

FINANCIAL REPORT

Contents

62 Financial Review | **66** Directors' Report | **71** Statement by Directors | **72** Independent Auditors' Report
74 Consolidated Income Statement | **75** Balance Sheets | **77** Statements of Changes in Equity
81 Consolidated Cash Flow Statement | **83** Notes to the Financial Statements
182 Statistics of Shareholdings | **184** Notice of Annual General Meeting | Proxy Form

FINANCIAL REVIEW

CAPITAL STRUCTURE

Wilmar maintains an efficient capital structure which serves to maximise returns to shareholders while preserving our balance sheet strength. Given the nature of our business, we require a high level of working capital to fund our inventories and receivables. The level of funding fluctuates in relation to prices of agricultural commodities and business volume. In FY2008, we achieved significant volume growth amidst a very volatile price environment. Our balance sheet and capital structure remained strong throughout the period.

Shareholders' funds grew US\$1.8 billion to US\$9.6 billion while total loans and borrowings was up US\$255.7 million to US\$5.3 billion as at 31 December 2008. Loans and borrowings net of cash, was US\$1.7 billion lower at US\$2.4 billion.

Net debt to equity ratio improved sharply to 0.25x as at 31 December 2008 from 0.52x a year ago, as a result of the Group's stronger operating cash flow in FY2008. Interest cover improved to 7.6x for FY2008 from 6.0x in FY2007 on strong earnings growth.

A large proportion of our borrowings are used to finance our working capital, which 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 Letters of Credit. Adjusting the net debt level for liquid working capital, our adjusted net debt to equity ratio would be much lower at 0.10x.

As at 31 December	2008	2007
	US\$ million	US\$ million
Shareholders' funds	9,606.5	7,845.2
Net loans and borrowings	2,390.5	4,060.3
Net debt to equity	0.25x	0.52x
Liquid working capital:		
Inventories (excluding consumables)	2,322.4	3,503.7
Trade receivables	1,331.2	1,501.2
Less: Current liabilities (excluding loans and borrowings)	(2,245.7)	(1,959.7)
	1,407.9	3,045.2
Net loans and borrowings (excluding liquid working capital)	982.6	1,015.1
Adjusted net debt to equity	0.10x	0.13x

CAPITAL MANAGEMENT AND TREASURY POLICIES

Borrowings

The Group's total loans and borrowings of US\$5.3 billion comprised:

As at 31 December	2008	2007
	US\$ million	US\$ million
Short term	3,677.1	4,209.1
Long term	1,606.5	818.8
	5,283.6	5,027.9

More than 90% of short term loans and borrowings were trade financing lines with minimal refinancing risks as they are backed by inventories and receivables and are self-liquidating. Long term loans and borrowings were committed loans, including convertible bonds. These borrowings are due from 2010 onwards.

FINANCIAL REVIEW

During the year, we improved the Group's funding structure by reducing our short term borrowings and replacing them with long term and committed loans and borrowings. Two term loans were secured during the period:

- April 2008 - US\$400 million unsecured 3-year revolving loan facility to fund the Group's capacity expansion and working capital requirements.
- September 2008 - US\$380 million 1-year committed term loan facility (with an option for one year extension) for the Group's working capital requirements.

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 we operate. These currencies consisted mainly of Chinese Renminbi (RMB), Indonesian Rupiah (IDR) and Malaysian Ringgit (MYR).

With the exception of zero-coupon convertible bonds of US\$550.3 million (2007: US\$542.4 million), our loans and borrowings were predominantly on floating rates.

Cash and cash equivalents

Cash and cash equivalents were held in US\$ and the local currencies of the respective countries where we operate, mainly RMB, MYR and IDR. As at 31 December 2008, our cash and cash equivalents comprised primarily cash and bank balances of US\$2.9 billion (2007: US\$967.6 million).

Included in our cash and bank balances were US\$1.5 billion (2007: US\$302.0 million) pledged with financial institutions for bank facilities. Available cash and bank balances (excluding cash pledged and bank overdraft) more than doubled to US\$1.1 billion as at 31 December 2008 from US\$444.9 million the previous year end.

The Group has built up a strong cash reserve to enable us to weather the current global economic slowdown.

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 and commodity price risk. Risk management is discussed in greater detail in the Risk Management section and Notes to the Financial Statements. The following is a brief summary:

- **Credit risk.** The majority of the Group's export sales require Letters of Credit from customers or are sold on cash terms against the presentation of documents of title. Our domestic sales are executed on cash terms or where appropriate, credit terms are granted. We conduct thorough credit assessment before granting credit terms and limits.
- **Interest rate risk.** The Group has minimal exposure to interest rate risk as most of our loans and borrowings are short term and trade related, with interest costs typically priced into the products and passed on to customers.
- **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 and MYR. We manage our currency risk by constructing natural hedges where we match sales and purchases in any single currency or through financial instruments such as foreign currency forward exchange contracts. The Group may still be exposed to foreign currency risk if the natural hedges and/or financial instruments do not completely cover the exposure or where the Group has maintained an open position in any currency.
- **Commodity price risk.** The prices of agricultural commodities are subject to wide fluctuations, exposing the Group to commodity price risk when our sales and purchases commitments do not match at the end of each business day. The Group uses forward physical and derivative contracts to mitigate such risk.
- **Liquidity risk.** The Group maintains sufficient liquidity by closely monitoring our cash flow and maintaining sufficient credit facilities with a diversified panel of more than 40 banks in various geographies, including the use of trade finance for the Group's raw material purchases.

FINANCIAL REVIEW

CASH FLOW, FUNDING AND LIQUIDITY

Cash flow

Net cash flow generated from operating activities in FY2008 was US\$3.2 billion compared to an outflow of US\$1.0 billion in FY2007. The strong operating cash flow resulted from the Group's robust performance for the year and lower working capital requirements. Working capital requirements fell in line with the sharp drop in prices of agricultural commodities as well as lower turnover days from the Group's stringent liquidity management, particularly in the second half of FY2008.

	FY2008 US\$ million	FY2007 US\$ million
Net cash generated from/(used in) operating activities	3,230.8	(1,025.5)
Net cash flows used in investing activities	(1,296.1)	(530.4)
Net cash (outflow)/inflow from financing activities	(1,275.9)	2,001.9
Net increase in cash held	658.8	446.0
Turnover days:		
Inventory	43	56
Trade receivables	16	21
Trade payables	14	16

Of the cash generated from operating activities in FY2008:

- US\$1.3 billion was used in investing activities, of which US\$1.1 billion was applied towards plantations, property, plant and equipment and US\$274.5 million for long term investments.

Major additions of property, plant and equipment during the year included crushing plants, flour mills, oleochemicals plants, refinery and fractionation plants in China; a refinery plant in Germany; expansion in the Group's existing facilities in China, Malaysia and Indonesia; and the purchase of new vessels. Long term investments included our associates in Africa, Russia and Ukraine.

- US\$1.3 billion was used in financing activities, of which US\$240.1 million was for the payment of dividends and US\$1.2 billion for the placement of short term fixed deposits pledged with financial institutions for bank facilities. The Group's net proceeds from bank loans amounted to US\$245.8 million during the year.

Funding and liquidity

At the end of FY2008, credit facilities in the form of short term loans, trade finance and committed loans available to the Group were more than US\$11 billion, of which US\$5.3 billion was utilised. The unutilised facilities, together with the Group's US\$1.1 billion available cash and bank balances, brought the Group's total available liquidity to approximately US\$7 billion as at 31 December 2008.

The Group does not have any major loan refinancing requirements in FY2009 while funding for capital expenditure is expected to be substantially met by internal resources and where necessary, loans and borrowings.

Operationally, assuming no major movements in the prices of agricultural commodities, our funding requirements coincide with the seasonality of sales. Typically, the third quarter of the year is the seasonal peak in terms of sales volume. The additional funding requirements for that quarter is expected to be met by the Group's healthy liquidity position.

FINANCIAL REVIEW

The Group does not have any covenants with lenders which could restrict the use of credit facilities and no material breaches of covenants have occurred.

SHAREHOLDERS' RETURNS

For FY2008, the Board of Directors has proposed a final dividend of 4.5 Singapore cents per share. Together with the interim dividend of 2.8 Singapore cents per share paid on 12 December 2008, total dividend for FY2008 will amount to 7.3 Singapore cents per share or a payout ratio of approximately 20% of net profit. Barring any unforeseen circumstances, the Group expects to maintain the dividend payout ratio at the current level.

Currently, Wilmar does not have a mandate for share buy-back. We will be seeking shareholders' approval for such mandate at the upcoming Annual General Meeting.

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 and estimates, which are discussed in greater detail in the Notes to the Financial Statements, include:

- Assessment for impairment of goodwill which requires an estimation of future cash flows from the cash-generating unit and an appropriate 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 residual values of these assets.
- 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.
- 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 biological assets could impact the fair value of these assets.
- Provision for employee gratuity benefit is determined using actuarial valuations, involving assumptions about discount rates, future salary increases, mortality rates and future pension increases. Such estimates are subject to significant uncertainty.

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 2008.

DIRECTORS

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

Kuok Khoon Hong
 Martua Sitorus
 Chua Phuay Hee
 Teo Kim Yong
 Lee Hock Kuan
 Kuok Khoon Ean
 Kuok Khoon Ho (appointed on 10 November 2008)
 John Daniel Rice
 Yeo Teng Yang
 Leong Horn Kee
 Tay Kah Chye
 Kwah Thiam Hock

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES 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 convertible bonds of the Company and its related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct Interest			Deemed Interest		
	As at 1.1.08 or date of appointment	As at 31.12.08	As at 21.1.09	As at 1.1.08 or date of appointment	As at 31.12.08	As at 21.1.09
Company						
Wilmar International Limited (Ordinary Shares)						
Kuok Khoon Hong	–	–	–	3,077,831,017	3,078,764,017	3,078,764,017
Martua Sitorus	–	4,338,000	4,338,000	3,076,312,557	3,076,312,557	3,076,312,557
Chua Phuay Hee	250,000	250,000	250,000	–	–	–
Teo Kim Yong	1,000,000	1,850,000	1,850,000	–	–	–
Lee Hock Kuan	75,000	210,000	210,000	–	61,000	61,000
Kuok Khoon Ean	–	–	–	342,000	486,400	486,400
Kuok Khoon Ho	–	–	–	–	–	639,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	Direct Interest			Deemed Interest		
	As at 1.1.08 or date of appointment	As at 31.12.08	As at 21.1.09	As at 1.1.08 or date of appointment	As at 31.12.08	As at 21.1.09
	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)
Wilmar International Limited						
(US\$600,000,000 convertible bonds due 2012)						
Kuok Khoon Hong	–	–	–	–	2,500,000	2,500,000
Martua Sitorus	–	1,000,000	1,000,000	–	–	–
Teo Kim Yong	–	800,000	800,000	–	–	–

Mr Kuok Khoon Hong and Mr Martua Sitorus, by virtue of their indirect interests of not less than 20% of the issued share capital in Wilmar Holdings Pte Ltd (in members' voluntary liquidation), a controlling shareholder of the Company, which has a direct interest of 48.1% of the issued share capital in the Company, are each deemed to have an interest in the issued share capital of all subsidiaries held by the Company pursuant to Section 7 of the Companies Act Cap. 50.

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

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in 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.

MATERIAL CONTRACTS

List of material contracts

A. US\$400,000,000 Unsecured 3-Year Revolving Loan Facility

On 15 April 2008, the Company entered into a loan agreement for a US\$400,000,000 unsecured 3-year revolving facility with Bank of America N.A., ING Bank N.V., Oversea-Chinese Banking Corporation Limited and Rabobank International. Oversea-Chinese Banking Corporation Limited is acting as the Facility Agent.

B. US\$380,000,000 One-Year Committed Term Loan Facility with Option for One Year Extension

On 8 September 2008, the Company (as a guarantor) entered into a Facility Agreement for a US\$380,000,000 one-year committed term loan facility with an option for a one year extension granted to Wilmar Trading Pte Ltd, a wholly-owned subsidiary of the Company. The mandated lead arrangers for the loan facility are Standard Chartered Bank, Sumitomo Mitsui Banking Corporation, Singapore Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd, Singapore Branch and Mizuho Corporate Bank, Ltd, Singapore Branch. The Bank of Tokyo-Mitsubishi UFJ, Ltd, Singapore Branch is acting as the Facility Agent.

DIRECTORS' REPORT

SHARE OPTIONS

The Company's Executives' Share Option Scheme ("ESOS") was approved by shareholders on 30 June 2000 and continues to be operative after the completion of the reverse takeover on 14 July 2006 ("RTO"). No options were granted to employees of the Company and its wholly-owned subsidiaries since the RTO to 26 November 2008.

The ESOS is administered by the Remuneration Committee. The members are Mr Kwah Thiam Hock (Chairman), Mr Kuok Khoon Ean, Mr Yeo Teng Yang and Mr Leong Horn Kee, the majority of whom are independent directors.

The ESOS entitles eligible participants to subscribe for ordinary shares in the Company at a price equal to the average of the closing prices of the shares on the 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 number of shares in respect of which options may be granted when aggregated with those granted under any other share option schemes of the Company and for the time being in force, shall not exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant.

On 27 November 2008 and 9 December 2008, the Company granted options to subscribe for a total of 18,170,000 Wilmar shares to executives of the Group. The options are valid for a term of five years from the date of grant at the respective exercise prices (subject to any subsequent adjustment as stated in the ESOS) determined by the Remuneration Committee. 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

The number of unissued ordinary shares of the Company under options outstanding as at the end of the financial year is as follows:

Options Series	Date of Grant	As at Date of Grant	Options Exercised/lapsed	Balance as at 31.12.08	Exercise Price	Exercise Period
2008/A	27.11.2008	8,975,000	-	8,975,000	S\$2.45	28.11.2009 to 26.11.2013
2008/A	27.11.2008	8,975,000	-	8,975,000	S\$2.45	28.11.2010 to 26.11.2013
2008/B	09.12.2008	110,000	-	110,000	S\$2.63	10.12.2009 to 08.12.2013
2008/B	09.12.2008	110,000	-	110,000	S\$2.63	10.12.2010 to 08.12.2013
Total		<u>18,170,000</u>		<u>18,170,000</u>		

Except as disclosed above, since the completion of the RTO till the end of the financial year under review:

- No options have been granted to directors and controlling shareholders of the Company and their associates;
- No participant has received 5% or more of the total options under the ESOS;
- No options have been granted to directors and employees of the holding company (the Company currently does not have a parent company) and its subsidiaries;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

DIRECTORS' REPORT

AUDIT COMMITTEE

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

The AC performs the functions specified by Section 201B(5) of the Singapore Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), and the Singapore Corporate Governance Code 2005.

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, management expertise or 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 would not compromise the standard and effectiveness of the audit of the Group.

During the year, 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 the submission to the directors of the Company for adoption. The Audit Committee also met with the external and internal auditors, without the presence of management, to discuss issues of concern to them.

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

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

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

DIRECTORS' REPORT

AUDITORS

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

On behalf of the Board of Directors

Kuok Khoon Hong
Director

Chua Phuay Hee
Director

Singapore
27 March 2009

STATEMENT BY DIRECTORS

We, Kuok Khoon Hong and Chua Phuay Hee, 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, 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 2008, 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

Chua Phuay Hee
Director

Singapore
27 March 2009

INDEPENDENT AUDITORS' REPORT

To the Members of Wilmar International Limited

We have audited the accompanying financial statements of Wilmar International Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 74 to 181, which comprise the balance sheets of the Group and the Company as at 31 December 2008, the statements of changes in equity of the Group and the Company and the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 financial statements.

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

INDEPENDENT AUDITORS' REPORT

To the Members of Wilmar International Limited

OPINION

In our opinion,

- (i) 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 2008 and 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; and
- (ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
27 March 2009

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2008

	Note	2008 US\$'000	2007 US\$'000
Revenue	4	29,145,185	16,466,151
Cost of sales	5	(25,585,369)	(14,738,345)
Gross profit		3,559,816	1,727,806
Other items of income			
Net gains arising from changes in fair value of biological assets		-	123,457
Interest income	6	92,927	17,667
Other operating income	7	277,433	133,008
Other items of expenses			
Selling and distribution expenses		(1,577,456)	(797,877)
Administrative expenses		(243,575)	(144,823)
Other operating expenses	8	(84,082)	(108,257)
Finance costs	9	(346,927)	(180,986)
Share of results of associates		111,189	59,798
Profit before tax	10	1,789,325	829,793
Income tax expense	11	(232,174)	(154,557)
Profit after tax		1,557,151	675,236
Attributable to:			
Equity holders of the Company		1,530,990	580,405
Minority interests		26,161	94,831
		1,557,151	675,236
Earnings per share attributable to equity holders of parent (US cents per share)			
- Basic	12	23.98	12.80
- Diluted	12	23.98	12.80

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

BALANCE SHEETS

As at 31 December 2008

	Note	Group		Company	
		2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	3,252,216	2,556,820	-	-
Investment securities	14	36,565	856	36,000	-
Investment in subsidiaries	15	-	-	8,301,502	7,782,603
Investment in associates	16	1,157,870	451,950	307,127	140,152
Plasma investments	17	7,456	5,742	-	-
Biological assets	18	1,021,057	940,014	-	-
Intangible assets	19	3,942,014	3,933,295	-	-
Derivative financial instruments	20	14,222	33,609	14,222	26,883
Deferred tax assets	21	56,681	28,038	-	-
Other receivables	22	87,497	472,229	236,162	679,042
		9,575,578	8,422,553	8,895,013	8,628,680
Current assets					
Inventories	23	2,468,305	3,614,066	-	-
Trade receivables	24	1,331,164	1,501,204	-	-
Other receivables	22	746,019	856,554	1,336,553	1,112,405
Derivative financial instruments	20	816,088	95,922	-	-
Investment securities	14	38,604	49,182	-	-
Cash and bank balances	25	2,893,102	967,572	78,003	2,829
		8,293,282	7,084,500	1,414,556	1,115,234
TOTAL ASSETS		17,868,860	15,507,053	10,309,569	9,743,914
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	26	946,219	1,001,912	-	-
Other payables	27	894,125	780,261	82,607	36,160
Derivative financial instruments	20	289,596	108,030	-	-
Loans and borrowings	28	3,677,118	4,209,148	-	16,000
Tax payable		115,710	69,498	2,110	120
		5,922,768	6,168,849	84,717	52,280
NET CURRENT ASSETS		2,370,514	915,651	1,329,839	1,062,954

BALANCE SHEETS

As at 31 December 2008

	Note	Group		Company	
		2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Non-current liabilities					
Other payables	27	28,417	41,863	–	–
Loans and borrowings	28	1,606,447	818,761	950,311	542,363
Deferred tax liabilities	21	335,872	296,078	–	–
		1,970,736	1,156,702	950,311	542,363
TOTAL LIABILITIES		7,893,504	7,325,551	1,035,028	594,643
NET ASSETS		9,975,356	8,181,502	9,274,541	9,149,271
Equity attributable to equity holders of the parent					
Share capital	29	8,402,547	8,402,547	8,838,686	8,838,686
Retained earnings		2,321,715	1,095,808	285,730	116,540
Other reserves	30	(1,117,801)	(1,653,157)	150,125	194,045
		9,606,461	7,845,198	9,274,541	9,149,271
Minority interests		368,895	336,304	–	–
Total equity		9,975,356	8,181,502	9,274,541	9,149,271
TOTAL EQUITY AND LIABILITIES		17,868,860	15,507,053	10,309,569	9,743,914

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 2008

	Note	Attributable to equity holders of the parent			Equity	Minority interests	Equity total
		Share capital	Retained earnings	Other reserves	attributable to equity holders of the parent, total		
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2008							
Group							
Opening balance at 1 January 2008		8,402,547	1,095,808	(1,653,157)	7,845,198	336,304	8,181,502
Convertible bonds - equity component	30(b)(i)	-	-	(48,000)	(48,000)	-	(48,000)
Share of associates' surplus on revaluation of land and buildings	30(b)(v)	-	-	(1,174)	(1,174)	-	(1,174)
Net fair value adjustment on cash flow hedges	30(b)(vi)	-	-	419,345	419,345	-	419,345
Foreign currency translation	30(b)(iii)	-	-	95,073	95,073	15,650	110,723
Net income recognised directly in equity		-	-	465,244	465,244	15,650	480,894
Profit for the year		-	1,530,990	-	1,530,990	26,161	1,557,151
Total recognised income and expense for the year		-	1,530,990	465,244	1,996,234	41,811	2,038,045
Shares granted to employees	30(b)(i)	-	-	3,068	3,068	-	3,068
Grant of equity-settled share options	30(b)(vii)	-	-	1,012	1,012	-	1,012
Acquisition of subsidiaries	15	-	-	-	-	2,591	2,591
Share capital contributions by minority shareholders		-	-	-	-	20,410	20,410
Disposal of subsidiaries		-	-	1,086	1,086	(3,990)	(2,904)
Dilution of minority shareholders' interests		-	-	-	-	(11,169)	(11,169)
Dividends on ordinary shares	39	-	(240,137)	-	(240,137)	-	(240,137)
Dividends paid to minority shareholders by subsidiaries		-	-	-	-	(17,062)	(17,062)
Transfer to other reserves	30(b)(iv)&(v)	-	(64,946)	64,946	-	-	-
Closing balance at 31 December 2008		8,402,547	2,321,715	(1,117,801)	9,606,461	368,895	9,975,356

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 2008

	Note	Attributable to equity holders of the parent					Minority interests	Equity total
		Share capital	Retained earnings	Other reserves	Equity attributable to equity holders of the parent, total			
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
2007								
Group								
Opening balance at 1 January 2007		280,278	547,245	29,792	857,315	124,687	982,002	
Convertible bonds - equity component	30(b)(i)	–	–	132,520	132,520	–	132,520	
Merger reserve arising from the merger of IPT assets	30(b)(ii)	–	–	(1,960,906)	(1,960,906)	–	(1,960,906)	
Share of associates' government grant received	30(b)(iv)	–	–	914	914	–	914	
Revaluation of land and buildings	30(b)(v)	–	–	1,407	1,407	–	1,407	
Share of associates' surplus on revaluation of land and buildings	30(b)(v)	–	–	1,174	1,174	–	1,174	
Foreign currency translation	30(b)(iii)	–	–	70,131	70,131	19,663	89,794	
Net income/(expense) recognised directly in equity		–	–	(1,754,760)	(1,754,760)	19,663	(1,735,097)	
Profit for the year		–	580,405	–	580,405	94,831	675,236	
Total recognised income and expense for the year		–	580,405	(1,754,760)	(1,174,355)	114,494	(1,059,861)	
Shares issued for acquisition of subsidiaries	29	8,122,269	–	–	8,122,269	–	8,122,269	
Shares granted to employees	30(b)(i)	–	–	61,525	61,525	–	61,525	
Acquisition of subsidiaries		–	–	–	–	130,468	130,468	
Disposal of subsidiaries		–	–	–	–	(3,138)	(3,138)	
Dividends on ordinary shares	39	–	(21,556)	–	(21,556)	–	(21,556)	
Dividends paid to minority shareholders by subsidiaries		–	–	–	–	(30,207)	(30,207)	
Transfer to other reserves	30(b)(iv)	–	(10,286)	10,286	–	–	–	
Closing balance at 31 December 2007		8,402,547	1,095,808	(1,653,157)	7,845,198	336,304	8,181,502	

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 2008

	Note	Attributable to equity holders of the parent			Equity attributable to equity holders of the parent, total US\$'000
		Share capital US\$'000	Retained earnings US\$'000	Other reserves US\$'000	
2008					
Company					
Opening balance at 1 January 2008		8,838,686	116,540	194,045	9,149,271
Convertible bonds - equity component	30(b)(i)	–	–	(48,000)	(48,000)
Net expense recognised directly in equity		–	–	(48,000)	(48,000)
Profit for the year		–	409,327	–	409,327
Total recognised income and expense for the year		–	409,327	(48,000)	361,327
Shares granted to employees	30(b)(i)	–	–	3,068	3,068
Grant of equity-settled share options	30(b)(vii)	–	–	1,012	1,012
Dividends on ordinary shares	39	–	(240,137)	–	(240,137)
Closing balance at 31 December 2008		8,838,686	285,730	150,125	9,274,541

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 2008

	Note	Attributable to equity holders of the parent			Equity attributable to equity holders of the parent, total US\$'000
		Share capital US\$'000	Retained earnings US\$'000	Other reserves US\$'000	
2007					
Company					
Opening balance at 1 January 2007		716,417	26,760	–	743,177
Convertible bonds - equity component	30(b)(i)	–	–	132,520	132,520
Net income recognised directly in equity		–	–	132,520	132,520
Profit for the year		–	111,336	–	111,336
Total recognised income and expense for the year		–	111,336	132,520	243,856
Shares issued for acquisition of subsidiaries	29	8,122,269	–	–	8,122,269
Shares granted to employees	30(b)(i)	–	–	61,525	61,525
Dividends on ordinary shares	39	–	(21,556)	–	(21,556)
Closing balance at 31 December 2007		8,838,686	116,540	194,045	9,149,271

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 2008

	2008 US\$'000	2007 US\$'000
Cash flows from operating activities		
Profit before tax	1,789,325	829,793
Adjustments for:		
Net gains arising from changes in fair value on biological assets	–	(123,457)
Depreciation of property, plant and equipment (Note 10)	207,900	133,692
Impairment on investment in associates	1,172	–
Net loss on disposal of investment in associates	15,621	–
Amortisation of intangible assets	18	78
Negative goodwill taken to the income statement	(348)	(1,382)
Positive goodwill written off to the income statement	346	2,544
(Gain)/loss on disposal of property, plant and equipment	(17,699)	632
Loss/(gain) on disposal/liquidation of subsidiaries	95	(26)
Gain on disposal of investment securities	(4,024)	(1,049)
Shares granted to employees	3,068	61,525
Grant of share options to employees	1,012	–
Net (gain)/loss on the fair value of derivative financial instruments	(77,796)	6,962
Net gain on the fair value of investment securities	(1,614)	–
Foreign exchange arising from translation	49,629	26,615
Interest expense	326,151	172,836
Interest income	(92,927)	(17,667)
Share of results of associates	(111,189)	(59,798)
Operating cash flow before working capital changes	2,088,740	1,031,298
Changes in working capital:		
Decrease/(increase) in inventories	1,111,580	(1,727,068)
Decrease/(increase) in receivables and other assets	445,433	(624,774)
Increase in payables	72,916	515,318
Cash flows generated from/(used in) operations	3,718,669	(805,226)
Interest paid	(293,272)	(156,390)
Interest received	92,927	17,667
Income taxes paid	(287,466)	(81,542)
Net cash flows generated from/(used in) operating activities	3,230,858	(1,025,491)

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2008

	2008 US\$'000	2007 US\$'000
Cash flows from investing activities		
Net cash inflow on acquisition of subsidiaries (Note 15)	1,263	122,019
Payments for dilution in minority interests	(11,266)	(12,557)
(Increase)/decrease in plasma investments	(1,614)	7,203
Payments for investment securities	(168,376)	(313,414)
Payments for investment in associates	(238,493)	(14,501)
Payments for biological assets	(94,642)	(65,212)
Payments for property, plant and equipment	(1,012,188)	(544,468)
Payments for intangible assets	(416)	(5)
Dividends received from associates	11,470	16,001
Proceeds from disposal of investment securities	150,999	265,681
Proceeds from disposal of biological assets	147	-
Proceeds from disposal of property, plant and equipment	70,566	8,881
Proceeds from disposal of associates	4,642	-
Net cash outflow from disposal of subsidiaries (Note 15)	(8,193)	-
Net cash flows used in investing activities	(1,296,101)	(530,372)
Cash flows from financing activities		
Increase in receivables	(28,112)	(8,558)
(Increase)/decrease in net amount due from related parties	(2,100)	41,962
Decrease/(increase) in net amount due from associates	29,905	(54,180)
Decrease in advances from minority shareholders	(3,462)	(5,085)
Proceeds from bank loans	245,842	2,245,768
Proceeds from/(repayments of) finance lease liabilities	10	(19)
Increase in fixed deposits pledged with financial institutions for bank facilities	(1,240,591)	(142,745)
Interest paid	(36,840)	(23,498)
Dividends paid by the Company	(240,137)	(21,556)
Dividends paid to minority shareholders by subsidiaries	(17,062)	(30,207)
Proceeds from issue of shares by subsidiaries to minority shareholders	16,600	25
Net cash flows (used in)/generated from financing activities	(1,275,947)	2,001,907
Net increase in cash held	658,810	446,044
Cash and cash equivalents at the beginning of the financial year	444,886	(1,158)
Cash and cash equivalents at the end of the financial year (Note 25)	1,103,696	444,886

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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 an investment holding company and provision of management services to its subsidiary companies. The principal activities of the subsidiaries are disclosed in Note 40 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 a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in US Dollars (USD or US\$) and all values are rounded to the nearest thousand (US\$'000), except when otherwise 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.

2.2 *Changes in accounting policies*

(a) *Adoption of new and revised FRS*

With effect from 1 January 2008, the Group has adopted all the new and revised FRS and INT FRS that are mandatory for financial years beginning on or after 1 January 2008. The adoption of these FRS and INT FRS has no significant impact to the Group.

(b) *Future changes in accounting policies*

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

Reference	Description	Effective for annual periods beginning on or after
FRS 1	: Presentation of Financial Statements – Revised presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 *Changes in accounting policies (continued)*

(b) *Future changes in accounting policies (continued)*

Reference	Description	Effective for annual periods beginning on or after
FRS 23	: Borrowing Costs	1 January 2009
FRS 27	: Consolidation and Separate Financial Statements – Amendments Relating to Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate	1 January 2009
FRS 32	: Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	: Financial Instruments: Recognition and Measurement – Amendments relating to eligible hedged items	1 July 2009
FRS 101	: First-time Adoption of Financial Reporting Standards – Amendments Relating to Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate	1 January 2009
FRS 102	: Share-based payment – Vesting conditions and cancellations	1 January 2009
FRS 108	: Operating Segments	1 January 2009
INT FRS 113	: Customer Loyalty Programmes	1 July 2008
INT FRS 116	: Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	: Distribution of Non-cash Assets to Owners	1 July 2009

The directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application. The revised presentation of financial statements due to the adoption of FRS 1 and FRS 108 is set out below.

FRS 1 Presentation of Financial Statements – Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income. It presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements.

FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. 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 are eliminated in full.

With the exception of acquisition of IPT assets described below, acquisitions of subsidiaries are accounted for by applying the purchase 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. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2.11(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as an income in the income statement on the date of acquisition.

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.

In July 2007, the Group has completed the acquisition of all Wilmar Holdings Pte Ltd's ("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 minority interests held by WHPL in certain subsidiaries of the Company ("IPT Assets"). The above transaction was accounted for using the pooling-of-interest method.

Business combination 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.

2.4 *Transactions with minority interests*

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the parent entity extension approach, whereby on acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in goodwill. Gain or loss on disposal to minority interests is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 balance sheet date. 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 balance sheet date 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 subsidiaries, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary.

The assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in 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 impairment losses.

2.7 *Associates*

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The 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 associate 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. 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 deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss 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, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. 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
Buildings	–	4 to 30 years
Plant and machineries	–	4 to 16 years
Furniture, fittings and office equipment	–	3 to 20 years
Motor vehicles, trucks and aircrafts	–	4 to 15 years
Vessels	–	5 to 25 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 *Biological assets*

Biological assets, which include mature and immature oil palm plantations, are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement. Oil palm plantations are considered mature when 60% of oil palm per block are bearing fruits with an average weight of 3 kilograms or more per bunch. Point-of-sale costs include all costs that would be necessary to sell the assets.

The fair value of the 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 oil palm plantations is determined using the market price of the estimated yield of the agricultural produce, being fresh palm fruit bunches, 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 affected by the age of the oil palm trees, the location, soil type and infrastructure. The market price of the fresh palm fruit bunches is largely dependent on the prevailing market price of the processed products after harvest, being crude palm oil and palm kernel.

2.10 *Plasma investments*

Costs incurred during the development up to the conversion of the Plasma plantation are capitalised to Plasma plantations. 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 the bank financing be not adequate to finance the development costs. Accumulated development costs are presented net of the plasma loans and are presented as "Plasma investments".

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 Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the 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.

(i) *Brands*

The brands were acquired in a business combination. 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 and licences*

Trademarks and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight line method over 5 to 20 years.

2.12 *Financial assets*

Financial assets are recognised on the balance sheet 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 where the contractual right to receive cash flows from the asset has expired. 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 has been recognised directly in equity is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 *Financial assets (continued)*

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

The Group determines the classification of its financial assets after 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 in the near term.

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 the financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit or loss.

(b) *Loans and receivables*

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. 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*

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. 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 are financial assets that are not classified in any of the other categories. 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 directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) ***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. 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 amounts charged to the allowance account are written off against the carrying value of the financial asset.

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

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

(b) ***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 equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 *Impairment of non-financial assets*

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 assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

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 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. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 *Inventories*

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

Physical inventories of palm based products, edible oils, oilseeds and other agricultural commodities are valued at the lower of cost and spot prices prevailing at the balance sheet date.

The Group has committed purchase and sales contracts for palm oil and other agricultural commodities that are entered into as part of its manufacturing and sale activities. The prices and physical delivery of the sales and purchases are fixed in the contracts and these contracts are not recognised in the financial statements until physical deliveries take place.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 *Inventories (continued)*

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

Gains or losses arising from matched forward and derivatives 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 balance sheet date against quoted market prices. Where the quoted market prices are not available, fair value are based on management's best estimates 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 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 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, 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.

2.18 *Borrowings*

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the balance sheet date.

(a) *Borrowings*

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 *Borrowings (continued)*

(b) *Convertible bonds*

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

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

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

2.19 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

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

2.20 *Borrowing costs*

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a 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.

2.21 *Provisions*

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee share option plans*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in the income statement, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. 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) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision for the estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

(d) *Provision for employee service entitlements*

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

2.23 *Leases*

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 *Leases (continued)*

(a) *As lessee (continued)*

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.

2.24 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) *Sale of goods*

Revenue from sales arising from physical delivery of palm based products, soyabeans, other edible oils, oilseeds and other agricultural commodities is recognised when significant risks and rewards of ownership of goods are transferred to the buyer.

(b) *Ship charter income*

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

(c) *Interest income*

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

(d) *Rental and storage income*

Rental and storage income is recognised on a straight-line basis over the lease terms on ongoing leases.

(e) *Dividend income*

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 *Income taxes*

(a) **Current tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) **Deferred tax**

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

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

- where the deferred tax arises from the initial recognition of an asset or a 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;
- in respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- in respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date 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 balance sheet date 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 balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 *Income taxes (continued)*

(c) *Sales tax (continued)*

- receivables and payables that are stated with the amount of sales tax included.

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

2.26 *Derivative financial instruments and hedging activities*

The Group uses derivative financial instruments such as forward currency contracts, foreign currency options and various commodities futures, options and swap contracts to hedge its risks associated with foreign currency 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 profit and loss account.

The fair value of forward contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair value of futures, options and swap contracts is determined by reference to available market information and option valuation methodology. Where the quoted market prices are not available, 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.

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:

Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the hedging reserve (Note 30(b)(vi)), while the ineffective portion is recognised in the profit and loss account.

Amounts taken to the hedging reserve are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. If the hedged item is a non-financial asset or liability, the amounts taken to the hedging reserve are transferred to the initial carrying amount of the non-financial asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 *Segment reporting*

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.28 *Share capital and share issue expenses*

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.

2.29 *Dividends to Company's shareholders*

Dividends to Company's shareholders are recognised when the dividends are approved for payments.

2.30 *Contingencies*

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2.31 *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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(a) *Impairment of goodwill*

The Group determines whether goodwill is 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 is 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 at 31 December 2008 was approximately US\$2,851,757,000 (2007: US\$2,843,473,000).

(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 3 to 20 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 at 31 December 2008 was approximately US\$1,330,732,000 (2007: US\$1,019,942,000).

(c) *Income taxes*

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable, deferred tax assets and deferred tax liabilities at 31 December 2008 was approximately US\$115,710,000 (2007: US\$69,498,000), US\$56,681,000 (2007: US\$28,038,000) and US\$335,872,000 (2007: US\$296,078,000) 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 at 31 December 2008 was approximately US\$1,021,057,000 (2007: US\$940,014,000).

(e) *Provision for employee gratuity*

Provision for employee gratuity benefit is determined using actuarial valuations. The actuarial valuation involved making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long term nature of this plan, such estimates are subject to significant uncertainty. The net provision for employee gratuity at the balance sheet date is approximately US\$14,480,000 (2007: US\$13,408,000). Further details are given in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

4. REVENUE

	Group	
	2008 US\$'000	2007 US\$'000
Sales of palm based products, other edible oils and oilseeds	29,054,482	16,426,424
Shipping charter income	80,932	29,422
Others	9,771	10,305
	29,145,185	16,466,151

5. COST OF SALES

	Group	
	2008 US\$'000	2007 US\$'000
Cost of inventories recognised as expense – physical delivery	25,090,964	14,039,694
Labour costs and other overheads	1,310,032	566,695
Net gain on non-physical delivery forward contracts ("paper trades")	(190,595)	(20,408)
Net (gain)/loss from derivative financial instruments	(625,032)	152,364
	25,585,369	14,738,345

6. INTEREST INCOME

	Group	
	2008 US\$'000	2007 US\$'000
Interest income:		
- from associates	7,382	4,214
- from fixed deposits	69,662	2,851
- from other sources	12,201	8,467
- from related parties	665	1,212
- late interest charge to trade receivables	3,017	923
	92,927	17,667

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

7. OTHER OPERATING INCOME

	Group	
	2008	2007
	US\$'000	US\$'000
Bad debts recovered	107	267
Compensation/penalty income	6,611	1,221
Gain on disposal of property, plant and equipment	17,699	-
Gain on disposal of associates	920	-
Gain on disposal of subsidiaries	-	26
Gain on disposal of investment securities	4,044	1,049
Government grants/incentive income	19,108	7,786
Income from sales cancellation	14,738	476
Negative goodwill on acquisition of subsidiaries/associate	348	1,382
Net foreign exchange gain	181,799	98,483
Processing fee income/tolling income	2,086	275
Rental and storage income	3,955	5,537
Royalty/marketing/other income	4,249	329
Scrap sales	9,543	4,890
Service fees/management fees/commission income	3,015	329
Fair value gain on investment securities at fair value through profit or loss	3,596	-
Write-back of impairment of associates	-	43
Others	5,615	10,915
	277,433	133,008

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

8. OTHER OPERATING EXPENSES

	Group	
	2008	2007
	US\$'000	US\$'000
Allowance for doubtful receivables – non-trade	1	1,858
Allowance for doubtful receivables – trade	18,647	2,447
Allowance on advances to associates	5,000	2,500
Amortisation of intangible assets	18	78
Bad debts written off – non-trade	1,059	380
Bad debts written off – trade	1,098	285
Compensation/penalty expenses	1,601	1,654
Expenses relating to convertible bonds	–	12,500
Fair value loss on convertible bonds	12,661	–
Fair value loss on investment securities at fair value through profit or loss	1,982	–
Goodwill arising from acquisition of subsidiaries written off	346	2,544
Grant of share options to employees	1,012	–
Impairment of investment in associates	1,172	–
Impairment of property, plant and equipment	376	677
Inventories written off	1,126	1,554
Loss on disposal of associates	16,541	–
Loss on disposal of property, plant and equipment	–	632
Loss on disposal of subsidiaries	95	–
Loss on disposal of investment securities	20	–
Loss on plasma investments	–	62
Merger expenses	–	3,541
Pre-operating expenses	4,424	2,895
Shares granted to employees	3,068	61,525
Services/management fees expenses	1,820	1,535
Others	12,015	11,590
	84,082	108,257

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

9. FINANCE COSTS

	Group	
	2008	2007
	US\$'000	US\$'000
Interest expense:		
- bank borrowings (including bank overdrafts)	322,639	172,475
- bank charges	20,776	8,150
- convertible bonds (accretion of interest)	7,948	-
- delayed payments to trade payables	581	3,939
- loans from associated companies	2	415
- loans from related parties	618	1,514
- others	6,173	1,545
	358,737	188,038
Less: Amount capitalised		
- biological assets (Note 18)	(6,183)	(2,131)
- property, plant and equipment (Note 13)	(5,627)	(4,921)
	346,927	180,986

10. PROFIT BEFORE TAX

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

	Group	
	2008	2007
	US\$'000	US\$'000
Non-audit fees paid to:		
- Auditors' of the Company	51	196
- Other auditors	72	114
Depreciation of property, plant and equipment:	213,547	136,826
Less: Amount capitalised as part of costs of biological assets	(6,023)	(3,811)
Add: Impairment loss	376	677
Depreciation of property, plant and equipment - net	207,900	133,692
Employee benefits expense (Note 32)	466,504	253,814
Operating lease expense	4,011	1,390

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

11. INCOME TAX EXPENSE

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2008 and 2007 are:

	Group	
	2008 US\$'000	2007 US\$'000
Income statement		
<i>Current income tax</i>		
Current income taxation	238,150	115,334
Under/(over)provision in respect of previous years	1,192	(156)
	239,342	115,178
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	(13,875)	40,489
Under/(over)provision in respect of previous years	6,707	(1,110)
	232,174	154,557
Deferred income tax related to items charged or credited directly to equity:		
Net change in fair value of derivative financial instruments designated as cash flow hedges	22,070	-

(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 years ended 31 December 2008 and 2007 are as follows:

	Group	
	2008 US\$'000	2007 US\$'000
Accounting profit before income tax	1,789,325	829,793
Tax calculated at tax rate of 18% (2007: 18%)	322,079	149,363
Adjustments:		
Effect of different tax rates in other countries	52,971	88,385
Effect of tax concession	(156,263)	(2,682)
Effect of tax exemption	(35,003)	(92,171)
Section 13A exemption of shipping profits	(5,351)	(854)
Income not subject to taxation	(32,249)	(40,244)
Non-deductible expenses	59,637	47,548
Deferred tax assets/tax losses not recognised	44,424	16,407
Under/(over) provision in respect of previous years	7,899	(1,266)
Others	(25,970)	(9,929)
	232,174	154,557

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

11. INCOME TAX EXPENSE (CONTINUED)

- (c) The corporate income tax applicable to the Malaysian companies of the Group was reduced to 26% for the financial year ended 31 December 2008 from 27% for the financial year ended 31 December 2007.
- (d) Certain subsidiaries and associated companies, which are registered corporations in the People's Republic of China, being foreign investment enterprises ("FIE"), are exempt from income tax on the first 2 years' profits, and are taxed at the concessionary tax rate of 50% of the applicable income tax rates from the third to the fifth year. China is working towards the convergence of the corporate income tax rates between FIE and the domestic enterprises by narrowing the corporate income tax rates disparity to a standard 25%. The transitional phase of the convergence exercise came into effect on 1 January 2008.
- (e) A major subsidiary, Wilmar Trading Pte Ltd, has been granted the "Global Trader Programme" incentive by International Enterprise Singapore ("IES"), under which qualifying profits are taxed at a concessionary rate of 10% for a period of 5 years commencing 1 January 2003. The concessionary rate was subsequently revised to 5% for a period of 5 years commencing 1 January 2004. Wilmar Trading Pte Ltd has been granted the incentive for another 5 years commencing 1 January 2009 and continues to enjoy a concessionary rate of 5% on qualifying profits.
- (f) Wilmar Oleo Pte. Ltd., another Singapore subsidiary, has also been granted the "Global Trader Programme" incentive by IES, under which qualifying profits are taxed at a concessionary rate of 10% for a period of 5 years commencing 1 January 2007.
- (g) The shipping subsidiary, Wilmar Ship Holdings Pte. Ltd. and 11 of its subsidiaries that are incorporated in Singapore, are granted the "Approved International Shipping" ("AIS") incentive by the Maritime Port Authority ("MPA"), under which their qualifying tax profits and those of 3 approved network companies are tax exempt for a period of 10 years commencing 1 January 2008. Raffles Shipping International Pte. Ltd., a subsidiary of Wilmar Ship Holdings Pte. Ltd., was also granted the AIS incentive from 1 August 2008 to 31 December 2017.
- (h) Apart from the above, there is also no taxation charge for other vessel owning subsidiaries as the profits derived from their Singapore registered vessels are exempt from income tax under Section 13A of the Singapore Income Tax Act, Cap. 134.

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 ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2008	2007
Profit, net of tax for the year attributable to ordinary equity holders of the parent (US\$'000)	1,530,990	580,405
Weighted average number of ordinary shares ('000)	6,385,681	4,534,892
Basic earnings per share (US cents per share)	23.98	12.80

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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 ordinary equity holders of the parent (after deducting dividends and amortisation of discount on convertible bonds) by the weighted average number of 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.

18,170,000 (2007: Nil) of share options granted to employees under the Executive Share Option Scheme ("ESOS") and 161,163,569 (2007: 161,163,569) of convertible bonds have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous financial year.

	Group	
	2008	2007
Profit for the year attributable to ordinary equity holders of the parent (US\$'000)	1,530,990	580,405
Weighted average number of ordinary shares ('000)	6,385,681	4,534,892
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	6,385,681	4,534,892
Diluted earnings per share (US cents per share)	23.98	12.80

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, land and land rights	Buildings	Plant and machineries	Furniture, fittings and office equipment	Vessels	Motor vehicles, trucks and aircrafts	Construction in-progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group								
Cost								
At 1 January 2007	84,596	353,036	739,776	24,896	51,602	54,279	174,804	1,482,989
New subsidiaries acquired	349,092	301,149	587,018	36,086	–	29,724	31,310	1,334,379
Additions	37,998	18,842	20,007	11,079	79,556	11,324	396,203	575,009
Disposals	(313)	(3,387)	(10,085)	(2,004)	(6,039)	(3,349)	(82)	(25,259)
Transfers	9,010	68,192	181,918	4,419	29,592	946	(294,077)	–
Currency translation differences	9,546	24,214	51,047	1,932	–	1,444	6,733	94,916
At 31 December 2007 and 1 January 2008	489,929	762,046	1,569,681	76,408	154,711	94,368	314,891	3,462,034
New subsidiaries acquired	–	–	–	136	–	37	–	173
Disposal of subsidiaries	(313)	(1,749)	(12,612)	(434)	–	(268)	(31,799)	(47,175)
Additions	60,242	44,559	61,692	10,443	102,473	22,374	653,451	955,234
Disposals	(332)	(6,210)	(24,344)	(3,501)	(32,698)	(6,055)	(7,681)	(80,821)
Transfers	5,810	137,169	309,937	2,275	15,169	1,716	(472,076)	–
Reclassification	(3,718)	(74,449)	64,341	(9,432)	–	13,818	1,769	(7,671)
Currency translation differences	(241)	23,807	34,664	1,761	–	(1,554)	10,514	68,951
At 31 December 2008	551,377	885,173	2,003,359	77,656	239,655	124,436	469,069	4,350,725
Accumulated depreciation								
At 1 January 2007	6,011	58,179	203,262	13,732	13,591	34,028	–	328,803
New subsidiaries acquired	22,848	84,232	286,378	23,622	–	14,209	–	431,289
Depreciation charge for the year	5,215	23,401	84,562	7,349	7,846	8,453	–	136,826
Disposals	(105)	(717)	(5,988)	(1,174)	(5,016)	(2,747)	–	(15,747)
Impairment loss	–	–	671	6	–	–	–	677
Currency translation differences	1,491	7,314	9,769	3,958	–	834	–	23,366
At 31 December 2007 and 1 January 2008	35,460	172,409	578,654	47,493	16,421	54,777	–	905,214
Disposal of subsidiaries	(41)	(762)	(4,328)	(65)	–	(68)	–	(5,264)
Depreciation charge for the year	8,989	33,599	119,500	10,395	26,903	14,161	–	213,547
Disposals	(85)	(1,858)	(14,904)	(2,796)	(3,764)	(4,347)	–	(27,754)
Impairment loss	–	314	62	–	–	–	–	376
Reclassification	1,385	(14,432)	14,284	(5,958)	–	4,721	–	–
Currency translation differences	295	4,404	6,738	1,208	–	(255)	–	12,390
At 31 December 2008	46,003	193,674	700,006	50,277	39,560	68,989	–	1,098,509

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

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
Net carrying amount								
At 31 December 2007	454,469	589,637	991,027	28,915	138,290	39,591	314,891	2,556,820
At 31 December 2008	505,374	691,499	1,303,353	27,379	200,095	55,447	469,069	3,252,216

In the current financial year, an impairment charge of approximately US\$376,000 (2007: US\$677,000) was made on certain property, plant and equipment to bring their carrying values to their recoverable values.

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\$5,627,000 (2007: US\$4,921,000).

Assets held under finance lease

The carrying amount of motor vehicles held under finance lease at the balance sheet date was approximately US\$145,000 (2007: US\$100,000).

Leased assets are pledged as security for the related finance lease liabilities (Note 28).

Assets pledged as security

In addition to assets held under finance leases, certain property, plant and equipment of the Group are pledged as security for the bank borrowings (Note 28).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

14. INVESTMENT SECURITIES

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Non-current:				
<i>Available-for-sale financial assets</i>				
Unquoted equity shares, at cost	36,565	856	36,000	–
Current:				
<i>Available-for-sale financial assets</i>				
Unquoted equity shares, at cost	6	49,182	–	–
<i>Held for trading financial assets</i>				
Equity instruments (quoted)	38,598	–	–	–
	38,604	49,182	–	–

Unquoted shares at cost have no market prices and the fair value cannot be reliably measured using valuation techniques.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2008 US\$'000	2007 US\$'000
Unquoted equity shares, at cost	8,301,502	7,782,603

Details of the list of subsidiaries are included in Note 40.

Acquisition of subsidiaries

The Group acquired the following subsidiaries during the financial year:

Name of subsidiaries acquired	Equity interest acquired %	Consideration US\$'000	Date of acquisition
Raffles Shipping International Pte. Ltd.	100	– *	1 August 2008
Raffles Shipping Corporation Pte. Ltd.	60	9,600	1 November 2008
		9,600	

* Purchase consideration for the acquisition of Raffles Shipping International Pte. Ltd. is less than US\$1,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	Recognised on date of acquisition	Carrying amount before combination
	US\$'000	US\$'000
Property, plant and equipment	173	173
Investment in associates	2,429	2,429
Trade and other receivables	23,921	23,921
Cash and cash equivalents	10,863	10,863
	<hr/> 37,386	<hr/> 37,386
Trade and other payables	30,373	30,373
Loans and borrowings	32	32
Tax payable	504	504
	<hr/> 30,909	<hr/> 30,909
Net identifiable assets	6,477	6,477
Less: Minority interests	(2,591)	(2,591)
Identifiable net assets acquired	3,886	<hr/> 3,886
Positive goodwill arising from acquisition recognised as part of intangible assets	5,714	
Total consideration for acquisition	<hr/> 9,600	

Total cost of business combination

The total cost of the business combination is as follows:

	New acquisition
	US\$'000
Consideration for acquisition - cash paid	<hr/> 9,600

The effects of acquisition on cash flows is as follows:

Consideration settled in cash	9,600
Less: Cash and cash equivalents of subsidiaries acquired	(10,863)
Net cash inflow on acquisition	<hr/> (1,263)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Impact of acquisition on income statement

From the date of acquisition, the acquirees have contributed approximately US\$18,105,000 to the Group's net profit for the financial year ended 31 December 2008. If the combination had taken place at the beginning of the financial year, the Group's profit would have been approximately US\$1,532,661,000 and revenue would have been approximately US\$29,149,403,000.

Goodwill arising from acquisition

Goodwill of approximately US\$5,714,000 arising from the acquisition of Raffles Shipping Corporation Pte. Ltd. is recognised as part of intangible assets.

Acquisition of minority interests

On 14 February 2008, the Group's subsidiary, Tradesound Investments Limited ("Tradesound") acquired an additional 25.31% equity interest in PT Cahaya Kalbar Tbk ("CK") from its minority interests for a cash consideration of IDR61,890,500,400 (equivalent to approximately US\$6,632,000). As a result of this acquisition, CK became an 87.02% owned subsidiary of Tradesound. On the date of acquisition, the book value of the additional interest acquired was approximately US\$6,354,000. The difference between the consideration and the book value of the interest acquired is expensed off to the income statement immediately.

On 19 March 2008, the Group's subsidiary, Wilmar China New Investments Pte. Ltd. ("WCNI") acquired an additional 28.33% equity interest in Yihai Kerry (Anhui) Oils & Grains Industries Co., Ltd ("YK Anhui") from its minority interests for a cash consideration of RMB17,000,000 (equivalent to US\$2,434,000). As a result of this acquisition, YK Anhui became an 80% owned subsidiary of WCNI. On the date of acquisition, the book value of the additional interest acquired was approximately US\$2,366,000. The difference between the consideration and the book value of the interest acquired is expensed off to the income statement immediately.

On 30 September 2008, the Group's subsidiary, Siteki Investments Pte Ltd ("Siteki") acquired an additional 32% equity interest in Cam Vang Company Limited ("Cam Vang") from its minority interests for a cash consideration of approximately US\$2,200,000. As a result of this acquisition, Cam Vang became a wholly-owned subsidiary of Siteki. On the date of acquisition, the book value of the additional interest acquired was approximately US\$2,449,000. The difference between the consideration and the book value of the interest acquired is recognised in the income statement immediately.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries

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

	US\$'000
Property, plant and equipment	41,911
Intangible assets	2,777
Trade and other receivables	38,388
Inventories	35,658
Cash and cash equivalents	8,193
	<hr/>
	126,927
	<hr/>
Trade and other payables	95,395
Loans and borrowings	24,305
	<hr/>
	119,700
	<hr/>
Net identifiable assets	7,227
Less: Minority interests	(3,566)
	<hr/>
	3,661
Less: Transfer to investment in associates	(3,566)
	<hr/>
Net assets disposed	95
	<hr/>
Net assets disposed	95
Loss on disposal	(95)
	<hr/>
Sales proceeds, net	-
Less: Cash and cash equivalents of subsidiaries disposed	(8,193)
	<hr/>
Net cash outflow on disposal of subsidiaries	(8,193)
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Shares, at cost	680,278	267,648	307,127	140,152
Quasi equity loans	164,521	–	–	–
Share of post-acquisition reserves	280,501	181,637	–	–
Share of changes recognised directly in associates' equity	914	2,088	–	–
Currency translation differences	31,656	577	–	–
Carrying amount of investment	1,157,870	451,950	307,127	140,152

Details of the list of significant associates are included in Note 41.

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

	Group	
	2008 US\$'000	2007 US\$'000
Assets and liabilities:		
Current assets	3,142,272	2,592,066
Non-current assets	1,260,683	900,795
Total assets	4,402,955	3,492,861
Current liabilities	2,587,339	2,418,887
Non-current liabilities	648,320	231,224
Total liabilities	3,235,659	2,650,111
Results:		
Revenue	10,833,498	6,847,017
Profit for the year	265,590	156,250

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

17. PLASMA INVESTMENTS

Plasma investments comprise accumulated costs and borrowing costs incurred for the development of oil palm plantations in Indonesia under the "Plasma Scheme". Under this scheme, which is implemented under the Indonesian Government's guidelines, the subsidiaries assume the responsibility for developing oil palm plantations to the productive stage, using the bank loans provided specifically for this purpose. When the oil palm plantations are at their productive stage, the development costs of the plantations together with the aforementioned bank loans will be transferred to the plasma landholders.

	Group	
	2008 US\$'000	2007 US\$'000
Development cost and interest expense capitalised	12,358	10,183
Less: Instalments paid by plasma landholders	(339)	(339)
	12,019	9,844
Transferred to plasma landholders	(4,047)	(3,586)
	7,972	6,258
Less: Impairment	(516)	(516)
Total plasma investments	7,456	5,742

18. BIOLOGICAL ASSETS

	Group	
	2008 US\$'000	2007 US\$'000
At 1 January	940,014	223,542
New subsidiaries acquired	-	524,749
Additions	100,540	69,629
Disposals	(147)	(359)
Capitalisation of interest (Note 9)	6,183	2,131
Capitalisation of depreciation	6,023	3,811
Currency translation differences	(31,556)	(937)
Transfers to small holders	-	(6,009)
	1,021,057	816,557
Increase in fair value less point-of-sale costs	-	123,457
At 31 December	1,021,057	940,014

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

18. BIOLOGICAL ASSETS (CONTINUED)

(a) *Analysis of oil palm production*

During the financial year, the Group harvested 2,960,264 tonnes (2007: 2,836,723 tonnes) of fresh palm fruit bunches, which had a fair value less estimated point-of-sale costs of approximately US\$428,456,000 (2007: US\$382,032,000). The fair value of fresh palm fruit bunches was determined with reference to their market prices.

(b) *Analysis of biological assets*

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

	Group	
	2008	2007
	US\$'000	US\$'000
Planted area:		
- Mature *	796,569	786,472
- Immature	224,488	153,542
	1,021,057	940,014

	Group	
	2008	2007
	Hectares	Hectares
Planted area:		
- Mature *	143,871	131,564
- Immature	82,038	73,953
	225,909	205,517

* *Mature planted area included rubber plantations*

- (c) At 31 December 2008, the fair value of biological assets of the Group mortgaged as securities for bank term loans amounted to approximately US\$113,395,000 (2007: US\$162,080,000).
- (d) Based on approval from Minister of Agriculture, Republic of Indonesia to develop oil palm plantations, the Group is committed to develop a total of 132,875 hectares (2007: 73,953 hectares) of oil palm plantations.
- (e) The interest capitalised is actual interest incurred on the bank borrowings to finance the development of oil palm plantations.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

18. BIOLOGICAL ASSETS (CONTINUED)

- (f) The fair value of biological assets has been determined based on valuations by an independent professional valuer. The valuations were based on the following significant assumptions:
- (i) No new planting or replanting activities are assumed;
 - (ii) Oil palm trees have an average life of 25 (2007: 25) years, with the first three years as immature and remaining years as mature;
 - (iii) Discount rate per annum of 8.1% to 17.4% (2007: 7.5% to 16.7%);
 - (iv) Fresh Fruit Bunches ("FFB") selling price of US\$101 to US\$118 (2007: US\$116 to US\$128) per metric tonne and
 - (v) Yield per hectare is 20.9 (2007: 22.8), based on average historical performance.

19. INTANGIBLE ASSETS

	Goodwill US\$'000	Trademarks & licenses and others US\$'000	Brand US\$'000	Total US\$'000
Group				
Cost				
At 1 January 2007	47,889	665	–	48,554
Additions	–	5	–	5
Disposals	(5,431)	(5)	–	(5,436)
Acquisition of new subsidiaries	2,812,531	279	1,089,247	3,902,057
Currency translation differences	170	19	–	189
Written off to income statement	–	(297)	–	(297)
At 31 December 2007 and 1 January 2008	2,855,159	666	1,089,247	3,945,072
Additions	–	416	–	416
Disposal of subsidiaries	(2,777)	–	–	(2,777)
Acquisition of new subsidiaries	11,704	–	–	11,704
Currency translation differences	(645)	(4)	–	(649)
At 31 December 2008	2,863,441	1,078	1,089,247	3,953,766
Accumulated amortisation and impairment				
At 1 January 2007	(10,524)	(23)	–	(10,547)
Goodwill arising from acquisition of new subsidiaries and additional interest in existing subsidiaries written off	(2,544)	–	–	(2,544)
Negative goodwill taken to the income statement	1,382	–	–	1,382
Amortisation during the year	–	(78)	–	(78)
Currency translation differences	–	10	–	10
At 31 December 2007 and 1 January 2008	(11,686)	(91)	–	(11,777)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

19. INTANGIBLE ASSETS (CONTINUED)

	Goodwill	Trademarks & licenses and others	Brand	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Accumulated amortisation and impairment (continued)				
At 31 December 2007 and 1 January 2008	(11,686)	(91)	–	(11,777)
Goodwill arising from acquisition of new subsidiaries and additional interest in existing subsidiaries written off	(346)	–	–	(346)
Negative goodwill taken to the income statement	348	–	–	348
Amortisation during the year	–	(18)	–	(18)
Currency translation differences	–	41	–	41
At 31 December 2008	(11,684)	(68)	–	(11,752)
Net carrying amount				
At 31 December 2007	2,843,473	575	1,089,247	3,933,295
At 31 December 2008	2,851,757	1,010	1,089,247	3,942,014

Amortisation expense

The amortisation of trademarks & licenses and others is included in other operating expenses in the income statement.

Brand

Brand relates to the 'Arawana' brand name for the Group's consumer products segment that was acquired in the previous financial year. As explained in Note 2.11(b)(i), the useful life of the brand is estimated to be indefinite.

Impairment testing of goodwill and brand

Goodwill arising from business combinations and brand have been allocated to individual cash-generating units ("CGU") for impairment testing as follows:

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

	Merchandising and Processing Segment		Consumer Products Segment		Plantation and Palm Oil Mills Segment		Others		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Goodwill	1,221,506	1,219,927	28,986	28,986	1,595,551	1,594,560	5,714	–	2,851,757	2,843,473
Brand	–	–	1,089,247	1,089,247	–	–	–	–	1,089,247	1,089,247

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

19. INTANGIBLE ASSETS (CONTINUED)

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. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow beyond the five-year period are as follows:

	Merchandising and Processing Segment		Consumer Products Segment		Plantation and Palm Oil Mills Segment	
	2008	2007	2008	2007	2008	2007
Terminal growth rates	3%	3%	3%	3%	3%	3%
Pre-tax discount rates	14%	14%	12%	12%	12%	12%

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.

20. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments included in the balance sheet at 31 December are as follows:

	Group						Company					
	2008			2007			2008			2007		
	Contract/ Notional amount US\$'000	Assets US\$'000	Liabilities US\$'000	Contract/ Notional amount US\$'000	Assets US\$'000	Liabilities US\$'000	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	9,006,546	145,394	97,977	2,041,864	23,744	10,760	-	-	-	-	-	-
Futures, options and swap contracts	3,115,109	670,694	191,619	2,559,261	78,904	97,270	-	-	-	-	-	-
Fair value of embedded derivative of convertible bonds		14,222	-		26,883	-		14,222	-		26,883	-
Total derivative financial instruments		830,310	289,596		129,531	108,030		14,222	-		26,883	-
Less: Current portion		(816,088)	(289,596)		(95,922)	(108,030)		-	-		-	-
Non-current portion		14,222	-		33,609	-		14,222	-		26,883	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group classifies derivative financial instruments as financial assets/(liabilities) at fair value through profit or loss.

Other than those designated as hedges of certain commodities derivatives, the Group does not apply hedge accounting.

Cash flow hedges

Hedges of future sales of biodiesel

The Group enters into various commodities options and swap contracts in order to hedge the financial risk related to the sale of biodiesel. The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain of approximately US\$419,345,000 (2007: Nil), with a related deferred tax charge of approximately US\$22,070,000 (2007: Nil), is included in the hedging reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and entered into the determination of profit or loss during the next three financial years as follows: US\$251,192,000, US\$156,149,000 and US\$12,004,000 (2007: Nil).

21. DEFERRED TAX

Deferred income tax as at 31 December relates to the following:

	Consolidated balance sheet		Group Consolidated income statement	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Deferred tax assets:				
Provisions	12,981	5,475	(5,482)	(1,258)
Unutilised tax losses	16,020	8,224	(9,478)	(1,409)
Differences in depreciation for tax purposes	18,798	10,452	(11,295)	(4,055)
Other items	8,882	3,887	(4,617)	(1,495)
	56,681	28,038		
Deferred tax liabilities:				
Differences in depreciation for tax purposes	111,024	94,690	29,129	3,834
Fair value adjustments on acquisition of subsidiaries	28,683	17,803	(543)	(800)
Fair value adjustments on derivatives classified as cash flow hedges	22,070	–	–	–
Fair value adjustments on biological assets	173,930	178,062	(11,486)	43,517
Other items	165	5,523	6,604	1,045
	335,872	296,078		
Deferred income tax expense			(7,168)	39,379

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

21. DEFERRED TAX (CONTINUED)

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39) for the financial years ended 31 December 2008 and 2007 respectively.

22. OTHER RECEIVABLES

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Non-current:				
Prepayments	21,360	5,129	–	–
Advances for property, plant and equipment	18,827	18,289	–	–
Purchase consideration for the acquisition of IPT associates *	–	349,492	–	349,492
Deferred charges arising from convertible bonds	–	48,000	–	48,000
Other non-trade receivables	29,452	30,692	–	6,143
Amount due from subsidiaries – non-trade	–	–	233,360	274,007
Amount due from associates – non-trade	17,858	20,627	2,802	1,400
	87,497	472,229	236,162	679,042

* Being the purchase consideration for the acquisition of Archer Daniels Midland Asia-Pacific Limited's interest in a few associates in Peoples' Republic of China. The transfer of these entities was completed during the financial year ended 31 December 2008 and the amount was reclassified to investment in associates.

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Current:				
Deposits	63,263	34,163	–	–
Prepayments	27,050	44,904	60	91
Loan to a minority shareholder	274	342	–	–
Tax recoverable	70,669	18,500	–	–
Other non-trade receivables	137,221	77,225	57	1,186
Advances for property, plant and equipment	100,839	38,077	–	–
Advances to suppliers	184,538	497,817	–	–
Amount due from subsidiaries – non-trade	–	–	1,287,307	1,061,516
Amount due from associates – non-trade	157,125	143,219	49,129	49,612
Amount due from related parties – non-trade	5,040	2,307	–	–
	746,019	856,554	1,336,553	1,112,405

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

22. OTHER RECEIVABLES (CONTINUED)

Amount due from subsidiaries and associates (non-current)

The non-current non-trade balances receivable from subsidiaries and associates are unsecured, non-interest bearing and have no fixed terms of repayment. These balances are not expected to be paid within the next twelve months.

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

The current non-trade balances receivable from subsidiaries, associates and related parties are unsecured, non-interest bearing and have no fixed terms of repayment except for the following:

- (a) an amount of approximately US\$84,915,000 (2007: US\$87,904,000) due from associates which bears interest ranging from 5.77% to 13.24% (2007: 5.58% to 10.25%) per annum; and
- (b) an amount of approximately US\$1,479,000 (2007: Nil) due from a related party which bears interest at 13.00% (2007: Nil) per annum.

23. INVENTORIES

	Group	
	2008 US\$'000	2007 US\$'000
Balance Sheet		
At cost:		
Raw materials	494,306	1,499,984
Consumables	145,050	107,054
Finished goods	355,844	1,577,196
Stock in transit	199,733	282,939
	1,194,933	3,467,173
At net realisable value:		
Raw materials	293,319	-
Consumables	896	3,301
Finished goods	979,157	143,592
	1,273,372	146,893
	2,468,305	3,614,066
Income Statement:		
Inventories recognised as an expense in cost of sales	25,090,964	14,039,694
Inclusive of the following charge:		
- Inventories written down	197,078	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

24. TRADE RECEIVABLES

	Group	
	2008 US\$'000	2007 US\$'000
Trade receivables	947,808	1,094,001
Notes receivables	38,675	36,004
Value added tax recoverable	132,574	174,498
Amount due from associates – trade	203,634	153,057
Amount due from related parties – trade	30,264	48,696
	1,352,955	1,506,256
Less: Allowance for doubtful receivables	(21,791)	(5,052)
	1,331,164	1,501,204

Trade receivables are non-interest bearing and the average turnover is 16 days (2007: 21 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 (2007: 1 to 180 days).

Receivables that are past due but not impaired

The Group has trade receivables amounting to approximately US\$658,748,000 (2007: US\$798,616,000) 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	
	2008 US\$'000	2007 US\$'000
Trade receivables past due:		
Lesser than 30 days	398,197	586,498
30 - 60 days	76,714	134,479
61 - 90 days	31,168	42,457
91 - 120 days	98,490	16,016
More than 120 days	54,179	19,166
	658,748	798,616

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

24. TRADE RECEIVABLES (CONTINUED)

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 accounts:

	Group Individually impaired	
	2008 US\$'000	2007 US\$'000
At 1 January	(5,052)	(2,808)
Allowance made during the year	(18,647)	(2,447)
Bad debts written off against allowance	1,926	436
Exchange differences	(18)	(233)
At 31 December	(21,791)	(5,052)

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.

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Trade receivables	1,331,164	1,501,204	–	–
Other receivables – current	433,592	275,756	1,336,493	1,112,314
Other receivables – non-current	47,310	51,319	236,162	281,550
Cash and bank balances	2,893,102	967,572	78,003	2,829
Loans and receivables	4,705,168	2,795,851	1,650,658	1,396,693

25. CASH AND BANK BALANCES

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Cash at banks and in hand	750,747	528,320	474	2,829
Short term deposits	599,730	137,218	77,529	–
Fixed deposits pledged for bank facilities	1,542,625	302,034	–	–
Cash and bank balances	2,893,102	967,572	78,003	2,829

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

25. CASH AND BANK BALANCES (CONTINUED)

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 earn interests at the respective short-term deposit rates.

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

	Group	
	2008 US\$'000	2007 US\$'000
Cash and bank balances	2,893,102	967,572
Less: Fixed deposits pledged with financial institutions for bank facilities	(1,542,625)	(302,034)
Bank overdrafts (Note 28)	(246,781)	(220,652)
Cash and cash equivalents	1,103,696	444,886

26. TRADE PAYABLES

	Group	
	2008 US\$'000	2007 US\$'000
Trade payables	826,575	641,012
Value added tax payable	26,544	14,456
Due to associates - trade	44,671	124,693
Due to related parties - trade	48,429	221,751
	946,219	1,001,912

Trade payables are non-interest bearing and are normally settled on 14 days (2007: 16 days) term.

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Trade payables	946,219	1,001,912	-	-
Other payables – current	592,247	434,042	82,607	36,160
Other payables – non-current	13,937	28,455	-	-
Loans and borrowings (Note 28)	5,283,565	5,027,909	950,311	558,363
Total financial liabilities carried at amortised cost	6,835,968	6,492,318	1,032,918	594,523

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

27. OTHER PAYABLES

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Current:				
Accrued operating expenses	404,117	294,331	6,896	7,312
Advances from customers	301,878	346,219	-	-
Due to subsidiaries – non-trade	-	-	74,266	28,848
Due to associates – non-trade	8,613	5,480	1,445	-
Due to related parties – non-trade	5,851	5,212	-	-
Deposits from third parties	25,033	38,328	-	-
Dividend payable to minority shareholders	13,144	23,105	-	-
Payable for property, plant and equipment	26,365	8,328	-	-
Other liabilities	109,124	59,258	-	-
	894,125	780,261	82,607	36,160

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Non-current:				
Advances from minority shareholders of subsidiaries	13,937	28,422	-	-
Provision for employee gratuity (Note 31)	14,480	13,408	-	-
Other payables	-	33	-	-
	28,417	41,863	-	-

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

The non-current advances from minority shareholders are unsecured, non-interest bearing and are not expected to be repaid within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

28. LOANS AND BORROWINGS

	Note	Maturity	Weighted average interest rate		Group		Company	
			2008 %	2007 %	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Current:								
Bank term loans	(a)	2009	5.19	6.59	47,168	88,418	–	16,000
Short term loans	(b)	2009	6.10	5.87	2,563,567	1,984,303	–	–
Pre-shipment loans	(b)	2009	4.20	5.55	269,120	692,597	–	–
Trust receipts/bill discounts	(b)	2009	2.23	4.72	550,428	1,223,120	–	–
Bank overdrafts	(c)	2009	11.69	6.70	246,781	220,652	–	–
Obligations under finance lease	(d)	2009	9.47	18.00	54	58	–	–
					3,677,118	4,209,148	–	16,000
Non-current:								
Bank term loans	(a)	2010 – 2019	3.36	6.15	1,056,046	276,354	400,000	–
Convertible bonds	(e)	2012	4.40	4.40	550,311	542,363	550,311	542,363
Obligations under finance lease	(d)	2010 – 2012	9.47	18.00	90	44	–	–
					1,606,447	818,761	950,311	542,363
Total loans and borrowings					5,283,565	5,027,909	950,311	558,363

The terms and conditions and securities for interest bearing loans and borrowings are as follows:

(a) **Bank term loans**

The bank term loans of the Group and the Company are secured by:

- (i) A charge over property, plant and equipment of certain subsidiaries
- (ii) A pledge over inventories, biological assets and accounts receivables of certain subsidiaries
- (iii) Corporate guarantees from the Company and certain subsidiaries
- (iv) Personal guarantee from a director/minority shareholder of a subsidiary

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

28. LOANS AND BORROWINGS (CONTINUED)

(b) *Short term loans/pre-shipment loans/trust receipts/bill discounts*

Short term loans, pre-shipment loans, trust receipts and bill discounts are secured by a charge over property, plant and equipment, fixed deposits, accounts receivables, inventories, corporate guarantees from the Company and certain subsidiaries and personal guarantee from a director/minority shareholder of a subsidiary.

(c) *Bank overdrafts*

Bank overdrafts are secured by property, plant and equipment, inventories, accounts receivables and corporate guarantees from the Company and corporate guarantees from certain subsidiaries.

(d) *Obligations under finance lease*

These obligations are secured by a charge over the lease assets (Note 13). The average discount rate implicit in the leases is 9.47% (2007: 18.00%) per annum. These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

(e) *Convertible bonds*

On 18 December 2007, the Company issued a zero coupon convertible bond denominated in US Dollars with a nominal value of US\$600,000,000. The bond will mature 5 years from the issue date at their nominal value of US\$600,000,000 or can be convertible on or after 27 January 2008 up to the seventh day prior to 18 December 2012 into fully paid ordinary shares of the Company at an initial conversion price of S\$5.38 per share with a fixed exchange rate of S\$1.4451 to US\$1.00. The conversion price is subject to adjustment in the circumstances described under "Term and Conditions of Bonds - Conversion" in the circular dated 17 December 2007.

The fair value of the liability component, included in non-current loans and borrowings, is calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in capital reserves (Note 30(b)(i)).

The carrying amount of the liability component of the convertible bonds at the balance sheet date is derived as follows:

	Group and Company	
	2008	2007
	US\$'000	US\$'000
Face value of convertible bonds issued on 18 December 2007	600,000	600,000
Discount on convertible bonds	–	48,000
Fair value of convertible bonds at the balance sheet date	600,000	648,000
Fair value of embedded derivatives at issuance date	26,883	26,883
Equity component	(84,520)	(132,520)
Accretion of interest	7,948	–
Liability component of convertible bonds at the balance sheet date	550,311	542,363

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

28. LOANS AND BORROWINGS (CONTINUED)

- (f) The bank facilities up to a limit of approximately US\$1,079,048,000 (2007: US\$1,616,002,000) are guaranteed by:
- (i) the Company and certain subsidiaries; and
 - (ii) personal guarantee given by a director/minority shareholder of a subsidiary

29. SHARE CAPITAL

	Group		Company	
	Number of shares '000	US\$'000	Number of shares '000	US\$'000
At 1 January 2007	2,532,805	280,278	2,532,805	716,417
Shares arising from acquisition of subsidiaries ⁽¹⁾ ⁽²⁾	3,852,876	8,122,269	3,852,876	8,122,269
At 31 December 2007, 1 January 2008 and 31 December 2008	6,385,681	8,402,547	6,385,681	8,838,686

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

(1) The Company issued approximately 2,403,154,000 ordinary shares amounting to approximately US\$5,118,544,000 for the acquisition of PGEO Group Sdn Bhd, PPB Oil Palms Berhad and Kuok Oils & Grains Pte Ltd.

(2) The Company issued approximately 1,449,722,000 ordinary shares amounting to approximately US\$3,003,725,000 for the IPT Assets acquisition.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

30. OTHER RESERVES

(a) **Composition:**

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Capital reserves (Note (b)(i))	149,113	194,045	149,113	194,045
Merger reserve (Note (b)(ii))	(1,959,820)	(1,960,906)	–	–
Foreign currency translation reserve (Note (b)(iii))	179,652	84,579	–	–
General reserve (Note (b)(iv))	92,897	26,544	–	–
Asset valuation reserve (Note (b)(v))	–	2,581	–	–
Hedging reserve (Note (b)(vi))	419,345	–	–	–
Employee share option reserve (Note (b)(vii))	1,012	–	1,012	–
Total other reserves	(1,117,801)	(1,653,157)	150,125	194,045

(b) **Movements:**

(i) *Capital reserves*

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
At 1 January	194,045	–	194,045	–
Shares granted to employees (Note 32)	3,068	61,525	3,068	61,525
Equity component of convertible bonds	(48,000)	132,520	(48,000)	132,520
At 31 December	149,113	194,045	149,113	194,045

Shares granted to employees represent the difference between the market price and the settlement price on 1,950,000 (2007: 21,168,000) ordinary shares which were transferred from Wilmar Holdings Pte Ltd to a total of 56 (2007: 374) 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 reserves.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

30. OTHER RESERVES (CONTINUED)

(b) *Movements (continued):*

(ii) *Merger reserve*

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
At 1 January	(1,960,906)	–	–	–
Merger reserve arising from the merger of the IPT Assets	–	(1,960,906)	–	–
Disposal of a subsidiary	1,086	–	–	–
At 31 December	(1,959,820)	(1,960,906)	–	–

Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under the IPT Assets.

(iii) *Foreign currency translation reserve*

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
At 1 January	84,579	14,448	–	–
Net currency translation differences of financial statements of foreign operations	95,073	70,131	–	–
At 31 December	179,652	84,579	–	–

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

30. OTHER RESERVES (CONTINUED)

(b) **Movements (continued):**

(iv) *General reserve*

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
At 1 January	26,544	15,344	-	-
Transfer from retained earnings	66,353	10,286	-	-
Share of associates' government grant received	-	914	-	-
At 31 December	92,897	26,544	-	-

(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 the net profit should be made to the Reserve Fund and the Enterprise Expansion Fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. The percentage to be appropriated to the Reserve Fund and the Enterprise Expansion Fund are determined by the board of directors of the China subsidiaries.

(b) In accordance with "The Law of Republic of Indonesia" No. 40/2007, a certain amount from the net earnings must be allocated to Reserve Fund. The percentage to be allocated to the Reserve Fund is determined by the General Meeting of the shareholders.

(v) *Asset valuation reserve*

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
At 1 January	2,581	-	-	-
Revaluation of land and buildings	-	1,407	-	-
Share of associates' surplus on revaluation of land and buildings	(1,174)	1,174	-	-
Transfer to retained earnings	(1,407)	-	-	-
At 31 December	-	2,581	-	-

Asset valuation reserve represents increases in the fair value of land and buildings.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

30. OTHER RESERVES (CONTINUED)

(b) **Movements (continued):**

(vi) *Hedging reserve*

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
At 1 January	-	-	-	-
Fair value adjustment on cash flow hedges Recognised in the profit and loss account on derivatives contracts realised and recognised in "Revenue"	470,641	-	-	-
	(51,296)	-	-	-
At 31 December	419,345	-	-	-

Hedging reserve represents fair value adjustment on cash flow hedges.

(vii) *Employee share option reserve*

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
At 1 January	-	-	-	-
Grant of equity-settled share options	1,012	-	1,012	-
At 31 December	1,012	-	1,012	-

Employee share option reserve represents the equity-settled share options granted to employees (Note 32). 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.

31. PROVISION FOR EMPLOYEE GRATUITY

The Group recognises provision for employee gratuity in accordance with Indonesia 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 Actuarial Valuation Method". Actuarial gains or losses are recognised as income or expenses when the net cumulative unrecognised actuarial gains or losses exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected remaining working lives of employees. Past service cost is amortised over the remaining working lives of each employee.

The provision for employee gratuity recognised by the Group amounted to approximately US\$14,480,000 (2007: US\$13,408,000). The related expense recognised in the current financial year was approximately US\$3,441,000 (2007: US\$4,522,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

31. PROVISION FOR EMPLOYEE GRATUITY (CONTINUED)

The estimated liabilities for employee gratuity based on the actuarial report have been determined using the following assumptions:

	2008	Group	2007
Discount rate	13% per annum		10% per annum
Wages and salary increase	10% per annum		10% per annum
Retirement age	55 years of age		55 years of age
Mortality rate	CSO - 1980		CSO - 1980
Method	Projected unit credit		Projected unit credit

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

	2008	Group	2007
	US\$'000		US\$'000
Current service costs	2,128		2,676
Adjustments of new entrant employees	758		809
Interest costs	1,370		1,167
Curtailment loss	(1,007)		(654)
Immediate recognition of past service cost	(74)		329
Others	266		195
	3,441		4,522

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

	2008	Group	2007
	US\$'000		US\$'000
Present value of benefit obligation	13,104		16,549
Unamortised service cost	(182)		(205)
Unrecognised actuarial loss/(gain)	1,566		(2,950)
Currency exchange differences	(8)		14
Provision for employee gratuity (Note 27)	14,480		13,408

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

31. PROVISION FOR EMPLOYEE GRATUITY (CONTINUED)

Movement in provision for employee gratuity is as follows:

	Group	
	2008 US\$'000	2007 US\$'000
At 1 January	13,408	9,477
Subsidiaries acquired during the year	–	148
Provision made for the year	3,441	4,522
Payments during the year	(467)	(320)
Subsidiaries disposed during the year	(34)	–
Currency exchange differences	(1,868)	(419)
At 31 December	14,480	13,408

32. EMPLOYEE BENEFITS

	Group	
	2008 US\$'000	2007 US\$'000
Employee benefits expense (including directors):		
Salaries and bonuses	441,499	179,036
Central Provident Fund contributions	20,979	11,570
Share-based payments (shares granted to employees)	3,068	61,525
Share-based payments (executive share options)	1,012	–
Other short term benefits	18,582	12,582
Other long term benefits	3,032	4,055
	488,172	268,768
Less: Amount capitalised as biological assets	(21,668)	(14,954)
	466,504	253,814

Expenses in relation to shares granted to employees of approximately US\$3,068,000 (2007: US\$61,525,000) represent the difference between the market price and the settlement price on 1,950,000 ordinary shares (2007: 21,168,000) which were transferred from Wilmar Holdings Pte Ltd to a total of 56 (2007: 374) employees of the Wilmar group of companies as a reward for their long service with the Group. The shares were transferred on 23 February 2009 (2007: 7 December 2007) and were deemed a payment to the staff for the services rendered. Accordingly, the costs, computed as the difference between the market price and the settlement price was recorded as an expense in accordance with Financial Reporting Standard 102 Share-based Payment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

32. EMPLOYEE BENEFITS (CONTINUED)

Executive share option plan

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

During the financial year, a total of 18,170,000 share options are granted to executives of the Group. The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

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

Options Series	Date of Grant	As at Date of Grant	Options Exercised/lapsed	Balance as at 31.12.08	Exercise Price	Exercise Period
2008/A	27.11.2008	8,975,000	–	8,975,000	S\$2.45	28.11.2009 to 26.11.2013
2008/A	27.11.2008	8,975,000	–	8,975,000	S\$2.45	28.11.2010 to 26.11.2013
2008/B	09.12.2008	110,000	–	110,000	S\$2.63	10.12.2009 to 08.12.2013
2008/B	09.12.2008	110,000	–	110,000	S\$2.63	10.12.2010 to 08.12.2013
Total		<u>18,170,000</u>		<u>18,170,000</u>		

The weighted average fair value of options granted during the year was S\$1.30 (2007: Nil). The weighted average remaining contractual life for these options is 1.5 years (2007: Nil).

The fair value of the share options granted under the ESOS is estimated at the grant date using a trinomial option pricing model ("TOPM") in the Bloomberg Executive Option Valuation Module ("BEOVM"), taking into account the terms and conditions upon which the options were granted. The inputs to the model used are as follows:

	2008
Dividend yield (S\$ per share)	0.05
Expected volatility (%)	65.00
Risk-free interest rate (% p.a.)	1.07 to 1.30
Expected life of option (years)	2.00
Weighted average share price at date of grant (S\$)	2.79

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

32. EMPLOYEE BENEFITS (CONTINUED)

The expected life of the option is not necessarily indicative of exercise patterns that may occur, as this is the first option grant, and there is no historical exercising pattern. The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

33. 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	
	2008	2007
	US\$'000	US\$'000
Capital commitments in respect of property, plant and equipment	504,644	567,010

(b) *Operating lease commitments – as lessee*

The Group has entered into commercial leases on certain premises and equipment. These leases have an average tenure of between 1 and 10 years.

Future minimum rental payable under non-cancellable operating leases at the balance sheet date are as follows:

	Group	
	2008	2007
	US\$'000	US\$'000
Not later than one year	3,919	7,647
Later than one year but not later than five years	5,741	16,070
Later than five years	5,843	22,776
	15,503	46,493

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

33. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(c) *Commitments for sales and purchases contracts*

The Group has the following committed sales and purchases contracts. The contractual or underlying principal amounts of the committed contracts with fixed pricing terms that were outstanding as at 31 December are as follows:

	Contracts or underlying principal	
	2008 US\$'000	2007 US\$'000
Committed contracts		
Purchases	1,654,995	1,604,642
Sales	2,962,334	2,785,808

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

The Group has commitments in relation to the development of oil palm plantations amounting to approximately US\$158,372,000 as of 31 December 2008 (2007: US\$121,524,000).

(e) *Corporate guarantees*

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

	Group		Company	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Subsidiaries	–	–	1,242,958	1,724,478
Associates	127,066	133,390	127,066	133,390
	127,066	133,390	1,370,024	1,857,868

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

34. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(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	
	2008	2007
	US\$'000	US\$'000
Related parties		
Dividend income	31	–
Dividend paid	–	3,409
Freight charges	–	66,453
Interest expense	618	1,514
Interest income	665	1,212
Others	6,800	439
Purchase of goods	4,204,982	2,403,494
Sales of goods	688,255	241,919
Associates		
Dividend income	11,470	16,001
Interest expense	2	415
Interest income	7,382	4,214
Others	10,003	5,414
Purchase of goods	1,376,276	738,554
Sales of goods	1,653,955	917,886

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

34. RELATED PARTY DISCLOSURES (CONTINUED)

(b) *Compensation of key management personnel*

	Group	
	2008 US\$'000	2007 US\$'000
Central Provident Fund contributions	160	90
Short term employee benefits	3,629	58
Salaries and bonuses	12,925	5,712
Share-based payments (i.e. shares granted to employees)	597	14,291
	17,311	20,151
<i>Paid to:</i>		
Directors of the Company	12,777	7,715
Other key management personnel	4,534	12,436
	17,311	20,151

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Note	Group				Company			
		2008		2007		2008		2007	
		Carrying amount US\$'000	Fair value US\$'000	Carrying amount US\$'000	Fair value US\$'000	Carrying amount US\$'000	Fair value US\$'000	Carrying amount US\$'000	Fair value US\$'000
Financial assets:									
Investment securities	14	36,571	#	50,038	#	36,000	#	-	-
Other receivables – non-current	24	47,310	#	51,319	#	236,162	#	281,550	#
Financial liabilities:									
Other payables – non-current	26	13,937	#	28,455	#	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amounts approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, current trade and other payables and current interest-bearing loans and borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repaid frequently.

Financial instrument carried at other fair value

Investment securities, comprising unquoted shares and plasma investments are stated at cost as they have no market prices and the fair value cannot be reliably measured using valuation techniques.

Methods and assumptions used to determine fair values

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

Financial assets and liabilities	Methods and assumptions
<ul style="list-style-type: none">• Other non-current receivables• Other non-current payables• Interest-bearing loans and borrowings	Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending, borrowing and leasing arrangements.
<ul style="list-style-type: none">• Biological assets	Fair value has been estimated by reference to independent valuations 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 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 affected by the age of the oil palm, the location, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market price of the processed products after harvest, being crude palm oil and palm kernel. Point-of-sale costs include all costs that would be necessary to sell the assets.
<ul style="list-style-type: none">• Forward currency contracts	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
<ul style="list-style-type: none">• Futures, options and swap contracts	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, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

36. 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 and commodity price risks. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

36. 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:

	2008	Group		2007
	US\$'000	2008	2007	2007
		%	US\$'000	%
By country:				
South East Asia	527,967	40%	562,629	38%
People's Republic of China	386,801	29%	423,996	28%
India	37,907	3%	64,410	4%
Europe	199,665	15%	138,200	9%
Others	178,824	13%	311,969	21%
	1,331,164	100%	1,501,204	100%
By segment:				
Merchandising and Processing				
- Palm and laurics	986,622	74%	948,467	63%
- Oilseeds and grains	156,694	12%	325,234	22%
Consumer Products	82,410	6%	100,803	7%
Plantation and Palm Oil Mills	3,895	-	15,017	1%
Others	101,543	8%	111,683	7%
	1,331,164	100%	1,501,204	100%

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities 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 24 (Trade receivables).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

36. 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.

The table below summarises the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted cash flows.

	2008				2007			
	Less than 1 year US\$'000	1 to 5 years US\$'000	Over 5 years US\$'000	Total US\$'000	1 year or less US\$'000	1 to 5 years US\$'000	Over 5 years US\$'000	Total US\$'000
Group								
Trade and other payables	1,538,466	13,937	–	1,552,403	1,435,954	28,455	–	1,464,409
Derivative financial instruments	289,596	–	–	289,596	108,030	–	–	108,030
Loans and borrowings	3,684,473	1,761,394	40,450	5,486,317	4,209,148	818,761	–	5,027,909
	5,512,535	1,775,331	40,450	7,328,316	5,753,132	847,216	–	6,600,348
Company								
Trade and other payables	82,607	–	–	82,607	36,160	–	–	36,160
Loans and borrowings	–	1,079,182	–	1,079,182	16,000	542,363	–	558,363
	82,607	1,079,182	–	1,161,789	52,160	542,363	–	594,523

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value 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 related parties and fixed deposits with financial institutions.

At the balance sheet date, if the US\$ interest rates had been 50 (2007: 50) basis points lower/higher with all other variables including tax rate held constant, the Group's profit after tax will be higher/lower by approximately US\$12.95 million (2007: US\$25.14 million), as a result of lower/higher interest expense on these 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, Europe, 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), and Malaysian Ringgit (MYR).

Currency risk arises when transactions are denominated in foreign currencies. The Group seeks to manage its foreign currency exposure by constructing natural hedges when it matches sales and purchases in any single currency or through financial instruments, such as foreign currency forward exchange contracts. To manage the currency risk, individual Group entities in consultation with Group Treasury enter into currency forwards, either in their respective countries or with Group Treasury itself. Group Treasury in turn manages the overall currency exposure mainly through currency forwards.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Indonesia, People's Republic of China, Europe and Vietnam. The Group's net investments in these countries are not hedged as currency positions in these foreign currencies are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

A 5% strengthening of the United States dollar against the following currencies at the balance sheet date would have increased/(decreased) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2008	2007
	US\$'000	US\$'000
Chinese Renminbi	(133,432)	(95,247)
Malaysian Ringgit	(62,198)	(39,045)
Indonesian Rupiah	29,127	11,419
Others	3,434	3,550

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 purchase commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodity. 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. The Group generally uses forward physical and/or exchange traded commodity futures and options contracts to mitigate such risk.

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 quoted up to twelve months forward.

In the course of hedging its sales either through direct purchases or through futures contracts on the commodity exchanges, the Group may also be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place a risk management system to manage such risk exposure.

At balance sheet date a 5% (2007: 5%) increase/decrease of the commodities price index, with all other variables held constant, would have decreased/increased profit before tax and equity by the amounts as shown below:

	2008 US\$'000	2007 US\$'000
<hr/>		
Effect of increase in commodities price index		
Effect on profit before tax	(66,149)	(85,524)
Effect on equity	(19,453)	–
	<hr/>	
Effect of decrease in commodities price index		
Effect on profit before tax	66,149	85,524
Effect on equity	19,453	–
	<hr/>	

37. 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 years ended 31 December 2008 and 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

37. 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 cash and bank balances. Capital includes equity attributable to the equity holders of the parent, i.e. shareholders' funds.

	Group	
	2008	2007
	US\$'000	US\$'000
Shareholders' funds	9,606,461	7,845,198
Loans and borrowings (Note 28)	5,283,565	5,027,909
Less: Cash and bank balances (Note 25)	(2,893,102)	(967,572)
Net debt	2,390,463	4,060,337
Net gearing ratio (times)	0.25	0.52

(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 the equity holders of the parent, i.e. shareholders' funds.

	Group	
	2008	2007
	US\$'000	US\$'000
Shareholders' funds	9,606,461	7,845,198
Liquid working capital:		
Inventories (excluding consumables)	2,322,359	3,503,711
Trade receivables	1,331,164	1,501,204
Less: Current liabilities (excluding loans and borrowings)	(2,245,650)	(1,959,701)
Total liquid working capital	1,407,873	3,045,214
Adjusted net debt	982,590	1,015,123
Adjusted net gearing ratio (times)	0.10	0.13

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

38. SEGMENT INFORMATION

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group comprises the following main business segments:

Merchandising and Processing

Palm and laurics

Merchandising of palm oil and laurics related products. This also includes the operations of palm oil processing and refinery plants.

Oilseeds and grains

Merchandising and processing of a wide range of edible oils, oilseeds and grains from the crushing, further processing and refining of soyabean as well as other oilseeds and grains.

Consumer Products

Consumer products bottled oil business mainly in People's Republic of China, Vietnam and Indonesia.

Plantation and Palm Oil Mills

Oil palm cultivation and milling.

Others

Including the business of manufacturing and distribution of fertiliser products and ship-chartering services.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the destination countries.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, loans and borrowings and related expenses.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

38. SEGMENT INFORMATION (CONTINUED)

(a) Business segments

(i) The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2008 and 2007.

	Merchandising and Processing		Consumer Products		Plantation and Palm Oil Mills		Others		Elimination		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue												
Sales to external customers	23,525,607	13,858,166	4,758,479	2,171,645	65,026	29,601	796,073	406,739	–	–	29,145,185	16,466,151
Inter-segment sales	2,034,123	1,319,273	–	644,844	1,255,513	810,106	378,334	60,801	(3,667,970)	(2,835,024)	–	–
Total revenue	25,559,730	15,177,439	4,758,479	2,816,489	1,320,539	839,707	1,174,407	467,540	(3,667,970)	(2,835,024)	29,145,185	16,466,151
Results												
Segment results	1,485,654	586,208	93,575	116,380	327,850	287,739	49,017	20,444	–	–	1,956,096	1,010,771
Unallocated expenses											(31,907)	(77,457)
Finance income											92,927	17,667
Finance costs											(338,980)	(180,986)
Share of results of associates	102,831	59,701	5,596	13	2,915	(1,455)	(153)	1,539	–	–	111,189	59,798
Profit before tax											1,789,325	829,793
Income tax expense											(232,174)	(154,557)
Profit after tax											1,557,151	675,236

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

38. SEGMENT INFORMATION (CONTINUED)

(a) *Business segments (continued)*

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 31 December 2008 and 2007.

	Merchandising and Processing		Consumer Products		Plantation and Palm Oil Mills		Others		Elimination		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Assets and liabilities												
Segment assets	13,395,022	13,180,670	2,565,366	2,475,570	3,511,015	1,782,004	12,321,445	10,716,031	(15,209,208)	(13,145,710)	16,583,640	15,008,565
Investment in associates	917,061	275,057	94	–	3,443	1,813	326,680	175,080	(89,408)	–	1,157,870	451,950
Unallocated assets											127,350	46,538
Total assets											17,868,860	15,507,053
Segment liabilities	9,005,357	8,618,410	1,087,923	1,236,948	595,141	775,307	2,545,162	844,771	(6,341,972)	(5,057,824)	6,891,611	6,417,612
Unallocated liabilities											1,001,893	907,939
Total liabilities											7,893,504	7,325,551
Other segment information												
Capital expenditure												
- Property, plant and equipment	635,689	755,579	62,580	529,308	49,867	485,825	207,271	138,676	–	–	955,407	1,909,388
- Intangible assets	4,356	1,262,322	–	1,089,247	1,634	1,550,493	6,130	–	–	–	12,120	3,902,062
- Plasma investments	–	–	–	–	1,714	–	–	–	–	–	1,714	–
- Biological assets	–	–	–	–	100,540	594,378	–	–	–	–	100,540	594,378
Depreciation, impairment and amortisation	64,881	86,934	101,940	11,852	29,316	18,788	11,781	16,196	–	–	207,918	133,770

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

38. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments as at and for the years ended 31 December 2008 and 2007.

	South East Asia		People's Republic of China		India		Europe		Others		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue												
Sales to external customers	7,001,314	3,825,593	14,325,761	8,481,523	1,662,287	793,601	2,537,367	1,379,065	3,618,456	1,986,369	29,145,185	16,466,151
Segment assets												
Segment assets	9,333,584	8,309,447	6,542,654	6,274,626	65,615	3,391	462,888	194,208	178,899	226,893	16,583,640	15,008,565
Investment in associates	357,387	47,383	689,476	234,969	–	45,521	52,900	73	58,107	124,004	1,157,870	451,950
Unallocated assets											127,350	46,538
Total assets											17,868,860	15,507,053
Other segment information												
Capital expenditure												
- Property, plant and equipment	318,948	976,695	530,629	809,173	6,262	1,137	91,769	55,334	7,799	67,049	955,407	1,909,388
- Intangible assets	12,120	2,051,842	–	1,850,220	–	–	–	–	–	–	12,120	3,902,062
- Plasma investments	1,714	–	–	–	–	–	–	–	–	–	1,714	–
- Biological assets	100,540	594,378	–	–	–	–	–	–	–	–	100,540	594,378

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

39. DIVIDENDS

	Group and Company	
	2008 US\$'000	2007 US\$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
- Final tax-exempt (one-tier) dividend for 2007: S\$0.026 (2006: S\$0.013) per share	121,773	21,556
- Interim tax-exempt (one-tier) dividend for 2008: S\$0.028 (2007: Nil) per share	118,364	-
	240,137	21,556
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
- Final exempt (one-tier) dividend for 2008: S\$0.045 (2007: S\$0.026) per share	189,000	116,000

40. SUBSIDIARIES OF THE GROUP

The following is the list of the subsidiaries of the Group.

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Wilmar Holdings Sdn. Bhd. ⁽³⁾	Malaysia	Investment holding	100	100
Wilmar Bulking Installation Sdn. Bhd. ⁽³⁾	Malaysia	Renting of storage facilities	100	100
Wilmar Edible Oils Sdn. Bhd. ⁽³⁾	Malaysia	Manufacturing and exporting palm and edible oils	100	100
Pacific Rim Palm Oil Limited ⁽³⁾	Mauritius	Investment holding	100	100
PT Asiatic Persada ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	51	51
PT Maju Perkasasawit ⁽²⁾	Indonesia	Oil palm cultivation	45.90*	45.90*
PT Jammer Tulen ⁽²⁾	Indonesia	Oil palm cultivation	45.90*	45.90*
PT Putra Indotropical ⁽²⁾	Indonesia	Oil palm cultivation	68.30	74.77
PT Indoresins Putra Mandiri ⁽²⁾	Indonesia	Oil palm cultivation	70	70

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Wilmar Trading Pte Ltd ⁽¹⁾	Singapore	International trading in edible oils	100	100
Wilmar Air Pte. Ltd. ⁽³⁾	Singapore	Investment holding	100	100
WRE Holdings Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	–
Wilmar Renewable Energy Pte. Ltd. (formerly known as E W Green Power Pte. Ltd.) ⁽¹⁾	Singapore	Investment holding	100	–
Newbloom Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Ferro Group Limited ⁽⁴⁾	British Virgin Islands	Investment holding	100	100
PT Bumi Sawit Kencana ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Dexas Investments Limited ⁽⁴⁾	British Virgin Islands	Investment holding	100	100
PT Karunia Kencana Permaisejati ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Rimkus Limited ⁽⁴⁾	British Virgin Islands	Investment holding	100	100
PT Mentaya Sawit Mas ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Ivory Rose Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
PT Sarana Titian Permata ⁽²⁾	Indonesia	Oil palm cultivation	80	80
Richdelta Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
PT Bulau Sawit Bajenta ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Maxillion Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
PT Pukun Mandiri Lestari ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Acemaxton Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
PT Eka Kaharap Itah ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Stephigh Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
PT Alam Sawit Permai ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Maxceed Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
PT Benua Alam Subur ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Quanta Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
PT Hamparan Sawit Eka Malan ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Rosevale Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
PT Petak Malai Sawit Makmur ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Ampleville Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
PT Bawak Sawit Tunas Belum ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Gadsden Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
PT Malindo Lestari Plantations ⁽²⁾	Indonesia	Oil palm cultivation	95	95
Castlerise Pte. Ltd. ⁽¹⁾	Singapore	Dormant	100	100
Wilmar Fertilizer Indonesia Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
PT Sentana Adidaya Pratama ⁽²⁾	Indonesia	Processing of fertilizers	100	100
Wilmar Plantations Limited ⁽¹⁾	British Virgin Islands	Investment holding	100	100
PT Permata Hijau Pasaman ⁽²⁾	Indonesia	Oil palm cultivation	100	100
PT Gersindo Minang Plantation ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
PT AMP Plantation ⁽²⁾	Indonesia	Oil palm cultivation, palm oil milling and palm kernel crushing	100	100
PT Primatama Muliajaya ⁽²⁾	Indonesia	Oil palm cultivation	100	100
Mixbury Holdings Limited ⁽⁴⁾	British Virgin Islands	Investment holding	100	100
PT Siak Prima Sakti ⁽²⁾	Indonesia	Palm oil milling	100	100
PT Daya Labuhan Indah ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	95	95
PT Agronusa Investama ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	95	95
PT Citra Riau Sarana ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	95	95
Tradesound Investments Limited ⁽¹⁾	British Virgin Islands	Investment holding	100	100
PT Bukit Kapurreksa ⁽²⁾	Indonesia	Edible oils refining	100	100
PT Multi Mineral Trading ⁽²⁾	Indonesia	Coal business and trading	100	100
PT Sinar Alam Permai ⁽²⁾	Indonesia	Edible oils refining	100	100
PT Citraraya Perkasa Abadi ⁽²⁾	Indonesia	Production and trading of asphalt	60	60
PT Multimas Nabati Asahan ⁽²⁾	Indonesia	Edible oils refining	100	100
PT Sinarperdana Caraka ⁽²⁾	Indonesia	Palm oil milling	70	70
PT Karya Putrakreasi Nusantara ⁽²⁾	Indonesia	Edible oils refining and specialty fats	60	60
PT Mekar Bumi Andalas ⁽²⁾	Indonesia	Refining of palm oil and provision of storage services and edible oils refining	100	100
PT Sari Agrotama Persada ⁽²⁾	Indonesia	Distribution of frying oil, margarine and shortening	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
PT Multi Nabati Sulawesi ⁽²⁾	Indonesia	Copra crushing, palm kernel crushing and refining	100	100
PT Kawasan Industri Dumai ⁽²⁾	Indonesia	Development of industrial estate	100	100
PT Wilmar Bioenergi Indonesia ⁽²⁾	Indonesia	Processing of biodiesel	100	100
PT Cahaya Kalbar Tbk ⁽²⁾	Indonesia	Edible oils refining and specialty fats	87.02	61.71
PT Inticocoa Abadi Industri ⁽²⁾	Indonesia	Processing cocoa butter and powder	87.02	61.71
Cleartech Research Pte. Ltd. ⁽³⁾	Singapore	Investment holding	60	60
PT Petro Andalan Nusantara ⁽²⁾	Indonesia	Trading in bulking fuel and diesel	100	100
Wilmar Plantations (Mauritius) Limited ⁽³⁾	Mauritius	Investment holding	100	100
PT Agro Palindo Sakti ⁽²⁾	Indonesia	Oil palm cultivation and rubber plantation	100	100
PT Buluh Cawang Plantations ⁽²⁾	Indonesia	Oil palm cultivation, rubber plantation and palm oil milling	100	100
PT Musi Banyuasin Indah ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	100	100
PT Tania Selatan ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	100	100
PT Agrindo Indah Persada ⁽²⁾	Indonesia	Palm oil milling	100	100
PT Sinarsiak Dianpermai ⁽²⁾	Indonesia	Oil palm cultivation, palm oil milling and palm kernel crushing	100	100
PT Perkebunan Milano ⁽²⁾	Indonesia	Oil palm cultivation, palm oil milling and palm kernel crushing	100	100
PT Dharma Wungu Guna ⁽²⁾	Indonesia	Palm oil milling	100	100
PT Murini Samsam ⁽²⁾	Indonesia	Oil palm cultivation, palm oil milling and palm kernel crushing	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
PT Tritunggal Sentra Buana ⁽²⁾	Indonesia	Oil palm cultivation	50 *	50 *
PT Daya Landak Plantations ⁽²⁾	Indonesia	Oil palm cultivation	70	70
PT Pratama Prosentindo ⁽²⁾	Indonesia	Oil palm cultivation	68.30	74.77
Wilmar Shipping (Mauritius) Limited ⁽³⁾	Mauritius	Investment holding	85.33	85.33
PT Tirta Arung Intiniaga ⁽³⁾	Indonesia	Ship-owning and chartering	81.06	81.06
Wilmar Ship Holdings Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Analisa Shipping Co Pte Ltd ⁽¹⁾	Singapore	Ship-owning and chartering (Dormant)	80	80
Monalisa Shipping Co Pte Ltd ⁽¹⁾	Singapore	Ship-owning and chartering	100	100
Gold River Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering	100	100
Louisa Shipping Co Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering (Dormant)	100	100
Isabel Shipping Co Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering	80	80
Olivia Shipping Co Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering	80	80
Sophia Shipping Co Pte. Ltd. ⁽¹⁾	Singapore	Ship-owning and chartering	100	100
Sabrina Shipping Co Pte. Ltd. ⁽¹⁾	Singapore	Ship-owning and chartering	100	–
Celina Shipping Co Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering	100	–
Angelina Shipping Co Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering (Dormant)	100	–
Nicole Shipping Co Limited ⁽⁴⁾	British Virgin Islands	Ship-owning and chartering	100	100
Lisa Shipping Co. Pte Ltd ⁽¹⁾	Singapore	Ship-owning and chartering	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Felicia Shipping Co Pte. Ltd. ⁽¹⁾	Singapore	Ship-owning and chartering	100	100
Sasa Shipping Co Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering (Dormant)	100	100
Patricia Shipping Co Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering	100	100
Natalie Shipping Co Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering	80	80
Victoria Shipping Co Pte. Ltd. ⁽¹⁾	Singapore	Ship-owning and chartering	100	100
Lydia Shipping Co Pte. Ltd. ⁽¹⁾	Singapore	Ship-owning and chartering	100	–
Carolina Shipping Co Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering	100	–
Lyna Shipping Co Pte. Ltd. ⁽³⁾	Singapore	Ship-owning and chartering	100	–
Alicia Shipping Co Limited ⁽⁴⁾	British Virgin Islands	Ship-owning and chartering (Dormant)	91	91
Natasha Shipping Co Limited ⁽⁴⁾	British Virgin Islands	Ship-owning and chartering	100	100
Raffles Shipping Corporation Pte. Ltd. ⁽³⁾	Singapore	Investment holding	60	–
Raffles Ship Chartering Pte. Ltd. ⁽³⁾	Singapore	Ship chartering, ship operator, ship brokering services, sale and purchase of ships and new building of ships	60	–
Raffles Shipmanagement Services Pte Ltd ⁽³⁾	Singapore	Ship management services	60	–
Sea Ocean Shipping Agency Pte Ltd ⁽³⁾	Singapore	Shipping agencies	60	–
Raffles Shipping International Pte. Ltd. ⁽³⁾	Singapore	Investment holding	100	–
Wilmar Yihai Investments Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Wilmar China Investments Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
Yihai (Zhoukou) Oils & Grains Industries Co., Ltd ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	89	89
Yihai (Yantai) Oils & Grains Industries Co., Ltd ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	79.31	79.31
Yihai (Lianyungang) Oils & Grains Industries Co., Ltd ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging	79	79
Wilmar Seed Investments Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	–
Yihai Kerry (Yunnan) Horticulture Co., Ltd ⁽⁶⁾	People's Republic of China	Cultivation of botanical related products	100	–
Wilmar-ADM China Investments Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
YueYang LuLiang New Century Oils & Grains Industries Co., Ltd ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	77.50	77.50
Yihai Kerry (Wuhan) Oils & Grains Industries Co., Ltd (formerly known as New Century Oils & Grains (Wuhan) Co., Ltd) ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging	95	95
Qinhuangdao Goldensea Speciality Oils & Fats Industries Co., Ltd ⁽²⁾	People's Republic of China	Specialty fats processing	85	85
Yihai (Guanghan) Oils, Grains & Foodstuffs Co., Ltd (formerly known as Yihai (Guanghan) Oil, Grains & Foodstuffs Industries Co., Ltd) ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	100	100
Yihai (Sichuan) Oils & Grains & Industries Co., Ltd (merged with Yihai (Guanghan) Oil, Grains & Foodstuffs Industries Co., Ltd) ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	–	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Wilmar China Northeast Investments Pte. Ltd. (formerly known as Wilmar-ADM China Northeast Investments Pte Ltd) ⁽¹⁾	Singapore	Investment holding	100	100
Qinhuangdao Goldensea Foodstuff Industries Co., Ltd ⁽²⁾	People's Republic of China	Protein processing, edible oils refining and packaging	100	100
Qinhuangdao Goldensea Bioenergy Co., Ltd ⁽³⁾	People's Republic of China	Production of biodiesel	100	100
Wilmar Excel Pte. Ltd. ⁽³⁾	Singapore	Investment holding	100	100
Wilmar (Shanghai) IT Services Co., Ltd ⁽³⁾	People's Republic of China	Providing IT services and consultancy	100	100
ADM China Holdings Ltd ⁽³⁾	Mauritius	Investment holding	100	100
Wilmar Golden Sea Investment Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
Qinhuangdao Goldensea Grain and Oil Industry Co., Ltd ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining and fractionation	80	80
Qinhuangdao Tingji Oil & Fat Co., Ltd ⁽⁵⁾	People's Republic of China	In liquidation	80	80
Kenspot International Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
Wilmar-ADM Flour Investments Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Yihai (Zhoukou) Wheat Industries Co., Ltd ⁽³⁾	People's Republic of China	Flour milling	100	100
Yihai (Shijiazhuang) Oils & Grains Industries Co., Ltd ⁽³⁾	People's Republic of China	Flour milling and peanut crushing	80	80
Yihai (Jiamusi) Oils & Grains Industries Co., Ltd ⁽³⁾	People's Republic of China	Rice milling and rice bran oils processing	97	97

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Yihai (Jiamusi) Bio-cogeneration Co., Ltd ⁽³⁾	People's Republic of China	Generating and providing electricity and steam	97	96
Yihai (Fujin) Oils & Grains Industries Co., Ltd ⁽³⁾	People's Republic of China	Rice milling	70	70
Wilmar Great Ocean Investment Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
Great Ocean Oil & Grain Industries (Fangchenggang) Company Limited ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging	60	60
Wilmar Fujian Investments Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
Quanzhou Fortune Sea Oils & Grain Industries Co., Ltd ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging	100	100
Wilmar China Investments (Yihai) Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Yihai (Lianyungang) Oleochemical Industries Co., Ltd ⁽²⁾	People's Republic of China	Oleochemical products (fatty acid and glycerine) processing	79	79
Yihai (Yancheng) Oils & Grains Industries Co., Ltd ⁽³⁾	People's Republic of China	Oilseeds crushing, edible oils refining and rice milling	85	85
Yihai (Changji) Oils & Grains Industries Co., Ltd ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	92.50	92.50
Yihai (Akesu) Oils & Grains Industries Co., Ltd ⁽³⁾	People's Republic of China	Cottonseed crushing	90	90
New Yigang (Lianyungang) Wharf Co., Ltd ⁽³⁾	People's Republic of China	Building and management of port	51	51
Yihai (Lianyungang) Industry Development Co., Ltd ⁽³⁾	People's Republic of China	Industrial land owner	60	60

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Wilmar China New Investments Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Yihai (Tai Zhou) Oils & Grains Industries Co., Ltd ⁽³⁾	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	100	100
Taizhou Yihai Energy Co., Ltd ⁽⁶⁾	People's Republic of China	Steam and heating supply services	80	–
Yihai (Fangchenggang) Soybeans Industries Co., Ltd ⁽³⁾	People's Republic of China	Protein processing	100	100
Yihai (Dongguan) Oleochemical Industries Co., Ltd ⁽³⁾	People's Republic of China	Oleochemical products (fatty acid and glycerine) processing	100	100
Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd (formerly known as Yihai (Dongguan) Feed Protein Development Co., Ltd) ⁽³⁾	People's Republic of China	Flour milling	100	100
Yihai Kerry (Anhui) Oils & Grains Industries Co., Ltd ⁽³⁾	People's Republic of China	Oilseeds crushing and edible oils refining	80	51.67
Yihai (Guangzhou) Wharf Co., Ltd ⁽³⁾	People's Republic of China	Port management	95	95
Yihai Kerry (Harbin) Oils, Grains & Foodstuffs Industries Co., Ltd (formerly known as Wilmar (Haerbin) Oils, Grains & Foodstuffs Industries Co., Ltd) ⁽³⁾	People's Republic of China	Rice milling , oilseeds crushing and edible oils refining	100	100
Yihai Kerry (Yanzhou) Oils & Grains Industries Co., Ltd ⁽³⁾	People's Republic of China	Flour milling and peanut crushing	100	100
Yihai Kerry (Chongqing) Oils & Grains Co., Ltd (formerly known as Wilmar (Chongqing) Oils & Grains Co., Ltd) ⁽³⁾	People's Republic of China	Edible oils processing (not operational yet)	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Wilmar (Xingping) Foodstuffs Industries Co., Ltd ⁽³⁾	People's Republic of China	Edible oils processing	97	97
Yihai Kerry (Panjin) Oils & Grains Industries Co., Ltd ⁽³⁾	People's Republic of China	Rice milling and rice bran oils processing	95	–
Yihai Kerry (Panjin) Bio-cogeneration Co., Ltd ⁽⁶⁾	People's Republic of China	Generating and providing electricity and steam	95	–
Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd ⁽⁶⁾	People's Republic of China	Flour milling	100	–
Yihai Kerry (Baicheng) Oils, Grains & Foodstuffs Industries Co., Ltd ⁽³⁾	People's Republic of China	Rice milling, rice bran oils processing and sunflower seed crushing	88	–
Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd ⁽⁶⁾	People's Republic of China	Flour milling	100	–
Yihai Kerry (Nanchang) Oils, Grains & Foodstuffs Co., Ltd ⁽⁶⁾	People's Republic of China	Rice milling	100	–
Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd ⁽⁶⁾	People's Republic of China	Flour milling	100	–
Yihai Kerry Investments Co., Ltd. ⁽²⁾	People's Republic of China	Investment holding	100	100
Yijiang (Zhangjiagang) Oils & Grains Industries Co., Ltd ⁽²⁾	People's Republic of China	Edible oils refining, fractionation and packaging	80	80
Yizheng Yijiang Oils & Grains Industries Co., Ltd ⁽³⁾	People's Republic of China	Bulk installations	80	80
Yihai (Guangzhou) Oils & Grains Industries Co., Ltd ⁽²⁾	People's Republic of China	Edible oils refining, fractionation and packaging and specialty fats processing	100	100
Yihai (Zhoukou) Property Co., Ltd ⁽³⁾	People's Republic of China	Property developments	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Shanghai Yihai Commercial Co., Ltd ⁽²⁾	People's Republic of China	Trading	100	100
Qinhuangdao Yihai Regenerative Resources Development Co., Ltd ⁽³⁾	People's Republic of China	Further processing of by products/wastes	70	70
Hengyang Yihai Oils and Grains Co., Ltd ⁽³⁾	People's Republic of China	Trading	80	80
Hebei Yihai Lifeng Oils & Grains Co., Ltd ⁽³⁾	People's Republic of China	Trading	100	100
Yihai Kerry (Heilongjiang) Oils & Grains Co., Ltd (formerly known as Heilongjiang Yihai Lifeng Oils & Grains Co., Ltd) ⁽³⁾	People's Republic of China	Trading	100	100
Wilmar (Jiamusi) Foodstuffs Industries Co., Ltd ⁽⁶⁾	People's Republic of China	Soya bean flour and vegetable protein drink processing	100	–
Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd ⁽⁶⁾	People's Republic of China	Flour milling	100	–
Grand Silver (Laiyang) Co. Limited ⁽³⁾	Hong Kong	Investment holding	51	51 [@]
Kerry Oils & Grains (Tianjin) Ltd ⁽²⁾	People's Republic of China	Edible oils refining, fractionation and packaging and specialty fats processing	100	100
Kerry Industrial Services (Shanghai) Co., Ltd ⁽³⁾	People's Republic of China	Provision of supporting industrial services to group companies	100	100
Kerry Oils & Grains (Fangcheng) Ltd ⁽³⁾	People's Republic of China	Edible oils refining and packaging	100	100
Kerry Oils & Grains (Qingdao) Ltd ⁽²⁾	People's Republic of China	Edible oils refining, fractionation and packaging	70	70
Kerry Oleochemical Industrial (Shanghai) Co., Ltd ⁽²⁾	People's Republic of China	Fatty acid and glycerine processing	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Kerry Speciality Fats (Shanghai) Ltd ⁽²⁾	People's Republic of China	Specialty fats processing	100	100
Qingdao Kerry Peanut Oil Co., Ltd ⁽²⁾	People's Republic of China	Peanut crushing and edible oils packaging	70	70
Shanghai Kerry Oils & Grains Industrial Co., Ltd ⁽³⁾	People's Republic of China	Edible oils refining and packaging	93.08	93.08
Shenzhen Nantian Oilmills Co., Ltd ⁽³⁾	People's Republic of China	Oilseeds crushing	60	60
Xi'an Kerry Oils & Fats Industrial Ltd ⁽³⁾	People's Republic of China	Edible oils refining and packaging	51	51
Yihai Kerry Oils & Grains (Shenzhen) Co., Ltd ⁽³⁾	People's Republic of China	Provision of management and marketing services	100	100
Yingkou Kerry Grains Industries Ltd ⁽³⁾	People's Republic of China	Dormant	100	100
Kerry Oils & Grains (China) Private Limited ⁽¹⁾	Singapore	Investment holding	100	100
Kerry Fine Chemical Industrial (Shanghai) Co., Ltd ⁽³⁾	People's Republic of China	Oleochemical products (amide) processing	100	100
Kerry Speciality Chemical Industrial (Shanghai) Co., Ltd ⁽³⁾	People's Republic of China	Oleochemical products (fatty alcohol) processing (under construction)	100	100
Kerry Oils & Grains (Yingkou) Ltd ⁽²⁾	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	100	100
Kerry Oleochemical Industrial (Tianjin) Co., Ltd ⁽³⁾	People's Republic of China	Oleochemical products processing (under construction)	100	100
Hop Yick Packaging & Manufacturing (Shenzhen) Co., Ltd ⁽³⁾	People's Republic of China	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Southseas Oils & Fats Industrial (Chiwan) Ltd ⁽²⁾	People's Republic of China	Edible oils refining, fractionation and packaging and specialty fats processing	100	100
Shenzhen Kerry Oils & Grains Trading Co., Ltd ⁽³⁾	People's Republic of China	Trading	100	100
Fuzhiyuan Feedstuff Protein Development Co., Ltd Dongguan ⁽³⁾	People's Republic of China	Oilseeds crushing	100	100
Kerry Oils & Grains (China) Limited ⁽³⁾	Samoa	Investment holding	100	100
Shanghai Kerry Food Industries Co., Ltd ⁽²⁾	People's Republic of China	Edible oils refining and packaging	100	100
Kerry Oils & Grains (Sichuan) Ltd ⁽³⁾	People's Republic of China	Edible oils and lard refining and packaging	77.52	77.52
Shenzhen Southseas Grains Industries Limited ⁽³⁾	People's Republic of China	Flour milling	31.49*	31.49*
Southsea Oils & Fats (H.K.) Limited ⁽³⁾	Hong Kong	Dormant	100	100
Space Coaster Investments Limited ⁽³⁾	Hong Kong	Investment holding	100	100
Kerry Oils & Grains Trading Company Limited ⁽³⁾	Hong Kong	Trading of oils, grains and other agricultural products	100	100
Bathos Company Limited ⁽³⁾	Hong Kong	Investment holding	100	100
Lassiter Limited ⁽³⁾	Samoa	Investment holding	51	51
Landmark Commodities Limited	Hong Kong	Dissolved	-	75
Kuok Oils & Grains Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
KOG Investments Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Leverian Holdings Pte Ltd ⁽¹⁾	Singapore	Investment holding	60	60
Bangladesh Edible Oil Limited ⁽³⁾	Bangladesh	Refining, packaging and selling of edible oil products	60	60
Intertrade (Bangladesh) Private Limited ⁽³⁾	Bangladesh	Dormant	60	60
Soldonella Company Limited ⁽³⁾	Hong Kong	Investment holding	75	75
Jimenez Oil Mills, Inc. ⁽⁵⁾	Philippines	In liquidation	75	75
Myanmar Kuok Oils & Grains Limited ⁽³⁾	Myanmar	Trading in commodities	100	100
Risicare Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
KOG-KTV Food Products (India) Private Limited ⁽³⁾	India	Refining/Manufacture and sale of edible oils and other products	60	60
Kerry (New Zealand) Limited ⁽³⁾	New Zealand	Trading and retailing in sugar	100	100
Warlan Services Limited ⁽³⁾	New Zealand	Investment holding	100	100
KNZ Australia Pty Limited ⁽³⁾	Australia	Trading and retailing in sugar	100	100
Kerry (Australia) Pty Ltd ⁽³⁾	Australia	Dormant	100	100
Siteki Investments Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
Cai Lan Oils & Fats Industries Company Ltd ⁽³⁾	Vietnam	Manufacture and sale of vegetable oils and related products	68	68
KOG Food Products (Vietnam) Company Limited ⁽³⁾	Vietnam	Manufacture and sale of cashew nuts (Company has ceased business operations)	100	100
Cam Vang Company Limited ⁽³⁾	Vietnam	Processing of vegetable oils, agricultural produce and foodstuff	100	–

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Yangon Oils & Grains Limited ⁽³⁾	Myanmar	Dormant	100	100
Richemont Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
K.O.G. Pflanzenöle GmbH ⁽³⁾	Germany	Production and trading of food and intermediary products (Dormant)	100	100
Wilmar Edible Oils GmbH (formerly known as Fettraffinerie Brake GmbH) ⁽³⁾	Germany	Production and trading of edible oils and fats for food, feed and technical use	100	100
Larnia Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
PT Usaha Inti Padang ⁽³⁾	Indonesia	Edible oils refining	–	50 *
PT Kaltim Bulking Terminal ⁽³⁾	Indonesia	Bulk storage terminal; trading in palm oils, palm kernel oils and other related products (Not commenced operations)	70	70
PT Teluk Bayur Bulk Terminal ⁽²⁾	Indonesia	Bulk storage terminal; trading in palm oils, palm kernel oils and other related products	100	100
Cheviot Pte Ltd ⁽⁵⁾	Singapore	In liquidation	100	100
Everbright Services Company Limited ⁽⁵⁾	Myanmar	In liquidation	100	100
Kuok Oils & Grains Philippines, Inc. ⁽³⁾	Philippines	Service company	100	100
Kuok Oils & Grains Trading Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
Orisatin Sdn. Bhd. ⁽⁵⁾	Malaysia	In liquidation	100	100
Liberty Agri Products Private Limited ⁽³⁾	India	Trading in edible oils and grains	51	51
PPB Oil Palms Berhad ⁽²⁾	Malaysia	Investment holding and provision of agricultural advisory services	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Sapi Plantations Sdn Bhd ⁽²⁾	Malaysia	Investment holding, oil palm cultivation and palm oil milling	100	100
Alam Palm Plantations Sdn Bhd ⁽²⁾	Malaysia	Ownership of aircraft	70	70
Reka Halus Sdn Bhd ⁽²⁾	Malaysia	Oil palm cultivation and palm oil milling	70	70
Sabahmas Plantations Sdn Bhd ⁽²⁾	Malaysia	Investment holding, oil palm cultivation and palm oil milling	100	100
Gepa Lumber Sdn Bhd ⁽²⁾	Malaysia	Oil palm cultivation	100	100
Page Development Sdn Bhd ⁽²⁾	Malaysia	Oil palm cultivation	100	100
Red Logging Sdn Bhd ⁽²⁾	Malaysia	Oil palm cultivation	100	100
Logmerc Sdn Bhd ⁽²⁾	Malaysia	Oil palm cultivation	100	100
Kiabau Plantations Sdn Bhd ⁽²⁾	Malaysia	Oil palm cultivation	100	100
Ribubonus Sdn Bhd ⁽²⁾	Malaysia	Oil palm cultivation	100	100
Sri Kamusan Sdn Bhd ⁽²⁾	Malaysia	Oil palm cultivation and palm oil milling	100	100
Sekar Imej Sdn Bhd ⁽²⁾	Malaysia	Oil palm cultivation	100	100
Ceramilek Sdn Bhd ⁽²⁾	Malaysia	Investment holding	89.80	89.80
Hibumas Sdn Bhd ⁽²⁾	Malaysia	Investment holding and oil palm cultivation	89.80	89.80
Jebawang Sdn Bhd ⁽²⁾	Malaysia	Oil palm cultivation	89.80	89.80
Saremas Sdn Bhd ⁽³⁾	Malaysia	Oil palm cultivation and palm oil milling	100	100
Segarmas Plantations Sdn Bhd ⁽³⁾	Malaysia	Oil palm cultivation	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Kaminsky Sdn Bhd ⁽³⁾	Malaysia	Oil palm cultivation	100	100
Suai Plantations Sdn Bhd ⁽⁵⁾	Malaysia	In liquidation	100	100
Clonal Palms Sdn Bhd ⁽³⁾	Malaysia	Cultivation and sale of clonal plantlets	100	100
Suburmas Plantations Sdn Bhd ⁽³⁾	Malaysia	Investment holding and oil palm cultivation	70	70
Suburmas Palm Oil Mill Sdn Bhd ⁽³⁾	Malaysia	Palm oil milling	37.10*	37.10*
PT Kencana Sawit Indonesia ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	100	100
PT Mustika Sembuluh ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	90	90
PT Dermaga Sungai Mentaya ⁽⁵⁾	Indonesia	In liquidation	99.95	99.95
PT Guna Karya Lestari ⁽²⁾	Indonesia	Dormant	99.95	99.95
Kalimantan Palm Industries Sdn Bhd ⁽²⁾	Malaysia	Investment holding	100	100
PT Kerry Sawit Indonesia ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	90	90
Fontille Overseas Ltd ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Frissor Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Trilliton Holdings Ltd ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Trade Alpha Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Fullsight Holdings Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Topassist Investments Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Certainworld Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Suremoment Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Firm Step Investments Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Rise High Investments Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Kornhill Assets Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Fit Best Holdings Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Joy Victory Pte. Ltd. ⁽⁵⁾	Singapore	In liquidation	100	100
Max Wealth Group Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Fine Concept Holdings Limited ⁽⁵⁾	British Virgin Islands	In liquidation	100	100
Coudrey Pte. Ltd. ⁽⁵⁾	Singapore	In liquidation	100	100
Wealth Anchor Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
PT Guna Karya Mandirijaya ⁽²⁾	Indonesia	Dormant	98	98
PT Kerry Agro Management ⁽²⁾	Indonesia	Dormant	99	99
Newday Holdings Limited ⁽²⁾	Malaysia	Investment holding	100	100
Aktif Kukuh Sdn Bhd	Malaysia	Dissolved	–	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Penumilek Sdn Bhd	Malaysia	Oil palm cultivation	–	89.80
PGEO Group Sdn Bhd ⁽²⁾	Malaysia	Investment holding	100	100
Bintulu Edible Oils Sdn Bhd ⁽²⁾	Malaysia	Edible oils refining and palm kernel crushing	100	100
Sandakan Edible Oils Sdn Bhd ⁽²⁾	Malaysia	Edible oils refining and palm kernel crushing	100	100
Volac Ingredients Sdn Bhd ⁽²⁾	Malaysia	Manufacturing of animal feed ingredients	51	51
PGEO Energy Sdn Bhd ⁽²⁾	Malaysia	Steam and power generation	100	100
SEO Energy Sdn Bhd ⁽²⁾	Malaysia	Steam and power generation	100	100
Bintulu Oleochemicals Sdn Bhd ⁽²⁾	Malaysia	Dormant	100	100
PGEO Bioproducts Sdn Bhd ⁽²⁾	Malaysia	Palm methylester manufacturing	100	100
PGEO Marketing Sdn Bhd ⁽²⁾	Malaysia	Edible oils trading	100	100
Sandakan Specialty Fats Sdn Bhd ⁽²⁾	Malaysia	Production of specialty fats	100	100
PGEO Edible Oils Sdn Bhd ⁽²⁾	Malaysia	Edible oils refining, soyabean crushing and specialty fats and drums manufacturing	100	100
Fedrums Sdn Bhd ⁽²⁾	Malaysia	Commodity futures broker	100	100
Maytown Sdn Bhd ⁽²⁾	Malaysia	Investment holding	100	100
Wilmar Resources Pte Ltd ⁽¹⁾	Singapore	Investment holding	100	100
Wilmar Tani Investments (Mauritius) Limited ⁽³⁾	Mauritius	Investment holding	100	100
Wilmar Pakistan (Private) Limited ⁽⁴⁾	Pakistan	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Wilmar Japan Co., Ltd ⁽³⁾	Japan	Trading	100	100
Wilmar Edible Oils Philippines, Inc. ⁽³⁾	Philippines	Edible oils refining	100	100
Wii Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Wilmar Europe Holdings B.V. ⁽⁶⁾	The Netherlands	Investment holding	100	–
Wilmar Edible Oils B.V. (formerly known as KOG Edible Oils B.V.) ⁽³⁾	The Netherlands	Manufacture and sale of edible oil products	100	100
Wilmar Iberia S.L. ⁽⁶⁾	Spain	Import, process and distribution of vegetable oils and derivatives	100	–
Wilmar Oleo Pte. Ltd. (formerly known as KemOleo Pte. Ltd.) ⁽¹⁾	Singapore	Trading in oleochemical and biodiesel	70	70
Wilmar Oleo North America LLC (formerly known as kemOleo North America LLC) ⁽⁴⁾	United States of America	Trading of biodiesel, vegetable oils and oleochemicals (Dormant)	70	–
Wilmar Oleo B.V. ⁽⁶⁾	The Netherlands	Trading in oleochemical and biodiesel	70	–
Wilmar Investments (Mauritius) Limited ⁽³⁾	Mauritius	Investment holding	100	100
Pyramid Lanka (Private) Limited ⁽²⁾	Sri Lanka	Manufacturing and distribution of edible oils	55	55
Pyramid Wilmar (Private) Limited ⁽²⁾	Sri Lanka	Trading	50*	50*
Pyramid Wilmar Oils & Fats (Private) Limited ⁽²⁾	Sri Lanka	Manufacture and sale of margarine and bakery shortening	55	55
Wilmar-Delta Holdings Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	75	–
DelMar Pte. Ltd ⁽¹⁾	Singapore	Investment holding	–	50*
Delta Wilmar CIS ⁽³⁾	Ukraine	Edible oils refining	–	50*

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

(1) Audited by Ernst & Young LLP, Singapore

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

(3) Audited by other auditors

(4) Not required to be audited by the law of its country of incorporation

(5) Company is in the process of liquidation

(6) Company newly incorporated and not audited during the financial year

* The investment holding companies have the power to govern the financial and operating policies of these companies. Consequently, the Group consolidates its investments in these companies as subsidiaries of the Group.

@ Shares transferred from Wilmar Holdings Pte Ltd to the Company has not yet completed as at the balance sheet date

41. ASSOCIATES OF THE GROUP

The following is the list of associates of the Group.

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
TSH-Wilmar Sdn. Bhd. ⁽²⁾	Malaysia	Palm oil refining	50	50
TSH-Wilmar (BF) Sdn. Bhd. ⁽²⁾	Malaysia	Production of power supply (electricity and steam)	50	50
Josovina Commodities Sdn. Bhd. ⁽³⁾	Malaysia	Commodities trading	50	50
PT Tri Persada Mulia ⁽⁶⁾	Indonesia	Manufacture, market, distribute and sell polypropylene bags (plastic bags) and other related products	30	–
Sheringham International Limited ⁽⁴⁾	British Virgin Islands	Investment holding	38.10	38.10
PT Bumipratama Khatulistiwa ⁽²⁾	Indonesia	Oil palm cultivation and palm oil milling	44.29	44.29
PT Ciputra Multivision ⁽⁶⁾	Indonesia	Construct, develop and manage office building	33.30	–
PT Bumi Karyatama Raharja ⁽²⁾	Indonesia	Bleaching earth industry	40	40
PT Metha Persada ⁽²⁾	Indonesia	Methanol trading	50	50
Galaxy Shipping Ltd ⁽⁴⁾	British Virgin Islands	Ship-owning and chartering	50	50
Cosmos Shipping Ltd ⁽⁴⁾	British Virgin Islands	Ship-owning and chartering	50	50

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

41. ASSOCIATES OF THE GROUP (CONTINUED)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Raffles Bunkering Pte. Ltd. ⁽³⁾	Singapore	Ship bunkering and commission agent	30	–
Raffles Offshore Marine Services Sdn. Bhd. ⁽³⁾	Malaysia	Provision of tug boat services	27	–
Laiyang Luhua Fengyi Plastics Industry Co., Ltd ⁽³⁾	People's Republic of China	Plastics processing	50	45
Laiyang Luhua Mineral Water Co., Ltd ⁽³⁾	People's Republic of China	Mineral water processing	49	49
Shandong Luhua Group Commerce Co., Ltd ⁽³⁾	People's Republic of China	Marketing	32.89	32.89
Inner Mongolia Luhua Sunflower Seed Oils Co., Ltd ⁽³⁾	People's Republic of China	Sunflower seeds crushing and edible oils packaging	33	33
Changshu Luhua Edible Oil Co., Ltd ⁽³⁾	People's Republic of China	Edible oil packaging	32.89	32.89
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd (formerly known as 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	22 [^]
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd ⁽³⁾	People's Republic of China	Peanut crushing and edible oils packaging	49	49
Zhoukou Luhua Sesame Industries Co., Ltd ⁽³⁾	People's Republic of China	Sesame crushing	49	49
Sasol Yihai (Lianyungang) Alcohol Industries Co., Ltd ⁽³⁾	People's Republic of China	Alcohol based oleochemical products processing	40	40
ShanDong Xinxinhai Oils & Grains Industry Co., Ltd ⁽³⁾	People's Republic of China	Oilseeds crushing and edible oils refining	45	45
Sethal Holdings Limited ⁽³⁾	Cyprus	Investment holding	37.50	–
DelMar Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	37.50	–

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

41. ASSOCIATES OF THE GROUP (CONTINUED)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd ⁽³⁾	People's Republic of China	Peanut crushing and edible oils packaging	33	33
Yihai Kerry (Beijing) Seed Science & Technology Co., Ltd ⁽³⁾	People's Republic of China	Development and research of crops seeds and oils plants and related technical consultation	49	49
Yihai (Heilongjiang) Seed Co., Ltd ⁽⁵⁾	People's Republic of China	In liquidation	49	49
Hengyang Yihai Wharf Co., Ltd ⁽³⁾	People's Republic of China	Port management	40	–
Laiyang Luhua Fragrant Peanut Oil Co., Ltd ⁽³⁾	People's Republic of China	Peanut crushing and edible oils packaging	24.99	24.99 [@]
Laiyang Luhua Seasoning Co., Ltd ⁽³⁾	People's Republic of China	Seasoning processing	24.99	24.99 [@]
Shandong Luhua Fragrant Peanut Oil Co., Ltd ⁽³⁾	People's Republic of China	Peanut crushing and edible oils packaging	24.99	24.99 [@]
Laiyang Luhua Vinegar Industry Food Co., Ltd ⁽³⁾	People's Republic of China	Vinegar processing	24.99	24.99 [@]
Laiyang Luhua Foodstuff Co., Ltd ⁽³⁾	People's Republic of China	Food processing	24.99	24.99 [@]
Grand Silver International Management Limited ⁽³⁾	Hong Kong	Investment holding	66	33 ^{^ @}
Grand Silver International Limited ⁽³⁾	Hong Kong	Investment holding	69.067	31.067
Grand Silver (Lanshan) Limited ⁽³⁾	Hong Kong	Investment holding	45	20.40
Olam Wilmar Investment Holdings Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	50	–
Acalpo Wilmar Pte Ltd ⁽³⁾	Singapore	Investment holding and international trading	50	50

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

41. ASSOCIATES OF THE GROUP (CONTINUED)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Alfa Edible Oils Pte. Ltd ⁽⁵⁾	Singapore	In the process of striking-off	50	50
Equatorial Trading Limited ⁽²⁾	Malaysia	Investment holding and trading in vegetable oils	50	50
Nauvu Investments Pte. Ltd ⁽¹⁾	Singapore	Investment holding	50	50
Sichuan Yijia Logistic Co., Ltd ⁽³⁾	People's Republic of China	Provision of logistic services	38.76	–
Xiamen Zhong Lu Vegetable Oils Co., Ltd ⁽³⁾	People's Republic of China	Edible oils refining	37	37
Grand Ocean International Trading Limited ⁽³⁾	Hong Kong	Trading	–	25 [^] @
Shine Up Holdings Limited ⁽³⁾	Samoa	Investment holding	25	25
Happy Day Holdings Limited ⁽⁵⁾	Samoa	In liquidation	25	25
Top Tranz Limited ⁽³⁾	New Zealand	Transport freight and storage	33.33	33.33
Bulk Storage Terminals & Co ⁽³⁾	New Zealand	Bulk storage terminal	25	25
Saratok Palm Oil Mill Sdn Bhd ⁽²⁾	Malaysia	Palm oil milling	30	30
Lahad Datu Edible Oils Sdn Bhd ⁽³⁾	Malaysia	Edible oils refining and palm kernel crushing	45	45
PT Usaha Inti Padang ⁽³⁾	Indonesia	Edible oils refining	50	–
HBI USA LLC ⁽⁴⁾	United States of America	Product brokerage	21.70	21.70
HBI Energy ⁽³⁾	France	Fuel / energy brokering	35	35
Wilmar-ADM Investments Holding Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	50	50
CTG Wilmar Pty Ltd ⁽³⁾	Australia	Commodity trading	50	50

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

41. ASSOCIATES OF THE GROUP (CONTINUED)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Wilmar Plantation Services Limited ⁽⁴⁾	Mauritius	Plantation services	30	30
African Oil Palm Limited ⁽⁴⁾	Mauritius	Investment holding	39	39
Flex Biofuels Pty Limited ⁽³⁾	Australia	Blending and distribution of biofuels	35	35
Adani Wilmar Limited ⁽³⁾	India	Manufacturing and trading of edible oils and vanaspati	50	50
Josovina Commodities Pte Ltd ⁽³⁾	Singapore	Investment holding and vegetable oils trading	50	50
Alfa Trading Limited ⁽²⁾	Malaysia	Trading	#	50
Josovina Commodities Ltd ⁽⁴⁾	British Virgin Islands	Investment holding	#	49
Bidco Uganda Limited ⁽³⁾	Uganda	Manufacture and sale of edible vegetable oils, fats and soaps	#	#
Oil Palm Uganda Limited ⁽³⁾	Uganda	Oil palm cultivation	#	#
Oil Palm Mainland Limited ⁽³⁾	Uganda	Oil palm cultivation	#	#
Oil Palm Bundibugyo Limited ⁽³⁾	Uganda	Oil palm cultivation	#	#
African Bulk Commodities Limited ⁽⁴⁾	Mauritius	Investment holding	#	#
East African Storage Company Limited ⁽³⁾	Kenya	Bulk liquid storage	#	#
Northsea Container (Tianjin) Co., Ltd	People's Republic of China	Dissolved	-	#
Cheer Luck Investments Limited ⁽⁴⁾	Samoa	Dormant	#	#
COFCO Northsea Oils and Grains Industries (Tianjin) Co., Ltd (formerly known as Northsea Oils and Grains Industries Co., Ltd) ⁽³⁾	People's Republic of China	Edible oils refining and packaging	#	#

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

41. ASSOCIATES OF THE GROUP (CONTINUED)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Ghana Specialty Fats Industries Limited ⁽²⁾	Ghana	Shea nuts processing	#	#
International Nutritionals Limited ⁽³⁾	New Zealand	Merchandising and selling of palm kernel expeller and other products	#	–
LDEO Energy Sdn Bhd ⁽³⁾	Malaysia	Steam and power generation	#	#
COFCO Yellowsea Oils and Grains Industries (Shandong) Co., Ltd (formerly known as Yellowsea Oils and Grains Industries (Shandong) Co., Ltd) ⁽³⁾	People's Republic of China	Oilseeds crushing, edible oil refining and packaging	#	#
Vishakha Polyfab Private Limited ⁽³⁾	India	Manufacturing of multilayer plastic extruded film (plain and printed)	#	#
Acalmar Oils & Fats Limited ⁽³⁾	India	Edible oils refining and trading	#	#
Southcomm East Africa Limited ⁽³⁾	Tanzania	Managing bulk storage installation	#	#
South Island Trading Limited ⁽²⁾	Mauritius	Trading in vegetable oils	#	#
ETL (Mauritius) Limited ⁽²⁾	Mauritius	Trading in vegetable oils	#	#
African Tank Terminals Limited ⁽²⁾	Mauritius	Investment holding	#	#
Tanzania Liquids Storage Company Limited ⁽³⁾	Tanzania	Bulk storage installation	#	#
VOT (Tanzania) Limited ⁽³⁾	Tanzania	Bulk storage installation	#	#
Maputo Liquids Storage Company, LDA ⁽³⁾	Mozambique	Bulk storage installation	#	#
Savannah Commodities (Pty) Ltd ⁽²⁾	South Africa	Trading in vegetable oils and agricultural commodities	#	#
Feb 13 Properties (Proprietary) Limited ⁽²⁾	South Africa	Property company	#	#

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

41. ASSOCIATES OF THE GROUP (CONTINUED)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest	
			2008 %	2007 %
Savannah Commodities Tanzania Limited ⁽³⁾	Tanzania	Trading in vegetable oils	#	#
Savannah Commodities (DBN) (Pty) Limited ⁽³⁾	South Africa	Trading in vegetable oils and agricultural commodities	#	–
100 On Ridge (Pty) Limited ⁽³⁾	South Africa	Property company	#	–
Equatorial Oils & Fats Trading Limited ⁽⁶⁾	Mauritius	Trading in vegetable oils	#	–
SIFCA SA ⁽³⁾	Cote d'Ivoire	Investment holding	#	–
PALM-CI SA ⁽³⁾	Cote d'Ivoire	Plantation of palm trees and manufacturing of palm oil	#	–
SANIA SA ⁽³⁾	Cote d'Ivoire	Purchase, manufacturing and sale of oil products	#	–
PureCircle Limited ⁽³⁾	Bermuda	Producer and marketer of Reb-A, the natural high intensity sweetener with enhanced health benefits	#	–
Delta Wilmar CIS ⁽³⁾	Ukraine	Edible oils refining	#	–
Proizvodstvenno-kommercheskaya firma Profit ⁽³⁾	Russian Federation	Investment holding	#	–

(1) Audited by Ernst & Young LLP, Singapore

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

(3) Audited by other auditors

(4) Not required to be audited by the law of its country of incorporation

(5) Company is in the process of liquidation

(6) Company newly incorporated and not audited during the financial year

The effective interest of the Group in associates held through associates of the Group is not required to be disclosed

^ ADM's interest not taken up in the Group's result due to shares transfer not yet completed

@ Shares transferred from Wilmar Holdings Pte Ltd to the Company has not yet completed as at the balance sheet date

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

43. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2008 were authorised for issue in accordance with a resolution of the directors on 27 March 2009.

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 4 MARCH 2009

Number of Shares	: 6,385,681,185
Number of Shareholders	: 7,737
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	894	11.56	171,299	0.00
1,000 to 10,000	5,382	69.56	19,613,555	0.31
10,001 to 1,000,000	1,419	18.34	91,663,604	1.44
1,000,001 and above	42	0.54	6,274,232,727	98.25
Total	7,737	100.00	6,385,681,185	100.00

SUBSTANTIAL SHAREHOLDERS

As at 4 March 2009

(as recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	Indirect Interest	Total Interest	%
Wilmar Holdings Pte Ltd ⁽¹⁾ (in members' voluntary liquidation)	3,074,362,557	-	3,074,362,557	48.14
Wilmar International Holdings Limited ⁽²⁾ (in members' voluntary liquidation)	-	3,074,362,557	3,074,362,557	48.14
Kuok Khoon Hong ^{(2)&(3)}	-	3,076,814,017	3,076,814,017	48.18
Martua Sitorus ⁽²⁾	4,338,000	3,074,362,557	3,078,700,557	48.21
Golden Parklane Limited ⁽²⁾	-	3,074,362,557	3,074,362,557	48.14
Archer Daniels Midland Company ^{(2)&(4)}	-	3,501,604,224	3,501,604,224	54.84
Archer Daniels Midland Asia-Pacific Limited ⁽²⁾	70,841,892	3,074,362,557	3,145,204,449	49.25
Global Cocoa Holdings Ltd	356,399,775	-	356,399,775	5.58
FFM Berhad	592,783,628	-	592,783,628	9.28
PPB Group Berhad ⁽⁵⁾	559,077,627	604,157,128	1,163,234,755	18.22
Kuok Brothers Sdn Berhad ^{(5)&(6)}	230,000	1,164,554,955	1,164,784,955	18.24
Kerry Group Limited ⁽⁷⁾	-	535,326,678	535,326,678	8.38

Notes:

- (1) Wilmar Holdings Pte Ltd (in members' voluntary liquidation) ("WHPL") holds 3,074,362,557 Shares.
- (2) Wilmar International Holdings Limited (in members' voluntary liquidation) ("WIHL") is the parent company of WHPL. Pursuant to Section 7 of the Companies Act, WIHL is deemed to be interested in 3,074,362,557 Shares held by WHPL. Accordingly, Mr Kuok Khoon Hong, Mr Martua Sitorus, Golden Parklane Limited, Archer Daniels Midland Company ("ADM") and Archer Daniels Midland Asia-Pacific Limited ("ADMAP") are also deemed to be interested in aforesaid Shares via their interests in WIHL.
- (3) Mr Kuok Khoon Hong is also deemed to be interested in 144,000 Shares held by Kuok Hock Swee & Sons Sdn Bhd; 2,182,460 Shares held by HPRY Holdings Limited and 125,000 Shares held by Pearson Investments Limited.
- (4) ADM is also deemed to be interested in 70,841,892 Shares held by ADMAP and 356,399,775 Shares held by Global Cocoa Holdings Ltd.
- (5) PPB Group Berhad and Kuok Brothers Sdn Berhad are deemed to be interested in 592,783,628 Shares held by FFM Berhad and 11,373,500 Shares held by Hexarich Sdn Bhd.
- (6) Kuok Brothers Sdn Berhad is deemed to be interested in 559,077,627 Shares held by PPB Group Berhad, 1,274,200 Shares held by Gaintique Sdn Bhd, 23,000 Shares in Min Tien & Co Sdn Bhd and 23,000 Shares in Hoe Sen (Mersing) Sdn Bhd.
- (7) Kerry Group Limited is deemed to be interested in 213,211,778 Shares held by Harpole Resources Limited, 23,000 Shares held by Chipchase Limited, 175,000 Shares held by Athena Equities Holding Limited, 32,093,900 Shares held by Dalex Investments Limited, 3,748,000 Shares held by Natalon Company Limited, 475,000 Shares held by Kerry Asset Management Limited and 285,600,000 Shares held by Noblespirit Corporation.

STATISTICS OF SHAREHOLDINGS

TWENTY LARGEST SHAREHOLDERS

As at 4 March 2009

(as shown in the Register of Members and Depository Register)

No.	Name of Shareholders	No. of Shares	%
1	Wilmar Holdings Pte Ltd (in members' voluntary liquidation)	2,594,362,557	40.63
2	DBS Nominees Pte Ltd	640,190,718	10.03
3	FFM Berhad	592,783,628	9.28
4	PPB Group Berhad	568,457,627	8.90
5	Raffles Nominees Pte Ltd	416,122,224	6.52
6	Global Cocoa Holdings Ltd	356,399,775	5.58
7	Kuok (Singapore) Ltd	256,951,112	4.02
8	Harpole Resources Limited	213,211,778	3.34
9	DBSN Services Pte Ltd	119,909,323	1.88
10	Citibank Nominees Singapore Pte Ltd	97,140,140	1.52
11	HSBC (Singapore) Nominees Pte Ltd	83,801,068	1.31
12	United Overseas Bank Nominees Pte Ltd	78,353,737	1.23
13	Archer Daniels Midland Asia-Pacific Limited	70,841,892	1.11
14	Dalex Investments Limited	31,695,900	0.50
15	UOB Kay Hian Pte Ltd	26,504,963	0.42
16	DB Nominees (Singapore) Pte Ltd	15,675,978	0.25
17	Noblespirit Corporation	12,600,000	0.20
18	Hexarich Sdn Bhd	11,373,500	0.18
19	Zheng Ge Ru Foundation	10,915,556	0.17
20	CIMB Bank Nominees (Singapore) Sdn Bhd	10,000,000	0.16
TOTAL		6,207,291,476	97.23

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 4 March 2009, 13.6% of the issued and paid-up ordinary shares of the Company were held by the public and therefore, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

INFORMATION ON US\$600,000,000 CONVERTIBLE BONDS DUE 18 DECEMBER 2012 ("CONVERTIBLE BONDS")

According to the Register of Convertible Bonds, Citivic Nominees Limited was the sole registered holder of the Convertible Bonds and the amount of Convertible Bonds held was US\$600,000,000 as at 4 March 2009. The Principal Paying Agent and Conversion Agent is Citibank, N.A. London Branch, at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.