

Chairman's Statement



Financial Year in Review

I am pleased to report that 2007 was a year of solid performance and record profits for Wilmar. The Group achieved a net profit of US\$580.4 million in FY2007, up 169% from US\$215.9 million a year ago. Revenue increased 135% to US\$16.5 billion. The record results were achieved on the back of strong demand for agricultural commodities and the successful merger with the Kuok Group's palm plantation, edible oils, grains and related businesses.

All divisions of the Group and joint ventures performed exceptionally well and achieved good profitability in FY2007. Net earnings per share rose to 12.80 US cents from 9.31 US cents a year ago.

As at 31 December 2007, total assets stood at US\$15.5 billion and our shareholders' fund jumped from US\$857.3 million to US\$7.8 billion. The issue of US\$600 million convertible bonds in December 2007 further strengthened our balance sheet. As a result, net gearing improved from 1.2x in 2006 to 0.5x in 2007.

A final dividend of S\$0.026 per ordinary share was declared for FY2007.

Merger and Restructuring Exercise

During the year, we successfully completed our merger with Kuok Oils and Grains Pte Ltd, PGEO Group Sdn Bhd and PPB Oil Palms Berhad in a deal worth US\$2.7 billion. We also completed the restructuring exercise to acquire the edible oils, grains and related businesses of Wilmar Holdings Pte Ltd, a controlling shareholder, including interests held by Archer Daniels Midland Asia Pacific and its subsidiaries in these businesses, for US\$1.6 billion.

This has transformed the Group into:

- The leading global processor and merchandiser of palm and lauric oils;
- One of the largest plantation companies in Indonesia/Malaysia;
- The leading merchandiser of consumer pack edible oils as well as the leading oilseeds crusher, edible oils refiner, specialty fats and oleochemicals manufacturer in China;
- One of the largest edible oils refiners and the leading producer of consumer pack edible oils in India (through joint venture); and
- The leading importer of edible oils into East and South Africa.

Opposite page: Corporate Headquarters, Singapore

The merger has brought synergies through streamlined operations of the various entities, multi-location processing facilities and better access to market information.

Expansion in Asia & Beyond

The Group continued to expand its oil palm acreage, primarily in Indonesia. As at 31 December 2007, our total planted acreage was approximately 237,000 hectares, of which 33,000 hectares was under the small-holder scheme. In line with the increase of palm oil production in Indonesia, the Group increased its processing capacities in palm oil milling, palm kernel crushing, refining and fertilisers manufacturing.

In China, the Group's businesses in oilseeds crushing & processing and consumer products performed well due to good demand and timely purchases of raw materials. Leveraging on our origination, manufacturing and distribution infrastructure, the Group is expanding into rice and flour milling and grains merchandising.

In India, the Group's joint ventures performed well and we are expanding our crushing and refining operations in existing and new locations.

Outside of Asia, we established joint ventures with local partners to invest in palm plantations, processing and merchandising businesses in Africa, Russia and Ukraine.

Sustainable Development

During the year, we established a department to consolidate the various Corporate Social Responsibility (CSR) functions. The CSR department is tasked with developing and implementing sustainable practices for palm oil cultivation and enhancing local community development. The department reports directly to the CSR Council, chaired by me personally.

We are pleased that the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria (P&C) was formalised

last November, and we are fully committed to have all our plantations and mills certified against the P&C.

Outlook and Prospects

Global economic growth is expected to moderate in 2008, amidst concerns about a possible US recession and credit tightening. However, the outlook for agricultural commodities remains bullish. We believe the favourable outlook for palm oil prices and the strength of our business model will enable us to weather any slowdown in business and continue to do well.

In Appreciation

I extend a warm welcome to Mr John Daniel Rice to the Board of Directors. Mr Rice was appointed to the Board on 1 January 2008 and replaces Mr William Camp, who is retiring from the Board. Mr Stephen Yu, who served as Alternate Director to Mr Camp, has also stepped down from the Board. I would like to thank the two former Board members for their past contributions and support during their tenure.

On behalf of the management team and staff, I would like to thank Wilmar Holdings Pte Ltd, a controlling shareholder, for granting 21 million shares to long-serving staff in recognition of their past contributions in building the business.

I also convey sincere appreciation to our employees, bankers, business associates and customers for their steadfast support.

Last but not least, I would like to thank our shareholders for their continued support and confidence in Wilmar.

Kuok Khoon Hong

Chairman & Chief Executive Officer

19 March 2008