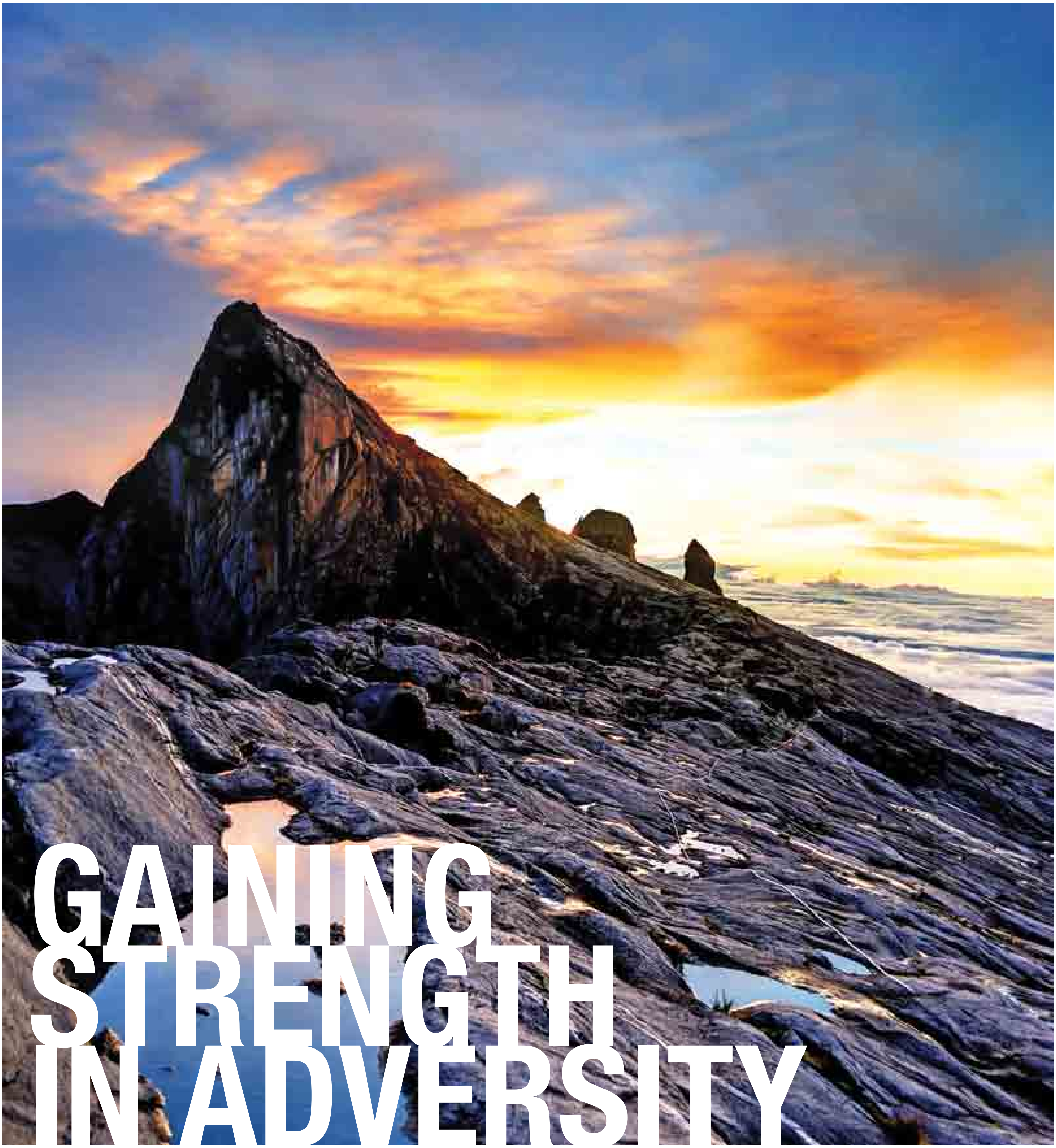


GAINING STRENGTH IN ADVERSITY

Wilmar International Limited
Annual Report 2013

wilmar

CONTENTS

1 Corporate Profile
2 Chairman's Message
6 Corporate Highlights
10 Global Presence
12 Core Values
13 Performance Overview
14 Financial Highlights
16 Board of Directors
22 Key Management Team
23 Corporate Information
26 Operations Review
39 Awards & Accolades
44 Corporate Social Responsibility
54 Investor Relations
56 Human Capital Management
58 Information Technology
59 Risk Management
61 Corporate Governance
77 Financial Report

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, oilseed crushing, edible oils refining, sugar milling and refining, specialty fats, oleochemical, biodiesel and fertiliser manufacturing and grain 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 about 90,000 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

FY2013 IN REVIEW

I am pleased to report that Wilmar's performance in 2013 has continued to improve amidst global economic recovery, achieving robust earnings growth in Palm & Laurics, Oilseeds & Grains, Consumer Products and Sugar.

The Group recorded US$1.32 billion net profit in FY2013 versus US$1.26 billion in FY2012. Excluding non-operating items and changes in fair value of biological assets, the Group's core net profit from operations increased 12% to US$1.30 billion in FY2013. Total revenue declined marginally by 3% to US$44.09 billion, versus US$45.46 billion in FY2012, primarily due to significantly lower palm prices.

Earnings per share rose to 20.6 US cents in FY2013, as compared to 19.6 US cents in FY2012, underlining our focus on shareholder value creation. The Group's balance sheet remains strong, with total assets up by 11% to US$46.63 billion while shareholders' funds increased to US$15.0 billion. Gearing improved to 0.83x from 0.85x in FY2012.

DIVIDENDS

The Board has recommended a final dividend of S$0.055 per share for FY2013. Including the interim dividend of S$0.025 per share paid in September 2013, the total dividend for FY2013 is S$0.08 per share, representing a dividend payout of more than 30% compared to about 20% in FY2012.

2013 HIGHLIGHTS

In recent years, the Group has utilised its strong cash flows to invest selectively in projects that complement our existing operations and also in new growth markets. These investments have begun to make meaningful contribution to our performance in FY2013.

Sugar

Our Sugar division continued to make good progress during the year, contributing 7% to our profit before tax, up from 6% in FY2012. Notable developments were:

- Our acquisition in April 2013 of a 27.5% equity stake in Cosumar S.A., the sole sugar supplier in Morocco and the third largest sugar producer in Africa.
- The appointment in August 2013 of Wilmar Sugar Pte Ltd, the Group's sugar trading unit, as Cevital Spa's exclusive agent and authorised operator for raw sugar supply to Cevital's two refineries in Bejaia, Algeria. Cevital is among the largest sugar refineries globally. This will further strengthen the Group's merchandising operations.

Wilmar expanded its sugar business footprint in Africa, India and Brazil through strategic investments.

- In February 2014, we entered into an agreement to acquire a strategic stake in Mumbai-based Shree Renuka Sugars Limited. This investment, subject to relevant regulatory approvals, will allow the Group to establish a significant presence in India and Brazil, the two most important sugar markets.

These developments will complement and strengthen our existing sugar business and extend our presence across the key sugar markets of Australia, Indonesia, India, Brazil and Africa. We are confident that our sugar business will continue to grow and contribute significantly to our earnings in future.

Palm & Laurics

We believe that the future of our Palm & Laurics business lies in higher value-added and higher-margin downstream products. We are particularly pleased with the record US$855.7m pretax profit achieved by our Palm & Laurics division in FY2013, not because of the quantum of improvement (11% up from FY2012 pretax profit), but more because of the structural shift in the quality of the earnings, which were achieved in the face of generally low palm prices and critically, through increased contributions from high value-added downstream products.

FY2013 saw the Group making inroads into the United States. Wilmar Oils & Fats (Stockton), LLC, began processing palm, coconut and palm kernel oils for the California and neighbouring West Coast markets. From mid-2014, the refinery will begin to supply sustainable palm oil certified to the Roundtable on Sustainable Palm Oil (RSPO) standards to cater to the growing demand from major retailers and food brands, many of which have committed to sourcing only sustainable palm oil by 2015.

Forming partnerships is a win-win strategy that builds efficient operations leveraging Wilmar's manufacturing capability and our partners' technical expertise:

- The Group's joint venture with Elevance Renewable Sciences, Inc. commenced shipping commercial products, including novel specialty chemicals, to customers from its biorefinery located within our integrated manufacturing complex in Gresik, Indonesia. The biorefinery is the first to harness Elevance's proprietary metathesis technology, which is capable of delivering innovative products that enhance performance and reduce environmental impact.

- The Global Amines Company Pte Ltd, a joint venture between Wilmar and Clariant International Ltd, started production in Lianyungang, China in February 2013. The joint venture company positions itself as the first fully integrated and competitive player along the value chain from renewable materials to selected amine derivatives. With production plants in Germany, China, Japan and Brazil, the company is seeing a steady growth in sales with its product offering of primary amines, tertiary amines and amine derivatives.

- Since the Group's foray into the Chinese oleochemicals market in 2004, the business has been on a solid growth trajectory. Further leveraging our competitive advantage in raw materials, Wilmar inked an agreement with Kemira Oyj in November 2013 to form two 50:50 joint venture entities for the manufacture of Alkyl Ketene Dimer (AKD) Wax in China. Wilmar will benefit from the collaboration as stearic acid is the primary raw material for AKD production, and Wilmar is a global leader in stearic acid production.

In line with the rapid growth of the specialty fats business in the last few years, the Group expanded processing capacity in China, Indonesia and India. We intend to continuously enhance the margin of our specialty fats business through the development of higher-end products.

Oilseeds & Grains

Flour and rice milling, although relatively new businesses, show good long-term potential and have obvious synergies with our edible oils businesses. Leveraging our existing business infrastructure as well as trusted brand name, our flour and rice businesses have made good progress in FY2013. Not only do these businesses continue to gain scale and market share, they are gaining a reputation amongst our customers for high quality and good value. In FY2013, two new flour mills were commissioned in China, and another two new flour mills are under construction in Vietnam and Indonesia.

Consumer Products

In China, our aim is to build on our strong manufacturing and distribution facilities and the "Arawana" brand - our leading consumer pack edible oils brand in China, to also become a leader in consumer pack flour and rice, as well as other higher-margin food consumer products. We are becoming increasingly recognised as a producer of high-quality food products which use edible oils, rice, flour and soybeans as their key ingredients.

Our joint venture with Kellogg Company in China has made good progress since the start of our collaboration in 2012. Kellogg's premium breakfast cereals and snacks are gaining popularity as Chinese consumers' eating habits adjust to lifestyle changes.

CHAIRMAN'S MESSAGE

The Group has its eye on capturing long-term growth potential in Africa - the next frontier in agricultural expansion.

Besides China, the Group has also made very good progress in Indonesia, Vietnam, Nigeria and Ghana where we are now the leading consumer edible oils brand. Strength across all our key consumer markets resulted in the Group's strong 18% increase in consumer products' sales volume in FY2013.

We are very optimistic on the prospects of our Consumer Products division going forward, and we believe these businesses are well-positioned to benefit from the changing food habits and tastes of a burgeoning middle class in Asia and Africa.

OUR NEW EMERGING MARKETS

Africa

With population and economic growth, as well as more than 60% of the world's unutilised agricultural land, Africa has tremendous potential for agriculture development and consumer markets. The Group first ventured into Africa in 2007. Today, we are present in 10 African countries, engaging in the cultivation of oil palm and rubber, edible oil refining and packing, and oilseed crushing.

Our edible oils and consumer pack joint ventures in Nigeria and Ghana commenced operations during the year and we are now the leading palm oil supplier in both countries. Our joint ventures operate the largest oil palm plantations in the Ivory Coast and Uganda and our oil palm plantations business in Nigeria is making good progress. We have given an undertaking to the Cross River State government in Nigeria to develop a large scale, sustainable palm oil industry, and at the same time, help the local community by building good schools and medical clinics, training staff as well as establishing an outgrowers' scheme.

We firmly believe in Africa's strong long-term growth prospects and we will continue to explore opportunities in the continent.

Myanmar

With a population of 55.6 million and the second biggest land mass in Southeast Asia, Myanmar has tremendous potential for the development of agriculture and manufacturing industries. Wilmar is presently the biggest seller of palm oil to the country and there are plans to make significant investments in several agriculture and manufacturing projects in Myanmar.

A BIG STRIDE IN SOCIAL RESPONSIBILITY

FY2013 was a landmark year in Wilmar's sustainability journey. In December, we pledged our commitment to a policy of "No

Deforestation, No Peat and No Exploitation" that applies to not only our own operations but also our third-party suppliers. This initiative is a bold but necessary move for the palm oil industry to grow and flourish in the long run.

Despite being the most efficient crop, palm oil suffers a tarnished reputation and consumers are moving towards traceable and deforestation-free palm oil. We believe palm oil can be produced sustainably by adopting responsible practices. We have begun engaging various stakeholders and will provide the support our suppliers need to transition to sustainable production. We look forward to the industry's support for the successful implementation of the policy in 2014 and beyond.

The issue of burning to clear land for plantation development came under heavy scrutiny in June 2013 when Indonesia, Malaysia and Singapore experienced the worst haze in recent years. In response to land-burning allegations, the Group reiterated its strict adherence to a zero-burning policy across all operations.

On the philanthropy front, the Group spends about 1% of our net profit yearly on social programmes mainly in China, Indonesia and Singapore. Our ongoing initiatives contribute to disaster relief efforts, welfare for the needy and education for the underprivileged.

OUTLOOK AND PROSPECTS

We have emerged from FY2013 a stronger and better company, characterised by stable and diversified earnings, increased contribution from higher-margin products, maturing new businesses like oleochemicals, flour, rice and sugar, and better growth in key emerging markets especially in Africa and Indonesia.

We continue to be optimistic about the future of Asia and Africa, especially for food-related businesses, and will continue to concentrate most of our investments in these two continents.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank our shareholders, customers, business partners and bankers for their support over the years.

I would also like to convey my sincere appreciation to the Board and to our employees for their commitment and dedication to the Group.

Finally, I wish to thank our shareholders for their support and understanding during the year. Rest assured that we will spare no efforts in ensuring our sustainable growth for many years to come.

KUOK KHOON HONG
Chairman & Chief Executive Officer
22 March 2014

CORPORATE HIGHLIGHTS

GAINING STRENGTH IN ADVERSITY

Despite macro-economic challenges in 2013, Wilmar continued to strengthen its business through strategic collaborations, investments and operational streamlining. The Group expanded its footprint in new and existing markets, enhanced product offerings, while going the extra mile in ensuring the long-term viability of its growth strategy.

APRIL

Capturing opportunities in the world's leading market for starch

Following a partnership with the Tereos Group formed in 2011 for the production of wheat-based starch and derivatives, Wilmar extended the collaboration to include corn and potatoes. At the same time, a new joint venture for a corn starch facility was formed. Located in Tieling, northern China (Liaoning Province), the facility has a processing capacity of 700,000 tonnes. With these new joint venture projects, Wilmar is better positioned to capture the growth opportunities in China which has become the world's leading market for starch since 2010.

Another step towards a world-class sugar business

The Group acquired a 27.5% equity stake in Cosumar S.A., a company listed on the Casablanca Stock Exchange, for an aggregate cash consideration of approximately US$263 million. Based in Casablanca, Cosumar is the sole sugar supplier in Morocco. It is also the third largest sugar producer in Africa, with ownership of one of the largest refineries in the world, as well as seven beet and cane sugar mills situated in five regions in Morocco.

Backed by a stable economy and a regulated sugar industry, Morocco is an attractive investment destination. This acquisition gives Wilmar the opportunity to realise synergies with its sugar merchandising operations.

Sustainable healthy foods for a growing population

Rice bran – an underutilised, renewable and sustainable resource - is a by-product of rice milling. Part of raw rice bran produces oil for human food applications while the remaining is used as animal feed. The Group acquired from RiceBran Technologies, a global leader in the production and marketing of value-added products derived from rice bran, certain rights and interests to use and develop licensed intellectual property and know-how for the production and commercialisation of rice bran ingredients and derivatives in China. This environmentally-conscious initiative dovetails Wilmar's strive towards sustainable growth in the production of healthy foods for a growing population.

Wilmar's investment in Cosumar will allow the Group to expand its sugar business in the Western hemisphere.

MAY

Sucrogen is now Wilmar Sugar

Sucrogen, Wilmar's sugar business unit, officially changed its name to Wilmar Sugar while its bioethanol unit is now known as Wilmar BioEthanol. The consistent branding serves to enhance brand recognition across customer segments as well as build a stronger common identity within the Group.

JUNE

Expanding our value chain in Sri Lanka

Pyramid Wilmar Plantations Limited, an indirect 87.5% subsidiary of the Group, acquired a 35% equity interest in Estate Management Services (Private) Limited (EMSPL) which is engaged in managing and superintending estates and plantation property in Sri Lanka. The EMSPL Group owns oil palm plantations in Sri Lanka in excess of 3,000 hectares, which are of interest to Wilmar as it operates the largest palm oil refinery in Sri Lanka through a separate joint venture. Wilmar plans to develop further oil palm estates jointly with its partners to increase domestic sourcing of crude palm oil and thereby expanding its value chain in Sri Lanka.

JULY

First world-scale biorefinery began shipment

Wilmar's joint venture with Elevance Renewable Sciences, Inc., a high-growth specialty chemicals company, began shipping commercial products, including novel specialty chemicals to customers from their first world-scale biorefinery. Located within Wilmar's integrated manufacturing complex in Gresik, Indonesia, the biorefinery is the first to utilise Elevance's proprietary metathesis technology. Proven on a global scale, the technology is driving positive changes in the chemical industry at large by delivering novel products that improve performance and reduce environmental impact compared to alternates.

The high-value performance specialty chemicals, olefins and oleochemicals will be used in personal care products, detergents and cleaners, lubricants and additives, engineered polymers, and other specialty chemicals markets. The new plant has a capacity of 180,000 metric tonnes (MT) (approximately 400 million pounds) with the ability to expand up to 360,000 MT (approximately 800 million pounds) of products. It will initially operate using palm oil, but it is capable of running on multiple renewable oil feedstocks, including mustard, soybean and, when they become commercially available, jatropha or algal oils.

Syndicated term loan facility

The Group launched a syndication of a US$1,500 million term loan facility, subsequently upsized to US$2,065 million owing to strong support from the lenders, to finance general corporate and working capital requirements of the Group and its subsidiaries, including refinancing of existing debt.

First fully integrated amine producer commenced operation

The Global Amines Company Pte Ltd, a 50:50 joint venture between Wilmar and Clariant International Ltd, is positioned as the first fully integrated and competitive player along the value chain from renewable materials to selected amine derivatives. Headquartered in Singapore, it has production bases in Germany, China, Japan and Brazil. An amines plant also commenced production in Lianyungang, China, in February 2013. The company is seeing a healthy growth in sales as a result of its enhanced product offering of primary amines, tertiary amines and amine derivatives such as betaines, amineoxides and benzylquats.

AUGUST

Making inroads into the United States

The Group's first venture in the United States, Wilmar Oils & Fats (Stockton), LLC, commenced operations. Located strategically in the Port of Stockton, the edible oil processing, transloading and storage facility imports and processes palm, coconut and palm kernel oils to serve the California and neighbouring West Coast markets.

The Group's new state-of-the-art facility will bring unique product and logistic offerings to the California and neighbouring West Coast markets.

CORPORATE HIGHLIGHTS

SEPTEMBER

First Global Services Centre opens in Penang

To support the Group's next phase of growth, its first Global Business Services Centre, Wilmar GBS Sdn Bhd, was set up in Penang to undertake the integration of finance and accounting processes. Given the Group's diverse operations across the world, the consolidation of its finance and accounting functions will heighten its operational efficiency and competitiveness through global process standardisation, integrated global delivery and technology enablers. At the same time, the global process standardisation across the Group will improve transparency, corporate governance and risk management, thus enabling its leadership to make well-informed business decisions swiftly.

Exclusive raw sugar supplier of Cevital

Wilmar Sugar, a subsidiary of the Group, was appointed by Cevital Spa as its exclusive agent and authorised operator for the supply of raw sugar to Cevital's two refineries in Bejaia, Algeria. Cevital counts among the largest sugar refineries in the world. By pooling resources and purchasing power in the raw sugar market, both parties will be able to improve profitability and synergy. Following the Group's acquisition in Cosumar S.A., this appointment will boost Wilmar Sugar's foothold in Africa.

OCTOBER

Supporting the APEC CEO Summit

A premier business event in Asia Pacific, the APEC CEO Summit was held in Bali, Indonesia, from 5 to 7 October 2013. Lending support to the host country in which it has a significant presence, Wilmar was a privileged sponsor of the highly-anticipated event which featured speakers to the likes of the Heads of State from China, Indonesia, Japan, Singapore and Russia, amongst others. The event offered exclusive networking opportunities to engage with global business and thought leaders.

NOVEMBER

Expanding the oleochemicals value chain in China

Wilmar formed a 50:50 joint venture with Kemira Oyj to manufacture Alkyl Ketene Dimer (AKD) Wax in China. Kemira is a global leading manufacturer of AKD which is a sizing agent that impacts paper and board hydrophobicity and/or water resistance. Wilmar, on the other hand, is a global leading producer of stearic acid which is the primary raw material for AKD production. The transaction is subject to fulfillment of certain conditions including merger clearances.

Present in 10 countries across Africa today, Wilmar remains optimistic on the continent's growth potential.

Fostering ties between Singapore and Africa

As one of Singapore's leading investors in Africa, Wilmar became a Founding Donor of the NTU-SBF Centre for African Studies. First of its kind in Southeast Asia, the Centre aims to advance thought leadership and inter-disciplinary research benefiting Singapore and Africa. Apart from contributing S$1 million to the Centre's endowment fund, Wilmar will help foster stronger partnerships between both regions to tap the immense opportunities offered by the new frontier market.

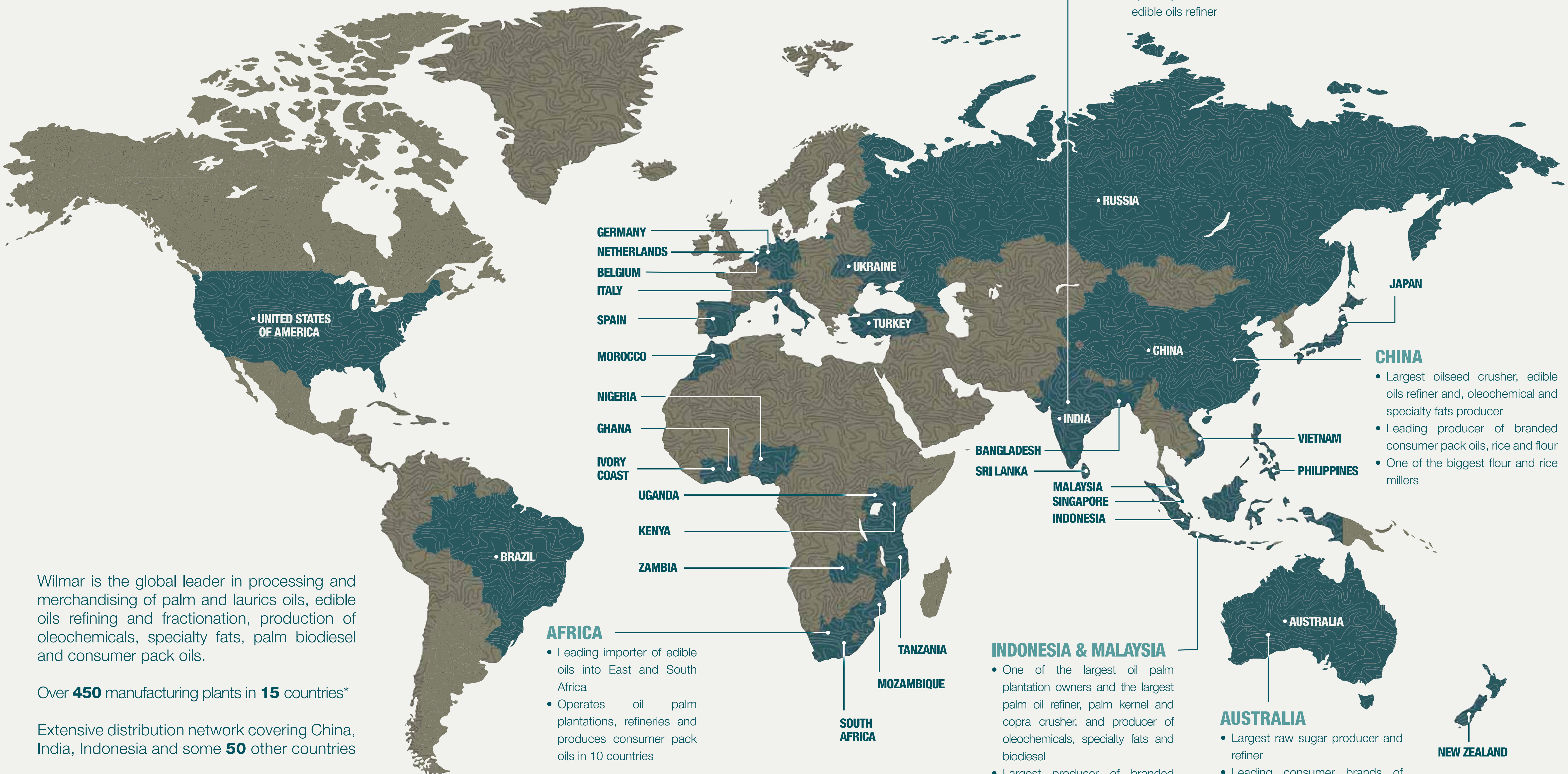
DECEMBER

Towards a responsible palm oil industry

Wilmar announced its commitment to a policy of "No Deforestation, No Peat and No Exploitation" that aims to advance an environmentally and socially responsible palm oil industry. The integrated policy establishes mechanisms to ensure that both the Group's own plantations and companies from which it sources will only provide products that are free from links to deforestation or abuse of human rights and local communities. It also includes measures to protect high carbon stock and high conservation value landscapes, and to ensure respect for community rights and support for development.

Wilmar took its commitment to sustainability to another level by pledging to a policy of "No Deforestation, No Peat and No Exploitation".

GLOBAL PRESENCE



INDIA

- Leading branded consumer pack oils producer, oilseed crusher, specialty fats manufacturer and edible oils refiner

CHINA

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

AFRICA

- Leading importer of edible oils into East and South Africa
- Operates oil palm plantations, refineries and produces consumer pack oils in 10 countries

INDONESIA & MALAYSIA

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

AUSTRALIA

- Largest raw sugar producer and refiner
- Leading consumer brands of sugar and sweetener
- Top 10 global raw sugar producers

Wilmar is the global leader in processing and merchandising of palm and laurics oils, edible oils refining and fractionation, production of oleochemicals, specialty fats, palm biodiesel and consumer pack oils.

Over **450** manufacturing plants in **15** countries*

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

Multinational workforce of about **90,000** people

** Subsidiaries only, not including associates*

CORE VALUES

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

INTEGRITY
We value honesty, trustworthiness and high ethical standards.

PASSION
We are passionate about growing our business globally.

TEAM WORK
We work as one team to achieve our corporate goals.

EXCELLENCE
We strive for excellent performance in everything we do.

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

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

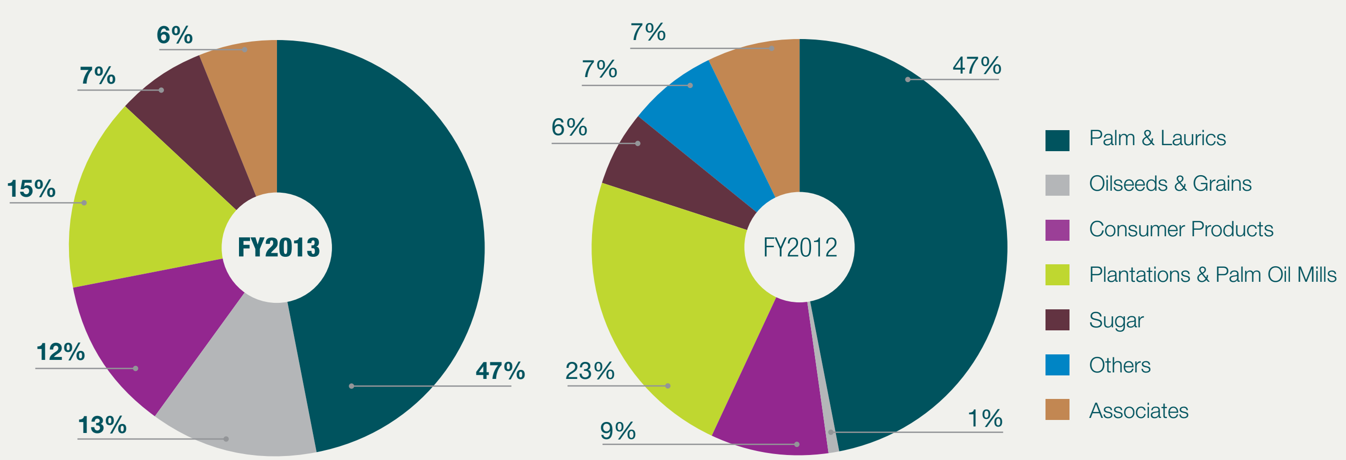
PERFORMANCE OVERVIEW

REVENUE	**NET PROFIT**	**CORE NET PROFIT**
US$**44.09**B	US$**1.32**B	US$**1.30**B
EBITDA	**EARNINGS PER SHARE**	**NET TANGIBLE ASSETS**
US$**2.43**B	**20.6** US CENTS	US$**10.58**B
NET ASSET PER SHARE	**NET TANGIBLE ASSET PER SHARE**	**DIVIDEND PER SHARE**
US$**2.35**	US$**1.65**	S$**0.08**

FINANCIAL HIGHLIGHTS

	FY2013	FY2012	FY2011	FY2010	FY2009
INCOME STATEMENT *(US$ million)*					
Revenue	**44,085**	45,463	44,710	30,378	23,885
EBITDA	**2,432**	2,406	2,789	2,033	2,590
Profit before tax	**1,775**	1,655	2,079	1,644	2,294
Net profit	**1,319**	1,255	1,601	1,324	1,882
Earnings per share – fully diluted *(US cents)*	**20.6**	19.6	25.0	20.7	27.4
Dividends per share *(Singapore cents)*	**8.0**	5.0	6.1	5.5	8.0
CASH FLOW *(US$ million)*					
Operating cash flows before working capital changes	**2,449**	2,201	2,459	1,935	2,137
Capital expenditure	**1,376**	1,735	1,554	1,064	1,063
Working capital changes	**(288)**	(581)	22	(3,926)	(2,404)
Investment in subsidiaries and associates	**362**	300	356	1,679	70
BALANCE SHEET *(US$ million)*					
Shareholders' funds	**15,005**	14,346	13,370	11,856	10,931
Total assets	**46,632**	41,920	39,640	33,969	23,449
Total liabilities	**30,745**	26,725	25,391	21,412	12,037
Net loans and borrowings	**12,446**	12,209	10,530	9,962	4,107
Net gearing (x)	**0.83**	0.85	0.79	0.84	0.38
Net asset value per share *(US cents)*	**234.5**	224.3	208.9	185.3	171.1
Net tangible assets per share *(US cents)*	**165.4**	154.6	140.0	116.5	108.0

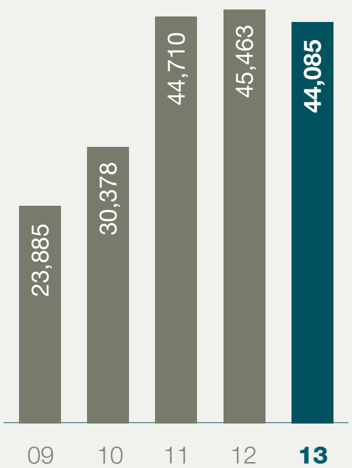
PROFIT BEFORE TAX BY BUSINESS SEGMENT



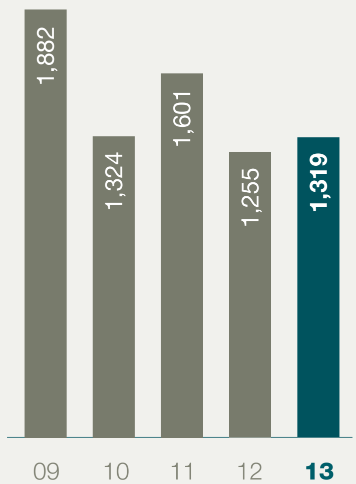
Notes:

1. Segmental breakdown calculation excludes unallocated expenses and gains from biological asset revaluation.
2. For FY2013, the 'Others' segment is not meaningful.

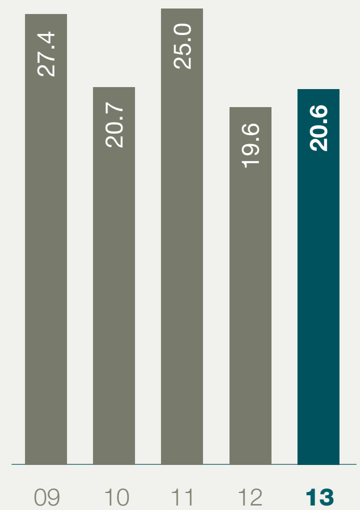
Revenue *(US$ million)*



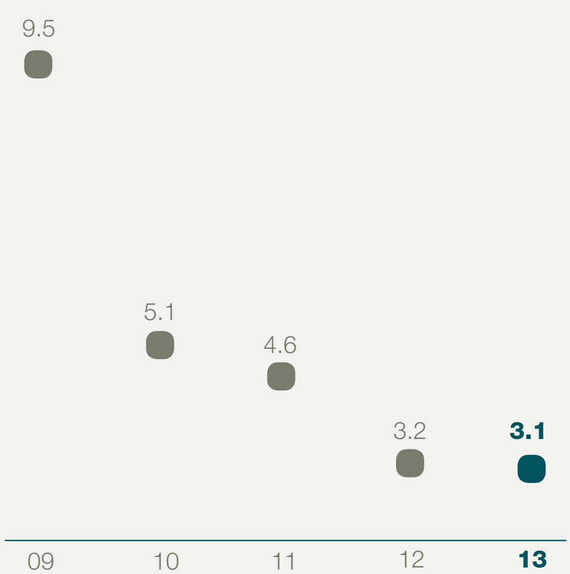
Net Profit *(US$ million)*



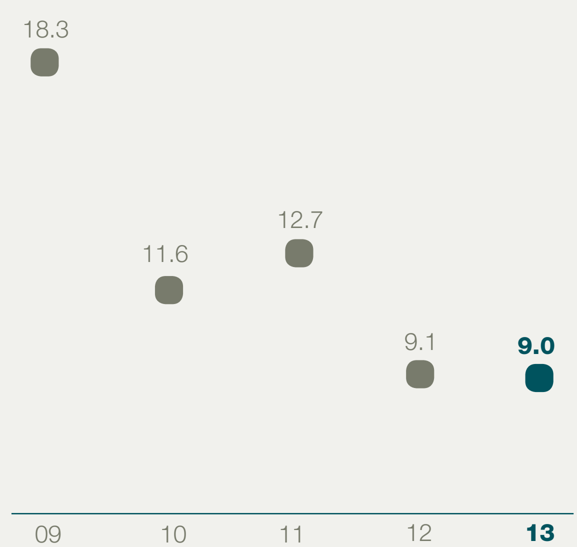
Earnings Per Share *(US cents)*



Return on Average Assets *(%)*



Return on Average Equity *(%)*



BOARD OF DIRECTORS

KUOK KHOON HONG

Chairman and Chief Executive Officer

Mr Kuok Khoon Hong, 64, is the Chairman and Chief Executive Officer of the Group. He is overall in charge of the management of the Group with a particular focus on new business developments. He has extensive experience in the industry and has been involved in the grains, edible oils and oilseeds businesses since 1973. Mr Kuok has completed many projects involving the establishment of oil palm plantations in Asia and Africa, as well as the processing of grains, edible oils and oilseeds. Mr Kuok graduated from the then University of Singapore with a Bachelor of Business Administration degree. Mr Kuok was appointed on 24 March 2006 and was last re-elected on 27 April 2012.

MARTUA SITORUS

Executive Deputy Chairman

Mr Martua Sitorus, 54, is the Executive Deputy Chairman of the Group. Mr Sitorus has been instrumental in the development of the Group's business operations in Indonesia. He is in charge of the Group's operations in Indonesia and plantation operations. He holds a degree in economics from HKBP Nomensen University in Medan, Indonesia. Mr Sitorus was appointed on 14 July 2006 and was last re-elected on 25 April 2013.

TEO KIM YONG

Executive Director and Chief Operating Officer

Mr Teo Kim Yong, 60, is the Chief Operating Officer of the Group. He is in charge of the Group's commercial activities, merchandising of palm and lauric oils, as well as the manufacturing, palm and biodiesel trading operations. Mr Teo joined the Group in 1992 and has extensive experience in the marketing and merchandising of edible oil products. He 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, 59, 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 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 and Chief Executive Officer of Shangri-La Asia 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 was the Chairman of Kerry Properties Limited from June 2008 to August 2013. 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 25 April 2013.

KUOK KHOON EAN

Non-Executive Director

Mr Kuok Khoon Ean, 58, is the Chairman of Kuok (Singapore) Limited, a Director of Kerry Group Limited and Managing Director of Kerry Holdings Limited. He is a non-executive director 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 also a non-executive director of Shangri-La Hotel Public Co. Ltd. and an independent non-executive director of 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 25 April 2013.

JUAN RICARDO LUCIANO

Non-Executive Director

Mr Juan R. Luciano, 52, is the 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. Mr Luciano serves on the Board of Governors for the Boys & Girls Clubs of America and holds an industrial engineering degree from the Buenos Aires Institute of Technology. Mr Luciano was appointed on 20 June 2012 and was last re-elected on 25 April 2013.

BOARD OF DIRECTORS

YEO TENG YANG

Lead Independent Director

Mr Yeo Teng Yang, 72, is the lead independent director. He has a varied international career spanning senior positions in the Ministry of Finance and The Monetary Authority of Singapore, Ambassador to the European Community in Brussels as well as Executive Director of the Asian Development Bank, Manila and Advisor at the 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 25 April 2013 to hold office until the conclusion of the next Annual General Meeting of the Company.

LEONG HORN KEE

Independent Director

Dr Leong Horn Kee, 61, is currently the Chairman of CapitalCorp Partners Pte Ltd. Dr 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. Dr Leong is the Non-resident High Commissioner (designate) to Cyprus since 28 March 2013. Dr 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; a Master in Business Research from University of Western Australia; and a Doctorate in Business Administration from University of Western Australia. Dr 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, 67, is currently the Executive Chairman of CLMV Consult Net Private Limited, a regional consulting company headquartered in Singapore and the Chief Executive Officer of the PATA Group (comprising PATA Consultancy Private Limited and PATA International Enterprise Private Limited). He has served as the Honorary Advisor of ASEAN Bankers Association, a regional banking industry group from 2008 to 2010. Prior to his retirement on 31 December 2007, Mr Tay was the President and Chief Executive Officer of ASEAN Finance Corporation Limited, a regional merchant bank based in Singapore and owned by various leading banks and financial institutions in ASEAN since 1991. Mr Tay has vast experience in banking and finance. Mr Tay was with Citibank N.A. Singapore Branch, where he started his banking career in 1973. His last held position in Citibank was Vice President and Head of its Corporate Marketing Group. During his 18 years with Citibank, he held various positions in banking operations, credit management and marketing. Mr Tay was a director of Cambodia Mekong Bank Public Limited from 2003 to 2012 and his last held position was Chairman of the Board of Directors. He is the Independent Non-Executive Chairman of Asiatic Group (Holdings) Limited and an independent director of Chemical Industries (Far East) Ltd. Mr Tay holds a Bachelor of Social Sciences degree in Economics from the then University of Singapore. Mr Tay was appointed on 14 July 2006 and was last re-elected on 27 April 2012.

KWAH THIAM HOCK

Independent Director

Mr Kwah Thiam Hock, 67, 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

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[#] (other than Wilmar International Limited)
EXECUTIVE DIRECTORS			
KUOK Khoon Hong	Wilmar International Limited - Chairman & CEO Cosumar S.A., a Wilmar associated company (*Casablanca Stock Exchange*) Perennial China Retail Trust Management Pte. Ltd. (Trustee-Manager of Perennial China Retail Trust)		
Martua SITORUS	Wilmar International Limited - Executive Deputy Chairman	PALMCI SA	
TEO Kim Yong	Wilmar International Limited - Executive Director & COO	Kencana Agri Limited PALMCI SA	
NON-EXECUTIVE DIRECTORS			
KUOK Khoon Chen	Shangri-La Asia Limited (*Hong Kong Stock Exchange*) - Chairman & CEO China World Trade Center Company Limited (*Shanghai Stock Exchange*) Wilmar International Limited	Kerry Properties Limited - Chairman	Kerry Group Limited - Deputy Chairman & MD Kerry Holdings Limited - Chairman Kuok Brothers Sdn Berhad - Chairman China World Trade Center Ltd
KUOK Khoon Ean	IHH Healthcare Berhad (*Bursa Malaysia*) Shangri-La Asia Limited (*Hong Kong Stock Exchange*) Shangri-La Hotel Public Co. Ltd. (*Stock Exchange of Thailand*) The Bank of East Asia, Limited (*Hong Kong Stock Exchange*) Wilmar International Limited	SCMP Group Limited - Chairman The Post Publishing Public Co. Ltd.	Kerry Group Limited Kerry Holdings Limited - MD Kuok (Singapore) Limited - Chairman China World Trade Center Ltd.
Juan Ricardo LUCIANO	Wilmar International Limited		Archer Daniels Midland Company - President & COO

Name of Director	Present Directorships in Listed Companies	Past Directorships in Listed Companies held over the preceding three years	Principal Commitments# (other than Wilmar International Limited)
LEAD INDEPENDENT DIRECTOR			
YEO Teng Yang	Wilmar International Limited	United International Securities Limited (in members' voluntary liquidation)	
INDEPENDENT DIRECTORS			
LEONG Horn Kee	Amtek Engineering Ltd China Energy Ltd ECS Holdings Ltd IGG INC (*Hong Kong Stock Exchange*) SPH Reit Management Pte. Ltd.* (Trust Manager of SPH REIT) Tat Hong Holdings Ltd Viva Asset Management Pte. Ltd.* (Trust Manager of Viva Industrial Trust REIT) Viva Industrial Trust Management Pte Ltd* (Trust Manager of Viva Industrial Trust REIT) Wilmar International Limited * Independent Non-Executive Chairman	Kian Ho Bearings Ltd* Linair Technologies Ltd	CapitalCorp Partners Pte Ltd - Chairman
TAY Kah Chye	Asiatic Group (Holdings) Limited - Independent Non-Executive Chairman Chemical Industries (Far East) Ltd Wilmar International Limited		CLMV Consult Net Private Limited - Executive Chairman Cam Box Private Limited PATA Consultancy Private Limited - CEO PATA International Enterprise Private Limited - CEO
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 & Chief Executive Officer

MR MARTUA SITORUS
Executive Deputy Chairman

MR TEO KIM YONG
Executive Director & Chief Operating Officer

MR HENDRI SAKSTI
Country Head, Indonesia

MR YEE CHEK TOONG
Country Head, Malaysia

MR GOH ING SING
Group Head of Plantations

MR MATTHEW JOHN MORGENROTH
Group Technical Head

MR RAHUL KALE
Group Head of Oleochemicals & Biofuels

MR MU YANKUI
Vice Chairman, China

MR NIU YU XIN
General Manager, China

MR JEAN-LUC ROBERT BOHBOT
Group Head of Sugar

CAPTAIN KENNY BEH HANG CHWEE
Group Head of Shipping

PROFESSOR CHUA NAM-HAI
Chief Scientific Advisor

MR HO KIAM KONG
Chief Financial Officer

MS SNG MIOW CHING
Group Financial Controller

MS TEO LA-MEI
Group Legal Counsel & Company Secretary

MR PATRICK TAN SOO CHAY
Group 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
YEO Teng Yang
Dr 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
YEO Teng Yang

REMUNERATION COMMITTEE

KWAH Thiam Hock (Chairman)
KUOK Khoon Ean
YEO Teng Yang
Dr LEONG Horn Kee

RISK MANAGEMENT COMMITTEE

YEO Teng Yang (Chairman)
KUOK Khoon Hong
Dr LEONG Horn Kee

COMPANY SECRETARY

TEO La-Mei

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

AUDITOR

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)

STRONGER & BETTER

Supported by a resilient business model, Wilmar's core businesses continued to drive growth in 2013. Palm & Laurics achieved record profit as investments in downstream expansion started to bear fruit. Oilseeds & Grains posted a marked improvement in profitability lifted by higher sales volume and new capacity. Consumer Products gained much ground in sales volume, reflecting a recognition of their quality and value. Not only did Sugar post a healthy growth but the unit also set milestones with expansion into the key markets of Africa, India and Brazil. Going forward, the Group is optimistic about the long-term prospects of its major markets and will continue to strengthen the synergies from its businesses.

OPERATIONS REVIEW

MERCHANDISING & PROCESSING PALM & LAURICS

The Palm & 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.

Strategically located in both origin and destination markets, the Group's processing plants are well-integrated to optimise transport, logistical and operational efficiency. 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.

Locations of the Group's plants as at 31 December 2013 are listed in the adjacent table.

	Refinery	Oleochemicals	Specialty Fats	Biodiesel
Subsidiaries				
Indonesia	25	4	4	8
Malaysia	13	1	1	1
China	48	9	6	-
Vietnam	2	-	1	-
Europe	4	1	1	1
Africa	3	-	-	-
Others	4	-	1	-
Total no. of plants	**99**	**15**	**14**	**10**
Total capacity *(million MT p.a.)*	**28**	**2**	**2**	**2**
Associates				
India	25	-	5	-
China	10	2	3	-
Russia	5	-	3	-
Ukraine	2	-	1	-
Malaysia	3	-	-	-
Africa	3	-	1	-
Bangladesh	1	-	1	-
Total no. of plants	**49**	**2**	**14**	**-**
Total capacity *(million MT p.a.)*	**9**	**<1**	**1**	**-**

Note: Refinery capacity includes palm oil and soft oils

DEVELOPMENTS IN JOINT VENTURES

Wilmar and Clariant

The Group's 50:50 joint venture with Clariant International Ltd, Global Amines Company Pte. Ltd., began operations. It aims to be the global platform for production and sales of fatty amines and selected amines derivatives. It has its own production plants for amines in Germany and China, as well as access to

Clariant's amines capacities in Brazil and Mexico. For amines derivatives, the joint venture has access to around a dozen of Clariant's multi-purpose plants around the globe. Amines and amines derivatives are used in the production of a wide range of consumer and industrial products including personal care, detergents, industrial lubricants, paints and coatings.

Wilmar and Elevance

Wilmar and Elevance Renewable Sciences, Inc. commenced commercial shipment of specialty chemicals from their first world-scale joint venture biochemical refinery located in Indonesia. The high-value performance specialty chemicals, olefins and oleochemicals will be used in personal care products, detergents and cleaners, lubricants and additives, engineered polymers, and other specialty chemicals markets.

Wilmar and Kemira

Wilmar and Kemira Oyj signed an agreement for the manufacture of alkyl ketene dimer (AKD) wax in China in two joint ventures. The joint venture entities in China will be owned 50:50 and will integrate the current facilities of Kemira in Yanzhou and the relevant Wilmar facilities in Lianyungang. Kemira is a leading manufacturer of AKD globally. AKD is a sizing agent which impacts paper and board hydrophobicity and/or water resistance. Wilmar is a worldwide leading producer of stearic acid which is the key raw material for AKD production.

The transaction is subject to fulfillment of certain conditions including merger clearances. Closing of the transaction is currently expected to take place in the third quarter of 2014.

INDUSTRY TREND IN 2013

In 2013, growth in palm oil production turned out lower than expected due to a decline in the biological yield cycle, following a preceding period of higher production. As a result, global palm oil production grew 4% to 56.1 million MT during the year, with Malaysia's production growing at 2% to 19.3 million MT and Indonesia's production growing at 7% to 28.3 million MT. Malaysia and Indonesia account for about 85% of global palm oil production.

Demand for palm oil remained robust, driven by competitive palm oil prices especially in the first half of 2013 relative to other edible oils. This was reflected in the approximately 9% growth in global palm oil consumption to 57.0 million MT in 2013.

The two largest consumption markets for palm oil, India and Indonesia, recorded healthy demand during the year. India's palm oil consumption grew a strong 10% to 8.4 million MT while Indonesia registered an increase of 11% to 7.9 million MT. The price discount of palm oil relative to gas oil further encouraged palm-based biodiesel production in Europe, enhancing palm oil demand. In the United States, preferences for trans fat-free food as well as usage of palm-derivative products for oleochemicals have created improved demand visibility for the market. Consumption in other key markets such as China and Africa also continued to grow.

Palm oil prices saw a gentle decline in the first eight months of 2013. While demand was fairly reasonable, the upside of palm oil prices was capped by favourable soft oil crops. In August 2013, the Indonesian government announced new regulations requiring greater use of biodiesel by mandating 10% biodiesel blending in gas oil. The new regulation aims to reduce diesel fuel imports into Indonesia and was part of a package of measures targeted at reducing the country's current account deficit. The anticipated increase in demand for palm oil resulted in higher palm oil prices from September until the end of the year.

OUR PERFORMANCE

In 2013, the Group processed and merchandised a total of 24.5 million MT of palm and laurics products, representing a 6% increase from 2012. The volume growth was driven by stronger demand for palm products. However, revenue declined 12% to US$19.93 billion due to lower palm prices. Nonetheless, pretax profit grew 11% to a record US$855.7 million due to margin enhancement from the significantly increased contributions from high value-added downstream products.

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. The Group will continue to extend its palm oil footprint in Africa, providing food solutions to this emerging economy.

On the supply side, the combined palm oil production from Malaysia and Indonesia is expected to reach approximately 50.0 million MT in 2014, 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 as well as its growing value-added downstream businesses in oleochemicals, specialty fats and biodiesel.

The Group will continue to 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 meal and crude oils. The protein meal is mainly sold to animal feed producers while the oils produced are largely sold to its own consumer products division. The Group also has oilseed crushing operations in India, Malaysia, Russia and South Africa.

Besides oilseed crushing, Wilmar is also in flour and rice milling as well as the production of rice bran oil. The Group is one of the largest wheat and rice millers in China, and has flour mills through joint ventures in Malaysia, Indonesia and Vietnam.

As at 31 December 2013, the Group has crushing plants and flour and rice mills located in the following countries:

	Crushing	Flour Milling	Rice Milling
Subsidiaries			
China	56	13	13
Malaysia	1	-	-
Vietnam	2	-	-
South Africa	2	-	-
Total no. of plants	**61**	**13**	**13**
Total capacity *(million MT p.a.)*	**22**	**5**	**2**
Associates			
China	17	1	1
India	10	-	-
Russia	2	-	-
Malaysia	-	5	-
Indonesia	-	2	-
Others	-	1	-
Total no. of plants	**29**	**9**	**1**
Total capacity *(million MT p.a.)*	**10**	**2**	**<1**

INDUSTRY TREND 2013

In 2013, China's demand for soybeans continued to be strong, importing about 60.0 million MT of soybeans, a slight increase from the previous year. China remained the largest importer of soybeans, accounting for more than 60% of global imports. Total volume of soybean crushed in China grew about 7% to 65.0 million MT reflecting some destocking of soybean reserves. Soybean meal consumption rose about 6% to 50.0 million MT in 2013. Growth in soybean meal consumption reflects the increasing preference for protein-based diet despite some headwinds from an avian flu breakout during the second quarter of the year. Soybean oil consumption remained at around 12.0 million MT.

China's crushing industry remained challenging in 2013 as the industry remained in a significant overcapacity situation.

International soybean prices traded range bound in the first quarter of 2013 but started to rise in the second quarter due to tight soybean inventories in the United States (US). Prices peaked in early July at more than US$16 per bushel and dropped to below US$13 per bushel in August as the outlook for the US soybean crop improved towards the end of the planting season with the arrival of wet weather.

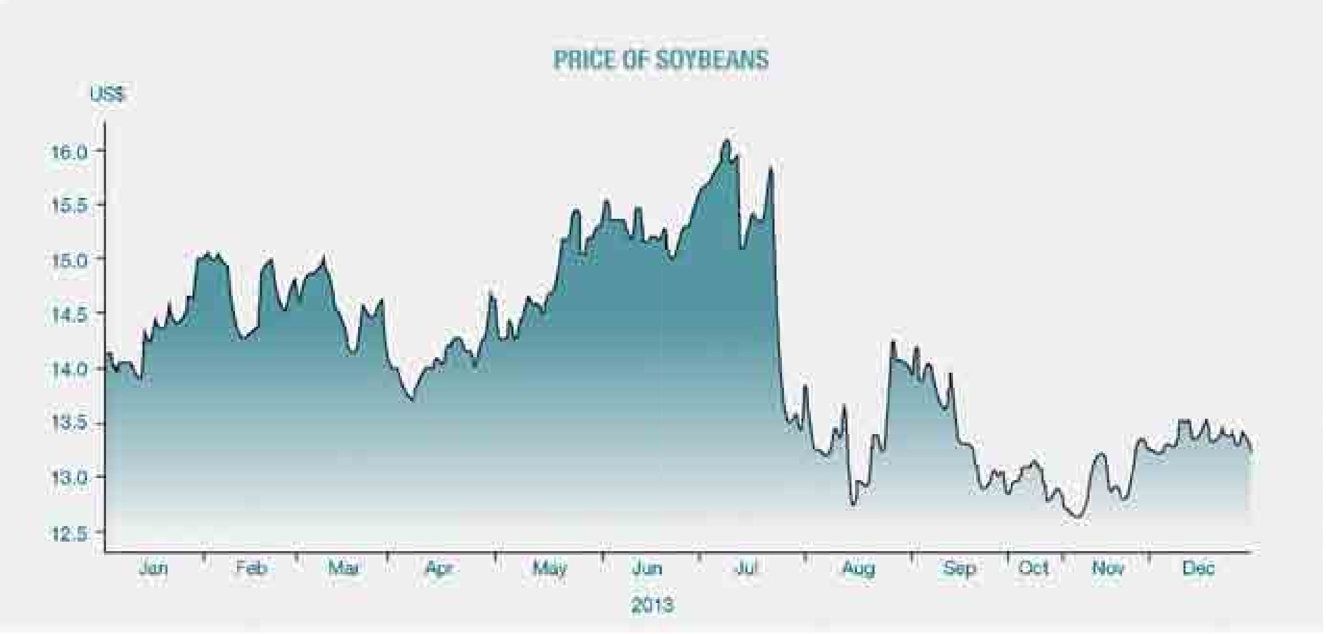
While Brazil and Argentina reported record crops in 2013, the shipment of soybeans was hampered by the logistical challenges and port congestions, leading to tight supply in China and firm prices for soybean meal during the year.

OUR PERFORMANCE

During the year, sales volume for the Oilseeds & Grains segment increased 5% to 20.6 million MT. The higher sales volume was mainly due to higher demand for soybean meal and completed capacity expansion in the grains operations, especially flour. Pretax profit surged more than 15 times to US$231.7 million compared to US$14.1 million 2012. The improved performance was mainly driven by stronger crush margins from higher meal prices in China due to improving demand as well as tight supply conditions resulting from delayed soybean shipments into China.

OUTLOOK AND STRATEGY

While the crushing industry in China continues to face an overcapacity situation, the Group believes it is well-positioned to ride out the current difficulties faced by the industry. The Group remains optimistic about the future of China and its long-term prospects there with growth driven by demand for high quality food and agri-products.



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 a significant share in the consumer pack edible oils markets in India, Indonesia, Vietnam, Sri Lanka and Bangladesh. Its joint venture in India, Adani Wilmar Limited, is the leading producer of consumer pack oils, having close to 18% market share. In Indonesia, the Group is the largest producer of consumer pack oils with over 35% market share. In Vietnam, Wilmar is the largest producer of consumer pack oils with over 55% market share. The Group is also one of the leading producers in Bangladesh with over 20% market share.

The Group's consumer pack edible oil business extends beyond Asia, reaching into Africa. Wilmar produces and sells branded consumer pack oil in the Ivory Coast, Uganda, South Africa, Ghana and Nigeria. Nigeria is the newest market for the Group's consumer products business, with marketing and sales of consumer pack edible oils starting in 2013. Given Nigeria's position as the most populous country in Africa and with a growing economy, the Group is positive about the prospects of its edible oil products in this market.

The Group's flour and rice businesses in China continued to progress in 2013, with strong sales volume growth in both businesses. Wilmar is a leading producer with more than 10% market share in both the consumer pack flour and rice markets. The Group also sells flour in Vietnam and Indonesia, as well as rice in India, Vietnam and Indonesia.

INDUSTRY TREND IN 2013

In the Group's key consumer products markets, demand for branded consumer pack oils continued to increase due to consumer preference, growing affluence and urbanisation.

The total industry volume for consumer pack oils in China grew by about 4% to approximately 7.8 million MT in 2013. In India, industry volume for consumer pack oils grew by over 15% to 7.8 million MT. In Indonesia, industry volume grew by around 30% to 0.9 million MT. In Vietnam, industry volume grew by almost 9% to 0.5 million MT. In Bangladesh, industry volume grew a steady 3% to 0.3 million MT.

In China, total industry volume for consumer pack flour was stable at 2.2 million MT while industry volume for consumer pack rice grew around 6% to 7.0 million MT in 2013. The market share for consumer pack flour and rice versus other forms of rice and flour remains relatively low at around 5%, representing room for growth in the future.

OUR PERFORMANCE

The Group reported sales volume of 5.4 million in 2013, representing a strong 18% increase over 2012. The volume growth was driven by increased demand in China, as well as stronger sales volumes in Vietnam, Indonesia and Africa. Pretax profit grew by a very robust 40% to US$219.4 million, driven by the higher sales volumes and lower feedstock costs in 2013.

OUTLOOK AND STRATEGY

Wilmar remains positive 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 key markets, the Group will continue to invest in and strengthen its distribution networks, focus on brand building, product and packaging innovation, increase retail penetration, and introduce new products to strengthen its market presence.

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.

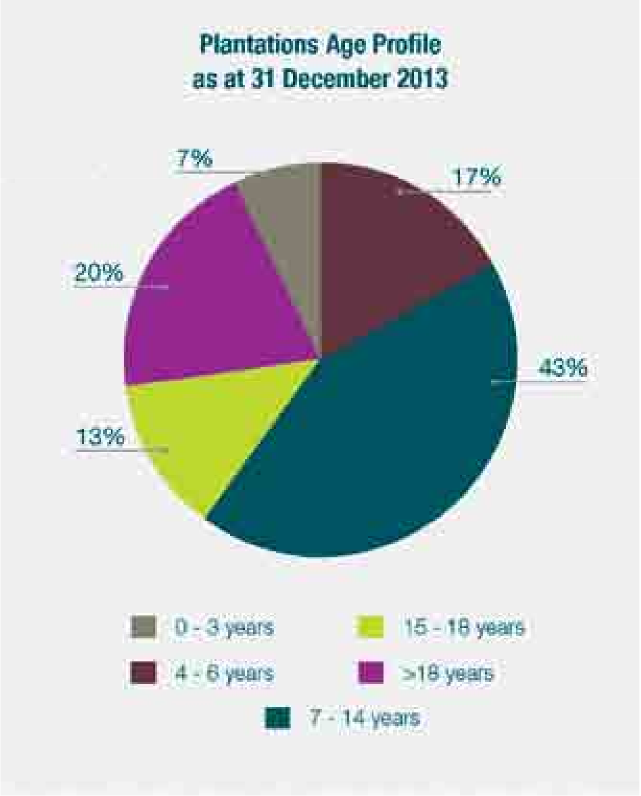
OPERATIONS REVIEW

PLANTATIONS AND PALM OIL MILLS

Wilmar is one of the largest oil palm plantation owners with a total planted area of 241,048 hectares (ha) as at 31 December 2013. About 71% of the total planted area is located in Indonesia, 24% in East Malaysia and 5% in Africa. It also manages 41,037 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 smallholders and Outgrowers scheme.

The Group's plantations have an average age of 12 years. Of the 241,048 ha planted, 56% are at the prime production age of 7 to 18 years. Another 24% are at age 6 years and below; these young trees will support the medium to long-term growth of the Group's plantation operations as they mature.



FFB PRODUCTION

The Group's FFB production declined 4% to 4.0 million MT as production yield declined 1% to 18.8 MT per ha. The lower production yield was a result of a number of factors, including low crop trend in Sarawak, delayed peak harvest season in Sabah, the after effects of dry weather in Kalimantan and Sumatra during the first nine months of 2013, as well as the wet weather in Indonesia that affected the harvesting process in the fourth quarter of the year.

SUSTAINABILITY AND CERTIFICATION

In December 2013, Wilmar announced its integrated "No Deforestation, No Peat, No Exploitation" Policy that aims to advance an environmentally and socially responsible palm oil industry. This is a bold initiative that not only applies to all Wilmar operations worldwide but also to third-party suppliers from which the Group sources and trades with.

In addition to this new integrated policy, the Group continued to pursue the Roundtable on Sustainable Palm Oil (RSPO) certification standard as a core element of its sustainability strategy for plantations and mills.

All of the Group's plantations and mills in Malaysia are certified to the RSPO Principles and Criteria and its Indonesian operations are scheduled to complete certification audits by 2016. Thus far, 18 of the Group's mills and their supply bases have successfully completed certification. As at December 2013, the Group's annual production capacity of RSPO-certified palm oil was about 700,000 MT.

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

OUR PERFORMANCE

The Group registered a pretax profit of US$269.7 million in 2013, a 34% decline from 2012. Pretax profit included a revaluation loss from biological assets of US$8.6 million. In 2013, the Group replanted around 5,600 ha. Excluding the revaluation loss, pretax profit was US$278.3 million, a decline of 27% from 2012. This was mainly due to lower margins on the back of lower average selling price and lower production yield.

OUTLOOK AND STRATEGY

Despite the lower average CPO prices seen in 2013, Wilmar remains positive about the long-term prospects of palm oil due to the rising global demand for its food and non-food applications as well as competitive pricing. Emerging markets like Indonesia, China and India 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 West Africa, where in the latter the Group will leverage the increasing demand for palm oil, availability of land and labour.

OPERATIONS REVIEW

SUGAR

The Group's sugar business involves sugarcane cultivation, 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 sugar producer. 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 is a market leader 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 developing an emerging stevia and glucose offering.

In Indonesia, Wilmar's two refineries are located near Cigading Port in West Java. They are licensed to import raw sugar and supply refined sugar to the food and beverage manufacturing industry. The Group produces about 700,000 MT of refined sugar, representing a market share of around 20% and ranking amongst the top two sugar operators in Indonesia.

COSUMAR

In April 2013, Wilmar became the strategic industrial partner of Cosumar S.A. (Cosumar) through the acquisition of a 27.5% stake in Cosumar.

Cosumar, based in Casablanca, is the sole sugar producing company in Morocco with one refinery in Casablanca and seven sugar beet/cane mills. Cosumar is the third largest sugar producer in the African continent and the second largest refiner.

Cosumar is a rare company producing sugar out of sugar beet and sugar cane as well as refining sugar. It has a strong distribution network and a staff of more than 2,000.

In partnership with Wilmar, Cosumar has started its first operations of refined sugar exports from the Casablanca port to neighbouring countries in the Mediterranean Sea and to Europe in 2013.

As at 31 December 2013, the Group has sugar mills and refining plants in the following countries:

	Milling	Refining
Subsidiaries		
Australia	8	2
New Zealand	-	1
Indonesia	-	2
Total no. of mills / plants	**8**	**5**
Total capacity *(million MT p.a.)*	**17**	**2**
Associate		
Morocco	7	1
Total no. of mills / plants	**7**	**1**
Total capacity *(million MT p.a.)*	**13**	**1**

INDUSTRY TREND IN 2013

Sugar production was 12.0 million MT in excess over consumption, despite a steady world consumption growth of between 2% and 3% to around 170.0 million MT.

Sugar prices reflected this surplus and declined throughout most of the year. A fire at the Copersucar terminal in Brazil in October 2013 provoked a sharp rally to more than 19 cents per pound, as funds moved to cover their short positions. However, this rally was short-lived and sugar prices retracted quickly soon after.

Total raw sugar trade flows during 2013 amounted to more than 32.0 million MT. Asia accounted for more than 50% of the total imports. The two largest global sugar importers were Indonesia and China with more than 4.0 million MT each.

OUR PERFORMANCE

In 2013, pretax profit for the Sugar division saw a healthy 27% increase to US$126.6 million due to improved performance from both the Milling as well as the Merchandising and Processing segments.

Milling

The favourable crushing conditions in the 2013 season resulted in more cane crushed. A total of 14.1 million MT of cane was crushed in 2013 compared to 13.9 million MT in 2012. The Milling business reported revenue of US$1.07 billion, similar to that achieved in 2012. As a result of the favourable crushing conditions, pretax profit saw a strong increase to US$18.5 million from US$6.2 million in 2012. Excluding non-operating items, pretax profit increased to US$40.8 million from US$14.3 million in 2012.

Merchandising and Processing

The Merchandising and Processing business reported a 53% increase in sales volume mainly attributed to higher merchandising activities and increased demand for refined sugar at the Group's Indonesian refineries. This led to an increase in revenue of 16% to US$2.96 billion. Pretax profit increased 15% to US$108.1 million. The healthy growth was mainly due to improved margins in the Group's refineries on the back of lower sugar costs and higher profits from merchandising activities. Excluding non-operating items, pretax profit increased 20% to US$121.1 million from US$100.9 million in 2012.

OUTLOOK AND STRATEGY

In 2014, world sugar supply is expected to see another year of surplus but to a lesser extent than in the last two years. Crops are all expected to be better than or in line with 2013. Major sugar producing countries, Thailand and Brazil, are expected to have record production levels of over 100.0 MT and over 600.0 MT of cane respectively. Production levels in India and Australia are also expected to surpass 2013 levels.

Global sugar consumption is expected to continue its steady growth. Indonesia should remain the largest importing country. China, given its high stock levels and expectations of a good crop in 2014, is not expected to match its record import volumes in 2013.

Sugar prices may see an improvement in 2014 as overall sugar production is expected to be lower than in 2013 and consumption will continue to see some steady growth.

For the sugar milling business, volumes are expected to further recover in 2014 through improved cane yields and an increase in cane area. Working with growers and harvesting operators to improve cane productivity is a key area of focus.

The Group will continue to focus on improving operational and cost efficiencies through initiatives such as equipment and process standardisation as well as upgrading of equipment and facilities. Best practice benchmarking and continuous improvement in production and supply chain will provide support to Wilmar's sugar operations through the transfer of technical and operational knowledge and leveraging the Group's strengths across Australia, New Zealand, Indonesia and Morocco.

FERTILISER

The bulk of the Group's fertiliser business operation and market is in Indonesia. With total annual sales volume of about 2.0 million MT, the Group is one of the largest fertiliser players in Indonesia. In addition to having production lines focusing on nitrogen, phosphorus and potassium (NPK) compound fertilisers, the Group also engages in the trading and distribution of potash, phosphate and nitrogen fertilisers as well as secondary nutrients and trace element products. Supported by extensive logistics networks, the Group has been able to maintain substantial market shares of both potash and NPK in Indonesia, particularly in the oil palm sector. Customers for the fertiliser products are also the Group's suppliers of fresh fruit bunches, crude palm oil and palm kernel, enabling it to tap this captive market and minimise credit risk. The oil palm sector in Indonesia has experienced remarkable growth rate in the past decade, resulting in rising demand for fertilisers and providing the Group with opportunities to continuously expand its fertiliser business unit. At present, the Group's total installed capacity of NPK compound in Indonesia is 1.2 million MT per annum.

Despite the longer-term prospects, 2013 proved to be a difficult year for the fertiliser industry on many fronts. Revenue from the Group's fertiliser unit was lower as a result of a weakening fertiliser market. On top of a challenging first half, the market suffered more in the second half of the year during which fertiliser prices and the Indonesian Rupiah saw significant declines. Weather was also a constraining factor with some plantations being compelled to use less or even miss out during the fertiliser application period. Consequently, profitability of the fertiliser business was eroded, reflecting a common trend of the fertiliser industry in general.

The Group continues to remain positive on the long-term outlook for the Indonesian agricultural sector given the continual growth in oil palm acreage and other crops. Adjacent to Indonesia being core of the fertiliser business, the Group has also endeavoured to actively engage in other growing markets for fertiliser, capitalising on local channels as well as global networks the Group has established.

To further complement the fertiliser business in Indonesia, the Group has in the past couple of years expanded its focus into the agrochemical market. The current production capacity is 1.5 million litres per annum with a potential to reach three million litres to tap the growing demand. The Group's agrochemical product-line - which has been extended to various types of herbicide, insecticide, and fungicide - covers the needs for oil palm as well as other crops in the retail market. The insecticide and fungicide products are largely for the cash crop market which has also provided 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 for the shipping unit increased in 2013. While volumes for vegetable oils declined slightly, dry bulk volumes continued to rise.

In 2013, the depressed shipping market provided opportunities for the Group to continue with the process of renewing its fleet to meet increasing demand for edible oils and other commodities. As at 31 December 2013, the Group owned 34 liquid bulk vessels and nine dry bulk vessels.

As the volume of edible oils merchandised by the Group grows, the Group will continue to expand its shipping fleet and reduce shipping costs by acquiring larger and more cost effective vessels. The Group also has more vessels under construction, including economically fuel efficient liquid bulk carriers that comply with the latest environmental standards. It has ordered six (49,000 dead-weight tonne each) International Maritime Organisation (IMO) Type II product chemical tankers. These vessels, partially fitted with stainless steel cargo tanks, comply with Bureau Veritas' (BV) notations for environmentally-friendly ships.

Designed with a hydro-dynamically optimised hull form that has exceeded IMO's Energy Efficient Design Index by at least 10%, the ships afford reduced fuel consumption and carbon dioxide emissions. With the Cleanship notation by BV, innovative 'green' technology is incorporated into the ship, featuring high performance anti-fouling paint, advanced liquid, air and waste management, heat recovery and ballast water treatment, reducing all forms of waste and emissions from the ships, thereby minimising the impact on the marine eco-system.

This is in line with the Group's undertaking towards safe, efficient and environmentally-friendly means of cargo transportation across the entire fleet monitored closely through the Energy Efficiency Operational Indicator (EEOI) designed specifically for the fleet's nature of trade with route and voyage optimisation, waste management and trim optimisation with the most favourable ballast voyage planning.

In further demonstrating the Group's commitment to improving environmental standards and social responsibility, the ships are also designed for end-of-life recycling – well ahead of any mandatory requirements. With the Green Passport notation, a formal summary of any hazardous materials used and fitted onboard the ships will be developed right from the construction stage. This approach allows for greater transparency, better hazard management, enhancing safety and enabling better long-term liability planning.

RESEARCH & DEVELOPMENT

The Group conducts research and development (R&D) activities in various locations globally but with central roles on food and oleochemicals in China and agriculture in Indonesia for the key objectives of improving the quality and expanding the range of products and enhancing the Group's overall operational efficiency. Besides supporting the Group's businesses 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 has invested more than US$120.0 million in R&D as planned over a five-year period from 2009 and will continue to invest at a proportional rate each year for the future.

The Global R&D centre in China has 280 research staff of which 27 hold doctorate degrees. The number of research staff is expected to increase to about 350 to 400 in the next two to three years. R&D activities undertaken in China are focused mainly on applying next generation technologies, ensuring the safety and health-impact of the Group's products as well as preserving their nutritional value. These products include cooking oils, food fats, proteins and cereals, as well as oleochemicals.

In 2013, the R&D centre continued to focus its efforts on the use of enzymes in oil refining and various product developments. Enzymes are natural catalysts that can perform various biochemical reactions. Enzyme applications in industries, including the oil palm industry, are in high demand due to their specificity and efficiency. Moreover, compared to chemical processes, enzyme-mediated processes are more environmentally-friendly.

In oil refining and modification processes, chemical and physical methods are rapidly being replaced by enzymatic methods. Enzymatic processing methods can significantly save energy, reduce emissions and at the same time produce a more natural and value-added product for consumers. For example, the use of enzymes in oil refining can significantly reduce carbon dioxide emissions. To this end, the Group has initiated two R&D programmes using enzymes as the main tool - enzymatic degumming and the production of triglycerides containing oleic acids and palmitic acids (OPO). As an important constituent of human milk, OPO is an essential ingredient of reconstituted milk powder.

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. In 2013, the isolation of unique enzymes and their genes was a top priority of the R&D laboratory in Indonesia. One of the most important applications of enzyme is in the production of biodiesel which could provide renewable energy resources without harming the environment. The R&D laboratory successfully cloned four enzymes for this purpose in 2013.

The R&D laboratory 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.

Improvement of oil palm yield is part of the Group's programme in plant genetic enhancement. The Group launched a collaborative research programme with Temasek Lifesciences Laboratory in Singapore to investigate the agronomic traits of oil palm and cloning of key oil palm genes involved in fatty acid biosynthesis. Thus far, the joint effort has resulted in the cloning of a number of genes responsible for palm oil yield which will be patented. In addition, this collaboration has also generated DNA markers that are being used to assist and facilitate the Group's oil palm breeding programme. The Group is developing a rapid method to differentiate the Dura and Tenera oil palm species from the Pisifera species which will be essential in conducting semiclonal palm propagation.

AWARDS AND ACCOLADES

Wilmar's Chief Financial Officer, Mr Ho Kiam Kong (right), received the Singapore International 100 Award from Ms Sim Ann, Minister of State, Ministry of Communications and Information.

CORPORATE AWARDS

Wilmar International Limited

- Fortune Global 500, ranked 224th
- World's Most Admired Company, ranked 1st in Food Production Industry
  Fortune Magazine
- Forbes Global 2000 Leading Companies, ranked 313rd
- Global 500 Brands 2013, ranked 459th globally and 3rd in Singapore
  BrandFinance®
- Best Company for Leadership (Asia)
  AIAIR Awards
- Most Transparent Company Award (Winner) in Food & Beverages category
  Securities Investors Association (Singapore)
- Asia's Outstanding Company on Corporate Governance
  9th Corporate Governance Asia Recognition Award 2013
- Best in Sector for Consumer Goods & Services (including Retail)
  IR Magazine South-East Asia Awards
- The Global Chinese Business 1000 Awards – The Largest Chinese Companies by Revenues
  Yazhou Zhoukan Magazine
- Singapore International 100 – Top Companies by Overseas Sales Turnover (First place ranking)
  DP Information Group with Ernst & Young as Co-Producer, supported by ACRA, IE Singapore, SPRING, IDA and Singapore Business Federation

AUSTRALIA

Wilmar Sugar

- Large Employer of the Year
  North Queensland Regional Finals of the Queensland Training Awards
- Large Employer of the Year
  Tec-NQ Gala Awards

Sugar Australia

- NAFDA Chairman's Award for 2013 Most Improved Supplier (Under $3 Million Category)
  NAFDA Awards

CHINA

Yihai Kerry Investments Co., Ltd.

- Top 100 Enterprises in Shanghai (Ranked 9th)
  Shanghai Enterprise Confederation, Shanghai Enterprise Directors Association and Shanghai Federation of Economic Organisations
- 2013 China PoweRanking® Composite (Ranked 8th)
  Kantar Retail China

GHANA

Benso Oil Palm Plantation

- Best Agri-Business Enterprise
  Association of Ghana Industries

AWARDS AND ACCOLADES

VIETNAM

Cai Lan Oils & Fats Industries Company Ltd

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

Wilmar Agro

- Trusted Quality Suppliers
  Vietnam Enterprise, Department of Trade Promotion,Certification Organisation AQA-SEA (USA), Quality Auditor of Southeast Asia, National Quality Assurance - United Kingdom and Global Manager Group
- Trusted Brand
  Vietnam Enterprise, Department of Trade Promotion, Asia Pacific Trusted Index Assessment Center and National Quality Assurance - United Kingdom

SUSTAINABILITY AWARDS

CHINA

Yihai Kerry Investments Co., Ltd.

- China Charity Award
  Ministry of Civil Affairs

CONSUMER PRODUCT AWARDS

CHINA

Brand	Award
Arawana	• Nutrition Innovation Award for Blended Ocean Fish Oil *Chinese Nutrition Society* • Nutrition Innovation Award for Blended Ocean Fish Oil *Vitafoods Asia* • Active Contribution to Healthy Cardiovascular Management Award for Corn Oil Phytosterols *China Health Management Leadership Summit*
Orchid	• Brand Excellence Award for Peanut Oil *ND Media*

BANGLADESH

Brand	Award
Rupchanda	• No. 1 Soyabean Oil Brand in Edible Oil category *Bangladesh Brand Forum in collaboration with Millward Brown Bangladesh* • 4th Best Brand (Soyabean Oil) in Overall category *Bangladesh Brand Forum in collaboration with Millward Brown Bangladesh*

INDIA

Brand	Award
Fortune	• No. 1 Edible Oil Brand in India *Nielsen India* • Most Trusted Brand in Gold category *Reader's Digest* • India's Most Trusted Brand – ranked 3rd in Edible Oil category *Economic Times Brand Equity*

INDONESIA

Brand	Award
Sania	• Superbrand 2013 *Superbrands* • Indonesia Best Companies in Satisfying Retailers *Indonesia Retailer Satisfaction Award* • Great Performing Brand in Social Media *Social Media Award*

NEW ZEALAND

Brand	Award
NZ Sugar	• Bronze, Chelsea Golden Syrup 1kg Tin – Collector's Edition *NZ Design Awards* • Second place, Chelsea White Sugar 1.5kg *NZ Unpackit Best Packaging Awards*

RUSSIA

Brand	Award
Ryaba	• Top National Brand for Mayonnaise *RBC Media*

SOUTH AFRICA

Brand	Award
Excella	• Winner of Best Mobile Marketing Campaign *AfricaCom Awards* • Winner of Mobile Marketing *Mobile Merit Awards* • Bronze Winner of Mobile Marketing *Assegai Awards*

VIETNAM

Brand	Award
Neptune	• Top 10 Competitive Brands – Renowned Brands of Vietnam *National Office of Intellectual Property of Vietnam and Hanoi Television Station*

A BIG STEP FORWARD

Sustainability is a continuous journey not without challenges. 2013 marks a significant milestone in Wilmar's stride towards sustainability. We made a commitment to an integrated policy of "No Deforestation, No Peat and No Exploitation" in an effort to accelerate the market transformation for responsible palm oil. We, however, need support from the industry and civil society organisations to make this initiative a success. No simple feat, but we are taking this bold and necessary step because we believe that this is a move in the right direction the long term benefitting the industry, environment and people.

CORPORATE SOCIAL RESPONSIBILITY

TOWARDS INDUSTRY TRANSFORMATION

2013 was a landmark year in Wilmar's sustainability journey. On 5 December, the Group announced its commitment to an integrated policy of "No Deforestation, No Peat and No Exploitation" that aims to accelerate the sustainable market transformation for palm oil.

With this pledge, Wilmar will work towards ensuring that both the Group's own plantations and companies from which it sources will provide products that are free from links to deforestation or abuse of human rights and local communities. The policy also includes measures to protect high carbon stock and high conservation value landscapes, and to uphold respect for community rights and support for development.

"WE CAN PRODUCE PALM OIL IN A WAY THAT PROTECTS FORESTS, CLEAN AIR AND LOCAL COMMUNITIES, ALL WHILE CONTRIBUTING TO DEVELOPMENT AND PROSPERITY IN PALM OIL GROWING REGIONS."

Wilmar Chairman and CEO Kuok Khoon Hong

As part of the Group's conservation efforts, more camera traps were installed in 2013 in High Conservation Value areas to monitor wildlife activities.

Wilmar is also pleased to announce that it has become a member of The Forest Trust (TFT), a non-profit organisation committed to helping companies develop sustainable supply chains that respect the environment and the communities.

Through this partnership, Wilmar hopes to achieve its responsible sourcing goals in line with its integrated policy by 2015. The full policy can be found on www.wilmar-international.com/sustainability.

In addition to the above milestone, Wilmar has also made notable achievements and good progress on other sustainability fronts.

SUSTAINABILITY CERTIFICATION

RSPO Certification

As at December 2013, the Group's total annual production capacity of oil certified to the Roundtable on Sustainable Palm Oil Principles & Criteria (RSPO P&C) was about 700,000 MT. During the year, an additional three certified mills in Indonesia contributed to the 17% increment from 2012's certified volume. To date, the Group has a total of 18 mills and their supply bases certified.

All of Wilmar's Malaysian plantations and mills are RSPO P&C certified. Wilmar aims to complete certification audits for all its plantations and mills in Indonesia by 2016.

On the supply chain certification front, the Group has a total of 35 plants certified to RSPO "Segregation" and "Mass Balance" standards.

ISCC Certification

Wilmar first started pursuing the International Sustainability and Carbon Certification (ISCC) standards which are developed for the biomass and bioenergy sectors in 2011. By the end of 2013, 26 of the Group's sites were certified.

ISPO Certification

In 2011, the Government of Indonesia introduced the Indonesia Palm Oil Certification (ISPO) as a mandatory requirement for all local companies and smallholders. As of 2013, one mill and its supply base achieved ISPO certification while 10 others have completed certification audits and are awaiting approval.

STRICT NO-BURN POLICY

Burning to clear land for plantation development continues to be a key concern of many stakeholders. This issue came under heavy scrutiny in June 2013 when Indonesia, Malaysia and Singapore experienced their worst haze in recent years with the Pollutants Standard Index (PSI) reaching record levels. Consequently there were reports by the media and some civil society organisations suggesting that big palm oil corporations were behind the fires and haze. To this end, Wilmar clarified and reiterated its strict adherence to a zero-burning policy across all its operations. Furthermore, the Group did not develop any new plantations in Sumatra where the fires originated.

In Indonesia, it is illegal to burn and companies caught doing so will be severely punished. Wilmar has in place a Sourcing Policy that guides its purchasing decisions and is communicated to all suppliers. It is clearly specified in this Policy that Wilmar will only buy palm oil produced from plantations and mills that comply with all relevant and applicable local and national laws and regulations. In June, the Group went the extra mile to publicly state that it will terminate business relations with any third-party suppliers found to be involved in burning to clear land for cultivation.

Despite preventive measures, fire occurrences may still happen within the Group's plantation areas. Most of such incidents in the past were caused by fires spread from neighbouring land plots managed by small-scale farmers, especially those practising shifting cultivation and using slash and burn method as their preferred approach to clearing land. Other accidental causes of fire include natural climatic conditions such as protracted drought period, discarded cigarettes and escaped cooking fires.

To minimise the occurrence of accidental fires, the Group has a fire response and management system that includes daily monitoring of hotspots across its operations in Indonesia, trained fire brigade crew and watch towers that help the Group respond to fires relatively quickly and efficiently.

INITIATIVES ON CLIMATE CHANGE MITIGATION

Climate change is one of the most pressing challenges facing mankind. The Group recognises that the agricultural industry has an impact on the environment, and takes steps to implement mitigation actions to reduce its ecological footprint.

The Group currently has eight Clean Development Mechanism (CDM) projects in Indonesia and Malaysia, and six Voluntary Carbon Standard (VCS) projects in China and Vietnam which are aimed at reducing greenhouse gas (GHG) emissions. All CDM and VCS projects are independently verified to ensure integrity to its GHG reduction claims.

Wilmar undertakes CDM and VCS projects aimed at reducing greenhouse gas emissions.

These projects range from biomass boiler plants in rice and oil palm milling operations generating steam and power, utilising waste products such as rice husks, empty fruit bunches, shells and fibre, to recovering methane from wastewater treatment ponds in palm oil mills to generate electricity.

ACTIVE STAKEHOLDER ENGAGEMENT

Encouraged by the large turnout of suppliers at its first "Towards a Sustainable Supply Chain" meeting in 2012 and the keen interest displayed during the discussion, Wilmar organised another two of such meetings in Malaysia and Indonesia in 2013 as part of its supplier outreach programme.

Key stakeholders along the palm oil supply chain, including the RSPO, TFT and an end-user multinational corporation customer, were invited to share and exchange their experience on sustainable development.

COMMUNITY SUPPORT AND EMPOWERMENT

Wilmar believes in growing in tandem and sharing the fruits of its success with the local communities where it operates in. The Group's corporate philanthropy programmes stem from a commitment to building enduring and trusted relationships with surrounding communities.

In 2013, Wilmar committed US$9.5 million to its global philanthropy programmes that spanned China, Singapore, Malaysia, Indonesia and Australia, amongst other countries.

In China, the establishment of the Arawana Charity Foundation in 2012 has served as a platform for the Group to advance its philanthropic efforts focusing on education, disaster relief and healthcare.

Staff volunteers delivering Arawana cooking oil and other essentials to earthquake victims in Lushan County, Sichuan province, China.

Staff volunteers organised a book donation drive at a primary school established by the Group in Quanzhou, Fujian province, China.

Following the 7.0 magnitude earthquake in April 2013 in Lushan County, Sichuan province, on-the-ground staff volunteers worked closely with the local government to ensure those in need received help in the shortest time possible. The Group's relief efforts totalled over US$2 million in financial aid and essential goods.

Believing in the positive impact healthcare has on the quality of life, the Group continued in 2013 to fund cataract operations for the elderly, bringing the total number of operations to about 17,500 to date. The last year also saw 30 successful prosthetic operations being performed on the needy. Wilmar also renders ongoing support to an old folks' home, orphanage and rehabilitation center for disabled children in China.

In Myanmar, the Group kicked off the first in a series of healthcare initiatives with the launch of the Wilmar Eye Disease Treatment Donation Drive. During the week-long event, a total of 3,073 patients in Meiktila were provided with eye examinations and 432 operations were carried out.

EDUCATING THE NEXT GENERATION

To promote equal access to education, Wilmar has established as of December 2013 a total of 25 kindergartens as well as primary and secondary schools in rural areas across China. There are plans to build several more in 2014. Concurrently, the Group provides undergraduate and graduate scholarships at 13 universities across China including Shanghai Jiao Tong

The learning environment was made more conducive at Wilmar's largest plantation in Central Kalimantan, Indonesia.

University and Henan Technology University in the hope of nurturing young talents for the workforce.

In Singapore, the Group set up a Wilmar Scholarship at the newly-established Singapore University of Technology and Development as well as continued its support for the China Leadership Programme and KKH Opportunity Scholarship Fund at Nanyang Technological University (NTU), and the SIT-KKH Scholarship at Singapore Institute of Technology. Wilmar also became a Founding Donor of the NTU-SBF African Studies Centre which is set up to foster closer business ties between Singapore and Africa through research and insights sharing.

As part of the Group's efforts in looking after the welfare of its employees, it aims to provide the children of migrant workers access to an all-rounded education. Towards this, 2013 witnessed an overhaul of the teaching environment at Wilmar's largest plantation in Central Kalimantan, Indonesia. Improvements implemented included the building of new and refurbishment of existing classrooms, a multi-sports court, libraries, internet access and teacher training programmes.

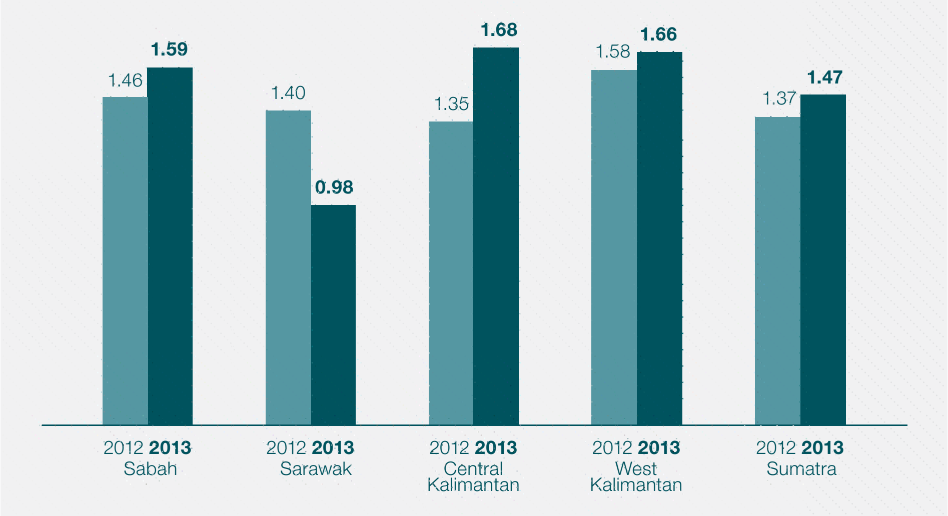
SUSTAINABILITY PERFORMANCE

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

Environment

- Water Usage

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



- Biological Oxygen Demand (BOD) Levels

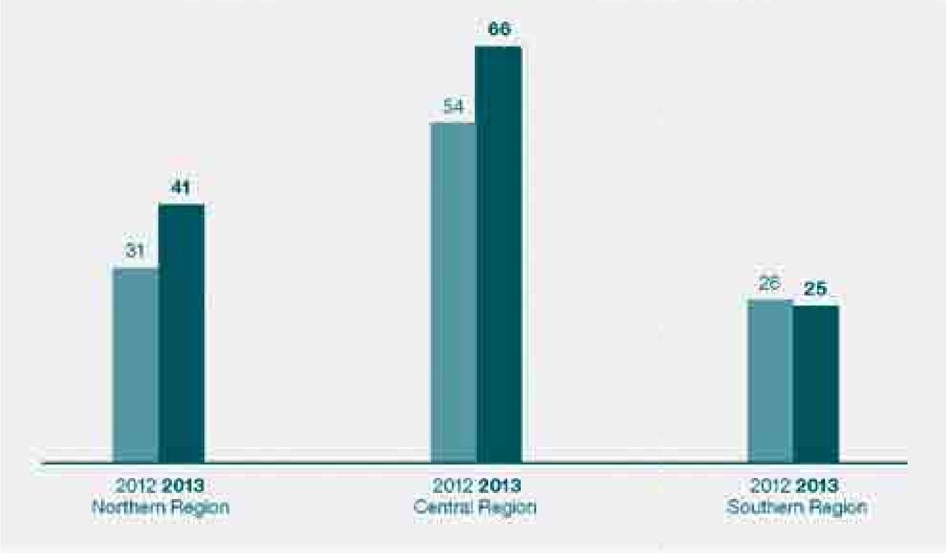
  BOD is the amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

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

River Discharge

Land Application

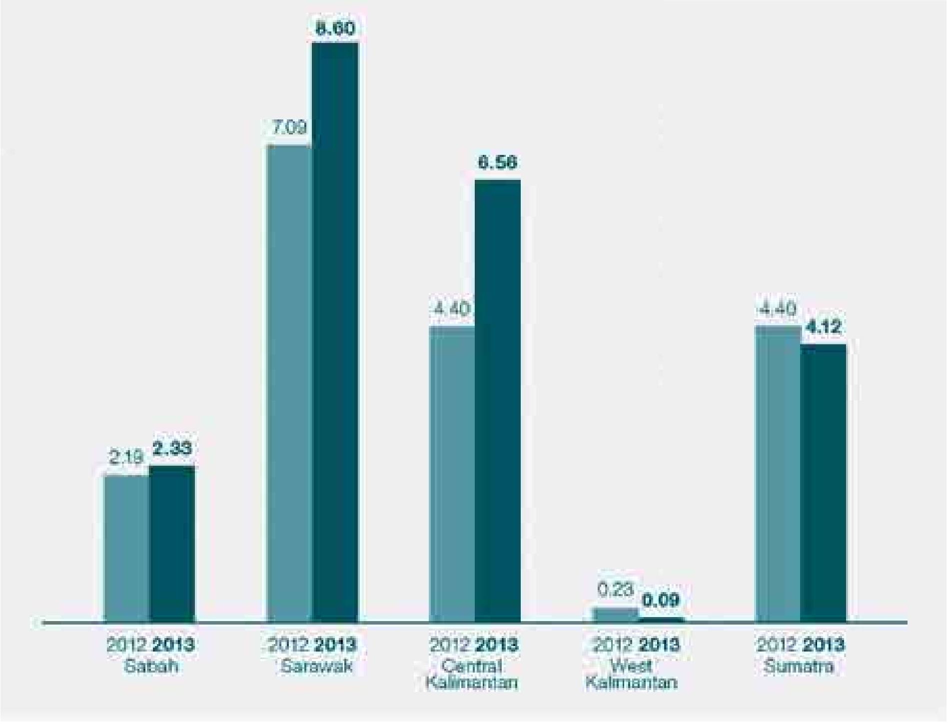
BOD levels – China *(mg/l)*



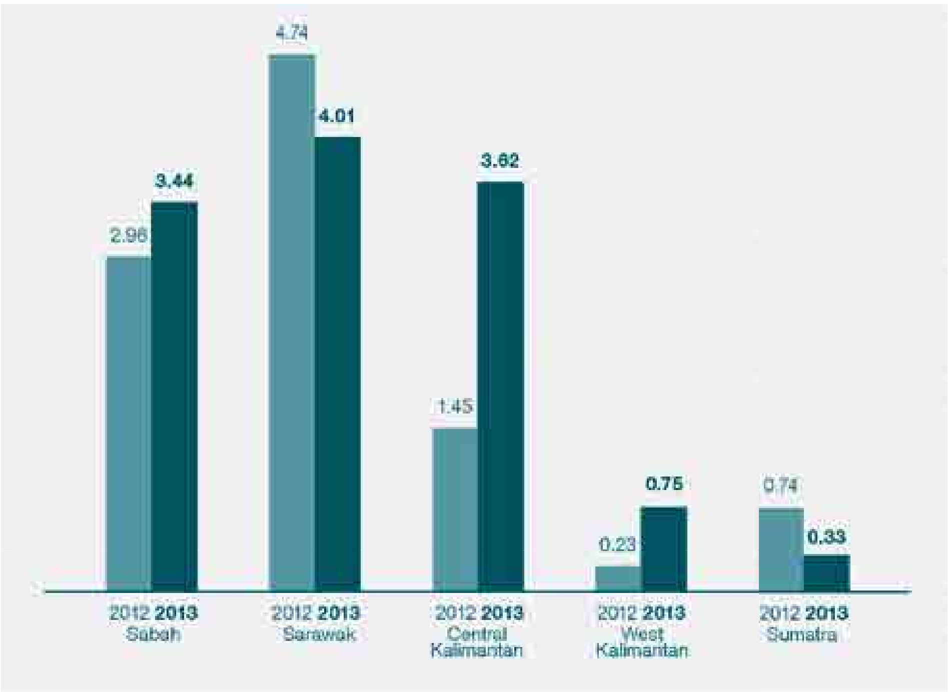
Health & Safety

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

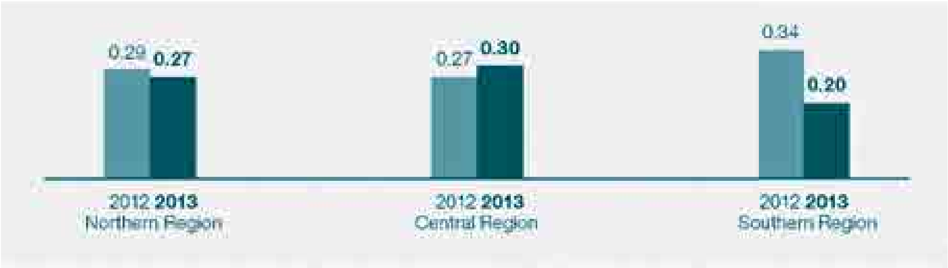
Lost Time Incident Rate – Plantations *(per 200,000 working hours)*



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



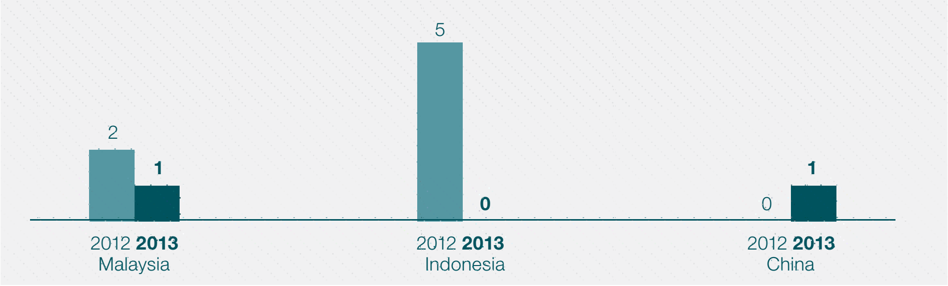
Lost Time Incident Rate – China operations *(per 200,000 working hours)*



- Fatalities

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

Fatalities *(Number of work-related deaths)*



ENGAGING RELATIONSHIPS

Overcoming difficult times and challenging adversities build strong relationships. We believe in building an enduring relationship as well as embracing open communication with our stakeholders, both external and internal. We value the confidence the investor community has in us and aim to uphold a high standard of accountability, transparency and governance. Within the Group, we recognise the importance of human capital as a growth driver and make it a priority to nurture every employee's potential.

INVESTOR RELATIONS

For its commitment to good corporate governance standards and effective stakeholder communications, the Group was named the Winner of the Most Transparent Company Award in the Food & Beverages category by the Securities Investors Association (Singapore).

Wilmar's Investor Relations (IR) efforts are guided by the Group's commitment to build long-term relationships with its stakeholders and the belief in the importance of investor communications in an accurate, fair and timely manner.

REACHING OUT TO STAKEHOLDERS

The IR team endeavours to maintain open communications with investors through various platforms including one-on-one meetings, group meetings, investor conferences, results briefings, roadshows and site visits. The IR team also takes effort to address immediate concerns raised by shareholders and investors via emails and phone calls.

The Group organises combined analyst and media results briefings every quarter as well as post-results meetings with investors. It is also an active participant in investor conferences. In 2013, the Group participated in seven investor conferences and three non-deal roadshows across Singapore, Malaysia, Hong Kong and the United States. During the year, the Group met over 300 fund managers and analysts in more than 100 one-on-one and group meetings. These meetings provide investors and the media with regular access to the senior management team and offer various channels to engage in a wide range of topics including strategic direction, financial performance, industry trends and sustainability issues.

In response to rising interest in Wilmar's downstream businesses such as consumer products, oleochemicals, specialty fats and biodiesel, the IR team facilitated a site visit to one of the Group's integrated complexes in Malaysia for investors to enhance their understanding of its core businesses.

The Group's Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) held on 25 April 2013 were well attended by over 180 shareholders. The general meetings offer a valuable opportunity for the Board of Directors and senior management to interact with shareholders. During the meetings, shareholders were given a presentation to update them on the Group's developments and were also able to have their queries clarified before voting on resolutions.

The Group recognises the increasing interest in sustainability issues and is committed to constructive dialogue with stakeholders on such matters. The Group's Corporate Social Responsibility (CSR) team supports IR efforts by engaging with investors and responding to queries on sustainability matters, as well as publishing a biennial sustainability report that is available on the Group's corporate website.

All disclosures submitted to the Singapore Exchange are available in the Investors & Media section of the Group's corporate website (www.wilmar-international.com). The website provides an effective method of reaching a wide audience and also allows users to sign up for alerts to such disclosures, providing an easy and timely way to stay updated on the latest corporate developments.

ACCOLADES

In 2013, the Group's commitment to good corporate governance standards and effective stakeholder communications was recognised on two occasions.

It was named the winner of the Most Transparent Company Award in the Food & Beverage category by the Securities Investors Association (Singapore) 14th Investors' Choice Award, and the joint winner of Best in Sector for Consumer Goods & Services (including Retail) by IR Magazine South-East Asia Awards.

DELIVERING RESULTS

Despite a challenging operating environment, the Group was able to overcome the difficult conditions with its resilient business model. The Group will continue to invest in key growth areas such as oil palm plantations, sugar as well as rice and flour milling. As at 31 December 2013, Wilmar's share price was S$3.42, a gain of 2.4% over the year. Total shareholder return was 4.3% including dividends paid. Wilmar is proposing a total cash dividend of 8.0 cents per share for the year, representing more than 30% of the Group's net profit in 2013.

INVESTOR CALENDAR

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Equity Non-Deal Roadshow (Kuala Lumpur, Malaysia)	1Q13 Results Briefing (Singapore)	2Q13 Results Briefing (Singapore)	3Q13 Results Briefing (Singapore)
FY2012 Results Briefing (Singapore)	1Q13 Post-Results Meeting (Singapore)	2Q13 Post-Results Meeting (Singapore)	Morgan Stanley Annual Asia Pacific Summit 2013 (Singapore)
FY2012 Post-Results Meeting (Singapore)	Fixed Income Non-Deal Roadshow (Hong Kong)	Macquarie ASEAN Conference (Singapore)	
Credit Suisse Asian Investment Conference (Hong Kong)	Citi ASEAN Investor Conference (Singapore)	JP Morgan Boston APAC Conference (Boston, USA)	
	CIMB Annual Asia Pacific Conference (Kuala Lumpur, Malaysia)	Equity Non-Deal Roadshow (USA)	
		Site Visit (Pasir Gudang, Malaysia)	
		CLSA Forum 2013 (Hong Kong)	

HUMAN CAPITAL MANAGEMENT

Wilmar believes people are central to its success. With about 90,000 staff worldwide, the Group's human capital strategy is guided by its vision, mission and core values. It continues to enhance its policies and practices to create a positive work environment for employees to contribute and advance their career within the Group.

ENGAGING PEOPLE

The Group's corporate environment is integrally shaped by its core values of integrity, excellence, passion, innovation, teamwork and safety. Activities and initiatives are undertaken regularly to deepen employees' understanding and commitment to these core values. Wilmar hopes to build employee loyalty through special awards to recognise outstanding contributions as well as initiatives to promote a safe and healthy work-life balance. The Group builds a strong corporate culture through teambuilding activities such as sports tournaments, weekly sports and fitness events, annual dinner and dance celebrations, and public food donation drives. On a more personal level, employees are entitled to employee assistance programmes and healthcare benefits including health insurance.

BUILDING A TALENT POOL

Wilmar provides scholarships to deserving students and hopes that they will be interested to explore a career with the Group. To support employees' continued development, the Group focuses on developing training programmes. In Australia, a Graduate Programme has been introduced to develop leadership skills, business acumen and technical skills. Wilmar has been recognised by the Australian Government for its commitment to apprentice employment; today the Group is one of the largest employers of apprentices in Queensland. A Learning Management System was also introduced as a useful tool to support an employee's training development programme. In a strategic move to encourage continuous learning, an e-Learning Academy was established in China where the Group has a sizeable footprint.

GROOMING LEADERS

With its rapid expansion, Wilmar encourages its employees to pursue overseas postings to gain exposure to different parts of the business. The wide scope and diversity of the Group's global operations provide employees with exposure to different career challenges. In 2013, Wilmar invested in the Supervisor Training Programme in some locations to increase workforce capability by supporting the supervisors in their new roles as people managers. A key component of the training focuses on building both personal and team resilience as a core leadership skill required for effective and engaged people management.

RETAINING TALENT

Wilmar motivates its people with a competitive remuneration package which includes performance-based pay and bonuses. Senior executives are awarded share options in recognition of their key contributions which have helped drive the Group's growth. Regular salary benchmarking is conducted to ensure the Group remains competitive in attracting and retaining the best talent.

Wilmar congratulates Ms Fatima Alimohamed, General Manager of Commercial (Africa), on being conferred the honour of "Top 50 Most Talented Chief Marketing Officers" by the Golden Globe Tigers Award 2013. The prestigious award ceremony was presented by the World Marketing Summit Malaysia at Putrajaya International Convention Centre, Kuala Lumpur on 30 September 2013.

Parameters used for selecting the winners included strategic perspective and business goal management, business ethics and compliance, team orientation and people management, customer focus and networking, performance management and achieving excellence in marketing in their respective markets.

The World Marketing Summit is the culmination of marketing guru Dr Philip Kotler, Distinguished Professor of International Marketing at the Northwestern University Kellogg Graduate School of Management in Chicago.

Ms Fatima Alimohamed, General Manager of Commercial (Africa), was conferred the honour of "Top 50 Most Talented Chief Marketing Officers" by the Golden Globe Tigers Award 2013.

INFORMATION TECHNOLOGY

Together with SAP, a Plantation Solution workshop was held for the Group's plantation units in Jakarta, Indonesia, in March 2013.

Wilmar Consultancy Services (WCS) is the Information Technology (IT) services arm of the Group. As a unit providing internal IT support to the Group, WCS is also a business solutions company providing services in two main service categories – IT Products and Solutions. The past year saw WCS successfully execute several projects.

Following the formation of a joint venture between Wilmar and Kellogg Company, WCS took on the key responsibility of setting up the IT infrastructure and implementing the SAP application for both offices in Qingdao and Shanghai. At the same time, a customised Marketing Information Management System was established to support the development of strategic marketing activities.

Since joining the Group as a key business segment in 2010, Wilmar Sugar, the Group's sugar business in Australia, is continuously being integrated into the Group's IT system. In the past year, the WCS teams in Shanghai and Wuxi provided support to various projects with the objectives of achieving standardisation and improving efficiencies.

Together with SAP, a Plantation Solution workshop was organised for the Group's plantation units in Jakarta, Indonesia. The workshop introduced tools catering specifically to the functionality of plantations with the end goal of improving operational synergies and cost efficiencies.

Going forward, WCS will strengthen its capabilities with a focus on providing innovative IT solutions in a constantly changing business environment!

RISK MANAGEMENT

OVERVIEW

Risk management is vital to Wilmar's business sustainability. The Group'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.

In the past year, 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 Malaysia are denominated in USD. Imports into China are denominated in either USD or Renminbi. The majority of the Group's expenses and sales elsewhere are denominated in the respective local currency. The Group is exposed to foreign exchange risk arising from volatility in currency markets.

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 in 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.

RISK MANAGEMENT

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 achieve effective governance and oversight by ensuring proper segregation of authority and responsibility, the Group has a Middle Office which is independent of the front and back office. The Middle Office is responsible for the capture and measurement of Group-wide risks as well as 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.

WILMAR'S RISK GOVERNANCE STRUCTURE

Board-level Risk Management Committee (RMC)
- Chaired by Lead Independent Director
- Reviews overall risk management guidelines/framework, policies & systems
- Reviews & recommends risk limits

Executive Risk Committee (ERC)
- Comprises Executive Directors
- Monitors & improves overall effectiveness of risk management system
- Reviews trade positions & limits

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

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

CORPORATE GOVERNANCE

Wilmar International Limited (the "Company" or "Wilmar" and together with its subsidiaries, the "Group") continually seeks to uphold a high standard of corporate governance to safeguard the interests of all its stakeholders. This report sets out the current practice with specific reference to the guidelines set out in the revised Singapore Code of Corporate Governance issued by the Monetary Authority of Singapore ("MAS") on 2 May 2012 (the "Code").

A. BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The primary role of the Board is to provide entrepreneurial leadership, set the overall business direction of the Group and constantly seek to protect 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.

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

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

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

Executive Committee ("Exco")
The Exco is made up of Mr Kuok Khoon Hong (Chairman and Chief Executive Officer), Mr Martua Sitorus (Executive Deputy Chairman) and Mr Teo Kim Yong (Chief Operating Officer) ("COO"), all of whom are Executive Directors of the Company. The Exco oversees the management of the business and affairs of the Group and its duties and responsibilities include the following:

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

Details of other Board committees are as set out below:

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

Independent judgment
All Directors exercise due diligence and independent judgment, and make decisions objectively in the best interests of the Group. This is one of the performance criteria for the assessment of the contributions of the individual Directors.

Key features of board processes
The Board conducts regular scheduled meetings on a quarterly basis and ad-hoc meetings are convened, if requested by the Board or if warranted by circumstances deemed appropriate by the Board. 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 ("AOA"), Directors may participate in Board meetings by teleconferencing and videoconferencing.

As part of the Company's corporate governance practice, all Directors are invited to attend all Board committee meetings, except for Remuneration Committee meetings. All written resolutions passed and minutes of meetings held by the

Board committees are circulated to the Board for information and review, with such recommendations as the respective Board committees consider appropriate for approval by the Board. While the Board committees have the delegated powers 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.

Attendance at Board and Board Committee Meetings

The attendance of Directors at the Board and Board committee meetings during the financial year ended 31 December 2013 ("FY2013") 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	4/4	NM	NM	NM	NM
Kuok Khoon Ean (Note 1)	2/4	NM	NM	1/1	NM
Juan Ricardo Luciano (Note 1)	3/4	NM	NM	NM	NM
Independent Non-Executive Directors					
Yeo Teng Yang	4/4	4/4	4/4	1/1	NM
Dr 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 Kuok Khoon Ean and Mr Juan Ricardo Luciano conveyed their apologies for not being able to attend the Board meetings held in 2013 due to other pressing engagements.

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).

Matters Requiring Board Approval
The Company has adopted and documented internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved for the decision of the Board include:

1. Strategies and major business proposals of the Group;
2. Acquisitions and disposals of investments, businesses and assets which exceed the approved limits granted to the Exco;
3. New lines of businesses which complement the core business activities of the Group;
4. Commitment to loans and lines of credit from banks and financial institutions and market fund raising exercise for amounts exceeding the approved limits granted to the Exco;
5. Group written policies and key operational initiatives;
6. Share issuances, interim dividends and other returns to shareholders; and
7. Interested person transactions.

Board Orientation and Training
No new Director was appointed since the appointment of Mr Juan Ricardo Luciano in June 2012. All newly appointed Directors receive a formal letter of appointment and a set of guidance notes and relevant materials which explain the duties and obligations of a director under the Singapore Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Securities & Futures Act.

In addition, the Company provides newly appointed Directors with in-depth briefings and induction into the Group so as to familiarise them with the business, operations, financial performance and key management staff of the Group. The induction includes briefings by the Chief Financial Officer of the Company ("CFO") and other heads of divisions as well as on-site visits to key areas of operations (where possible). New Directors are also briefed on governance practice, in particular, policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price-sensitive information.

Briefings and updates provided to the Directors in FY2013
On a quarterly basis, the Board is briefed on the strategic and business development of the Group by the Executive Directors and on recent changes to the accounting standards and regulatory updates by the external auditors. Board members are invited to visit the Group's key operational facilities and to acquaint themselves with its operations.

As part of the Company's continuing efforts to share updates with the Directors, the Corporate Communications Department regularly circulates to the Board articles and reports relevant to the Group's business to keep Directors updated on current industry trends and issues. News releases and newsletters issued by the SGX-ST, the MAS, the Accounting and Corporate Regulatory Authority, the Company's external auditors and advisors, which are relevant to Directors, are also circulated to the Board by the Company Secretary.

Principle 2: Board Composition and Guidance

Board Size and Board Composition
The Board presently has 10 members, comprising three Executive Directors and seven Non-Executive Directors, of whom four of them are Independent Directors.

On a yearly basis, the Nominating Committee ("NC") reviews the size, composition and balance of the Board to ensure the Board has the core competencies for effective functioning and informed decision making. 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 acumen, risk management and specific industry and customer-based knowledge relevant to the Group's business. Key information about the Directors is presented in the section entitled "Board of Directors" in the Company's Annual Report 2013 ("Annual Report").

To enable the Non-Executive Directors to make informed decisions, they are well-supported with accurate, complete and timely information. The Non-Executive Directors have participated actively in the Board meetings. With their expertise and competency in their respective fields, they have, collectively, provided constructive advice and good governance guidance for effective discharge by the Board of its principal functions.

Taking into account the nature and scope of the Group's business and the number of Board committees, the Board considers a board size of between 10 to 12 members as appropriate. The Board has taken the collective view that its current size and composition provides sufficient diversity without interfering with efficient decision-making.

Board Independence
The Board considers an "independent" director as one who has no relationship with the Company, its related corporations, its shareholders with shareholdings of 10% or more voting

shares in the Company or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of a director's independent business judgment with a view to the best interests of the Group.

Currently, the Independent Directors of the Company make up more than one-third of the Board composition. This provides a strong and independent element on the Board which facilitates the exercise of independent and objective judgment on its corporate affairs.

However, the Code recommends that where the Chairman of the Board is also the Chief Executive Officer ("CEO") as is the case with Mr Kuok Khoon Hong, who is the Chairman of the Board and CEO of the Group, half of the Board composition should be independent, no later than the date of the Company's annual general meeting to be convened in April 2018. The Board will review the size and composition of the Board so as to take the necessary steps to comply with this recommendation under the Code. In the interim, the four Independent Directors will continue to uphold good corporate governance at the Board level and their presence facilitates the exercise of independent and objective judgment on corporate affairs.

Principle 3: Chairman and Chief Executive Officer

The Chairman and CEO, Mr Kuok Khoon Hong, provides leadership to the Group and has been instrumental in transforming the organisation into one of Asia's largest agribusiness groups. Mr Kuok is overall in charge of the management and strategic direction of the Group.

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

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

The role of the Chairman and CEO is not separate as there is adequate accountability and transparency reflected by internal controls established within the Group. The 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 on management issues in the decision-making process. Lead Independent Director, Mr Yeo works closely with other Independent Directors and when necessary meets with them, without the presence of other Directors to discuss matters that were deliberated at Board meetings.

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

Principle 4: Board Membership

In line with the Code, the Company's Lead Independent Director, Mr Yeo Teng Yang, was appointed on 20 February 2014 as a member of the NC. Following Mr Yeo's appointment, the members of the NC are:

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

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

1. Review and recommend to the Board the appointment and re-appointment of Directors (including alternate directors, if applicable);
2. Review whether or not a Director of the Company is considered independent pursuant to the guidelines set forth in the Code;
3. Review the size and composition of the Board;
4. Evaluate whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company when he holds multiple board representations;
5. Develop a process and conduct formal assessments of the effectiveness of the Board as a whole, the Board committees and individual Directors;
6. Review the training needs for the Board;

7. Review the succession plans for the Board and Management; and
8. Review and recommend to the Board the appropriate Performance Benchmarks for monitoring the share performance of Wilmar relative to peers in the same industry and movements in the Straits Times Index.

Directors' independence review
The NC has adopted the guidelines as set out in the Code in carrying out its assessment of the independence of the Directors of the Company. In addition, each Independent Director is required to state whether he considers himself independent taking into consideration the existence of relationships (if any) which would nullify his independence as a Director based on the guidelines in the Code.

The NC is of the view that the four Independent Directors, namely Mr Yeo Teng Yang, Dr Leong Horn Kee, Mr Tay Kah Chye and Mr Kwah Thiam Hock are considered independent in accordance with the guidelines in the Code, notwithstanding that Dr Leong was appointed as a Director of the Company since 30 June 2000. The review took into consideration the circumstance that Dr 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 has, upon its assessment, concluded that none of the Independent Directors are related and do not have any relationship with the Company or its related companies, its shareholders with shareholdings of 10% or more voting shares in the Company or its officers that could interfere with the exercise of their independent judgment. The Board has concurred with the NC that all of the above four Independent Directors are considered independent.

Directors' time commitment and multiple directorships
The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to carry and has been adequately carrying out his duties as a Director of the Company.

The NC takes into account the results of the assessment of the competencies, commitment and contributions of the individual Director and 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. The Board is satisfied that each of the Directors is able to carry and has adequately carried out his duties as a Director of the Company.

Succession planning for the Board and key management
The NC recognises the need to refresh Board membership and the key management pool. The Company seeks to do it progressively and in an orderly manner to avoid significant loss of institutional knowledge.

Process for selection and nomination of new Directors
The NC takes the lead in identifying, evaluating and selecting suitable candidates for new Director appointments, other than proposed appointments nominated by major shareholders of the Company. Where appropriate, the NC may tap on its networking contacts and/or engage external professionals to assist with identifying and shortlisting potential candidates. In the selection process for appointment of new Directors, the NC takes into consideration the desired competencies of the potential candidate to supplement the existing attributes of the Board. The NC then submits its recommendations for approval by the Board taking into account an appropriate mix of core competencies for the Board to fulfill its roles and responsibilities.

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

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

The Board has accepted the NC's recommendation to seek approval from shareholders at the 2014 AGM to re-elect the following Directors, who will be retiring under Article 99 of the AOA of the Company and are eligible for re-election:

1. Mr Kuok Khoon Hong;
2. Mr Teo Kim Yong; and
3. Mr Kwah Thiam Hock.

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 2014 AGM.

Principle 5: Board Performance

The Company has in place the process for the evaluation of Board effectiveness as a whole which is conducted on an annual basis. The NC has, with the concurrence of the Board, implemented a process to assess the effectiveness of the Board committees as well as the contribution of each individual Director to the overall effectiveness of the Board.

These evaluations are done by way of completing the various checklists by the individual Directors. The purpose of the annual evaluation is to seek the respective views of the Directors on various aspects of Board performance. The responses from the respective Directors are collated and the findings are discussed at the NC meeting. The findings are then reported and recommendations are submitted to the Board for review and decision to implement appropriate actions to enhance key areas (if any) that have been identified for improvement.

In assessing the performance of the Board and Board committees for FY2013, the NC has taken into account various factors including Board composition and size, Board access to information, Board processes, Board accountability, Board knowledge of key risk management and internal controls issues, standard of conduct and performance in discharging the Board's principal functions and fiduciary duties as well as guidance to Management.

For the assessment of the contributions of individual Directors, the evaluation is based on factors including Director's attendance, knowledge of the Group's business operations, knowledge of regulatory requirements and governance and effective contributions in Board meetings.

The NC and the Board were satisfied with the results of the Board performance evaluations.

Principle 6: Access to Information

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

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

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

The Board has separate, independent and unrestricted access to Management of the Group, including the Company Secretary at all times. Requests for information from the Board are dealt with promptly by Management. In furtherance of the discharge of their duties, Directors may seek independent professional advice, if necessary, at the Group's expense.

The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that the Company's AOA, relevant rules and regulations including requirements of the Securities and Futures Act, Singapore Companies Act and SGX-ST Listing Manual, are complied with. The Company Secretary assists the Chairman of the Company in ensuring good information flows within the Board and its Board committees and between Management and Non-Executive Directors. The Company Secretary assists the NC Chairman to facilitate the co-ordination of fully sponsored training programs for Directors. The appointment and the removal of the Company Secretary are subject to the Board's approval.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") is chaired by Mr Kwah Thiam Hock with members comprising of Mr Yeo Teng Yang, Dr Leong Horn Kee and Mr Kuok Khoon Ean. All are Independent Directors except for Mr Kuok Khoon Ean, who is a Non-Executive Director. The RC is set up to assist the Board in ensuring that competitive compensation policies and practices are in place to attract and retain talent as well as to administer and review the Company's share option plans. The RC is responsible for ensuring that a formal and transparent procedure is in place for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors and key management personnel.

The members of the RC carried out their duties in accordance with the RC's terms of reference which include the following:

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

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

As a global organisation, the Group's remuneration philosophy reflects its commitment to attract, retain and motivate Executive Directors of the highest calibre. The executives' remuneration framework seeks to align their reward with achievement of strategic objectives and the creation of value for shareholders.

The framework comprises a fixed and a variable component. The variable component comes in the form of annual bonus tied to the performance of the individual and the Group, as well as 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 Group. The Board seeks to ensure that the following key criteria are satisfied for the executives' remuneration package, namely, the Group's profitability, competitiveness, reasonableness and linkage to performance. In November 2013, options to subscribe for a total of 49,315,000 shares were offered to Directors and 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. For details of the share options of the Company, please refer to the Directors' Report and note 31 of the notes to the financial statements as found in this Annual Report.

The fixed component is determined by benchmarking against similar industries, taking into account an individual's responsibilities, performance, qualification and experience. This fixed base may be delivered as a combination of cash and other benefits at the Company's discretion.

These benefits aim to directly align the interests of Directors, senior management and key executives with the interests of shareholders, to improve performance and achieve sustainable growth for the Group in times of rapid globalisation, as well as to foster a greater ownership culture among its senior management and key executives. The annual bonus supports the short-term operational performance of the business by measuring the Group's profitability, while the long-term incentive focuses on retention of talented individuals, thereby creating a deep talent pool to sustain the growth of the Group. The Company is also reviewing the possibility of linking the remuneration of Directors and the relevant senior management staff to their commitment to sustainability of social and environmental factors.

Non-Executive Directors and Independent Directors of the Company do not receive any salary but are awarded share options. They receive annual Directors' fees, which are subject to the approval of shareholders at the AGM. The structure of Directors' fees for FY2013 is as follows:

Fee Structure

a. A single base fee of S$80,000 for serving as Non-Executive Director;
b. Additional fee of S$20,000 for serving as Lead Independent Director; and
c. Additional fee for serving as Chairman/Member on the following Board committees:

Chairman's Fee	S$
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 FY2013 is as follows:

Name of Directors	Proposed Directors' Fee	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total
Executive Directors	S$	S$	S$	S$	S$	S$
Kuok Khoon Hong	Nil	761,950	78,730	541,155	3,800,000	5,181,835
Martua Sitorus	Nil	707,900	9,628	422,230	3,500,000	4,639,758
Teo Kim Yong	Nil	608,925	51,906	313,865	1,500,000	2,474,696
Non-Executive Directors						
Kuok Khoon Ean	85,000	-	-	125,400	-	210,400
Kuok Khoon Chen	80,000	-	-	125,400	-	205,400
Juan Ricardo Luciano	80,000	-	-	32,400	-	112,400
Yeo Teng Yang	130,000	-	-	156,750	-	286,750
Dr Leong Horn Kee	90,000	-	-	125,400	-	215,400
Tay Kah Chye	105,000	-	-	125,400	-	230,400
Kwah Thiam Hock	105,000	-	-	125,400	-	230,400

Top 5 Key Executives

Name	Salary**	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total	Remuneration Band
Matthew John Morgenroth	28%	4%	13%	55%	100%	S$1,750,000 to S$2,000,000
Goh Ing Sing	27%	-	16%	57%	100%	S$1,500,000 to S$1,750,000
Rahul Kale	33%	-	11%	56%	100%	S$1,500,000 to S$1,750,000
Yee Chek Toong	33%	1%	14%	52%	100%	S$1,000,000 to S$1,250,000
Kenny Beh	39%	-	14%	47%	100%	S$1,000,000 to S$1,250,000

The aggregate remuneration of the top five key executives is S$7,274,163. 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 specific details of their remuneration due to the competitiveness of the industry for key talent.

Notes:

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

** *The salary amounts shown are inclusive of Central Provident Fund contributions.*

Relatives of the Directors

Ms Kuok Yit Li and Mr Kuok Meng Ru, the sister and son of Mr Kuok Khoon Hong, Chairman and CEO, 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 per annum.

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$150,000 to S$200,000 per annum.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

Principle 11: Risk Management and Internal Controls

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

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

The RMC assists the Board in overseeing the market, credit and operational risk governance in the Company to ensure that Management maintains a sound system of risk management to safeguard shareholders' interests and the Group's assets. It also determines, and proposes to the Board, the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The RMC is chaired by Mr Yeo Teng Yang, the Lead Independent Director, who is also a member of the AC. The RMC also comprises two other Board members, namely Mr Kuok Khoon Hong and Dr Leong Horn Kee. The RMC meets no less than four times a year and would also hold informal meetings, as and when the need arises.

The objectives of the RMC include the following:

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

In carrying out its duties, the RMC is assisted by the Executive Risk Committee ("ERC"). The ERC is made up of CEO Mr Kuok Khoon Hong, COO Mr Teo Kim Yong, CFO Mr Ho Kiam Kong and Mr Thomas Lim Kim Guan, General Manager, Trading (Tropical Oils), who is responsible for the Group's tropical oils trading.

The principal duties of the ERC are as follows:

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

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

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

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

1. The financial records of the Group have been properly maintained and the financial statements in respect of FY2013 give a true and fair view of the Group's operations and finances; and

2. The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business and operating environment including material financial, operations, compliance and IT risks.

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

On the basis of the internal controls established and maintained by the Group, and work performed by the internal and external auditors, and regular reviews performed by Management, the Board and relevant Board Committees, the Audit Committee and the Board are of the opinion that the Group's internal controls were adequate as at 31 December 2013 to address financial, operations, IT and compliance risks which are relevant to the Group's operations.

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

Dealings in Securities

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

1. The Company's securities during the period commencing two weeks prior to the announcement of the Group's quarterly results and one month prior to the announcement of the Group's full year results; and

2. The Company's securities and securities of other companies while in possession of price-sensitive information or having access to unpublished price information relating to such securities.

The Company has during the year under review organised a briefing on insider trading via video conference for the respective division heads of the Group in the various key business jurisdictions. A set of guidance notes on laws against insider trading and other securities regulations was disseminated to all staff and is posted on the Company's Group Human Resource Bulletin Board. Employees have been informed that they should seek advice if they are in doubt.

Directors and employees are reminded on a quarterly basis to refrain from dealing in the Company's securities on short-term considerations and to observe insider trading laws at all times, even when dealing in securities during the permitted trading period. These procedures will be reviewed from time to time and further strengthened for good corporate governance.

Principle 13: Internal Audit

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

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

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

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

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

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

Principle 12: Audit Committee

The AC comprises three Independent Directors, namely Mr Tay Kah Chye (AC Chairman), Mr Kwah Thiam Hock and Mr Yeo Teng Yang, all of whom have accounting, or financial management qualifications, expertise and experience.

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

During FY2013, most of the AC members attended courses/seminars organised jointly by the Singapore Institute of Directors, Singapore Exchange Limited and professional accounting firms on changes in risk management, corporate governance and related topics. In addition, the AC was also briefed regularly at each quarterly Board meeting by the external auditors on changes in Financial Reporting Standards which are relevant to the Group's businesses. The AC was also briefed by the Company Secretary on changes to corporate governance.

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

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

1. Review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;

2. Review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls to address financial, operations, IT and compliance risks which are relevant to the Group's operations;

3. Review the adequacy and effectiveness of the Group's IA function at least annually, including the adequacy of IA resources and its appropriate standing within the Group, as well as the scope and the results of the IA procedures;

4. Review the scope and results of the external audit work, the cost effectiveness of the audit, and the independence and objectivity of the external auditors;

5. Recommend to the Board the appointment, re-appointment and removal of the external auditors to be approved by the shareholders of the Company; and

6. Review IPTs in accordance with the requirements of the SGX-ST's Listing Manual and the mandate for IPTs approved by the shareholders of the Company ("IPT Mandate").

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

The principal activities of the AC during FY2013 are summarised below:

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

The AC met four times during FY2013 to review, inter alia, the following:

1. The financial statements of the Company and the Group before each of the announcements of the Company's quarterly 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; and

2. The external auditors' plans for the purpose of discussing the scope of the audit and reporting obligations before the audit commences. All significant audit findings and recommendations made by the external auditors were discussed, and where appropriate, implementation of such recommendations were followed up with Management.

Following the review and discussions, the AC then recommended to the Board, approval of the audited annual financial statements.

During FY2013, the AC had one meeting with external auditors and internal auditors separately, without the presence of Management. These meetings enable the external auditors and Group Head of IA to raise issues encountered in the course of their work directly with the AC.

External audit processes
The AC manages the relationship with the Group's external auditors, on behalf of the Board. During FY2013, the AC carried out its annual assessment of the cost-effectiveness of the audit process, together with the external auditors' approach to audit quality and transparency. The AC concluded that the external auditors demonstrated appropriate qualifications and expertise and that the audit process was effective.

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

In appointing EY as auditor of the Company and the subsidiaries and significant associated companies, the Company has complied with Rule 712 and Rule 715, read with Rule 716 of the SGX-ST Listing Manual.

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

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

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

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

Internal audit
During FY2013, the AC reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with Management, the Group Head of IA and external auditors.

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

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

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

Interested person transactions
The AC reviewed the Group's IPTs for FY2013 to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. On a quarterly basis, Management reports to the AC, the IPTs in accordance with the IPT Mandate.

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

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

The aggregate value of transactions entered into by the Group with interested persons as defined in the SGX-ST Listing Manual for FY2013 are as follows:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	FY2013	FY2013
	US$'000	US$'000
Archer Daniels Midland Group	NIL	3,425,293
Associates of Kuok Khoon Hong & Martua Sitorus	NIL	17,679
Kuok Khoon Ean's Associates#	NIL	5,459
Martua Sitorus' Associates	97,677	58,518
Kuok Khoon Hong's Associates	NIL	1,313
PPB Group Berhad	54,180	NIL
Kuok Brothers Sdn Berhad	NIL	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.

Whistle-blowing policy
In 2013, the Company formally implemented a Whistle-Blowing Policy ("Policy") which is under the purview of the AC. The objective of the Policy is to ensure that relevant processes are in place to provide guidance for staff to raise concerns about dishonesty, fraudulent acts, corruption and improper conduct that may cause financial or non-financial loss to the Group, without fear of reprisal and to facilitate independent investigations of such concerns and initiate the appropriate follow-up actions.

All whistle-blowing cases reported were objectively investigated and appropriate remedial measures were taken, where warranted. Whistle-blowing matters, if any, are reviewed on a quarterly basis by the AC. The IA Department will report to the AC immediately on matters requiring immediate or urgent attention.

The implementation of the Policy was communicated to all staff and the Policy is posted on the Company's Group Human Resource Bulletin Board. On an ongoing basis, the Policy is covered during staff training as part of the Group's efforts to promote awareness of fraud control.

D. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

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

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

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

Principle 15: Communication with Shareholders

Disclosure of information on a timely basis

The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company values dialogue sessions with its shareholders. In addition to the AGM, which used to be the main forum for dialogue with shareholders, the Company will be holding an "Investor Day" event after the conclusion of its 2014 AGM/EGM on 25 April 2014. The Company is confident that this event will be able to provide shareholders with a better understanding of the Group's operations and offer them the opportunity to air their views and have their concerns addressed.

Material information is disclosed in a comprehensive, accurate and timely manner through the release of announcements and media releases posted on the SGX website. Shareholders and the investing public can access the Company's announcements, media releases, presentation materials disseminated at briefings and other corporate information that have been uploaded on its website at www.wilmar-international.com.

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

Interaction with shareholders

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

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

During FY2013, the IR team, together with senior management, engaged with more than 300 Singapore and foreign investors at conferences, road shows as well as one-on-one and group meetings. The aims of such engagements are to:

1. Provide shareholders and investors with relevant information promptly, to enable them to have a better understanding of the Group's businesses and performance; and

2. Solicit feedback from the investment community, including shareholders, on a range of strategic and topical issues. Such engagements provide invaluable insights to the Board and Management on investors' views and concerns. It also helps the Group to identify areas of improvement for investor communication.

Dividend policy

The Company has been declaring dividends twice a year to its shareholders at half-year and final year-end. In considering the level of dividend payments, the Board takes into account various factors including but not limited to the projected levels of capital expenditure and other investment plans, as well as the Group's working capital requirements and general financing condition. Historically, the Company has paid out about 20% of the yearly profits as dividends. The Board aims to increase the dividend payout over time when factors are favorable to do so. For FY2013, total dividend declared was more than 30%.

Principle 16: Conduct of Shareholders' Meetings

The Company's AOA allows:

1. A shareholder to appoint up to two proxies to attend its general meetings and vote on his/her/its behalf.

2. Corporations which provide custodial or nominee services are not constrained by the two-proxy rule. These corporations can appoint more than two proxies. Shareholders, who hold shares through these corporations, may attend its general meetings as proxies upon the presentation of proxy forms and/or official letters issued by the said corporations.

Shareholders, who have used their monies from the Central Provident Fund ("CPF") Board to purchase shares in the Company, ("CPF Investors") should contact their CPF Approved Nominees ("Nominees") if they wish to attend as observers at the Company's general meetings. CPF Investors who also wish to vote should submit their voting instructions to their Nominees to enable the aforesaid Nomiees to vote on their behalf at the Company's general meetings.

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

In accordance with the provisions of the Singapore Companies Act, every matter requiring approval from the shareholders is proposed as a separate resolution and is voted on individually. Each item of special business included in every Notice of AGM is accompanied by an explanation for the proposed resolution. For FY2013, the Chairman of the Board, the respective Chairmen of the AC, RMC, NC and RC, and the other Directors, legal advisors and the external auditors were present at the AGM and EGM held by the Company to address the queries of the shareholders who attended the general meetings. Minutes of general meetings that include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from Directors are available upon request.

While acknowledging that voting by poll is integral in the enhancement of corporate governance and leads to greater transparency of the level of support for each resolution, the Company is concerned about the cost-effectiveness and efficiency of manual polling procedures which are logistically and administratively burdensome. Electronic polling is efficient in terms of speed but is expensive. The Board will adhere to the requirements of the SGX-ST Listing Manual where all resolutions are to be voted on by poll for general meetings held on or after 1 August 2015.

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 IPTs announced via SGXNET from time to time in compliance with the SGX-ST Listing Manual.

Save as mentioned above, there are no other material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, Director or controlling shareholder, which are either subsisting at the end of the financial year ended 31 December 2013 or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2012.

FINANCIAL STATEMENTS

78 Financial Review

83 Directors' Report

90 Statement by Directors

91 Independent Auditor's Report

93 Consolidated Income Statement

94 Consolidated Statement of Comprehensive Income

95 Balance Sheets

97 Statements of Changes in Equity

100 Consolidated Cash Flow Statement

102 Notes to the Financial Statements

191 Statistics of Shareholdings

193 Notice of Annual General Meeting

Proxy Form

FINANCIAL REVIEW

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 FY2013, 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$658.9 million to US$15.0 billion as at 31 December 2013. Loans and borrowings net of cash, bank deposits and other deposits with financial institutions, was US$237.5 million higher at US$12.4 billion.

Net debt to equity ratio improved to 0.83x as at 31 December 2013 from 0.85x a year ago. Interest coverage also jumped to 36.4x (FY2012: 8.4x) on improved profitability and lower net interest expense.

As mentioned, a significant 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	**2013** US$ million	2012 US$ million
Shareholders' funds	**15,004.8**	14,345.9
Net loans and borrowings	**12,446.5**	12,209.0
Net debt to equity	**0.83x**	0.85x
Liquid working capital:		
Inventories (excluding consumables)	**6,823.9**	6,731.1
Trade receivables	**4,084.7**	3,953.1
Less: Current liabilities (excluding loans and borrowings)	**(3,799.7)**	(3,673.0)
	7,108.9	7,011.2
Net loans and borrowings (excluding liquid working capital)	**5,337.6**	5,197.8
Adjusted net debt to equity	**0.36x**	0.36x

CAPITAL MANAGEMENT AND TREASURY POLICIES

Net Debt

The Group's total net debt of US$12.4 billion comprised:

As at 31 December	2013 US$ million	2012 US$ million
Short term	**19,391.7**	17,740.3
Long term	**6,803.9**	4,505.0
	26,195.6	22,245.3
Total cash and bank balances	**11,735.4**	8,562.2
Other deposits with financial institutions – current	**2,013.7**	1,474.1
	13,749.1	10,036.3
Net Debt	**12,446.5**	12,209.0

During the year, the Group's net debt increased marginally by US$237.5 million, in line with higher sales volume. More than 70% of short term loans and borrowings were trade financing lines with minimal refinancing risks as they are backed by receivables and are self-liquidating. Long term loans and borrowings were committed loans, due from 2015 onwards. The Group's loans and borrowings were predominantly on floating rates.

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) and Euro Dollars (EUR).

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.

FINANCIAL REVIEW

CASH FLOW, FUNDING AND LIQUIDITY

Cash flow

Net cash flows generated from operating activities for FY2013 was US$1.6 billion compared to US$1.1 billion in FY2012, which resulted mainly from higher earnings.

	FY2013 US$ million	FY2012 US$ million
Total cash and bank balances	**11,735.4**	8,562.2
Less: Fixed deposits pledged for bank facilities	**(8,493.1)**	(6,560.9)
Less: Other deposits with maturity of more than 3 months	**(842.0)**	(420.2)
Less: Bank overdrafts	**(163.0)**	(52.6)
Cash and cash equivalents	**2,237.3**	1,528.5
Net cash flows generated from operating activities	**1,613.6**	1,067.7
Net cash flows used in investing activities	**(1,432.1)**	(1,857.6)
Net cash flows generated from financing activities	**527.3**	1,038.7
Net increase in cash held	**708.8**	248.8
Turnover days:		
Inventory	**61**	66
Trade receivables	**32**	30
Trade payables	**12**	14

Note: Turnover days for the current and preceding financial years are now calculated by averaging the monthly turnover days. Monthly turnover days are computed using revenue and cost of sales for the month.

Other major applications and source of funds in FY2013 were as follows:

- Approximately US$1.4 billion was used in investing activities, mainly applied towards plantations development, property, plant and equipment (FY2012: US$1.7 billion was used for capital expenditure).
- Major additions of property, plant and equipment during the year included refineries, oleochemicals plants and grains milling plants in China and Indonesia, as well as the construction of new vessels.
- US$527.3 million was generated from financing activities. Included here was net proceeds of US$1.4 billion (net of increase in fixed deposits pledged with financial institutions for bank facilities) raised from loans and borrowings. Uses of funds included US$421.8 million placed as other deposits and US$280.6 million for the payment of dividends.

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

Funding and liquidity

At the end of FY2013, credit facilities in the form of short-term loans, trade finance and committed loans available to the Group added up to approximately US$41.8 billion, of which US$26.2 billion was utilised. The unutilised facilities, together with the Group's US$2.2 billion available cash and cash equivalents, brought the Group's total liquidity to approximately US$17.8 billion as at 31 December 2013.

The Group's capital expenditure for FY2014 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 FY2013, the Board of Directors has proposed a final dividend of 5.5 Singapore cents per share. Together with the interim dividend of 2.5 Singapore cents per share paid on 28 August 2013, total dividend for FY2013 will amount to 8.0 Singapore cents per share or a payout ratio of approximately 30% of net profit (FY2012: 20% of net profit). The Company has been declaring dividends twice a year to its shareholders at half-year and final year-end. In considering the level of dividend payments, the Board takes into account various factors including but not limited to the projected levels of capital expenditure and other investment plans, as well as the Group's working capital requirements and general financing condition. Historically, the Company has paid out about 20% of the yearly profits as dividends. The Board aims to increase the dividend payout over time when factors are favourable to do so.

Currently, Wilmar has a share buy-back mandate which will be expiring on 25 April 2014, 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 reissued approximately 2,934,500 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 brand 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.

DIRECTORS' REPORT

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 2013.

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
Yeo Teng Yang
Dr 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 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 and share options of the Company and its related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest			Deemed Interest		
	As at 1.1.13	**As at 31.12.13**	**As at 21.1.14**	**As at 1.1.13**	**As at 31.12.13**	**As at 21.1.14**
Company						
Wilmar International Limited						
(Ordinary Shares)						
Kuok Khoon Hong	500,000	500,000	500,000	766,101,168	766,101,168	766,101,168
Martua Sitorus	4,988,000	4,988,000	4,988,000	650,321,242	650,321,242	650,321,242
Teo Kim Yong	-	-	-	33,852,274	33,852,274	33,852,274
Kuok Khoon Chen	-	-	-	777,600	33,177,600	33,177,600
Kuok Khoon Ean	-	-	-	694,410	33,157,479	33,217,479
Yeo Teng Yang	100,000	100,000	100,000	-	-	-
Dr 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' REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	Direct Interest			Deemed Interest		
	As at 1.1.13	As at 31.12.13	As at 21.1.14	As at 1.1.13	As at 31.12.13	As at 21.1.14
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	-	-	-
Dr 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	-	-	-
Dr 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	1,000,000	-	-	-
Martua Sitorus	800,000	800,000	800,000	-	-	-
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	-	-	-
Dr 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$3.44 per share)						
Kuok Khoon Hong	-	1,500,000	1,500,000	-	-	-
Martua Sitorus	-	1,000,000	1,000,000	-	-	-
Teo Kim Yong	-	1,000,000	1,000,000	-	-	-
Kuok Khoon Chen	-	400,000	400,000	-	-	-
Kuok Khoon Ean	-	400,000	400,000	-	-	-
Juan Ricardo Luciano	-	400,000	400,000	-	-	-
Yeo Teng Yang	-	500,000	500,000	-	-	-
Dr Leong Horn Kee	-	400,000	400,000	-	-	-
Tay Kah Chye	-	400,000	400,000	-	-	-
Kwah Thiam Hock	-	400,000	400,000	-	-	-

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in this report and in the financial statements, since the end of the previous financial year, 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 abovementioned options have expired on 26 November 2013 and 8 December 2013 respectively.

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; and (ii) the number of treasury shares delivered in respect of options granted under all other share-based incentive schemes of the Company, shall not exceed 15% of the total issued shares (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.

The Wilmar ESOS 2009 is administered by the Remuneration Committee ("RC"). The members of the RC are Mr Kwah Thiam Hock (RC Chairman), Mr Kuok Khoon Ean, Mr Yeo Teng Yang and Dr 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).

SHARE OPTION SCHEMES (CONTINUED)

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

2009 Grant
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 2013 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.

2010 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 (based on Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2013 the number of shares that were not exercised under this grant stood at 23,705,000, 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.

2012 Grant
On 12 July 2012, the Company granted options to subscribe for a total of 26,800,000 shares at S$3.63 per share (based on Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2013 the number of shares that were not exercised under this grant was 26,240,000.

2013 Grant
On 13 November 2013, the Company granted options to subscribe for a total of 49,315,000 shares at S$3.44 per share (based on Market Price) to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2013 the number of shares that were not exercised under this grant was 49,140,000.

All options granted under the 2010 Grant, 2012 Grant and 2013 Grant are valid for a term of five years from the dates of their respective grants and are exercisable in the following manner:

<u>For Executive Directors and Executives</u>
- After 1st anniversary of the date of grant - 33% of options granted
- After 2nd anniversary of the date of grant - 33% of options granted
- After 3rd anniversary of the date of grant - 34% of options granted

<u>For Non-Executive Directors</u>
All options 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 Wilmar ESOS 2000 are as follows:

- 2,884,500 treasury shares were transferred to the respective option holders upon the exercise of their share options at S$2.45 per share.
- 50,000 treasury shares were transferred to the respective option holders upon the exercise of their share options at S$2.63 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 1.1.13	No. of options granted during the year	No. of options cancelled/ lapsed	No. of options exercised	As at 31.12.13	Exercise Price	Exercise Period
*Wilmar ESOS 2000 ** *							
27.11.08	803,000	-	-	(803,000)	-	S$2.45	28.11.2009 to 26.11.2013
27.11.08	2,096,500	-	(15,000)	(2,081,500)	-	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	25,000	-	-	(25,000)	-	S$2.63	10.12.2010 to 08.12.2013
Sub-total	2,949,500	-	(15,000)	(2,934,500)	-		
Wilmar ESOS 2009							
21.05.09	225,000	-	-	-	225,000	S$4.50	22.5.2010 to 21.5.2014
21.05.09	2,025,000	-	-	-	2,025,000	S$4.50	22.5.2011 to 21.5.2014
Sub-total	2,250,000	-	-	-	2,250,000		
10.03.10	8,980,600	-	(186,450)	-	8,794,150	S$6.68	11.3.2011 to 10.3.2015
10.03.10	7,530,600	-	(186,450)	-	7,344,150	S$6.68	11.3.2012 to 10.3.2015
10.03.10	7,758,800	-	(192,100)	-	7,566,700	S$6.68	11.3.2013 to 10.3.2015
Sub-total	24,270,000	-	(565,000)	-	23,705,000		
12.07.12	9,681,500	-	(184,800)	-	9,496,700	S$3.63	13.7.2013 to 12.7.2017
12.07.12	8,431,500	-	(184,800)	-	8,246,700	S$3.63	13.7.2014 to 12.7.2017
12.07.12	8,687,000	-	(190,400)	-	8,496,600	S$3.63	13.7.2015 to 12.7.2017
Sub-total	26,800,000	-	(560,000)	-	26,240,000		
13.11.13	-	18,216,950	(57,750)	-	18,159,200	S$3.44	14.11.2014 to 13.11.2018
13.11.13	-	15,316,950	(57,750)	-	15,259,200	S$3.44	14.11.2015 to 13.11.2018
13.11.13	-	15,781,100	(59,500)	-	15,721,600	S$3.44	14.11.2016 to 13.11.2018
Sub-total	-	49,315,000	(175,000)	-	49,140,000		
Grand Total	56,269,500	49,315,000	(1,315,000)	(2,934,500)	101,335,000		

** *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 31.12.13	Aggregate options exercised since commencement of the option scheme to 31.12.13	Aggregate options outstanding as at 31.12.13
Kuok Khoon Hong	1,500,000	3,500,000	500,000	3,000,000
Martua Sitorus	1,000,000	2,600,000	400,000	2,200,000
Teo Kim Yong	1,000,000	2,500,000	250,000	2,250,000
Kuok Khoon Chen	400,000	800,000	-	800,000
Kuok Khoon Ean	400,000	1,000,000	-	1,000,000
Juan Ricardo Luciano	400,000	400,000	-	400,000
Yeo Teng Yang	500,000	1,250,000	100,000	1,150,000
Dr Leong Horn Kee	400,000	1,000,000	100,000	900,000
Tay Kah Chye	400,000	1,000,000	100,000	900,000
Kwah Thiam Hock	400,000	1,000,000	100,000	900,000
Total	6,400,000	15,050,000	1,550,000	13,500,000

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 (AC Chairman), Mr Kwah Thiam Hock and Mr Yeo Teng Yang.

The AC performs the functions specified in Section 201B (5) of the Singapore Companies Act, Cap. 50, the Listing Manual of the SGX-ST, the Singapore Code of Corporate Governance 2012 and the Guidebook for Audit Committees in Singapore issued in 2008.

AUDIT COMMITTEE (CONTINUED)

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 internal and external auditors, without the presence of the Company's Management, to discuss issues of concern to them.

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

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

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

AUDITOR

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

On behalf of the Board of Directors

Kuok Khoon Hong
Director

Teo Kim Yong
Director

21 March 2014

STATEMENT BY DIRECTORS

We, Kuok Khoon Hong and Teo Kim Yong, 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 2013, 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

Teo Kim Yong
Director

21 March 2014

INDEPENDENT AUDITOR'S 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 93 to 190, which comprise the balance sheets of the Group and the Company as at 31 December 2013, 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.

AUDITOR'S 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WILMAR INTERNATIONAL LIMITED

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 2013 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 Chartered Accountants

Singapore
21 March 2014

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	2013 US$'000	2012 US$'000
Revenue	4	**44,085,001**	45,463,414
Cost of sales	5	**(40,360,104)**	(41,572,433)
Gross profit		**3,724,897**	3,890,981
Other items of income			
Net (loss)/gain arising from changes in fair value of biological assets		**(8,554)**	28,846
Finance income	6	**520,715**	433,789
Other operating income	7	**334,341**	182,375
Other items of expense			
Selling and distribution expenses		**(1,619,993)**	(1,731,640)
Administrative expenses		**(681,313)**	(645,022)
Other operating expenses	7	**(90,032)**	(80,604)
Finance costs	8	**(539,098)**	(611,491)
Non-operating items	9	**30,705**	64,276
Share of results of associates		**103,823**	123,091
Profit before tax	10	**1,775,491**	1,654,601
Income tax expense	11	**(384,693)**	(334,174)
Profit after tax		**1,390,798**	1,320,427
Attributable to:			
Owners of the Company		**1,318,930**	1,255,498
Non-controlling interests		**71,868**	64,929
		1,390,798	1,320,427
Earnings per share attributable to owners of the Company (US cents per share)			
- Basic	12	**20.6**	19.6
- Diluted	12	**20.6**	19.6

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 2013

	2013 US$'000	2012 US$'000
Profit after tax	**1,390,798**	1,320,427
Other comprehensive income:		
Items that may be reclassified subsequently to income statement		
Foreign currency translation	**(311,048)**	127,543
Fair value adjustment on cash flow hedges	**(100,017)**	8,190
Fair value adjustment on available-for-sale financial assets	**5,839**	6,680
	(405,226)	142,413
Item that will not be reclassified subsequently to income statement		
Gain on remeasurement of defined benefit plan	**1,710**	-
	1,710	-
Total other comprehensive income for the year, net of tax	**(403,516)**	142,413
Total comprehensive income for the year	**987,282**	1,462,840
Attributable to:		
Owners of the Company	**909,134**	1,391,117
Non-controlling interests	**78,148**	71,723
	987,282	1,462,840

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

BALANCE SHEETS
AS AT 31 DECEMBER 2013

	Note	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**9,337,162**	8,923,738	**872**	1,494
Biological assets	14	**1,879,671**	1,970,311	**-**	-
Plasma investments		**12,332**	15,243	**-**	-
Intangible assets	15	**4,420,637**	4,458,266	**-**	132
Investment in subsidiaries	16	**-**	-	**8,744,832**	8,744,713
Investment in associates	17	**2,035,325**	1,657,863	**160,021**	163,400
Available-for-sale financial assets	18	**417,397**	421,935	**-**	36,000
Deferred tax assets	19	**219,556**	233,687	**-**	-
Derivative financial instruments	20	**5,912**	23,889	**-**	-
Other financial receivables	21	**421,194**	350,502	**258,430**	376,512
Other non-financial assets	21	**41,088**	45,221	**-**	-
		18,790,274	18,100,655	**9,164,155**	9,322,251
Current assets					
Inventories	22	**7,220,949**	7,137,227	**-**	-
Trade receivables	23	**4,084,679**	3,953,104	**-**	-
Other financial receivables	21	**2,981,170**	2,162,266	**1,966,454**	1,452,411
Other non-financial assets	21	**1,322,336**	1,432,703	**1,923**	2,498
Derivative financial instruments	20	**239,829**	254,126	**-**	-
Financial assets held for trading	18	**257,135**	317,887	**-**	-
Other bank deposits	24	**9,335,178**	6,981,163	**-**	-
Cash and bank balances	24	**2,400,245**	1,581,003	**873**	678
		27,841,521	23,819,479	**1,969,250**	1,455,587
TOTAL ASSETS		**46,631,795**	41,920,134	**11,133,405**	10,777,838
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	25	**1,403,112**	1,579,750	**-**	-
Other financial payables	26	**1,302,124**	1,204,336	**106,158**	47,480
Other non-financial liabilities	26	**494,308**	494,796	**-**	-
Derivative financial instruments	20	**486,612**	271,924	**-**	-
Loans and borrowings	27	**19,391,670**	17,740,250	**-**	-
Tax payables		**113,591**	122,227	**-**	-
		23,191,417	21,413,283	**106,158**	47,480
NET CURRENT ASSETS		**4,650,104**	2,406,196	**1,863,092**	1,408,107

BALANCE SHEETS
AS AT 31 DECEMBER 2013

	Note	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
Non-current liabilities					
Other financial payables	26	**38,792**	20,117	**-**	-
Other non-financial liabilities	26	**88,841**	94,614	**-**	-
Derivative financial instruments	20	**1,716**	7,789	**-**	-
Loans and borrowings	27	**6,803,904**	4,505,024	**270,358**	285,765
Deferred tax liabilities	19	**620,304**	684,093	**-**	-
		7,553,557	5,311,637	**270,358**	285,765
TOTAL LIABILITIES		**30,744,974**	26,724,920	**376,516**	333,245
NET ASSETS		**15,886,821**	15,195,214	**10,756,889**	10,444,593
Equity attributable to owners of the Company					
Share capital	28	**8,458,995**	8,458,995	**8,895,134**	8,895,134
Treasury shares	28	**(10,387)**	(17,440)	**(10,387)**	(17,440)
Retained earnings		**7,999,887**	6,979,373	**1,649,079**	1,352,730
Other reserves	29	**(1,443,669)**	(1,075,062)	**223,063**	214,169
		15,004,826	14,345,866	**10,756,889**	10,444,593
Non-controlling interests		**881,995**	849,348	**-**	-
TOTAL EQUITY		**15,886,821**	15,195,214	**10,756,889**	10,444,593
TOTAL EQUITY AND LIABILITIES		**46,631,795**	41,920,134	**11,133,405**	10,777,838

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 2013

		Attributable to owners of the Company						
	Note	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the Company, total US$'000	Non-controlling interests US$'000	Equity total US$'000
2013								
GROUP								
Opening balance at 1 January 2013		8,458,995	(17,440)	6,979,373	(1,075,062)	14,345,866	849,348	15,195,214
Profit for the year		-	-	1,318,930	-	1,318,930	71,868	1,390,798
Other comprehensive income for the year		-	-	-	(409,796)	(409,796)	6,280	(403,516)
Total comprehensive income for the year		-	-	1,318,930	(409,796)	909,134	78,148	987,282
Grant of equity-settled share options	29(b)(vii)	-	-	-	10,187	10,187	-	10,187
Share capital contributed by non-controlling shareholders		-	-	-	-	-	14,631	14,631
Reissuance of treasury shares pursuant to exercise of share options		-	7,053	-	(1,293)	5,760	-	5,760
Dividends on ordinary shares	38	-	-	(280,634)	-	(280,634)	-	(280,634)
Dividends paid to non-controlling shareholders by subsidiaries		-	-	-	-	-	(31,573)	(31,573)
Net transfer to other reserves		-	-	(17,782)	17,782	-	-	-
Total contributions by and distributions to owners		-	7,053	(298,416)	26,676	(264,687)	(16,942)	(281,629)
Acquisition of additional interest in subsidiaries		-	-	-	-	-	(33,770)	(33,770)
Premium paid for acquisition of additional interest in subsidiaries		-	-	-	(4,611)	(4,611)	-	(4,611)
Disposal of subsidiaries		-	-	-	-	-	(913)	(913)
Dilution of interest in subsidiaries		-	-	-	-	-	6,124	6,124
Gain on dilution of interest in subsidiaries		-	-	-	19,124	19,124	-	19,124
Total changes in ownership interests in subsidiaries		-	-	-	14,513	14,513	(28,559)	(14,046)
Closing balance at 31 December 2013		**8,458,995**	**(10,387)**	**7,999,887**	**(1,443,669)**	**15,004,826**	**881,995**	**15,886,821**

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 2013

	Note	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the Company, total US$'000	Non-controlling interests US$'000	Equity total US$'000
		Attributable to owners of the Company						
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		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 2013

		Attributable to owners of the Company				
	Note	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the Company, total US$'000
2013						
COMPANY						
Opening balance at 1 January 2013		8,895,134	(17,440)	1,352,730	214,169	10,444,593
Profit for the year		-	-	576,983	-	576,983
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	576,983	-	576,983
Grant of equity-settled share options	29(b)(vii)	-	-	-	10,187	10,187
Reissuance of treasury shares pursuant to exercise of share options		-	7,053	-	(1,293)	5,760
Dividends on ordinary shares	38	-	-	(280,634)	-	(280,634)
Total transactions with owners in their capacity as owners		-	7,053	(280,634)	8,894	(264,687)
Closing balance at 31 December 2013		**8,895,134**	**(10,387)**	**1,649,079**	**223,063**	**10,756,889**
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		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**

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 2013

	2013	2012
	US$'000	US$'000
Cash flows from operating activities		
Profit before tax	**1,775,491**	1,654,601
Adjustments for:		
Net loss/(gain) arising from changes in fair value of biological assets	**8,554**	(28,846)
Depreciation of property, plant and equipment	**608,493**	542,688
Impairment provision on available-for-sale financial assets	**6,987**	-
(Gain)/loss on disposal/liquidation of associates	**(1,688)**	6,115
Gain on remeasuring investment retained in a former subsidiary at fair value upon loss of control	**(436)**	-
Amortisation of intangible assets	**410**	516
Loss on disposal of property, plant and equipment	**7,711**	8,907
Gain on disposal/liquidation of subsidiaries	**(12,378)**	(980)
Gain on disposal of available-for-sale financial assets	**(24,000)**	(4,210)
Gain on disposal of financial assets held for trading	**(26,540)**	(4,546)
Grant of share options to employees	**10,187**	16,058
Net fair value loss on derivative financial instruments	**74,025**	33,139
Net fair value loss/(gain) on financial assets held for trading	**9,441**	(71,684)
Foreign exchange differences arising from translation	**69,415**	(35,685)
Interest expense	**567,900**	641,500
Interest income	**(520,715)**	(433,789)
Share of results of associates	**(103,823)**	(123,091)
Operating cash flows before working capital changes	**2,449,034**	2,200,693
Changes in working capital:		
(Increase)/decrease in inventories	**(77,269)**	128,826
Increase in receivables and other assets	**(107,411)**	(560,506)
Decrease in payables	**(103,299)**	(149,173)
Cash flows generated from operations	**2,161,055**	1,619,840
Interest paid	**(518,957)**	(595,957)
Interest received	**431,032**	386,086
Income taxes paid	**(459,522)**	(342,244)
Net cash flows generated from operating activities	**1,613,608**	1,067,725

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	2013 US$'000	2012 US$'000
Cash flows from investing activities		
Net cash flow on acquisition of subsidiaries	**(13,701)**	(71,110)
Decrease/(increase) in plasma investments	**2,788**	(6,775)
Decrease in financial assets held for trading	**58,802**	93,224
Increase in other non-financial assets	**(14,168)**	-
Payments for property, plant and equipment	**(1,322,917)**	(1,689,843)
Payments for biological assets	**(53,393)**	(45,391)
Decrease/(increase) in available-for-sale financial assets	**19,749**	(210,047)
Payments for investment in associates	**(310,386)**	(32,428)
Payments for intangible assets	**(18)**	(409)
Dividends received from associates	**27,592**	25,881
Proceeds from disposal of property, plant and equipment	**54,720**	33,162
Proceeds from disposal of biological assets	**6,144**	3,509
Proceeds from disposal of associates	**13,991**	42,602
Net cash flow from disposal of subsidiaries	**98,657**	-
Net cash flows used in investing activities	**(1,432,140)**	(1,857,625)
Cash flows from financing activities		
Increase in net amount due from related parties	**(5,862)**	(11,699)
Increase in net amount due from associates	**(61,389)**	(133,250)
Increase in advances from non-controlling shareholders	**26,995**	38,184
Proceeds from loans and borrowings	**2,188,925**	8,078,923
Increase in fixed deposits pledged with financial institutions for bank facilities	**(867,631)**	(4,785,371)
Decrease/(increase) in other financial receivables	**9,600**	(1,303,852)
Increase in other deposits with maturity more than 3 months	**(421,828)**	(339,742)
Interest paid	**(47,480)**	(48,354)
Payments for acquisition of additional interest in subsidiaries	**(38,381)**	(196,496)
Shares buy-back held as treasury shares	**-**	(17,759)
Dividends paid by the Company	**(280,634)**	(263,086)
Dividends paid to non-controlling shareholders by subsidiaries	**(31,573)**	(35,474)
Proceeds from dilution of interest in subsidiaries	**36,178**	25,658
Proceeds from reissuance of treasury shares/issuance of new shares by the Company	**5,760**	3,224
Proceeds from issue of shares by subsidiaries to non-controlling shareholders	**14,631**	27,789
Net cash flows generated from financing activities	**527,311**	1,038,695
Net increase in cash and cash equivalents	**708,779**	248,795
Cash and cash equivalents at the beginning of the financial year	**1,528,453**	1,279,658
Cash and cash equivalents at the end of the financial year	**2,237,232**	1,528,453

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 that 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 2013 and early adopted the *Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets* which are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

Accordingly to the transition provisions of FRS 113 Fair Value Measurement, FRS 113 has been applied prospectively by the Group on 1 January 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

(ii) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
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
Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities	1 January 2014
Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
INT FRS 121 Levies	1 January 2014
Amendments to FRS 19: Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRSs (January 2014 and February 2014)	1 July 2014

Except for FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 112 is described below.

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 applied in 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 January 2010

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

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

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation and business combinations (continued)

(b) Business combinations (continued)

Business combinations from 1 January 2010 (continued)

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) 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) is measured at the proportionate share of the acquiree's identifiable net assets.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity as equity transaction reserve and attributed to owners of the Company.

2.5 Foreign currency

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

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

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the weighted average exchange rates for the 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 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.

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

Costs incurred during the development phase up to the conversion of the Plasma plantation are capitalised as Plasma investments. The development of the Plasma oil palm plantations is financed by plasma loans, which was received by the plasma farmers (represented by "Cooperatives"), plus additional funding by the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (continued)

(a) Goodwill (continued)

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

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

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

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

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(i) Brands

The brands were acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group.

(ii) Trademarks & licenses and others

Trademarks & licenses and others acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight line method over 3 to 20 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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

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

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

(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 upon initial recognition as financial assets at fair value through profit or loss.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(b) Loans and receivables

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

(c) Held-to-maturity investments

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

(d) Available-for-sale financial assets

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

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

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

2.13 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 was charged to the allowance account, the amount are written off against the carrying value of the financial asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement, increase in their fair value after impairment is recognised directly in other comprehensive income. 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 the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. 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.

2.15 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 merchandising and processing activities. The prices and physical delivery of the sales and purchases are fixed in the contracts. For committed purchases and sales contracts that are entered into for own use, the contracts are not recognised in the financial statements until physical deliveries take place. For committed purchases and sales contracts that are entered into as part of the merchandising activities, the fair value arising from the contracts are recognised in the financial statements until physical deliveries take place.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Inventories (continued)

(a) Physical inventories, futures and other forward contracts (continued)

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 liabilities

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. The Group determines the classification of its financial liabilities at initial recognition.

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

Subsequent to initial recognition, all financial liabilities that are not carried at fair value through profit or loss are measured at amortised cost using the effective interest method except for derivatives which are measured at fair value.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Borrowing

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the end of the reporting period.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.19 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.

2.20 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.

2.21 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)

2.21 Employee benefits (continued)

(b) Employee share option plans (continued)

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

(c) Provision for employee service entitlements

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

2.22 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases (continued)

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group 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.

2.23 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.

(a) Sale of goods

Revenue from sales arising from the physical delivery of palm based products, oilseeds and grains products, consumer products, sugar and other agricultural commodities is recognised when significant risks and rewards of ownership of goods are transferred to the customer.

(b) Ship charter income

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

(c) Interest income

Interest income is amortised using the effective interest method.

(d) Dividend income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Income taxes (continued)

(b) Deferred tax (continued)

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

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

(c) Sales tax

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

- where the sales tax incurred 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.

2.25 Derivative financial instruments and hedging activities

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

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

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Derivative financial instruments and hedging activities (continued)

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

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

Fair value hedges

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

Cash flow hedges

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

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

2.26 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 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.

2.28 Contingencies

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) A present obligation that arises from past events but is not recognised because:
   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 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.

2.30 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)

2.30 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 2013 were approximately US$3,317,904,000 (2012: US$3,352,810,000) and US$1,100,118,000 (2012: US$1,101,906,000) respectively.

(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 2013 was approximately US$4,365,085,000 (2012: US$4,049,153,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(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 2013 were approximately US$113,591,000 (2012: US$122,227,000), US$219,556,000 (2012: US$233,687,000) and US$620,304,000 (2012: US$684,093,000) 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 2013 was approximately US$1,879,671,000 (2012: US$1,970,311,000).

4. REVENUE

	Group	
	2013	2012
	US$'000	US$'000
Sales of palm based products, oilseeds and grains products, consumer products, sugar and other agricultural commodities	**43,754,609**	45,174,202
Ship charter income	**196,598**	196,537
Others	**133,794**	92,675
	44,085,001	45,463,414

5. COST OF SALES

	Group	
	2013	2012
	US$'000	US$'000
Cost of inventories recognised as expense - physical deliveries	**35,991,239**	37,413,835
Labour and other overhead expenses	**4,608,067**	4,231,688
Net gain on non-physical delivery forward contracts ("paper trades")	**(19,876)**	(32,118)
Net gain on fair value of derivative financial instruments	**(219,326)**	(40,972)
	40,360,104	41,572,433

6. FINANCE INCOME

	Group	
	2013	2012
	US$'000	US$'000
Finance income:		
- From associates	**11,204**	9,446
- From bank balances	**8,768**	10,492
- From fixed deposits	**365,898**	245,230
- From other deposits with financial institutions	**118,448**	148,298
- From other sources	**7,634**	9,231
- From related parties	**537**	180
- Late interest charges pertaining to trade receivables	**8,226**	10,912
	520,715	433,789

7. OTHER OPERATING INCOME
OTHER OPERATING EXPENSES

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

	Group	
	2013	2012
	US$'000	US$'000
Amortisation of intangible assets	**(410)**	(516)
Allowance for advances to suppliers	**(4,813)**	(5)
Bad debts written off (non-trade)	**(985)**	(1,015)
Compensation/penalty income/(expense)	**5,331**	(5,973)
Dividend received from equity instruments	**17,549**	13,130
Energy/Power/Steam income	**25,389**	35,115
Gain on remeasuring investment retained in a former subsidiary at fair value upon loss of control	**436**	-
Fair value gain of derivative financial instruments	**3,274**	14,708
Foreign exchange gain, excluding net foreign exchange gain on shareholders' loans to subsidiaries	**143,889**	3,004
Gain/(loss) on disposal/liquidation of associates	**1,688**	(6,115)
Gain on liquidation/disposal of subsidiaries	**12,378**	980
Government grants/incentive income	**29,481**	33,540
Grant of share options to employees	**(10,187)**	(16,058)
Income from sales cancellation	**4,490**	4,842
Loss on disposal of property, plant and equipment	**(7,711)**	(8,907)
Pre-operating expenses	**(8,478)**	(6,327)
Processing fee income/tolling income	**3,976**	6,272
Project expenses	**(6,070)**	(2,102)
Rental and storage income	**14,911**	13,019
Scrap sales	**19,175**	16,922
Service fees/management fees/commission income	**5,720**	2,379
Impairment of property, plant and equipment	**(1,799)**	(1,925)

8. FINANCE COSTS

	Group	
	2013	2012
	US$'000	US$'000
Interest expense:		
- Loans and borrowings	**523,179**	623,964
- Loans from associates	**542**	847
- Interest rate swaps	**30,127**	1,671
- Others	**3,928**	3,354
	557,776	629,836
Less: Amount capitalised		
- Biological assets	**(2,648)**	(4,308)
- Property, plant and equipment	**(16,030)**	(14,037)
	539,098	611,491

9. NON-OPERATING ITEMS

	Group	
	2013	2012
	US$'000	US$'000
Fair value loss on embedded derivatives of convertible bonds	**-**	(330)
Net foreign exchange gain on shareholders' loans to subsidiaries	**15,981**	532
Finance costs on bank borrowings for acquisition of Wilmar Sugar Australia Limited (formerly known as Sucrogen Limited) & its subsidiaries	**(28,802)**	(30,009)
Gain on disposal of available-for-sale financial assets	**24,000**	4,210
Gain on disposal of financial assets held for trading	**26,540**	4,546
Investment income from available-for-sale financial assets	**439**	277
Net fair value (loss)/gain on financial assets held for trading	**(8,412)**	70,287
Reversal of pre-acquisition hedging loss	**7,946**	14,763
Impairment provision on available-for-sale financial assets *	**(6,987)**	-
	30,705	64,276

* During the year, the Group recognised an impairment loss of approximately US$6,987,000 for an unquoted non-equity instrument as there was significant or prolonged decline in the fair value of these instruments below its cost. The Group treats significant generally as more than 10% of investment costs and prolonged as greater than 12 months.

10. PROFIT BEFORE TAX

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

	Group	
	2013	2012
	US$'000	US$'000
Audit fees paid to:		
- Auditor of the Company	**753**	756
- Other auditors	**4,901**	5,057
Non-audit fees paid to:		
- Auditor of the Company	**43**	70
- Other auditors	**868**	908
Depreciation of property, plant and equipment:	**607,279**	542,637
Less: Amount capitalised as part of costs of biological assets	**(585)**	(1,874)
Add: Impairment loss	**1,799**	1,925
Depreciation of property, plant and equipment - net	**608,493**	542,688
Employee benefits expense	**1,100,791**	1,031,787
Operating lease expense	**48,290**	47,252

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 2013 and 31 December 2012 are:

	Group	
	2013	2012
	US$'000	US$'000
Consolidated Income Statement		
Current income tax		
Current year	**371,837**	246,274
(Over)/under provision in respect of previous years	**(3,157)**	14,134
	368,680	260,408
Deferred income tax		
Origination and reversal of temporary differences	**8,283**	98,384
Under/(over) provision in respect of previous years	**7,730**	(24,618)
Income tax expense recognised in the income statement	**384,693**	334,174
Deferred income tax related to other comprehensive income:		
Net tax (credit)/charges in fair value of derivative financial instruments designated as cash flow hedges and others	**(35,165)**	43,217

11. INCOME TAX EXPENSE (CONTINUED)

(b) *Relationship between tax expense and accounting profit*

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 31 December 2013 and 31 December 2012 are as follows:

	Group	
	2013	2012
	US$'000	US$'000
Accounting profit before income tax	**1,775,491**	1,654,601
Tax calculated at tax rate of 17% (2012: 17%)	**301,833**	281,282
Adjustments:		
Effect of different tax rates in other countries	**100,698**	88,611
Effect of tax incentives	**(63,935)**	(89,248)
Income not subject to taxation	**(34,050)**	(47,460)
Non-deductible expenses	**58,890**	71,801
Deferred tax assets not recognised	**43,792**	56,872
Under/(over) provision in respect of previous years	**4,573**	(10,484)
Share of results of associates	**(19,777)**	(14,590)
Others	**(7,331)**	(2,610)
Income tax expense recognised in the consolidated income statement	**384,693**	334,174

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	
	2013	2012
Profit for the year attributable to owners of the Company (US$'000)	**1,318,930**	1,255,498
Weighted average number of ordinary shares ('000)	**6,396,523**	6,401,478
Basic earnings per share (US cents per share)	**20.6**	19.6

12. EARNINGS PER SHARE (CONTINUED)

(b) *Diluted earnings per share*

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2013	2012
Profit for the year attributable to owners of the Company (US$'000)	**1,318,930**	1,255,498
Weighted average number of ordinary shares ('000)	**6,396,523**	6,401,478
Effects of dilution		
- Grant of equity-settled share options ('000)	**2,196**	1,291
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**6,398,719**	6,402,769
Diluted earnings per share (US cents per share)	**20.6**	19.6

101,335,000 (2012: 53,320,000) share options granted to employees (including directors) under existing employee share option plans have not been included in the calculation of diluted earnings per share for the financial years ended 31 December 2013 and 31 December 2012 because they are anti-dilutive.

Since the end of the financial year, no options (2012: 281,000) have been exercised by executives of the Group to acquire 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 US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircrafts US$'000	Construction in-progress US$'000	Total US$'000
Group								
Costs								
At 1 January 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 and 1 January 2013	**1,085,495**	**2,467,576**	**5,713,082**	**178,186**	**529,058**	**204,926**	**1,387,857**	**11,566,180**
Acquisition of subsidiaries	**1,587**	**63**	**8,923**	**1**	**-**	**-**	**-**	**10,574**
Disposal of subsidiaries	**(4,791)**	**(26,739)**	**(62,794)**	**(882)**	**-**	**(4,152)**	**(216)**	**(99,574)**
Additions	**35,271**	**46,241**	**90,660**	**18,763**	**108,245**	**23,096**	**1,063,514**	**1,385,790**
Disposals	**(6,618)**	**(6,589)**	**(45,317)**	**(2,707)**	**(83,515)**	**(10,302)**	**(6,762)**	**(161,810)**
Transfers	**4,024**	**381,208**	**822,517**	**10,630**	**71,280**	**8,470**	**(1,298,129)**	**-**
Reclassifications	**1,997**	**(18,885)**	**15,567**	**(560)**	**-**	**2,148**	**502**	**769**
Currency translation differences	**(18,846)**	**(25,585)**	**(302,156)**	**(1,218)**	**(19,150)**	**(4,007)**	**(37,732)**	**(408,694)**
At 31 December 2013	**1,098,119**	**2,817,290**	**6,240,482**	**202,213**	**605,918**	**220,179**	**1,109,034**	**12,293,235**

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 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 and 1 January 2013	**97,001**	**462,598**	**1,727,746**	**114,369**	**114,699**	**126,029**	**-**	**2,642,442**
Disposal of subsidiaries	**(528)**	**(8,146)**	**(11,825)**	**(731)**	**-**	**(2,739)**	**-**	**(23,969)**
Depreciation charge for the year	**15,035**	**104,561**	**404,682**	**25,043**	**34,805**	**23,153**	**-**	**607,279**
Disposals	**(101)**	**(1,337)**	**(27,459)**	**(2,352)**	**(57,255)**	**(9,412)**	**-**	**(97,916)**
Impairment loss	**-**	**589**	**1,210**	**-**	**-**	**-**	**-**	**1,799**
Currency translation differences	**29**	**(9,689)**	**(152,422)**	**(651)**	**(8,183)**	**(2,646)**	**-**	**(173,562)**
At 31 December 2013	**111,436**	**548,576**	**1,941,932**	**135,678**	**84,066**	**134,385**	**-**	**2,956,073**
Net carrying amount								
At 31 December 2012	988,494	2,004,978	3,985,336	63,817	414,359	78,897	1,387,857	8,923,738
At 31 December 2013	**986,683**	**2,268,714**	**4,298,550**	**66,535**	**521,852**	**85,794**	**1,109,034**	**9,337,162**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Company			
Costs			
At 1 January 2012	1,332	183	1,515
Additions	829	-	829
At 31 December 2012 and 1 January 2013	**2,161**	**183**	**2,344**
Additions	**18**	**-**	**18**
Disposals	**(21)**	**-**	**(21)**
At 31 December 2013	**2,158**	**183**	**2,341**
Accumulated depreciation			
At 1 January 2012	235	2	237
Depreciation charge for the year	595	18	613
At 31 December 2012 and 1 January 2013	**830**	**20**	**850**
Depreciation charge for the year	**608**	**18**	**626**
Disposals	**(7)**	**-**	**(7)**
At 31 December 2013	**1,431**	**38**	**1,469**
Net carrying amount			
At 31 December 2012	1,331	163	1,494
At 31 December 2013	**727**	**145**	**872**

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$16,030,000 (2012: US$14,037,000).

Assets pledged as security

In addition to assets held under finance leases, certain property, plant and equipment of the Group amounting to approximately US$323,185,000 (2012: US$272,734,000) are pledged as security for bank borrowings.

14. BIOLOGICAL ASSETS

	Group	
	2013	2012
	US$'000	US$'000
At 1 January	**1,970,311**	1,845,982
Acquisition of subsidiaries	**-**	31,817
Disposal of subsidiaries	**(88,393)**	-
Additions	**45,808**	34,530
Disposals	**(4,681)**	(3,324)
Capitalisation of interest	**2,648**	4,308
Capitalisation of depreciation	**585**	1,874
Capitalisation of employee benefits	**7,585**	10,861
Currency translation differences	**(45,638)**	15,417
	1,888,225	1,941,465
(Decrease)/increase in fair value less point-of-sale costs	**(8,554)**	28,846
At 31 December	**1,879,671**	1,970,311

(a) Analysis of oil palm production

During the financial year, the Group harvested approximately 4,041,000 tonnes (2012: 4,210,000 tonnes) of FFB, which had a fair value less estimated point-of-sale costs of approximately US$598,367,000 (2012: US$745,742,000). 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:-

	Group	
	2013	2012
Area	Hectares	Hectares
Planted area:		
- Mature	**219,921**	226,815
- Immature	**25,791**	33,278
	245,712	260,093

	Group	
	2013	2012
Value	US$'000	US$'000
Planted area:		
- Mature	**1,769,096**	1,809,189
- Immature	**110,575**	161,122
	1,879,671	1,970,311

* Mature planted areas include rubber and sugar cane plantations.

14. BIOLOGICAL ASSETS (CONTINUED)

(c) At 31 December 2013, the fair value of biological assets of the Group mortgaged as securities for bank borrowings amounted to approximately US$72,782,000 (2012: US$72,137,000).

(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 following table shows the key unobservable inputs used in the valuation models:

Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Oil palm trees have an average life of 25 (2012: 25) years, with the first three years as immature and remaining years as mature	The estimated fair value increases as the estimated average life increases.
No new planting or replanting activities are assumed	The estimated fair value decreases with replanting activities.
Discount rate per annum of 7.9% to 13.0% (2012: 8.2% to 11.8%)	The estimated fair value increases as the estimated discount rate per annum decreases.
FFB selling price of US$104 to US$157 (2012: US$109 to US$131) per metric tonne	The estimated fair value increases as the estimated selling price of FFB increases.
Average yield is 18.8 (2012: 18.9) metric tonne per hectare	The estimated fair value increases as the estimated average yield increases.

15. INTANGIBLE ASSETS

	Goodwill US$'000	Trademarks & licenses and others US$'000	Brands US$'000	Total US$'000
Group				
Cost				
At 1 January 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 and 1 January 2013	**3,352,810**	**4,936**	**1,101,906**	**4,459,652**
Additions	**5,503**	**18**	**-**	**5,521**
Written off	**-**	**(420)**	**-**	**(420)**
Currency translation differences	**(40,409)**	**(149)**	**(1,788)**	**(42,346)**
At 31 December 2013	**3,317,904**	**4,385**	**1,100,118**	**4,422,407**
Accumulated amortisation				
At 1 January 2012	-	883	-	883
Amortisation during the year	-	516	-	516
Currency translation differences	-	(13)	-	(13)
At 31 December 2012 and 1 January 2013	**-**	**1,386**	**-**	**1,386**
Amortisation during the year	**-**	**410**	**-**	**410**
Currency translation differences	**-**	**(26)**	**-**	**(26)**
At 31 December 2013	**-**	**1,770**	**-**	**1,770**
Net carrying amount				
At 31 December 2012	3,352,810	3,550	1,101,906	4,458,266
At 31 December 2013	**3,317,904**	**2,615**	**1,100,118**	**4,420,637**

15. INTANGIBLE ASSETS (CONTINUED)

	Trademarks & licenses US$'000	Total US$'000
Company		
Costs		
At 1 January 2012, 31 December 2012 and 1 January 2013	**794**	**794**
Disposal	**(794)**	**(794)**
At 31 December 2013	**-**	**-**
Accumulated amortisation		
At 1 January 2012	397	397
Amortisation during the year	265	265
At 31 December 2012 and 1 January 2013	**662**	**662**
Amortisation during the year	**132**	**132**
Disposal	**(794)**	**(794)**
At 31 December 2013	**-**	**-**
Net carrying amount		
At 31 December 2012	132	132
At 31 December 2013	**-**	**-**

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.

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.

15. INTANGIBLE ASSETS (CONTINUED)

The carrying amounts of goodwill and brands allocated to each CGU are as follows:

	Palm and Laurics US$'000	Oilseeds and Grains US$'000	Consumer Products US$'000	Plantations and Palm Oil Mills US$'000	Sugar Milling US$'000	Sugar Merchandising and Processing US$'000	Others US$'000	Total US$'000
2013								
Goodwill	**626,897**	**738,725**	**28,986**	**1,604,453**	**185,937**	**121,206**	**11,700**	**3,317,904**
Brands	**-**	**-**	**1,089,247**	**-**	**-**	**10,871**	**-**	**1,100,118**
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

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 palm and laurics, oilseeds and grains, consumer products, 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 projections beyond the five-year period are as follows:-

	Palm and Laurics %	Oilseeds and Grains %	Consumer Products %	Plantations and Palm Oil Mills %	Sugar Milling %	Sugar Merchandising and Processings %
2013						
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**	**8.0**	**8.0-12.0**
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

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	
	2013	2012
	US$'000	US$'000
Unquoted equity shares, at cost	**8,744,832**	8,744,713

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

Acquisition of subsidiary

The Group acquired the following subsidiary during the financial year:

Name of subsidiary acquired	**Equity interest acquired**	**Consideration**	**Month of acquisition**
	%	US$'000	
Wilmar Tank Terminals Sdn. Bhd. (formerly known as Vopak Terminals Pasir Gudang Sdn. Bhd.) and its subsidiary	100	16,662	November 2013
		16,662	

The fair values of the identifiable assets and liabilities of the subsidiary acquired and the effect thereof as at the date of above acquisition were as follows:

	Fair value recognised on acquisition
	US$'000
Property, plant and equipment	10,574
Trade and other receivables	122
Cash and cash equivalents	2,961
	13,657
Trade and other payables	174
Deferred tax liabilities	2,324
	2,498
Identifiable net assets acquired	11,159
Positive goodwill arising from acquisition recognised as part of intangible assets	5,503
Total consideration for acquisition	**16,662**

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 - cash paid	**16,662**
The effects of acquisition on cash flow is as follows:	
Consideration settled in cash	16,662
Less: Cash and cash equivalents of subsidiary acquired	(2,961)
Net cash outflow on acquisition	**13,701**

Impact of acquisition on consolidated income statement

From the date of acquisition, the acquiree has contributed additional revenue and profit of approximately US$113,000 and US$57,000 respectively for the financial year ended 31 December 2013. If the combination had taken place at the beginning of the financial year, the Group's revenue would have been approximately US$44,086,520,000 and profit would have been approximately US$1,319,093,000.

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	
Yihai Kerry Investments Co., Ltd.	Yihai (Akesu) Oils & Grains Industries Co., Ltd	10	100	1,629	(3,086)	4,715	August 2013
Yihai Kerry Investments Co., Ltd.	Yihai (Changji) Oils & Grains Industries Co., Ltd	3+	97+	- #	(642)	642	August 2013
Yihai Kerry Investments Co., Ltd.	Yihai Kerry (Tai'an) Oils & Fats Industries Co., Ltd	10	70	- #	(21)	21	August 2013
Yihai Kerry Investments Co., Ltd.	Yihai Kerry (Zhengzhou) Logistics Co., Ltd	14+	69+	- #	(12)	12	October 2013
Yihai Kerry Investments Co., Ltd.	Yihai (Lianyungang) Fine Chemical Industries Co., Ltd	20	100	22,312	23,561	(1,249)	November 2013
Yihai Kerry Investments Co., Ltd.	Yihai Kerry (Lianyungang) Chemical Industries Co., Ltd	20	100	11,605	11,850	(245)	November 2013
Yihai Kerry Investments Co., Ltd.	Lianyungang Huanhai Chemical Industries Co., Ltd	20	100	2,835	1,993	842	November 2013
Yihai Kerry Investments Co., Ltd.	Qinhuangdao Yihai Regenerative Resources Development Co., Ltd	30	100	- *	22	(22)	November 2013
PT Wilmar Nabati Indonesia	PT Usda Seroja Jaya	1+	51+	- *	416	(416)	November 2013
Wilmar China New Investments Pte. Ltd.	Yihai Kerry (Nanchang) Oils, Grains & Foodstuffs Co., Ltd	2+	96+	- #	(311)	311	December 2013

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

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

\# Deemed acquisition of non-controlling interests

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries

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

	Cashflow on disposal US$'000
Property, plant and equipment	75,605
Biological assets	88,393
Trade and other receivables	36,307
Inventories	23,842
Cash and cash equivalents	1,081
	225,228
Trade and other payables	103,814
Loans and borrowings	16,293
	120,107
Net carrying amounts of assets disposed	105,121
Less: Transfer to investment in associates	(8,824)
Less: Non-controlling interest	(913)
Net assets disposed	95,384
Net assets disposed	95,384
Less: Forex reserves realised upon disposal of subsidiaries	(1,241)
Gain on disposal	12,378
Sales proceeds, net	106,521
Less: Cash and cash equivalents of subsidiaries disposed	(1,081)
Less: Receivables	(6,783)
Net cash inflow on disposal of subsidiaries	**98,657**

17. INVESTMENT IN ASSOCIATES

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
Shares, at cost	**1,259,363**	963,587	**49,055**	52,434
Share of post-acquisition reserves	**622,822**	525,460	**-**	-
Share of associates' other comprehensive income	**918**	918	**-**	-
Currency translation differences	**41,256**	56,932	**-**	-
	1,924,359	1,546,897	**49,055**	52,434
Quasi equity loans	**110,966**	110,966	**110,966**	110,966
	2,035,325	1,657,863	**160,021**	163,400
Fair value of investment in associates for which there are published price quotations	**336,222**	88,763	**16,016**	22,176

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	
	2013	2012
	US$'000	US$'000
Assets and liabilities:		
Current assets	**8,677,409**	6,933,297
Non-current assets	**3,572,714**	2,764,487
Total assets	**12,250,123**	9,697,784
Current liabilities	**7,633,135**	6,007,369
Non-current liabilities	**1,082,672**	806,853
Total liabilities	**8,715,807**	6,814,222
Results:		
Revenue	**17,562,219**	16,560,652
Profit for the year	**305,042**	336,792

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

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
Available-for-sale financial assets				
Non-current:				
Quoted equity instruments*	**169,384**	187,350	**-**	-
Unquoted equity instruments, at cost	**111,512**	124,748	**-**	36,000
Unquoted non-equity instruments	**136,501**	109,837	**-**	-
	417,397	421,935	**-**	36,000
Financial assets held for trading				
Current:				
Quoted equity instruments	**257,135**	282,414	**-**	-
Quoted non-equity instruments	**-**	35,473	**-**	-
	257,135	317,887	**-**	-

* 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	
	2013 US$'000	2012 US$'000	**2013** US$'000	2012 US$'000
Deferred tax assets:				
Provisions	**76,268**	103,287	**21,208**	(13,951)
Unutilised tax losses	**73,287**	63,245	**(15,603)**	21,263
Differences in depreciation for tax purposes	**15,435**	15,839	**(507)**	1,051
Fair value adjustments on derivatives classified as cash flow hedges	**22,788**	1,217	**-**	-
Other items	**31,778**	50,099	**7,495**	(15,269)
	219,556	233,687		
Deferred tax liabilities:				
Differences in depreciation for tax purposes	**194,725**	198,899	**15,813**	48,093
Fair value adjustments on acquisition of subsidiaries	**63,738**	67,939	**(4,512)**	(2,613)
Fair value adjustments on derivatives classified as cash flow hedges	**5,352**	20,070	**-**	-
Fair value adjustments on biological assets	**288,596**	295,658	**(176)**	12,748
Undistributed earnings	**45,322**	32,412	**12,910**	3,522
Other items	**22,571**	69,115	**(20,615)**	18,922
	620,304	684,093		
Deferred income tax expense			**16,013**	73,766

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately US$465,861,000 (2012: US$424,442,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At the balance sheet date, no deferred tax liability (2012: 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$3,951,844,000 (2012: US$3,199,765,000). The deferred tax liability is estimated to be approximately US$443,666,000 (2012: US$381,365,000).

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2013			2012		
	Contract/ Notional amount US$'000	Assets US$'000	Liabilities US$'000	Contract/ Notional amount US$'000	Assets US$'000	Liabilities US$'000
Forward currency contracts, options and cross currency interest rate swaps	**13,611,543**	**77,040**	**272,653**	14,126,134	113,432	93,418
Futures, options and swap contracts	**6,035,090**	**138,476**	**132,318**	5,520,201	145,585	123,925
Interest rate swap	**5,616,635**	**268**	**12,041**	131,121	-	1,853
Forward freight agreements	**2,978**	**1,817**	**-**	6,948	2,280	-
Fair value of firm commitment contracts	**1,071,023**	**28,140**	**71,316**	1,016,839	16,718	60,517
Total derivative financial instruments		**245,741**	**488,328**		278,015	279,713
Less: Current portion		**(239,829)**	**(486,612)**		(254,126)	(271,924)
Non-current portion		**5,912**	**1,716**		23,889	7,789

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.

Certain derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements and Long Form Confirmations. In general, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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 (loss)/gain of approximately US$(61,196,000) (2012: US$38,287,000), with related deferred tax credit/(charges) of approximately US$17,436,000 (2012: US$(18,853,000)), is included in the hedging reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss during the next two financial years as follows: US$(78,212,000) and US$17,016,000 (2012: US$26,588,000 and US$11,699,000).

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 (loss)/gain of approximately US$(21,363,000) (2012: US$8,931,000) is recognised in the income statement and offset with a similar gain/(loss) on the inventory.

The Group also enters into cross currency interest rate swaps to hedge the financial risk related to Medium Term Notes issued by the Company. A net fair value loss of approximately US$6,760,000 (2012: US$557,000) is recognised in the income statement and offset with a similar decrease in the loans and borrowings.

21. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
Non-current:				
Loans to non-controlling shareholders of a subsidiary	**27,900**	27,900	**-**	-
Other non-trade receivables	**10,014**	13,856	**14**	15
Other deposits with financial institutions	**210,750**	143,785	**-**	-
Amounts due from subsidiaries - non-trade	**-**	-	**205,749**	337,365
Amounts due from associates - non-trade	**157,536**	152,130	**52,667**	39,132
Amounts due from related parties - non-trade	**14,994**	12,831	**-**	-
Other financial receivables	**421,194**	350,502	**258,430**	376,512
Current:				
Deposits	**51,477**	16,582	**8**	7
Loans to non-controlling shareholders of subsidiaries	**38,491**	80,953	**-**	-
Other non-trade receivables	**451,884**	311,669	**8,342**	8,678
Other deposits with financial institutions	**2,013,662**	1,474,055	**-**	-
Amounts due from subsidiaries - non-trade	**-**	-	**1,950,083**	1,437,521
Amounts due from associates - non-trade	**416,134**	278,681	**8,021**	6,205
Amounts due from related parties - non-trade	**9,522**	326	**-**	-
Other financial receivables	**2,981,170**	2,162,266	**1,966,454**	1,452,411
Non-current:				
Prepayments	**41,088**	45,221	**-**	-
Other non-financial assets	**41,088**	45,221	**-**	-
Current:				
Prepayments and other non-financial assets	**266,524**	210,118	**703**	1,326
Tax recoverables	**131,369**	103,309	**-**	-
Advances for property, plant and equipment	**233,696**	292,299	**1,220**	1,172
Advances for acquisition of a subsidiary	**14,168**	-	**-**	-
Advances to suppliers	**676,579**	826,977	**-**	-
Other non-financial assets	**1,322,336**	1,432,703	**1,923**	2,498

21. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS (CONTINUED)

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 2.5% to 6.0% (2012: 3.6% to 6.6%), the remaining amounts are interest-free, unsecured and have no fixed terms of repayment. These balances are not expected to be repaid within the next twelve months and are expected to be settled in cash.

The Company has provided impairment for amounts due from a subsidiary amounting to approximately US$26,200,000 (2012: US$26,200,000).

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$180,938,000 (2012: US$143,589,000), which bear interest ranging from 3.0% to 9.5% (2012: 2.4% to 8.8%) per annum and are expected to be settled in cash.

The Company has provided impairment for amounts due from subsidiaries amounting to approximately US$18,100,000 (2012: US$19,560,000).

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 4 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 banks with high credit ratings and no history of default. The interest rates range from 1.5% to 6.5% (2012: 2.6% to 8.0%) per annum.

The Group has pledged other deposits with financial institutions amounting to approximately US$812,889,000 (2012: US$362,581,000) as security for bank borrowings.

22. INVENTORIES

	Group	
	2013	2012
	US$'000	US$'000
Balance Sheet		
At cost:		
Raw materials	**2,626,462**	2,201,555
Consumables	**390,539**	404,152
Finished goods	**2,373,332**	1,882,867
Stock in transit	**369,673**	250,645
	5,760,006	4,739,219
At net realisable value:		
Raw materials	**453,091**	754,751
Consumables	**6,464**	1,948
Finished goods	**1,001,388**	1,641,309
	1,460,943	2,398,008
	7,220,949	7,137,227
Income Statement		
Inventories recognised as an expense in cost of sales	**35,991,239**	37,413,835
- Write back of provision for net realisable value	**(10,564)**	(22,187)

23. TRADE RECEIVABLES

	Group	
	2013	2012
	US$'000	US$'000
Trade receivables	**2,719,472**	2,670,035
Notes receivables	**320,010**	302,809
Value added tax recoverable	**574,434**	582,109
Amounts due from associates - trade	**446,102**	376,122
Amounts due from related parties - trade	**30,099**	44,148
	4,090,117	3,975,223
Less: Allowance for doubtful receivables	**(5,438)**	(22,119)
	4,084,679	3,953,104

Trade receivables, including amounts due from associates and related parties, are non-interest bearing and the average turnover is 32 days (2012: 30 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 2013 and 31 December 2012.

The Group has pledged trade receivables amounting to approximately US$67,489,000 (2012: US$78,899,000) as security for bank borrowings.

23. TRADE RECEIVABLES (CONTINUED)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to approximately US$670,032,000 (2012: US$587,619,000) 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	
	2013	2012
	US$'000	US$'000
Trade receivables past due but not impaired:		
Less than 30 days	**388,034**	375,169
30 - 60 days	**111,985**	105,831
61 - 90 days	**25,474**	26,414
91 - 120 days	**24,045**	9,014
More than 120 days	**120,494**	71,191
	670,032	587,619

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	
	2013	2012
Individually Impaired	US$'000	US$'000
At 1 January	**(22,119)**	(20,441)
Additional allowance during the year	**(2,132)**	(3,258)
Acquisition of subsidiaries	**-**	(108)
Bad debts written off against allowance	**18,115**	2,510
Currency translation differences	**698**	(822)
At 31 December	**(5,438)**	(22,119)

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.

23. TRADE RECEIVABLES (CONTINUED)

Loans and receivables

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
Trade receivables	**4,084,679**	3,953,104	**-**	-
Other financial receivables - current	**2,981,170**	2,162,266	**1,966,454**	1,452,411
Other financial receivables - non-current	**421,194**	350,502	**258,430**	376,512
Total cash and bank balances	**11,735,423**	8,562,166	**873**	678
Loans and receivables	**19,222,466**	15,028,038	**2,225,757**	1,829,601

24. OTHER BANK DEPOSITS CASH AND BANK BALANCES

	Group	
	2013	2012
	US$'000	US$'000
Fixed deposits pledged with financial institutions for bank facilities	**8,493,133**	6,560,946
Other deposits with maturity more than 3 months	**842,045**	420,217
Other bank deposits	**9,335,178**	6,981,163

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand	**2,102,031**	1,449,866	**873**	678
Short term and other deposits	**298,214**	131,137	**-**	-
Cash and bank balances	**2,400,245**	1,581,003	**873**	678

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of the Group is 3.4% (2012: 3.2%) per annum.

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
Other bank deposits	**9,335,178**	6,981,163	**-**	-
Cash and bank balances	**2,400,245**	1,581,003	**873**	678
Total cash and bank balances	**11,735,423**	8,562,166	**873**	678

24. OTHER BANK DEPOSITS

CASH AND BANK BALANCES (CONTINUED)

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

	Group	
	2013	2012
	US$'000	US$'000
Cash and bank balances	**2,400,245**	1,581,003
Bank overdrafts	**(163,013)**	(52,550)
Cash and cash equivalents	**2,237,232**	1,528,453

25. TRADE PAYABLES

	Group	
	2013	2012
	US$'000	US$'000
Trade payables	**1,050,028**	1,264,578
Value added tax payable	**47,730**	21,641
Amounts due to associates - trade	**82,971**	131,277
Amounts due to related parties - trade	**222,383**	162,254
	1,403,112	1,579,750

Trade payables, including amounts due to associates and related parties, are non-interest bearing and the average turnover is 12 days (2012: 14 days).

Total financial liabilities

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
Trade payables	**1,403,112**	1,579,750	**-**	-
Other financial payables - current	**1,302,124**	1,204,336	**106,158**	47,480
Other financial payables - non-current	**38,792**	20,117	**-**	-
Loans and borrowings	**26,195,574**	22,245,274	**270,358**	285,765
Total financial liabilities carried at amortised cost	**28,939,602**	25,049,477	**376,516**	333,245

26. OTHER FINANCIAL PAYABLES OTHER NON-FINANCIAL LIABILITIES

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
Current:				
Advances from non-controlling shareholders of subsidiaries	**93,796**	97,607	**-**	-
Accrued operating expenses	**660,147**	570,880	**10,394**	10,076
Amounts due to subsidiaries - non-trade	**-**	-	**86,036**	32,470
Amounts due to associates - non-trade	**57,613**	34,941	**9,261**	4,533
Amounts due to related parties - non-trade	**8,250**	9,089	**90**	90
Deposits from third parties	**144,775**	110,616	**-**	-
Payable for property, plant and equipment	**83,630**	95,840	**-**	-
Other tax payables	**19,302**	19,440	**-**	-
Other payables	**234,611**	265,923	**377**	311
Other financial payables	**1,302,124**	1,204,336	**106,158**	47,480
Non-current:				
Advances from non-controlling shareholders of subsidiaries	**38,792**	13,027	**-**	-
Other payables	**-**	7,090	**-**	-
Other financial payables	**38,792**	20,117	**-**	-
Current:				
Advances from customers and others	**494,308**	494,796	**-**	-
Other non-financial liabilities	**494,308**	494,796	**-**	-
Non-current:				
Provision for employee gratuity	**45,239**	47,047	**-**	-
Deferred income - government grants	**43,602**	47,567	**-**	-
Other non-financial liabilities	**88,841**	94,614	**-**	-

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 2013 %	Weighted average interest rate 2012 %	Group 2013 US$'000	Group 2012 US$'000	Company 2013 US$'000	Company 2012 US$'000
Current:								
Bank term loans	(a)	**2014**	**2**	2	**3,833,771**	2,402,726	**-**	-
Short term/pre-shipment loans	(a)	**2014**	**3**	2	**9,984,205**	10,770,955	**-**	-
Trust receipts/bill discounts	(a)	**2014**	**2**	2	**5,410,674**	4,514,009	**-**	-
Bank overdrafts	(b)	**2014**	**2**	1	**163,013**	52,550	**-**	-
Obligations under finance leases		**2014**	**6**	7	**7**	10	**-**	-
					19,391,670	17,740,250	**-**	-
Non-current:								
Bank term loans	(a)	**2015-2019**	**2**	2	**6,533,545**	4,219,249	**-**	-
Obligations under finance leases		**2015**	**4**	5	**1**	10	**-**	-
Medium term notes	(c)	**2017-2019**	**4**	4	**270,358**	285,765	**270,358**	285,765
					6,803,904	4,505,024	**270,358**	285,765
Total loans and borrowings					**26,195,574**	22,245,274	**270,358**	285,765

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, other deposits with financial institutions and corporate guarantees from the Company and certain subsidiaries.

(b) Bank overdrafts

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

(c) Medium term notes

During the financial year ended 31 December 2012, the Company issued a 5-year Medium Term Note of S$250 million at a fixed rate of 3.50 % per annum and a 7-year Medium Term Note of S$100 million at a fixed rate of 4.10% per annum.

(d) The bank facilities, up to a limit of approximately US$8,332,291,000 (2012: US$6,862,574,000), are guaranteed by the Company and certain subsidiaries.

(e) The Group has bank loans and other bank deposits amounting to approximately US$4,489,708,000 (2012: US$6,156,913,000), disclosed off-balance sheet for the financial year ended 31 December 2013 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 banks.

28. SHARE CAPITAL TREASURY SHARES

(a) Share capital

	Group		Company	
	Number of shares '000	US$'000	Number of shares '000	US$'000
At 1 January 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, 1 January 2013 and 31 December 2013	**6,403,402**	**8,458,995**	**6,403,402**	**8,895,134**

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

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

(b) Treasury shares

	Group and Company	
	Number of shares '000	US$'000
At 1 January 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 general reserve on reissuance of treasury shares	-	(86)
	130	319
At 31 December 2012 and 1 January 2013	**(7,258)**	**(17,440)**
Reissued pursuant to employee share option plans:		
- For cash on exercise of employee share options	**2,934**	**5,760**
- Transferred from employee share option reserve	**-**	**3,196**
- Transferred to general reserve on reissuance of treasury shares	**-**	**(1,903)**
	2,934	**7,053**
At 31 December 2013	**(4,324)**	**(10,387)**

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

The Company reissued approximately 2,934,500 (2012: 130,000) treasury shares pursuant to its employee share option scheme at exercise prices ranging from S$2.45 to S$2.63 (2012: S$2.45) each.

29. OTHER RESERVES

(a) *Composition:*

	Group		Company	
	2013	2012	**2013**	2012
	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	**241,745**	559,450	**-**	-
General reserve	**236,493**	215,255	**1,989**	86
Equity transaction reserve	**(146,320)**	(160,833)	**-**	-
Hedging reserve	**(61,196)**	38,287	**-**	-
Employee share option reserve	**75,695**	68,704	**75,695**	68,704
Fair value reserve	**(6,155)**	(11,994)	**-**	-
Total other reserves	**(1,443,669)**	(1,075,062)	**223,063**	214,169

(b) *Movements:*

(i) *Capital reserve*

	Group		Company	
	2013	2012	**2013**	2012
	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 in shareholders' equity in capital reserve.

(ii) *Merger reserve*

	Group	
	2013	2012
	US$'000	US$'000
At 1 January and 31 December	**(1,929,314)**	(1,929,314)

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

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(iii) Foreign currency translation reserve

	Group	
	2013	2012
	US$'000	US$'000
At 1 January	**559,450**	437,647
Currency translation differences of foreign operations	**(316,464)**	122,245
Disposal of subsidiaries	**(1,241)**	(442)
At 31 December	**241,745**	559,450

(iv) General reserve

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
At 1 January	**215,255**	190,531	**86**	-
Transferred from retained earnings	**17,782**	24,638	**-**	-
Gain on reissuance of treasury shares	**1,903**	86	**1,903**	86
Gain on remeasurement of defined benefit plan	**1,553**	-	**-**	-
At 31 December	**236,493**	215,255	**1,989**	86

(a) In accordance with the "Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment" and the Group's China subsidiaries' Articles of Association, appropriations from net profit should be made to the Reserve Fund and the Enterprise Expansion Fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. The percentage to be appropriated to the Reserve Fund and the Enterprise Expansion Fund are determined by the board of directors of the China subsidiaries.

(b) In accordance with "The Law of Republic of Indonesia" No. 40/2007 concerning Limited Liability Companies, a company must allocate a portion of its net profits in each year as reserves. Allocation of net profit shall be made until the reserves have aggregated at least 20% of the issued capital and paid up capital.

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

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

29. OTHER RESERVES (CONTINUED)

(b) *Movements (continued)*

(v) *Equity transaction reserve*

	Group	
	2013	2012
	US$'000	US$'000
At 1 January	**(160,833)**	(4,005)
Acquisition of additional interest in subsidiaries	**(4,611)**	(160,556)
Dilution of interest in subsidiaries	**19,124**	3,728
At 31 December	**(146,320)**	(160,833)

(vi) *Hedging reserve*

	Group	
	2013	2012
	US$'000	US$'000
At 1 January	**38,287**	31,151
Fair value adjustment on cash flow hedges	**(135,338)**	35,217
Recognised in the income statement on derivatives contracts realised	**35,855**	(28,081)
At 31 December	**(61,196)**	38,287

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	
	2013	2012
	US$'000	US$'000
At 1 January	**68,704**	54,351
Grant of equity-settled share options	**10,187**	16,058
New shares issued pursuant to exercise of equity-settled share options	**-**	(1,560)
Reissuance of treasury shares pursuant to exercise of equity-settled share options	**(3,196)**	(145)
At 31 December	**75,695**	68,704

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.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(viii) Fair value reserve

	Group	
	2013	2012
	US$'000	US$'000
At 1 January	**(11,994)**	(18,674)
Fair value adjustment on available-for-sale financial assets	**29,839**	10,890
Recognised in the income statement on disposal of available-for-sale financial assets	**(24,000)**	(4,210)
At 31 December	**(6,155)**	(11,994)

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	
	2013	2012
Discount rate	**9% per annum**	6% per annum
Wages and salaries increase	**8% - 10% per annum**	8% 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	
	2013	2012
	US$'000	US$'000
Current service costs	**8,767**	8,038
Adjustment of new entrant employees/transfers	**2,818**	(139)
Interest costs	**3,066**	3,076
Curtailment loss	**(1,131)**	(380)
Others	**(209)**	677
	13,311	11,272

30. PROVISION FOR EMPLOYEE GRATUITY (CONTINUED)

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

	Group	
	2013	2012
	US$'000	US$'000
Present value of benefit obligation	**46,170**	66,017
Unamortised service cost	**-**	(483)
Unrecognised actuarial loss	**-**	(18,487)
Immediate recognition on effect of changes in actuarial assumption	**(931)**	-
Provision for employee gratuity	**45,239**	47,047

Movement in provision for employee gratuity is as follows:

	2013	2012
	US$'000	US$'000
At 1 January	**47,047**	39,339
Acquisition of subsidiaries	**-**	560
Provision made for the year	**13,311**	11,272
Payments during the year	**(1,192)**	(1,651)
Others	**(94)**	(37)
Currency translation differences	**(9,317)**	(2,436)
Subsidiaries disposed during the financial year	**(2,171)**	-
Remeasurements of defined benefit plan during the year	**(2,345)**	-
At 31 December	**45,239**	47,047

31. EMPLOYEE BENEFITS

	Group	
	2013	2012
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**919,108**	873,541
Defined contribution plans	**83,717**	69,156
Share-based payments	**10,187**	16,058
Other short term benefits	**82,006**	72,511
Other long term benefits	**13,358**	11,382
	1,108,376	1,042,648
Less: Amount capitalised as biological assets	**(7,585)**	(10,861)
	1,100,791	1,031,787

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes

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 abovementioned options, which were valid for a term of five years from the dates of their respective grants, have expired on 26 November 2013 and 8 December 2013.

The options 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

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; and (ii) the number of treasury shares delivered in respect of options granted under all other share-based incentive schemes of the Company, shall not exceed 15% of the total issued shares (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.

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Wilmar ESOS 2009 (continued)

2009 Grant

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 2013, 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.

2010 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 executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2013, the number of shares that were not exercised under this grant stood at 23,705,000, 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.

2012 Grant

On 12 July 2012, 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 executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2013, the number of outstanding option shares that were not exercised under this grant was 26,240,000.

2013 Grant

On 13 November 2013, the Company granted options to subscribe for a total of 49,315,000 shares at S$3.44 per share at Market Price to directors and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2013, the number of outstanding option shares that were not exercised under this grant was 49,140,000.

All options granted under the 2010 Grant, 2012 Grant and 2013 Grant are valid for a term of five years from the dates of their respective grants and are exercisable in the following manner:

For Executive Directors and Executives

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

For Non-Executive Directors

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

As at 31 December 2013, the total number of shares exercisable under the options granted pursuant to the Wilmar ESOS 2009 was 101,335,000 shares (2012: 53,320,000 shares).

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options cancelled/ lapsed	Options exercised	Closing balance	Exercise price	Exercise period
2013							
Wilmar ESOS 2000							
27.11.2008	803,000	-	-	(803,000)	-	S$2.45	28.11.2009 to 26.11.2013
27.11.2008	2,096,500	-	(15,000)	(2,081,500)	-	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	25,000	-	-	(25,000)	-	S$2.63	10.12.2010 to 08.12.2013
	2,949,500	-	(15,000)	(2,934,500)	-		
Wilmar ESOS 2009							
21.05.2009	225,000	-	-	-	225,000	S$4.50	22.05.2010 to 21.05.2014
21.05.2009	2,025,000	-	-	-	2,025,000	S$4.50	22.05.2011 to 21.05.2014
	2,250,000	-	-	-	2,250,000		
10.03.2010	8,980,600	-	(186,450)	-	8,794,150	S$6.68	11.03.2011 to 10.03.2015
10.03.2010	7,530,600	-	(186,450)	-	7,344,150	S$6.68	11.03.2012 to 10.03.2015
10.03.2010	7,758,800	-	(192,100)	-	7,566,700	S$6.68	11.03.2013 to 10.03.2015
	24,270,000	-	(565,000)	-	23,705,000		
12.07.2012	9,681,500	-	(184,800)	-	9,496,700	S$3.63	13.07.2013 to 12.07.2017
12.07.2012	8,431,500	-	(184,800)	-	8,246,700	S$3.63	13.07.2014 to 12.07.2017
12.07.2012	8,687,000	-	(190,400)	-	8,496,600	S$3.63	13.07.2015 to 12.07.2017
	26,800,000	-	(560,000)	-	26,240,000		
13.11.2013	-	18,216,950	(57,750)	-	18,159,200	S$3.44	14.11.2014 to 13.11.2018
13.11.2013	-	15,316,950	(57,750)	-	15,259,200	S$3.44	14.11.2015 to 13.11.2018
13.11.2013	-	15,781,100	(59,500)	-	15,721,600	S$3.44	14.11.2016 to 13.11.2018
	-	49,315,000	(175,000)	-	49,140,000		
Total	56,269,500	49,315,000	(1,315,000)	(2,934,500)	101,335,000		

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options cancelled/ lapsed	Options exercised	Closing balance	Exercise price	Exercise period
2012							
Wilmar ESOS 2000							
27.11.2008	1,050,500	-	-	(247,500)	803,000	S$2.45	28.11.2009 to 26.11.2013
27.11.2008	3,005,500	-	-	(909,000)	2,096,500	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	50,000	-	-	(25,000)	25,000	S$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	S$4.50	22.05.2010 to 21.05.2014
21.05.2009	2,375,000	-	(100,000)	(250,000)	2,025,000	S$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	S$6.68	11.03.2011 to 10.03.2015
10.03.2010	7,740,150	-	(209,550)	-	7,530,600	S$6.68	11.03.2012 to 10.03.2015
10.03.2010	7,974,700	-	(215,900)	-	7,758,800	S$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	S$3.63	13.07.2013 to 12.07.2017
12.07.2012	-	8,431,500	-	-	8,431,500	S$3.63	13.07.2014 to 12.07.2017
12.07.2012	-	8,687,000	-	-	8,687,000	S$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		

The weighted average fair value of options granted during the financial year ended 31 December 2013 was S$0.73 (2012: S$1.05).

The weighted average share price at the date of exercise of the options during the financial year was S$3.38 (2012: S$4.42).

The range of exercise prices for options outstanding at the end of the year was from S$3.44 to S$6.68 (2012: S$2.45 to S$6.68). The weighted average remaining contractual life for these options is 3.6 years (2012: 3.2 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	**2013**	2012
Dividend (S$ per share)	**0.06**	0.06
Expected volatility	**29%**	44%
Risk-free interest rate (% p.a.)	**0.42 to 0.59**	0.23 to 0.37
Expected life of option (years)	**2.0**	2.0
Weighted average share price at date of grant (S$)	**3.47**	3.53

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	
	2013	2012
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**672,717**	780,510

(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	
	2013	2012
	US$'000	US$'000
Not later than one year	**14,021**	14,932
Later than one year but not later than five years	**26,223**	23,865
Later than five years	**27,863**	28,577
	68,107	67,374

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:

	2013	2012
	US$'000	US$'000
Committed contracts		
Purchase	**2,507,209**	2,939,368
Sales	**4,502,518**	4,660,757

(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$28,923,000 (2012: US$44,028,000).

(e) Corporate guarantees

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

	Group		**Company**	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
Subsidiaries	**-**	-	**8,145,800**	6,513,312
Associates	**315,680**	252,946	**303,456**	241,069
	315,680	252,946	**8,449,256**	6,754,381

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 2013 US$'000	Group 2012 US$'000
Related Parties		
Dividend income	**627**	683
Freight charges	**3,445**	6,982
Interest income	**537**	180
Other income	**630**	330
Other expenses	**1,752**	351
Purchase of goods	**3,011,561**	3,396,141
Sales of goods	**432,228**	413,853
Ship charter income	**23,254**	13,301
Associates		
Dividend income	**27,690**	26,425
Freight charges	**178,510**	205,246
Interest expense	**542**	847
Interest income	**11,204**	9,446
Other income	**14,226**	7,211
Other expense	**12,686**	14,981
Purchase of goods	**1,547,246**	1,906,889
Sales of goods	**1,966,516**	1,975,549
Ship charter income	**76,276**	99,505

B. *Compensation of key management personnel*

	Group 2013 US$'000	Group 2012 US$'000
Defined contribution plans	**132**	129
Salaries and bonuses	**20,423**	20,209
Short term employee benefits (including grant of share options)	**3,180**	2,913
	23,735	23,251
Comprise amounts paid to:		
Directors of the Company	**10,949**	10,984
Other key management personnel	**12,786**	12,267
	23,735	23,251

34. FAIR VALUE OF ASSETS AND LIABILITIES

A. *Fair value of assets and liabilities that are carried at fair value*

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:

	Group 2013 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Recurring fair value measurements:				
Financial assets:				
Available-for-sale financial assets	**126,100**	**136,501**	**43,284**	**305,885**
Financial assets held for trading	**257,135**	**-**	**-**	**257,135**
Derivatives				
- Forward currency contracts, options and cross currency interest rate swaps	**-**	**77,040**	**-**	**77,040**
- Futures, options, swap contracts, forward freight agreements and firm commitment contracts	**137,005**	**31,696**	**-**	**168,701**
At 31 December 2013	**520,240**	**245,237**	**43,284**	**808,761**
Financial liabilities:				
Derivatives				
- Forward currency contracts, options and cross currency interest rate swaps	**-**	**272,653**	**-**	**272,653**
- Futures, options, swap contracts, forward freight agreements and firm commitment contracts	**175,354**	**40,321**	**-**	**215,675**
At 31 December 2013	**175,354**	**312,974**	**-**	**488,328**
Non-financial assets:				
Biological assets at 31 December 2013	**-**	**-**	**1,879,671**	**1,879,671**

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

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

	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
Recurring fair value measurements:				
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
Non-financial assets:				
Biological assets at 31 December 2012	-	-	1,970,311	1,970,311

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 ASSETS AND LIABILITIES (CONTINUED)

A. *Fair value of assets and liabilities that are carried at fair value (continued)*

Methods and assumptions used to determine fair values

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

Assets and liabilities	Methods and assumptions
• Quoted equity and non-equity instruments	Other than the quoted equity instruments disclosed in level 3, fair value is determined directly by reference to their published market bid price at the balance sheet date.
• Unquoted non-equity instruments	The fair value is determined by reference to valuation provided by non-related fund managers.
• Forward currency contracts	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
• Futures, options and swap contracts, firm commitment contracts and forward freight agreements	Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.
• Biological assets	Fair value of biological assets has been determined based on valuations by an independent professional valuer using discounted cash flows of the underlying biological assets. Please refer to Note 14(e) for more details.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

A. *Fair value of assets and liabilities that are carried at fair value (continued)*

Movements in Level 3 assets and liabilities measured at fair value

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

	Group US$'000			
	Embedded derivatives of convertible bonds	**Available-for-sale financial assets**	**Biological assets**	**Total**
At 1 January 2012	330	49,284	1,845,982	1,895,596
Total (loss)/gain recognised in the income statement				
- Non-operating items	(330)	-	-	(330)
- Net gain arising from changes in fair value of biological assets	-	-	28,846	28,846
Total gain recognised in the other comprehensive income				
- Foreign currency translation	-	1,121	15,417	16,538
Movements in biological assets (Note 14)	-	-	80,066	80,066
At 31 December 2012 and 1 January 2013	**-**	**50,405**	**1,970,311**	**2,020,716**
Total loss recognised in the income statement				
- Net loss arising from changes in fair value of biological assets	**-**	**-**	**(8,554)**	**(8,554)**
Total loss recognised in the other comprehensive income				
- Foreign currency translation	**-**	**(7,121)**	**(45,638)**	**(52,759)**
Movements in biological assets (Note 14)	**-**	**-**	**(36,448)**	**(36,448)**
At 31 December 2013	**-**	**43,284**	**1,879,671**	**1,922,955**

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2013 and 31 December 2012.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

A. *Fair value of financial assets and liabilities that are carried at fair value (continued)*

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

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

	Group			
	2013		2012	
	US$'000		US$'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	**43,284**	**-**	50,405	-

The fair value of the quoted equity instruments is estimated using a discounted cash flow model, which includes some assumptions that are not supported by observable market data. The key inputs used in determining the fair value include future rental income, capital expenditure and operating expenses. Management believes that capital expenditure is the only assumption to which there is a reasonably possible alternative. However, any significant capital expenditure above the estimated level would be factored into any future rental negotiations. Therefore, no sensitivity of changes in this input is undertaken.

B. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Current trade and other financial receivables and payables, current and non-current loans and borrowings at floating rate, other bank deposits and cash and bank balances.

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

C. *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Group			
	2013 US$'000		2012 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**421,194**	**#**	350,502	#
Equity instruments, at cost	**111,512**	*****	124,748	*
Financial liabilities:				
Other financial payables	**38,792**	**#**	20,117	#
Loans and borrowings				
- Obligations under finance leases	**1**	**#**	10	#

	Company			
	2013 US$'000		2012 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**258,430**	**#**	376,512	#
Equity instruments, at cost	**-**	**-**	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 2013 and 31 December 2012.

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)

Credit risk concentration profile

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

	Group			
	2013		2012	
	US$'000	%	US$'000	%
By country:				
South East Asia	**942,147**	**23**	964,618	24
People's Republic of China	**1,483,788**	**37**	1,499,959	38
India	**208,343**	**5**	243,695	6
Europe	**296,487**	**7**	281,288	7
Australia/New Zealand	**376,860**	**9**	382,814	10
Africa	**130,622**	**3**	147,072	4
Others	**646,432**	**16**	433,658	11
	4,084,679	**100**	3,953,104	100

	Group			
	2013		2012	
	US$'000	%	US$'000	%
By segment:				
Palm and Laurics	**2,009,996**	**49**	2,009,268	51
Oilseeds and Grains	**1,024,611**	**25**	867,438	22
Consumer Products	**269,315**	**7**	314,733	8
Plantations and Palm Oil Mills	**33,093**	**1**	20,107	1
Sugar				
- Milling	**261,266**	**6**	243,418	6
- Merchandising and Processing	**239,306**	**6**	227,000	5
Others	**247,092**	**6**	271,140	7
	4,084,679	**100**	3,953,104	100

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

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

	2013 US$'000				2012 US$'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	**-**	**417,397**	**-**	**417,397**	-	421,935	-	421,935
Financial assets held for trading	**257,135**	**-**	**-**	**257,135**	317,887	-	-	317,887
Trade and other financial receivables	**7,153,120**	**447,303**	**-**	**7,600,423**	6,196,847	381,730	-	6,578,577
Derivative financial instruments	**239,829**	**5,912**	**-**	**245,741**	254,126	23,889	-	278,015
Total cash and bank balances	**12,485,798**	**-**	**-**	**12,485,798**	8,890,701	-	-	8,890,701
Total undiscounted financial assets	**20,135,882**	**870,612**	**-**	**21,006,494**	15,659,561	827,554	-	16,487,115

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	2013 US$'000				2012 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Group								
Financial liabilities:								
Trade and other financial payables	**2,705,236**	**38,792**	**-**	**2,744,028**	2,784,086	20,117	-	2,804,203
Derivative financial instruments	**486,612**	**1,716**	**-**	**488,328**	271,924	7,789	-	279,713
Loans and borrowings	**19,441,088**	**7,063,360**	**77,245**	**26,581,693**	17,883,733	4,803,003	81,809	22,768,545
Total undiscounted financial liabilities	**22,632,936**	**7,103,868**	**77,245**	**29,814,049**	20,939,743	4,830,909	81,809	25,852,461
Total net undiscounted financial liabilities	**(2,497,054)**	**(6,233,256)**	**(77,245)**	**(8,807,555)**	(5,280,182)	(4,003,355)	(81,809)	(9,365,346)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	2013 US$'000				2012 US$'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
Trade and other financial receivables	**1,968,400**	**258,593**	**-**	**2,226,993**	1,454,774	376,887	-	1,831,661
Total cash and bank balances	**873**	**-**	**-**	**873**	678	-	-	678
Total undiscounted financial assets	**1,969,273**	**258,593**	**-**	**2,227,866**	1,455,452	412,887	-	1,868,339
Financial liabilities:								
Trade and other financial payables	**106,158**	**-**	**-**	**106,158**	47,480	-	-	47,480
Loans and borrowings	**-**	**193,113**	**77,245**	**270,358**	-	204,118	81,647	285,765
Total undiscounted financial liabilities	**106,158**	**193,113**	**77,245**	**376,516**	47,480	204,118	81,647	333,245
Total net undiscounted financial assets/(liabilities)	**1,863,115**	**65,480**	**(77,245)**	**1,851,350**	1,407,972	208,769	(81,647)	1,535,094

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

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.

	2013 US$'000				2012 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Group								
Financial guarantees	**134,716**	**180,964**	**-**	**315,680**	169,094	83,852	-	252,946
Company								
Financial guarantees	**3,255,400**	**5,193,856**	**-**	**8,449,256**	3,792,038	2,962,343	-	6,754,381

(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 (2012: 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$81,459,000 (2012: US$74,236,000), as a result of lower/higher interest expense on these net borrowings. As most of the Group's borrowings are short-term and trade related, any interest rate costs are typically priced into the respective trade transactions. Accordingly, the Group has minimum interest rate exposure risk.

(d) Foreign currency risk

The Group operates in several countries with dominant operations in Singapore, People's Republic of China, Indonesia, Malaysia, Australia, Europe, Ghana, Nigeria, Vietnam and others. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollar (USD), Chinese Renminbi (RMB), Malaysian Ringgit (MYR) 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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

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% (2012: 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)**	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
Chinese Renminbi	**(98,275)**	(158,286)	**67,061**	7,472
Malaysian Ringgit	**12,193**	10,703	**(29,457)**	(29,818)
Indonesian Rupiah	**7,501**	18,289	**(16,603)**	(38,560)
Australian Dollar	**(32,744)**	(944)	**(6,774)**	(18,440)
Others	**(15,478)**	(16,815)	**1,144**	-

(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.

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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Commodity price risk (continued)

At the balance sheet date, a 5% (2012: 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	
	2013	2012
	US$'000	US$'000
Effect of increase in commodities price indices on		
Profit before tax	**(150,304)**	(163,488)
Equity (hedging reserve)	**(20,697)**	(16,417)
Effect of decrease in commodities price indices on		
Profit before tax	**150,304**	163,488
Equity (hedging reserve)	**20,697**	16,417

(f) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than commodity price, interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are classified as financial assets held for trading or available-for-sale financial assets.

Sensitivity analysis for equity price risk

At the balance sheet date, if the market price had been 5% (2012: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been approximately US$12,648,000 (2012: US$14,118,000) 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$6,306,000 (2012: US$6,848,000) 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 2013 and 31 December 2012.

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	
	2013	2012
	US$'000	US$'000
Shareholders' funds	**15,004,826**	14,345,866
Loans and borrowings	**26,195,574**	22,245,274
Less: Cash and bank balances	**(11,735,423)**	(8,562,166)
Less: Other deposits with financial institutions - current	**(2,013,662)**	(1,474,055)
Net debt	**12,446,489**	12,209,053
Net gearing ratio (times)	**0.83**	0.85

(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	
	2013	2012
	US$'000	US$'000
Shareholders' funds	**15,004,826**	14,345,866
Liquid working capital:		
Inventories (excluding consumables)	**6,823,946**	6,731,127
Trade receivables	**4,084,679**	3,953,104
Less: Current liabilities (excluding loans and borrowings)	**(3,799,747)**	(3,673,033)
Total liquid working capital	**7,108,878**	7,011,198
Adjusted net debt	**5,337,611**	5,197,855
Adjusted net gearing ratio (times)	**0.36**	0.36

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:

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, grains and others.

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 and ethanol.

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 income tax, deferred tax assets and liabilities, loans and borrowings, corporate assets 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)

2013	Palm and Laurics US$'000	Oilseeds and Grains US$'000	Consumer Products US$'000	Plantations and Palm Oil Mills US$'000	Milling US$'000	Sugar Merchandising and Processing US$'000	Others US$'000	Eliminations US$'000	Per Consolidated Financial Statements US$'000
Revenue:									
Sales to external customers	19,456,572	11,678,714	7,554,963	62,597	999,975	2,964,052	1,368,128	-	44,085,001
Inter-segment	469,389	1,953,112	336	1,369,552	66,946	281	1,298,779	(5,158,395)	-
Total revenue	19,925,961	13,631,826	7,555,299	1,432,149	1,066,921	2,964,333	2,666,907	(5,158,395)	44,085,001
Results:									
Segment results	855,698	231,714	219,412	269,707	18,516	108,076	(21,268)	-	1,681,855
Share of results of associates	41,071	55,442	(1,370)	(181)	11,253	-	(2,392)	-	103,823
Unallocated expenses									(10,187)
Profit before tax									1,775,491
Income tax expense									(384,693)
Profit after tax									1,390,798
Assets and Liabilities:									
Segment assets	11,213,515	16,213,118	7,922,157	4,383,228	1,516,410	823,127	12,088,011	(9,914,021)	44,245,545
Investment in associates	373,678	1,123,327	4,135	107,976	279,153	-	147,056	-	2,035,325
Unallocated assets									350,925
Total assets									46,631,795
Segment liabilities	9,622,911	13,845,270	4,966,390	308,898	1,708,300	806,864	8,396,109	(9,914,021)	29,740,721
Unallocated liabilities									1,004,253
Total liabilities									30,744,974
Other segment information									
Additions to non-current assets	540,572	301,456	80,228	130,552	102,307	42,867	249,711	-	1,447,693
Depreciation, impairment and amortisation	166,303	157,324	40,467	50,839	85,391	41,663	66,916	-	608,903
Finance income	253,460	371,774	144,108	10,678	1,565	5,250	138,702	(404,822)	520,715
Finance cost	(277,884)	(288,320)	(179,583)	(5,473)	(25,688)	(21,011)	(174,763)	404,822	(567,900)#

Including non-operating finance costs amounting to approximately US$28,802,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited (formerly known as Sucrogen Limited) and its subsidiaries

37. SEGMENT INFORMATION (CONTINUED)

2012	Palm and Laurics	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
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 Wilmar Sugar Australia Limited (formerly known as Sucrogen Limited) and its subsidiaries

37. SEGMENT INFORMATION (CONTINUED)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment results to arrive at "Profit before tax" presented in the consolidated income statement:

	2013 US$'000	2012 US$'000
Accretion of interest on convertible bonds	**-**	(15,533)
Share-based payments (executive share options)	**(10,187)**	(16,058)
Fair value loss of embedded derivatives of convertible bonds	**-**	(330)
	(10,187)	(31,921)

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:

	2013 US$'000	2012 US$'000
Deferred tax assets	**219,556**	233,687
Tax recoverable	**131,369**	103,309
	350,925	336,996

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

	2013 US$'000	2012 US$'000
Deferred tax liabilities	**620,304**	684,093
Tax payable	**113,591**	122,227
Medium term notes	**270,358**	285,765
	1,004,253	1,092,085

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	
	2013	2012	**2013**	2012
	US$'000	US$'000	US$'000	US$'000
South East Asia	**9,645,254**	11,841,529	**8,152,648**	7,871,278
People's Republic of China	**22,000,210**	21,221,515	**7,011,523**	6,580,943
India	**1,244,612**	1,751,849	**67,185**	46,949
Europe	**3,479,008**	3,599,357	**347,042**	328,843
Australia / New Zealand	**1,800,170**	1,789,042	**1,861,522**	2,144,637
Africa	**1,502,916**	1,519,205	**604,841**	263,887
Others	**4,412,831**	3,740,917	**102,648**	184,607
	44,085,001	45,463,414	**18,147,409**	17,421,144

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	
	2013	2012
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final tax-exempt (one-tier) dividend for 2012: S$0.03 (2011: S$ 0.031) per share	**155,142**	160,602
- Interim tax-exempt (one-tier) dividend for 2013: S$0.025 (2012: S$0.02) per share	**125,492**	102,484
	280,634	263,086
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final tax-exempt (one-tier) dividend for 2013: S$0.055 (2012: S$0.03) per share	**278,661**	156,973

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 2013 %	2012 %
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
Wilmar Sugar Australia Limited[2] (formerly known as Sucrogen Limited) & 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**	100
Wilmar Europe Holdings B.V.[2] & its subsidiaries	The Netherlands	Investment holding, manufacturing, trading and sale of edible oil products	**100**	100
Wilmar Ship Holdings Pte. Ltd.[3] & its subsidiaries	Singapore	Investment holding, ship-owning, 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 2013 %	2012 %
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**	44
Cosumar S.A.[2] [3]	Morocco	Processing of sugar cane and sugar beet, refining of imported raw sugar and marketing and distribution of such products	**28+**	-
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**	45
Inner Mongolia Luhua Sunflower Seed Oils Co., Ltd[3]	People's Republic of China	Sunflower seeds crushing and edible oils packaging	**33**	33
Josovina Commodities Pte Ltd[3]	Singapore	Investment holding and vegetable oils trading	**50**	50
Kencana Agri Limited[3]	Singapore	Investment holding	**20**	20
Lahad Datu Edible Oils Sdn Bhd[2]	Malaysia	Edible oils refining and palm kernel crushing	**45**	45
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**	50
TSH-Wilmar Sdn. Bhd.[2]	Malaysia	Palm oil refining and kernel crushing	**50**	50
Wilmar Gavilon Pty Ltd[2]	Australia	Commodity trading and importer and distributor of edible oils	**50**	50

40. ASSOCIATES OF THE GROUP (CONTINUED)

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

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest 2013 %	2012 %
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd[(3)]	People's Republic of China	Peanut crushing and edible oils packaging	**33**	33
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd[(3)]	People's Republic of China	Peanut crushing and edible oils packaging	**49**	49

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by member firms of Ernst & Young Global in the respective countries

(3) Audited by other auditors

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

41. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 21 March 2014.

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 5 MARCH 2014

Number of Shares *(excluding treasury shares)*	: 6,399,077,606
Number of Shareholders	: 28,504
Number of Treasury Shares Held	: 4,323,500
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	721	2.53	136,593	0.00
1,000 to 10,000	22,554	79.13	86,225,641	1.35
10,001 to 1,000,000	5,152	18.07	235,001,506	3.67
1,000,001 and above	77	0.27	6,077,713,866	94.98
Total	**28,504**	**100.00**	**6,399,077,606**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As at 5 March 2014

(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	11.98
Martua Sitorus(2)	4,988,000	650,321,242	655,309,242	10.24
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	16.36
Archer Daniels Midland Asia-Pacific Limited(6)	335,625,280	354,961,795	690,587,075	10.79
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	18.35
PPB Group Berhad	1,172,614,755	-	1,172,614,755	18.32
Kerry Group Limited(8)	-	629,886,014	629,886,014	9.84
Kerry Holdings Limited(9)	-	323,312,180	323,312,180	5.05

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.

STATISTICS OF SHAREHOLDINGS

8. Kerry Group Limited is deemed to be interested in 22,653,743 Shares held by Ace Time Holdings Limited, 12,939,392 Shares held by Alpha Model Limited, 25,855,040 Shares held by Bright Magic Investments Limited, 593,899 Shares held by Crystal White Limited, 30,705,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 2,634,147 Shares held by Kerry Asset Management Limited, 1,728,205 Shares held by Macromind Investments Limited, 203,555 Shares held by Marsser Limited, 33,760,355 Shares held by Natalon Company Limited and 242,600,000 Shares held by Noblespirit Corporation.
9. Kerry Holdings Limited is deemed to be interested in 30,705,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 2,634,147 Shares held by Kerry Asset Management Limited and 33,760,355 Shares held by Natalon Company Limited.

TWENTY LARGEST SHAREHOLDERS

As at 5 March 2014

(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	18.32
2	Citibank Nominees Singapore Pte Ltd	673,238,542	10.52
3	HSBC (Singapore) Nominees Pte Ltd	551,678,772	8.62
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	5.24
7	DBS Nominees Pte Ltd	274,859,543	4.30
8	Kuok (Singapore) Limited	256,951,112	4.02
9	Harpole Resources Limited	256,211,778	4.00
10	Raffles Nominees (Pte) Ltd	239,789,613	3.75
11	DBSN Services Pte Ltd	219,563,869	3.43
12	DB Nominees (Singapore) Pte Ltd	206,222,266	3.22
13	Noblespirit Corporation	195,796,000	3.06
14	Longhlin Asia Limited	139,009,921	2.17
15	United Overseas Bank Nominees Pte Ltd	125,720,271	1.96
16	Morgan Stanley Asia (Singapore) Securities Pte Ltd	94,591,206	1.48
17	RHB Bank Nominees Pte Ltd	60,000,000	0.94
18	OCBC Securities Private Ltd	44,772,573	0.70
19	Hong Lee Holdings (Pte) Ltd	36,204,971	0.57
20	Natalon Company Limited	33,760,355	0.53
	TOTAL	**5,627,972,397**	**87.95**

Shareholding Held By The Public

Based on the information available to the Company as at 5 March 2014, 27.97% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Island A Ballroom, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Friday, 25 April 2014 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 2013 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$0.055 per ordinary share for the year ended 31 December 2013. **(Resolution 2)**

3. To approve the increase and the payment of Directors' fees of S$675,000 for the year ended 31 December 2013 (2012: S$605,000).

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

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

   (See Explanatory Note 2)

   (i) Mr Kuok Khoon Hong (Retiring by rotation under Article 99)

   Note: Mr Kuok Khoon Hong will, upon his re-election as a Director of the Company, continue to serve as a member of the Risk Management Committee and Nominating Committee. **(Resolution 4)**

   (ii) Mr Teo Kim Yong (Retiring by rotation under Article 99) **(Resolution 5)**

   (iii) Mr Kwah Thiam Hock (Retiring by rotation under Article 99)

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

   (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 his re-appointment 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 and Nominating Committee upon his re-appointment. **(Resolution 7)**

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

AS SPECIAL BUSINESS

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

6. **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 2014 to Annual Report 2013 (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 3) **(Resolution 9)**

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 4) **(Resolution 10)**

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, 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 5) **(Resolution 11)**

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 6 May 2014, 5.00 p.m. to 7 May 2014, both dates inclusive, for the purpose of determining shareholders' entitlement to the Company's proposed final tax exempt (one-tier) dividend of S$0.055 per ordinary share for the financial year ended 31 December 2013 (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 6 May 2014 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 2014, will be paid on 15 May 2014.

Depositors whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5.00 p.m. on 6 May 2014 will be entitled to the Proposed Final Dividend.

By Order of the Board
Teo La-Mei
Company Secretary

Singapore
3 April 2014

Explanatory Notes:

1. The Ordinary Resolution 3 proposed in item no. 3 above is to approve the increase and the payment of Directors' fees of S$675,000 (2012: S$605,000) for the financial year ended 31 December 2013 for services rendered by Non-Executive Directors. The amount of proposed Directors' fees is based on the revised fee structure as follows: (1) base fee of S$80,000 (an increase of S$10,000 from the previous year) 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 Resolutions proposed in item nos. 4 (a)(i), (ii), (iii) and 4(b) above are to approve the re-election/re-appointment of the respective Directors retiring and seeking re-election/re-appointment at the above Annual General Meeting. Pursuant to Guideline 4.7 of the Singapore Code of Corporate Governance 2012, key information on these directors, including their dates of first appointment, dates of last re-election/re-appointment and other directorships and principal commitments, are found in the "Board of Directors" section in the Company's Annual Report 2013. In addition to the above, Mr Kuok Khoon Hong, the Chairman and Chief Executive Officer of the Company, is a substantial shareholder of the Company and the cousin of Mr Kuok Khoon Chen and Mr Kuok Khoon Ean (who are both brothers and Non-Executive Directors of the Company).

3. The Ordinary Resolution 9 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 25 April 2013, 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 2014 to the Company's Annual Report 2013.

4. The Ordinary Resolution 10 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 10 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 10 is passed, and any subsequent bonus issue or consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

5. The Ordinary Resolution 11 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, 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.

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

PROXY FORM

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 (%)

or failing him/her, the Chairman of the meeting 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 Island A Ballroom, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350, on Friday, 25 April 2014 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 2013 and the Reports of the Directors and Auditors thereon.				
2	To approve the payment of Proposed Final Dividend.				
3	To approve the increase/payment of Directors' Fees.				
4	To re-elect Mr Kuok Khoon Hong as a Director.				
5	To re-elect Mr Teo Kim Yong as a Director.				
6	To re-elect Mr Kwah Thiam Hock as a Director.				
7	To re-appoint Mr Yeo Teng Yang as a Director.				
8	To re-appoint Ernst & Young LLP as auditor and to authorise the Directors to fix their remuneration.				
9	To approve the renewal of IPT Mandate as described in the Addendum dated 3 April 2014 to Annual Report 2013.				
10	To authorise Directors to issue and allot shares in the Company.				
11	To authorise Directors to offer and grant options under the Wilmar ESOS 2009 and to issue and allot shares in accordance with the provisions of the Wilmar ESOS 2009.				

* 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 ____________________ 2014

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.

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WILMAR INTERNATIONAL LIMITED
c/o Tricor Barbinder Share Registration Services

80 Robinson Road, #02-00,
Singapore 068898

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