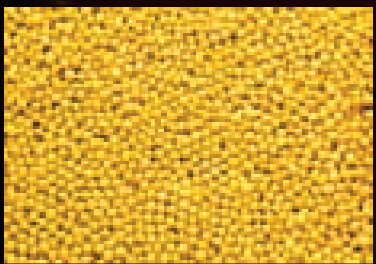
WILMAR IN CHINA

Annual Report 2009



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OUR GLOBAL OPERATIONS

Wilmar International Limited is Asia's leading agribusiness group. Headquartered in Singapore, our business activities include oil palm cultivation, oilseeds crushing, edible oils refining, consumer pack edible oils processing and merchandising, specialty fats, oleochemicals and biodiesel manufacturing, and grains processing and merchandising.

Our operations are located in more than 20 countries across four continents, supported by a multi-national staff force of more than 80,000 people and over 300 processing plants. With an extensive distribution network, our products are sold to more than 50 countries globally.

GROWING AND INVESTING IN CHINA

In China, the Group has rapidly grown over the past 20 years into one of the largest agribusiness and food companies. Our success has been built on **our unparalled scale, nationwide sales and distribution network, leading brands** and **a strong team with deep roots**.

China's high GDP growth, large and rapidly urbanising population base continue to drive demand for high quality processed food and agriproducts. With our leading market positions and nationwide infrastructure, Wilmar is well positioned to tap China's growing consumer demand.

WE ARE THE LARGEST OILSEEDS CRUSHER, EDIBLE OILS REFINER, MANUFACTURER OF CONSUMER PACK OILS, OILSEED MEALS, SPECIALTY FATS AND OLEOCHEMICALS IN CHINA.

INTEGRATED AGRIBUSINESS MODEL

Origination

↓

Processing

↓

Bulk Edible Oils	Consumer Pack Edible Oils	Oilseeds Meal	Specialty Fats	Oleo-chemicals	Other products: Rice, Flour, Biodiesel

↓

Merchandising, Shipping & Distribution

↓

Customers

UNPARALLELED
MANUFACTURING SCALE

- Over **130 plants**, many within large-scale integrated facilities
- With scale and integration, we produce high quality products at competitive cost
- Strategic locations close to raw material sources, road and rail systems and end markets

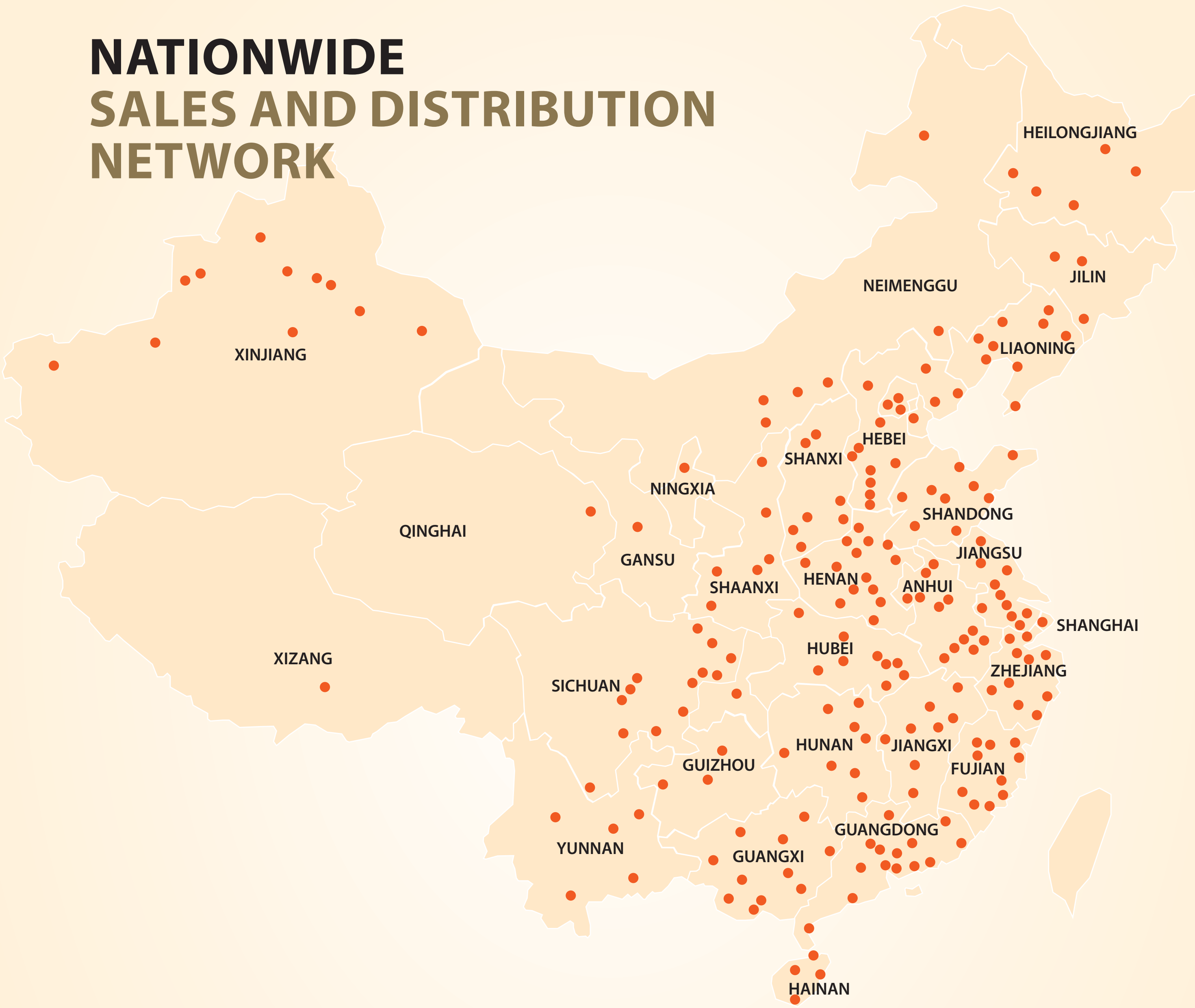
OUR DISTRIBUTION NETWORK REACHES CUSTOMERS ALL ACROSS CHINA

PROVIDING AN EXPANDING RANGE OF PRODUCTS

TO A DYNAMIC AND GROWING MARKET

OF OVER 1.3 BILLION PEOPLE

NATIONWIDE
SALES AND DISTRIBUTION NETWORK



> Over **200 sales offices**, **1,500 sales staff** and **4,000 independent third-party distributors** reach a nationwide customer base

> Strong platform to sell new products such as flour and rice.

A STRONG TEAM WITH DEEP ROOTS

Experienced management team with in-depth understanding of the rapidly evolving local markets

- **Highly capable, committed and motivated team**
- **Strong corporate culture of excellence and teamwork**
- **Committed to sustainability and contributions to society**

LEADING BRANDS

Widely recognised brands across range of products.
Arawana, #1 cooking oil brand in China
is being extended to premium rice and flour

Over **100 brands** across the world, with leading positions in China, India and Indonesia. Our brands include:

CHAIRMAN'S STATEMENT

"During the year, we continued to drive cost efficiencies from greater economies of scale and integration of our business activities through targeted capacity expansion in key markets and investing in opportunities that strengthened or complemented our existing agribusinesses."

FY2009 IN REVIEW

Wilmar achieved satisfactory results in 2009. Demand for agricultural commodities continued to be resilient, despite uncertainties in the global economic environment. FY2009 net profit increased by 23% to US$1.88 billion against US$1.53 billion in FY2008. Revenue decreased 18% to US$23.9 billion due to lower agricultural commodity prices as compared to FY2008. All business segments continued to perform well as we remained focused on growing our businesses, extracting cost efficiencies and risk management.

Earnings per share grew by 23% to 29.47 US cents in FY2009 as compared to 23.98 US cents a year ago. The Group's balance sheet continued to strengthen, as total assets increased by 31% to US$23.4 billion while shareholders' funds increased by US$1.3 billion to US$10.9 billion. Our gearing remained conservative at 0.41x.

DIVIDENDS

The Board has recommended a final dividend of S$0.05 for FY2009. Along with the interim dividend of S$0.03 per share paid on 14 September 2009, the total dividend for FY2009 will be S$0.08 per share.

SHARPENING COMPETITIVENESS

During the year, we continued to drive cost efficiencies from greater economies of scale and integration of our business activities. This was achieved through targeted capacity expansion in key markets and investing in opportunities that strengthened or complemented our existing agribusinesses.

In China, the Group has built leading market positions for our agriproducts and brands to serve a market of over 1.3 billion people. We have a nationwide network of over 130 plants, more than 200 sales offices and some 4,000 distributors. We had evaluated listing our China businesses but did not proceed due to weak stock market performance towards the end of the year.

Our India joint ventures performed satisfactorily. We are expanding our capacities rapidly in existing and new locations to meet rising demand for edible oils, specialty fats and other processed agricultural products.

In Indonesia, we increased our oil palm acreage, palm oil milling and refining capacities. A new large scale integrated manufacturing complex is being constructed in Gresik, near Surabaya, Indonesia that will expand our production of refined palm oil, fertiliser, oleochemicals and palm biodiesel.

Our European business continued to grow to meet demand for food and non-food palm oil products. With the start of our palm oil refinery operations in Brake, Germany, we now have a second refinery in Europe to support our growth. The Group's African joint ventures are making good progress in developing an integrated palm oil cultivation, processing and merchandising business. Our Russia and Ukraine joint ventures faced challenging times following the global financial crisis but the situation has since improved significantly.

CORPORATE SOCIAL RESPONSIBILITY

We are committed towards achieving Roundtable on Sustainable Palm Oil (RSPO) certification for all our palm oil mills and oil palm plantations. During the year, we conducted sustainability audits on two mills and five plantations. The audit reports are being reviewed by the RSPO peer review panel and we expect their results to be made known in due course.

We are also committed to helping the poor and needy in the countries we operate. In 2009, we made total charitable donations of US$5.7 million. Most of it was spent on education in China, Indonesia, Malaysia and Singapore, building old folks homes and sponsoring cataract operations in China.

OUTLOOK AND PROSPECTS

Economic prospects in Asia remain good. The large populations in China, India and Indonesia have relatively low per capita consumption; investments in infrastructure and increased consumption will continue to sustain strong growth for many years to come. The Group is well positioned to benefit as Asia's rising affluence and rapid urbanisation drive demand for high quality agriproducts. We intend to strengthen our leadership position in our core businesses, to build up newer markets and to tap attractive investment opportunities within and beyond Asia.

ACKNOWLEDGEMENTS

Mr Kuok Khoon Ho has stepped down as a director in the Company on 8 February 2010. On behalf of the Board, I would like to thank him for his support and contribution to the Company. At the same time, I would like to warmly welcome Mr Kuok Khoon Chen, who was appointed to our Board on 8 February 2010.

On behalf of the Board, I would like to convey our heartfelt thanks and appreciation for the unwavering support from our employees, customers, business partners and bankers.

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

Kuok Khoon Hong

Chairman & Chief Executive Officer

15 March 2010

“2009 年我们持续通过扩大经济规模及整合业务的方式来提高成本效率。通过在重点市场进行产能扩充，并借助投资实现优势互补，增强我们现有农产品业务.”

2009 年回顾

丰益集团 在 2009 年取得满意的财务结果。虽然全球经济环境不确定，但农产品需求保持平稳。集团 2009 年的净利润增长了 23%，从2008 年的 15.3 亿美元增长至 18.8 亿美元。受到农产品价格下跌的影响，集团营业额下降至 239 亿美元，比 2008 年减少 18%。由于我们致力于拓展业务、提高成本效率及加强风险管理，因此所有业务部门的绩效表现依然优异。

2009 年的每股盈利达到 29.47 美分，与 2008 年的 23.98 美分相比增长了 23%。集团的资产负债表持续强化，资产总额增长了 31%，达到 234 亿美元，股东资金增长了 13 亿美元，达到 109 亿美元。我们的资产负债率仍维持在稳健的 0.41 倍。

股息

董事会建议派发每股 0.05 新元的 2009 年年终股息。加上于 2009 年 9 月 14 日派发的每股 0.03 新元中期股息，2009 年全年派发的股息为每股 0.08 新元。

提升竞争力

2009 年我们持续通过扩大经济规模及整合业务的方式来提高成本效率。通过在重点市场进行产能扩充，并借助投资实现优势互补，增强我们现有农产品业务.

在中国，集团的农产品与品牌已在这个拥有超过 13 亿人口的市场占有领导地位。我们在全国拥有 130 多座工厂、200 多个销售处及约 4,000 个经销商。我们曾计划让中国业务在香港上市，但由于股市表现到年底前仍显疲弱，所以此计划并未付诸实行。

我们印度合资公司的业绩表现也令人满意。我们正快速扩充新、旧工厂的产能，以满足市场对食用油、特殊油脂及其它加工农产品不断增长的需求。

在印度尼西亚，我们扩大了油棕榈种植面积并提高了棕榈油榨油和提炼产能。我们在爪哇泗水（Surabaya）附近的锦石（Gresik）正在新建一个大型整合制造厂，以扩充我们精制棕榈油、肥料、油化学品及棕榈生物柴油的产能。

我们持续拓展欧洲业务，以满足当地对食用和非食用棕榈油产品的需求。为支持欧洲的业务拓展，我们在德国布拉克（Brake）启用了第二座欧洲棕榈油提炼厂。我们非洲合资公司的棕榈油种植、加工及营销业务的整合进展得十分顺利。我们俄罗斯和乌克兰的合资公司的业务经营曾受到全球金融危机的影响，不过现在的情况已大有改善。

企业社会责任

我们致力于让我们所有的棕榈油榨油厂与农场均获得棕榈油可持续发展圆桌会议（RSPO）核发的可持续性认证。在 2009 年我们对两座榨油厂与五个农场进行了可持续性稽核，稽核结果已送交RSPO的评审小组审查，预估结果将在不久之后公布。

我们也致力于帮助公司运营所在地的贫困居民。在 2009 年，我们的慈善捐款总额达到570万美元。其中多数捐款是用于帮助中国、印度尼西亚、马来西亚和新加坡发展教育事业、建造养老院以及赞助中国的白内障手术。

未来展望

亚洲的经济前景依然乐观。中国、印度和印度尼西亚庞大人口的人均消费支出相对较低；基础建设投资和消费增长将使这些国家经济保持强劲增长。亚洲的富裕化与快速都市化将加大对高质量农产品的需求，本公司已为此趋势做好准备。我们将持续增强我们在核心业务的领导地位，不断开发新市场，并抓住亚洲及亚洲以外市场的良好投资机会。

致谢

郭孔辅 先生已于 2010 年 2 月 8 日卸任本公司董事一职。我谨代表董事会感谢他对公司的支持与贡献。与此同时，我要对已于 2010 年 2 月 8 日获得董事会任命的郭孔丞先生致上诚挚的欢迎。

我谨代表董事会衷心感谢本公司所有员工、客户、业务伙伴和银行业者对我们的鼎力支持。

最后，我也要感谢本公司股东的强力支持与信任。

郭孔丰

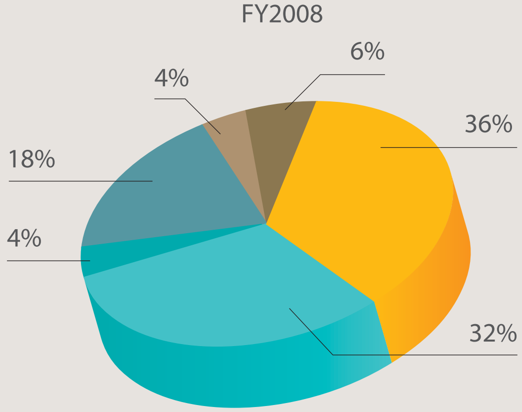
董事长

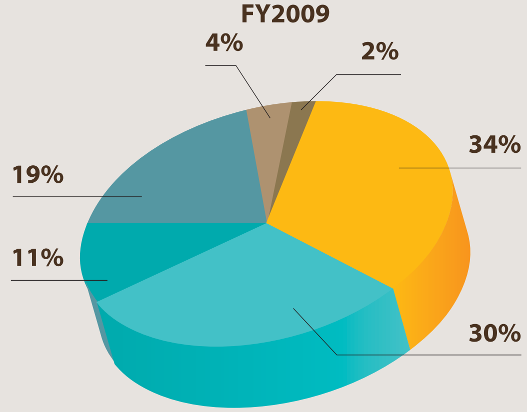
2010 年 3 月 15 日

FINANCIAL HIGHLIGHTS

	FY2009	FY2008	FY2007	FY2006	FY2005
INCOME STATEMENT (*US$ million*)					
Revenue	**23,885**	29,145	16,466	7,016	4,652
EBITDA	**2,590**	2,230	1,122	450	153
Profit before tax	**2,294**	1,789	830	289	74
Net profit	**1,882**	1,531	580	216	58
Earnings per share - fully diluted (*US cents*)	**27.4**	23.7	12.8	9.3	2.7
Dividend per share (*Singapore cents*)	**8.0**	7.3	2.6	1.3	1.0
CASH FLOW (*US$ million*)					
Cash flow from operating activities	**(520)**	3,231	(1,025)	174	(52)
Capital expenditure & investment	**1,183**	1,393	610	368	101
BALANCE SHEET (*US$ million*)					
Shareholders' funds	**10,931**	9,606	7,845	857	266
Total assets	**23,449**	17,869	15,507	3,853	1,569
Total liabilities	**12,037**	7,894	7,326	2,871	1,289
Net loan and borrowings	**4,445**	2,390	4,060	1,327	670
Net gearing (x)	**0.41**	0.25	0.52	1.55	2.52
Net asset value per share (*US cents*)	**171.06**	150.44	122.86	33.86	12.24
Net tangible assets per share (*US cents*)	**108.02**	88.71	61.26	32.35	10.65

PROFIT BEFORE TAX BY BUSINESS SEGMENT



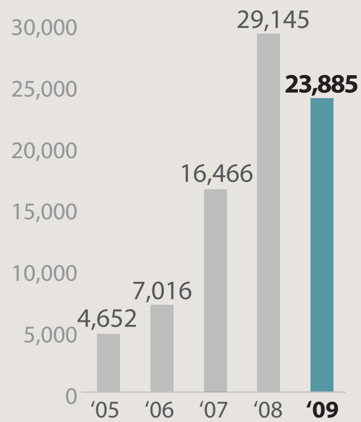


Merchandising & Processing - Palm & Laurics
Merchandising & Processing - Oilseeds & Grains
Consumer Products
Plantation & Palm Oil Mills
Others
Associates

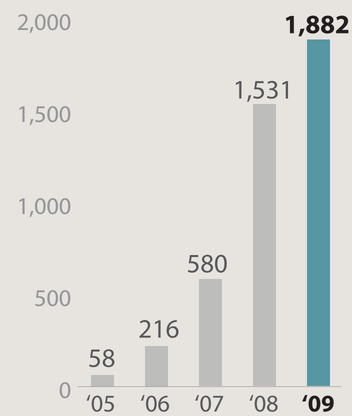
Notes:

From FY2007 onwards – Results include IPT Assets [1] and KG Acquisition [2]
FY2006 – Results restated to include IPT Assets [1]
FY2005 – Pre-merger results only
Segmental breakdown calculation excludes unallocated expense and gains from biological assets revaluation.

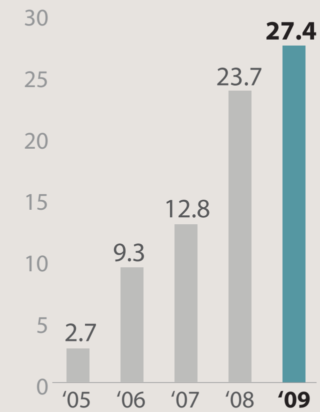
REVENUE
(US$ MILLION)



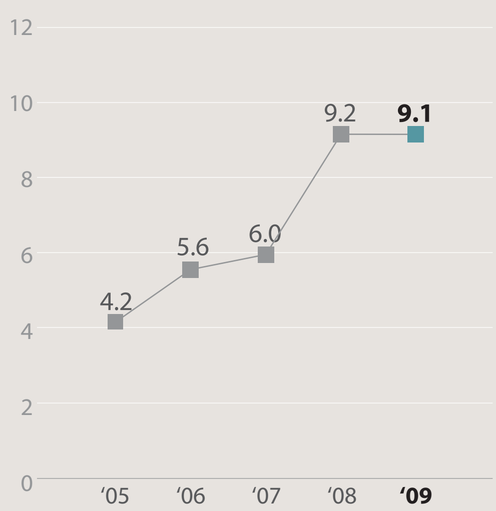
NET PROFIT
(US$ MILLION)



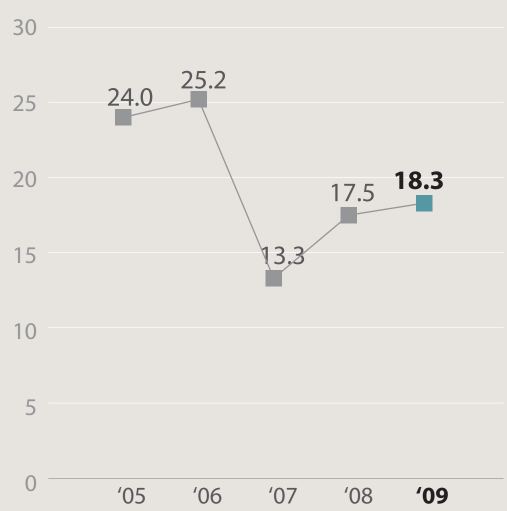
EARNINGS PER SHARE
(US CENTS)



RETURN ON AVERAGE ASSETS (%)



RETURN ON AVERAGE EQUITY (%)



Notes:

Return on Average Equity dropped in FY2007 due to the enlarged equity base arising mainly from the issue of 3.8 billion shares for the merger and acquisition of the IPT Assets (1) and KG Acquisition (2) in FY2007.

(1) *IPT Assets refer to the edible oils, oilseeds, grains and related businesses of Wilmar Holdings Pte Ltd, a controlling shareholder, including interests held by Archer Daniels Midland Asia Pacific and its subsidiaries.*

(2) *KG Acquisition refers to the Kuok Group's palm plantation, edible oils, grains and related businesses comprising Kuok Oils & Grains Pte Ltd, PGEO Group Sdn Bhd and PPB Oil Palms Berhad.*

BOARD OF DIRECTORS

From left to right:

Kuok Khoon Chen • Kwah Thiam Hock • Yeo Teng Yang • Teo Kim Yong • John Daniel Rice • Leong Horn Kee • Kuok Khoon Hong • Lee Hock Kuan • Martua Sitorus • Kuok Khoon Ean • Tay Kah Chye • Chua Phuay Hee

KUOK KHOON HONG

Chairman and Chief Executive Officer

Mr Kuok Khoon Hong, 60, is the Chairman and Chief Executive Officer of the Group. He is in charge of overall management of the Group with a particular focus on new business development. He has extensive experience in the industry and has been involved in the grains, edible oils and oilseeds businesses since 1973. Mr Kuok has completed many projects involving the establishment of oil palm plantations in Asia and the processing of grains, edible oils and oilseeds. He has held several key executive positions in various companies, including General Manager of Federal Flour Mills Bhd from 1986 to 1991, and Managing Director of Kuok Oils & Grains Pte Ltd from 1989 to 1991. Mr Kuok graduated from the then University of Singapore with a Bachelor of Business Administration degree. Mr Kuok was appointed on 24 March 2006 and was last re-elected on 29 April 2009.

MARTUA SITORUS

Executive Director and Chief Operating Officer

Mr Martua Sitorus, 50, is the Chief Operating Officer of the Group. He is in charge of the plantation, manufacturing, palm and biodiesel trading operations of the Group. Mr Sitorus has been instrumental in the development of the Group's business operations in Indonesia. He holds a degree in economics from HKBP Nomensen University in Medan, Indonesia. Mr Sitorus was appointed on 14 July 2006 and was last re-elected on 29 April 2008.

CHUA PHUAY HEE

Executive Director

Mr Chua Phuay Hee, 56, is in charge of Finance and Corporate Services, which include Finance, Corporate Secretarial, Legal, Information Technology, Risk Management and Investor Relations. He joined the Group in 2002. His past positions include Chief Financial Officer and Chief Risk Officer of Keppel TatLee Bank Ltd, Singapore. Prior to that, he spent 9 years with the Monetary Authority of Singapore in various capacities relating to insurance regulation, human resource management and securities industry regulation. He is a director of Industrial Bank Co., Ltd., a company listed on the Shanghai Stock Exchange. Mr Chua received his Masters of Science (Actuarial Science) degree from Northeastern University, Boston, USA, and a Bachelor of Science (First Class Honours) degree in Mathematics from the then Nanyang University, Singapore. Mr Chua was appointed on 24 March 2006 and was last re-elected on 29 April 2008.

TEO KIM YONG

Executive Director

Mr Teo Kim Yong, 56, is in charge of commercial activities and the Group's merchandising of palm and lauric oils. Mr Teo joined the Group in 1992 and has extensive experience in the marketing and merchandising of edible oil products. His past positions include Marketing Manager of Sime Darby Edible Products and International Marketing Manager of Hwa Hong Oil Industries. He also served as a director of Gardner Smith, Singapore and as Marketing Director of Keck Seng Pte Ltd. Mr Teo graduated from the then University of Singapore with a Bachelor of Business Administration degree. Mr Teo was appointed on 14 July 2006 and was last re-elected on 29 April 2008.

LEE HOCK KUAN

Executive Director

Mr Lee Hock Kuan, 56, is Vice Chairman and Head of Southern Region, China Division and Group Head of Consumer Pack & Specialty Fats. He was a director of Kuok Oils & Grains Pte Ltd from 1997 to 2007. Mr Lee was responsible for starting the Kuok Group's first vegetable oil refinery in China in 1988. He has extensive experience in the overall management and strategic operations in the edible oils, oilseeds and grains businesses, especially in China where he has been posted for almost 22 years. Mr Lee holds a Masters Degree in International Business Management from the Australian National University. Mr Lee was appointed on 2 July 2007 and was re-elected on 29 April 2008.

KUOK KHOON CHEN

Non-Executive Director

Mr Kuok Khoon Chen, 55, has been a senior executive of the Kuok Group since 1978. He is currently the Deputy Chairman and Managing Director of Kerry Group Limited, the Chairman and Managing Director of Kerry Holdings Limited and a director of a number of Kuok Group companies. He is an executive director and the Chairman of Kerry Properties Limited, which is listed on the Hong Kong Stock Exchange, and an executive director of China World Trade Center Co., Ltd., which is listed on the Shanghai Stock Exchange. Mr Kuok holds a Bachelor's degree in Economics from Monash University in Australia. Mr Kuok was appointed on 8 February 2010.

KUOK KHOON EAN

Non-Executive Director

Mr Kuok Khoon Ean, 54, is a director of Kuok (Singapore) Limited, Kuok Brothers Sdn Berhad, Kerry Group Limited and Kerry Holdings Limited. He is the Executive Chairman of Shangri-La Asia Limited, a non-executive director of SCMP Group Limited and also an independent non-executive director of The Bank of East Asia, Limited, all of which are listed companies in Hong Kong. He has served on various statutory bodies in Singapore, namely the Sentosa Development Corporation from 1993 to 2000, the Singapore Trade Development Board from 1995 to 1998 and the Singapore Tourism Board from 2000 to 2001. He has also served on the Board of Trustees of the Singapore Management University (SMU) from 2000 to 2005, and was re-appointed a member of the SMU Board from 2006 to 2011. Mr Kuok holds a Bachelor of Economics degree from Nottingham University, UK. Mr Kuok was appointed on 2 July 2007 and was re-elected on 29 April 2008.

JOHN DANIEL RICE

Non-Executive Director

Mr John Daniel Rice, 56, is the Executive Vice President for Commercial and Production of Archer Daniels Midland Company (ADM), a company listed on the New York Stock Exchange. He also serves on ADM's Strategic Planning Committee. Mr Rice joined ADM in 1976 and has more than 30 years of agribusiness experience. Within ADM, he has held various senior management positions within the processing division, including President, North American Oilseeds and Food Oils; Senior Vice President, Global Corn Processing, BioProducts and Food; and Executive Vice President, Global Marketing and Risk Management. He was named Executive Vice President, Commercial and Production in August 2007. He holds a Bachelor of Arts degree from the University of Saint Thomas, USA. Mr Rice is currently a member of the Alfred C. Toepfer International Board, the Golden Peanut Company Board, and the Telles™ Board. Mr Rice was appointed on 1 January 2008 and was re-elected on 29 April 2008.

YEO TENG YANG

Lead Independent Director

Mr Yeo Teng Yang, 68, is the lead independent director. He currently sits on the boards of various companies as a non-executive director, including United International Securities Ltd, Singapore. Mr Yeo has extensive experience in banking and finance. From 1995 to 2000, he was the Senior Executive Vice-President with United Overseas Bank Ltd, Singapore, and held several responsibilities in the bank's international banking business, treasury, stockbroking, fund management, risk management and corporate services. He also served as a Board Member of Korea First Bank, South Korea, from 2000 to 2005. Mr Yeo holds a Bachelor of Social Sciences degree from the then University of Singapore and a Masters degree in Economics and Finance from Yale University, USA. Mr Yeo was appointed on 14 July 2006 and was last re-elected on 29 April 2009.

LEONG HORN KEE

Independent Director

Mr Leong Horn Kee, 57, has been an independent director since 2000 and was last re-elected on 26 April 2007. Currently, he is the Chairman/CEO of CapitalCorp Partners Pte Ltd, and is Singapore's

Non-resident Ambassador to Mexico. Mr Leong has established a wide career in the private sector with Far East Organization, Orchard Parade Holdings Limited, Yeo Hiap Seng Limited, Rothschild Singapore, Transtech Ventures and Natsteel group, as well as in the public sector with the Ministry of Trade & Industry and the Ministry of Finance. In addition, he was a Singapore Member of Parliament for 22 years. Mr Leong holds a Production Engineering (First Class Honours) degree from Loughborough University, UK; an Economics Honours degree from London University, UK; a BA degree in Chinese Language and Literature from Beijing Normal University, China; an MBA degree from European Institute of Business Administration (INSEAD), France; and a Masters of Business Research degree from University of Western Australia. Mr Leong was a Colombo Plan Scholarship and a French Government Scholarship holder. He was conferred the Friend of Labour and Meritorious Service Awards by NTUC.

TAY KAH CHYE

Independent Director

Mr Tay Kah Chye, 63, is currently the Chairman and CEO of Monsoon Investments Holding Private Limited, a regional investment company, headquartered in Singapore. He is also the Honorary Adviser of ASEAN Bankers Association, a regional banking industry group. Prior to his retirement on 31 December 2007, Mr Tay was the President and Chief Executive Officer of ASEAN Finance Corporation Limited, a regional merchant bank based in Singapore and owned by various leading banks and financial institutions in ASEAN since 1991. Mr Tay has vast experience in banking and finance. Mr Tay was with Citibank N.A. Singapore Branch, where he started his banking career in 1973. His last held position in Citibank was Vice President and Head of its Corporate Marketing Group. During his 18 years with Citibank, he held various positions in banking operations, credit management and marketing. Mr Tay is a member on the board of directors of, among others, Chemical Industries (Far East) Ltd and the Cambodia Mekong Bank Public Limited Company. Mr Tay holds a Bachelor of Social Sciences in Economics degree from the then University of Singapore. Mr Tay was appointed on 14 July 2006 and was last re-elected on 29 April 2009.

KWAH THIAM HOCK

Independent Director

Mr Kwah Thiam Hock, 63, sits on the board of various companies including IFS Capital Limited, Select Group Limited, Excelpoint Technology Ltd, SwissCo International Limited and Teho International Inc Ltd. He started his career in 1964 with the Port of Singapore Authority. From 1969 to 1970, he was an Assistant Accountant with the Singapore Textile Industries Limited. Subsequently, he served as the Secretary and Assistant Accountant in Singapore Spinners Private Limited from 1970 to 1973 and later in 1974, he moved on to become the Regional Accountant and Deputy Manager of its related company, IMC (Singapore). Mr Kwah left to join ECICS Holdings Ltd in 1976 and rose to become its President and Chief Executive Officer. He stepped down from ECICS Holdings Ltd in 2003 to assume the position of Principal Officer and Chief Executive Officer of ECICS Limited, a wholly-owned subsidiary of listed IFS Capital Limited. Mr Kwah retired from ECICS Limited in December 2006 but he remains as the non-executive director of ECICS Limited. He is a Fellow, Certified Public Accountant of Australia, ICPAS and ACCA. He graduated from the then University of Singapore in 1973 with a Bachelor of Accountancy degree.
Mr Kwah was appointed on 14 July 2006 and was last re-elected on 29 April 2009.

KEY MANAGEMENT TEAM

MR KUOK KHOON HONG
Chairman and Chief Executive Officer

MR MARTUA SITORUS
Executive Director and Chief Operating Officer

MR CHUA PHUAY HEE
Executive Director (Finance and Corporate Services)

MR TEO KIM YONG
Executive Director (Commercial)

MR LEE HOCK KUAN
Executive Director (Vice Chairman and Head of Southern Region, China Division and Group Head of Consumer Pack & Specialty Fats)

MR GOH ING SING
Head of Plantations Division

MR MATTHEW JOHN MORGENROTH
Group Technical Head

MR HENDRI SAKSTI
Head of Operations, Indonesia

MR YEE CHEK TOONG
Head of Operations, Malaysia

MR RAHUL KALE
Head of Biofuels & Oleochemicals

MR MU YAN KUI
Vice Chairman and Head of Northern Region & Grains Trading, China Division

MR NIU YU XIN
General Manager and Head of Central Region & Oils Trading, China Division

PROFESSOR CHUA NAM-HAI
Chief Scientific Advisor

MR FRANCIS HENG HANG SONG
Chief Financial Officer

MS SNG MIOW CHING
Group Financial Controller

MS TEO LA-MEI
Group Legal Counsel & Joint Company Secretary

MR PATRICK TAN SOO CHAY
Head of Internal Audit

MR JEREMY GOON
Group Head of Corporate Social Responsibility

CAPTAIN KENNY BEH HANG CHWEE
Managing Director of Raffles Shipping Corporation Pte Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS
Kuok Khoon Hong (*Chairman*)
Martua Sitorus
Chua Phuay Hee
Teo Kim Yong
Lee Hock Kuan
Kuok Khoon Chen
Appointed on 8 February 2010
Kuok Khoon Ean
John Daniel Rice
Yeo Teng Yang
Leong Horn Kee
Tay Kah Chye
Kwah Thiam Hock

EXECUTIVE COMMITTEE
Kuok Khoon Hong (*Chairman*)
Martua Sitorus
Chua Phuay Hee
Teo Kim Yong

AUDIT COMMITTEE
Tay Kah Chye (*Chairman*)
Kwah Thiam Hock
Yeo Teng Yang

NOMINATING COMMITTEE
Kwah Thiam Hock (*Chairman*)
Kuok Khoon Hong
Tay Kah Chye

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

RISK MANAGEMENT COMMITTEE
Yeo Teng Yang (*Chairman*)
Kuok Khoon Hong
Leong Horn Kee

COMPANY SECRETARIES
Teo La-Mei
Colin Tan Tiang Soon

REGISTERED OFFICE
56 Neil Road
Singapore 088830
Telephone (65) 6216 0244
Facsimile (65) 6836 1709

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
8 Cross Street #11-00 PWC Building
Singapore 048424
Telephone (65) 6236 3333
Facsimile (65) 6236 3405

AUDITORS
Ernst & Young LLP
One Raffles Quay #18-01 North Tower
Singapore 048583
(Partner-in-Charge: Max Loh Khum Whai)
Appointed on 14 July 2006

KEY BANKERS
Agricultural Bank of China
Bank of America, N.A.
Bank of China
Bank of Communications
China Construction Bank
CIMB Bank Berhad
DBS Bank Ltd
Hong Leong Bank Berhad
Industrial and Commercial Bank of China
ING Bank N.V.
Oversea-Chinese Banking Corporation Limited
PT Bank Central Asia, Tbk
PT Bank Mandiri (Persero), Tbk
Rabobank International
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Royal Bank of Scotland plc

MERCHANDISING & PROCESSING - PALM & LAURICS

Wilmar is the world's largest processor and merchandiser of palm and lauric oils with processing plants located in both origin and destination markets. We process palm and lauric oils into refined palm oil, specialty fats, oleochemicals and biodiesel. As at 31 December 2009, the Group has refineries located in the following countries:

- 22 plants in Indonesia
- 15 plants in Malaysia
- 42 plants in China
- 5 plants in Europe
- 2 plants in Vietnam
- 14 plants in India (associate)
- 2 plants in Africa (associate)
- 1 plant in Ukraine (associate)
- 3 plants in Russia (associate)

INDUSTRY TREND IN 2009

In 2009, global palm oil production grew by about 4% to 45 million metric tonnes (MT) mainly due to increased mature hectarage in Indonesia. Malaysia and Indonesia produced a total of 40 million MT, which accounts for about 89% of global production.

Palm oil consumption registered steady growth of about 5% to 45 million MT, with India being the largest consuming market. India's palm oil consumption has increased substantially over the year due to lower domestic oilseeds production and the absence of import duties on palm oil. China, Europe and Pakistan also recorded healthy growth in consumption.

In the first half of 2009, palm oil prices surged by over 50% from the lows recorded in December 2008 largely due to global economic recovery, higher crude oil prices and lower palm oil production in Malaysia. Prices began to ease from June 2009 as palm oil production recovered and on market concerns of a larger than expected soybean harvest in South America. However, prices were firmer towards the end of the year due to a weaker US dollar.

OUR PERFORMANCE

In 2009, the Group processed and merchandised 19.1 million MT of palm and laurics, a 2% decline over 2008. This was because the Group adopted a more cautious risk management stance in 1Q2009, following increased industry defaults at end-2008. Also, the less volatile commodities prices resulted in limited stockpiling in 2009. The Group's pretax margins improved in 2009 mainly due to timely purchases of raw materials.

OUTLOOK AND STRATEGY

In order to capture the growing demand for palm oil from both food and non-food industries, particularly in emerging markets, the Group will continue to invest in refining and manufacturing of downstream products. The construction of a large scale integrated manufacturing complex in Gresik, near Surabaya, Indonesia is currently underway and is expected to be fully operational by end-2010.

MERCHANDISING & PROCESSING - OILSEEDS & GRAINS

In China, Wilmar is the largest oilseeds crusher and is also one of the leading wheat and rice millers. Although China oilseeds crushing contributed to the bulk of Wilmar's oilseeds & grains earnings, the Group also has oilseeds crushing operations in India, Malaysia and Russia. As at 31 December 2009, the Group has a total of 38 oilseeds crushing plants.

We are increasing our crushing capacity in India through our joint venture with the Adani Group. This joint venture, Adani Wilmar Limited, has crushing facilities in 7 locations across India.

INDUSTRY TREND IN 2009

China is the largest importer of soybeans, accounting for about 54% of global imports. The country imported 41 million MT of soybean, representing a growth of about 9%. China's import of soybean increased because the support price offered by the government to local farmers had resulted in reduced supply of domestic soybeans to local crushers. Import of canola also increased because of reduced domestic supply. The Group is the largest importer of soybeans and canola in China.

Total volume of soybeans and rapeseed crushed in China increased by about 11% to 56 million MT. This was due to strong growth of the livestock industry and edible oils demand.

OUR PERFORMANCE

During the year, the Group reported a growth of 18% in volume in China to 15.6 million MT, due mainly to higher utilization of existing plants and commencement of several new oilseeds crushing plants. Performance in 2009 was satisfactory due to timely purchases of raw materials and improved efficiency due to the strength of our integrated business model.

OUTLOOK AND STRATEGY

China's rapid economic growth will drive demand for high quality food and agri-products. The Group will continue to invest and expand our manufacturing and distribution infrastructure of our existing businesses as well as new businesses, such as in rice and flour. We will also continue to invest in research and development to produce new and better quality products to meet our customers' discerning expectations.

CONSUMER PRODUCTS

Wilmar produces consumer packs of edible oils, rice, flour and grains which are marketed under our own brands. In China, we are the largest producer of consumer pack edible oils. The Group also has significant share in the consumer pack edible oils markets in Indonesia, India, Bangladesh and Vietnam. In Indonesia, the Group is the second largest producer of consumer pack oils with over 20% market share. In Vietnam, we are the largest producer of consumer pack oils with over 50% market share. In India, Adani Wilmar Limited is the leading producer of consumer pack oils, having close to 20% market share. We are also a market leader in Bangladesh with approximately 30% market share.

INDUSTRY TREND IN 2009 - CHINA

The market share for consumer pack oils versus other forms of edible oils increased from 24% of total edible oils consumed in China in 2008 to 26% in 2009. Meanwhile, the total industry volume for consumer pack oils grew by about 11% to 5.7 million MT in 2009.

In Indonesia, Vietnam, India and Bangladesh, demand for branded consumer pack oils has also increased due to growing consumers' purchasing power.

OUR PERFORMANCE

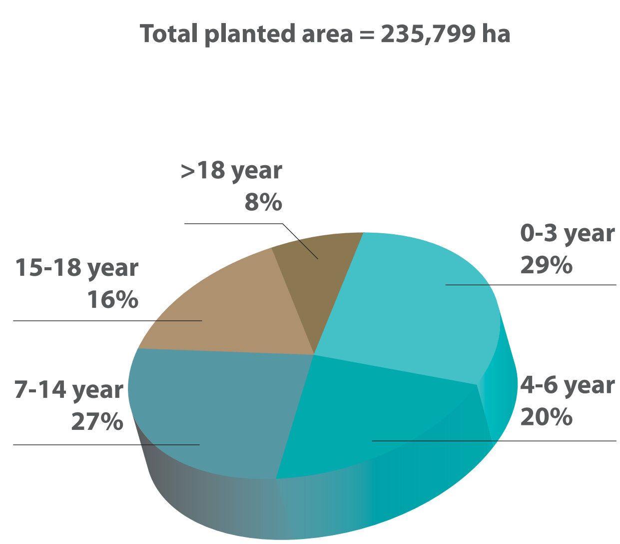
During the year, the Group's total sales volume was higher compared to last year mainly due to stronger demand of consumer pack oils in China. Pretax margins improved as last year's raw material cost was higher while selling prices were restricted by the Chinese Government's price intervention measures introduced between January and December 2008. Favourable timing of raw materials purchases has also helped to boost margins. Sales volume also improved significantly in India, Vietnam and Bangladesh.

OUTLOOK AND STRATEGY

Rising affluence in China, India, Indonesia, Bangladesh and Vietnam, will lead to continued shift from the consumption of loose oils to quality branded consumer pack oils. In these markets, the Group will focus on brand building, increasing retail penetration and product innovation to strengthen our market presence.

PLANTATIONS & PALM OIL MILLS

PLANTATION AGE PROFILE AS AT 31 DECEMBER 2009



Note: Excludes Plasma area of 33,747 ha

Wilmar is the third largest listed oil palm plantation company with a total planted area of 235,799 hectares (ha) as at 31 December 2009. About 73% of the total planted area is located in Indonesia with the remaining 27% in East Malaysia. We process fresh fruit bunches (FFB) that we source from our own plantations and also from smallholders under the Group's Plasma scheme and third-party suppliers. The crude palm oil (CPO) and palm kernel produced by our oil palm mills are predominantly supplied to our refineries and palm kernel crushing plants.

The Group also owns plantations in Uganda and West Africa via joint ventures. Total planted area in Uganda and West Africa is approximately 6,000 ha and 37,000 ha respectively. In addition, we managed 33,747 ha and 125,000 ha under the smallholders scheme in Indonesia and West Africa respectively.

HIGHER FFB PRODUCTION

In Indonesia and Malaysia, the Group's FFB production rose 9% to 3.2 million MT due to an increase in mature area from 141,407 ha in 2008 to 159,464 ha in 2009. However, FFB yield was slightly lower at 20.2 MT per hectare as productivity in early 2009 was affected by the lag effect of drought which occurred in 2007/08 and the dilutive effect from newly matured area.




SUSTAINABILITY AND CERTIFICATION

The Group's plantations and milling processes adhere strictly to the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO), which include the protection of high conservation value land, treatment of wastewater and provision of community services. We are on track with our audit progress for RSPO certification of our plantations and mills. Thus far, three of our mills have received RSPO certification and two mills are expected to be certified in 2010.

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

OUR PERFORMANCE

The Group registered an impressive pretax profit growth of 22% to US$397 million due to stronger production volume, lower cost of production and forward sales at higher prices. Lower production cost was due mainly to lower fertiliser cost.

OUTLOOK AND STRATEGY

Being the cheapest vegetable oil, consumption of palm oil is expected to grow steadily over the years. Emerging markets like China, India, Indonesia and Pakistan are expected to be the key demand drivers for palm oil. Meanwhile, supply growth will be largely dependent on higher mature hectarage and yield improvement in Indonesia.

OTHERS

Wilmar is also engaged in the manufacture and distribution of fertilisers and shipping of bulk oil which are complementary to the Group's core business activities.

FERTILISER

The bulk of the Group's fertiliser output is sold in Indonesia. Wilmar is one of the largest fertiliser suppliers in Indonesia, focusing on the production of NPK (nitrogen, phosphorus and potassium), which accounts for about 40% of the total sales volume. We are also engaged in the trading of potash, phosphate and kieserite. Customers for our fertiliser products are also the Group's suppliers of FFB, CPO and palm kernel, enabling us to tap this captive market and minimise credit risk.

On average, fertiliser prices fell by about 60% from the peak in 3Q2008 as a result of the global economic downturn and lower crude mineral oil prices. Demand for fertilisers has also weakened considerably as growers were cutting down on

fertiliser applications due to lower commodities' prices. Lower selling prices and weaker demand has adversely affected the profitability of our fertiliser unit in 2009.

Despite the weaker demand for fertiliser in 2009, we believe the long term prospects remain positive due to continued strong growth in Indonesia's new planting area for oil palms. Therefore, the Group is building a new plant in Java to meet the increasing demand for fertiliser from the oil palm plantations in Kalimantan.

SHIPPING

Through our subsidiary, Raffles Shipping Corporation Pte Ltd, we own a fleet of vessels which caters primarily to in-house needs. Our fleet improves our flexibility and operational efficiency in the merchandising and processing operations. Over 30% of the Group's liquid bulk shipping requirement is met by Group-owned vessels.

Shipping rates experienced a sharp correction in early 2009 on oversupply conditions caused by a significant slowdown in global economic activities. In addition, tight access to credit market has led to the cancellation of vessel orders. However, shipping rates recovered towards the second half of the year as China increased its imports of raw materials from the international markets.

As the volume of edible oils merchandised by the Group increases, the Group will continue to expand our shipping fleet and reduce shipping costs by acquiring larger vessels. As at 31 December 2009, we owned a total of 25 vessels with a combined tonnage of 857,000 MT.

RESEARCH & DEVELOPMENT

Recognising the importance of research and development (R&D) to the long term growth of the Group, in November 2009, we established our Global R&D Centre in Shanghai. The R&D Centre will conduct research on oilseed, edible oil and grain products to improve quality and product range, create new applications, enhance process efficiency and raise productivity. We intend to spend no less than US$100 million over the next five years on the R&D Centre to make it a premier research institute in the region.

AWARDS

COMPANY LEVEL

- Ranked 300th by Fortune Magazine for 2009 Fortune Global 500
- 2009 Securities Investors Association (Singapore) – Winner, the Most Transparent Company Award for Services, Utilities & Agriculture category
- 2009 Frost & Sullivan Award for Growth Excellence
- Winner, Yazhou Zhoukan Magazine's 2009 Global Chinese Business 1000 Award for Singapore
- Certificate of Excellence for 2009 IR Magazine Award for South East Asia
- Ranked 1st for highest overseas sales turnover and 1st for revenue by market for China, India, the Middle East, Europe and North Asia by International Enterprise Singapore

CHINA GROUP OPERATIONS

- Yihai Kerry Investments Co., Ltd received the following awards:
  - China Top 500 (ranked 67th) by China Enterprise Confederation and China Enterprise Directors Association
  - 2009 Shanghai Manufacturing Enterprise Top 50 (ranked 5th) by China Enterprise Confederation and China Enterprise Directors Association
  - Outstanding Contribution of Project Hope by China Youth Development Foundation
- Kerry Oils & Grains (Fangchenggang) Ltd was awarded Contribution of Project Hope in Guangxi Province by the Communist Youth League of Guangxi
- Shanghai Kerry Food Industries Co., Ltd was awarded 2009 Shanghai Enterprise Top 100 (ranked 48th) and Shanghai Manufacturing Enterprise Top 50 (ranked 20th) by China Enterprise Confederation and China Enterprise Directors Association

MERCHANDISING & PROCESSING – PALM & LAURICS

- Bintulu Edible Oils won the Commodity Industry Award 2009 - Best Processing Factory category of the Malaysia International Commodity Conference Showcase (MICCOS 2009)

CONSUMER PRODUCTS

- China – *Arawana* cooking oil was recognised in "China's 500 Most Valuable Brands" in 2009 by the World Brand Laboratory and *Arawana* rice won the first prize in the 2009 Science and Technology Awards by the Chinese Cereals and Oils Association
- China – *Orchid* cooking oil was recognised as China's Well-Known Brand by the Trademark Office of The State Administration for Industry & Commerce of PRC
- India – *Fortune* brand was awarded the Super Brand based on consumer validation and Most Trusted Brand in the cooking oil segment by Reader's Digest
- Indonesia – *Sania* brand was awarded the Super Brand 2009 based on AC Nielsen research

> "IN 2009, WE CONTINUED TO PROGRESS AND ACHIEVE SUCCESSES IN OUR SUSTAINABILITY AGENDA"

In 2009, we continued to progress and achieve successes in our sustainability agenda. As one of the largest players in the palm oil sector, we believe in taking a more active role in the industry to provide greater voice and momentum to sustainable palm oil. We stepped up efforts in the certification of our plantations and mills aligned with the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO). We also deepened our commitment to environmental protection in areas such as water management, biodiversity and climate change. We continued to reach out and give back to our local communities.

CERTIFICATION PROGRESS

We are on track with our plan to audit and certify our plantations and mills to RSPO standards. We have already received RSPO certification for three mills and their supply base of four plantations. Following in their footsteps, two mills and five estates in Sarawak, East Malaysia have completed certification audits and have been recommended by an independent certification body for certification. These audit reports are now under peer review with the RSPO and we expect their certification status to be determined in 2010. We have also completed the final RSPO assessments for six plantations and three mills in Sabah and in Central Kalimantan.

In addition, we improved the transparency of our supply chain by securing interim approval for the RSPO Supply Chain Certification for four of our palm oil mils and refineries in Sabah, East Malaysia and our biodiesel facility in Riau, Indonesia. Under the Mass Balance Supply Chain approach, our customers are assured of receiving Certified Sustainable Palm Oil (CSPO) and its derivatives that are physically traceable back to source.

Apart from this Mass Balance Supply Chain model, we also trade CSPO under the Book & Claim system that allows for the transfer of certified palm oil volume credits from the mill and its supply base to the end-user, independent of the physical supply chain.

All of our certified products recorded strong customer demand.

ENVIRONMENTAL STEWARDSHIP

Water Management

We adhere to the United Nations Global Compact (UNGC), which encompasses corporate social responsibility principles. In 2009, we joined the UN CEO Water Mandate – an extension of the UNGC principles – as a further commitment towards environmental stewardship focused on water management. The objectives of this water initiative also align with those of the RSPO Principles & Criteria.

We apply the 4Rs of Reduce, Reuse, Recycle and Replenish to improve our use and management of water resources:

- Treating water to acceptable levels before discharging into the natural waterways;
- Providing employees and local communities with clean drinking water;
- Encouraging development and use of new technologies to reduce water use, including efficient irrigation methods (re-using effluent for land application), improved palm varieties that are more drought-resistant; and
- Installing more water tanks for rainwater collection.

We will continue to assess water use improvements throughout our supply chain and encourage our suppliers as well as other business partners to measure and improve their impact on water resources.

“We apply the 4Rs of Reduce, Reuse, Recycle and Replenish to improve our use and management of water resources.”

Biodiversity

We actively engage with strategic and committed partners to carry out our biodiversity strategy. We measure our effectiveness by ensuring our partnerships include practical action plans to monitor, conserve and enhance local biodiversity. We work closely with several academic institutions, governmental organisations, civil society groups and a variety of stakeholders to ensure the success of our initiatives.

Partnerships

Government

In Sabah, we collaborated with the Forestry Department of Sabah to enhance the riparian zone adjacent to the Segama River that runs through our plantation. This was achieved by increasing tree varieties that are native to the region and serve as food resources for endangered and endemic species such as the proboscis monkeys and other wildlife. To ensure the success of this project, we signed a Memorandum of Understanding with the Forestry Department of Sabah – in the presence of the Sabah Chief Minister – to support us with technical advice. We are also engaging other sources of expertise, including The Royal Society Southeast Asian Rainforest Research Programme.

Academic Institutions

As part of our efforts to help build up research capacity in natural resource management, we provided several PhD students with on-site experiential training opportunities and access to our field resources. The students come from renowned academic institutions such as Cambridge University, Harvard University and the University of New York. We also work with non-profit organisations such as Earthwatch, which specialise in scientific field research and education on biodiversity conservation to promote the understanding and action necessary for a sustainable environment.

Private Sector

We have an on-going collaboration with the Hong Kong and Shanghai Bank Corporation (HSBC) to conduct sustainability courses for their employees, including members of their senior executive management team. The courses aim to educate HSBC employees on forest and oil palm sustainability issues. This aligns with HSBC's position as a signatory to the Equator Principles – a financial industry benchmark for managing and addressing socio-environmental risks for project financing.

Civil Society Groups
We identified a potential site for an orangutan rehabilitation centre in one of our conservation areas in Central Kalimantan, Indonesia. We approached a primate conservation organisation to help us develop and manage this site. While discussion with the conservation group is on-going, we have started building our own capacity with the addition of a conservation manager/primatologist to manage this project, as well as conservation work in general. We have two other conservation managers who manage our protected areas at the Group and regional levels respectively.

We lend our support to international conservation efforts, including being one of the founding members of Conservation International's Asia Pacific Business & Sustainability Council.

Climate Change Mitigation

We conducted a carbon footprint study on our palm oil supply chain and downstream aspects of our soybean business. The study provides us with baseline carbon emissions data and helps us to develop practical ways to deal with the issue of emission mitigation. The analysis allows us to simultaneously help address the issue of climate change, and identify projects with potential economic value which could support further sustainability investments.

We currently have six registered Clean Development Mechanism (CDM) projects, with two currently under validation. We have also embarked on nine Voluntary Carbon Standards (VCS) projects in China and Vietnam for our rice mill operations.

Our CDM projects range from biomass boilers to methane capture and are located in Malaysia and Indonesia, with on-going VCS projects in Vietnam and China. We also plan to engage and involve our

"We lend our support to international conservation efforts, including being one of the founding members of Conservation International's Asia Pacific Business & Sustainability Council."

suppliers to encourage them to adapt and adopt our sustainability practices.

In addition, we are working with the academic and business communities to support scientific research in renewable energy technologies, especially in converting agricultural wastes to energy and new ways to utilise our biomass.

Accolades and Awards

We are pleased to report that our Sabahmas plantation in East Malaysia was awarded the inaugural Minister's Special Award in July 2009. It is the first plantation company to win this award, as part of the Sabah Environmental Awards 2009 jointly organised by the Ministry of Tourism, Culture and Environment and the Sabah Environmental Protection Association.

COMMUNITY DEVELOPMENT

Education

We continue to strongly support education initiatives in the communities we operate in. In East Malaysia, we built nine more schools in 2009, tripling the intake of Indonesian migrant students in our schools, from 300 in 2008 to more than 1,000 students in 2009.

Similarly in Indonesia, we continued to build new schools and libraries and provide scholarships for impoverished students. The programme is focused on local communities in areas where we operate, mainly on the islands of Sumatra and Kalimantan.

In China, we completed the building of 12 additional schools, mainly in the remote north-eastern region.

Social Impact Assessments

To build meaningful relationships with communities, we must understand the implications of our business activities on our neighbours. This can be done through Social Impact Assessments (SIAs) conducted by independent third parties. These SIAs help us define our approach to community engagement and develop programmes that respond to their needs.

In 2009, we conducted SIAs in some of our East Malaysian operations. A comprehensive study to review their socio-economic and cultural conditions yielded actionable results for the benefit of the local communities. These included adjusting the local wage rate for our plantation workers to keep up with the cost of living and enable allowance for savings; as well as safeguarding natural water sources to ensure a steady water supply.

“We continue to strongly support education initiatives in the communities we operate in.”

REPORTING INITIATIVES

Carbon Disclosure Project

We continued our participation in the Carbon Disclosure Project (CDP), which promotes awareness of business implications of climate change by encouraging companies to disclose information about their greenhouse gas emissions. After conducting our carbon footprint study, we were able to provide a wider range of operational data, metrics and initiatives in our second CDP participation. We are one of six respondents from Singapore and will continue to contribute to the discussion and engagement in this global forum.

Sustainability Report

Reporting is critical to help improve our sustainability performance. We are working on our inaugural sustainability report which will be available by the third quarter of 2010. The report will serve as a management tool to identify, measure and integrate social and environmental impact into corporate strategy and management decisions. It will also aid our stakeholders to have a better understanding of Wilmar's sustainability approach and our performance to-date, as part of our overall commitment towards transparent and open communication with our stakeholders.

CORPORATE PHILANTHROPY

Wilmar contributed US$5.7 million towards education and healthcare projects. Besides building schools in Indonesia, Malaysia and China, we contributed to the National University of Singapore, the Singapore Institute of Management and the Lee Kuan Yew School of Public Policy. In China, we sponsored the building of two nursing homes and cataract surgeries for 2,400 underprivileged patients, helping them to improve their vision.

CSR BEYOND THE GROUP

We support various industry initiatives on sustainability. As one of the industry's leading players, we are well-positioned to utilise our experience and expertise to further embed and progress sustainability practices in the industry.

Apart from certifying our operations to RSPO standards, we also actively seek to promote the demand for sustainable palm oil. In July 2009, the World Wildlife Fund started an initiative to promote the use of sustainable palm oil in China, with support from the China Chamber of Commerce. The initiative roped in key players in the palm oil sector with keen interest and strong presence in China to sign the "Statement of Support for Promotion of Sustainable Palm Oil in China". Wilmar was among the first signatories, and as one of the biggest importers of palm oil into China, our strength can work to the advantage of this cause. The initiative has since advanced to discussions on strategies and deliverables from the network. We hope this new initiative will help raise awareness amongst the manufacturers and consumers in China on sustainable palm oil and eventually increase the demand for responsibly produced palm oil.

PRIORITIES MOVING FORWARD

Sustainable development will continue to play a key part in our operations. As part of a greater global community, we will strive to deepen our engagement with members of society and stakeholders. We are committed to finding new ways to contribute to the betterment of our environment, our communities and our business.

HUMAN CAPITAL MANAGEMENT

In 2009, we continued to focus on recruiting and developing our talent pool to support the growth of our business. Our global workforce has grown to over 80,000 people, each contributing unique expertise and experience to help drive Wilmar's growth.

GROOMING FUTURE LEADERS

To support the growth of our business, we constantly look out for strong performers whom we can groom into future leaders of our Group. Potential leaders undergo a comprehensive Leadership Training Programme to prepare them to take on challenging roles within the Group. On the job, they are given the opportunity to lead large projects and to receive mentoring from senior executives.

To build our talent pool, Wilmar launched our inaugural Management Trainee Programme in 2009 to recruit top graduates from reputable universities worldwide. A pioneer batch of 30 management trainees were selected from an application pool of over 3,000 candidates. After going through an intensive orientation programme, the trainees were placed into positions across the Group. Through coaching and training, we hope to develop their leadership potential.

REACHING GREATER HEIGHTS

Wilmar believes in providing all employees with career and personal development opportunities. Our training programs aim to equip our employees with key skills to support their career goals.

Besides training, the Group arranges regular cross-company study trips for regional employees to pick up hands-on knowledge and skills. These trips help share best practices across the organisation.

COMING TOGETHER, REACHING OUT

Wilmar strives to create a strong and cohesive culture. In 2009, a wide range of events were held to support team-building, such as our annual Family & Recreation Day, various staff trips, as well as our popular annual soccer and golf tournaments.

The Company strongly supports corporate social responsibility. In 2009, we organised several social and charitable activities, such as blood donation campaigns and fund raising to support education, to enable our employees to do their part for the less fortunate in their communities.

INFORMATION TECHNOLOGY

WILMAR CONSULTANCY SERVICES

Wilmar Consultancy Services (WCS) was established in 2009 to provide business information technology (IT) solutions to Wilmar and to external customers worldwide. WCS has a strong team of IT professionals with extensive expertise and experience in IT solutions and services.

During the past year, WCS delivered global large scale IT projects to a growing base of customers. WCS was engaged by Wilmar to expand Enterprise Resource Planning (ERP) platform to 37 new entities in the Wilmar Group, bringing the total to 177 entities across 12 countries. A major project was to roll out the Terminal Information Collection System to 1,500 retail stores throughout China. Using mobile handheld devices, almost 2,000 promoters now update real time sales reports for analysis and decision making.

WCS also provides technology solutions to external customers. An example would be a prominent industrial switch manufacturer with more than 40% global market share in the industrial switch industry. WCS was engaged to re-engineer its business processes and roll out a System, Applications and Product (SAP) system for its Finance, Sales and Distribution, Production, Inventory and Warehouse functions.

Through IT projects and partnerships, WCS expanded its expertise to provide solutions in Healthcare Informatics, Supply Chain Management, Human Capital Outsourcing and Services, Radio Frequency Identification (RFID) Consulting, Business Process Outsourcing and Enterprise Solutions. With more than 600 employees across the Asia Pacific, WCS is well positioned to tap on its wide pool of resources and deliver solutions and services under the following three main categories:

ERP SOLUTIONS AND SERVICES

With more than 350 ERP professionals and a successful track record, WCS provides comprehensive ERP solutions, ranging from project management, implementation, version upgrades, system optimisation, training, system maintenance and support.

OUTSOURCING, SUPPORT AND MAINTENANCE

WCS provides customers with a full range of Outsourcing, Support and Maintenance (OSM) services across three main pillars: Business Process Outsourcing, Application OSM and Infrastructure OSM.

HUMAN CAPITAL SERVICES

As a HR partner for IT talent to over 200 leading MNCs, WCS provides executive search, talent staffing and placement services to support customers in the fast-changing IT climate.

In the coming year, WCS will leverage on its expertise, experience and strong network to focus on the Agribusiness, Fast Moving Consumer Goods (FMCG), Manufacturing, Trading, Healthcare, and Telecommunications industries.

Please visit WCS at http://www.wcs-global.com.

RISK MANAGEMENT

OVERVIEW

In 2009, agricultural commodities experienced relatively large price fluctuations because of various factors, including supply and demand changes, tight credit conditions and a weak US Dollar. Market conditions in our business continuously change and create risk conditions that could result in potential losses. To prevent or mitigate this, the Group uses a risk management framework that is designed to identify, quantify and control various risks encountered in our operations.

Our framework comprises of processes and policies designed to address risks such as commodity price, counterparty credit, interest rate and currency. The on-going compliance of these processes and policies are carried out by the respective operating units and is regularly reviewed by the Group's Internal Audit Group.

Our risk management processes and policies are regularly assessed through internal reviews and external consultations, to ensure they are appropriate and adequate.

COMMODITY PRICE RISK

The Group purchases raw materials to process into end products for sale. Prices for raw materials and end products can vary significantly due to market conditions. We experience commodity price fluctuations because our sale and purchase commitments may not typically match at the end of each business day. We take steps to minimise this price risk through careful management of our commodity positions. We also use forward physical and derivative contracts to hedge or reduce our price exposure.

CURRENCY RISK

We operate in multiple countries and face foreign currency risk when our transactions or borrowings are in currencies other than their respective functional currencies. Adverse movements in these currencies against the respective functional currencies may result in losses due to the settlement of these transactions or revaluation of borrowings, receivables and payables.

Our approach to minimise risk of losses is to match sales and purchases in the same currency or through financial instruments, such as forward currency contracts. However, the Group may still be exposed to currency risk to the extent that the natural hedges and/or financial instruments may not completely cover the Group's exposure in any particular foreign currency, or where the Group has an unhedged position.

INTEREST RATE RISK

Most of the Group's borrowings are in the form of short term trade financing. The interest costs are typically priced into our products and passed on to customers. As such, the impact of interest rate changes on our margins is limited. For long term borrowings, Wilmar may use financial instruments such as interest rate swaps to hedge or minimise our interest rate risk.

COUNTERPARTY CREDIT RISK

The majority of the Group's export sales require documentary credit from customers. For domestic sales, we conduct business on cash terms or may grant customers credit terms, where appropriate.

When granting credit terms and limits, we evaluate and monitor the credit worthiness of customers. We consider factors such as their financial strength, operating track record, past payment history, transaction volume and duration of business relationship with the Group.

For new customers, we will usually require a Letter of Credit or conduct cash sales. The Group periodically reviews credit terms granted and takes appropriate actions which include varying credit limits or tightening payment terms depending on customers' credit worthiness or market conditions.

RISK GOVERNANCE

Although the Group's risk management framework is designed to identify, quantify and control various risks encountered in our operations, this framework can only mitigate but not completely eliminate all risks especially systemic risks. Inherently, the framework can only provide reasonable and not absolute assurance against material misstatement or loss.

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 chaired by the Lead Independent Director. It provides an independent oversight on the risk exposures faced by the Group. The duties of the Risk Management Committee include:

- overseeing the Executive Risk Committee;
- reviewing the overall risk management guidelines/framework;
- assessing the adequacy and effectiveness of the risk management policies and systems; and
- reviewing risk exposures and recommending risk limits.

The Executive Risk Committee comprises Executive Directors. Its responsibilities include 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.

The heads of the operating units are responsible for monitoring their respective risks and adherence to policies and limits set by the Risk Management Committee and the Board.

To achieve effective governance and oversight, the Group has a Middle Office independent of the front and back office. The Middle Office is responsible for capturing and measuring Group-wide risks, as well as monitoring limit breaches.

The Group has in place an overall risk tolerance threshold recommended by the Risk Management Committee and approved by the Board. The risk tolerance threshold refers to the maximum potential loss of all open exposures across all products and geographical regions at any given time. The risk tolerance threshold is arrived at after taking into account the Group's equity strength and profitability. Other factors include the overall production capacity, the price trends of raw materials, the Board's overall view of the market and the projected sales volumes and turnover.

CORPORATE GOVERNANCE

Wilmar is fully committed to maintaining a high standard of corporate governance guided by the principles set out in the Corporate Governance Code 2005 (Code). This report describes the practices adopted by the Company.

PRINCIPLE 1

THE BOARD'S CONDUCT OF ITS AFFAIRS

The primary role of the Board is to provide entrepreneurial leadership as well as to manage the Group in the best interest of the shareholders so as to enhance the share value and returns in the long term. It sets the overall business direction of the Group and is committed to continually building on the strength of the Group and seeking attractive investment opportunities to grow its core businesses. The Board reviews the strategic plans, business development proposals and risk management policies of the Group directly or through the respective Committees.

Apart from its statutory responsibilities, the Board is primarily responsible for:

- Reviewing and approving the Group's business strategies, key operational initiatives, major investment and funding decisions;
- Ensuring that decisions and investments are consistent with medium and long term strategic goals; and
- Overseeing the management of principal risks that may affect the Group's businesses and ensuring that appropriate systems to manage these risks are in place.

The Board meets at least four times a year and as warranted by circumstances deemed appropriate by the Board. As provided in the Company's Articles of Association, Directors may convene Board meetings by teleconferencing and videoconferencing. To assist the Board in the execution of its duties, the Board has delegated specific functions to the following Board Committees:

1. Executive Committee

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

In addition to the above, the Exco is tasked to supervise the Management's delegated responsibility in the following functions:

- Drawing up the Group's annual budget and business plan for the Board's approval;
- Evaluating new business opportunities and carrying through approved strategic business proposals;
- Implementing appropriate systems of internal accounting and other controls;
- Adopting suitably competitive human resource practices and compensation policies; and
- Ensuring that the Group operates within the approved budgets.

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

2. Audit Committee

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

3. Risk Management Committee

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

One of the principal tasks of the RMC is to review existing risk management policies and guidelines and to recommend proposed revisions to the Board for approval. In addition to the above, the RMC reviews risk reports that monitor and control risk exposures on a regular basis to identify the new risk exposures that may arise from the changes in the business environment. In carrying out its duties, the RMC is assisted by the Executive Risk Committee (ERC). The ERC reviews the trade positions and the limits to manage overall risk exposure and is thus responsible for monitoring the overall effectiveness of the Group's risk management system. The members of the ERC are Mr Kuok Khoon Hong, Mr Martua Sitorus, Mr Chua Phuay Hee and Mr Teo Kim Yong.

4. Nominating Committee

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

5. Remuneration Committee

The Remuneration Committee (RC) comprises Mr Kwah Thiam Hock (Chairman), Mr Kuok Khoon Ean, Mr Yeo Teng Yang and Mr Leong Horn Kee, most of whom are Independent Directors. The RC meets at least once a year with only the Chief Executive Officer in attendance. The role of the RC is set out in Principle 7 of this report.

The Directors' attendance at Board and Board Committees' meetings during the financial year ended 31 December 2009 is set out as follows:

	Board of Directors	Audit Committee	Risk Management Committee	Remuneration Committee	Nominating Committee
No. of meetings held	4	4	4	1	1
Name of Director	**Member Attendance**	**Member Attendance**	**Member Attendance**	**Member Attendance**	**Member Attendance**
Executive Directors					
Kuok Khoon Hong	4/4	NM	4/4	NM	1/1
Martua Sitorus	4/4	NM	NM	NM	NM
Chua Phuay Hee	4/4	NM	NM	NM	NM
Teo Kim Yong	4/4	NM	NM	NM	NM
Lee Hock Kuan	4/4	NM	NM	NM	NM
Non-Executive Directors					
Kuok Khoon Ean	2/4	NM	NM	1/1	NM
Kuok Khoon Ho	4/4	NM	NM	NM	NM
John Daniel Rice	2/4	NM	NM	NM	NM
Independent Non-Executive Directors					
Yeo Teng Yang	4/4	4/4	4/4	1/1	NM
Leong Horn Kee	4/4	NM	4/4	1/1	NM
Tay Kah Chye	4/4	4/4	NM	NM	1/1
Kwah Thiam Hock	4/4	4/4	NM	1/1	1/1

NM – Not a member of the committee but as mentioned above, Board members who are non-committee members are invited to attend committee meetings (except for Remuneration Committee meetings which the CEO is the only non-committee member who attends).

As part of the Company's continuing efforts to update Directors on the changes to regulatory environment, Directors are encouraged to attend relevant seminars and courses at the Company's expense. Regular updates on proposed and on-going core business projects are presented at Board meetings to enable the Board to contribute effectively to the business strategies of the Group. In addition, the Company organises on-site visits for Non-Executive Directors to familiarise them with the operations of the various business divisions in key countries. Newly appointed Director(s) are provided with information setting out their duties and obligations.

PRINCIPLE 2

BOARD COMPOSITION AND GUIDANCE

The Board presently has twelve members comprising five Executive Directors and seven Non-Executive Directors. Out of the total of twelve Directors, four (representing one third of the Board composition) of these Directors are considered "Independent" based on the guidelines under the Code. According to the Code, an Independent Director is one who has no relationship with the Group, which would otherwise interfere with the exercise of independent judgment of the Group's affairs. The Board is of the view that it is able to exercise independent judgment on the Group's business operations and provide the Management with an objective perspective on issues.

The Board is made up of Directors with a wide range of skills, experience and qualifications in the fields of operations, financial and risk management. Key information about the Directors is presented in the section entitled "Board of Directors" in this annual report.

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

The Board collectively views that its current size complies with the Code and is effective, taking into account the scale and nature of the operations of the Group.

PRINCIPLE 3

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and Chief Executive Officer (CEO), Mr Kuok Khoon Hong, provides leadership to the Group and is instrumental in its expansion into one of Asia's largest agri-business groups. Mr Kuok is in-charge of the overall management and strategic direction of the Group. All strategic and major decisions made by him are reviewed and approved by the Board.

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

The role of the Chairman and CEO is not separate as there is adequate accountability and transparency reflected by internal controls established within the Group. The single leadership arrangement ensures that the decision-making process for seizing good growth prospects for the Group would not be unnecessarily impeded. With Mr Yeo Teng Yang as the Lead Independent Director, who avails himself to address shareholders' concerns and acts as a counter balance in the decision-making process, the Board is of the opinion that there is sufficient independence in its exercise of objective judgment on business affairs of the Group.

PRINCIPLE 4

BOARD MEMBERSHIP

The principal functions of the NC are as follows:

1. To review nominations of new Director appointments based on selection criterion such as the incumbent's credentials and his skills and contributions required by the Company.
2. To review and recommend to the Board the re-nomination of Directors in accordance with the Company's Articles of Association.
3. To determine annually whether a Director is "Independent", in accordance with the guidelines contained in the Code.

4. To decide whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular, whether the Directors concerned have multiple board representations or if they are in conflict with the interests of the Company.
5. To decide how the Board's performance may be evaluated and propose objective performance criteria.

Board appointments are approved by way of written resolutions based on the recommendations of the NC.

In accordance with the Company's revised Articles of Association adopted by shareholders on 29 April 2009, one third of the Directors (who have been longest in office since their last re-election), are required to retire by rotation at least once every three years. These Directors are eligible for re-election subject to approval by the shareholders at the annual general meeting (AGM). New Directors will hold office only until the AGM following their appointments and they will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation.

Mr Leong Horn Kee, Mr Lee Hock Kuan, Mr Kuok Khoon Ean and Mr John Daniel Rice, who are retiring by rotation in accordance with Article 99, have been nominated for re-election at the forthcoming AGM. Mr Kuok Khoon Chen, who was appointed as a Director after the last AGM, has submitted himself for re-election at the forthcoming AGM.

The NC has reviewed the independence of the four Directors, namely Messrs Yeo Teng Yang, Leong Horn Kee, Tay Kah Chye and Kwah Thiam Hock, and is satisfied that there is nothing that would affect their roles as Independent Directors.

The NC is of the view that although some Directors have other Board representations, they are able to and have adequately carried out their duties as Directors of the Company.

PRINCIPLE 5

BOARD PERFORMANCE

The NC has in place a process for the evaluation of the Board's effectiveness as a whole. The evaluation is done through written assessments by individual directors. In appraising the Board's effectiveness, the assessment is based on factors including the Board's understanding of the Group's business operations, development of strategic directions and the effectiveness of Board meetings to facilitate discussion and decision on critical and major corporate matters. The collated findings are reported and recommendations are submitted to the Board for review and further enhancement to the Board's effectiveness.

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

PRINCIPLE 6

ACCESS TO INFORMATION

The Board is informed by the Management of all material events and transactions as and when they occur. Analysts' and media reports on the Group are forwarded to the Directors on an on-going basis. The Board has separate, independent and unrestricted access to the Management of the Group at all times. Requests for information from the Board are dealt with promptly by the Management.

The Board is provided with complete, adequate and timely information prior to Board Meetings. The Company Secretaries attend all Board and Board

Committees' meetings and are responsible to ensure that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretaries work together with the respective divisions of the Company to ensure the Company complies with all relevant rules and regulations.

PRINCIPLE 7

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

The main responsibilities of the RC are to assist the Board to ensure that competitive remuneration policies and practices are in place to attract, motivate and retain talented executives and to administer and review the Company's share plans. The members review and recommend to the Board remuneration policies and packages for the Directors and key executives of the Group. Their recommendations are submitted for endorsement by the Board. No Director is involved in deciding his own remuneration.

In discharging their duties, the RC members have access to expert professional advice on human resource matters whenever there is a need for such external consultation. It also takes into consideration industry practices and norms of compensation to ensure remuneration packages are competitive.

PRINCIPLE 8

LEVEL AND MIX OF REMUNERATION

In making its recommendations to the Board on the level and mix of remuneration, the RC strives to be competitive, linking rewards with performance. It takes into consideration the essential factors to attract, retain and motivate the Directors and senior management needed to run the Company successfully, linking rewards to corporate and individual performance, and aligning their interests with those of shareholders.

The remuneration policy for Executive Directors and key executives consists of both a fixed and variable component, the latter which is payable on the achievement of individual and corporate performance targets. In addition, short term and long term benefits plans have been designed to strengthen the pay-for-performance framework and to reward and recognise the key executives' contributions in the past developments of the Company. In May 2009, a total of 4,750,000 option shares were offered to 12 Directors in the Group. This incentive was to reward and acknowledge their contributions to the Group's success.

These benefits aim to directly align the interests of Directors, key senior management and key executives with the interests of shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst its senior management and key executives.

The amount of directors' fees payable to the Independent Directors is determined having regard to best market practice, the level of duties and responsibilities of the Directors and the size and diversity of the Company's operations. The Independent Directors receive a fixed annual directors' fee which is subject to the approval of shareholders at the AGM.

No employee of the Group who is an immediate family member of a Director was paid a remuneration that exceeded S$150,000 during the financial year ended 31 December 2009.

PRINCIPLE 9

DISCLOSURE ON REMUNERATION

The breakdown of the remuneration of the Directors and the top five Key Executives of the Company for the financial year ended 31 December 2009 is as follows:

Name of Directors	Directors' Fee	Salary	Benefits	Variable Bonus	Total	Remuneration Band	Share Options Granted under ESOS during the year **
Executive Directors							
Kuok Khoon Hong	Nil	15%	1%	84%	100%	S$4,500,000 to S$4,750,000	1,000,000
Martua Sitorus	Nil	16%	–	84%	100%	S$4,000,000 to S$4,250,000	800,000
Lee Hock Kuan*	Nil	28%	1%	71%	100%	S$2,000,000 to S$2,250,000	500,000
Teo Kim Yong	Nil	30%	1%	69%	100%	S$1,500,000 to S$1,750,000	500,000
Chua Phuay Hee	Nil	34%	1%	65%	100%	S$1,250,000 to S$1,500,000	500,000
Non-Executive Directors							
Kuok Khoon Ean	Nil	–	–	–	–	Not applicable	200,000
Kuok Khoon Ho	Nil	–	–	–	–	Not applicable	200,000
John Daniel Rice	Nil	–	–	–	–	Not applicable	200,000
Independent Non-Executive Directors							
Yeo Teng Yang	100%	–	–	–	100%	S$250,000 and below	250,000
Leong Horn Kee	100%	–	–	–	100%	S$250,000 and below	200,000
Tay Kah Chye	100%	–	–	–	100%	S$250,000 and below	200,000
Kwah Thiam Hock	100%	–	–	–	100%	S$250,000 and below	200,000
Top 5 Key Executives							
Yee Chek Toong	Nil	34%	1%	65%	100%	S$1,000,000 to S$1,250,000	–
Matthew John Morgenroth	Nil	48%	7%	45%	100%	S$750,000 to S$1,000,000	–
Rahul Kale	Nil	42%	–	58%	100%	S$750,000 to S$1,000,000	–
Goh Ing Sing	Nil	100%	–	–	100%	S$250,000 to S$500,000	–
Hendri Saksti	Nil	65%	8%	27%	100%	S$250,000 and below	–

Notes:

* *On 23 February 2009, Wilmar Holdings Pte Ltd (in members' voluntary liquidation), a controlling shareholder of the Company, awarded a one-time grant of Wilmar International Limited shares to Mr Lee Hock Kuan (100,000 shares) for his past contributions to the Wilmar Group. The shares were granted at a consideration price of S$0.50 per share and the closing price of the shares on the Singapore Exchange on 23 February 2009 was S$2.92.*

** *The subscription price of the share option is the price equal to the average of the last dealt prices of Wilmar International Limited shares for the five consecutive market days preceding the date of grant.*

Remuneration of Key Executives

The remuneration of the Company's top five executives takes into account the pay and employment conditions within the industry and is performance-related. It is not in the best interest of the Company to disclose the details of their remuneration due to the competitiveness of the industry for key talent.

PRINCIPLE 10

ACCOUNTABILITY OF THE BOARD AND MANAGEMENT

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

PRINCIPLE 11

AUDIT COMMITTEE

The operations of the AC are regulated by its charter. The Board is satisfied that the members of the AC have the requisite qualifications as well as sufficient expertise and experience to discharge their duties.

The members of the AC perform the following functions:

- To review the criteria for the appointment of a professional public accounting firm as the external auditors to the Company;
- To review with the external auditors, their evaluation of the system of internal accounting controls;
- To review and approve the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors;
- To review with the external auditors, their audit report, findings and recommendations. Where the external auditors also supply a substantial volume of non-audit services to the Company, to review the nature and extent of such services to maintain the independence of the auditors;
- To review and approve the financial statements of the Company and the consolidated financial statements of the Group for submission to the Board of Directors for approval;
- To review the assistance given by the Company's officers to the external auditors;
- To nominate external auditors for re-appointment;
- To ensure that the internal audit function is adequately resourced and has appropriate standing within the Group. For the avoidance of doubt, the internal audit function can be either in-house, outsourced to a reputable accounting/ auditing third-party firm or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;
- To review the scope and results of the internal audit procedures;
- To ensure the adequacy of the audit function annually;
- To ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management is conducted annually;
- To review Interested Person Transactions; and
- To meet with the external and internal auditors without the presence of the Management at least once a year.

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

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

- The financial statements of the Company and the Group before each of the announcements of the Company's quarterly results. During the process, the AC reviewed, among other things, the key areas of management judgment applied for adequate provision and disclosure, critical accounting policies and any significant changes made that would have an impact on the financial statements;
- The external auditors' plans for the purpose of discussing the scope of the audit and reporting obligations before the audit commences. All significant audit findings and recommendations made by the external auditors were discussed, and where appropriate, implementation of such recommendations were followed up with Management;
- The independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the nature and volume of non-audit services provided by them. The AC is satisfied that such services do not affect the independence or objectivity of the external auditors;
- The internal audit findings raised by the internal auditors. During the process, material non-compliance and internal control weaknesses were reviewed and discussed. The AC ensured that appropriate follow-up actions had been taken regularly with the Management on outstanding internal audit issues; and
- The reporting on Interested Person Transactions to ensure that current procedures for monitoring of Interested Person Transactions have been complied with. These transactions are reviewed quarterly with the internal auditors and annually with the external auditors. The AC is satisfied that the guidelines and review procedures established to monitor Interested Person Transactions have been complied with.

The AC has recommended to the Board the re-appointment of Ernst & Young LLP as the Company's external auditors at the forthcoming AGM.

PRINCIPLES 12 & 13

INTERNAL CONTROLS AND AUDIT

Reporting to the AC, the internal audit department carries out internal audit reviews and performs checks and compliance tests of the Group's systems of internal controls, including financial and operational controls and risk management. Ad-hoc reviews are also conducted on areas of concern identified by the Management and the AC.

The internal audit department, headed by Mr Patrick Tan, has unrestricted access to all records, properties, functions and co-operation from Management and staff, as necessary, to effectively discharge its responsibilities and is independent of the activities it audits.

The Board is of the view that the Group currently has an adequate internal control system in place to provide reasonable but not absolute assurance that there is no material loss or financial misstatement, assets are safeguarded, proper accounting records are maintained, and financial information used for the business and for publication is reliable. The Board notes that no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

PRINCIPLES 14 & 15

COMMUNICATION WITH SHAREHOLDERS

The Board's policy is that all shareholders should be promptly informed of all major developments impacting the Group. All shareholders of the Company whose names are registered in the Depository Register and the Register of Members are entitled to attend the general meetings of the Company. They are encouraged to meet with the Board and Senior Management so as to have a greater insight into the Group's developments.

The Company also communicates with its shareholders through holding formal media and analysts' briefings for the Group's quarterly results, chaired by the Chairman and CEO, together with key Management members.

Updates on information about the Company are released via the SGX-ST website. The Company's latest events and announcements are also posted on its official website.

DEALINGS IN SECURITIES

The Group has in place procedures for prohibiting dealings in the Company's shares by all staff while in possession of price sensitive information and during the period commencing two weeks prior to the announcement of the Company's quarterly results and one month prior to the announcement of the Company's full year results. Directors and executives are also expected to observe insider trading laws at all times, even when dealing in securities during the permitted trading period.

INTERESTED PERSON TRANSACTIONS

The Group has established a procedure for recording and reporting Interested Person Transactions. Details of significant interested person transactions for the year ended 31 December 2009 are set out below:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	2009 US$'000	**2009 US$'000**
Archer Daniels Midland Group	NIL	3,922,588
Wilmar International Holdings Limited*	NIL	NIL
Wilmar Holdings Pte Ltd Group*	NIL	NIL
Kuok Khoon Ean's Associates	169,753	NIL
Martua Sitorus' Associates	NIL	27,825
Kuok Khoon Hong's Associates	NIL	NIL
PPB Group Berhad	32,400	NIL
Kuok Brothers Sdn Berhad	320	NIL

Notes:

* *In members' voluntary liquidation.*

Save as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, Director or controlling shareholder, which are either subsisting at the end of the financial year ended 31 December 2009 or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2008.

FINANCIAL REPORT

CAPITAL STRUCTURE

The Group maintains an efficient capital structure to support its business and maximise its shareholders' value. Shareholders' funds increased by US$1.3 billion to US$10.9 billion and net debt rose from US$2.4 billion to US$4.4 billion as at 31st December 2009.

The increased borrowings were driven by higher working capital requirements arising from higher stockholding and average selling prices. This is in line with the Group's nature of business which requires a high level of working capital to fund its inventories and receivables; and the level of funding will fluctuate in relation to prices of agricultural commodities and business volume.

Nevertheless, despite the higher borrowings, the Group's interest cover improved significantly from 7.6x in FY2008 to 52.8x as a result of lower borrowing rates and strong earnings and the Group's net gearing ratio remained conservative at 0.41x.

As mentioned above, a large proportion of the Group's borrowings is used to finance our working capital, which comprises very liquid or near cash assets like inventories and trade receivables. Our inventories are primarily agricultural commodities with a ready market, while trade receivables have short turnover period and are substantially supported by Letters of Credit. Hence, after adjusting the net debt level for liquid working capital, our adjusted net gearing ratio would have improved from 0.10x in FY2008 to 0.06x.

As at 31 December	**2009** US$ million	2008 US$ million
Shareholders' funds	**10,931.1**	9,606.5
Net debt	**4,444.8**	2,390.5
Net gearing ratio (times)	**0.41**	0.25
Liquid working capital:		
Inventories (excluding consumables)	**3,769.2**	2,322.4
Trade receivables	**1,989.9**	1,331.2
Less: Current liabilities (excluding loans and borrowings)	**(1,994.8)**	(2,245.7)
Total liquid working capital	**3,764.3**	1,407.9
Adjusted net debt (excluding liquid working capital)	**680.5**	982.6
Adjusted net gearing ratio (times)	**0.06**	0.10

CAPITAL MANAGEMENT AND TREASURY POLICIES

Borrowings

The Group's total loans and borrowings comprised:

As at 31 December	2009 US$ million	2008 US$ million
Short term	**8,374.1**	3,677.1
Long term	**1,205.6**	1,606.5
	9,579.7	5,283.6

During the year, the Group's short term borrowings increased substantially by US$4.7 billion, reflecting higher working capital requirements. 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 which are self-liquidating. Long term loans and borrowings were committed loans, including the convertible bonds issued in December 2007. These borrowings are due from 2011 onwards.

The proceeds from the issuance of convertible bonds received on 18 December 2007 was fully utilised as follows:

	US$ million
Capital expenditure	450
Repayment of debt facilities	100
Working capital/general corporate purposes	38
Fees and expenses on convertible bonds	12
Total Convertible Bond Proceeds	600

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

Except for the zero-coupon convertible bonds of US$536.3 million (2008: US$550.3 million) issued in December 2007, our loans and borrowings were 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. Our cash and cash equivalents comprised the following:

As at 31 December	2009 US$ million	2008 US$ million
Total cash and bank balances	**5,134.9**	2,893.1
Less: Fixed deposits pledged for bank facilities	**(3,878.1)**	(1,542.6)
Less: Other deposits with maturity of more than 3 months	**(434.2)**	(69.9)
Less: Bank overdrafts	**(430.3)**	(246.8)
Cash and cash equivalents	**392.3**	1,033.8

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

Financial risk management

The Group operates in several countries and is exposed to a variety of financial risks including credit risk, interest rate risk, foreign currency risk, commodity price risk, liquidity risk and market 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. For long term borrowings, the Group may use financial instruments such as interest rate swaps to hedge or minimise our interest rate risk.

Foreign currency risk. Currency risk arises as entities in the Group regularly transact or borrow in currencies other than their respective functional currencies, including US$, RMB, MYR and IDR. We manage our currency risk by constructing natural hedges where we match sales and purchases in the same currency or through financial instruments, such as forward currency contracts. However, the Group may still be exposed to currency risk to the extent that the natural hedges and/or financial instruments may not completely cover the Group's exposure in any particular foreign currency, or where the Group has an unhedged position.

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, 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.

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

CASH FLOW, FUNDING AND LIQUIDITY

Cash Flow

Net cash flow generated from operating activities for FY2009 was an outflow of US$520.4 million due to higher working capital requirements arising from higher receivable balance as a result of higher average selling prices, and increased stockholding primarily due to capacity expansion and new factories setup.

As at 31 December	2009 US$ million	2008 US$ million
Net cash flows (used in)/generated from operating activities	**(520.4)**	3,230.8
Net cash flows used in investing activities	**(1,282.4)**	(1,296.0)
Net cash flows generated from/(used in) financing activities	**1,161.2**	(1,345.9)
Net (decrease)/increase in cash and cash equivalents	**(641.6)**	588.9
Turnover days:		
Inventory	**56**	43
Trade receivables	**25**	16
Trade payables	**15**	14

Other major applications of funds in FY2009 were as follows:

- Out of the US$1.3 billion of funds used in investing activities, US$1.1 billion were for the payment of property, plant and equipment and biological assets and US$0.1 billion were for long term investments.

  Major additions to the property, plant and equipment during the year included crushing plants, flour and rice mills, oleochemicals plants, biodiesel plant and refinery and fractionation plants in our operations in China, Indonesia, Germany and The Netherlands; and the purchase of new vessels. Long term investments included investment in 3-A Resources Berhad, associates in China, Indonesia and Europe.

- US$1.2 billion inflow from financing activities were mainly from increase in net borrowings of US$1.8 billion (after offsetting the increase in deposits pledged for bank facilities) and proceeds of US$0.3 billion received from sale of shares in Wilmar China Limited. Total dividend paid by the Group in FY2009 amounted to US$0.4 billion.

Funding and liquidity

The Group had utilised US$9.6 billion of its total credit facilities approximating US$17 billion. The credit facilities were in the form of short term loans, trade finance and committed loans.

As at 31 December 2009, the unutilised facilities, together with the Group's free cash and bank balances, brought the Group's total available liquidity to around US$8 billion.

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 FY2009, the Board of Directors has proposed a final dividend of 5.0 Singapore cents per share. Together with the interim dividend of 3.0 Singapore cents per share paid on 14 September 2009, total dividend for FY2009 will amount to 8.0 Singapore cents per share, representing a dividend payout of about 20%. Barring any unforeseen circumstances, the Group expects to maintain the dividend payout ratio at the current level.

SHARE PURCHASE MANDATE

At an extraordinary general meeting (EGM) held on 29 April 2009, the Shareholders had approved mandate (the "**2009 Share Purchase Mandate**") to enable the Company to purchase or otherwise acquire its issued Shares as permitted under and in accordance with the provisions of the Act.

The 2009 Share Purchase Mandate would be expiring on 28 April 2010, being the date of the forthcoming Annual General Meeting. The Directors proposed that approval for the renewal of the share purchase mandate be sought at the forthcoming EGM.

The proposed renewal of the Share Purchase Mandate will continue to give the Company the flexibility to undertake Share Purchases at any time, subject to market conditions, during its validity period. The Directors believe that the

Share Purchase Mandate will provide the Company with a mechanism to facilitate the return of any surplus cash in excess of the Group's working capital requirements in an expedient and cost-efficient manner. The Directors further believe that Share Purchases may also buffer short-term share price volatility and offset the effects of share price speculation. Where Shares are purchased by the Company and are held as Treasury Shares, it will also enable the Company to transfer the Treasury Shares for the purposes of the Company's employees' share option scheme(s).

The Share Purchases would be made only as and when the Share Purchase Committee considers it to be in the best interests of the Company and in appropriate circumstances which the Share Purchase Committee believes will not result in any material adverse effect on the liquidity and the orderly trading of the Shares, as well as the working capital requirements and the gearing level of the Group.

To date, no shares had been purchased under the mandate.

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.

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 2009.

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 Chen (*appointed on 8 February 2010*)
Kuok Khoon Ean
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, SHARE OPTIONS, CONVERTIBLE SECURITIES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS, CONVERTIBLE SECURITIES AND DEBENTURES (CONTINUED)

	Direct Interest			Deemed Interest		
	As at 1.1.09	As at 31.12.09	As at 21.1.10	As at 1.1.09	As at 31.12.09	As at 21.1.10
Company						
Wilmar International Limited						
(Ordinary Shares)						
Kuok Khoon Hong	–	–	–	3,078,764,017	2,183,278,793	2,183,278,793
Martua Sitorus	4,338,000	4,338,000	4,338,000	3,076,312,557	2,133,307,475	2,133,307,475
Chua Phuay Hee	250,000	2,169,812	2,169,812	–	–	–
Teo Kim Yong	1,850,000	14,492,508	14,492,508	–	–	–
Lee Hock Kuan	210,000	310,000	310,000	61,000	61,000	61,000
Kuok Khoon Ean	–	–	–	486,400	486,400	486,400
Kuok Khoon Ho*	–	–	–	–	639,000	639,000
Wilmar International Limited						
(Share options exercisable at S$4.50 per share)						
Kuok Khoon Hong	–	1,000,000	1,000,000	–	–	–
Martua Sitorus	–	800,000	800,000	–	–	–
Chua Phuay Hee	–	500,000	500,000	–	–	–
Teo Kim Yong	–	500,000	500,000	–	–	–
Lee Hock Kuan	–	500,000	500,000	–	–	–
Kuok Khoon Ean	–	200,000	200,000	–	–	–
Kuok Khoon Ho*	–	200,000	200,000	–	–	–
John Daniel Rice	–	200,000	200,000	–	–	–
Yeo Teng Yang	–	250,000	250,000	–	–	–
Leong Horn Kee	–	200,000	200,000	–	–	–
Tay Kah Chye	–	200,000	200,000	–	–	–
Kwah Thiam Hock	–	200,000	200,000	–	–	–

* *Mr Kuok Khoon Ho resigned from the Company on 8 February 2010*

Wilmar International Limited						
(US$600,000,000 Convertible bonds due 2012) (US$)						
Kuok Khoon Hong	–	–	–	2,500,000	2,500,000	2,500,000
Martua Sitorus	1,000,000	1,000,000	1,000,000	–	–	–
Teo Kim Yong	800,000	–	–	–	–	–

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS, CONVERTIBLE SECURITIES AND DEBENTURES (CONTINUED)

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 29.3% 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 Singapore 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 securities, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year 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

The list of material contracts entered into by the Group for financial year ended 31 December 2009 is as follows:

1. Strategic investment agreement dated 11 September 2009, entered into between Wilmar China Limited ("WCL") and Kerry Holdings Limited [1] ("KHL") pursuant to which WCL issued and allotted to nominees of KHL an aggregate of 228,800,000 WCL ordinary shares at HK$3.38 per share. In the event that the aforesaid consideration per share is lower than the initial offering price per share upon the successful listing of WCL's shares on The Stock Exchange of Hong Kong Limited (such difference being referred to as "Shortfall"), KHL shall pay an amount equivalent to the Shortfall multiplied by 228,800,000 shares to WCL;

2. Strategic investment agreement dated 11 September 2009, entered into between Wilmar China Limited ("WCL") and Great Cheer Limited [2] ("GCL") pursuant to which WCL issued and allotted to GCL an aggregate of 114,400,000 WCL ordinary shares at HK$3.38 per share. In the event that the aforesaid consideration per share is lower than the initial offering price per share upon the successful listing of WCL's shares on The Stock Exchange of Hong Kong Limited (such difference being referred to as "Shortfall"), GCL shall pay an amount equivalent to the Shortfall multiplied by 114,400,000 shares to WCL; and

MATERIAL CONTRACTS (CONTINUED)

3. Strategic investment agreement dated 11 September 2009, entered into between Wilmar China Limited ("WCL") and Zheng Ge Ru Foundation ("ZGR") pursuant to which WCL issued and allotted to ZGR an aggregate of 228,800,000 WCL ordinary shares at HK$3.38 per share. In the event that the aforesaid consideration per share is lower than the initial offering price per share upon the successful listing of WCL's shares on The Stock Exchange of Hong Kong Limited (such difference being referred to as "Shortfall"), ZGR shall pay an amount equivalent to the Shortfall multiplied by 228,800,000 shares to WCL.

[1] Mr Kuok Khoon Ean and Mr Kuok Khoon Ho, by virtue of their interests in Kerry Holdings Limited, are deemed to be interested in the shares held by Kerry Holdings Limited.

[2] Mr Kuok Khoon Ean and Mr Kuok Khoon Ho, by virtue of their interests in Great Cheer Limited, are deemed to be interested in the shares held by Great Cheer Limited.

Save as disclosed above, there are no other contracts involving the interest of any director or controlling shareholder that are of a material nature.

SHARE OPTION SCHEMES

Wilmar ESOS 2000

The Company's Executives Share Option Scheme was approved by shareholders on 30 June 2000. Since the completion of the reverse takeover offer on 14 July 2006 by Wilmar Holdings Pte Ltd, a total of 18,170,000 shares had been granted to executives of the Group on 27 November and 9 December 2008, at the relevant Market Price as defined in the Wilmar Executives Share Option Scheme 2000 ("Wilmar ESOS 2000"). No options had been granted to directors or controlling shareholders (and their associates) of the Company under the Wilmar ESOS 2000. As at 31 December 2009, options to subscribe for a total of 13,102,000 shares remained outstanding.

No options had been granted in 2009 under the Wilmar ESOS 2000 which was terminated with effect from 29 April 2009. Outstanding options under the Wilmar ESOS 2000 remain valid until the respective expiry dates of the options.

Wilmar ESOS 2009

A new share option scheme known as "Wilmar Executives Share Option Scheme 2009" ("Wilmar ESOS 2009"), the rules of which were set out in a circular to shareholders dated 2 April 2009, was approved by the shareholders of the Company at an Extraordinary General Meeting on 29 April 2009. This new scheme was adopted in substitution of the Wilmar ESOS 2000.

Under the Wilmar ESOS 2009, the option entitles eligible participants to subscribe for ordinary shares in the Company at a price equal to the average of the closing prices of the shares on the SGX-ST on the five trading days immediately preceding the date of grant of the option ("Market Price") or at a discount to the Market Price (up to a maximum of 20%).

SHARE OPTION SCHEMES (CONTINUED)

Wilmar ESOS 2009 (continued)

The maximum number of shares in respect of options that may be granted under the Wilmar ESOS 2009, after taking into account of (i) the total number of new shares issued and issuable in respect of all other share-based incentive schemes of the Company (including those under the Wilmar ESOS 2000); and (ii) the number of treasury shares delivered in respect of options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company on the date immediately preceding the relevant date of grant.

The aggregate number of shares that may be granted to controlling shareholders (and their associates) of the Company shall not exceed 25% of the total number of shares available under the Wilmar ESOS 2009, provided that the number of shares available to each controlling shareholder or each of his associates shall not exceed 10% of the total number of shares available under the aforesaid scheme.

There is no restriction on the eligibility of any participant to participate in any other share-based incentive schemes implemented by the Company or any of its subsidiaries or by any associated company or otherwise.

The Wilmar ESOS 2009 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.

On 21 May 2009, the Company granted options to subscribe for a total of 4,750,000 Wilmar shares at S$4.50 per share (being the Market Price as defined above) to all directors of the Company (including two controlling shareholders, namely Mr Kuok Khoon Hong and Mr Martua Sitorus whose grants have been approved by shareholders of the Company on 29 April 2009). The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

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

As at 31 December 2009, outstanding options granted under the Wilmar ESOS 2009 remained unchanged at 4,750,000 shares.

SHARE OPTIONS EXERCISED

The following shares were issued by the Company by virtue of the exercise of options under the Wilmar ESOS 2000:

(i) 4,353,000 ordinary shares at an exercise price of S$2.45 per share

(ii) 60,000 ordinary shares at an exercise price of S$2.63 per share

UNISSUED SHARES UNDER OPTION

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

Date of Grant	As at 1.1.09	No. of options granted during the year	No. of options cancelled	No. of options exercised	As at 31.12.09	Exercise Price	Exercisable Period
Wilmar ESOS 2000							
27.11.08	8,975,000	–	(327,500)	(4,353,000)	4,294,500	S$2.45	28.11.2009 to 26.11.2013
27.11.08	8,975,000	–	(327,500)	–	8,647,500	S$2.45	28.11.2010 to 26.11.2013
09.12.08	110,000	–	–	(60,000)	50,000	S$2.63	10.12.2009 to 08.12.2013
09.12.08	110,000	–	–	–	110,000	S$2.63	10.12.2010 to 08.12.2013
Sub-total	18,170,000	–	(655,000)	(4,413,000)	13,102,000		
Wilmar ESOS 2009							
21.05.09	–	2,375,000	–	–	2,375,000	S$4.50	22.5.2010 to 20.5.2014
21.05.09	–	2,375,000	–	–	2,375,000	S$4.50	22.5.2011 to 20.5.2014
Sub-total	–	4,750,000	–	–	4,750,000		
Total	18,170,000	4,750,000	(655,000)	(4,413,000)	17,852,000		

UNISSUED SHARES UNDER OPTION (CONTINUED)

The information on Directors (including Mr Kuok Khoon Hong and Mr Martua Sitorus who are controlling shareholders of the Company) participating in the Wilmar ESOS 2009 is as follows:

Name of Directors	Aggregate options granted during the financial year	Aggregate options granted since commencement of the option scheme to 31.12.09	Aggregate options exercised since commencement of the option scheme to 31.12.09	Aggregate options outstanding as at 31.12.09
Kuok Khoon Hong	1,000,000	1,000,000	–	1,000,000
Martua Sitorus	800,000	800,000	–	800,000
Chua Phuay Hee	500,000	500,000	–	500,000
Teo Kim Yong	500,000	500,000	–	500,000
Lee Hock Kuan	500,000	500,000	–	500,000
Kuok Khoon Ean	200,000	200,000	–	200,000
Kuok Khoon Ho *	200,000	200,000	–	200,000
John Daniel Rice	200,000	200,000	–	200,000
Yeo Teng Yang	250,000	250,000	–	250,000
Leong Horn Kee	200,000	200,000	–	200,000
Tay Kah Chye	200,000	200,000	–	200,000
Kwah Thiam Hock	200,000	200,000	–	200,000
	4,750,000	4,750,000	–	4,750,000

* *Mr Kuok Khoon Ho resigned from the Company on 8 February 2010*

Except as disclosed above, since the commencement of the Wilmar ESOS 2009 till end of the financial year under review:

- No participant has received 5 percent or more of the total number of options available under the Wilmar ESOS 2009;
- No options that entitle the holders of the options, by virtue of such holding, to any right to participate in any share issue of any other company have been granted;
- No options have been granted to directors and employees of the holding company and its subsidiaries as the Company does not have a parent company; and
- No options have been granted at a discount.

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 and 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, the AC met four times to review, inter alia, the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The AC also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the AC prior to submission to the directors of the Company for adoption. The AC also met with the external and internal auditors, without the presence of management, to discuss issues of concern to them.

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

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

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

AUDITORS

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

On behalf of the Board of Directors

Kuok Khoon Hong	Chua Phuay Hee
Director	Director

25 March 2010

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, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009, 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	Chua Phuay Hee
Director	Director

25 March 2010

We have audited the accompanying financial statements of Wilmar International Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 76 to 189, which comprise the balance sheets of the Group and the Company as at 31 December 2009, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory 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.

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 2009 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
25 March 2010

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2009

	Note	2009 US$'000	2008 US$'000
Revenue	4	**23,885,144**	29,145,185
Cost of sales	5	**(20,882,184)**	(25,585,369)
Gross profit		**3,002,960**	3,559,816
Other items of income			
Net gains arising from changes in fair value of biological assets		**17,024**	–
Interest income	6	**97,534**	92,927
Other operating income	7	**469,837**	275,451
Other items of expenses			
Selling and distribution expenses		**(833,209)**	(1,577,456)
Administrative expenses		**(286,860)**	(264,351)
Other operating expenses	8	**(78,198)**	(82,100)
Finance costs	9	**(140,941)**	(326,151)
Share of results of associates		**46,240**	111,189
Profit before tax	10	**2,294,387**	1,789,325
Income tax expense	11	**(324,074)**	(232,174)
Profit after tax		**1,970,313**	1,557,151
Attributable to:			
Equity holders of the Company		**1,882,040**	1,530,990
Minority interests		**88,273**	26,161
		1,970,313	1,557,151
Earnings per share attributable to equity holders of parent (US cents per share)			
– Basic	12	**29.5**	24.0
– Diluted	12	**27.4**	23.7

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2009

	Note	2009 US$'000	2008 US$'000
Profit after tax		**1,970,313**	1,557,151
Other comprehensive income:			
Foreign currency translation	30(b)(iii)	**10,216**	110,723
Fair value adjustment on cash flow hedges	30(b)(v)	**(271,477)**	419,345
Fair value adjustment on available-for-sale financial assets	30(b)(vii)	**8,833**	–
Share of associates' other comprehensive income		**–**	(1,174)
Total other comprehensive (loss)/income for the year, net of tax		**(252,428)**	528,894
Total comprehensive income for the year		**1,717,885**	2,086,045
Attributable to:			
Equity holders of the Company		**1,630,014**	2,044,234
Minority interests		**87,871**	41,811
		1,717,885	2,086,045

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

BALANCE SHEETS

As at 31 December 2009

	Note	Group 2009 US$'000	Group 2008 US$'000	Company 2009 US$'000	Company 2008 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**3,919,302**	3,252,216	**4**	–
Investment securities	14	**94,666**	36,565	**63,362**	36,000
Investment in subsidiaries	15	**–**	–	**4,180,812**	8,301,502
Investment in associates	16	**1,082,115**	1,157,870	**180,666**	307,127
Plasma investments	17	**7,179**	7,456	**–**	–
Biological assets	18	**1,153,535**	1,021,057	**–**	–
Intangible assets	19	**4,028,436**	3,942,014	**–**	–
Derivative financial instruments	20	**112,194**	14,222	**112,194**	14,222
Deferred tax assets	21	**86,463**	56,681	**–**	–
Other financial receivables	22	**43,586**	47,310	**115,216**	236,162
Other non-financial assets	22	**50,677**	40,187	–	–
		10,578,153	9,575,578	**4,652,254**	8,895,013
Current assets					
Inventories	23	**3,939,699**	2,468,305	**–**	–
Trade receivables	24	**1,989,946**	1,331,164	**–**	–
Other financial receivables	22	**552,844**	433,592	**6,677,239**	1,336,493
Other non-financial assets	22	**630,963**	312,427	**90**	60
Derivative financial instruments	20	**317,363**	816,088	**18**	–
Investment securities	14	**304,918**	38,604	**–**	–
Other bank deposits	25	**4,312,325**	1,612,488	**–**	–
Cash and bank balances	25	**822,576**	1,280,614	**9,097**	78,003
		12,870,634	8,293,282	**6,686,444**	1,414,556
TOTAL ASSETS		**23,448,787**	17,868,860	**11,338,698**	10,309,569
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	26	**819,836**	946,219	**–**	–
Other financial payables	27	**710,174**	592,247	**233,278**	82,607
Other non-financial liabilities	27	**294,286**	301,878	**–**	–
Derivative financial instruments	20	**65,629**	289,596	**–**	–
Loans and borrowings	28	**8,374,106**	3,677,118	**–**	–
Tax payable		**104,860**	115,710	**1,518**	2,110
		10,368,891	5,922,768	**234,796**	84,717
NET CURRENT ASSETS		**2,501,743**	2,370,514	**6,451,648**	1,329,839

BALANCE SHEETS

As at 31 December 2009

		Group		Company	
	Note	**2009**	2008	**2009**	2008
		US$'000	US$'000	US$'000	US$'000
Non-current liabilities					
Other financial payables	27	**9,031**	13,937	**–**	–
Other non-financial liabilities	27	**20,551**	14,480	**–**	–
Loans and borrowings	28	**1,205,626**	1,606,447	**936,328**	950,311
Deferred tax liabilities	21	**433,059**	335,872	**–**	–
		1,668,267	1,970,736	**936,328**	950,311
TOTAL LIABILITIES		**12,037,158**	7,893,504	**1,171,124**	1,035,028
NET ASSETS		**11,411,629**	9,975,356	**10,167,574**	9,274,541
Equity attributable to equity holders of the parent					
Share capital	29	**8,414,355**	8,402,547	**8,850,494**	8,838,686
Retained earnings		**3,821,552**	2,321,715	**1,146,072**	285,730
Other reserves	30	**(1,304,778)**	(1,117,801)	**171,008**	150,125
		10,931,129	9,606,461	**10,167,574**	9,274,541
Minority interests		**480,500**	368,895	**–**	–
Total equity		**11,411,629**	9,975,356	**10,167,574**	9,274,541
TOTAL EQUITY AND LIABILITIES		**23,448,787**	17,868,860	**11,338,698**	10,309,569

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 2009

	Note	Attributable to equity holders of the parent					
		Share capital	Retained earnings	Other reserves	Attributable to equity holders of the parent, total	Minority interests	Equity total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2009							
GROUP							
Opening balance at 1 January 2009		8,402,547	2,321,715	(1,117,801)	9,606,461	368,895	9,975,356
Profit for the year		–	1,882,040	–	1,882,040	88,273	1,970,313
Other comprehensive loss for the year		–	–	(252,026)	(252,026)	(402)	(252,428)
Total comprehensive income/(loss) for the year		–	1,882,040	(252,026)	1,630,014	87,871	1,717,885
Grant of equity-settled share options	30(b)(vi)	–	–	14,610	14,610	–	14,610
Issue of shares pursuant to exercise of share options	30(b)(vi)	11,701	–	(3,876)	7,825	–	7,825
Issue of shares pursuant to conversion of convertible bonds	30(b)(i)	107	–	(14)	93	–	93
Acquisition of subsidiaries	15	–	–	–	–	6,724	6,724
Dilution of interest in subsidiary		–	(29,102)	29,102	–	74,251	74,251
Share capital contributed by minority shareholders		–	–	–	–	17,370	17,370
Disposal of subsidiaries		–	–	–	–	(13,081)	(13,081)
Acquisition of additional interest in subsidiaries		–	–	–	–	(7,300)	(7,300)
Dividends on ordinary shares	39	–	(327,874)	–	(327,874)	–	(327,874)
Dividends paid to minority shareholders by subsidiaries		–	–	–	–	(54,230)	(54,230)
Net transfer to other reserves		–	(25,227)	25,227	–	–	–
Closing balance at 31 December 2009		**8,414,355**	**3,821,552**	**(1,304,778)**	**10,931,129**	**480,500**	**11,411,629**

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

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2009

	Note	Share capital US$'000	Retained earnings US$'000	Other reserves US$'000	Attributable to equity holders of the parent, total US$'000	Minority interests US$'000	Equity total US$'000
		Attributable to equity holders of the parent					
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
Profit for the year		–	1,530,990	–	1,530,990	26,161	1,557,151
Other comprehensive income for the year		–	–	513,244	513,244	15,650	528,894
Total comprehensive income for the year		–	1,530,990	513,244	2,044,234	41,811	2,086,045
Convertible bonds - equity component		–	–	(48,000)	(48,000)	–	(48,000)
Shares granted to employees	30(b)(i)	–	–	3,068	3,068	–	3,068
Grant of equity-settled share options	30(b)(vi)	–	–	1,012	1,012	–	1,012
Acquisition of subsidiaries		–	–	–	–	2,591	2,591
Share capital contributed by minority shareholders		–	–	–	–	20,410	20,410
Disposal of subsidiaries		–	–	1,086	1,086	(3,990)	(2,904)
Acquisition of additional interest in subsidiaries		–	–	–	–	(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)
Net transfer to other reserves		–	(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 (CONTINUED)

For the financial year ended 31 December 2009

	Note	Attributable to equity holders of the parent Share capital US$'000	Retained earnings US$'000	Other reserves US$'000	Attributable to equity holders of the parent, total US$'000
2009					
COMPANY					
Opening balance at 1 January 2009		8,838,686	285,730	150,125	9,274,541
Profit for the year		–	1,184,694	–	1,184,694
Other comprehensive income for the year		–	–	13,685	13,685
Total comprehensive income for the year		–	1,184,694	13,685	1,198,379
Grant of equity-settled share options	30(b)(vi)	–	–	14,610	14,610
Issue of shares pursuant to exercise of share options	30(b)(vi)	11,701	–	(3,876)	7,825
Issue of shares pursuant to conversion of convertible bonds	30(b)(i)	107	–	(14)	93
Dividends on ordinary shares	39	–	(327,874)	–	(327,874)
Transfer to retained earnings		–	3,522	(3,522)	–
Closing balance at 31 December 2009		**8,850,494**	**1,146,072**	**171,008**	**10,167,574**
2008					
COMPANY					
Opening balance at 1 January 2008		8,838,686	116,540	194,045	9,149,271
Profit for the year		–	409,327	–	409,327
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	409,327	–	409,327
Convertible bonds-equity component		–	–	(48,000)	(48,000)
Shares granted to employees	30(b)(i)	–	–	3,068	3,068
Grant of equity-settled share options	30(b)(vi)	–	–	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.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2009

	2009 US$'000	2008 US$'000
Cash flows from operating activities		
Profit before tax	**2,294,387**	1,789,325
Adjustments for:		
Net gains from changes in fair value of biological assets	**(17,024)**	–
Depreciation of property, plant and equipment (Note 10)	**252,296**	207,900
Impairment (write back)/provision on investment in associates	**(1,172)**	1,172
Net (profit)/loss on disposal of investment in associates	**(144)**	15,621
Amortisation of intangible assets	**75**	18
Negative goodwill taken to the income statement	**(3,958)**	(348)
Positive goodwill written off to the income statement	**5,289**	346
Loss/(gain) on disposal of property, plant and equipment	**3,441**	(17,699)
Net (gain)/loss on disposal/liquidation of subsidiaries	**(184,358)**	95
Gain on disposal of investment securities	**(24,131)**	(4,024)
Net loss on convertible bonds buy-back	**295**	–
Shares granted to employees	**–**	3,068
Grant of share options to employees	**14,610**	1,012
Net gain on the fair value of derivative financial instruments	**(109,051)**	(77,796)
Net gain on the fair value of investment securities	**(59,433)**	(1,614)
Foreign exchange arising from translation	**(31,557)**	49,629
Interest expense	**140,941**	326,151
Interest income	**(97,534)**	(92,927)
Share of results of associates	**(46,240)**	(111,189)
Operating cash flow before working capital changes	**2,136,732**	2,088,740
Changes in working capital:		
(Increase)/decrease in inventories	**(1,468,191)**	1,111,580
(Increase)/decrease in receivables and other assets	**(859,821)**	445,433
(Decrease)/increase in payables	**(76,049)**	72,916
Cash flows (used in)/generated from operations	**(267,329)**	3,718,669
Interest paid	**(108,414)**	(293,272)
Interest received	**97,534**	92,927
Income taxes paid	**(242,223)**	(287,466)
Net cash flows (used in)/generated from operating activities	**(520,432)**	3,230,858

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the financial year ended 31 December 2009

	2009 US$'000	2008 US$'000
Cash flows from investing activities		
Decrease in loans to associates	**54,655**	–
Net cash inflow on acquisition of subsidiaries (Note 15)	**14**	1,263
Payments for acquisition of additional interest in subsidiaries	**(31,950)**	(11,266)
Decrease/(increase) in plasma investments	**1,098**	(1,614)
Payments for investments securities (current)	**(401,964)**	(132,376)
Payments for investments securities (non-current)	**(49,259)**	(36,000)
Payments for investments in associates	**(38,441)**	(238,493)
Payments for biological assets	**(89,575)**	(94,642)
Payments for property, plant and equipment	**(973,874)**	(1,012,088)
Payments for intangible assets	**(223)**	(416)
Dividends received from associates	**45,552**	11,470
Proceeds from disposal of investments securities	**218,743**	150,999
Proceeds from disposal of biological assets	**78**	147
Proceeds from disposal of property, plant and equipment	**9,299**	70,566
Proceeds from disposal of associates	**–**	4,642
Net cash flow from disposal of subsidiaries (Note 15)	**(26,508)**	(8,193)
Net cash flows used in investing activities	**(1,282,355)**	(1,296,001)
Cash flows from financing activities		
Increase in receivables	**(23,934)**	(28,112)
Decrease/(increase) in net amount due from related parties	**4,468**	(2,100)
(Increase)/decrease in net amount due from associates	**(89,125)**	29,905
Increase/(decrease) in advances from minority shareholders	**3,245**	(3,462)
Proceeds from bank loans	**4,129,437**	245,842
Payments for repurchase of convertible bonds	**(23,225)**	–
Repayments of finance lease liabilities	**(59)**	(90)
Increase in fixed deposits pledged with financial institutions for bank facilities	**(2,335,433)**	(1,240,591)
Increase in other deposits with maturity of more than 3 months	**(364,404)**	(69,863)
Interest paid	**(31,238)**	(36,840)
Dividends paid by the Company	**(327,874)**	(240,137)
Dividends paid to minority shareholders by subsidiaries	**(54,230)**	(17,062)
Proceeds from issue of shares by the Company	**7,825**	–
Proceeds from issue of shares by subsidiaries to minority shareholders	**265,764**	16,600
Net cash flows generated from/(used in) financing activities	**1,161,217**	(1,345,910)
Net (decrease)/increase in cash and cash equivalents	**(641,570)**	588,947
Cash and cash equivalents at the beginning of the financial year	**1,033,833**	444,886
Cash and cash equivalents at the end of the financial year (Note 25)	**392,263**	1,033,833

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

1. CORPORATE INFORMATION

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

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

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the 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$), 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, except as mentioned under Note 2.2 (i).

2.2 Changes in accounting policies

(i) Adoption of new and revised FRS

With effect from 1 January 2009, 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 2009. The adoption of these FRS and INT FRS has no significant impact to the Group. They did however give rise to additional disclosures.

The principal effects of these changes are as follows:

<u>FRS 1 Presentation of Financial Statements – Revised presentation</u>

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

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

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 35 and Note 36 to the financial statements respectively.

FRS 108 Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting. Additional disclosures about each of the segments are shown in Note 38, including revised comparative information.

(ii) Future changes in accounting policies

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
Improvements to FRSs issued in 2009:	
– Amendments to FRS 38 Intangible Assets	1 July 2009
– Amendments to FRS 102 Share-based Payment	1 July 2009
– Amendments to FRS 108 Operating Segments	1 July 2009
– Amendments to INT FRS 109 Reassessment of Embedded Derivatives	1 July 2009
– Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation	1 July 2009
– Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
– Amendments to FRS 7 Statement of Cash Flows	1 January 2010
– Amendments to FRS 17 Leases	1 January 2010
– Amendments to FRS 36 Impairment of Assets	1 January 2010
– FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
– Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
– Amendments to FRS 108 Operating Segments	1 January 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

(ii) Future changes in accounting policies (continued)

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, except for the revised FRS 103 and the amendments to FRS 27 as described below.

The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from the revised FRS 103 and amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests.

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 business combinations involving entities under common control, 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 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.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger reserve. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of shares in subsidiaries to minority interests is recognised in the income statement.

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 operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the income statement of the Group on disposal of the foreign operation.

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 statement are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. 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 excluded 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.

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

The financial statements of associates 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (continued)

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

Land and land rights	–	amortised over the period of leases (25 to 70 years)
Buildings	–	10 to 40 years
Plant and machineries	–	4 to 25 years
Furniture, fittings and office equipment	–	2 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.

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 and the estimated yield of the agricultural produce, being fresh fruit bunches ("FFB"), net of maintenance and harvesting costs and any costs required to bring the oil palm plantations to maturity. The estimated yield of the oil palm plantations is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel.

2.10 Plasma investments

Cost incurred during the development phase up to the conversion of the Plasma plantation are capitalised as Plasma investments. The development of the Plasma oil palm plantations is financed by plasma loans, which is received by the plasma farmers (represented by "Cooperatives"), plus additional funding by the Company, should the bank financing not be adequate to finance the development costs. Accumulated development costs are presented net of the plasma loans and are presented as "Plasma investments".

When the carrying amount of the Plasma investments is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. The difference between the accumulated development costs of Plasma investments 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (continued)

(a) Goodwill (continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (continued)

(b) Other intangible assets (continued)

Intangible assets with finite useful lives are amortised over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

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

(i) Brands

The brands were acquired in 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 had been recognised in other comprehensive income is recognised in the income statement.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(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 initially in other comprehensive income and accumulated under fair value adjustment reserves in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is reclassified from equity to the income statement as a reclassification adjustment when the financial asset is derecognised.

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

2.13 Impairment of financial assets

The Group assesses at each 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount has been charged to the allowance account, the amount charged 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.

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 using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are 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 and have a short maturity of generally within three months when acquired. These also include bank overdrafts that form an integral part of the Group's cash management. The accounting policy for this category of financial assets is stated in Note 2.12(b) under loans and receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Inventories

(a) Physical inventories, futures and other forward contracts

Physical inventories of palm based products, oilseeds and grains products, consumer products and other agricultural commodities are valued at the lower of cost and spot prices prevailing at the balance sheet date. Cost is determined using the weighted average method.

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

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

Gains or losses arising from matched forward and derivatives contracts are recognised immediately in the income statement. Any difference arising from the fair value assessment will be recognized 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, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar. The notional principal amounts of the outstanding forward and futures contracts are off-balance sheet items.

(b) Other inventories

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

2.17 Financial liabilities

Financial liabilities within the scope of FRS 39 are recognised 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial liabilities (continued)

For financial liabilities other than derivatives, gains and losses are recognised in income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in income statement. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.18 Borrowings

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

(b) Convertible bonds

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 provisions due to the passage of time is recognised as a finance cost.

2.22 Employee benefits

(a) Defined contribution plans

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits (continued)

(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.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) As lessee

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

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

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

(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 the physical delivery of palm based products, oilseeds and grains products, consumer products and other agricultural commodities is recognised when significant risks and rewards of ownership of goods are transferred to the buyer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue (continued)

(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).

(d) Dividend income

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

2.25 Income taxes

(a) Current tax

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

Current taxes are recognised in the income statement except when they relate to items recognised outside income statement, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Income taxes (continued)

(b) Deferred tax (continued)

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each 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 income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Income taxes (continued)

(c) Sales tax

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

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

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

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

2.26 Derivative financial instruments and hedging activities

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 *Derivative financial instruments and hedging activities (continued)*

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

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised initially in other comprehensive income and accumulated under the hedging reserve (Note 30(b)(v)), while the ineffective portion is recognised immediately in the income statement.

Amounts recognised in other comprehensive income are transferred to the income statement when the hedged transaction affects income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. The Group has elected not to apply basis adjustments to hedges of forecast transactions that result in the recognition of a non-financial asset or a non-financial liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2.27 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 2009 was approximately US$2,937,083,000 (2008: US$2,851,757,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

(b) Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 2 to 25 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 2009 was approximately US$1,699,459,000 (2008: US$1,330,732,000).

(c) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable, deferred tax assets and deferred tax liabilities at 31 December 2009 were approximately US$104,860,000 (2008: US$115,710,000), US$86,463,000 (2008: US$56,681,000) and US$433,059,000 (2008: US$335,872,000) 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 2009 was approximately US$1,153,535,000 (2008: US$1,021,057,000).

(e) Provision for employee gratuity

Provision for employee gratuity benefit is determined using actuarial valuations. The actuarial valuations 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 was approximately US$20,551,000 (2008: US$14,480,000). Further details are given in Note 31.

4. REVENUE

	Group 2009 US$'000	Group 2008 US$'000
Sales of palm based products, oilseeds and grains products, consumer products and other agricultural commodities	**23,772,521**	29,054,482
Ship charter income	**91,560**	80,932
Others	**21,063**	9,771
	23,885,144	29,145,185

5. COST OF SALES

	Group 2009 US$'000	Group 2008 US$'000
Cost of inventories recognised as expense – physical delivery	**19,560,324**	25,202,363
Labour costs and other overheads	**1,588,525**	1,198,633
Net gain on non-physical delivery forward contracts ("paper trades")	**(113,514)**	(190,595)
Net gain from derivative financial instruments	**(153,151)**	(625,032)
	20,882,184	25,585,369

6. INTEREST INCOME

	Group 2009 US$'000	Group 2008 US$'000
Interest income		
– from associates	**5,754**	7,382
– from bank balances	**5,913**	11,987
– from fixed deposits	**75,327**	69,662
– from other sources	**7,401**	214
– from related parties	**151**	665
– late interest charge to trade receivables	**2,988**	3,017
	97,534	92,927

7. OTHER OPERATING INCOME

The following items have been included in arriving at other operating income:

	Group	
	2009	2008
	US$'000	US$'000
Bad debts recovered	**298**	107
Compensation/penalty income	**11,483**	6,611
Dividend received from investment securities	**1,493**	55
Gain on disposal of property, plant and equipment	**–**	17,699
Gain on disposal of associates	**144**	920
Gain on disposal of subsidiaries	**185,350**	–
Gain on disposal of investment securities	**24,131**	4,044
Government grants/incentive income	**26,064**	19,108
Income from sales cancellation	**5,218**	14,738
Negative goodwill on acquisition of subsidiaries/associates	**3,958**	348
Net foreign exchange gain	**15,181**	181,799
Processing fee income/tolling income	**1,314**	2,086
Rental and storage income	**7,061**	3,955
Royalty/marketing/other income	**4,521**	4,249
Fair value gain on embedded derivatives of convertible bonds	**97,972**	–
Scrap sales	**9,302**	9,543
Service fees/management fees/commission income	**3,797**	3,015
Net fair value gains on investment securities at fair value through profit or loss	**59,433**	1,614
Write back of impairment in investment in associates	**1,172**	–
Write back of allowance for doubtful receivables	**2,897**	–

8. OTHER OPERATING EXPENSES

The following items have been included in arriving at other operating expenses:

	Group	
	2009	2008
	US$'000	US$'000
Allowance for doubtful receivables – trade	**570**	18,647
Allowance for advances to suppliers	**2,438**	–
Allowance for loans to associates	**–**	5,000
Amortisation of intangible assets	**75**	18
Bad debts written off	**2,276**	2,157
Compensation/penalty expenses	**4,495**	1,601
Professional fees in relation to the proposed listing of the China operations	**11,782**	–
Fair value loss on embedded derivatives of convertible bonds	**–**	12,661
Goodwill written off	**5,289**	346
Grant of share options to employees	**14,610**	1,012
Impairment of investment in associates	**–**	1,172
Impairment of property, plant and equipment	**873**	376
Inventories written off	**403**	1,126
Loss on convertible bonds buy-back	**295**	–
Loss on disposal of associates	**–**	16,541
Loss on disposal of property, plant and equipment	**3,441**	–
Loss on disposal of subsidiaries	**992**	95
Loss on disposal of investment securities	**–**	20
Pre-operating expenses	**3,985**	4,424
Shares granted to employees	**–**	3,068
Services/management fees expenses	**3,403**	1,820

9. FINANCE COSTS

	Group	
	2009	2008
	US$'000	US$'000
Interest expense:		
– bank borrowings (including bank overdrafts)	**137,584**	322,639
– convertible bonds (accretion of interest)	**9,040**	7,948
– loans from associated companies	**19**	2
– loans from related parties	**3**	618
– others	**188**	6,754
	146,834	337,961
Less: Amount capitalised		
– biological assets (Note 18)	**(4,606)**	(6,183)
– property, plant and equipment (Note 13)	**(1,287)**	(5,627)
	140,941	326,151

10. PROFIT BEFORE TAX

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

	Group	
	2009	2008
	US$'000	US$'000
Non-audit fees paid to:		
– Auditors of the Company	**1,294**	51
– Other auditors	**538**	72
Depreciation of property, plant and equipment:	**256,175**	213,547
Less: Amount capitalised as part of costs of biological assets	**(4,752)**	(6,023)
Add: Impairment loss	**873**	376
Depreciation of property, plant and equipment – net	**252,296**	207,900
Employee benefits expense (Note 32)	**417,006**	355,105
Operating lease expense	**10,717**	4,011

11. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2009 and 31 December 2008 are:

	Group	
	2009	2008
	US$'000	US$'000
Income statement		
Current income tax		
Current income taxation	**243,883**	238,150
(Over)/under provision in respect of previous years	**(3,199)**	1,192
	240,684	239,342
Deferred income tax		
Origination and reversal of temporary differences	**80,343**	(13,875)
Under provision in respect of previous years	**3,047**	6,707
Income tax expense recognised in the income statement	**324,074**	232,174
Deferred income tax related to other comprehensive income:		
Net change in the fair value of derivative financial instruments designated as cash flow hedges	**(14,360)**	22,070

11. INCOME TAX EXPENSE (CONTINUED)

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

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 31 December 2009 and 31 December 2008 are as follows:

	Group	
	2009	2008
	US$'000	US$'000
Accounting profit before income tax	**2,294,387**	1,789,325
Tax calculated at tax rate of 17% (2008 : 18%)	**390,046**	322,079
Adjustments:		
Effect of differences in tax rates in other countries	**153,598**	52,971
Effect of tax incentives	**(163,018)**	(196,617)
Income not subject to taxation	**(90,934)**	(32,249)
Non-deductible expenses	**41,977**	59,637
Deferred tax assets not recognised	**3,806**	44,424
(Over)/under provision in respect of previous years	**(152)**	7,899
Others	**(11,249)**	(25,970)
Income tax expense recognised in the income statement	**324,074**	232,174

On 22 January 2009, the Singapore Government announced a reduction in statutory tax rate from 18% to 17% with effect from Year of Assessment 2010. The reduction in tax rate does not have a significant impact on the financial performance or position of the Group.

(c) As a result of the New Corporate Income Tax Law in the People's Republic of China, all domestic-invested and foreign-invested enterprises are subject to a unified corporate income tax of 25%. Pursuant to the State of Council Circular on the implementation of the Transitional Concession Policies for Corporate Income Tax (Guo Fa [2007] no. 39), enterprises previously entitled to a reduced tax rate shall have a grace period of five years to adjust to the unified rate of 25%. Commencing 1 January 2008, the enterprises entitled to a 15% corporate income tax rate will be subject to tax rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 and thereafter.

(d) Two major subsidiaries, Wilmar Trading Pte Ltd and Wilmar Trading (China) Pte. Ltd., have been granted the "Global Trader Programme" incentive by International Enterprise Singapore under which qualifying profits are taxed at a concessionary rate of 5% from 1 January 2009 to 31 December 2013 and 1 August 2009 to 31 December 2013 respectively.

11. INCOME TAX EXPENSE (CONTINUED)

(e) Wilmar Ship Holdings Pte. Ltd. and most of its subsidiaries that are incorporated in Singapore, being companies in the Group whose activities are related to shipping, are granted the "Approved International Shipping" incentive by the Maritime Port Authority, 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.

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	
	2009	2008
Profit, net of tax for the year attributable to ordinary equity holders of the parent (US$'000)	**1,882,040**	1,530,990
Weighted average number of ordinary shares ('000)	**6,385,960**	6,385,681
Basic earnings per share (US cents per share)	**29.5**	24.0

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 adjusting for the fair value and accretion of interest 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.

	Group	
	2009	2008
Profit for the year attributable to ordinary equity holders of the parent (US$'000)	**1,882,040**	1,530,990
Accretion of interest on convertible bonds (US$'000)	**9,040**	7,948
Fair value (gain)/loss on embedded derivatives of convertible bonds (US$'000)	**(97,972)**	12,661
Adjusted profit for the year attributable to ordinary equity holders of the parent (US$'000)	**1,793,108**	1,551,599
Weighted average number of ordinary shares ('000)	**6,385,960**	6,385,681
Effect of dilution		
– Convertible bonds ('000)	**154,422**	161,164
– Grant of equity-settled share options ('000)	**9,441**	–
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**6,549,823**	6,546,845
Diluted earnings per share (US cents per share)	**27.4**	23.7

18,170,000 of share options granted to employees under the Wilmar Executives Share Option Scheme 2000 ("Wilmar ESOS 2000") were not included in the calculation of diluted earnings per share for the financial year ended 31 December 2008 because they were anti-dilutive.

Since the end of the financial year, executives of the Group have exercised the options to acquire 2,131,000 (2008: Nil) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircrafts US$'000	Construction in-progress US$'000	Total US$'000
Group								
Costs								
At 1 January 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 and 1 January 2009	551,377	885,173	2,003,359	77,656	239,655	124,436	469,069	4,350,725
New subsidiaries acquired	4,976	5,656	15,389	586	14,418	253	786	42,064
Disposal of subsidiaries	(2,328)	(5,991)	(54,601)	(680)	–	(260)	(1,722)	(65,582)
Additions	47,557	38,406	35,211	15,364	101,555	14,369	679,864	932,326
Disposals	(574)	(3,677)	(15,400)	(4,169)	(690)	(5,160)	(1,045)	(30,715)
Transfers	10,778	206,750	504,199	2,159	–	922	(724,808)	–
Reclassification	(8,890)	7,056	(5,464)	(2,345)	–	10,211	(4,591)	(4,023)
Currency translation differences	2,796	8,713	15,595	690	1,016	1,664	1,243	31,717
At 31 December 2009	605,692	1,142,086	2,498,288	89,261	355,954	146,435	418,796	5,256,512

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land, land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircrafts US$'000	Construction in-progress US$'000	Total US$'000
Group								
Accumulated depreciation								
At 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 and 1 January 2009	46,003	193,674	700,006	50,277	39,560	68,989	–	1,098,509
Disposal of subsidiaries	(92)	(441)	(7,378)	(355)	–	(164)	–	(8,430)
Depreciation charge for the year	9,866	37,690	146,572	11,187	36,579	14,281	–	256,175
Disposals	(40)	(1,330)	(9,079)	(3,399)	(420)	(3,736)	–	(18,004)
Impairment loss	89	12	725	47	–	–	–	873
Reclassification	(601)	(226)	(4,797)	(747)	–	6,371	–	–
Currency translation differences	183	1,622	4,592	439	266	985	–	8,087
At 31 December 2009	55,408	231,001	830,641	57,449	75,985	86,726	–	1,337,210
Net carrying amount								
At 31 December 2008	505,374	691,499	1,303,353	27,379	200,095	55,447	469,069	3,252,216
At 31 December 2009	550,284	911,085	1,667,647	31,812	279,969	59,709	418,796	3,919,302

In the current financial year, an impairment charge of approximately US$873,000 (2008: US$376,000) was made on certain property, plant and equipment to bring their carrying values to their recoverable values.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings and office equipment US$'000
Company	
Costs	
At 1 January 2008, 31 December 2008 and 1 January 2009	–
Additions	4
At 31 December 2009	4
Accumulated depreciation	
At 1 January 2008, 31 December 2008 and 1 January 2009	–
Depreciation charge for the year *	–
At 31 December 2009	–
Net carrying amount	
At 31 December 2008	–
At 31 December 2009	4

* The depreciation charge for the year is less than US$1,000.

Capitalisation of borrowing costs

The Group's property, plant and equipment includes 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$1,287,000 (2008: US$5,627,000).

Assets held under finance lease

The carrying amount of motor vehicles held under finance lease at the balance sheet date was approximately US$76,000 (2008: US$145,000).

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 amounting to approximately US$172,749,000 (2008: US$181,250,000) are pledged as security for the bank borrowings (Note 28).

14. INVESTMENT SECURITIES

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Non-current:				
Available-for-sale financial assets				
Quoted equity instruments	**58,091**	–	**27,362**	–
Unquoted equity instruments, at cost	**36,575**	36,565	**36,000**	36,000
	94,666	36,565	**63,362**	36,000
Current:				
Available-for-sale financial assets				
Unquoted equity instruments, at cost	**5**	6	**–**	–
Unquoted non-equity instruments	**58,804**	–	**–**	–
Financial assets held for trading				
Quoted equity instruments	**246,109**	38,598	**–**	–
	304,918	38,604	**–**	–
	399,584	75,169	**63,362**	36,000

The Group's non-equity investments comprise investments in bonds.

Unquoted equity instruments at cost have no market price and the fair value cannot be reliably measured using valuation techniques.

The interest rates for unquoted non-equity instruments range from 3% to 4% (2008: Nil) per annum.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2009	2008
	US$'000	US$'000
Unquoted equity shares, at cost	**4,180,812**	8,301,502

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

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiaries

The Group acquired the following subsidiaries during the financial year:

Name of subsidiaries acquired	Equity interest acquired	Consideration	Date of acquisition
	%	US$'000	
Hebei Yihai Angenuo Agrochemical Co., Ltd	80	5,119	11 February 2009
Wilmar-ADM Investments Holding Pte. Ltd. [1]	50	8,881	24 February 2009
HPRY Pte. Ltd.	100	69	25 August 2009
PT Pelayaran Tirtacipta Mulyapersada	55	1,079	2 September 2009
PT Wilmar Chemical Indonesia (formerly known as "PT Metha Persada") [1]	50	252	14 September 2009
Qinhuangdao Xinhai Property Developments Co., Ltd	80	2,941	24 September 2009
Equatorial Trading Limited [1]	16	5,777	6 October 2009
		24,118	

(1) Prior to the above acquisitions, these companies were classified as associates.

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

	Recognised on date of acquisition	Carrying amount before combination
	US$'000	US$'000
Property, plant and equipment	42,064	42,064
Trade and other receivables and non-current assets	118,112	118,112
Cash and cash equivalents	22,947	22,947
	183,123	183,123
Trade and other payables and other liabilities	76,041	76,041
Loans and borrowings	77,354	77,354
Tax payable	585	585
	153,980	153,980
Net identifiable assets	29,143	29,143
Less: Minority interests	(6,724)	(6,724)
Identifiable net assets acquired	22,419	22,419
Less: Transfer from investment in associates	(66,201)	(66,201)
	(43,782)	(43,782)
Positive goodwill arising from acquisition recognized as part of intangible assets	67,052	
Positive goodwill written off	1,069	
Negative goodwill taken to the income statement	(221)	
Total consideration for acquisition	24,118	

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Total cost of business combination

The total cost of the business combination is as follows:

	New acquisition US$'000
Consideration for interests previously held:	
– Cash paid	649
– Non-cash considerations [2]	69,739
	70,388
Consideration for acquistions	24,118
Less: Payables for acquisitions	(1,185)
Consideration for above acquisition – cash paid	22,933
	93,321

The effects of above acquisitions on cash flows are as follows:

Consideration settled in cash	22,933
Less: Cash and cash equivalents of subsidiaries acquired	(22,947)
Net cash inflow on above acquisitions	(14)

[2] As part of the IPT Assets acquired in 2007, interests in Wilmar-ADM Investments Holding Pte. Ltd. and Equatorial Trading Limited were paid through the issuance of the Company's ordinary shares. Please refer to Note 30(b)(ii) for more details.

Impact of acquisition on income statement

From the date of acquisition, the acquirees have contributed approximately US$660,000 loss to the Group's net profit for the financial year ended 31 December 2009. If the combination had taken place at the beginning of the financial year, the Group's profit would have been approximately US$1,878,378,000 and revenue would have been approximately US$24,226,606,000.

Acquisition of minority interests

On 31 March 2009, the Company and its subsidiary, Tradesound Investments Limited ("Tradesound") acquired an additional 5% and 35% equity interest in PT Karya Putrakreasi Nusantara ("KPKN") from its minority shareholder for a total cash consideration of US$27,000,000. As a result of this acquisition, KPKN became a wholly-owned subsidiary of the Group. On the date of acquisition, the book value of the additional interest acquired was approximately US$8,909,000. The difference between the consideration and the book value of the interest acquired is recognized as positive goodwill in the balance sheet.

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of minority interests (continued)

On 30 April 2009, the Group's subsidiary, Wilmar China Investments (Yihai) Pte. Ltd. ("WCI(YH)") acquired an additional 5% equity interest in Yihai (Yancheng) Oils & Grains Industries Co., Ltd ("YYOG") from its minority shareholder for a cash consideration of US$660,000. As a result of this acquisition, YYOG became a 90% owned subsidiary of WCI(YH). On the date of acquisition, the book value of the additional interest acquired was approximately US$672,000. The difference between the consideration and the book value of the interest acquired is recognised in the income statement immediately.

On 30 December 2009, the Company acquired an additional 12.18% equity interest in Equatorial Trading Limited ("Equatorial") from its minority shareholder for a cash consideration of US$3,509,000. As a result of this acquisition, Equatorial became a 78.44% owned subsidiary of the Company. On the date of acquisition, the book value of the interest acquired was approximately US$2,127,000. The difference between the consideration and the book value of the interest acquired is written off to the income statement immediately.

On 19 October 2009, the Company acquired an additional 5% equity interest in Wilmar-Delta Holdings Pte. Ltd. ("WDHL") from its minority shareholder for a cash consideration of US$120,000. As a result of this acquisition, WDHL became a 80% owned subsidiary of the Company. On the date of acquisition, the net liabilities assumed were approximately US$573,000. The difference between the consideration and the book value of the interest acquired is written off to income statement immediately.

On 26 October 2009, the Group's subsidiary, Newbloom Pte. Ltd. ("NewBloom") acquired:

- an additional 5% equity interest in PT Alam Sawit Permai, PT Bawak Sawit Tunas Belum, PT Benua Alam Subur, PT Bulau Sawit Bajenta, PT Eka Kaharap Itah, PT Hamparan Sawit Eka Malan, PT Petak Malai Sawit Makmur and PT Pukun Mandiri Lestari; and
- an additional 20% equity interest in PT Sarana Titian Permata

from their minority shareholders for a total cash consideration of approximately US$661,000. As a result of these acquisitions, the above 9 companies became wholly-owned subsidiaries of Newbloom. On the date of acquisition, the net liabilities assumed were approximately US$1,484,000. The difference between the consideration and the book value of the interest acquired is written off to the income statement immediately.

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries

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

	US$'000
Property, plant and equipment	57,152
Trade and other receivables	11,494
Inventories	29,805
Cash and cash equivalents	43,866
	142,317
Trade and other payables	34,517
Loans and borrowings	80,115
	114,632
Net identifiable assets	27,685
Less: Minority interests	(13,081)
Less: Transfer to investment in associates	15
Net assets disposed	14,619
Net assets disposed	14,619
Forex reserves realised upon disposal of subsidiaries	(288)
Gain on disposal	5,557
Sales proceeds	19,888
Less: Cash and cash equivalents of subsidiaries disposed	(43,866)
Less: Non-cash settlement	(280)
Less: Receivables	(2,250)
Net cash outflow on disposal of subsidiaries	(26,508)

16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Shares, at cost	**658,738**	679,178	**69,700**	142,606
Share of post-acquisition reserves	**285,635**	280,501	**–**	–
Share of changes recognised directly in associates' equity	**914**	914	**–**	–
Currency translation differences	**25,862**	31,656	**–**	–
	971,149	992,249	**69,700**	142,606
Quasi equity loans	**110,966**	165,621	**110,966**	164,521
Carrying amount of investment	**1,082,115**	1,157,870	**180,666**	307,127

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

	Group	
	2009	2008
	US$'000	US$'000
Assets and liabilities:		
Current assets	**4,047,088**	3,142,272
Non-current assets	**1,288,491**	1,260,684
Total assets	**5,335,579**	4,402,956
Current liabilities	**3,291,819**	2,587,339
Non-current liabilities	**426,867**	648,320
Total liabilities	**3,718,686**	3,235,659
Results:		
Revenue	**9,077,478**	10,833,498
Profit for the year	**140,044**	265,590

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 will be transferred to the plasma landholders.

	Group	
	2009	2008
	US$'000	US$'000
Development cost capitalised	**8,206**	12,358
Less: Instalments paid by plasma landholders	**–**	(339)
	8,206	12,019
Transferred to plasma landholders	**(1,027)**	(4,047)
	7,179	7,972
Less: Impairment	**–**	(516)
Total plasma investments	**7,179**	7,456

18. BIOLOGICAL ASSETS

	Group	
	2009	2008
	US$'000	US$'000
At 1 January	**1,021,057**	940,014
Additions	**89,575**	100,540
Disposals	**(78)**	(147)
Capitalisation of interest (Note 9)	**4,606**	6,183
Capitalisation of depreciation	**4,752**	6,023
Currency translation differences	**16,599**	(31,556)
	1,136,511	1,021,057
Increase in fair value less point-of-sale costs	**17,024**	–
At 31 December	**1,153,535**	1,021,057

(a) Analysis of oil palm production

During the financial year, the Group harvested 3,213,360 tonnes (2008: 2,960,264 tonnes) of FFB, which had a fair value less estimated point-of-sale costs of approximately US$392,865,000 (2008: US$428,456,000). The fair value of FFB was determined with reference to their market prices during the year.

18. BIOLOGICAL ASSETS (CONTINUED)

(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	
	2009	2008
	US$'000	US$'000
Planted area:		
– Mature *	**928,953**	796,569
– Immature	**224,582**	224,488
	1,153,535	1,021,057

	Group	
	2009	2008
	Hectares	Hectares
Planted area:		
– Mature *	**161,129**	143,871
– Immature	**76,335**	82,038
	237,464	225,909

* Mature planted area includes rubber plantations

(c) At 31 December 2009, the fair value of biological assets of the Group mortgaged as securities for bank term loans amounted to approximately US$25,057,000 (2008: US$113,395,000).

(d) The interest capitalised is actual interest incurred on the bank borrowings to finance the development of oil palm plantations.

(e) The fair value of biological assets has been determined based on valuations by an independent professional valuer using discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantations are determined using the market price and the estimated yield of FFB, net of maintenance and harvesting costs and any costs required to bring the oil palm plantations to maturity. The estimated yield of the oil palm plantations is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel. Point-of-sale costs include all costs that would be necessary to sell the assets.

18. BIOLOGICAL ASSETS (CONTINUED)

(e) 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 (2008: 25) years, with the first three years as immature and remaining years as mature;

(iii) Discount rate per annum of 7.35% to 15.90% (2008: 7.5% to 16.7%);

(iv) FFB selling price of US$110 to US$126 (2008: US$101 to US$118) per metric tonne; and

(v) Average yield per hectare of 20.2 (2008: 20.9).

19. INTANGIBLE ASSETS

	Goodwill US$'000	Trademarks & Licenses and others US$'000	Brand US$'000	Total US$'000
Group				
Costs				
At 1 January 2008	2,843,473	666	1,089,247	3,933,386
Additions	12,052	416	–	12,468
Goodwill written off	(346)	–	–	(346)
Disposals	(2,777)	–	–	(2,777)
Currency translation differences	(645)	(4)	–	(649)
At 31 December 2008 and 1 January 2009	2,851,757	1,078	1,089,247	3,942,082
Additions	90,432	1,070	–	91,502
Goodwill written off	(5,289)	–	–	(5,289)
Currency translation differences	183	109	–	292
At 31 December 2009	2,937,083	2,257	1,089,247	4,028,587
Accumulated amortisation and impairment				
At 1 January 2008	–	(91)	–	(91)
Amortisation during the year	–	(18)	–	(18)
Currency translation differences	–	41	–	41
At 31 December 2008 and 1 January 2009	–	(68)	–	(68)
Amortisation during the year	–	(75)	–	(75)
Currency translation differences	–	(8)	–	(8)
At 31 December 2009	–	(151)	–	(151)
Net carrying amount				
At 31 December 2008	2,851,757	1,010	1,089,247	3,942,014
At 31 December 2009	2,937,083	2,106	1,089,247	4,028,436

19. INTANGIBLE ASSETS (CONTINUED)

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 2007. 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		Plantations and Palm oil Mills Segment		Others		Total	
	Palm and Laurics		Oilseeds and Grains									
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Goodwill	**570,379**	487,280	**734,226**	734,226	**28,986**	28,986	**1,595,690**	1,595,551	**7,802**	5,714	**2,937,083**	2,851,757
Brand	**–**	–	**–**	–	**1,089,247**	1,089,247	**–**	–	**–**	–	**1,089,247**	1,089,247

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period for consumer products and merchandising and processing segments. For plantation and palm oil mills, management has used cash flow projections based on the age of the plantations. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow beyond the five-year period are as follows:

	Merchandising and Processing Segment		Consumer Products Segment	Plantations and Palm Oil Mills Segment
	Palm and Laurics	Oilseeds and Grains		
	%	%	%	%
2009				
Terminal growth rates	3	3	3	N.A.
Pre-tax discount rates	14	14	12	12
2008				
Terminal growth rates	3	3	3	N.A.
Pre-tax discount rates	14	14	12	12

19. INTANGIBLE ASSETS (CONTINUED)

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

	2009			2008		
	Contract/ Notional amount US$'000	Assets US$'000	Liabilities US$'000	Contract/ Notional amount US$'000	Assets US$'000	Liabilities US$'000
Group						
Forward currency contracts	**9,896,498**	**69,691**	**21,468**	9,006,546	145,394	97,977
Futures, options and swap contracts	**3,110,527**	**247,672**	**43,183**	3,115,109	670,694	191,619
Interest rate swap	**305,858**	**–**	**946**	–	–	–
Forward freight agreements	**818**	**–**	**32**	–	–	–
Fair value of embedded derivatives of convertible bonds		**112,194**	**–**		14,222	–
Total derivative financial instruments		**429,557**	**65,629**		830,310	289,596
Less: Current portion		**(317,363)**	**(65,629)**		(816,088)	(289,596)
Non-current portion		**112,194**	**–**		14,222	–

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	2009		2008	
	Contract/ Notional amount US$'000	Assets US$'000	Contract/ Notional amount US$'000	Assets US$'000
Company				
Forward currency contracts	**1,362**	**18**	–	–
Fair value of embedded derivatives of convertible bonds	**–**	**112,194**	–	14,222
Total derivative financial instruments		**112,212**		14,222
Less: Current portion		**(18)**		–
Non-current portion		**112,194**		14,222

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 and purchases of fuel oil

The Group enters into various commodities options and swap contracts in order to hedge the financial risk related to the sale of biodiesel and purchase of fuel oil. 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$147,868,000 (2008: US$419,345,000), with related deferred tax charges of approximately US$7,711,000 (2008: US$22,070,000), is included in the hedging reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss during the next three financial years as follows: US$138,741,000 and US$9,127,000 and US$Nil (2008: US$251,192,000, US$156,149,000 and US$12,004,000).

21. DEFERRED TAX

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Deferred tax assets:				
Provisions	**14,870**	12,981	**(1,290)**	(5,482)
Unutilised tax losses	**47,936**	16,020	**(29,959)**	(9,478)
Differences in depreciation for tax purposes	**19,262**	18,798	**(1,100)**	(11,295)
Other items	**4,395**	8,882	**5,650**	(4,617)
	86,463	56,681		
Deferred tax liabilities:				
Differences in depreciation for tax purposes	**94,200**	81,833	**11,878**	29,129
Fair value adjustments on acquisition of subsidiaries	**29,010**	28,683	**106**	(543)
Fair value adjustments on derivatives classified as cash flow hedges	**7,711**	22,070	**–**	–
Fair value adjustments on biological assets	**178,856**	173,930	**4,728**	(11,486)
Undistributed earnings	**81,900**	–	**81,900**	–
Other items	**41,382**	29,356	**11,477**	6,604
	433,059	335,872		
Deferred income tax expense			**83,390**	(7,168)

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39) for the financial years ended 31 December 2009 and 31 December 2008 respectively.

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately US$136,605,000 (2008: US$161,729,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

21. DEFERRED TAX (CONTINUED)

Unrecognised temporary differences relating to investments in subsidiaries and associates

At the balance sheet date, no deferred tax liability (2008: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries and associates as the Group has determined that undistributed earnings of its subsidiaries and associates will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately US$428,224,000 (2008: US$792,339,000). The deferred tax liability is estimated to be approximately US$77,277,000 (2008: US$98,010,000).

22. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Non-current:				
Other non-trade receivables	**24,349**	29,452	**–**	–
Amount due from subsidiaries – non-trade	**–**	–	**112,114**	233,360
Amount due from associates – non-trade	**19,237**	17,858	**3,102**	2,802
Other financial receivables	**43,586**	47,310	**115,216**	236,162
Current:				
Deposits	**103,598**	63,263	**–**	–
Loan to a minority shareholder	**149**	274	**–**	–
Tax recoverable	**63,753**	70,669	**–**	–
Other non-trade receivables	**140,823**	137,221	**4,880**	57
Amount due from subsidiaries – non-trade	**–**	–	**6,589,629**	1,287,307
Amount due from associates – non-trade	**243,352**	157,125	**82,730**	49,129
Amount due from related parties – non-trade	**1,169**	5,040	**–**	–
Other financial receivables	**552,844**	433,592	**6,677,239**	1,336,493
Non-current:				
Prepayments	**50,677**	40,187	**–**	–
Other non-financial assets	**50,677**	40,187	**–**	–
Current:				
Prepayments	**32,397**	27,050	**90**	60
Advances for property, plant and equipment	**160,369**	100,839	**–**	–
Advances to suppliers	**438,197**	184,538	**–**	–
Other non-financial assets	**630,963**	312,427	**90**	60

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

Amount due from subsidiaries and associates (non-current)

The non-current non-trade balances receivable from subsidiaries and associates are unsecured, bear interests at 1.5% above 1 year LIBOR rate and have no fixed terms of repayment. These balances are not expected to be paid within the next twelve months and expected to be settled in cash.

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 repayable on demand except for the following:

(a) an amount of approximately US$123,745,000 (2008: US$84,915,000) due from associates which bears interest ranging from 2% to 10% (2008: 5% to 14%) per annum; and

(b) an amount of approximately US$1,479,000 due from a related party which bears interest at 13% per annum for the financial year ended 31 December 2008.

23. INVENTORIES

	Group	
	2009	2008
	US$'000	US$'000
Balance sheet		
At cost:		
Raw materials	**1,687,161**	494,306
Consumables	**169,754**	145,050
Finished goods	**1,271,119**	355,844
Stock in transit	**284,666**	199,733
	3,412,700	1,194,933
At net realisable value:		
Raw materials	**117,737**	293,319
Consumables	**793**	896
Finished goods	**408,469**	979,157
	526,999	1,273,372
	3,939,699	2,468,305
Income statement:		
Inventories recognised as an expense in cost of sales	**19,560,324**	25,202,363
(Write back)/write down of inventories	**(178,550)**	197,078

The Group has pledged inventories amounting to approximately US$117,893,000 (2008: US$149,261,000) as security for bank loan facilities (Note 28).

24. TRADE RECEIVABLES

	Group 2009 US$'000	Group 2008 US$'000
Trade receivables	**1,166,869**	947,808
Notes receivables	**92,272**	38,675
Value added tax recoverable	**476,645**	132,574
Amount due from associates – trade	**260,553**	203,634
Amount due from related parties – trade	**10,150**	30,264
	2,006,489	1,352,955
Less: Allowance for doubtful receivables	**(16,543)**	(21,791)
	1,989,946	1,331,164

Trade receivables are non-interest bearing and the average turnover is 25 days (2008: 16 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group has pledged trade receivables amounting to approximately US$91,296,000 (2008: US$12,535,000) as security for bank loan facilities (Note 28).

Notes receivables are non-interest bearing and have a maturity period ranging from 1 to 180 days for the financial years ended 31 December 2009 and 31 December 2008.

Receivables that are past due but not impaired

The Group has trade receivables amounting to approximately US$415,515,000 (2008: US$658,748,000) 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 2009 US$'000	Group 2008 US$'000
Trade receivables past due:		
Lesser than 30 days	**151,200**	398,197
30 - 60 days	**64,356**	76,714
61 - 90 days	**52,649**	31,168
91 -120 days	**19,477**	98,490
More than 120 days	**127,833**	54,179
	415,515	658,748

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	
	2009	2008
	US$'000	US$'000
At 1 January	**(21,791)**	(5,052)
Net write back/(additional) allowance during the year	**2,327**	(18,647)
Bad debts written off against allowance	**3,357**	1,926
Exchange differences	**(436)**	(18)
At 31 December	**(16,543)**	(21,791)

The above trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Loans and receivables

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Trade receivables	**1,989,946**	1,331,164	**–**	–
Other receivables – current	**552,844**	433,592	**6,677,239**	1,336,493
Other receivables – non-current	**43,586**	47,310	**115,216**	236,162
Total cash and bank balances	**5,134,901**	2,893,102	**9,097**	78,003
Loans and receivables	**7,721,277**	4,705,168	**6,801,552**	1,650,658

25. OTHER BANK DEPOSITS CASH AND BANK BALANCES

	Group	
	2009	2008
	US$'000	US$'000
Fixed deposits pledged for bank facilities	**3,878,058**	1,542,625
Other deposits with maturity of more than 3 months	**434,267**	69,863
Other bank deposits	**4,312,325**	1,612,488

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Cash at bank and in hand	**582,716**	750,747	**9,097**	474
Short term and other deposits	**239,860**	529,867	**–**	77,529
Cash and bank balances	**822,576**	1,280,614	**9,097**	78,003

Cash at bank 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.

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Other bank deposits	**4,312,325**	1,612,488	**–**	–
Cash and bank balances	**822,576**	1,280,614	**9,097**	78,003
Total cash and bank balances	**5,134,901**	2,893,102	**9,097**	78,003

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

	Group	
	2009	2008
	US$'000	US$'000
Cash and bank balances	**822,576**	1,280,614
Bank overdrafts (Note 28)	**(430,313)**	(246,781)
Cash and cash equivalents	**392,263**	1,033,833

26. TRADE PAYABLES

	Group	
	2009	2008
	US$'000	US$'000
Trade payables	**586,278**	826,575
Value added tax payable	**25,268**	26,544
Due to associates – trade	**58,028**	44,671
Due to related parties – trade	**150,262**	48,429
	819,836	946,219

Trade payables are non-interest bearing and are normally settled on 15 days (2008: 14 days) term.

Total financial liabilities

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Trade payables	**819,836**	946,219	**–**	–
Other payables – current	**710,174**	592,247	**233,278**	82,607
Other payables – non-current	**9,031**	13,937	**–**	–
Loans and borrowings (Note 28)	**9,579,732**	5,283,565	**936,328**	950,311
Total financial liabilities carried at amortised cost	**11,118,773**	6,835,968	**1,169,606**	1,032,918

27. OTHER FINANCIAL PAYABLES OTHER NON-FINANCIAL LIABILITIES

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Current:				
Accrued operating expenses	**438,198**	404,117	**18,344**	6,896
Due to subsidiaries – non-trade	**–**	–	**209,972**	74,266
Due to associates – non-trade	**13,828**	8,613	**1,157**	1,445
Due to related parties – non-trade	**6,393**	5,851	**–**	–
Deposits from third parties	**72,089**	25,033	**–**	–
Payable for property, plant and equipment	**39,865**	26,365	**–**	–
Other liabilities	**139,801**	122,268	**3,805**	–
Other financial payables	**710,174**	592,247	**233,278**	82,607
Non-current:				
Advances from minority shareholders of subsidiaries	**8,978**	13,937	**–**	–
Due to related parties – non-trade	**53**	–	**–**	–
Other financial payables	**9,031**	13,937	–	–

27. OTHER FINANCIAL PAYABLES OTHER NON-FINANCIAL LIABILITIES (CONTINUED)

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Current:				
Advances from customers	**294,286**	301,878	**–**	–
Other non-financial liabilities	**294,286**	301,878	–	–
Non-current:				
Provision for employee gratuity (Note 31)	**20,551**	14,480	**–**	–
Other non-financial liabilities	**20,551**	14,480	–	–

Other liabilities include other tax payables, wages and employee taxes and other creditors.

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

The non-current advances from minority shareholders and amounts due to related parties are unsecured, non-interest bearing, are not expected to be repaid within the next twelve months and are expected to be settled in cash.

28. LOANS AND BORROWINGS

	Note	Maturity	Weighted average interest rate		Group		Company	
			2009	2008	**2009**	2008	**2009**	2008
			%	%	US$'000	US$'000	US$'000	US$'000
Current:								
Bank term loans	(a)	2010	**2**	5	**19,266**	47,168	**–**	–
Short term loans	(b)	2010	**1**	6	**6,249,217**	2,563,567	**–**	–
Pre-shipment loans	(b)	2010	**2**	4	**595,950**	269,120	**–**	–
Trust receipts/bill discounts	(b)	2010	**1**	2	**1,079,333**	550,428	**–**	–
Bank overdrafts	(c)	2010	**4**	12	**430,313**	246,781	**–**	–
Obligations under finance lease	(d)	2010	**7**	9	**27**	54	**–**	–
					8,374,106	3,677,118	**–**	–
Non-current:								
Bank term loans	(a)	2011 – 2017	**1**	3	**669,240**	1,056,046	**400,000**	400,000
Convertible bonds	(e)	2012	**4**	4	**536,328**	550,311	**536,328**	550,311
Obligations under finance lease	(d)	2011 – 2015	**7**	9	**58**	90	**–**	–
					1,205,626	1,606,447	**936,328**	950,311
Total loans and borrowings					**9,579,732**	5,283,565	**936,328**	950,311

28. LOANS AND BORROWINGS (CONTINUED)

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

(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 7% (2008: 9%) 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 fair value of embedded derivative, which represents the Mandatory Conversion in the hands of the Company, which allows it to mandatory convert the outstanding bonds into shares under certain prescribed conditions, is calculated based on the valuation model disclosed in Note 35. The residual amount after deducting the embedded derivative and liability, representing the value of the equity conversion component, is included in shareholders' equity in capital reserves.

28. LOANS AND BORROWINGS (CONTINUED)

(e) Convertible bonds (continued)

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

	Group and Company	
	2009	2008
	US$'000	US$'000
Face value of convertible bonds issued on 18 December 2007	**600,000**	600,000
Fair value of embedded derivatives at issuance date	**26,883**	26,883
Equity component	**(84,520)**	(84,520)
Accretion of interest	**16,988**	7,948
Conversion to ordinary shares	**(93)**	–
Convertible bonds buy back	**(22,930)**	–
Liability component of convertible bonds at the balance sheet date	**536,328**	550,311

(f) The bank facilities up to a limit of approximately US$487,465,000 (2008: US$1,079,048,000) 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		Number of shares	
	'000	US$'000	'000	US$'000
At 1 January 2008, 31 December 2008 and 1 January 2009	6,385,681	8,402,547	6,385,681	8,838,686
Shares arising from exercise of Executive Share Option Scheme	4,413	11,701	4,413	11,701
Shares arising from conversion of convertible bonds	27	107	27	107
At 31 December 2009	6,390,121	8,414,355	6,390,121	8,850,494

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. The ordinary shares have no par value. All above issued ordinary shares are fully paid.

The Company has granted options to both the employees of the Group (Note 32) and the convertible bondholders (Note 28(e)) to subscribe for the Company's ordinary shares.

30. OTHER RESERVES

(a) Composition:

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Capital reserves (Note (b)(i))	**145,577**	149,113	**145,577**	149,113
Merger reserve (Note (b)(ii))	**(1,929,314)**	(1,959,820)	**–**	–
Foreign currency translation reserve (Note (b)(iii))	**190,270**	179,652	**–**	–
General reserve (Note (b)(iv))	**120,242**	92,897	**–**	–
Hedging reserve (Note (b)(v))	**147,868**	419,345	**–**	–
Employee share option reserve (Note (b)(vi))	**11,746**	1,012	**11,746**	1,012
Fair value adjustment reserve (Note (b) (vii))	**8,833**	–	**13,685**	–
Total other reserves	**(1,304,778)**	(1,117,801)	**171,008**	150,125

(b) Movements:

(i) Capital reserves

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
At 1 January	**149,113**	194,045	**149,113**	194,045
Shares granted to employees (Note 32)	**–**	3,068	**–**	3,068
Equity component of convertible bonds	**–**	(48,000)	**–**	(48,000)
Equity component of convertible bonds transferred to share capital	**(14)**	–	**(14)**	–
Equity component of convertible bonds transferred to retained earnings	**(3,522)**	–	**(3,522)**	–
At 31 December	**145,577**	149,113	**145,577**	149,113

Shares granted to employees represent the difference between the market price and the settlement price on 1,950,000 ordinary shares which were transferred from Wilmar Holdings Pte Ltd to a total of 56 employees of the Wilmar group of companies as a reward for their services to the Group in 2008. None was granted in 2009.

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

30. OTHER RESERVES (CONTINUED)

(b) Movements (continued):

(ii) Merger reserve

	Group	
	2009	2008
	US$'000	US$'000
At 1 January	**(1,959,820)**	(1,960,906)
Disposal of a subsidiary	**–**	1,086
Dilution of interest in a subsidiary	**30,506**	–
At 31 December	**(1,929,314)**	(1,959,820)

Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under 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 in 2007.

(iii) Foreign currency translation reserve

	Group	
	2009	2008
	US$'000	US$'000
At 1 January	**179,652**	84,579
Net currency translation differences of financial statements of foreign operations	**14,491**	95,073
Disposals of subsidiaries	**(3,873)**	–
At 31 December	**190,270**	179,652

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.

(iv) General reserve

	Group	
	2009	2008
	US$'000	US$'000
At 1 January	**92,897**	26,544
Transfer from retained earnings	**28,749**	66,353
Dilution of interest in a subsidiary	**(1,404)**	–
At 31 December	**120,242**	92,897

30. OTHER RESERVES (CONTINUED)

(b) Movements (continued):

(iv) General reserve (continued)

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

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

(v) Hedging reserve

	Group	
	2009	2008
	US$'000	US$'000
At 1 January	**419,345**	–
Fair value adjustment on cash flow hedges	**(94,272)**	470,641
Recognised in the income statement on derivative contracts realised	**(177,205)**	(51,296)
At 31 December	**147,868**	419,345

Hedging reserve represents fair value adjustment on cash flow hedges.

(vi) Employee share option reserve

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
At 1 January	**1,012**	–	**1,012**	–
Grant of equity-settled share options	**14,610**	1,012	**14,610**	1,012
Exercise or expiry of equity-settled share options	**(3,876)**	–	**(3,876)**	–
At 31 December	**11,746**	1,012	**11,746**	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.

30. OTHER RESERVES (CONTINUED)

(b) Movements (continued):

(vii) Fair value adjustment reserve

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
At 1 January	**–**	–	**–**	–
Fair value adjustment on available-for-sale financial assets	**8,833**	–	**13,685**	–
At 31 December	**8,833**	–	**13,685**	–

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

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$20,551,000 and US$14,480,000 as at 31 December 2009 and 31 December 2008 respectively. The related expense recognised in the current financial year was approximately US$4,598,000 (2008: US$3,441,000).

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

	Group	
	2009	2008
Discount rate	**10.5% per annum**	13% per annum
Wages and salary increase	**10% per annum – 2010** **9% – 2011 onwards**	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

31. PROVISION FOR EMPLOYEE GRATUITY (CONTINUED)

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

	Group	
	2009	2008
	US$'000	US$'000
Current service costs	**3,010**	2,128
Adjustments of new entrant employees	**1,080**	758
Interest costs	**1,819**	1,370
Curtailment loss	**(1,573)**	(1,007)
Immediate recognition of past service cost	**33**	(74)
Others	**229**	266
	4,598	3,441

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

	Group	
	2009	2008
	US$'000	US$'000
Present value of benefit obligation	**22,173**	13,104
Unamortised service cost	**(159)**	(182)
Unrecognised actuarial (gain)/loss	**(1,468)**	1,566
Currency exchange differences	**5**	(8)
Provision for employee gratuity (Note 27)	**20,551**	14,480

Movement in provision for employee gratuity is as follows:

	Group	
	2009	2008
	US$'000	US$'000
At 1 January	**14,480**	13,408
Provision made for the year	**4,598**	3,441
Payments during the year	**(901)**	(467)
Subsidiaries disposed during the year	**–**	(34)
Currency exchange differences	**2,374**	(1,868)
At 31 December	**20,551**	14,480

32. EMPLOYEE BENEFITS

	Group	
	2009	2008
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**370,015**	330,100
Central Provident Fund contributions	**28,332**	20,979
Share-based payments (shares granted to employees)	**–**	3,068
Share-based payments (Executive share options)	**14,610**	1,012
Other short term benefits	**15,891**	16,690
Other long term benefits	**5,523**	4,924
	434,371	376,773
Less: Amount capitalised as biological assets	**(17,365)**	(21,668)
	417,006	355,105

Share option schemes

Wilmar ESOS 2000

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

A total of 18,170,000 share options were granted in 2008 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

As at end of December 2009, options to subscribe for 13,102,000 shares remained outstanding. No options had been granted in 2009 under the Wilmar ESOS 2000 which was terminated with effect from 29 April 2009. Outstanding options under the Wilmar ESOS 2000 remain valid until the respective expiry dates of the options.

32. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Wilmar ESOS 2009

The Wilmar Executives Share Option Scheme 2009 ("Wilmar ESOS 2009") was approved by the shareholders at an Extraordinary General Meeting on 29 April 2009. This new scheme was adopted in substitution of the Wilmar ESOS 2000.

Under the Wilmar ESOS 2009, the option entitles eligible participants to subscribe for ordinary shares in the Company at a price equal to the average of the closing prices of the shares on the SGX-ST on the five trading days immediately preceding the date of the grant of the option ("Market Price") or at discount to the Market Price (up to maximum of 20%).

The maximum number of shares (in respect of the options) that may be granted under the Wilmar ESOS 2009, after taking into account of (i) the total number of new shares issued and issuable in respect of all other share-based incentive schemes of the Company (including those under the Wilmar ESOS 2000); and (ii) the number of treasury shares delivered in respect of options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company on the date immediately preceding the relevant date of grant.

The aggregate number of shares that may be granted to controlling shareholders (and their associates) of the Company shall not exceed 25% of the total numbers of shares available under the Wilmar ESOS 2009, provided that the number of shares available to each controlling shareholder or each of his associates shall not exceed 10% of the total number of shares available under the aforesaid scheme.

There is no restriction on the eligibility of any participant to participate in any other share- based incentive schemes implemented by the Company or any of its subsidiaries or by any associated company or otherwise.

On 21 May 2009, the Company granted options to subscribe for a total of 4,750,000 Wilmar shares at S$4.50 per share (being Market Price as defined above) to all directors of the Company (including two controlling shareholders, namely Mr Kuok Khoon Hong and Mr Martua Sitorus whose grants have been approved by shareholders of the Company on 29 April 2009). The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

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

As at 31 December 2009, outstanding options granted under the Wilmar ESOS 2009 remained unchanged at 4,750,000 shares.

32. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Date of Grant	Opening balance	Options granted	Options Cancelled	Options Exercised	Closing balance	Exercise Price	Exercisable Period
2009							
Wilmar ESOS 2000							
27.11.2008	**8,975,000**	**–**	**(327,500)**	**(4,353,000)**	**4,294,500**	**S$2.45**	**28.11.2009 to 26.11.2013**
27.11.2008	**8,975,000**	**–**	**(327,500)**	**–**	**8,647,500**	**S$2.45**	**28.11.2010 to 26.11.2013**
09.12.2008	**110,000**	**–**	**–**	**(60,000)**	**50,000**	**S$2.63**	**10.12.2009 to 08.12.2013**
09.12.2008	**110,000**	**–**	**–**	**–**	**110,000**	**S$2.63**	**10.12.2010 to 08.12.2013**
	18,170,000	**–**	**(655,000)**	**(4,413,000)**	**13,102,000**		
Wilmar ESOS 2009							
21.05.2009	**–**	**2,375,000**	**–**	**–**	**2,375,000**	**S$4.50**	**22.05.2010 to 20.05.2014**
21.05.2009	**–**	**2,375,000**	**–**	**–**	**2,375,000**	**S$4.50**	**22.05.2011 to 20.05.2014**
	–	**4,750,000**	**–**	**–**	**4,750,000**		
Total	**18,170,000**	**4,750,000**	**(655,000)**	**(4,413,000)**	**17,852,000**		
2008							
Wilmar ESOS 2000							
27.11.2008	–	8,975,000	–	–	8,975,000	S$2.45	28.11.2009 to 26.11.2013
27.11.2008	–	8,975,000	–	–	8,975,000	S$2.45	28.11.2010 to 26.11.2013
09.12.2008	–	110,000	–	–	110,000	S$2.63	10.12.2009 to 08.12.2013
09.12.2008	–	110,000	–	–	110,000	S$2.63	10.12.2010 to 08.12.2013
Total	–	18,170,000	–	–	18,170,000		

The weighted average fair value of options granted during the financial year was S$2.10 (2008: S$1.30).

The weighted average share price at the date of exercise of the options during the financial year was S$6.40 (2008: Nil).

The range of exercise prices for options outstanding at the end of the year was from S$2.45 to S$4.50 (2008: $2.45 to $2.63). The weighted average contractual life for these options is 4.0 years (2008: 4.9 years).

32. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

The fair values of the options granted under the Wilmar ESOS 2000 and ESOS 2009, are estimated at the grant using trinomial option pricing in the Bloomberg Executive Option Valuation Module and binomial options pricing model respectively, taking into account the terms and conditions upon which the options were granted. The inputs to the models used are as follows:

	2009	2008
Dividend (S$ per share)	**0.05**	0.05
Expected volatility (%)	**65.00**	65.00
Risk-free interest rate (% p.a.)	**0.89 to 1.03**	1.07 to 1.30
Expected life of option (years)	**2.00**	2.00
Weighted average share price at date of grant (S$)	**4.69**	2.79

The expected life of the option is not necessarily indicative of exercise patterns that may occur, as there is no historical exercising pattern except for those exercised in the current year. 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	
	2009	2008
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**321,248**	274,579

(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	
	2009	2008
	US$'000	US$'000
Not later than one year	**6,773**	3,919
Later than one year but not later than five years	**6,998**	5,741
Later than five years	**4,859**	5,843
	18,630	15,503

33. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(c) Commitments for sales and purchases contracts

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

	Group	
	2009	2008
	US$'000	US$'000
Committed contracts		
Purchases	**1,946,345**	1,654,995
Sales	**3,147,935**	2,962,334

(d) Commitments for the development of oil palm plantations

The Group has commitments in relation to the development of oil palm plantations amounting to approximately US$165,138,000 as of 31 December 2009 (2008: US$158,372,000).

(e) Corporate guarantees

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

	Group		Company	
	2009	2008	**2009**	2008
	US$'000	US$'000	US$'000	US$'000
Subsidiaries	**–**	–	**527,067**	1,242,958
Associates	**270,387**	152,550	**241,244**	127,066
	270,387	152,550	**768,311**	1,370,024

34. RELATED PARTY DISCLOSURES

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Group or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

34. RELATED PARTY DISCLOSURES (CONTINUED)

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	
	2009	2008
	US$'000	US$'000
Related parties		
Dividend income	**384**	31
Freight charges	**13,494**	864
Interest expense	**3**	618
Interest income	**151**	665
Others	**8,211**	5,936
Purchase of goods	**6,081,426**	4,204,982
Sales of goods	**391,325**	688,255
Associates		
Dividend income	**45,552**	11,470
Freight charges	**118,103**	5,656
Interest expense	**19**	2
Interest income	**5,754**	7,382
Others	**3,740**	1,025
Purchase of goods	**1,201,067**	1,376,276
Sales of goods	**1,356,084**	1,653,955
Shipping charter income	**11,800**	3,322

B. *Compensation of key management personnel*

	Group	
	2009	2008
	US$'000	US$'000
Central Provident Fund contributions	**171**	160
Short term employee benefits	**–**	3,629
Salaries and bonuses	**14,527**	12,925
Grant of share options to employees	**4,743**	125
Shares granted to employees	**–**	472
	19,441	17,311
<u>Comprise amounts paid to:</u>		
Directors of the Company	**13,085**	12,777
Other key management personnel	**6,356**	4,534
	19,441	17,311

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	Group 2009 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial assets:				
Investment securities	**304,200**	**–**	**–**	**304,200**
Derivatives (Note 20)				
– Forward currency contracts	**–**	**69,691**	**–**	**69,691**
– Futures, options and swap contracts	**36,196**	**211,476**	**–**	**247,672**
– Embedded derivatives of convertible bond	**–**	**–**	**112,194**	**112,194**
At 31 December 2009	**340,396**	**281,167**	**112,194**	**733,757**
Financial liabilities:				
Derivatives (Note 20)				
– Forward currency contracts	**–**	**21,468**	**–**	**21,468**
– Futures, options, swap contracts and forward freight agreements	**34,539**	**9,622**	**–**	**44,161**
At 31 December 2009	**34,539**	**31,090**	**–**	**65,629**

Fair value hierarchy

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

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

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Methods and assumptions used to determine fair values

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

Financial assets and liabilities	Methods and assumptions
• Quoted equity instruments	Fair value is determined directly by reference to their published market bid price at the balance sheet date.
• Forward currency contracts	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
• Futures, options and swap contracts and forward freight agreements	Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

Movements in level 3 financial instruments measured at fair value

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

	Group 2009 US$'000
	Embedded derivatives of convertible bonds
At 1 January 2009	**14,222**
Total gains recognised in the income statement (presented in other operating income)	**97,972**
At 31 December 2009	**112,194**

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

	Group 2009 US$'000	
	Carrying amount	Effect of reasonably possible alternative assumptions
Financial assets at fair value through profit or loss		
Embedded derivatives of convertible bonds (+5%)	**112,194**	**8,456**
Embedded derivatives of convertible bonds (-5%)	**112,194**	**(16,703)**

The fair value had been determined using a one-factor model, where stock prices are assumed to be stochastic (lognormal) while interest rates are assumed to be deterministic. The methodology utilises a trinomial tree to model changes in the stock price, which is determined by parameters such as the number of time steps and the (constant) volatility of the stock price. The Group adjusted the stock price by 5% from its value as at balance sheet date, which is based on the stock price movements of the Company.

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

Current trade and other financial receivables and payables, accrued operating expenses (Note 27), and non-current loans and borrowings at floating rate (Note 28) and unquoted non-equity instruments (Note 14).

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

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	Group			
	2009 US$'000		2008 US$'000	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets:				
Other non-trade receivables	**43,586**	**#**	47,310	#
Equity instruments, at cost*	**36,580**	**#**	36,571	#
Financial liabilities:				
Other non-trade payables	**9,031**	**#**	13,937	#
Loans and borrowings (non-current)				
– Obligations under finance leases	**58**	**#**	90	#

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

* Investment in equity instruments carried at cost (Note 14)

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

	Company			
	2009 US$'000		2008 US$'000	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets:				
Other non-trade receivables	**3,102**	**#**	2,802	#
Equity instruments, at cost	**36,000**	**#**	36,000	#

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

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, commodity price and market price risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant financial instruments to hedge the risks of such commercial exposure. Such financial instruments are not held for trade or speculative purposes. These market risk management activities are governed by its risk management system. There has been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31 December 2009 and 31 December 2008.

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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Credit risk (continued)*

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.

Credit risk concentration profile

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

	Group			
	2009	**2009**	2008	2008
	US$'000	%	US$'000	%
By country:				
South East Asia	**716,577**	**36**	527,967	40
People's Republic of China	**631,899**	**32**	386,801	29
India	**146,974**	**7**	37,907	3
Europe	**156,204**	**8**	199,665	15
Others	**338,292**	**17**	178,824	13
	1,989,946	**100**	1,331,164	100

	Group			
	2009	**2009**	2008	2008
	US$'000	%	US$'000	%
By segment:				
Merchandising and Processing				
– Palm and laurics	**1,175,158**	**59**	986,622	74
– Oilseeds and grains	**436,902**	**22**	156,694	12
Consumer Products	**199,237**	**10**	82,410	6
Plantations and Palm Oil Mills	**10,973**	**1**	3,895	–
Others	**167,676**	**8**	101,543	8
	1,989,946	**100**	1,331,164	100

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are 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.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations due to shortage of funds. The Group maintains sufficient liquidity by closely monitoring its cash flow. Due to the dynamic nature of its underlying business, the Group adopts prudent liquidity risk management policies in maintaining sufficient credit facilities, including the use of trade finance for the Group's raw material purchases. The Group also aims at maintaining flexibility in funding by keeping credit facilities available with different banks.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted amounts.

	2009 US$'000				2008 US$'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial assets:								
Investment securities	**304,918**	**–**	**94,666**	**399,584**	38,604	–	36,565	75,169
Trade and other financial receivables	**2,542,790**	**43,586**	**–**	**2,586,376**	1,764,756	47,310	–	1,812,066
Derivatives	**317,363**	**112,194**	**–**	**429,557**	816,088	14,222	–	830,310
Total cash and bank balances	**5,134,901**	**–**		**5,134,901**	2,893,102	–	–	2,893,102
Total undiscounted financial assets	**8,299,972**	**155,780**	**94,666**	**8,550,418**	5,512,550	61,532	36,565	5,610,647

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	2009 US$'000				2008 US$'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial liabilities:								
Trade and other financial payables	**1,530,010**	**9,031**	**–**	**1,539,041**	1,538,466	13,937	–	1,552,403
Derivative financial instruments	**65,629**	**–**	**–**	**65,629**	289,596	–	–	289,596
Loans and borrowings	**8,398,326**	**1,345,052**	**18,932**	**9,762,310**	3,684,473	1,761,394	40,450	5,486,317
Total undiscounted financial liabilities	**9,993,965**	**1,354,083**	**18,932**	**11,366,980**	5,512,535	1,775,331	40,450	7,328,316
Total net undiscounted financial (liabilities)/ assets	**(1,693,993)**	**(1,198,303)**	**75,734**	**(2,816,562)**	15	(1,713,799)	(3,885)	(1,717,669)

	2009 US$'000				2008 US$'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Company								
Financial assets:								
Investment securities	–	**–**	**63,362**	**63,362**	–	–	36,000	36,000
Trade and other financial receivables	**6,677,239**	**115,216**	**–**	**6,792,455**	1,336,493	236,162	–	1,572,655
Derivatives	**18**	**112,194**	**–**	**112,212**	–	14,222	–	14,222
Total cash and bank balances	**9,097**	**–**	**–**	**9,097**	78,003	–	–	78,003
Total undiscounted financial assets	**6,686,354**	**227,410**	**63,362**	**6,977,126**	1,414,496	250,384	36,000	1,700,880
Financial liabilities:								
Trade and other financial payables	**233,278**	**–**	**–**	**233,278**	82,607	–	–	82,607
Loans and borrowings	–	**1,052,549**	**–**	**1,052,549**	–	1,079,182	–	1,079,182
Total undiscounted financial liabilities	**233,278**	**1,052,549**	**–**	**1,285,827**	82,607	1,079,182	–	1,161,789
Total net undiscounted financial assets/ (liabilities)	**6,453,076**	**(825,139)**	**63,362**	**5,691,299**	1,331,889	(828,798)	36,000	539,091

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) *Liquidity risk (continued)*

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2009 US$'000				2008 US$'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial guarantees	**159,728**	**62,145**	**48,514**	**270,387**	89,919	62,631	–	152,550
Company								
Financial guarantees	**598,261**	**81,800**	**88,250**	**768,311**	1,207,940	120,734	41,350	1,370,024

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value of 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 interest rates had been 50 (2008: 50) basis points lower/higher with all other variables including tax rate held constant, the Group's profit before tax will be higher/lower by approximately US$22,456,000 (2008: US$12,954,000), as a result of lower/higher interest expense on these net borrowings. As most of the Group's borrowings are short-term and trade related, any interest rate costs are typically priced into the respective trade transactions. Accordingly, the Group has minimum interest rate exposure risk.

(d) *Foreign currency risk*

The Group operates in several countries with dominant operations in Singapore, People's Republic of China, Indonesia, Malaysia, Europe 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).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

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 and Europe. 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.

	2009	2008
	US$'000	US$'000
Chinese Renminbi	**(116,900)**	(133,432)
Malaysian Ringgit	**(48,458)**	(62,198)
Indonesian Rupiah	**7,653**	29,127
Others	**6,906**	3,434

(e) Commodity price risk

The price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subject to price fluctuations in the commodities market. 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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Commodity price risk (continued)

In the course of hedging its sales either through direct purchases or through futures 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% (2008: 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:

	2009	2008
	US$'000	US$'000
Effect of increase in commodities price index		
Effect on profit before tax	**(69,964)**	(66,149)
Effect on equity	**(7,598)**	(19,453)
Effect of decrease in commodities price index		
Effect on profit before tax	**69,964**	66,149
Effect on equity	**7,598**	19,453

(f) Market price risk

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

Sensitivity analysis for equity price risk

At the balance sheet date, if the market price had been 5% (2008: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been US$12,305,000 (2008: US$1,930,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's other reserve in equity would have been approximately US$2,905,000 (2008: Nil) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

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 2009 and 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 total cash and bank balances. Capital includes equity attributable to the equity holders of the parent, i.e. shareholders' funds.

	Group	
	2009	2008
	US$'000	US$'000
Shareholders' funds	**10,931,129**	9,606,461
Loans and borrowings (Note 28)	**9,579,732**	5,283,565
Less: Total cash and bank balances (Note 25)	**(5,134,901)**	(2,893,102)
Net debt	**4,444,831**	2,390,463
Net gearing ratio (times)	**0.41**	0.25

(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	
	2009	2008
	US$'000	US$'000
Shareholders' funds	**10,931,129**	9,606,461
Liquid working capital:		
Inventories (excluding consumables)	**3,769,152**	2,322,359
Trade receivables	**1,989,946**	1,331,164
Less: Current liabilities (excluding loans and borrowings)	**(1,994,785)**	(2,245,650)
Total liquid working capital	**3,764,313**	1,407,873
Adjusted net debt	**680,518**	982,590
Adjusted net gearing ratio (times)	**0.06**	0.10

38. SEGMENT INFORMATION

Reporting format

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

Merchandising and Processing

Palm and laurics

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

Oilseeds and grains

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

Consumer Products

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

Plantations and Palm Oil Mills

This segment comprises oil palm cultivation and milling.

Others

This segment includes the manufacturing and distribution of fertiliser products and ship-chartering services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing

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

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

38. SEGMENT INFORMATION (CONTINUED)

	Merchandising and Processing													
	Palm and Laurics		Oilseeds and Grains		Consumer Products		Plantations and Palm Oil mills		Others		Eliminations		Per consolidated financial statements	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	US$'000	US$'000	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	**12,275,901**	16,669,788	**6,892,969**	6,855,819	**3,897,687**	4,758,479	**70,821**	65,026	**747,766**	796,073	**–**	–	**23,885,144**	29,145,185
Inter-segment	**351,431**	827,299	**1,262,607**	1,206,824	**–**	–	**1,048,134**	1,255,513	**686,329**	378,334	**(3,348,501)**	(3,667,970)	**–**	–
Total revenue	**12,627,332**	17,497,087	**8,155,576**	8,062,643	**3,897,687**	4,758,479	**1,118,955**	1,320,539	**1,434,095**	1,174,407	**(3,348,501)**	(3,667,970)	**23,885,144**	29,145,185
Results:														
Segment results	**692,840**	644,938	**606,894**	590,353	**225,251**	75,464	**396,873**	326,677	**83,978**	72,611	**–**	–	**2,005,836**	1,710,043
Share of results of associates	**17,175**	3,335	**21,002**	103,492	**2,798**	350	**(3,621)**	2,916	**8,886**	1,096	**–**	–	**46,240**	111,189
Unallocated income/ (expenses)													**242,311**	(31,907)
Profit before tax													**2,294,387**	1,789,325
Income tax expense													**(324,074)**	(232,174)
Profit after tax													**1,970,313**	1,557,151
Assets and Liabilities:														
Segment assets	**7,742,442**	7,540,447	**9,242,111**	5,393,793	**3,052,147**	2,564,967	**3,667,709**	3,510,156	**6,308,906**	3,954,919	**(7,796,859)**	(6,380,642)	**22,216,456**	16,583,640
Investment in associates	**336,942**	393,671	**667,631**	679,145	**25,488**	4,406	**7,839**	11,705	**44,215**	68,943	**–**	–	**1,082,115**	1,157,870
Unallocated assets													**150,216**	127,350
Total assets													**23,448,787**	17,868,860
Segment liabilities	**5,139,388**	5,206,393	**7,383,184**	3,798,963	**1,607,355**	1,087,923	**768,612**	595,141	**3,858,262**	2,545,162	**(7,793,890)**	(6,341,971)	**10,962,911**	6,891,611
Unallocated liabilities													**1,074,247**	1,001,893
Total liabilities													**12,037,158**	7,893,504
Other segment information														
Additions to non-current assets	**468,612**	301,593	**277,584**	338,800	**42,471**	62,580	**151,293**	152,041	**215,507**	213,401	**–**	–	**1,155,467**	1,068,415
Depreciation, impairment and amortisation	**79,301**	53,253	**68,831**	64,279	**19,998**	21,049	**28,886**	29,316	**55,355**	40,021	**–**	–	**252,371**	207,918
Finance Income	**28,162**	16,446	**40,902**	49,042	**5,762**	9,071	**2,405**	1,902	**52,353**	58,417	**(32,050)**	(41,951)	**97,534**	92,927
Finance Cost	**(85,051)**	(214,351)	**(33,574)**	(85,318)	**(7,046)**	(24,168)	**(499)**	(2,239)	**(46,821)**	(42,026)	**32,050**	41,951	**(140,941)**	(326,151)

38. SEGMENT INFORMATION (CONTINUED)

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

A Inter-segment revenues are eliminated on consolidation.

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

	2009 US$'000	2008 US$'000
Accretion of interest on convertible bonds	**(9,040)**	(7,948)
Share-based payments (shares granted to employees)	**–**	(3,068)
Share-based payments (executive share options)	**(14,610)**	(1,012)
Fair value gain/(loss) of embedded derivatives of convertible bonds	**97,972**	(12,661)
Net gain from dilution of interests in Wilmar China Limited	**166,995**	–
Loss on disposal of an associate	–	(15,378)
Others	**994**	8,160
	242,311	(31,907)

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

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

	2009 US$'000	2008 US$'000
Deferred tax assets	**86,463**	56,681
Tax recoverable	**63,753**	70,669
	150,216	127,350

38. SEGMENT INFORMATION (CONTINUED)

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

	2009 US$'000	2008 US$'000
Deferred tax liabilities	**433,059**	335,872
Tax payable	**104,860**	115,710
Convertible bonds	**536,328**	550,311
	1,074,247	1,001,893

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2009 US$'000	2008 US$'000	2009 US$'000	2008 US$'000
South East Asia	**5,492,824**	7,001,314	**5,256,384**	4,827,961
People's Republic of China	**13,197,166**	14,325,761	**4,558,011**	4,332,172
India	**1,212,987**	1,662,287	**51,447**	58,568
Europe	**1,638,724**	2,537,367	**270,819**	191,670
Others	**2,343,443**	3,618,456	**148,169**	57,739
	23,885,144	29,145,185	**10,284,830**	9,468,110

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

39. DIVIDENDS

	Group and Company	
	2009	2008
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final tax-exempt (one-tier) dividend for 2008: S$0.045 (2007: S$0.026) per share	**194,929**	121,773
– Interim tax-exempt (one-tier) dividend for 2009: S$0.03 (2008: S$0.028) per share	**132,945**	118,364
	327,874	240,137
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2009: S$0.05 (2008: S$0.045) per share	**227,779**	189,000

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 2009 %	2008 %
Wilmar Ship Holdings Pte. Ltd. [(3)]	Singapore	Investment holding	**100**	100
Analisa Shipping Co Pte Ltd [(3)]	Singapore	Ship-owning and chartering (Dormant)	**80**	80
Lisa Shipping Co. Pte Ltd [(3)]	Singapore	Ship-owning and chartering	**100**	100
Monalisa Shipping Co Pte Ltd [(3)]	Singapore	Ship-owning and chartering	**100**	100
Felicia Shipping Co Pte. Ltd. [(3)]	Singapore	Ship-owning and chartering	**100**	100
Gold River Pte. Ltd. [(3)]	Singapore	Ship-owning and chartering	**100**	100
Sasa Shipping Co Pte. Ltd. [(3)]	Singapore	Ship-owning and chartering	**100**	100
Liliana Shipping Co Pte. Ltd. (formerly known as Louisa Shipping Co Pte. Ltd.) [(3)]	Singapore	Ship-owning and chartering	**100**	100
Patricia Shipping Co Pte. Ltd. [(3)]	Singapore	Ship-owning and chartering	**100**	100
Isabel Shipping Co Pte. Ltd. [(3)]	Singapore	Ship-owning and chartering	**80**	80
Natalie 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
Victoria Shipping Co Pte. Ltd. [(3)]	Singapore	Ship-owning and chartering	**100**	100
Sophia Shipping Co Pte. Ltd. [(3)]	Singapore	Ship-owning and chartering	**100**	100
Lydia Shipping Co Pte. Ltd. [(3)]	Singapore	Ship-owning and chartering	**100**	100
Sabrina Shipping Co Pte. Ltd.[(3)]	Singapore	Ship-owning and chartering	**100**	100
Carolina Shipping Co Pte. Ltd. [(3)]	Singapore	Ship-owning and chartering	**100**	100

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Celina Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	100
Lyna Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	100
Angelina Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	100
Alicia Shipping Co Limited [4]	British Virgin Islands	Ship-owning and chartering (Dormant)	**91**	91
Nicole Shipping Co Limited [4]	British Virgin Islands	Ship-owning and chartering	**100**	100
Natasha Shipping Co Limited [4]	British Virgin Islands	Ship-owning and chartering	**100**	100
Elena Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	–
Eugena Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	–
Juliana Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	–
Marianna Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	–
Oriana Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering (Dormant)	**100**	–
Rayna Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering (Dormant)	**100**	–
Serena Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering (Dormant)	**100**	–
Valentina Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering (Dormant)	**100**	–
Adriana Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering (Dormant)	**100**	–
Gina Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering (Dormant)	**100**	–
Halona Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering (Dormant)	**100**	–
Nelina Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering (Dormant)	**100**	–
Raffles Shipping International Pte. Ltd. [3]	Singapore	Investment holding	**100**	100
Raffles Shipping Corporation Pte. Ltd. [3]	Singapore	Investment holding	**60**	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**	60
Raffles Shipmanagement Services Pte Ltd [3]	Singapore	Ship management services	**60**	60
Sea Ocean Shipping Agency Pte Ltd [3]	Singapore	Shipping agencies	**60**	60
Wilmar Shipping (Mauritius) Limited [3]	Mauritius	Investment holding	**85**+	85+
PT Tirta Arung Intiniaga [3]	Indonesia	Ship-owning and chartering	**84**+	81+
PPB Oil Palms Berhad [2]	Malaysia	Investment holding and provision of agricultural advisory services	**100**	100
Sapi Plantations Sdn Bhd [2]	Malaysia	Investment holding, oil palm cultivation and palm oil milling	**100**	100

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
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 (5)	Malaysia	In liquidation	**100**	100
Page Development Sdn Bhd (5)	Malaysia	In liquidation	**100**	100
Red Logging Sdn Bhd (5)	Malaysia	In liquidation	**100**	100
Logmerc Sdn Bhd (5)	Malaysia	In liquidation	**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 (5)	Malaysia	In liquidation	**90**+	90+
Hibumas Sdn Bhd (2)	Malaysia	Investment holding and oil palm cultivation	**90**+	90+
Jebawang Sdn Bhd (2)	Malaysia	Oil palm cultivation	**90**+	90+
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
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**+*	37+*
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	**100**+	100+
PT Guna Karya Lestari (4)	Indonesia	Dormant	**100**+	100+
Kalimantan Palm Industries Sdn Bhd (5)	Malaysia	In liquidation	**100**	100
PT Kerry Sawit Indonesia (2)	Indonesia	Oil palm cultivation and palm oil milling	**90**	90

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Fontille Overseas Ltd.	British Virgin Islands	Dissolved	–	100
Frissor Limited	British Virgin Islands	Dissolved	–	100
Trilliton Holdings Limited	British Virgin Islands	Dissolved	–	100
Trade Alpha Limited	British Virgin Islands	Dissolved	–	100
Fullsight Holdings Limited	British Virgin Islands	Dissolved	–	100
Topassist Investments Limited	British Virgin Islands	Dissolved	–	100
Certainworld Limited	British Virgin Islands	Dissolved	–	100
Suremoment Limited	British Virgin Islands	Dissolved	–	100
Firm Step Investments Limited	British Virgin Islands	Dissolved	–	100
Rise High Investments Limited	British Virgin Islands	Dissolved	–	100
Kornhill Assets Limited	British Virgin Islands	Dissolved	–	100
Fit Best Holdings Limited	British Virgin Islands	Dissolved	–	100
Joy Victory Pte. Ltd.	Singapore	Dissolved	–	100
Max Wealth Group Limited	British Virgin Islands	Dissolved	–	100
Fine Concept Holdings Limited	British Virgin Islands	Dissolved	–	100
Coudrey Pte. Ltd.	Singapore	Dissolved	–	100
Newday Holdings Limited (2)	Malaysia	Investment holding	**100**	100
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

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
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, soybean 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 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 and palm oil milling	**46+***	46+*
PT Jammer Tulen (2)	Indonesia	Oil palm cultivation and palm oil milling	**46+***	46+*
PT Putra Indotropical (2)	Indonesia	Oil palm cultivation	**68+**	68+
PT Indoresins Putra Mandiri (2)	Indonesia	Oil palm cultivation	**70**	70
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**	100
Wilmar Renewable Energy Pte. Ltd. (1)	Singapore	Investment holding	**100**	100
WRE Holdings (Malaysia) Sdn Bhd (2)	Malaysia	Carbon trading and finance	**100**	–
Carbon Agro Pte. Ltd. (6)	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 and palm oil milling	**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 and palm oil milling	**100**	80
Richdelta Pte. Ltd. (1)	Singapore	Investment holding	**100**	100
PT Bulau Sawit Bajenta (2)	Indonesia	Oil palm cultivation (Dormant)	**100**	95

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Maxillion Pte. Ltd. (1)	Singapore	Investment holding	**100**	100
PT Pukun Mandiri Lestari (2)	Indonesia	Oil palm cultivation (Dormant)	**100**	95
Acemaxton Pte. Ltd. (1)	Singapore	Investment holding	**100**	100
PT Eka Kaharap Itah (2)	Indonesia	Oil palm cultivation (Dormant)	**100**	95
Stephigh Pte. Ltd. (1)	Singapore	Investment holding	**100**	100
PT Alam Sawit Permai (2)	Indonesia	Oil palm cultivation (Dormant)	**100**	95
Maxceed Pte. Ltd. (1)	Singapore	Investment holding	**100**	100
PT Benua Alam Subur (2)	Indonesia	Oil palm cultivation (Dormant)	**100**	95
Quanta Pte. Ltd. (1)	Singapore	Investment holding	**100**	100
PT Hamparan Sawit Eka Malan (2)	Indonesia	Oil palm cultivation (Dormant)	**100**	95
Rosevale Pte. Ltd. (1)	Singapore	Investment holding	**100**	100
PT Petak Malai Sawit Makmur (2)	Indonesia	Oil palm cultivation (Dormant)	**100**	95
Ampleville Pte. Ltd. (1)	Singapore	Investment holding	**100**	100
PT Bawak Sawit Tunas Belum (2)	Indonesia	Oil palm cultivation (Dormant)	**100**	95
Gadsden Pte. Ltd. (1)	Singapore	Investment holding	**100**	100
PT Malindo Lestari Plantations (2)	Indonesia	Oil palm cultivation (Dormant)	**95**	95
Castlerise Pte. Ltd. (1)	Singapore	Investment holding	**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
Wilmar Fertilizer Indonesia Pte Ltd (1)	Singapore	Investment holding	**100**	100
PT Sentana Adidaya Pratama (2)	Indonesia	Processing of fertilizers and trading of pesticides	**100**	100
Wilmar Plantations Limited (1)	British Virgin Islands	Investment holding	**100**	100
PT Permata Hijau Pasaman (2)	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT Gersindo Minang Plantation (2)	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT AMP Plantation (2)	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT Primatama Muliajaya (2)	Indonesia	Oil palm cultivation and palm oil milling	**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 Wilmar Nabati Indonesia (formerly known as PT Bukit Kapurreksa) (2)	Indonesia	Edible oils refining	**100**	100

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
PT Wilmar Benih Indonesia (formerly known as PT Inticocoa Abadi Industri) (2)	Indonesia	Agriculture and commerce	**100**	87+
PT Pelayaran Tirtacipta Mulyapersada (3)	Indonesia	Ship-owning and provision of ship-chartering services	**55+**	–
PT Multi Mineral Trading (3)	Indonesia	Coal trading (Dormant)	**100**	100
PT Sinar Alam Permai (2)	Indonesia	Edible oils refining	**100**	100
PT Citraraya Perkasa Abadi (2)	Indonesia	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	Specialty fats production	**100**	60
PT Mekar Bumi Andalas (2)	Indonesia	Palm oil storage services	**100**	100
PT Sari Agrotama Persada (2)	Indonesia	Distributor of cooking oil and specialty brand mark	**100**	100
PT Multi Nabati Sulawesi (2)	Indonesia	Copra crushing, palm kernel crushing plant 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+**	87+
Cleartech Research Pte. Ltd. (3)	Singapore	Investment holding	**60**	60
PT Petro Andalan Nusantara (2)	Indonesia	Trading in fuel and diesel	**100**	100
PT Wilmar Chemical Indonesia (formerly known as PT Metha Persada) (3)	Indonesia	Distribution and merchandising of methanol and oil palm storage services	**100**	–
Wilmar Plantations (Mauritius) Limited (3)	Mauritius	Investment holding	**100**	100
PT Agro Palindo Sakti (2)	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT Buluh Cawang Plantations (2)	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT 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	Palm oil milling and palm kernel crushing	**100**	100
PT Perkebunan Milano (2)	Indonesia	Palm oil milling	**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
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+**	68+
KOG Investments Pte Ltd (1)	Singapore	Investment holding	**100**	100
Risicare Pte. Ltd. (1)	Singapore	Investment holding	**100**	100

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
KOG-KTV Food Products (India) Private Limited (3)	India	Refining/manufacture and sale of edible oils and other related products	–	60
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
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 (3)	Germany	Production and trading of edible oils and fats for food, feed and technical use	**100**	100
Myanmar Kuok Oils & Grains Limited (3)	Myanmar	Trading in commodities	**100**	100
Yangon Oils & Grains Limited (3)	Myanmar	Dormant	**100**	100
PT Teluk Bayur Bulk Terminal (2)	Indonesia	Bulk storage terminal; trading in palm oils, palm kernel oils and other related products	**100**	100
Larnia Pte Ltd (1)	Singapore	Investment holding	**100**	100
PT Kaltim Bulking Terminal (5)	Indonesia	In liquidation	**70**	70
Soldonella Company Limited (3)	Hong Kong	Investment holding	**75**	75
Jimenez Oil Mills, Inc.	Philippines	Dissolved	–	75
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 other related products	**68**	68
KOG Food Products (Vietnam) Company Limited (3)	Vietnam	Manufacture and sale of cashew nuts (Company has ceased operations)	**100**	100
Wilmar Agro Vietnam Company Limited (formerly known as Cam Vang Company Limited) (3)	Vietnam	Processing of vegetable oils, agricultural produce and foodstuff	**100**	100
GBC Vietnam Company Limited (3)	Vietnam	Import and export of agricultural commodities and foodstuffs	**100**	–
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
Wilmar-ADM Investments Holding Pte. Ltd. (1)	Singapore	Investment holding	**100**	–
Ghana Specialty Fats Industries Limited (2)	Ghana	Shea nuts processing	**100**	–
Wilmar Africa Limited (2)	Ghana	General trading in agricultural products	**100**	–
Wilmar Resources Pte Ltd (1)	Singapore	Investment holding	**100**	100

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Wilmar Tani Investments (Mauritius) Limited (3)	Mauritius	Investment holding	**100**	100
Wilmar Pakistan (Private) Limited (4)	Pakistan	Dormant	**100**	100
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. (2)	The Netherlands	Investment holding	**100**	100
Wilmar Iberia S.L. (4)	Spain	Import, process and distribution of vegetable oils and derivatives	**100**	100
Wilmar Edible Oils B.V. (2)	The Netherlands	Manufacture and sale of edible oil products	**100**	100
Wilmar Europe Trading B.V. (2)	The Netherlands	Trading of oils, fats, biodiesel and other agricultural products	**100**	–
Wilmar Oleo Pte. Ltd. (1)	Singapore	Trading in oleochemicals and biodiesel	**70**	70
Wilmar Oleo North America LLC (4)	United States of America	Trading in biodiesel, vegetable oils and oleochemicals	**70**	70
Wilmar Oleo B.V. (2)	The Netherlands	Trading in oleochemicals and biodiesel	**70**	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 Oils and Fats (Private) Limited (2)	Sri Lanka	Manufacturing and sale of margarine and bakery shortening	**55**	55
Pyramid Wilmar (Private) Limited (2)	Sri Lanka	Trading	**50***	50*
Equatorial Trading Limited (2)	Malaysia	Investment holding and trading in vegetable oils	**78+**	–
Southcomm East Africa Limited (3)	Tanzania	Commission agent and managing bulk storage installation	**78+**	–
Wilmar Trading (Mauritius) Ltd (formerly known as South Island Trading Limited) (2)	Mauritius	Trading in vegetable oils	**78+**	–
ETL (Mauritius) Limited (2)	Mauritius	Trading in vegetable oils	**78+**	–
African Tank Terminals Limited (2)	Mauritius	Investment holding	**78+**	–
Tanzania Liquids Storage Company Limited (3)	Tanzania	Bulk storage installation	**78+**	–
VOT (Tanzania) Limited (3)	Tanzania	Bulk storage installation	**78+**	–
Maputo Liquids Storage Company, LDA (3)	Mozambique	Bulk storage installation	**78+**	–

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Savannah Commodities (Pty) Ltd [(3)]	South Africa	Trading in vegetable oils and agricultural commodities	**78**+	–
Feb 13 Properties (Proprietary) Limited [(3)]	South Africa	Property company	**58**+	–
Savannah Commodities Tanzania Limited [(3)]	Tanzania	Trading in vegetable oils	**78**+	–
Wilmar Oils and Fats Africa (Proprietary) Limited (formerly known as Savannah Commodities (DBN) (Pty) Limited) [(3)]	South Africa	Trading in vegetable oils and agricultural commodities	**78**+	–
100 On Ridge (Pty) Limited [(3)]	South Africa	Property company	**58**+	–
Equatorial Oils & Fats Trading Limited [(2)]	Mauritius	Trading in vegetable oils	**78**+	–
Wilmar-Delta Holdings Pte. Ltd. [(1)]	Singapore	Investment holding	**80**	75
Leverian Holdings Pte Ltd [(1)]	Singapore	Investment holding	–	60
Bangladesh Edible Oil Limited [(3)]	Bangladesh	Refining, packaging and selling of edible oil products	–	60
Intertrade (Bangladesh) Private Limited [(3)]	Bangladesh	Dormant	–	60
Yihai Kerry Investments Co., Ltd. [(2)]	People's Republic of China	Investment holding	**98**+	100
Yizheng Yijiang Oils & Grains Industries Co., Ltd [(3)]	People's Republic of China	Bulk installations	**79**+	80
Yijiang (Zhangjiagang) Oils & Grains Industries Co., Ltd [(2)]	People's Republic of China	Edible oils refining, fractionation and packaging	**79**+	80
Yihai (Zhoukou) Property Co., Ltd [(3)]	People's Republic of China	Property developments	**98**+	100
Yihai (Guangzhou) Oils & Grains Industries Co., Ltd [(2)]	People's Republic of China	Edible oils refining, fractionation and packaging and specialty fats processing	**98**+	100
Qinhuangdao Yihai Regenerative Resources Development Co., Ltd [(3)]	People's Republic of China	Further processing of by-products/ wastes	**69**+	70
Shanghai Yihai Commercial Co., Ltd [(2)]	People's Republic of China	Trading	**98**+	100

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Hebei Yihai Lifeng Oils & Grains Co., Ltd (3)	People's Republic of China	Trading	**98**+	100
Hengyang Yihai Oils and Grains Co., Ltd (3)	People's Republic of China	Trading	**79**+	80
Wilmar (Jiamusi) Foodstuffs Industries Co., Ltd (3)	People's Republic of China	Soybean flour and vegetable protein drink processing	**98**+	100
Yihai Kerry (Heilongjiang) Oils & Grains Co., Ltd (3)	People's Republic of China	Trading	**98**+	100
Yihai Kerry (Shanghai) Feed Oils & Fats Trading Co., Ltd (5)	People's Republic of China	In liquidation	**79**+	–
Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd (3)	People's Republic of China	Flour milling	**98**+	100
Yihai Kerry (Fuzhou) Oils, Grains & Foodstuffs Co., Ltd (3)	People's Republic of China	Rice milling	**59**+	–
Yihai Kerry Foodstuffs Marketing Co., Ltd (2)	People's Republic of China	Sales and marketing of consumer products	**98**+	–
Yihai Kerry (Dezhou) Oils & Grains Industries Co., Ltd (6)	People's Republic of China	Flour milling and logistic (under construction)	**98**+	–
Wilmar Trading (China) Pte. Ltd. (formerly known as Kuok Oils & Grains Pte Ltd) (1)	Singapore	Investment holding and trading	**98+**	100
Cheviot Pte Ltd (5)	Singapore	In liquidation	**98**+	100
Everbright Services Company Limited (5)	Myanmar	In liquidation	**98**+	100
Kuok Oils & Grains Philippines, Inc. (3)	Philippines	Service company	**98**+	100
Kerry Oils & Grains (Tianjin) Ltd (2)	People's Republic of China	Edible oils refining, fractionation and packaging and specialty fats processing	**98**+	100
Wilmar (Shanghai) Biotechnology Research & Development Center Co., Ltd (formerly known as Kerry Industrial Services (Shanghai) Co., Ltd) (3)	People's Republic of China	Biotechnology research and development	**98**+	100

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Kerry Oils & Grains (Fangcheng) Ltd (3)	People's Republic of China	Edible oils refining and packaging	**98**+	100
Kerry Oils & Grains (Qingdao) Ltd (2)	People's Republic of China	Edible oils refining, fractionation and packaging	**69**+	70
Kerry Oleochemical Industrial (Shanghai) Co., Ltd (2)	People's Republic of China	Fatty acid and glycerine processing	**98**+	100
Kerry Speciality Fats (Shanghai) Ltd (2)	People's Republic of China	Specialty fats processing	**98**+	100
Qingdao Kerry Peanut Oil Co., Ltd (2)	People's Republic of China	Peanut crushing and edible oils packaging	**69**+	70
Shanghai Kerry Oils & Grains Industrial Co., Ltd (3)	People's Republic of China	Edible oil refining and packaging	**92**+	93+
Shenzhen Nantian Oilmills Co., Ltd (3)	People's Republic of China	Oilseeds crushing	**59**+	60
Xi'an Kerry Oils & Fats Industrial Ltd (3)	People's Republic of China	Edible oils refining and packaging	**50**+	51
Yihai Kerry Oils & Grains (Shenzhen) Co., Ltd (3)	People's Republic of China	Provision of management and marketing services	**98**+	100
Yingkou Kerry Grains Industries Ltd (3)	People's Republic of China	Dormant	**98**+	100
Shanghai Kerry Food Industries Co., Ltd (2)	People's Republic of China	Edible oils refining and packaging	**98**+	100
Kerry Oils & Grains (Sichuan) Ltd (3)	People's Republic of China	Edible oils and lard refining and packaging	**76**+	78+
Kerry Oils & Grains (China) Limited (4)	Samoa	Investment holding	**98**+	100
Kerry Oils & Grains Trading Company Limited (3)	Hong Kong	Trading of oils, grains and other agricultural products	**98**+	100

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Bathos Company Limited (3)	Hong Kong	Dormant	**98**+	100
Lassiter Limited (3)	Samoa	Investment holding	**50**+	51
Shenzhen Southseas Grains Industries Limited (3)	People's Republic of China	Flour milling	**31**+*	31+*
Kerry Oils & Grains (China) Private Limited (1)	Singapore	Investment holding	**98**+	100
Kerry Fine Chemical Industrial (Shanghai) Co., Ltd (3)	People's Republic of China	Oleochemical products (amide) processing	**98**+	100
Kerry Speciality Chemical Industrial (Shanghai) Co., Ltd (3)	People's Republic of China	Oleochemical products (fatty alcohol) processing	**98**+	100
Kerry Oils & Grains (Yingkou) Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	**98**+	100
Kerry Oleochemical Industrial (Tianjin) Co., Ltd (3)	People's Republic of China	Oleochemical products processing	**98**+	100
Southsea Oils & Fats (H.K.) Limited (3)	Hong Kong	Investment holding	**98**+	100
Space Coaster Investments Limited (3)	Hong Kong	Investment holding	**98**+	100
Hop Yick Packaging & Manufacturing (Shenzhen) Co., Ltd (5)	People's Republic of China	In liquidation	**98**+	100
Southseas Oils & Fats Industrial (Chiwan) Ltd (2)	People's Republic of China	Edible oils refining, fractionation and packaging and specialty fats processing	**98**+	100
Shenzhen Kerry Oils & Grains Trading Co., Ltd (3)	People's Republic of China	Trading	**98**+	100
Fuzhiyuan Feedstuff Protein Development Co., Ltd Dongguan (2)	People's Republic of China	Oilseeds crushing	**98**+	100
Wilmar Yihai Investments Pte. Ltd. (1)	Singapore	Investment holding	**98**+	100
Wilmar-ADM China Investments Pte. Ltd. (1)	Singapore	Investment holding	**98**+	100
YueYang LuLiang New Century Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	**76**+	78+

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Yihai Kerry (Wuhan) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging	**93**+	95
Qinhuangdao Goldensea Speciality Oils & Fats Industries Co., Ltd (2)	People's Republic of China	Specialty fats processing	**84**+	85
Yihai (Guanghan) Oils, Grains & Foodstuffs Co., Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	**98**+	100
Wilmar China Investments Pte Ltd (1)	Singapore	Investment holding	**98**+	100
Yihai (Zhoukou) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	**88**+	89
Yihai (Yantai) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	**78**+	79+
Yihai (Lianyungang) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging	**78**+	79
Wilmar China Northeast Investments Pte. Ltd. (1)	Singapore	Investment holding	**98**+	100
Qinhuangdao Goldensea Foodstuff Industries Co., Ltd (2)	People's Republic of China	Protein processing, edible oils refining and packaging	**98**+	100
Qinhuangdao Goldensea Bioenergy Co., Ltd (3)	People's Republic of China	Production of biodiesel	**98**+	100
Yihai Kerry (Qinhuangdao) Protein Industries Co., Ltd (6)	People's Republic of China	Production of soybean protein isolate (under construction)	**74**+	–
ADM China Holdings Ltd (3)	Mauritius	Investment holding	**98**+	100
HPRY Pte. Ltd. (1)	Singapore	Investment holding	**98**+	–
Qinhuangdao Xinhai Property Developments Co., Ltd (3)	People's Republic of China	Property and resort development and management (under construction)	**79**+	–
Wilmar Seed Investments Pte. Ltd. (1)	Singapore	Investment holding	**98**+	100
Yihai Kerry (Yunnan) Horticulture Co., Ltd (3)	People's Republic of China	Cultivation of botanical related products	**98**+	100

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Hebei Yihai Angenuo Agrochemical Co., Ltd (3)	People's Republic of China	Pesticides processing	**79**+	–
Wilmar Golden Sea Investment Pte Ltd (1)	Singapore	Investment holding	**98**+	100
Qinhuangdao Goldensea Grain and Oil Industry Co., Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining and fractionation	**79**+	80
Qinhuangdao Tingji Oil & Fat Co., Ltd (5)	People's Republic of China	In liquidation	**79**+	80
Wilmar Great Ocean Investment Pte Ltd (1)	Singapore	Investment holding	**98**+	100
Great Ocean Oil & Grain Industries (Fangchenggang) Company Limited (2)	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging	**59**+	60
Wilmar-ADM Flour Investments Pte. Ltd. (1)	Singapore	Investment holding	**98**+	100
Yihai (Zhoukou) Wheat Industries Co., Ltd (3)	People's Republic of China	Flour milling	**98**+	100
Yihai (Shijiazhuang) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Flour milling and peanut crushing	**79**+	80
Yihai (Jiamusi) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Rice milling and rice bran oils processing	**95**+	97
Yihai (Jiamusi) Bio-cogeneration Co., Ltd (3)	People's Republic of China	Generating and providing electricity and steam	**95**+	97
Yihai (Fujin) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Rice milling	**69**+	70
Wilmar China Investments (Yihai) Pte. Ltd. (1)	Singapore	Investment holding	**98**+	100
Yihai (Lianyungang) Oleochemical Industries Co., Ltd (2)	People's Republic of China	Oleochemical products (fatty acid and glycerine) processing	**78**+	79
Yihai (Yancheng) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Oilseeds crushing, edible oils refining and rice milling	**89**+	85

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Yihai (Changji) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	**91**+	93+
Yihai (Akesu) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Cottonseed crushing	**89**+	90
Yihai (Lianyungang) Industry Development Co., Ltd (3)	People's Republic of China	Industrial project management	**59**+	60
New Yigang (Lianyungang) Wharf Co., Ltd	People's Republic of China	Disposed	–	51
Wilmar Fujian Investments Pte Ltd (1)	Singapore	Investment holding	**98**+	100
Quanzhou Fortune Sea Oils & Grain Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging	**98**+	100
Kenspot International Pte Ltd (1)	Singapore	Investment holding	**98**+	100
Wilmar China New Investments Pte. Ltd. (1)	Singapore	Investment holding	**98**+	100
Yihai (Dongguan) Oleochemical Industries Co., Ltd (3)	People's Republic of China	Oleochemical products (fatty acid and glycerine) processing	**98**+	100
Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd (3)	People's Republic of China	Flour milling	**98**+	100
Yihai (Fangchenggang) Soybeans Industries Co., Ltd (3)	People's Republic of China	Protein processing	**98**+	100
Yihai (Guangzhou) Wharf Co., Ltd (3)	People's Republic of China	Port management	**93**+	95
Yihai Kerry (Yanzhou) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Flour milling and peanut crushing	**98**+	100
Yihai Kerry (Anhui) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Oilseeds crushing and edible oils refining	**79**+	80
Yihai Kerry (Xingping) Foodstuffs Industries Co., Ltd (formerly known as Wilmar (Xingping) Foodstuffs Industries Co., Ltd) (3)	People's Republic of China	Edible oils processing	**95**+	97

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Shaanxi Yihai Kerry Logistic Co., Ltd (6)	People's Republic of China	Provision of transport and logistic services (under construction)	**69+**	–
Yihai Kerry (Harbin) Oils, Grains & Foodstuffs Industries Co., Ltd (3)	People's Republic of China	Rice milling, oilseeds crushing and edible oils refining	**98+**	100
Yihai Kerry (Panjin) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Rice milling and rice bran oils processing	**95+**	95
Yihai Kerry (Panjin) Bio-cogeneration Co., Ltd (3)	People's Republic of China	Generating and providing electricity and steam	**93+**	95
Yihai Kerry (Chongqing) Oils & Grains Co., Ltd (3)	People's Republic of China	Edible oils processing and fractionation and consumer pack (under construction)	**98+**	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	**87+**	88
Yihai Kerry (Nanchang) Oils, Grains & Foodstuffs Co., Ltd (3)	People's Republic of China	Rice milling	**84+**	100
Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd (3)	People's Republic of China	Flour milling	**98+**	100
Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd (3)	People's Republic of China	Flour milling	**98+**	100
Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd (3)	People's Republic of China	Flour milling	**98+**	100
Yihai Kerry (Jilin) Oils, Grains & Foodstuffs Industries Co., Ltd (3)	People's Republic of China	Rice milling and rice bran oils processing	**87+**	–
Yihai (Tai Zhou) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing, edible oils refining and packaging	**98+**	100
Taizhou Yihai Energy Co., Ltd (3)	People's Republic of China	Steam and heat supply services	**79+**	80

40. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Yihai Kerry (Taizhou) Foodstuffs Industries Co., Ltd (6)	People's Republic of China	Palm oil refining (under construction)	**98**+	–
Zhejiang Yihai Kerry Foodstuffs Industries Co., Ltd (6)	People's Republic of China	Flour milling (under construction)	**89**+	–
Yihai Kerry (Qingdao) Flour Mills Co., Ltd (6)	People's Republic of China	Flour milling (under construction)	**79**+	–
Grand Silver (Laiyang) Co. Limited (3)	Hong Kong	Investment holding	**50**+	51
WCL Holdings Limited (4)	Bermuda	Investment holding	**100**	–
Wilmar China Limited (formerly known as Wilmar China (HK) Limited) (2)	Hong Kong	Investment holding	**98**+	–
Wilmar China (Bermuda) Limited (4)	Bermuda	Investment holding	**98**+	–
Wilmar Excel Pte. Ltd. (3)	Singapore	Investment holding	–	100
Wilmar (Shanghai) IT Services Co., Ltd (3)	People's Republic of China	Providing IT services and consultancy	–	100

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
(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

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

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 2009 %	2008 %
Cosmos Shipping Ltd [4]	British Virgin Islands	Ship-owning and chartering	**50**	50
Galaxy Shipping Ltd [4]	British Virgin Islands	Ship-owning and chartering	**50**	50
Venus Bulk Shipping Limited [4]	British Virgin Islands	Ship-owning and chartering	**50**	–
Raffles Bunkering Pte. Ltd. [3]	Singapore	Ship bunkering and commission agent	**30**	30
Raffles Offshore Marine Services Sdn. Bhd. [3]	Malaysia	Provision of tug boat services	**27**	27
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
TSH-Wilmar Sdn. Bhd. [2]	Malaysia	Operating of palm oil refinery and kernel crushing plant	**50**	50
TSH-Wilmar (BF) Sdn. Bhd. [2]	Malaysia	Operating of a power plant	**50**	50
Josovina Commodities Sdn. Bhd. [3]	Malaysia	Commodities trading	**50**	50
PT Tri Persada Mulia [3]	Indonesia	Packaging industry of plastic	**30**	30
Sheringham International Limited [4]	British Virgin Islands	Investment holding	**38+**	38+
PT Bumipratama Khatulistiwa [2]	Indonesia	Oil palm cultivation and palm oil milling	**44+**	44+
PT Usda Seroja Jaya [2]	Indonesia	Ship-owning, ship-building and provision of ship-chartering and docking services	**49+**	–
PT Ciputra Multivision [3]	Indonesia	Developer	**33+**	33+
PT Bumi Karyatama Raharja [2]	Indonesia	Bleaching earth industry	**40**	40
PT Wilmar Chemical Indonesia (formerly known as PT Metha Persada) [2]	Indonesia	Distribution and merchandising of methanol and oil palm storage services	–	50
PT Usaha Inti Padang [3]	Indonesia	Edible oils refining	**50**	50
Wilmar-ADM Investments Holding Pte. Ltd. [1]	Singapore	Investment holding	–	50
KOG-KTV Food Products (India) Private Limited [3]	India	Refining/manufacture and sale of edible oils and other related products	**49+**	–
Top Tranz Limited [3]	New Zealand	Transport freight and storage	**33+**	33+
Wilmar Consultancy Services Pte. Ltd. [3]	Singapore	Investment holding	**50**	–
Water Enterprises Ltd. [4]	British Virgin Islands	Investment holding	**25**	–
Bulk Storage Terminals & Co [3]	New Zealand	Bulk storage terminal	**25**	25

41. ASSOCIATES OF THE GROUP (CONTINUED)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Wilmar Plantation Services Limited [(4)]	Mauritius	Plantation services	**30**	30
African Oil Palm Limited [(4)]	Mauritius	Investment holding	**39**	39
Josovina Commodities Pte Ltd [(3)]	Singapore	Investment holding and vegetable oils trading	**50**	50
Shine Up Holdings Limited [(3)]	Samoa	Aircraft holding	**25**	25
Happy Day Holdings Limited [(5)]	Samoa	In liquidation	**25**	25
Wilmar Gavilon Pty Ltd (formerly known as CTG Wilmar Pty Ltd) [(3)]	Australia	Commodity trading and importer and distributor of edible oils	**50**	50
E W Green Power B.V. [(3)]	The Netherlands	Investment holding to invest in renewable energy projects	**50**	–
NV Electrawinds Greenpower Oostende (formerly known as Electrawinds Biomassa 2 N.V.) [(3)]	Belgium	Provision of heat and power generation facilities and services	**50**	–
HBI USA LLC [(4)]	United States of America	Product brokerage	**22+**	22+
HBI Energy [(3)]	France	Fuel/energy brokering	**35**	35
Flex Biofuels Pty Limited [(3)]	Australia	Blending and distribution of biofuels	**35**	35
Oxem Oleo S.r.l [(4)]	Italy	Sourcing, blending, sale and distribution of blended biodiesel products	**35**	–
Adani Wilmar Limited [(3)]	India	Manufacturing and trading of edible oils and vanaspati	**50**	50
Adani Wilmar Pte. Ltd. [(1)]	Singapore	General trading	**50**	–
Acalpo Wilmar Pte Ltd [(3)]	Singapore	Investment holding and international trading	**50**	50
Alfa Edible Oils Pte Ltd	Singapore	Struck off	–	50
Nauvu Investments Pte. Ltd. [(1)]	Singapore	Investment holding	**50**	50
Olam Wilmar Investment Holdings Pte. Ltd. [(1)]	Singapore	Investment holding (dormant)	**50**	50
DelMar Pte. Ltd. [(1)]	Singapore	Investment holding	**40**	38+
Sethal Holdings Limited [(3)]	Cyprus	Investment holding	**40**	38+
Equatorial Trading Limited [(2)]	Malaysia	Investment holding and trading in vegetable oils	–	50
Hengyang Yihai Wharf Co., Ltd [(3)]	People's Republic of China	Port management	**39+**	40
Sichuan Yijia Logistic Co., Ltd [(3)]	People's Republic of China	Provision of logistic services	**38+**	39+

41. ASSOCIATES OF THE GROUP (CONTINUED)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Xiamen Zhong Lu Vegetable Oils Co., Ltd (3)	People's Republic of China	Edible oils refining	**36**+	37
Laiyang Luhua Fengyi Plastics Industry Co., Ltd (3)	People's Republic of China	Plastics processing	**49**+	50
Laiyang Luhua Mineral Water Co., Ltd (3)	People's Republic of China	Mineral water processing	**48**+	49
Shandong Luhua Group Commerce Co., Ltd (3)	People's Republic of China	Marketing	**32**+	33+
Inner Mongolia Luhua Sunflower Seed Oils Co., Ltd (3)	People's Republic of China	Sunflower seeds crushing and edible oils packaging	**32**+	33
Changshu Luhua Edible Oil Co., Ltd (3)	People's Republic of China	Edible oils packaging	**32**+	33+
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing and edible oils packaging	**48**+	49
Zhoukou Luhua Sesame Industries Co., Ltd (3)	People's Republic of China	Sesame crushing	**48**+	49
Sasol Yihai (Lianyungang) Alcohol Industries Co., Ltd (3)	People's Republic of China	Alcohol based oleochemical products processing	**39**+	40
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd (3)	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging; flour and rice milling	**43**+	44
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing and edible oils packaging	**32**+	33
ShanDong Xinxinhai Oils & Grains Industry Co., Ltd (3)	People's Republic of China	Oilseeds crushing and edible oils refining	**44**+	45
Yihai (Heilongjiang) Seed Co., Ltd (5)	People's Republic of China	In liquidation	**48**+	49

41. ASSOCIATES OF THE GROUP (CONTINUED)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2009 %	2008 %
Yihai Kerry (Beijing) Seed Science & Technology Co., Ltd (3)	People's Republic of China	Research and development of crops seeds and oils plants and related technical consultation	**48**+	49
Taizhou Yongan Port Co., Ltd (3)	People's Republic of China	Port management	**39**+	–
Taizhou Yihai Wharf Co., Ltd (3)	People's Republic of China	Port management	**49**+	–
Laiyang Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing and edible oils packaging	**25**+	25+
Laiyang Luhua Seasoning Co., Ltd (3)	People's Republic of China	Seasoning processing	**25**+	25+
Shandong Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing and edible oils packaging	**25**+	25+
Laiyang Luhua Vinegar Industry Food Co., Ltd (3)	People's Republic of China	Vinegar processing	**25**+	25+
Laiyang Luhua Foodstuff Co., Ltd (3)	People's Republic of China	Food processing	**25**+	25+
Grand Silver (Lanshan) Limited (3)	Hong Kong	Investment holding	**44**+	45

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

42. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 25 March 2010.

Share Capital as at 4 March 2010

Number of Shares (excluding treasury shares)	:	6,391,859,905
Number of Shareholders	:	8,942
Number of Treasury Shares Held	:	Nil
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	818	9.15	154,358	0.00
1,000 to 10,000	6,810	76.16	20,873,114	0.33
10,001 to 1,000,000	1,251	13.99	87,187,534	1.36
1,000,001 and above	63	0.70	6,283,644,899	98.31
Total	8,942	100.00	6,391,859,905	100.00

Substantial Shareholders

As at 4 March 2010
(as recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	Indirect Interest	Total Interest	%
Wilmar Holdings Pte Ltd (1)	1,874,362,577	-	1,874,362,577	29.32
Wilmar International Holdings Limited (2)	-	1,874,362,601	1,874,362,601	29.32
Kuok Khoon Hong (3)	-	2,183,278,793	2,183,278,793	34.16
Martua Sitorus (4)	4,338,000	2,133,307,475	2,137,645,475	33.44
Golden Parklane Limited (5)	-	2,133,196,752	2,133,196,752	33.37
Archer Daniels Midland Company (6)	-	2,536,375,301	2,536,375,301	39.68
Archer Daniels Midland Asia-Pacific Limited (7)	305,612,925	1,874,362,601	2,179,975,526	34.11
Global Cocoa Holdings Ltd	356,399,775	-	356,399,775	5.58
PPB Group Berhad	1,172,614,755	-	1,172,614,755	18.35
Kuok Brothers Sdn Berhad (8)	230,000	1,174,011,955	1,174,241,955	18.37
Kerry Group Limited (9)	-	535,326,678	535,326,678	8.38

Notes:

1. Wilmar Holdings Pte Ltd (in members' voluntary liquidation) ("WHPL") holds 1,874,362,577 Shares.
2. Wilmar International Holdings Limited (in members' voluntary liquidation) ("WIHL") is the parent company of WHPL. Pursuant to Section 7 of the Singapore Companies Act, WIHL is deemed to be interested in 1,874,362,577 Shares held by WHPL and 24 Shares held by the liquidator of WHPL in trust for WIHL pending distribution.
3. Mr Kuok Khoon Hong is deemed to be interested in 1,874,362,577 Shares held by WHPL, 24 Shares held by the liquidator of WHPL in trust for WIHL pending distribution, 71,341,131 Shares held by Hong Lee Holdings (Pte) Ltd, 8,316,466 Shares held by HPR Investments Limited, 87,059,957 Shares held by HPRY Holdings Limited, 133,764,635 Shares held by Longhlin Asia Limited, 5,567,047 Shares held by Mallfield Holdings Limited, 2,722,956 Shares held by Pearson Investments Limited and 144,000 Shares held by Kuok Hock Swee & Sons Sdn Bhd.
4. Mr Martua Sitorus is deemed to be interested in 110,723 Shares held by his spouse, 1,874,362,577 Shares held by WHPL, 24 Shares held by the liquidator of WHPL in trust for WIHL pending distribution, 18,547,772 Shares held by Bonoto Investments Limited, 117,359,666 Shares held by Bolney Enterprises Limited, 117,359,666 Shares held by Firefly Limited and 5,567,047 Shares held by Mallfield Holdings Limited.
5. Golden Parklane Limited is deemed to be interested in 1,874,362,577 Shares held by WHPL, 24 Shares held by the liquidator of WHPL in trust for WIHL pending distribution, 18,547,772 Shares held by Bonoto Investments Limited, 117,359,666 Shares held by Bolney Enterprises Limited, 117,359,666 Shares held by Firefly Limited and 5,567,047 Shares held by Mallfield Holdings Limited.
6. Archer Daniels Midland Company is deemed to be interested in 1,874,362,577 Shares held by WHPL, 24 Shares held by the liquidator of WHPL in trust for WIHL pending distribution, 305,612,925 Shares held by Archer Daniels Midland Asia-Pacific Limited and 356,399,775 Shares held by Global Cocoa Holdings Ltd.
7. Archer Daniels Midland Asia-Pacific Limited is deemed to be interested in 1,874,362,577 Shares held by WHPL and 24 Shares held by the liquidator of WHPL in trust for WIHL pending distribution.
8. Kuok Brothers Sdn Berhad is deemed to be interested in 1,172,614,755 Shares held by PPB Group Berhad, 1,274,200 Shares held by Gaintique Sdn Bhd, 100,000 Shares held by Min Tien & Co Sdn Bhd and 23,000 Shares held by Hoe Sen (Mersing) Sdn Bhd.
9. 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.

Twenty Largest Shareholders

As at 4 March 2010
(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)	1,404,362,601	21.97
2	PPB Group Berhad	1,172,614,755	18.35
3	DBS Nominees Pte Ltd	574,346,156	8.99
4	Global Cocoa Holdings Ltd	356,399,775	5.58
5	Citibank Nominees Singapore Pte Ltd	353,166,252	5.53
6	Raffles Nominees Pte Ltd	340,237,710	5.32
7	Archer Daniels Midland Asia-Pacific Limited	305,612,925	4.78
8	DBSN Services Pte Ltd	285,162,255	4.46
9	Kuok (Singapore) Limited	256,951,112	4.02
10	Harpole Resources Limited	256,211,778	4.01
11	Noblespirit Corporation	148,600,000	2.32
12	HSBC (Singapore) Nominees Pte Ltd	133,919,835	2.10
13	Longhlin Asia Limited	133,764,635	2.09
14	United Overseas Bank Nominees Pte Ltd	101,717,643	1.59
15	Hong Lee Holdings (Pte) Ltd	71,341,131	1.12
16	Morgan Stanley Asia (Singapore) Securities Pte Ltd	70,607,793	1.10
17	DB Nominees (Singapore) Pte Ltd	45,058,861	0.70
18	Dalex Investments Limited	30,405,900	0.48
19	UOB Kay Hian Pte Ltd	26,740,491	0.42
20	Bolney Enterprises Limited	17,359,666	0.27
	TOTAL	**6,084,581,274**	**95.20**

Shareholding Held By The Public

Based on the information available to the Company as at 4 March 2010,19.76% 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 relating to the issue of 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 bondholder and the amount of Convertible Bonds held was US$574,800,000 as at 4 March 2010. 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.

WILMAR INTERNATIONAL LIMITED

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Katong Room, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Wednesday, 28 April 2010 at 10.00 a.m. for the following businesses:

AS ORDINARY BUSINESS

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

1) To receive and adopt the Audited Accounts for the year ended 31 December 2009 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2) To approve the payment of a proposed final one-tier tax exempt dividend of S$0.05 per ordinary share for the year ended 31 December 2009. **(Resolution 2)**

3) To approve the payment of Directors' fees of S$360,000 for the year ended 31 December 2009 (2008: S$360,000). **(Resolution 3)**

4) To re-elect the following Directors:

   (a) Mr Leong Horn Kee (Retiring under Article 99) **(Resolution 4)**

   (b) Mr Lee Hock Kuan (Retiring under Article 99) **(Resolution 5)**

   (c) Mr Kuok Khoon Ean (Retiring under Article 99) **(Resolution 6)**

   (d) Mr John Daniel Rice (Retiring under Article 99) **(Resolution 7)**

   (e) Mr Kuok Khoon Chen (Retiring under Article 100) **(Resolution 8)**

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

AS SPECIAL BUSINESS

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

6) **Renewal of Mandate for Interested Person Transactions**

That:

(a) approval be and is hereby given, for the renewal of the mandate for the purposes of Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies (within the meaning of the said Chapter 9) or any of them to enter into any of the transactions falling within the categories of interested person transactions as set out in the Company's Addendum to Shareholders dated 1 April 2010 (being an addendum to the Annual Report of the Company for the financial year ended 31 December 2009 (the "**Addendum**")), with any party who is of the class or classes of Interested Persons described in the Addendum, provided that such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders and are in accordance with the procedures as set out in the Addendum (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.
(See Explanatory Note 1) **(Resolution 10)**

7) **Authority to issue and allot shares in the capital of the Company**

That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (including any supplemental measures thereto from time to time), approval be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares; and

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued, while the authority conferred by shareholders was in force, in accordance with the terms of issue of such Instruments, (notwithstanding that such authority conferred by shareholders may have ceased to be in force);

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force or any additional Instrument referred to in (a)(iii) above,

provided always that

(I) (a) except in respect of a *pro rata* renounceable rights issue (the "**Other Share Issues**"), the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with subparagraph (II) below), of which the aggregate number of shares issued other than on a *pro rata* basis to existing shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution (as calculated in accordance with subparagraph (II) below);

(b) in respect of a *pro rata* renounceable rights issue (the "**Renounceable Rights Issue**"), the aggregate number of shares to be issued (including shares to be issued in pursuance of Instruments made or granted in connection with such Renounceable Rights Issue) does not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with subparagraph (II) below); and

(c) the number of shares to be issued pursuant to the Other Share Issues and Renounceable Rights Issue shall not, in aggregate, exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with subparagraph (II) below);

(II) (subject to such manner of calculation as prescribed by SGX-ST for the purpose of determining the aggregate number of shares that may be issued under subparagraph (I) above), the percentage of the issued shares is based on the Company's total number of issued shares (excluding treasury shares) at the time of the passing of this Resolution after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(III) the authority conferred by this Resolution shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
(See Explanatory Note 2) **(Resolution 11)**

8) **Authority to grant options and issue and allot shares under Wilmar Executives Share Option Scheme 2009**

That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Wilmar Executives Share Option Scheme 2009 of the Company ("**Wilmar ESOS 2009**") and, pursuant to Section 161 of the Companies Act, Chapter 50, to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted (while the authority conferred by this Resolution is in force) under the Wilmar ESOS 2009, notwithstanding that the authority conferred by this Resolution may have ceased to be in force, provided that the aggregate number of shares to be issued pursuant to the Wilmar ESOS 2009 and all other share-based incentive schemes of the Company (including but not limited to the Wilmar Executives Share Option Scheme 2000), if any, shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time, as determined in accordance with the provisions of the Wilmar ESOS 2009.
(See Explanatory Note 3) **(Resolution 12)**

9) **Authority to undertake placements of new shares at a discount exceeding 10% but not more than 20%**

That contingent upon the passing of Resolution 11 above and subject to the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (including any supplemental measures thereto from time to time), the Board of Directors of the Company be and is hereby authorised to:

(i) undertake placements of new shares on a non *pro rata* basis priced at a discount exceeding 10% but not more than 20% of the weighted average price as determined in accordance with the requirements of the Listing Manual of SGX-ST (including any supplemental measures thereto from time to time); and

(ii) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or 31 December 2010 (or such other period as may be permitted by the SGX-ST), whichever is the earliest.
(See Explanatory Note 4) **(Resolution 13)**

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE is also hereby given that the Share Transfer Register and Register of Members of the Company will be closed from 7 May 2010, 5.00 p.m. to 10 May 2010, both dates inclusive, for the purpose of determining shareholders' entitlement to the Company's proposed final one-tier tax exempt dividend of S$0.05 per ordinary share for the financial year ended 31 December 2009 (the "**Proposed Final Dividend**").

Duly completed registrable transfers received by the Company's registrar, Tricor Barbinder Share Registration Services, of 8 Cross Street #11-00 PWC Building Singapore 048424 up to 5.00 p.m. on 7 May 2010 will be registered to determine shareholders' entitlement to the Proposed Final Dividend. The Proposed Final Dividend, if approved at the Annual General Meeting to be held on 28 April 2010, will be paid on 20 May 2010.

Depositors whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5.00 p.m. on 7 May 2010 will be entitled to the Proposed Final Dividend.

By Order of the Board
Teo La-Mei
Colin Tan Tiang Soon
Joint Company Secretaries

Singapore
1 April 2010

Explanatory Notes:

1 The Ordinary Resolution 10 proposed in item no. 6 above, if passed, will renew the IPT Mandate for the Company, its subsidiaries and associated companies that are considered "entities at risk" to enter in the ordinary course of business into certain types of transactions with specified classes of the Interested Persons set out in the Addendum. Such resolution, if passed, will take effect from the date of the above Meeting until the next Annual General Meeting (unless revoked or varied by the Company in general meeting). The IPT Mandate, the renewal of which was approved by shareholders at the last Annual General Meeting of the Company held on 29 April 2009, will be expiring at the forthcoming Annual General Meeting. Information relating to the renewal of the IPT Mandate can be found in the Addendum to the Company's Annual Report 2009.

2 The Ordinary Resolution 11 proposed in item no. 7 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding (i) 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company for Other Share Issues, of which up to 20% may be issued other than on a *pro rata* basis to shareholders, and (ii) 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company for Renounceable Rights Issue, provided that the aggregate number of shares to be issued pursuant to the Other Share Issues and Renounceable Rights Issue shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company. The aggregate number of shares which may be issued shall be based on the total number of issued shares at the time that Ordinary Resolution 11 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 11 is passed, and any subsequent bonus issue or consolidation or subdivision of shares. The mandate for the issue of shares pursuant to a Renounceable Rights Issue is conditional upon the Company making periodic announcements on the use of proceeds as and when the funds are materially disbursed and providing a status report on the use of proceeds in its annual report. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company. The authority for the 100% Renounceable Rights Issue is proposed pursuant to SGX-ST's news release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 ("**SGX-ST's notification dated 19 February 2009**").

3 The Ordinary Resolution 12 proposed in item no. 8 above, if passed, will empower the Directors of the Company to offer and grant options under the Wilmar ESOS 2009 and to issue and allot shares pursuant to the exercise of such options under the aforesaid option scheme, in accordance with the provisions of the Wilmar ESOS 2009.

4 The Ordinary Resolution 13 proposed in item no. 9 above, if passed, will empower the Board of Directors of the Company from the date of the above Meeting until the next Annual General Meeting or 31 December 2010, (or such other period as may be permitted by the SGX-ST) whichever is the earliest, to undertake placement of new shares priced at a discount exceeding 10% but not more than 20% of the weighted average price as calculated in accordance with the provisions of the Listing Manual of the SGX-ST (including any supplemental measures thereto from time to time). This authority is proposed pursuant to the SGX-ST's notification dated 19 February 2009.

Notes:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one proxy or two proxies to attend and vote in his stead, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies.
2. A proxy need not be a Member of the Company.
3. If the appointor is a corporation, the proxy form must be executed under seal or the hand of its attorney or officer duly authorised.
4. The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company's registrar, Tricor Barbinder Share Registration Services, at 8 Cross Street #11-00 PWC Building Singapore 048424 not less than 48 hours before the time appointed for the holding of the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

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

Important:
1. For investors who have used their CPF monies to buy shares in **WILMAR INTERNATIONAL LIMITED**, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

I/We, ____________________ NRIC/Passport No./Company Registration No. __________

of ______________________________ (Address)

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

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholding (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Katong Room, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Wednesday, 28 April 2010 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1	To receive and adopt the Audited Accounts for the year ended 31 December 2009 and the Reports of the Directors and Auditors thereon.				
2	To approve the payment of Proposed Final Dividend.				
3	To approve the payment of Directors' Fees.				
4	To re-elect Mr Leong Horn Kee as a Director.				
5	To re-elect Mr Lee Hock Kuan as a Director.				
6	To re-elect Mr Kuok Khoon Ean as a Director.				
7	To re-elect Mr John Daniel Rice as a Director.				
8	To re-elect Mr Kuok Khoon Chen as a Director.				
9	To re-appoint Ernst & Young LLP as auditors and to authorise the Directors to fix their remuneration.				
10	To approve the renewal of IPT Mandate as described in the Addendum to Notice of Annual General Meeting dated 1 April 2010.				
11	To authorise Directors to issue and allot shares in the Company.				
12	To authorise Directors to offer and grant options under the Wilmar ESOS 2009 and to issue and allot shares in accordance with the provisions of the Wilmar ESOS 2009 .				
13	To authorise Directors to undertake placements of new shares at a discount exceeding 10% but not more than 20%.				

* *Please indicate your vote "For" or "Against" with an "X" within the box provided.*

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

Dated this __________ day of __________ 2010

Total Number of Shares Held	
CDP Register	
Register of Members	

____

Signature(s) of Member(s) or Common Seal

IMPORTANT – Please read notes overleaf

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Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or officer duly authorised.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Company's registrar, Tricor Barbinder Share Registration Services at 8 Cross Street #11-00 PWC Building Singapore 048424 not less than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

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Affix
Postage
Stamp

WILMAR INTERNATIONAL LIMITED
c/o Tricor Barbinder Share Registration Services
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#11-00 PWC Building
Singapore 048424

an EQUITY communications production

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