax									1,699,522
Assets and Liabilities:									
Segment assets	8,322,607	16,319,402	4,098,204	4,138,618	1,803,229	1,054,050	9,279,475	(7,248,753)	37,766,832
Investment in associates	377,252	943,554	5,675	92,655	14,717	14,717	130,176	-	1,578,746
Unallocated assets									309,927
Total assets									39,655,505
Segment liabilities	5,902,621	13,746,965	2,073,240	321,245	1,827,898	689,485	6,750,514	(7,248,753)	24,063,215
Unallocated liabilities									1,343,925
Total liabilities									25,407,140
Other segment information									
Additions to non-current assets	299,446	591,579	171,753	189,971	281,188	89,560	169,426	-	1,792,923
Depreciation, impairment and amortisation	122,801	98,869	30,720	38,489	78,077	39,976	69,641	-	478,573
Finance income	92,398	248,213	50,871	7,562	1,099	1,871	99,337	(183,686)	317,665
Finance cost	(175,705)	(329,681)	(64,098)	(14,319)	(23,487)	(24,512)	(100,741)	183,686	(548,857)#

\# *Including non-operating finance costs amounting to approximately US$43,061,000 on bank borrowings for acquisition of Sucrogen Limited and its subsidiaries.*

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International (Note 15).*

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 items are added to/(deducted from) segment results to arrive at "Profit before tax" presented in the consolidated income statement:

	2012 US$'000	2011 US$'000
Accretion of interest on convertible bonds	**(15,533)**	(12,702)
Share-based payments (executive share options)	**(16,058)**	(19,964)
Fair value loss of embedded derivatives of convertible bonds	**(330)**	(84,684)
	(31,921)	(117,350)

C Additions to non-current assets consist of additions to property, plant and equipment, intangible assets and biological assets.

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

	2012 US$'000	2011 US$'000
Deferred tax assets	**233,687**	226,865
Tax recoverable	**103,309**	83,062
	336,996	309,927

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

	2012 US$'000	2011 US$'000
Deferred tax liabilities	**684,093**	639,422
Tax payable	**122,227**	146,086
Convertible bonds	**-**	558,417
Medium term notes	**285,765**	-
	1,092,085	1,343,925

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	
	2012	2011	**2012**	2011
	US$'000	US$'000	US$'000	US$'000
				Restated*
South East Asia	**11,841,529**	10,176,198	**7,871,278**	6,778,501
People's Republic of China	**21,221,515**	21,658,371	**6,580,943**	5,875,064
India	**1,751,849**	1,388,853	**46,949**	53,400
Europe	**3,599,357**	3,514,386	**328,843**	303,607
Australia / New Zealand	**1,789,042**	2,007,098	**2,144,637**	2,144,669
Africa	**1,519,205**	1,473,247	**263,887**	189,829
Others	**3,740,917**	4,491,881	**184,607**	101,342
	45,463,414	44,710,034	**17,421,144**	15,446,412

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Proserpine Sugar Mill and PT Duta Sugar International (Note 15).*

Non-current assets information presented above consists of property, plant and equipment, investment in associates, plasma investments, biological assets, intangible assets and other receivables as presented in the consolidated balance sheet.

38. Dividends

	Group and Company	
	2012	2011
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final tax-exempt (one-tier) dividend for 2011: S$0.031 (2010: S$ 0.023) per share	**160,602**	120,152
- Interim tax-exempt (one-tier) dividend for 2012: S$0.02 (2011: S$0.03) per share	**102,484**	159,668
	263,086	279,820
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2012: S$0.03 (2011: S$0.031) per share	**156,973**	152,614

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 2012 %	2011 %
Cai Lan Oils & Fats Industries Company Ltd[3]	Vietnam	Manufacture and sale of vegetable oils and related products	**68**	68
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, manufacture and sale of edible oils	**100**	100
PPB Oil Palms Berhad[2] & its subsidiaries	Malaysia	Investment holding, oil palm cultivation and palm oil milling	**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	**100**	100
PT Sinar Alam Permai[2]	Indonesia	Edible oils refining	**100**	100
PT Wilmar Nabati Indonesia[2]	Indonesia	Edible oils refining	**100**	100
Sucrogen Limited[2] & its subsidiaries	Australia	Investment holding, processing and merchandising of sugar products	**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**	98+
Wilmar Europe Holdings B.V.[2] & its subsidiaries	The Netherlands	Investment holding, manufacturing, trading and sale of edible oil products	**100**	100

39. Subsidiaries Of The Group (Continued)

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest 2012 %	2011 %
Wilmar Ship Holdings Pte. Ltd.(3) & its subsidiaries	Singapore	Investment holding, ship-owning, chartering and ship management	**100**	100
Wilmar Trading Pte Ltd(1)	Singapore	International trading in edible oils	**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. Associates Of The Group

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

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest 2012 %	2011 %
Adani Wilmar Limited (3)	India	Manufacturing and trading of edible oils and vanaspati	**50**	50
Bidco Uganda Limited(3)	Uganda	Manufacture and sale of edible vegetable oils, fats and soaps	**39**	39
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	**44**	43+
DelMar Pte. Ltd. (1)	Singapore	Investment holding	**48**	48
FFM Berhad(3)	Malaysia	Investment holding, grains trading, flour milling and animal feed manufacturing	**20**	20
Grand Silver (Lanshan) Limited(3)	Hong Kong	Investment holding	**45**	44+
Inner Mongolia Luhua Sunflower Seed Oils Co., Ltd(3)	People's Republic of China	Sunflower seeds crushing and edible oils packaging	**33**	32+
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(3)	Malaysia	Edible oils refining and palm kernel crushing	**45**	45

40. Associates Of The Group (Continued)

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest 2012 %	2011 %
Laiyang Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**25+**	25+
Nauvu Investments Pte. Ltd. [1]	Singapore	Investment holding	**50**	50
PT Usaha Inti Padang[2]	Indonesia	Edible oils refining	**50**	50
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+
Taizhou Yihai Wharf Co.,Ltd [3]	People's Republic of China	Port management	**50**	49+
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
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**33**	32+
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**49**	48+

(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

Certain comparative figures have been restated and reclassified to conform with current year's presentation as below:

	Group	
	Previously reported	As restated
	US$'000	US$'000
Consolidated income statement		
Finance income	246,613	317,665
Other operating income	746,303	675,251

42. Authorisation Of Financial Statements

The financial statements for the financial year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 22 March 2013.

statistics of shareholdings

Share Capital As At 5 March 2013

Number of Shares (excluding treasury shares)	:	6,396,158,106
Number of Shareholders	:	28,703
Number of Treasury Shares Held	:	7,243,000
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 999	742	2.59	140,334	0.00
1,000 to 10,000	23,037	80.26	86,502,035	1.35
10,001 to 1,000,000	4,846	16.88	216,365,633	3.38
1,000,001 and above	78	0.27	6,093,150,104	95.27
Total	**28,703**	**100.00**	**6,396,158,106**	**100.00**

Substantial Shareholders

As at 5 March 2013
(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	11.99
Martua Sitorus(2)	4,988,000	650,321,242	655,309,242	10.25
Longhlin Asia Limited(3)	139,009,921	197,000,000	336,009,921	5.25
Golden Parklane Limited(4)	-	640,870,365	640,870,365	10.02
Archer Daniels Midland Company(5)	-	1,046,986,850	1,046,986,850	16.37
Archer Daniels Midland Asia-Pacific Limited(6)	335,625,280	354,961,795	690,587,075	10.80
ADM Ag Holding Limited	354,961,795	-	354,961,795	5.55
Global Cocoa Holdings Ltd	356,399,775	-	356,399,775	5.57
Kuok Brothers Sdn Berhad(7)	230,000	1,174,011,955	1,174,241,955	18.36
PPB Group Berhad	1,172,614,755	-	1,172,614,755	18.33
Kerry Group Limited (8)	-	640,167,755	640,167,755	10.01
Kerry Holdings Limited(9)	-	321,587,065	321,587,065	5.03

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. *Mr Martua Sitorus is deemed to be interested in 450,877 Shares held by his spouse, 51,267,514 Shares held by Bonoto Investments Limited, 294,801,372 Shares held by Bolney Enterprises Limited, 294,801,479 Shares held by Firefly Limited and 9,000,000 Shares held by Burlingham International Ltd.*
3. *Longhlin Asia Limited is deemed to be interested in 197,000,000 Shares held in the names of nominee companies.*
4. *Golden Parklane Limited is deemed to be interested in 51,267,514 Shares held by Bonoto Investments Limited, 294,801,372 Shares held by Bolney Enterprises Limited and 294,801,479 Shares held by Firefly Limited.*
5. *Archer Daniels Midland Company is deemed to be interested in 335,625,280 Shares held by Archer Daniels Midland Asia-Pacific Limited ("ADMAP"), 354,961,795 Shares held by ADM Ag Holding Limited ("ADM Ag") and 356,399,775 Shares held by Global Cocoa Holdings Ltd.*
6. *ADMAP is deemed to be interested in 354,961,795 Shares held by ADM Ag.*
7. *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.*
8. *Kerry Group Limited is deemed to be interested in 6,732,396 Shares held by Ace Time Holdings Limited, 45,276 Shares held by Alpha Model Limited, 20,651,715 Shares held by Bright Magic Investments Limited, 504,375 Shares held by Crystal White Limited, 30,405,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 1,209,032 Shares held by Kerry Asset Management Limited, 26,836,649 Shares held by Macromind Investments Limited, 21,210,279 Shares held by Marsser Limited, 33,760,355 Shares held by Natalon Company Limited and 242,600,000 Shares held by Noblespirit Corporation.*
9. *Kerry Holdings Limited is deemed to be interested in 30,405,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 1,209,032 Shares held by Kerry Asset Management Limited and 33,760,355 Shares held by Natalon Company Limited.*

Twenty Largest Shareholders

As at 5 March 2013
(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	18.33
2	Citibank Nominees Singapore Pte Ltd	586,365,363	9.17
3	HSBC (Singapore) Nominees Pte Ltd	579,024,745	9.05
4	Global Cocoa Holdings Ltd	356,399,775	5.57
5	ADM Ag Holding Limited	354,961,795	5.55
6	Archer Daniels Midland Asia-Pacific Limited	335,625,280	5.25
7	Raffles Nominees (Pte) Ltd	309,168,578	4.83
8	DBS Nominees Pte Ltd	264,610,329	4.14
9	Kuok (Singapore) Limited	256,951,112	4.02
10	Harpole Resources Limited	256,211,778	4.01
11	DBSN Services Pte Ltd	236,347,990	3.70
12	Noblespirit Corporation	227,354,000	3.55
13	DB Nominees (Singapore) Pte Ltd	216,134,673	3.38
14	United Overseas Bank Nominees Pte Ltd	155,464,906	2.43
15	Longhlin Asia Limited	139,009,921	2.17
16	Morgan Stanley Asia (Singapore) Securities Pte Ltd	129,394,844	2.02
17	RHB Bank Nominees Pte Ltd	60,000,000	0.94
18	Hong Lee Holdings (Pte) Ltd	36,204,971	0.57
19	Natalon Company Limited	33,760,355	0.53
20	Shereford Developments Limited	32,354,912	0.51
	TOTAL	**5,737,960,082**	**89.72**

Shareholding Held By The Public

Based on the information available to the Company as at 5 March 2013, 27.93% 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.

Information relating to the issue of US$600,000,000 Convertible Bonds due 18 December 2012 ("Convertible Bonds")

The Company has fully redeemed all its outstanding principal amount of US$571,000,000 Convertible Bonds (after taking into account a total of US$25,000,000 Convertible Bonds which have been repurchased and cancelled and a total of US$4,000,000 Convertible Bonds which have been converted into 1,074,421 Wilmar shares) which matured on 18 December 2012.

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 The Gallery, Level 2 Traders Hotel Singapore, 1A Cuscaden Road, Singapore 249716 on Thursday, 25 April 2013 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 Audited Accounts for the year ended 31 December 2012 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve the payment of a proposed final tax exempt (one-tier) dividend of S$0.03 per ordinary share for the year ended 31 December 2012. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$605,000 for the year ended 31 December 2012 (2011: S$605,000).

   (See Explanatory Note 1) **(Resolution 3)**

4. (a) To re-elect the following Directors:

   (i) Mr Kuok Khoon Chen (Retiring by rotation under Article 99) **(Resolution 4)**

   (ii) Mr Kuok Khoon Ean (Retiring by rotation under Article 99)

   Note: Mr Kuok Khoon Ean will, upon his re-election as a Director of the Company, continue to serve as a member of the Remuneration Committee. **(Resolution 5)**

   (iii) Mr Martua Sitorus (Retiring by rotation under Article 99) **(Resolution 6)**

   (iv) Mr Juan Ricardo Luciano (Retiring under Article 100) **(Resolution 7)**

   (b) To re-appoint, pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore ("Act"), Mr Yeo Teng Yang, who will be retiring under Section 153 of the Act, to hold office from the date of this Annual General Meeting until the next Annual General Meeting.

   Note: Mr Yeo Teng Yang will, upon 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 Yeo Teng Yang will also continue to serve as the Chairman of the Risk Management Committee and a member of the Remuneration Committee upon re-election. **(Resolution 8)**

5. To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

6. **Renewal of 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 Singapore Exchange Securities Trading Limited, 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 2013 to Annual Report 2012 (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 Annual General Meeting 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 2) **(Resolution 10)**

7. **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, 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 Instrument made or granted by the Directors while the authority was in force or any additional Instrument 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 or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 3) **(Resolution 11)**

8. **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, Chapter 50 of Singapore, 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 (including but not limited to the Wilmar Executives Share Option Scheme 2000), 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 Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 4) **(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 2 May 2013, 5.00 p.m. to 3 May 2013, both dates inclusive, for the purpose of determining shareholders' entitlement to the Company's proposed final tax exempt (one-tier) dividend of S$0.03 per ordinary share for the financial year ended 31 December 2012 (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 2 May 2013 will be registered to determine shareholders' entitlement to the Proposed Final Dividend. The Proposed Final Dividend, if approved at the Annual General Meeting to be held on 25 April 2013, will be paid on 14 May 2013.

Depositors whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5.00 p.m. on 2 May 2013 will be entitled to the Proposed Final Dividend.

By Order of the Board
Teo La-Mei
Colin Tan Tiang Soon
Joint Company Secretaries

Singapore
3 April 2013

Explanatory Notes:

1. The Ordinary Resolution 3 proposed in item no. 3 above is to approve the payment of Directors' fees of S$605,000 (2011: S$605,000) for the financial year ended 31 December 2012 for services rendered by Non-Executive Directors. The amount of proposed Directors' fees is based on the existing fee structure as follows: (1) base fee of S$70,000 per year for each Non-Executive Director; (2) supplemental fees for serving as Chairmen of Audit Committee (S$20,000), Risk Management Committee (S$20,000), Remuneration Committee (S$10,000), Nominating Committee (S$10,000) and Lead Independent Director (S$20,000); and (3) supplemental fee of S$5,000 for serving as a member (other than the Chairman) on each of the aforementioned Board Committees.

2. The Ordinary Resolution 10 proposed in item no. 6 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 above Meeting until the next Annual General Meeting (unless revoked or varied by the Company in general meeting). The IPT Mandate, the renewal of which was approved by shareholders at the last Annual General Meeting of the Company held on 27 April 2012, will be expiring at the forthcoming Annual General Meeting. Information relating to the renewal of the IPT Mandate can be found in the Addendum dated 3 April 2013 to the Company's Annual Report 2012.

3. The Ordinary Resolution 11 proposed in item no. 7 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting 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 11 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 11 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 Annual General Meeting of the Company.

4. The Ordinary Resolution 12 proposed in item no. 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting 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 (including but not limited to the Wilmar Executives Share Option Scheme 2000), 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 Annual General Meeting of the Company.

Notes:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one proxy or two proxies to attend and vote in his stead, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies.

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, #02-00 Singapore 068898 not less than 48 hours before the time appointed for the holding of the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

PROXY FORM

WILMAR INTERNATIONAL LIMITED

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

Important :

1. For investors who have used their CPF monies to buy shares in **WILMAR INTERNATIONAL LIMITED**, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We, ____________________ NRIC/Passport No./Company Registration No. ____________

of ____ (Address)

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

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%)

and/or (please delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at The Gallery, Level 2 Traders Hotel Singapore, 1A Cuscaden Road, Singapore 249716, on Thursday, 25 April 2013 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 Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1	To receive and adopt the Audited Accounts for the year ended 31 December 2012 and the Reports of the Directors and Auditors 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 Chen as a Director.				
5	To re-elect Mr Kuok Khoon Ean as a Director.				
6	To re-elect Mr Martua Sitorus as a Director.				
7	To re-elect Mr Juan Ricardo Luciano as a Director.				
8	To re-appoint Mr Yeo Teng Yang as a Director.				
9	To re-appoint Ernst & Young LLP as auditors and to authorise the Directors to fix their remuneration.				
10	To approve the renewal of IPT Mandate as described in the Addendum dated 3 April 2013 to Annual Report 2012.				
11	To authorise Directors to issue and allot shares in the Company.				
12	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.				

* Please indicate your vote "For" or "Against" with an "X" within the box provided.

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

Dated this __________ day of ________________ 2013

Total Number of Shares Held	
CDP Register	
Register of Members	

____

Signature(s) of Member(s) or Common Seal

IMPORTANT – Please read notes overleaf

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 an attorney or officer duly authorised.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Company's registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00 Singapore 068898 not less than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members 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 of the Company, 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 of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

1st fold line

Affix
Postage
Stamp

WILMAR INTERNATIONAL LIMITED
c/o Tricor Barbinder Share Registration Services

80 Robinson Road #02-00
Singapore 068898

Fold this flap here to seal

FSC
www.fsc.org
RECYCLED
Paper made from recycled material
FSC™ C074416

Wilmar International Limited is firmly committed to responsible corporate citizenship and we endeavour to do our part to protect the environment. This publication is produced by a printer certified by the Forest Stewardship Council (FSC™) and uses soy-based ink – a more environmentally responsible option than the traditionally used petroleum-based ink. It does not have finishing processes like lamination and UV coating, and is printed on 9 Lives Offset paper, which is 100% recycled and certified to be environmentally friendly according to the FSC™ standard.

Wilmar International Limited
Co. Reg. No. 199904785Z
56 Neil Road, Singapore 088830
Tel : (65) 6216 0244
Fax : (65) 6836 1709
info@wilmar.com.sg
www.wilmar-international.com