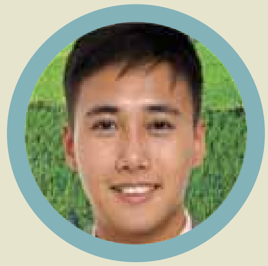
wilmar

Annual Report 2007



asia & beyond

A Leading Agribusiness Group

Wilmar International at a Glance

Singapore, Indonesia, Malaysia, China, India, Vietnam, Philippines, Bangladesh, Japan, Sri Lanka, Australia, New Zealand, Uganda, Ghana, Kenya, Tanzania, Mozambique, Mauritius, South Africa, Ukraine, Russia, Germany, The Netherlands.

ASIA

AFRICA

RUSSIA/CIS/
EASTERN
EUROPE

WESTERN
EUROPE

Where It All Began

We started with tropical oils processing and oil palm cultivation in Indonesia and Malaysia. Now we have over 100 oilseeds and edible oils processing plants and sizable plantation acreage in Asia, and growing.

The New Frontier

We are the largest exporter of tropical oils to East and South Africa. And we plan to do more. Partnering experienced local players, we will expand upstream to palm oil refineries and plantations in West Africa.

Fast-rising Emerging Markets

From our established refinery in Ukraine, we are well-positioned to move North into the emerging middle-income markets in this region. With strong economic growth and attractive prices of tropical oils, we are expanding capacities in our joint ventures to meet the rising demand.

Growing Demand for Tropical Oils

Trans-fat free palm oil is gaining market share here due to its competitive prices and versatility for food and non-food uses. We are expanding and building new facilities in the Netherlands and Germany to meet the growing demand.

We Invest • You Harvest

Wilmar International Limited, founded in 1991 as a palm oil trading company, is today Asia's leading agribusiness group. It is amongst the largest listed companies by market capitalisation on the Singapore Exchange.

Its business activities include oil palm cultivation, edible oils refining, oilseeds crushing, consumer pack edible oils processing & merchandising, specialty fats, oleochemicals & biodiesel manufacturing, and grains processing & merchandising. Headquartered in Singapore, its operations are located in more than 20 countries across four continents, with a primary focus on Indonesia, Malaysia, China, India and Europe. Backed by a staff force of more than 67,000 people, over 160 processing plants and an extensive distribution network, its products are sold to more than 50 countries globally.

Over the years, it has established a resilient integrated agribusiness model that captures the entire value chain of the agricultural commodity processing business, from origination and processing to the branding, merchandising and distribution of a wide range of agricultural products. Through scale, integration and the logistical advantages of its business model, it is able to extract margins at every step of the value chain, resulting in significant operational synergies and cost efficiencies.

Contents

Charting Sustainable Growth

Palm oil is one of the fastest growing vegetable oils in the world due to the rising global demand for food and non-food uses as well as the rapid increase in production by Indonesia and Malaysia. Asian demand for processed agricultural commodities will remain robust, driven by high economic growth, large population base and low per capita consumption. Building on our success in Asia as a foundation, Wilmar is expanding beyond Asia to Africa, Russia/Commonwealth of Independent States (CIS)/ Eastern Europe and Western Europe.

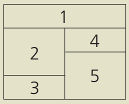
Wilmar is a major plantation owner with operations in Indonesia and Malaysia. With the completion of the merger with the Kuok Group's palm plantation business, the Group's planted acreage has increased to over 230,000 hectares with a landbank of over 500,000 hectares.

Wilmar intends to grow its plantation business through greenfield projects and acquisitions to tap on the growing demand for palm oil. Total planted acreage is expected to triple within a decade through new plantings of about 40,000 hectares per year.

Outside of Asia, the Group is transplanting its expertise into West Africa to develop oil palm and rubber plantations there. Experienced partners will assist in developing the integrated business model by providing local expertise in management, merchandising and distribution.

As part of its commitment to promote sustainable palm oil, Wilmar has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2005; and it will strive to fully integrate the RSPO standards into its operational practices to ensure a balance of economic viability with environmental and social interests.

1) *Oil palm plantation, Sumatra, Indonesia*
2) *Soya beans*
3) *Biological control at plantations, Sumatra, Indonesia*
4) *Oil palm fruits*
5) *Arawana cooking oil, Shenzhen, China*



1) Bulk oil storage tanks, Sumatra, Indonesia
2) Fractionation, Sumatra, Indonesia
3) Soft oils refinery, Shenzhen, China
4) Oil palm nursery, Indonesia
5) Unloading soya beans, Qinhuangdao, China

Robust Business Model

The continued expansion of palm plantation acreage in Indonesia and Malaysia is projected to double crude palm oil (CPO) production from 33 million metric tonnes (MT) to over 60 million MT within 10 years. The growth in CPO supply will require additional processing capacities in both countries.

By vertically integrating its operations, the Group is able to create synergies for operational efficiency and extract margins at every step of the value chain.

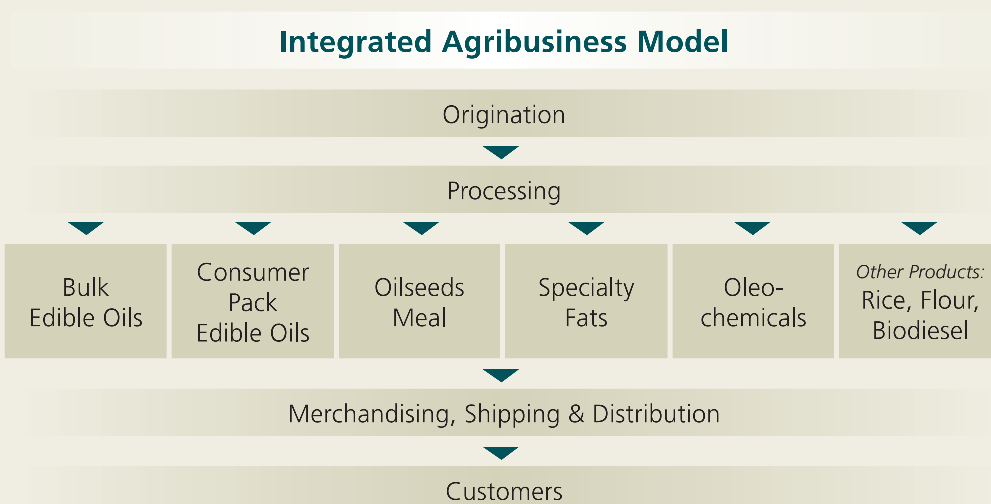
Wilmar's large and integrated manufacturing operations benefit from economies of scale through the sharing of common infrastructure and overhead costs to lower unit costs for its products.

As part of its integrated business model, the Group has built dedicated ports and jetties with deep draft next to its manufacturing complexes to facilitate shipping and reduce logistics costs.

Wilmar's global distribution and marketing network provides excellent marketing information which enables the Group to enhance profitability through timely purchase of raw materials and sale of manufactured products.

The Group conducts focused research and development to raise the quality of its products and improve the efficiency of its operations.

By leveraging on this strong base from origination to destination, the Group has expanded into complementary products such as specialty fats, oleochemicals, rice and flour.



Beyond Asia

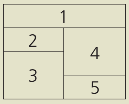
From its early days, the Group's focus has been in Asia. Over the past 17 years, it has succeeded in building an integrated agribusiness in the region. Wilmar's success is driven by its visionary leadership and proven management team with expertise in merchandising, development of large integrated manufacturing complexes, plantation management and risk management of commodities.

Having established a solid operational base in Asia, the Group is leveraging on these strengths to expand into new markets with good agribusiness potential in Africa, Russia/CIS/Eastern Europe and Western Europe.

In West Africa, Wilmar plans to develop an integrated agribusiness with plantations, refining and distribution of consumer products with experienced partners.

In Western Europe, demand for trans-fat free palm oil is increasing rapidly due to its competitive price and versatility for food and non-food uses. Wilmar is expanding and building new facilities to meet this rising demand.

In Russia, CIS and Eastern Europe, growing demand due to rising prosperity is making the region an important market for tropical oils. The Group plans to expand the capacities of its joint ventures in Russia and Ukraine in order to capture a greater share of this growing market.



1) Integrated processing complex, Lianyungang, China
2) Africa – One of Wilmar's markets
3) Merchandising team, Wilmar headquarters, Singapore
4) Europe, Russia and Africa – Growth regions beyond Asia
5) Adani Wilmar processing complex, Gujarat (Mundra), India

Chairman's Statement

Financial Year in Review

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

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

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

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

Merger and Restructuring Exercise

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

This has transformed the Group into:

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

Opposite page: *Corporate Headquarters, Singapore*

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

Expansion in Asia & Beyond

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

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

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

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

Sustainable Development

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

We are pleased that the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria (P&C) was formalised last November, and we are fully committed to have all our plantations and mills certified against the P&C.

Outlook and Prospects

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

In Appreciation

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

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

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

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

Kuok Khoon Hong
Chairman & Chief Executive Officer

19 March 2008

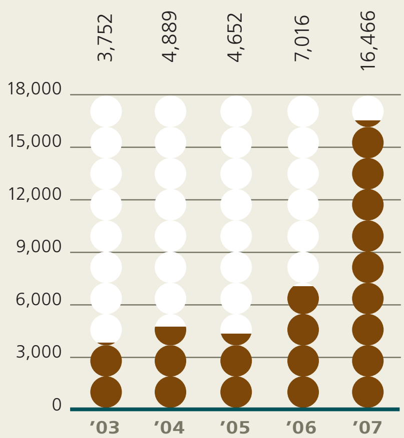
Financial Highlights

	FY2007	FY2006	FY2005	FY2004	FY2003
Income Statement *(US$ mil)*					
Net Profit	**580**	**216**	58	60	32
Earnings per share (US cents) – basic	**12.80**	**9.31**	2.67	2.77	1.45
Balance Sheet *(US$ mil)*					
Long Term Assets	**8,396**	**1,697**	589	418	395
Total Assets	**15,507**	**3,853**	1,569	1,185	1,127
Shareholders' Funds	**7,845**	**857**	266	218	164
Key Ratios					
Net Gearing Ratio *(times)*	**0.52**	**1.55**	2.50	2.00	3.30
Return on Average Assets *(%)*	**6.0**	**5.6**	4.2	5.2	2.8
Return on Average Equity *(%)*	**13.3**	**25.2**	24.0	31.6	19.2

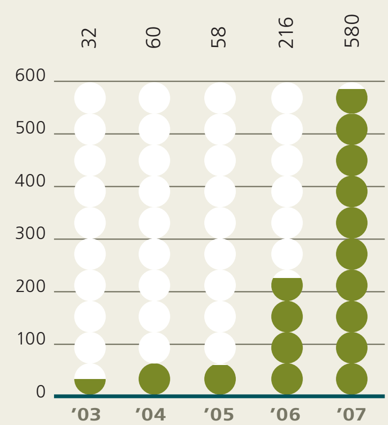
Note:
FY2007 – Results include IPT Assets and KG Acquisition
FY2006 – Results restated to include IPT Assets
FY2003 to FY2005 – Pre-merger results only

Financial Summary	FY2007	FY2006
	US$ mil	*US$ mil*
Group Revenue	**16,466**	**7,016**
Sales Volume (Bulk)	*MT'000*	*MT'000*
Merchandising & Processing		
– Palm & laurics	**13,407**	**7,915**
– Oilseeds & grains	**10,834**	**8,135**
	24,241	**16,050**
Revenue (Bulk)	*US$ mil*	*US$ mil*
Merchandising & Processing		
– Palm & laurics	**10,010**	**3,611**
– Oilseeds & grains	**5,167**	**3,081**
	15,177	**6,692**
Total Debts	**5,028**	**1,625**
Working Capital (excluding cash and bank balances and borrowings)	**4,184**	**1,247**
Capital Expenditure	**575**	**295**
Earnings Before Interest, Taxation, Depreciation and Amortisation	**1,122**	**450**

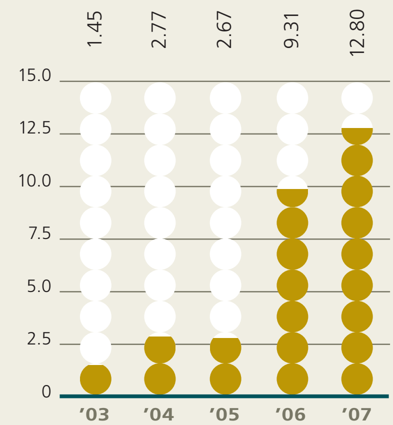
GROUP REVENUE
(US$ MILLION)



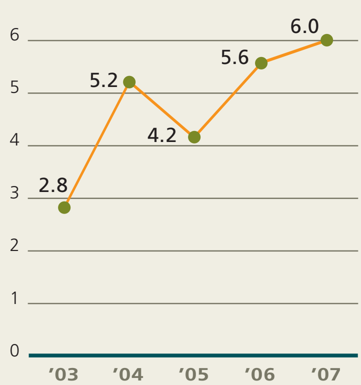
NET PROFIT
(US$ MILLION)



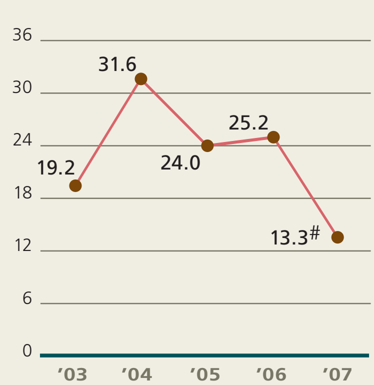
EARNINGS PER SHARE
(US CENTS)



RETURN ON AVERAGE ASSETS (%)



RETURN ON AVERAGE EQUITY (%)



 # 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)] & KG Acquisition [(2)] for FY2007.

Notes:

[(1)] IPT Assets refers 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)] The 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 (PPBOP).

From left to right:

Standing: John Daniel Rice, Kwah Thiam Hock, Teo Kim Yong, Kuok Khoon Ean, Lee Hock Kuan, Leong Horn Kee, Chua Phuay Hee

Seated: Yeo Teng Yang, Kwok Kian Hai, Kuok Khoon Hong, Martua Sitorus, Tay Kah Chye

Board of Directors

Kuok Khoon Hong

Chairman and Chief Executive Officer

Mr Kuok, 58, is the Co-founder, 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 re-elected on 28 April 2006.

Martua Sitorus

Executive Director and Joint Chief Operating Officer

Mr Sitorus, 48, is the Co-founder, Executive Director and Joint Chief Operating Officer of the Group. He is in charge of the management and development of plantations, infrastructure, factories and facilities in Indonesia and India. 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 re-elected on 26 April 2007.

Kwok Kian Hai

Executive Director and Joint Chief Operating Officer

Mr Kwok, 63, is the Executive Director and Joint Chief Operating Officer of the Group. Mr Kwok is in charge of technical operations and Group operations in Malaysia and Europe. He has extensive experience in the edible oils, oilseeds and grains businesses, through his involvement since 1970. He joined the Sime Darby Group as a Chemist in 1970 and was later promoted to Managing Director. He then joined the Kuok Group in 1982 as the General Manager of Pasir Gudang Edible Oils Sdn Bhd and was subsequently appointed its Chairman. In 1991, he was seconded to Kuok Oils & Grains Pte Ltd as Managing Director and became Chairman in 2007. Mr Kwok is also currently a Council Member of the Malaysian Palm Oil Council. He holds a Bachelor of Science in Chemistry from the then University of Singapore. Mr Kwok was appointed on 2 July 2007 and is eligible for re-election at the forthcoming AGM of the Company.

Chua Phuay Hee

Executive Director

Mr Chua, 54, 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 re-elected on 28 April 2006.

Teo Kim Yong

Executive Director

Mr Teo, 54, 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 merchandising of edible 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, Marketing Director of Keck Seng Pte Ltd and Managing Director of Kimlimco 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 re-elected on 26 April 2007.

Board of Directors

Lee Hock Kuan

Executive Director

Mr Lee, 54, is Vice Chairman of China Division and Group Head of Consumer Pack & Specialty Fats. He has been a Director of Kuok Oils & Grains Pte Ltd since 1997. 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 20 years. Mr Lee holds a Masters Degree in International Business Management from Australian National University. Mr Lee was appointed on 2 July 2007 and is eligible for re-election at the forthcoming AGM of the Company.

Kuok Khoon Ean

Non-Executive Director

Mr Kuok, 52, is a Director of Kuok (Singapore) Limited, Kuok Brothers Sdn Bhd, Kerry Group Limited and Kerry Holdings Limited. He is the Executive Chairman of SCMP Group Limited, and also an independent non-executive director of The Bank of East Asia, Limited 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 for a further term 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 is eligible for re-election at the forthcoming AGM of the Company.

John Daniel Rice

Non-Executive Director

Mr Rice, 54, 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 and the Corn Refiners Association Board. Mr Rice was appointed on 1 January 2008 and is eligible for re-election at the forthcoming AGM of the Company.

Yeo Teng Yang

Lead Independent Director

Mr Yeo, 66, 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 2000-2005. 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 re-elected on 26 April 2007.

Leong Horn Kee

Independent Director

Mr Leong, 55, has been an independent director since 2000 and was last re-elected on 26 April 2007. He is currently an Executive Director of Far East Organization. He has extensive experience in both the public and private sectors. He has served in the Singapore Government's Administrative Service in the Ministry of Finance and Ministry of Trade and Industry, and has worked in various industries such as investments, venture capital, merchant banking, hotels, food and beverage, and property development. He was a Member of Parliament for 22 years from 1984 to 2006 and the Chairman of Government Parliamentary Committee for Finance, Trade and Industry from 1997 to 2004 and Chairman of the Public Accounts Committee from 2004 to 2006. He is currently Singapore's Non-resident Ambassador to Mexico (since 2006) and a member of the Securities Industry Council (since January 2008). Mr Leong holds a Production Engineering and Management degree (Honours) from Loughborough University, UK; and an Economics (Honours) degree from the University of London, UK; and an MBA from INSEAD, France.

Tay Kah Chye

Independent Director

Mr Tay, 61, 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, and Adviser to AFC Merchant Bank. 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 in, 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 re-elected on 26 April 2007.

Kwah Thiam Hock

Independent Director

Mr Kwah, 61, sits on the board of various companies including IFS Capital Limited, Select Group Limited and Excelpoint Technology 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 Principal Officer/Adviser to 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 re-elected on 26 April 2007.

Key Management Team

Mr Kuok Khoon Hong
Chairman and Chief Executive Officer

Mr Martua Sitorus
Executive Director and Joint Chief Operating Officer

Mr Kwok Kian Hai
Executive Director and Joint 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 of China Division and Group Head of Consumer Pack & Specialty Fats)

Mr Khoo Eng Min
Head of Plantations Division

Mr Goh Ing Sing
Deputy 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

Ms Sng Miow Ching
Group Financial Controller

Mr Low Soon Teck
Group Treasurer

Mr Patrick Tan Soo Chay
Head of Internal Audit

Mr Jeremy Goon
Head of Corporate Social Responsibility

Corporate Information

Board of Directors

Kuok Khoon Hong (Chairman)

Martua Sitorus

Kwok Kian Hai
Appointed on 2 July 2007

Chua Phuay Hee

Teo Kim Yong

Lee Hock Kuan
Appointed on 2 July 2007

Kuok Khoon Ean
Appointed on 2 July 2007

John Daniel Rice
Appointed on 1 January 2008

Yeo Teng Yang

Leong Horn Kee

Tay Kah Chye

Kwah Thiam Hock

Executive Committee

Kuok Khoon Hong (Chairman)

Martua Sitorus

Kwok Kian Hai

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 Secretary

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

Auditors

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

Principal Bankers

ABN AMRO Bank
Agricultural Bank
Bank of China
Bank of Communications
Bank of Tokyo-Mitsubishi UFJ Ltd
China Construction Bank
CIMB Bank Berhad
DBS Bank Ltd
Fortis Bank SA/NV
ING Bank NV
Malayan Banking Berhad
Oversea-Chinese Banking
Corporation Limited
PT Bank Central Asia, Tbk
PT Bank Mandiri (Persero), Tbk
Rabobank
Standard Chartered Bank

Merchandising & refinery

PALM AND LAURICS

Wilmar's palm and laurics activities scaled up significantly in 2007 after the merger with Kuok Oils and Grains. The Group is now the world's leading merchandiser and processor of palm oil.

The year in review saw strong market demand for palm and lauric oils for food and non-food uses, fuelled by steady economic growth in major consuming countries such as China and India, and tight supplies of other edible oils. The Group's products are used by customers involved in food manufacturing, cosmetics, pharmaceutical and other industries.

Top: *Integrated manufacturing complex, Sumatra, Indonesia*

Opposite page:
Top: *Oil palm fruits*
Bottom: *Merchandising team, Shanghai, China*

According to industry estimates, world production of crude palm oil (CPO) rose to 38 million metric tonnes (MT) in 2007. Of this total, Malaysia and Indonesia produced approximately 33 million MT. This reflected a

The total volume of palm and laurics merchandised by the Group increased from 7.9 million MT to 13.4 million MT in FY2007.

production increase of approximately 1 million MT over the prior year. Indonesian production, which had been affected by drought in the early part of 2007, continued to recover. Despite the increased production, demand continued to outstrip supply during the year.

Worldwide Merchandising Network

The Group merchandises its palm and laurics products to customers across the world. The global and local market insight gained through this worldwide network enables the Group to identify and capitalise on business opportunities across the agribusiness value chain.

In FY2007, the total volume of palm and laurics merchandised by the Group increased from 7,915,000 MT to 13,407,000 MT. Pre-tax profit margins improved from US$12.02 per MT to US$18.84 per MT. The better performance was due mainly to synergies of merger and economies of scale from higher volume growth.

Wilmar's biodiesel business was profitable in 2007 due to effective hedging. The high prices for CPO feedstock currently limit biodiesel business activity in 2008. However, the Group will continue to maintain a strategic presence in the biodiesel business.

Expanding Production Capacity

Wilmar's manufacturing base for palm and laurics is located mainly in Indonesia and Malaysia.

As at 31 December 2007, the Group's production facilities included the following:

- 33 refining plants, with a combined capacity of 9,550,000 MT per annum;
- 36 fractionation plants, with a combined capacity of about 9,400,000 MT per annum; and
- 34 palm kernel and copra crushing plants, with a total capacity of about 3,000,000 MT per annum.

The Group is also expanding its production capacities for specialty fats and oleochemicals. Specialty fats are widely used in making food products such as chocolates, sugar confectionery, bread, pastry and cream filling (for candy, wafers, biscuits). Oleochemicals are used in the manufacturing of soaps, detergents, plastics, lubricants, polymers, surface coatings and pharmaceutical products.

Looking Ahead

Global CPO production is forecasted to grow to 60 million MT within the next 10 years. Prices of palm oil are expected to remain high and this will encourage continued expansion of palm plantation acreage, especially in Indonesia.

Above: *Control room, oleochemicals manufacturing, China*

Opposite page:
Top: *Refining crude palm oil, Sumatra, Indonesia*
Bottom: *Oleochemicals plant at night, Lianyungang, China*

The Group intends to capitalise on the increase in palm oil supply by increasing production capacities. This will necessitate the building of additional refining and crushing capacities in Malaysia and Indonesia. Storage, receiving, processing and distribution facilities in major consuming countries like China, India and Russia will also be expanded.

With its low cost, integrated manufacturing facilities at origin and destination, and its global merchandising and distribution facilities, the Group is in a good position to capitalise on the expected rapid growth in CPO production in Malaysia and Indonesia.

Wilmar merchandised 33% more oilseeds and grains compared to FY2006.

OILSEEDS AND GRAINS

The Group operates integrated manufacturing complexes for oilseeds crushing, edible oils refining and grains processing in many strategic locations in China. The highly efficient plants are strategically located and can distribute quality agri-products through a wide distribution network of sales and marketing offices, giving the Group a competitive edge in the country.

In addition to soya bean crushing, the Group also processes other oilseeds, such as rapeseed, groundnut, sunflower seed, sesame seed

cotton seed and corn. These processed products are mainly sold in bulk form to feed millers and industrial users. The Group's grains business refers to rice and flour milling.

As a sizeable buyer of soya beans on the global stage, Wilmar benefits from economies of scale, including savings from freight and access to timely market information.

Increased Living Standards Change Market Demand

The growing prosperity of the expanding middle income class in China has led to a change in eating habits, favouring a higher dietary intake of meat. The increased demand for meat and a corresponding growth in large-scale production of livestock has led to increased demand for the Group's products from animal feed producers. In a similar trend, higher living standards also raised consumer awareness for high quality edible oils and better nutritional value.

Opposite page: *Unloading soya beans, Qinhuangdao, China*

Top: *Silos for soya beans, Lianyungang, China*
Above: *Warehouse for soya bean meal, Lianyungang, China*

Volume Growth

In FY2007, total volume of oilseeds and grains merchandised increased to 10,834,000 MT as compared to 8,135,000 MT in FY2006. This was accomplished despite an outbreak of blue ear disease affecting the hog farming industry in the first half of FY2007.

The Group achieved a pre-tax profit margin of US$17.54 per MT in FY2007 due to well-timed purchases of raw materials and synergies of merger.

Crushing and Milling Base

Wilmar's plants in China are located near to customers for market responsiveness. This also provides efficiency gains from improved logistics, such as lower transportation costs. As at 31 December 2007, the Group had a combined crushing capacity of 11,650,000 MT per annum.

The Group has also set up flour and rice milling plants that leverage on its established distribution network to meet growing market demand for high quality flour and rice products.

Looking Ahead

The Chinese economy is expected to continue to grow strongly in the foreseeable future. This will lead to an increase in the consumption of meat, edible oils and processed agricultural products. Wilmar will continue to expand its processing capacities at its present locations, as well as develop new sites, to tap into the increasing demand.

Opposite page: *Unloading soya beans at night, Lianyungang, China*

Top: *Bird's eye view of processing complex, Shenzhen, China*
Right: *Packing soy protein concentrate, Qinhuangdao, China*

Consumer products

Wilmar operates integrated manufacturing complexes that refine and package edible oils for the consumer market. These consumer products are distributed through an extensive network of sales and marketing offices. The Group's markets include three of the most populous countries in the world, namely China, India and Indonesia. Through in-house and co-owned brands, the Group is able to target different market segments of customers, based on geographical regions and local preferences.

The Group is committed to providing high quality products to customers.

Demand for Quality

In recent years, there has been a consistent increase in urbanisation and consumer affluence within key consuming countries. The resultant change in consumer preferences has benefited the Group as consumers choose healthier edible vegetable oils.

The Group is committed to providing high quality branded products to customers to encourage repeat sales and build customer loyalty. Wilmar's integrated agribusiness model is important in supporting its product quality goals. This is because the Group can exercise strict quality control from the sourcing of raw materials to the processing and packaging of finished products.

Broad Brand Portfolio

Wilmar owns a broad portfolio of brands in China, Indonesia, Vietnam and Bangladesh. The Group also co-owns several brands through joint ventures in India.

The Group's brand building efforts are aimed at reinforcing product quality and nutritional value. The Arawana brand continues to be the top-selling edible cooking oil brand in China. The brand added yet another accolade for the Group when it became the official cooking oil sponsor for the Beijing 2008 Summer Olympic Games.

In India, the Group's joint venture business has made the Fortune brand a leading edible cooking oil brand in the market. In Indonesia, the Group has developed "Sania" into a leading brand for edible cooking oil.

Opposite page: *Arawana cooking oil, Shenzhen, China*

Top: *Arawana, official cooking oil for Beijing 2008 Olympics*
Above: *Adani Wilmar warehouse, Gujarat (Mundra), India*

Growing Volume

In FY2007, the consumer products segment recorded revenue of US$2.8 billion on total sales volume of 1,783,000 MT.

The Group has a combined production capacity of 5,720,000 MT per annum. Disciplined timing of raw materials purchases helped to partially mitigate rising commodity prices, resulting in better operating margin.

Top left: *Sania cooking oil products*
Top right: *Huaqi cooking oil packing plant, Shenzhen, China*

Opposite page:
Top: *Packing production line for cooking oil products, Shanghai, China*
Bottom left: *Worker at cooking oil packing plant, Qinhuangdao, China*
Bottom right: *Loading cooking oil products at warehouse, Shenzhen, China*

Looking Ahead

Despite concerns of a global economic slowdown, the long-term trend of increasing urbanisation and the ensuing change in consumers' preferences are expected to remain intact. Demand for branded consumer cooking oil will continue to rise in key consuming countries.

Notwithstanding the prevailing economic conditions, the Group will continue to actively manage and refine its branding and marketing efforts to grow the business. This will include focused marketing activities, such as the recent Olympic Games sponsorship, to promote greater brand awareness.

Plantation
and Palm Oil Mills

Top: Oil palm plantation, Sumatra, Indonesia

Opposite page:
Top: *Fresh fruit bunches*
Bottom left: *Loading of fresh fruit bunches, Sumatra, Indonesia*
Bottom right: *Worker handling fresh fruit bunches, Sumatra, Indonesia*

Wilmar has oil palm plantations in Sumatra, West Kalimantan and Central Kalimantan in Indonesia, and in the states of Sabah and Sarawak in Malaysia. Besides harvesting the fresh fruit bunches (FFB) from its own plantations, Wilmar also processes FFB from third-party suppliers, including small landholders under the Plasma Programme developed by the Group. The Plasma Programme involves plantation companies, such as Wilmar, helping small landholders develop their plantation plots.

The increase in mature planted area boosted FFB production to 2.8 million MT in FY2007.

Within its plantations, Wilmar owns and operates palm oil mills to process fruit from its own and surrounding plantations into CPO and palm kernel. This is supplied primarily to the Group's refineries and palm kernel crushing plants.

Landbank and New Plantings

As at 31 December 2007, Wilmar's total plantation landbank increased to over 500,000 hectares, of which more than 200,000 hectares have been planted so far. The merger with PPB Oil Palms Berhad during the year added approximately 360,000 hectares of plantation land, including over 120,000 hectares of planted area.

The table below summarises the breakdown of planted and mature hectarage owned by Wilmar and managed under the Plasma Programme as at 31 December 2007.

Of the 203,683 hectares planted, 61,979 hectares are located in Malaysia and 141,704 hectares in Indonesia.

As part of a cohesive Corporate Social Responsibility (CSR) programme, the Group is incorporating sustainable practices for palm oil cultivation across its operations to address environmental challenges arising from global climate change.

Increased Production

The increase in mature planted area boosted FFB production to 2,836,723 MT in FY2007. This represents an FFB yield of 21.9 MT per hectare, which compares favourably with an FFB yield of 21.2 MT per hectare recorded in FY2006. Total FFB production in FY2006 was 995,194 MT.

Plantation Age Profile

	Average Age of Palm					
(hectares)	Up to 3 yrs	4-6 yrs	7-14 yrs	15-18 yrs	>18 yrs	Total
Wilmar	73,193	23,607	66,072	30,728	10,083	203,683
Plasma Programme	891	1,088	21,610	9,649	0	33,238
Total	74,084	24,695	87,682	40,377	10,083	236,921

The increase in FFB yield was achieved due to better overall weather conditions, despite a drought at the Group's Indonesian plantations during the early part of 2007.

Consolidated Operations

Wilmar has a combined FFB processing capacity of 9,560,000 MT across 31 mills in Indonesia and Malaysia. Total volume of FFB processed in FY2007 was 6,453,565 MT. The increased scale of operations in FY2007 allowed Wilmar to achieve business efficiencies by consolidating the processing and transportation of FFB and CPO.

The oil extraction rate remained fairly constant at 20.9% in FY2007, while the kernel extraction rate was 4.9%, compared to 5% in FY2006.

Looking Ahead

Global demand for palm oil for food is expected to continue growing. In order to continue supplying the market in the future, Wilmar intends to triple its total planted area within the next decade through new plantings of about 40,000 hectares per year. Milling capacity is expected to keep pace with the growth in production.

Wilmar is also moving forward to develop new markets in West Africa through a joint venture with experienced partners. The Group will contribute its expertise in plantation management and processing to the joint venture.

Top: *Harvesting oil palm fruits, Sumatra, Indonesia*
Left: *Sterilisation of fresh fruit bunches, Sumatra, Indonesia*

Opposite page:
Top: *Oil palm plantations, Sumatra, Indonesia*
Bottom left: *Crude palm oil, Sumatra, Indonesia*
Bottom right: *Bulk oil storage tanks, Sumatra, Indonesia*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Others

Wilmar engages in other activities that are complementary to its main agribusiness. In 2007, these consisted primarily of fertilisers and shipping.

Wilmar's customers for its fertiliser business are largely the Group's suppliers of CPO and palm kernel. The close relationship enables Wilmar to supply to a captive market and minimise credit risk.

The Group produces NPK compound fertilisers which comprise three primary nutrients: nitrogen (N); phosphorus (P); and potassium (K). The Group is also engaged in the trading of straight fertilisers such as potash and rock phosphate.

Top: *Jetty at Kuala Tanjung, Sumatra, Indonesia*

Opposite page:
Top: *Producing soapflakes at oleochemicals plant, China*
Bottom left: *Fertilisers, Sumatra, Indonesia*
Bottom right: *Researcher conducting analysis*

Sales volume for NPK compound and straight fertilisers totalled over 1.1 million MT in FY2007.

In FY2007, sales volume for NPK compound and straight fertilisers totalled over 1.1 million MT as compared to 871,224 MT sold in FY2006. The improved performance was due to strong demand from increasing palm plantation requirements and full year contribution from a new fertiliser plant commissioned in late 2006. Customer awareness of the benefits and usage of the Group's fertiliser products was enhanced through scheduled educational seminars and technical support.

Overall demand for fertilisers is expected to increase due to high demand for palm oil and expansion in oil palm plantation acreage.

The Group owns and operates a fleet of 14 ships, which plays an important supporting role in the Group's overall logistics network. The Group plans to add larger ships to further optimise shipping operations.

Research and Development

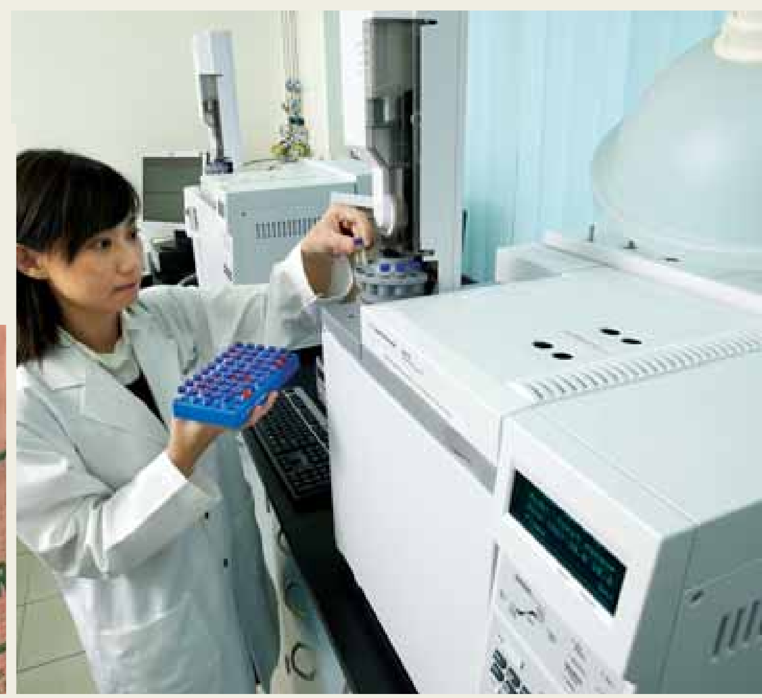
The Group is committed to its research and development (R&D) activities to improve the quality and range of its products and overall operational efficiency. It consistently applies R&D technologies throughout the value chain – from improving yields and enhancing palm oil extraction rates to developing new high value-added downstream products to cater to the needs of customers.

R&D Developments

In 2007, the Group focused its R&D activities in the following areas:

Specialty fats

Specialty fats are used as an ingredient or cooking agent in the creation of many food products. They include cocoa butter equivalents (CBE), cocoa butter replacers (CBR), specially formulated filling fats, creaming fats, ice-cream fats, milk fat replacers, margarines, shortening, frying fats and many tailor-made fats to suit customers' requirements.



The development of specialty fats through R&D allows the Group to generate high-margin and high value-add products. Although the business is currently not significant, the Group recognises the potential and long-term benefits of having a competitive edge in the speciality fats market.

Customer demand is increasing for low or zero "*trans*"-fats ingredients with superior nutrition and consistent quality. Accordingly, the Group focused on reformulating and refining existing products to meet demand. Development work done included the following products:

- "*Trans*"-fat free or low "*trans*"-fat products for baking, frying, confectioneries and milk fat/butter oil substitutes;
- Cocoa butter equivalents; and
- Low "*trans*"-fat CBR.

Refining and fractionation

In edible oils refining, R&D was focused on improving the quality and safety of edible oils for consumer consumption. The Group produced an array of healthy and nutritious oils by developing new blends and enacting Good Manufacturing Practices (GMP).

Wilmar also carried out research in 2007 to increase refining yield, and to shorten the processing time for refining CPO, which will improve refining efficiencies.

Plantations

The Group's R&D activities for plantations centred on improving yields. These efforts include:

- Continuing evaluation on the effect of different fertiliser regimes on immature and mature palms to optimise palm yields;
- Developing superior seed variety with high yield profiles; and
- Establishing a new tissue culture laboratory in Indonesia to further R&D efforts.

Awards

Wilmar has and will consistently set the highest standards in its business operations and conduct. These efforts have been recognised through numerous awards, certifications and commendations. Accolades awarded in FY2007 include:

Inclusion in major indices

- Inclusion in the FTSE Straits Times Index and other well-followed indices such as the MSCI.

Company performance

- Singapore 100 Award by International Enterprise Singapore as one of Singapore's largest companies by overseas turnover.
- Singapore 1000 Award as one of Singapore's largest companies by financial performance.
- Securities Investors Association (Singapore) Investor's Choice Award 2007 as runner-up for most transparent company in the services/utilities/agriculture business segment.

Consumer pack – Arawana

- The Arawana brand garnered various awards for being the most competitive brand in China, most admired enterprise, and numerous sales and marketing awards. This included being voted as the number one selling cooking oil brand in China by the China Commerce Association.

Merchandising and refinery

- Primaniyata Export Award 2007 for Best Performing Exporter in the category of Foreign Capital Investment Company: Product from Natural Resources – awarded to Wilmar subsidiary, PT Karya PutraKreasi Nusantara.
- Deloitte Enterprise 50 Award 2007 in recognition of business acumen, entrepreneurship and vision – awarded to Wilmar subsidiary, Bintulu Edible Oils Sdn Bhd.

Opposite page, clockwise:
– Sania specialty fats
– Researcher at work, specialty fats laboratory
– Cocoa butter replacers

Left: *Young oil palm trees, Central Kalimantan, Indonesia*

Corporate Social Responsibility

Top: *Balancing environmental values and societal needs*
Above left: *Plantation management and agronomics training*
Above right: *Education provided for local children*

BALANCING GROWTH AND SUSTAINABILITY

In recent years, environmental challenges have emerged at the forefront of public awareness and spawned the ratification of various international treaties designed to combat climate change. The United Nations (UN) has taken the lead in setting the agenda to tackle many of the environmental issues plaguing our world today.

The stringent environmental and social standards set by prominent platforms such as the UN Climate Change Conference in Bali, Kyoto Protocol and Johannesburg Earth Summit are a clear reflection of the more demanding world in which we live.

Businesses are embracing corporate social responsibility – a move that acknowledges their obligations and the symbiotic nature of their relationship with the natural and social environment.

Sustainable Development – Wilmar's Approach

Sustainable development is a top priority and Wilmar takes a holistic and practical approach to doing business that encompasses a universally acceptable code of conduct.

The adoption of the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria (P&C) marks a significant step for Wilmar. Together with other applicable international and local environmental standards, it will drive the integration of a sustainable approach in all aspects of its operations. Striving for certification based on the RSPO scheme will remain at the top of the Group's development agenda as it lays the ground for sustainable growth.

Reflecting the social dimension of its business strategy is Wilmar's extensive community development programme. This takes into account the 10 universally upheld principles of the UN Global Compact, which the Group has committed to adhering to as part of its corporate citizenship initiative. It is the Group's belief that these principles will help add further momentum to its social efforts to make a genuine beneficial impact on the society within its sphere of influence, and the broader community that gives it the social legitimacy to operate.

Wilmar also recognises that transparency is key to building trust and credibility, and it places importance on the opinions of its stakeholders. In October last year, the RSPO sought a response on complaints raised by some civil society organisations over the practices on the ground by three of Wilmar's plantations in West Kalimantan. Wilmar is pleased that its response was consensually accepted by RSPO. The Group treats legitimate issues raised against it very seriously. A thorough review of the Group's operations revealed that some areas within its operational procedures and systems needed improvement. This process of rectification and improvement is ongoing; Wilmar remains ever committed, and will continue to work towards responsible palm oil production. The Group will also continue to widen its stakeholder engagement to reach out to a more representative cross-spectrum of its stakeholder base.

Palm Oil Can Be a Sustainable Crop

It is a shared belief in the industry that palm oil production can enjoy longevity if companies adopt responsible best practices such as the RSPO P&C.

This refers to a framework of global standards for sustainable palm oil production that is developed and accepted by a representative group of stakeholders throughout the entire palm oil value chain.

Wilmar has been a member of the RSPO since 2005, and has been active in many aspects of its initiatives. As a grower, the Group – through its subsidiary PPB Oil Palms Berhad (PPBOP) – contributed to the development of the RSPO standards framework, and was a participant in a two-year trial implementation project till November 2007 to field-test and review a set of principles and criteria for sustainable palm oil production.

The industry's effort came to fruition when the RSPO P&C framework was formalised and officially launched in November 2007. Wilmar believes that commitment to these standards by stakeholders in the palm oil value chain is expected to herald business viability, environmental sustainability and social prosperity.

Corporate Social Responsibility

UNITED NATIONS GLOBAL STANDARDS

Wilmar made a landmark move when it became a signatory to the UN Global Compact, the world's largest voluntary corporate citizenship initiative, in 2007.

The Group recognises its operations will bring about certain effects on society. Its pledge to this UN initiative – whose principles concern the areas of human rights, labour, the environment and anti-corruption – will assist Wilmar in addressing some of the societal challenges, turning them into opportunities.

The UN Global Compact has been signed by more than 4,700 companies and stakeholders around the world who are committed to advancing sustainability. Established in July 2000, the Compact seeks to promote responsible corporate citizenship by providing a framework for businesses to follow in response to the challenges of globalisation.

POLICY SET-UP AND IMPLEMENTATION

Wilmar has developed and implemented a wide-ranging set of policies to ensure that its operations conform to the principles of sustainable, environmentally responsible and socially acceptable production.

These include, but are not limited to, the declaration on RSPO and policies on the environment, land conversion, corporate social responsibility, occupational health and safety, child labour and sexual harassment.

In particular, Wilmar's land conversion policy mandates strict adherence to a no-burn practice in line with the Group's zero-burning policy.

Wilmar also prohibits development on lands found to possess high conservation value (HCV) and on deep peat lands with peat soil depth of more than three metres, in compliance with the legal regulation in Indonesia.

Wilmar endeavours to be a socially responsible company and will only carry out development on lands upon obtaining consensus from all concerned stakeholders.

ENVIRONMENTAL SUSTAINABILITY

At Wilmar, operating in an environmentally sound manner makes good business sense and underscores the Group's commitment to environmental sustainability.

Responsible business practices help to mitigate negative environmental impact and deliver on environmental longevity, which is desired by all stakeholders. Furthermore they also provide cost-efficiency in terms of energy self-sufficiency, reduction in pesticide and inorganic fertiliser use, and optimisation of yield gains, thereby enhancing returns to the company.

This two-pronged benefit drove some of Wilmar's sustainability initiatives in 2007.

Conservation

Wilmar upholds a policy of enhancing and maintaining flora and fauna species, and uses a flexible menu of conservation practices to protect natural habitats that are found to be rich in biodiversity.

The Group has committed to conducting high conservation value forest (HCVF) assessments before commencing any new plantation development activities. HCVF is defined as forests of outstanding and critical importance due to their high environmental, socio-economic, cultural, biodiversity or landscape value (as defined by the Forest Stewardship Council). The results of the HCVF assessments will be fully incorporated into management plans for plantation development.

A case in point is the collaboration with WWF Indonesia. Through Wilmar's subsidiary, PPBOP, a Memorandum of Understanding was signed with WWF Indonesia in 2007 to conduct HCVF assessments in some of its plantations in Indonesia. The objective of this assessment was to provide the Company with awareness on the conservation potentials (including rare flora and fauna species as well as historical/cultural sites) in its plantation areas, and make recommendations to maintain and protect these storehouses of tropical biodiversity.

Wilmar has also established buffer zones and riparian reserves between forests, major rivers and the plantations in some of its areas. To safeguard the sanctity of wildlife residing in these green zones against potential threats, the Group has honorary wildlife game wardens with full police power and authority to deal with illegal poaching activities.

Additionally, Wilmar is looking to develop wildlife corridors to enable seasonal wildlife migration between biodiversity areas and other natural habitats.

The Group has also implemented broader measures in educating and training Wilmar's plantation personnel and contractors on conservation, including HCVF management concepts and practices to stop illegal wildlife trade and game meat consumption.

Protecting the environment to preserve biodiversity

Water Quality

Wilmar monitors and treats all effluent and wastewater. Wastewater generated from its milling operations contains organic materials from the crushing of palm fruits. The organic content of the wastewater is then reduced as the water passes through various processes, relying on the natural activities of anaerobic and aerobic bacteria to break down organic materials. This eliminates the need to add chemicals before the water is discharged. Such a treatment process enables the mill to meet all stringent national legal standards.

The Group also uses effluent water for land irrigation and fertiliser, thus enabling it to conserve water and reduce the need for additional fertiliser application on its palm trees.

Greenhouse Gas Emissions and Energy Efficiency

Wilmar is constantly seeking to mitigate its greenhouse gas (GHG) emissions. The Group has three Clean Development Mechanism (CDM) projects registered with the United Nations Framework Convention on Climate Change (UNFCCC) which are already generating carbon credits in the form of Certified Emission Reductions (CERs). These projects include biomass energy plants which use waste products and biomass such as empty fruit bunches, shells and mill fibre instead of fossil fuels. These projects displace electricity from the national grid, local grid and diesel-fired plant generators by replacing existing systems and generating "carbon-neutral" electricity.

Several more projects are in progress – in the Group's palm oil mills – to reduce methane emissions from anaerobic palm oil effluent ponds by trapping the greenhouse gas and utilising it for power generation.

Wilmar is committed to enhancing energy efficiency in all areas of our operations and mitigating GHG emissions by means of clean energy wherever possible, and will continue to invest in projects that reduce the Group's carbon footprint.

SOCIAL STEWARDSHIP

Wilmar believes that business success can only be achieved if the local communities grow in tandem with its own growth. As such, the Group is committed to establishing progressive and sustainable communities wherever it operates. This commitment is reflected in Wilmar's participation in multi-faceted programmes and multi-stakeholder initiatives, including our adherence to the United Nations Global Compact.

Land Tenure and Development

Land rights and tenure agreements in Indonesia, reflecting the imposition of Western tenure systems on existing customary systems, have had a significant influence on how natural resources are controlled by the state and indigenous communities. Conflict over land in Indonesia has increased as a consequence of the contradiction between these systems. Official regulations and engagement procedures concerning the status of the land are not always clearly defined. Licensing processes are heavily de-centralised and involve multi-stakeholder approvals where requirements may also vary. Issues relating to land approval processes and land security are a concern for the sector and for directly affected communities.

Although land rights and tenure in Indonesia remain ambiguous, Wilmar will work to ensure that all mutual agreements with communities and individuals in Indonesia are clearly defined, documented and legally established, thus demonstrating clear evidence of long-term land use rights for its land.

Wilmar has a policy to not develop oil palm in areas where local communities are not supportive, are divided or where they dispute development. In areas where the Group's presence is welcome, and communities are happy with the benefits it may bring, Wilmar will continue to play an active role in enhancing socio-economic development, especially through employment and plasma small-holder schemes.

As a matter of policy:

- Wilmar will not threaten or diminish, directly or indirectly, the resources or tenure rights of local communities. Wilmar diligently strives to ensure that it is using land to which it has a legal right and in which the country's government recognises the Group as the rightful entity to manage the land in question.
- If there are land disputes, Wilmar seeks to resolve them. Fair compensation will be provided to local communities in the event of loss or damage affecting legal or customary rights, property, resources or livelihoods. Wilmar will endeavour to undertake all measures to help avoid such loss or damage.

The Group seeks to negotiate directly with individual landowners and local community leaders. This entire process is witnessed by local officials, and is documented by the Group. Wilmar pays statutory compensation to the local community leaders for existing crops, together with a full notarisation of agreements documenting ownership of land rights. Aside from monetary compensation, the Group also offers employment that enables the villagers to earn a long-term income.

In cases where the local occupants are unwilling to give up their land, those areas will be delineated as social enclaves for community use.

In Malaysia, where there is identifiable land title and where companies develop with proper ownership, land compensation is not normally applicable. As part of the acquisition process, Wilmar negotiates directly with land owners. And where there is any compensation to be paid, it is done on a voluntary basis.

The Group is also constantly looking at ways to enhance the effectiveness of its Land Claims Resolution system by using an inclusive multi-stakeholder approach, working closely especially with local civil society organisations.

Education

Wilmar recognises that education holds the key to a better future. To this end, the Group works with the Humana Child Aid Society of Sabah to provide education to children of migrant – primarily Indonesian – workers who are otherwise excluded from Malaysia's education system.

This initiative is operated by the Humana Child Aid Society of Sabah and is financially and logistically supported by Wilmar. The education system is based on the Malaysian curriculum with the integration of Indonesian subjects to help the children of Indonesian migrant workers. This enables a smoother integration into mainstream societies, whether the children stay in Malaysia or return home to Indonesia.

The first Humana-Wilmar school opened in May 2007, and within a short span of a few months three more schools were established. To date, these four schools have benefited more than 400 children. Apart from providing free education, Wilmar also subsidises uniforms, books and food for each child every year.

Further to this programme, Wilmar also builds schools, awards scholarships, and provides education materials and honoraria to teachers.

In China, Wilmar's social investments focus on capacity empowerment through education. Recognising that basic education is still out of the reach of the rural poor, Wilmar seeks to increase educational access and quality for the disadvantaged and the marginalised through the establishment of the Yihai Kerry Trust Fund, and an education programme initiative, Wilmar Education Aid Programme.

In 2007, the Yihai Kerry Trust Fund contributed about US$1.5 million to support various educational initiatives, including the extensive nationwide education campaign Project Hope. The trust fund has donated US$5.7 million since its inception in 2004.

Community empowerment through education

Beyond monetary resources, Wilmar actively involves itself in enhancing the performance of educational systems in China. To this end, Wilmar, as part of the Wilmar Education Aid Programme, set up management committees in beneficiary schools to help improve financial management, educational curriculum and overall administration. In addition to financial support for under-privileged students, the programme also implemented a rounded education curriculum that encompasses a variety of fields and disciplines, including sports, music and the arts, and information technology.

The aspirations of the Programme have also inspired many Wilmar employees to contribute voluntary services: time, money and resources to the network of schools under this Programme. The Programme endeavours to finance and manage 100 rural schools in the next 10 years to elevate the quality level of both the schools and students.

These projects are in line with the UN's millennium goal of basic education for all children.

Corporate Social Responsibility

Local communities are provided with free medical care

Small-holder Programme

Wilmar is actively involved in an Indonesian Government project known as the Plasma Scheme, designed to assist small-holders to become independent plantation growers in Indonesia. This scheme was conceived as an integral part of the government's resettlement programme through which Indonesians from more densely populated areas transmigrate to start a new life in the less populated islands.

While the scheme is initiated by the government to give transmigrant families the opportunity to gain title to oil palm plantation land, Wilmar further supports this initiative by training the communities on plantation management practices to steer them away from illegal logging, as well as slash and burn activities.

Wilmar also introduced a similar scheme in Malaysia. In November 2007, the Group handed over more than 1,600 hectares of oil palm plantation – out of the 7,500 hectares of land available for planting in Sugut, within the State of Sabah – to the local government for a small-holder palm project. This initiative between the private sector and the state government to promote entrepreneurship and enhance socio-economic development under the small-holder oil palm cultivation scheme is the first of its kind in the industry in the State of Sabah, Malaysia. Wilmar has invested about US$6 million to develop the project and it was valued at more than US$15 million by the time the land was presented to the small-holders.

Health Welfare

Wilmar views health and education as instrumental to a society's advancement. In all of its plantations, Wilmar has set up clinics, complete with doctors and nurses; and in some of its plantations, the Group has mobile medical units on stand-by for emergency cases.

Wilmar also makes available a range of free medical care, including the provision of immunisation against chicken-pox, and circumcision services. Furthermore, the Group helps train local women as mid-wives.

A plan is underway to construct hospitals that not only attend to the needs of Wilmar's employees, but serve the local communities as well.

Cottage Industry Support

Wilmar supports the cottage industry by providing local villagers the opportunity to start small businesses with seed capital and skills training. In some cases, the Group even imparts business management and product marketing know-how. In return, these small and medium enterprises provide peripheral services and support to Wilmar's operations.

Social Infrastructure

Real development and progress of communities go beyond material fulfilment. Wilmar responds to various local needs by developing solid social infrastructure that provides a more complete and conducive living space for its neighbours.

This includes the building, maintenance and renovation of bridges, roads, and places of worship and facilities for community functions such as community and sports halls.

There are also plans to build additional water treatment plants to provide clean drinking water to the surrounding communities.

Employee Well-being

The driving force behind Wilmar's success is its people. That is why the Group continuously seeks ways to improve its services and support its employees.

Recognising that adequate protein intake is important to a balanced diet, Wilmar seeks to improve the nutrient requirements of its employees by providing them with a cheaper source of protein in the form of beef, through its cattle-breeding programme.

Cattle-breeding programme

In flood-prone areas of its operations, where oil palm cultivation is not suitable, Wilmar has converted the land to paddy fields for rice cultivation; with the produce sold to employees at subsidised rates. Such an initiative is also aligned with the local Government's call for less dependence on imported rice.

Buffaloes ease the load of harvesting activities and therefore increase the harvesters' productivity. This in turn increases the harvesters' revenue. As such, Wilmar has embarked on a buffalo-breeding programme which enables harvesters to purchase the buffaloes at subsidised rates. Through this programme, the harvesters have significantly increased their work productivity, and correspondingly, their income as well.

Wilmar's welfare programme was further enhanced with a personal dimension. In China, Wilmar has assisted with the medical fees of employees suffering from serious illness. Similarly, the Group has extended support to family members of some of its employees.

MOVING FORWARD

Wilmar's commitment to responsible business management and sustainability is firm and ongoing, and the Group will continually seek to improve its operational processes, both in terms of enhancing economic value for its shareholders, and its corporate social responsibility on all fronts.

The first of many steps will be the internalisation and implementation of RSPO standards in Wilmar's oil palm plantations. The Group will pursue RSPO Certification for all its plantation operations, and this will take place in stages. Within Wilmar's area of influence, the Group will promote and encourage its business and small-holder partners to adopt the same industry best practices.

With commitment towards a shared goal and concerted efforts from all stakeholders of the palm oil value chain, Wilmar believes sustainability of palm oil is attainable while still meeting the world's growing demand for this product.

To this end, the Group will continue to strive to exemplify the very best practices in environmental sustainability and social responsibility.

Human Capital Management

The Group now includes the Kuok Group's palm plantation, edible oils, grains and related businesses. Group staff strength has increased threefold to over 67,000 employees across more than 20 countries worldwide. One of the major tasks in 2007 was to bring together and refocus this diversity into a single team sharing one goal – to be a world-leading agribusiness group.

To this end, Wilmar initiated some key measures in the year to align goals, foster bonding and teamwork throughout the Group.

Harmonising across Borders

Wilmar is committed to investing in its people. In order to support its business growth, the challenge ahead is to apply consistent human capital management policies across the enlarged Group. This is to create transparency and identify talent from different locations. Among the key measures taken was the implementation of a Common Staff Appraisal and Cross Ranking System which will be adopted by all companies in the Group in 2008. The new system will increase transparency and accuracy in appraisal, foster team work and integrate subsidiaries and Head Office operations into a close-knit network. Training sessions and workshops have been conducted for its operations in Europe, Vietnam, the Philippines, Indonesia and Malaysia on the new system.

Improving Workflow

In the year in review, a developmental milestone was achieved in China with the delivery of the IT-based Knowledge Management System (KMS) work flow to over 2,000 users there. In a phased approach, general and sales administration activities have been implemented. Next, the KMS work flow will be expanded to cover Human Resource functions such as appraisal, survey and voting. Further functionality will be built on top of the KMS system. In 2008, other countries outside of China will be targeted to implement this comprehensive system.

Enhancing the Bonding Process

Besides addressing physical workflow systems, Wilmar has also endeavoured to integrate its people so that they view each other as colleagues and new team mates. As part of the cultural integration process, there were special activities organised during the year to engage the staff so as to foster greater understanding and promote camaraderie. A dinner function was held early last year for the employees, and other recreational activities, such as bowling, provided a welcome opportunity for staff to interact outside of the office.

Growing Together

Wilmar recognises all employees as highly valued members, vital to the growth and progress of the organisation. More than ever, the enlarged Group provides learning opportunities, responsibilities and promotional possibilities. To match employees to these opportunities, the Group strives to formulate development plans for employee growth and advancement into roles that maximise employee capabilities and competence to deliver value.

Career enrichment within the Group included short and long-term overseas assignments across various business units in different geographical locations. Job rotation and internal transfers were also arranged for employees to expand their knowledge base.

Keeping the Workplace Safe

The Group pays careful consideration to the safety of its employees at the workplace. With the Group's rapid expansion, it has been a priority to establish and maintain global health and safety standards across all entities. Training courses and programmes were conducted on a regular basis. The Group aims to foster greater awareness of occupational health and safety risks, and inculcate stringent health and safety practices amongst staff in its operations.

Wilmar recognises that skilled and motivated people are central to the success of the organisation. Going forward, the Group will strive to create an engaging and dynamic environment for its employees.

Risk Management

Overview

Risk management forms an integral part of Wilmar's business strategy development. The scope and depth of the Group's agribusiness activities starts from the origination of raw materials to processing and manufacturing of consumer-ready products for the end customer. This exposes the Group to different types of market, operational and credit risks at each stage of the value chain, including changes in commodity prices, foreign currency exchange rates and interest rates.

To ensure a sound system of internal control, the Board has established a risk management framework for Wilmar and its subsidiaries. These procedures are intended to provide an ongoing process to identify, quantify, monitor and control risks faced by the Group. The day-to-day management of these procedures is monitored by an experienced risk management team to reduce the risk exposure of the Group.

This risk management process is subject to regular review to match changing business conditions. Improvements that are identified are adopted and implemented where appropriate and necessary.

Commodity Price Risk

Commodity price risk is determined from short-term factors such as weather and competition from substitution products or from longer term factors such as government policies or global demographic changes. Commodity prices can and do fluctuate based on these combined factors.

The Group is exposed to commodity price fluctuations because sale and purchase commitments do not normally match at the end of each business day. To manage such risks, Wilmar generally uses forward physical and/or derivative contracts.

Foreign Exchange Risk

Foreign exchange risk refers to the exposure arising from movements in foreign currency exchange rates, especially when conducting business in multiple currencies.

The majority of Wilmar's exported products are quoted in US dollars (USD), while local sales, purchases and costs of operations are mainly denominated in the local currency.

The Group manages its foreign currency exposures by constructing natural hedges when it matches sales and purchases in any single currency or through financial instruments, such as foreign currency forward exchange contracts. The primary purpose of the foreign currency forward exchange contract is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business.

However the Group may still be exposed to foreign exchange risk to the extent that the natural hedges and/or financial instruments do not completely cover the Group's exposure in any particular foreign currency, or where the Group has managed its open position in any currency.

Interest Rate Risk

Interest rate risk refers to the exposure on interest rate fluctuation on the Group's working capital financing. Wilmar's interest expense may vary depending on the stock holding period assumed at the time of entering into the transaction versus the actual time taken to deliver the physical product and realize the proceeds of sale from the end-customer. The Group uses mainly short-term banking facilities to fund its operations and most of its borrowings are transaction-related.

Accordingly, interest expense is dependent on the volume of transactions and the stock holding period, and it is subsequently priced into the products. As such, short-term interest rate movements have minimal impact on the net contribution margin.

For long-term borrowings, Wilmar may enter into interest rates swap contracts to manage its interest rate risk.

Credit Risk

The majority of the Group's export sales require letters of credit from its customers or cash against the presentation of documents of title. For domestic sales, the Group conducts business on cash terms or may grant its customers credit terms, where appropriate.

Wilmar evaluates new customers' credit worthiness by considering their financial standing, operating track record and conduct background checks through its industrial contacts. Based on information gathered, Wilmar will decide on the actual credit terms and limits to be granted. As a practice, the Company will usually require a letter of credit or conduct cash sales for sales to new customers.

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

Risk Governance

Wilmar's risk governance structure comprises three levels, namely:

- The Risk Management Committee at the Board level;
- The Executive Risk Committee; and
- Risk management by the respective heads of the merchandising team for palm and laurics, and oilseeds and grains.

The Board-level Risk Management Committee is chaired by the Lead Independent Director and is charged with:

- 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 risk management framework that is designed to safeguard shareholders' investment and the Group's assets, by its nature can only manage rather than eliminate the risk of failure to achieve business objectives. Inherently, the framework can only provide reasonable and not absolute assurance against material misstatement or loss.

The Executive Risk Committee comprises Executive Directors. Its responsibilities include, amongst others, the monitoring and improvement of the overall effectiveness of its risk management system, the review of trade positions and limits to manage overall risk exposure.

The respective heads of the merchandising teams for palm and laurics, and oilseeds and grains are responsible for monitoring the merchandising of palm and laurics or oilseeds and grains, as appropriate, as well as adherence with the trading policies and limits set by the Risk Management Committee and the Board.

To ensure proper segregation of authority and responsibility to achieve effective governance and oversight, the Group has a Middle Office independent of the front and back office. The Middle Office is responsible for the capture and measurement of Group-wide risks, as well as monitoring for limit breaches. The Middle Office circulates a daily risk exposure report, which is reviewed by the Executive Risk Committee for any significant risk issues. The Middle Office also sends out regular risk alerts to the merchandising team, Executive Risk Committee and/or Risk Management Committee when risk exposure is seen to be reaching trigger levels.

The documented risk management policy clearly defines the procedures for monitoring, controlling and reporting risk in a timely and accurate manner. The Company has also implemented 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 if all unsecured trading and operations across all products and geographical regions materialize at the same time. The risk tolerance threshold is based on a percentage of shareholders' funds, and/or the budgeted annual operating profit, after taking into account, inter alia, the Board's view on the overall production capacity of refining and processing operations, the prices (and price trend) of raw materials, its overall view of the market upon which trading activities take place, the track record of management in managing its risk exposures in the prior period, and the financial budgets including projected sales volumes and turnover.

Risk Management Review

In 2006, the Group had engaged an independent consultant, Deloitte & Touche Enterprise Risk Services Pte Ltd to undertake a risk management review. Recommendations made by the consultant to strengthen the risk management process were implemented where necessary.

Subsequently, the Group engaged Deloitte & Touche Enterprise Risk Services Pte Ltd to conduct a separate risk management review in 2007 to review the edible oils (in particular, soybean) business within the enlarged group to identify any gaps within the underlying hedging and risk management processes, and to recommend steps to enhance them.

Corporate Governance

The Company is fully committed to maintaining high standards of corporate governance in accordance with the principles set out in the Code of Corporate Governance 2005 (Code) and the guidelines contained in the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited. This report sets out the practices adopted by the Company.

PRINCIPLE I
The Board's Conduct of its Affairs

The Board sets the overall business direction of the Group, with particular focus on business expansion and synergies. The Board reviews the strategic plans, business development proposals and risk management policies of the Group directly or through the respective committees. The Board manages the Group in the best interest of shareholders as well as the interest of other stakeholders and pursues the continual enhancement of the long-term shareholder value.

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
- Providing oversight by identifying the principal risks that may affect the Group's businesses and ensuring that appropriate systems to manage these risks are in place.

The Board had convened four meetings during the financial year. As provided in the Company's Articles of Association, directors may convene Board meetings by teleconferencing and videoconferencing. To assist the Board in executing its duties, the Board has delegated specific functions to the following Board committees:

1. *Executive Committee*

The Executive Committee (Exco) manages the business operations of the Group within the parameters prescribed in its terms of reference approved by the Board. The Board has revised the terms of reference to enable the Exco to effectively manage the enlarged Group following the completion of the major merger and acquisition exercises in mid 2007 (Merger). The members of the Exco are Mr Kuok Khoon Hong (Chairman), Mr Martua Sitorus, Mr Kwok Kian Hai, 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 with the oversight of the Senior Management's delegated responsibility in the following functions:

- Drawing up the Group's annual budget and business plan for the Board's approval;
- Carrying through business strategies as approved in the annual budget and business plan;
- 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. As part of the Company's corporate governance practices, all Directors are invited to attend all AC meetings. The AC meets at least four times annually. Details of functions of the AC are found in Principle 11 of this report.

3. *Risk Management Committee*

The Risk Management Committee (RMC), is chaired by Mr Yeo Teng Yang, the Lead Independent Director, with Mr Kuok Khoon Hong and Mr Leong Horn Kee as members. The RMC meets no less than four times a year. RMC also conducts informal meetings to review reports that require in-depth discussions.

One of the principal tasks of the RMC is to review, on a regular basis, policies and guidelines in relation to effective risk management as well as risk reports that monitor and control risk exposures. 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.

The risk management policies for the Group have been reviewed and re-aligned to better manage the risk profile of the enlarged entity following the completion of the Merger.

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 has written terms of reference that describe the responsibilities of its members. The NC meets at least once a year.

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, a majority of whom are Independent Directors. Details of the role of RC are set out in Principle 7 of this report.

The Directors' attendance at Board and Board Committee meetings during the financial year ended 31 December 2007 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	**Attendance**	**Member Attendance**	**Member Attendance**	**Member Attendance**	**Member Attendance**
Executive Directors					
Kuok Khoon Hong *(Note 1)*	4/4	NA	4/4	1/1	1/1
Martua Sitorus	4/4	NA	NA	NA	NA
Kwok Kian Hai *(Note 2)*	2/4	NA	NA	NA	NA
Chua Phuay Hee	4/4	NA	NA	NA	NA
Teo Kim Yong	4/4	NA	NA	NA	NA
Lee Hock Kuan *(Note 2)*	2/4	NA	NA	NA	NA
Non-Executive Directors					
Kuok Khoon Ean *(Note 3)*	2/4	NA	NA	NA	NA
William Henry Camp *(Note 4)*	2/4	NA	NA	NA	NA
Yu Hung Yen, Stephen – alternate to William Henry Camp *(Note 5)*	1/4	NA	NA	NA	NA
Independent Directors					
Yeo Teng Yang	4/4	4/4	4/4	1/1	NA
Leong Horn Kee	4/4	NA	4/4	1/1	NA
Tay Kah Chye	4/4	4/4	NA	NA	1/1
Kwah Thiam Hock	4/4	4/4	NA	1/1	1/1

Note 1: Mr Kuok Khoon Hong stepped down as a RC member on 2 July 2007.

Note 2: Mr Kwok Kian Hai and Mr Lee Hock Kuan attended all Board meetings since their appointment as Executive Directors of the Company on 2 July 2007.

Note 3: Mr Kuok Khoon Ean, a nominee of Kuok group of companies, was appointed a Non-Executive Director and a RC member on 2 July 2007. Mr Kuok attended all Board meetings since his appointment.

Note 4: Mr William Henry Camp, a nominee of Archer Daniels Midland Company, has resigned on 31 December 2007. Mr John Daniel Rice was appointed a Non-Executive Director on 1 January 2008 in place of Mr Camp.

Note 5: Mr Yu, an alternate director to Mr Camp, was authorized to attend Board meetings in his absence. He resigned on 31 October 2007.

The Company arranges its legal advisors to brief all newly appointed Directors on their duties and obligations. In addition, the Senior Management regularly briefs and familiarises Directors on the business activities of the Company. Directors are also given the opportunity to visit the Group's operational facilities and meet with the Management to gain better understanding and update of the Group's business operations.

PRINCIPLE 2

Board Composition and Guidance

The Board currently has twelve members comprising six Executive Directors and six Non-Executive Directors of whom four (representing one third of the Board composition) are considered Independent. The criterion of "Independence" is based on the guidelines under the Code. The Board considers an "Independent" director as one who has no relationship with the Group which may interfere with the exercise of the directors' 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 Senior 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 is of the view that the current board size complies with the Code and that its size 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, with strong leadership and vision, has taken the Group to new heights in its global business expansion through the acquisition of related businesses in 2007. Mr Kuok is instrumental in growing the business of the Group into one of Asia's largest agribusiness group. He is overall in-charge of the management and strategic operations of the Group and all strategic and major decisions made by him are reviewed and approved by the Board.

The Chairman and CEO leads the Board and ensures that the Directors receive adequate and timely information to enable them to be fully cognizant of the affairs of the Group. He fosters effective communication and solicits contributions from the Board members to facilitate discussions on matters to be approved by the Board.

The roles of the Chairman and CEO are not separate as there is adequate accountability and transparency as reflected by internal controls established within the Group. The single leadership structure ensures that decision-making process for seizing good growth prospects for the Group would not be unnecessarily impeded. With Mr Yeo Teng Yang's role as the Lead Independent Director, who avails himself to address shareholders' concerns and acts as a counter balance to the decision making process, the Board is of the view 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-election of directors in accordance with the Company's Articles of Association.
3. To determine annually whether a director is "Independent", guided by the independent 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 during the year were approved by way of written resolutions based on the recommendation of the NC.

During the financial year, the Board has upon the recommendation of the NC appointed three new Directors following the completion of the acquisition of various related business groups and a new Director in place of another Director who has resigned.

Under the Articles of Association of the Company, one third of the directors, except for the Managing Director (or any equivalent appointment, howsoever described), are required to retire by rotation at least once every three years and are subject to re-election by the shareholders at the annual general meeting (AGM). Newly appointed 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.

Messrs Martua Sitorus, Chua Phuay Hee and Teo Kim Yong who are retiring by rotation in accordance with Article 104 have been nominated for re-election at the forthcoming AGM.

Messrs Kuok Khoon Ean, Kwok Kian Hai, Lee Hock Kuan and John Daniel Rice, who were appointed as Directors after the last AGM, have submitted themselves for re-election at the forthcoming AGM.

The NC is satisfied that the four Directors, namely Messrs Yeo Teng Yang, Leong Horn Kee, Tay Kah Chye and Kwah Thiam Hock have no existing relationships with the Group and are considered independent in accordance with the guidelines under the Code.

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 assesses the Board's performance as a whole based on objective performance criteria annually. In appraising the Board's effectiveness, the evaluation is based on factors including the Board's understanding on the Group's business operations, development of strategic directions and the effectiveness of Board meetings to facilitate discussion and decision on important, critical and major corporate matters. The collated findings are reported and recommendations are made to the Board for consideration and for further improvements to help the Board to discharge its duties more effectively.

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

PRINCIPLE 6
Access to Information

The Board is informed of all material events and transactions as and when they occur. All 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 Senior Management of the Group at all times. Requests for information from the Board are dealt with promptly by the Senior Management.

The Board is provided with complete, adequate and timely information prior to Board meetings. The Company Secretary attends all Board meetings and is responsible to ensure that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary works together with the management staff of the Company to ensure the Company complies with all relevant rules and regulations.

PRINCIPLE 7
Procedures for Developing Remuneration Policies

The RC has been delegated the authority to review and recommend to the Board on remuneration policies and packages for the Directors and key executives of the Group. The aim is to build capable and committed management teams, through competitive compensation, focused management, and progressive policies which can attract, motivate and retain a pool of talented executives to meet the current and future growth of the Company. It is also responsible for the administration of the Company's Share Option Scheme which was established on 30 June 2000 in accordance with the rules as approved by shareholders. In discharging their duties, the members have access to advice from the human resources department and external advisors as and when it deems necessary. To ensure that the remuneration package is competitive and sufficient to attract, retain and motivate key executives, the RC also takes into consideration industry practices and norms in the compensation review.

PRINCIPLES 8 & 9
Level and Mix of Remuneration & Disclosure on Remuneration

Remuneration of Directors

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2007 is as follows:

Name of Directors	Directors' Fee (%)	Salary (%)	Benefits (%)	Variable Bonus (%)	Total (%)	Remuneration Band
Executive Directors						
Kuok Khoon Hong	Nil	30%	2%	68%	100%	S$1,500,000 to S$1,750,000
Martua Sitorus	Nil	30%	–	70%	100%	S$1,500,000 to S$1,750,000
Teo Kim Yong*	Nil	46%	2%	52%	100%	S$ 750,000 to S$1,000,000
Chua Phuay Hee*	Nil	49%	–	51%	100%	S$ 750,000 to S$1,000,000
Kwok Kian Hai	Nil	85%	1%	14%	100%	S$ 500,000 to S$ 750,000
Lee Hock Kuan*	Nil	85%	1%	14%	100%	S$ 500,000 to S$ 750,000
Non-Executive Directors						
Kuok Khoon Ean	Nil	–	–	–	–	Not applicable
William Henry Camp	Nil	–	–	–	–	Not applicable
Yu Hung Yen, Stephen	Nil	–	–	–	–	Not applicable
Independent Non-Executive Directors						
Yeo Teng Yang	100%	–	–	–	100%	S$250,000 and below
Leong Horn Kee	100%	–	–	–	100%	S$250,000 and below
Tay Kah Chye	100%	–	–	–	100%	S$250,000 and below
Kwah Thiam Hock	100%	–	–	–	100%	S$250,000 and below

Note *On 7 December 2007, Wilmar Holdings Pte Ltd, a controlling shareholder of the Company, awarded a one-time grant of Wilmar International Limited shares (shares) to employees, including Mr Teo Kim Yong (1,000,000 shares), Mr Chua Phuay Hee (250,000 shares) and Mr Lee Hock Kuan (75,000 shares), for their 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 quoted on the Singapore Exchange on 7 December 2007 was S$4.58.

Directors' fees in respect of the financial year ended 31 December 2007 are subject to approval by shareholders at the forthcoming 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 2007.

Remuneration of Key Executives

The remuneration of the Company's top five key executives takes into account the pay and employment conditions within the industry and is performance-related. The Company is of the opinion that it is not in the best interest of the Company to disclose the 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, public and the regulatory authorities in providing a balance and comprehensive assessment of the Group's performance and prospects. The Management is accountable to the Board and presents to the Board the Group's financial results and the AC for review and approval. Both the Board and the Management will continually strive towards delivering maximum sustainable value to the shareholders of the Company.

Shareholders are provided with quarterly results available through the SGX-ST website and the Company's latest events and information are posted on its website.

PRINCIPLE 11
Audit Committee

The operations of the AC are regulated by its charter. The Board is of the opinion that the members of the AC have sufficient accounting, financial, management expertise or experience to discharge their duties.

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 auditor 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 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 financials;
- 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 the 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;
- The reporting on Interested Person Transactions to ensure that current procedures for monitoring of Interested Person Transactions had 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; and
- The risk management procedures and findings on the risk management audit conducted by Deloitte & Touche Enterprise Risk Services Pte Ltd in relation to the new businesses acquired by the Company through the Merger.

The AC has recommended to the Board the re-appointment of Ernst & Young 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 carried out internal audit reviews and performed checks and compliance tests of the Group's systems of internal control, 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 are no material loss or financial misstatement, assets are safeguarded, proper accounting records are maintained, and financial information used with the business and for publication is reliable. The Board notes that no system of internal control could 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 equally informed of all major developments impacting the Group. All shareholders of the Company are entitled to receive annual reports and notices of general meetings. Shareholders are given the opportunity to voice their views and ask Directors questions regarding the Company.

Regular updates on information about the Company are released through the SGX network.

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 financial year ended 31 December 2007 are set out below:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the period 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$100,000)
	FY2007 US$'000	FY2007 US$'000
Archer Daniels Midland Group	9,600	3,568,118
Wilmar International Holdings Limited	NIL	895
Wilmar Holdings Pte Ltd Group	NIL	1,453,791
Kuok Khoon Ean's Associates	19,278	NIL
Martua Sitorus' Associates	540	37,544
Kuok Khoon Hong's Associates	193	241
PPB Group	14,286	NIL

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 or, if not then subsisting entered into since the end of the previous financial year ended 31 December 2006.

Financial Report

OVERVIEW

For the financial year ended 31 December 2007, the Group's net profits rose by 168.8% to US$580.4 million, from US$215.9 million in 2006. Revenue more than doubled to US$16.5 billion from a year ago, reflecting the growth in the sales volume and impact from the merger.

This was achieved with all key business segments performing strongly on the back of high commodity prices, growing demand for the Group's products and improved operating trends. Strong earnings were reported in all four quarters, with the second half of the year trending up to new highs as the positive financial effects of the merger were recorded.

Included in the results was a non-recurring charge of US$61.5 million in respect of shares granted by Wilmar Holdings Pte Ltd ("WHPL"), a controlling shareholder of the Company to long serving staff. Whilst this was incurred by WHPL, in accordance with FRS 102 Shared-based Payment, it has to be treated as a charge for the Group with the corresponding entry going to the capital reserve, resulting in no change to the shareholders' equity.

Other non-operating items included in the reported results were a charge of US$12.5 million relating to convertible bond expenses and a net gain of US$88.5 million (after tax) from the changes in fair value of biological assets.

The Group successfully raised US$600 million through the issue of convertible bonds in December 2007, further strengthening its liquidity position and thereby recording a positive net cash flow of US$446 million for the year.

Shareholders' equity rose to US$7.8 billion, as a result of strong earnings and share capital increase with 3.8 billion shares issued for the merger and acquisition.

The Board of Directors is recommending a final dividend of SGD2.6 cents per share for ordinary shareholders, which amounted to an estimated total net dividend of US$116 million.

MERGER AND ACQUISITION

The Group's major merger and restructuring exercise announced in December 2006, was completed in June 2007.

The Group announced on 14 December 2006 the proposed merger with the Kuok Group's palm plantation, edible oils, grains and related business comprising Kuok Oils & Grains Pte Ltd ("KOG"), PGEO Group Sdn Bhd ("PGEO") and PPB Oil Palms Berhad ("PPBOP") – "KG Acquisitions". Separately in another announcement on the same day, the Group acquired the edible oil, grains and related businesses of WHPL, a controlling shareholder of the Company, including interests held by Archer Daniels Midland Asia Pacific and its subsidiaries – "IPT Assets".

With the exception of the IPT assets which were accounted for using the pooling-of-interest method, the KG acquisitions were accounted for using the purchase method.

Accordingly, the full year's results included seven months' results of PGEO & PPBOP; six months' results of KOG and twelve months' results of IPT Assets.

For FY2006, Group consolidated results have been restated to include the results and cash flow of the IPT Assets.

SEGMENT ANALYSIS

The Group is today Asia's leading agribusiness group. Its business activities include oil palm cultivation, edible oils refining, oilseeds crushing, consumer pack edible oils processing and merchandising, specialty fats, oleochemicals and biodiesel.

The principal activities of the Group by segments are as follows:

- Merchandising and Processing
  - ❖ Palm and Laurics – comprises the Merchandising and Processing segment on palm and laurics (same as pre-merger, except that it now extends beyond Indonesia and Malaysia).
  - ❖ Oilseeds and Grains – this segment replaces the pre-merger Merchandising and Refinery, soyabean and soyabean meal sub-segment. It comprises sales of soyabean meal, soyabean oils and other oilseeds and grains from the crushing and merchandising operations of soyabeans, as well as other oilseeds and grains (mainly in China).
- Consumer Products – comprises the consumer packed bottled oil business mainly in China, Vietnam and Indonesia.
- Plantation and Palm Oil Mills – refers to the Plantation and Palm Oil Mills in Indonesia (same segment as pre-merger), except it extends to Malaysia.
- Others – comprises revenue from fertiliser, shipping, etc.

	FY2007 US$'000	**FY2006*** US$'000
Revenue		
– Merchandising & Processing	**15,177,439**	6,691,768
Palm and laurics	***10,010,400***	*3,610,962*
Oilseeds and grains	***5,167,039***	*3,080,806*
– Consumer Products	**2,816,489**	221,397
– Plantation and Palm Oil Mills	**839,707**	383,005
– Others	**467,540**	208,691
Elimination	**(2,835,024)**	(488,860)
Total revenue	**16,466,151**	7,016,001
Profit before tax		
– Merchandising & Processing	**442,517**	199,370
Palm and laurics	***252,516***	*95,122*
Oilseeds and grains	***190,001***	*104,248*
– Consumer Products	**105,299**	6,849
– Plantation and Palm Oil Mills	**284,571**	54,940
– Others	**15,065**	3,912
– Share of results of associates	**59,798**	37,935
– Unallocated expenses #	**(77,457)**	(14,304)
Total profit before tax	**829,793**	288,702

* *Year 2006 consolidated figures have been restated to include IPT Assets.*

\# *Unallocated expenses includes shares grant expenses of US$61.5 million, expenses pertaining to convertible bonds US$12.5 million and US$3.5 million legal and other expenses in respect of the IPT acquisition.*

SEGMENT ANALYSIS (continued)
The Group's revenue for FY2007 increased by 134.7% to US$16.5 billion, buoyed by the high commodity prices and higher sales volume from all segments.

Profit before tax was up 187.4% to US$829.8 million from US$288.7 million a year earlier, on the back of significantly higher volumes and improved margins from all business segments.

The Group's segment contributions reflect a well diversified business model as analysed below.

Merchandising & Processing contributed 56.4% to the Group's pre-tax profit (Palm and Laurics 32.2% and Oilseeds and Grains 24.2%), Consumer Products contributed 13.4% and Plantation & Oil Mills contributed 20.6% (excluding the gain of US$123.5 million from change in fair value of biological assets) whilst the remaining contributions were from Others segment and share of results of associates.

Sales Volume (Metric Tonnes – MT)

	FY2007 MT'000	**FY2006*** MT'000
Merchandising & Processing		
– Palm and laurics	**13,407**	7,915
– Oilseeds and grains	**10,834**	8,135
	24,241	16,050
Consumer Products	**1,783**	340

* *Year 2006 sales volume figures have been restated to include IPT Assets.*

Merchandising & Processing – Palm and Laurics
Sales volume and revenue rose 69.4% and 177.2% respectively from the previous year. Volume increase was due to the higher bulk sales from the merged Group and increased production capacity. Higher revenue was also helped along by firmer CPO prices which surged 75% year-on-year as a result of the strong market demand. Rising market demand for palm and laurics oils for food and non-food uses, particularly from major consuming countries such as China and India; and tight supplies of other edible oils drove up both prices and demand in this segment.

12M FY2007's pre-tax profit more than doubled from US$95.1 million a year earlier to US$252.5 million, due to the high sales volume and improved operating margins from synergies of merger and scale of operations.

Merchandising & Processing – Oilseeds and grains
Sales volume on oilseeds and grains for FY2007 increased by 33.2% from last year's whilst revenue rose by 67.7% due to the higher commodities prices in the financial year 2007, with beans prices up by 55% and soyabean oil prices up by 52% over the one year period.

FY2007's profit before tax at US$190.0 million, was up 82.3% from the previous year's figure of US$104.2 million as a result of improved operating margins on soybean crushing and increased sales volume from other oilseeds.

SEGMENT ANALYSIS (continued)

Consumer Products

The bulk of consumer products volume was derived from China with the rest from Indonesia and Vietnam. The more than 400% increase in FY2007 sales volume over last year was attributable mainly to the inclusion of KOG's consumer products sales. Revenue however rose more than 1000% on the back of higher commodities prices in FY2007, in line with the general trend of the Merchandising and Processing segment.

FY2007 profit before tax from the Consumer Products segment jumped more than 1000% to US$105.3 million. Contribution from this segment came mainly from the inclusion of KOG China's consumer products sales which were included in the Group's results from the second half of FY2007 onwards.

The segment's better performance in the second half of FY2007 was due mainly to synergies of the merger, in areas such as logistics, manufacturing and distribution as well as well-timed raw material purchases. China's strong economy, growing affluence and urbanization are other factors contributing to the growing demand for packed consumer cooking oils, resulting in the good performance of this segment.

Plantation and Palm Oil Mills

Production Volume (Metric Tonnes – MT)

	FY2007	**FY2006**
FFB Production	**2,836,723**	995,194
Mill Production		
Crude Palm Oil	**1,350,801**	831,420
Palm kernel	**315,324**	196,709

FFB production for FY2007 grew by 185% year-on-year, and the yield also increased from 21.2 MT per hectare last year to 21.9 MT per hectare this year. Improved yield was due mainly to favourable weather conditions throughout FY2007. Whilst oil extraction rate remained the same at 20.9%, CPO production grew by 62.5% this year to 1.35 million MT compared to the previous year.

Pre-tax profit from this segment was US$284.6 million which included the gain of US$123.5 million from the change in fair value of biological assets, registering an increase of 418.0% over last year's figure of US$54.9 million. Excluding this gain, pre-tax profits would have grew by 329% to US$161 million driven by surging CPO prices, substantial increase in FFB and CPO production (which included the plantation and oil mills from PPBOP) and improved yield.

Others

Profit from this segment for the full FY2007 was US$15.1 million, up 285.1% from US$3.9 million profit reported a year earlier. This was due mainly to the improved performance from fertilisers, tallow trading and profits generated from the Group's shipping & logistics activities.

Production volume of fertilisers for FY2007 increased by 111.7% compared to FY2006, due to the commencement of a new 1,000 MT/day capacity plant at the end of FY2006. This resulted in the 22.0% growth in sales volume for this year. Prices of fertilisers increased by 24.6% in FY2007 compared to last year's prices.

Share of Results of Associates

Share of results of associates improved by 57.6% from US$37.9 million to US$59.8 million for the 2007 full year. These were contributed mainly by the Group's associates from the various crushing plants in China as well as from the investments in Africa and India. This was in line with the better business operating climate in these countries.

NON-OPERATING ITEMS

Share Grant Expenses
Share grant expenses of US$61.5 million represented the difference between the market price and the settlement price on 21,168,000 ordinary shares which were transferred from Wilmar Holdings Pte Ltd, a controlling shareholder, to a total of 374 employees of the Wilmar group of companies as a reward for their long services with the Group. The shares were transferred on 7 December 2007 and were deemed a payment to the staff for the services rendered. Accordingly, the cost, computed as the difference between the market price and the settlement price was recorded as an expense in WIL's books in accordance with Financial Reporting Standard 102 for Share-based Payment.

Net Gains from Changes in Fair Value of Biological Assets
Reflecting the high CPO prices in the year 2007 (CPO average price had increased by 75% year-on-year), the net gain from changes in fair value of biological assets was US$123.5 million in year 2007, as compared to US$17.4 million in the previous year.

This gain was recognised in accordance with FRS 41, whereby the biological assets are stated at fair value less estimated point-of-sale costs from initial recognition up to the point of harvest. The fair value of plantations is determined based on the present value of their expected net cash inflows. Any resultant gains or losses arising from changes in fair value are recognized in the income statement.

Convertible Bonds Expenses
The Company had on 18 December 2007 issued its first Convertible Bonds totaling US$600 million.

Convertible bonds expenses refer to the placement commission and other professional and underwriters' expenses on the issue of US$600 million convertible bonds. The bonds were fully subscribed.

Minority Interests
In line with the Group's strong performance, minority share of the Group's profit increased by 134.1% to US$94.8 million from a year earlier. Minority interests were attributable mainly to minority shareholders in the China operations.

Income Tax
Resulting from the higher profit recorded during the FY2007, the income tax expenses were significantly higher for the periods under review in FY2007 as compared to FY2006.

The effective tax rate for the Group for 12M FY2007 was also higher at 20.1% compared with 12.9% for the same period last year. The higher effective rate period was due mainly to the lowering of tax holiday incentives granted to many of the Chinese oilseeds subsidiaries (under the IPT Assets Group). Chinese companies awarded these tax incentives are exempt from tax on the first two years' profit, and are taxed at the concessionary tax rate of 50% of the applicable tax rates between 15% and 33% from third to the fifth year. Profit of the two new subsidiaries, PGEO and PPBOP are also subject to the higher tax rate of 27% in Malaysia.

BALANCE SHEET AND CASH FLOW

With the completion of the acquisition of KG and the merger of the IPT Assets in end June 2007, all the balance sheets and cash flow of KG and the merged IPT Assets were included in the Group Balance Sheet and Group Cash Flow Statements as at 31 December 2007.

Biological assets grew by US$716.5 million from 31 December 2006 mainly as a result of the addition of the plantation estates of PPBOP valued at US$572.4 million plus US$123.5 million from the net gain in the change in the fair value.

Net book value of property, plant and equipment rose by US$1,402.6 million from 31 December 2006. The increase was mainly attributed to the inclusion of fixed assets from KG, totaling US$1,032 million, which was fair valued. Other increases included the additions and expansion of the Group's crushing, refining, oleochemical, flour and consumer products facilities totaling US$340 million in China. Two biodiesel plants were completed and three big vessels were purchased during the year, whilst the rest of the additions arose from expansion of the Group's facilities in the rest of the world.

Included in intangible assets is the fair value of the "Arawana" brand, which is the leading consumer pack cooking oil in China. An independent professional firm was appointed to do a fair valuation of the brand in compliance with accounting standards. Using the multi period excess earnings method approach (which measures the value of future earnings to be generated during the remaining life of the asset less the related operating costs and overheads), the fair value of the "Arawana" brand was estimated at US$1,089.2 million.

The resultant goodwill arising from acquisition of PPBOP, PGEO and KOG which were completed in May/June 2007 (after accounting for the fair value of all the acquired assets of KG) was US$2,762.2 million. The resultant goodwill arises from the excess of purchase consideration over the fair value of the assets as at 31 May 2007 of PPBOP and PGEO, and over the fair value of KOG's acquired assets as 30 June 2007 including the fair value of the "Arawana" brand. Based on the present discounted cash flow of the earnings of the Group acquired, no impairment is required on the goodwill figure as at 31 December 2007.

The Group's average trade receivables turnover and trade payable turnover as at 31 December 2007 remained healthy at 21 days and 16 days as compared to 24 days and 18 days as at 31 December 2006. The Group's average inventory turnover included purchase of soyabeans imported from South America for its crushing business, requiring a longer transit time, was maintained at 56 days.

Inventory as at 31 December 2007 increased to US$3.6 billion due mainly to the higher level of stockholding required because of the Group's enlarged production capacity, as well as rising commodities prices (which rose by an average 60%) during the year under review.

Non-current assets as at 31 December 2007 included a sum of US$349.5 million being the purchase consideration for the acquisition of ADM's interest in a few associates in China. The amount will be transferred to cost of investment upon the finalisation of the completion of the acquisition.

Cash and bank balances as at 31 December 2007 rose by US$669.0 million to US$967.6 million. The significantly higher balance was attributed mainly to the proceeds from the US$600 million convertible bonds issue in the second half of December which has not been utilised at year end.

Interest-bearing loans and borrowings (current) increased by US$2,698.7 million due mainly to the higher utilisation of bank borrowings for working capital purpose as a result of the rising commodity prices as well as higher sales volume of the merged Group.

Net cash flow generated from the operating activities for FY2007 was negative due to the higher working capital required to fund the higher level of inventory on the back of increased commodities prices and high inventory to cater to the Group's increase sales volume. Higher funding was also utilised for the increased production volume on FFB and CPO. The Group was able to secure sufficient banking facilities, including raising US$600 million through the issue of convertible bonds in December 2007 to fund both its operating and investing activities, thereby generating a positive net cash flow of US$446.0 million for the year.

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 2007.

Directors

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

Kuok Khoon Hong	
Martua Sitorus	
Kwok Kian Hai	(appointed on 2 July 2007)
Chua Phuay Hee	
Teo Kim Yong	
Lee Hock Kuan	(appointed on 2 July 2007)
Kuok Khoon Ean	(appointed on 2 July 2007)
John Daniel Rice	(appointed on 1 January 2008)
Yeo Teng Yang	
Leong Horn Kee	
Tay Kah Chye	
Kwah Thiam Hock	

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Direct Interest		**Deemed Interest**	
	As at 1.1.07 or date of appointment	**As at 31.12.07**	**As at 1.1.07 or date of appointment**	**As at 31.12.07**
Company				
Wilmar International Limited				
(Ordinary Shares)				
Kuok Khoon Hong	–	–	2,075,000,000	3,077,831,017
Martua Sitorus	–	–	2,075,000,000	3,076,312,557
Kwok Kian Hai	103,500	103,500	–	–
Chua Phuay Hee	–	250,000	–	–
Teo Kim Yong	–	1,000,000	–	–
Lee Hock Kuan	–	75,000	–	–
Kuok Khoon Ean	–	–	92,000	342,000

Directors' interests in shares and debentures (continued)

The interests in shares of the Company as at 21 January 2008 held by the above-mentioned directors, except for Mr Kuok Khoon Ean whose deemed interest was 352,000 as at 21 January 2008, were the same as those as at 31 December 2007.

	Direct Interest		Deemed Interest	
	As at 1.1.07 or date of appointment	As at 31.12.07	As at 1.1.07 or date of appointment	As at 31.12.07
Immediate Holding Company*				
Wilmar Holdings Pte Ltd				
(Ordinary shares)				
Kuok Khoon Hong	–	n.a.	113,233,476	n.a.
Martua Sitorus	–	n.a.	114,434,660	n.a.
Teo Kim Yong	999,036	n.a.	–	n.a.
Ultimate Holding Company*				
Wilmar International Holdings Limited				
(Ordinary shares)				
Kuok Khoon Hong	–	n.a.	11,372,830	n.a.
Martua Sitorus	–	n.a.	9,080,000	n.a.
Chua Phuay Hee	74,267	n.a.	–	n.a.
Teo Kim Yong	74,267	n.a.	–	n.a.

Directors' interests in shares and debentures (continued)

	Direct Interest		Deemed Interest	
	As at 1.1.07 or date of appointment	As at 31.12.07	As at 1.1.07 or date of appointment	As at 31.12.07
Related Corporations*				
Technique Holdings Limited				
(Ordinary shares)				
Kuok Khoon Hong	–	n.a.	24,471,415	n.a.
Martua Sitorus	–	n.a.	24,786,995	n.a.
Teo Kim Yong	217,578	n.a.	–	n.a.
Citicore Holdings Limited				
(Ordinary shares)				
Kuok Khoon Hong	2,635	n.a.	28,919	n.a.
Martua Sitorus	2,635	n.a.	26,351	n.a.
Twinkey Investments Limited				
(Ordinary shares)				
Kuok Khoon Hong	–	n.a.	422,500	n.a.
Martua Sitorus	–	n.a.	327,500	n.a.
Teo Kim Yong	2,500	n.a.	–	n.a.
Palm Grove Developments Limited				
(Ordinary shares)				
Kuok Khoon Hong	1,175	n.a.	44,925	n.a.
Martua Sitorus	–	n.a.	35,294	n.a.

* *Prior to 28 June 2007, Mr Kuok Khoon Hong and Mr Martua Sitorus, by virtue of their interests of not less than 20% of the issued share capital of Wilmar International Holdings Limited ("WIHL"), were each deemed to have an interest in the entire issued share capital of the subsidiaries of WIHL pursuant to Section 7 of the Companies Act, Cap. 50. Following the cessation of Wilmar Holdings Pte Ltd ("WHPL") as the immediate holding company of the Company with effect from 28 June 2007, WIHL has ceased to be the ultimate holding company and Technique Holdings Limited, Citicore Holdings Limited, Twinkey Investments Limited and Palm Grove Developments Limited have also ceased to be related corporations of the Company on the same day.*

None of the directors held any interest in the convertible bonds due 2012 issued by the Company as at 31 December 2007 and 21 January 2008.

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

Directors' contractual benefits

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

Material contracts

List of material contracts

A. *Acquisition of IPT Assets*

In connection with the acquisition of all of 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"), for an aggregate consideration of approximately S$2.5 billion to be satisfied by the allotment and issue of 1,449,722,224 new Wilmar shares, the Company has entered into various contracts with the following parties:

1. *Wilmar Holdings Pte Ltd ("WHPL")*
   - (a) Acquisition Agreement dated 14 December 2006 between the Company and WHPL;
   - (b) Supplemental Deed dated 4 June 2007 between the Company and WHPL;
   - (c) Trust Deed in respect of Yihai Investment Co., Ltd dated 28 June 2007 between the Company and WHPL; and
   - (d) Escrow Agreement dated 28 June 2007 between Company, WHPL and Chang See Hiang & Partners.

2. *Archer Daniels Midland Asia-Pacific Limited ("ADM")*
   - (a) Acquisition Agreement dated 10 May 2007 between the Company and ADM;
   - (b) Trust Deed in respect of East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd dated 28 June 2007 between the Company and ADM; and
   - (c) Escrow Agreement dated 25 June 2007 between the Company, ADM and The HongKong and Shanghai Banking Corporation Limited.

3. *Global Cocoa Holdings Ltd*

   Acquisition Agreement dated 10 May 2007 between the Company and Global Cocoa Holdings Ltd.

Material contracts (continued)

List of material contracts (continued)

B. ***Merger with PPB Oil Palms Berhad, PGEO Group Sdn Bhd and Kuok Oils & Grains Pte Ltd***

In connection with the merger of PPB Oil Palms Berhad ("PPBOP") by way of acquiring all 445,424,206 ordinary shares in the issued share capital of PPBOP for a consideration of approximately S$1.7 billion, the Company has, pursuant to the successful completion of its voluntary general offer for all PPBOP shares, allotted and issued a total of 1,024,475,631 new Wilmar shares during the financial year to former PPBOP shareholders. The aforesaid new Wilmar shares were allotted and issued at an exchange ratio of 2.3 Wilmar shares for every one PPBOP share held (fractions being disregarded).

In connection with merger with PGEO Group Sdn Bhd ("PGEO") and Kuok Oils & Grains Pte Ltd ("KOG") by way of acquiring the shares in the issued share capital of PGEO and KOG, from various companies as listed below for an aggregate consideration of approximately S$2.4 billion to be satisfied by the allotment and issue of a total of 1,378,678,330 new Wilmar shares, the Company has entered into various contracts with the following parties:

1. *FFM Berhad ("FFM")*
   (a) Acquisition Agreement dated 27 April 2007 between the Company and FFM Berhad ("FFM") in relation to 17.1% of the share capital of KOG; and

   (b) Acquisition Agreement dated 27 April 2007 between the Company and FFM in relation to 65.8% of the share capital of PGEO.

2. *Kuok (Singapore) Limited, Harpole Resources Limited and Greenacres Limited (collectively the "Vendors")*
   Acquisition Agreement dated 27 April 2007 between the Company and Kuok (Singapore) Limited, Harpole Resources Limited and Greenacres Limited in relation to 72% of the share capital of KOG.

3. *Buxton Limited ("Buxton")*
   Acquisition Agreement dated 27 April 2007 between the Company and Buxton in relation to 10.9% of the share capital of KOG.

C. ***Issue of US$600 million Convertible Bonds due 2012***

On 18 December 2007, the Company issued US$600 million aggregate principal amount of zero coupon convertible bonds due 2012 ("Bonds"). The Bonds, which were listed and quoted on the SGX-ST on 19 December 2007, will mature 5 years from the issue date at their nominal value of US$600 million 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 Company entered into various contracts as follows:

1. Trust deed dated 18 December 2007 between the Company and Citibank, N.A., London Branch ("Citibank").

2. Paying, Conversion and Transfer Agency Agreement dated 18 December 2007 between the Company, Citibank (as principal paying agent and conversion agent and as trustee) and Citigroup Global Markets Deutschland AG & Co. KGaA (as transfer agent and as registrar).

3. Subscription Agreement dated 29 November 2007 between the Company and CIMB-GK Securities Pte Ltd, DBS Bank Ltd and Goldman Sachs (Singapore) Pte.

Same as disclosed above, there were no material contracts of the Group and of the Company involving the interests of each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Share options

The Company's Executives' Share Option Scheme ("ESOS") which was approved and adopted at the Company's annual general meeting held on 30 June 2000 continues to remain in force after the completion of the reverse takeover of the Company (formerly known as Ezyhealth Asia Pacific Ltd) on 14 July 2006 ("RTO").

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

The ESOS entitles eligible participants to subscribe for ordinary shares in the Company at a price equal to the average of the closing prices of the shares on the SGX-ST on the five trading days immediately preceding the date of the grant of the option ("Market Price") or at a discount to the Market Price (up to a maximum of 20%). The number of shares in respect of which options may be granted when aggregated with those granted under any other share option schemes of the Company and for the time being in force, shall not exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant. No options have been granted for the financial year ended 31 December 2007.

Since the completion of the RTO till end of the financial year under review:

- No options have been granted to employees of the Company and its wholly-owned subsidiaries;
- No options have been granted to the controlling shareholders of the Company and their associates;
- No eligible participant has received 5% or more of the total options under the ESOS;
- No options have been granted to directors and employees of the holding company and its subsidiaries;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

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 function 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 Code of Corporate Governance.

The principal responsibility of the AC is to assist the Board of Directors in fulfilling its oversight responsibilities. The operations of the AC are regulated by its charter. The Board is of the opinion that the members of the AC have sufficient accounting, financial, management expertise or experience to discharge their duties.

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

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

Audit Committee (continued)
The Board had commissioned Deloitte & Touche Enterprise Risk Services Pte Ltd to conduct a risk management audit on the Group's new business segment after the merger and acquisition of IPT Assets, and report its findings to the Board. The AC has reviewed the risk management procedures of the Group, including the findings on the risk management audit conducted by Deloitte & Touche Enterprise Risk Services Pte Ltd and submitted the findings to the Board. Recommendations were made by the consultant to improve on documentation of some policies and procedures, and enhancing certain controls. The Group has implemented these recommendations where necessary.

The AC was satisfied that proper risk management procedures were in place. It will consider regularly the need to conduct independent risk management reviews and disclose their decision and results of such reviews conducted to shareholders and the Singapore Exchange.

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

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

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

On behalf of the Board of Directors

Kuok Khoon Hong
Director

Chua Phuay Hee
Director

Singapore
28 March 2008

Statement by Directors

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

(a) the accompanying balance sheets, consolidated income statement, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007, and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Kuok Khoon Hong
Director

Chua Phuay Hee
Director

Singapore
28 March 2008

Independent Auditors' Report

To the Members of Wilmar International Limited

We have audited the accompanying financial statements of Wilmar International Limited (the "Company") and its subsidiaries (collectively, the "Group") which comprise the balance sheets of the Group and the Company as at 31 December 2007, the statements of changes in equity of the Group and the Company and the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) 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 income statements and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) 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 2007 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
Public Accountants and
Certified Public Accountants Singapore

Singapore
28 March 2008

Consolidated Income Statement

for the financial year ended 31 December 2007

	Note	2007 US$'000	2006 US$'000 (Restated)
Revenue	4	**16,466,151**	7,016,001
Cost of sales	5	**(14,738,345)**	(6,316,448)
Gross profit		**1,727,806**	699,553
Other items of income			
Net gains arising from changes in fair value of biological assets		**123,457**	17,352
Interest income	6	**17,667**	21,056
Other operating income	7	**135,579**	46,250
Other items of expenses			
Selling and distribution expenses		**(797,877)**	(332,055)
Administrative expenses		**(152,973)**	(62,074)
Other operating expenses	8	**(110,828)**	(30,556)
Finance costs	9	**(172,836)**	(108,759)
Share of results of associates		**59,798**	37,935
Profit before tax	10	**829,793**	288,702
Income tax expense	11	**(154,557)**	(32,256)
Profit after tax		**675,236**	256,446
Attributable to:			
Equity holders of the Company		**580,405**	215,940
Minority interests		**94,831**	40,506
		675,236	256,446
Earnings per share attributable to equity holders of parent (US cents per share)			
– Basic	12	**12.80**	9.31
– Diluted	12	**12.78**	9.31

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

Balance Sheets

as at 31 December 2007

	Note	Group		Company	
		2007 US$'000	2006 US$'000 (Restated)	2007 US$'000	2006 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**2,556,820**	1,154,186	**–**	–
Investment securities	14	**856**	95	**–**	–
Investments in subsidiaries	15	**–**	–	**7,782,603**	552,244
Investments in associates	16	**451,950**	184,426	**140,152**	–
Plasma investments	17	**5,742**	11,109	**–**	–
Biological assets	18	**940,014**	223,542	**–**	–
Intangible assets	19	**3,933,295**	38,007	**–**	–
Derivative financial instruments	20	**6,726**	587	**–**	–
Deferred tax assets	21	**28,038**	5,423	**–**	–
Other receivables	22	**472,229**	79,432	**679,042**	16,000
		8,395,670	1,696,807	**8,601,797**	568,244
Current assets					
Inventories	23	**3,614,066**	968,440	**–**	–
Trade receivables	24	**1,501,204**	467,418	**–**	–
Other receivables	22	**856,554**	404,527	**1,112,405**	403,215
Derivative financial instruments	20	**122,805**	17,034	**26,883**	–
Investment securities	14	**49,182**	129	**–**	–
Cash and cash equivalents	25	**967,572**	298,601	**2,829**	6,465
		7,111,383	2,156,149	**1,142,117**	409,680
TOTAL ASSETS		**15,507,053**	3,852,956	**9,743,914**	977,924
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	26	**1,001,912**	391,687	**–**	–
Other payables	27	**780,261**	187,481	**36,160**	206,712
Derivative financial instruments	20	**108,030**	17,504	**–**	–
Loans and borrowings	28	**4,209,148**	1,510,466	**16,000**	12,000
Tax payable		**69,498**	13,621	**120**	35
		6,168,849	2,120,759	**52,280**	218,747
NET CURRENT ASSETS		**942,534**	35,390	**1,089,837**	190,933

Balance Sheets

as at 31 December 2007

	Note	Group 2007 US$'000	Group 2006 US$'000 (Restated)	Company 2007 US$'000	Company 2006 US$'000
Non-current liabilities					
Other payables	27	**41,863**	576,002	**–**	–
Derivative financial instruments	20	**–**	46	**–**	–
Loans and borrowings	28	**818,761**	114,754	**542,363**	16,000
Deferred tax liabilities	21	**296,078**	59,393	**–**	–
		1,156,702	750,195	**542,363**	16,000
TOTAL LIABILITIES		**7,325,551**	2,870,954	**594,643**	234,747
NET ASSETS		**8,181,502**	982,002	**9,149,271**	743,177
Equity attributable to equity holders of the parent					
Share capital	29	**8,402,547**	280,278	**8,838,686**	716,417
Retained earnings		**1,095,808**	547,245	**116,540**	26,760
Other reserves	30	**(1,653,157)**	29,792	**194,045**	–
		7,845,198	857,315	**9,149,271**	743,177
Minority interests		**336,304**	124,687	**–**	–
Total equity		**8,181,502**	982,002	**9,149,271**	743,177
TOTAL EQUITY AND LIABILITIES		**15,507,053**	3,852,956	**9,743,914**	977,924

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 2007

			Attributable to equity holders of the parent					
	Note	**Equity total** US$'000	**Equity attributable to equity holders of the parent, total** US$'000	**Share capital** US$'000	**Share premium** US$'000	**Retained earnings** US$'000	**Other reserves** US$'000	**Minority interests** US$'000
2007								
Group								
Opening balance at 1 January 2007		982,002	857,315	280,278	–	547,245	29,792	124,687
Convertible bonds – equity component	30 (b)(i)	132,520	132,520	–	–	–	132,520	–
Merger reserve arising from the merger of IPT assets	30 (b)(ii)	(1,960,906)	(1,960,906)	–	–	–	(1,960,906)	–
Share of associates on government grant received	30 (b)(iv)	914	914	–	–	–	914	–
Revaluation of land and buildings	30 (b)(v)	1,407	1,407	–	–	–	1,407	–
Share of associates' surplus on revaluation of land and buildings	30 (b)(v)	1,174	1,174	–	–	–	1,174	–
Foreign currency translation	30 (b)(iii)	89,794	70,131	–	–	–	70,131	19,663
Net income recognised directly in equity		(753,095)	(897,445)	280,278	–	547,245	(1,724,968)	144,350
Profit for the year		675,236	580,405	–	–	580,405	–	94,831
Total recognised income and expense for the year		(77,859)	(317,040)	280,278	–	1,127,650	(1,724,968)	239,181
Shares issued for acquisition of subsidiaries	29	8,122,269	8,122,269	8,122,269	–	–	–	–
Shares grant to employees	30 (b)(i)	61,525	61,525	–	–	–	61,525	–
Acquisition of subsidiaries		130,468	–	–	–	–	–	130,468
Disposal of subsidiaries		(3,138)	–	–	–	–	–	(3,138)
Dividends on ordinary shares	39	(51,763)	(21,556)	–	–	(21,556)	–	(30,207)
Transfer to general reserves	30 (b)(iv)	–	–	–	–	(10,286)	10,286	–
Closing balance at 31 December 2007		8,181,502	7,845,198	8,402,547	–	1,095,808	(1,653,157)	336,304

Statements of Changes in Equity

for the financial year ended 31 December 2007

	Note	Equity total US$'000	Attributable to equity holders of the parent: Equity attributable to equity holders of the parent, total US$'000	Share capital US$'000	Share premium US$'000	Retained earnings US$'000	Other reserves US$'000	Minority interests US$'000
2006 (Restated)								
Group								
Opening balance at 1 January 2006		504,450	428,634	62,585	1,792	346,305	17,952	75,816
Foreign currency translation	30 (b)(iii)	11,485	2,840	–	–	–	2,840	8,645
Net income recognised directly in equity		515,935	431,474	62,585	1,792	346,305	20,792	84,461
Profit for the year		256,446	215,940	–	–	215,940	–	40,506
Total recognised income and expense for the year		772,381	647,414	62,585	1,792	562,245	20,792	124,967
Shares issued for reverse acquisition	29	43,310	43,310	43,310	–	–	–	–
Shares issued for share placement and over-allotment	29	180,678	180,678	180,678	–	–	–	–
Acquisition of subsidiaries		9,475	–	–	–	–	–	9,475
Disposal of subsidiaries		(7,394)	–	–	–	–	–	(7,394)
Dividends on ordinary shares	39	(8,361)	(6,000)	–	–	(6,000)	–	(2,361)
Expenses on issue of ordinary shares	29	(8,087)	(8,087)	(8,087)	–	–	–	–
Transfer from share premium reserve to share capital	29	–	–	1,792	(1,792)	–	–	–
Transfer to general reserves	30 (b)(iv)	–	–	–	–	(9,000)	9,000	–
Closing balance at 31 December 2006		982,002	857,315	280,278	–	547,245	29,792	124,687

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

		Attributable to equity holders of the parent					
	Note	**Equity total** US$'000	**Equity attributable to equity holders of the parent, total** US$'000	**Share capital** US$'000	**Share premium** US$'000	**Retained earnings** US$'000	**Other reserves** US$'000
2007							
Company							
Opening balance at 1 January 2007		743,177	743,177	716,417	–	26,760	–
Convertible bonds – equity component	30 (b)(i)	132,520	132,520	–	–	–	132,520
Net income recognised directly in equity		875,697	875,697	716,417	–	26,760	132,520
Profit for the year		111,336	111,336	–	–	111,336	–
Total recognised income and expense for the year		987,033	987,033	716,417	–	138,096	132,520
Shares issued for acquisition of subsidiaries	29	8,122,269	8,122,269	8,122,269	–	–	–
Shares grant to employees	30 (b)(i)	61,525	61,525	–	–	–	61,525
Dividend on ordinary shares	39	(21,556)	(21,556)	–	–	(21,556)	–
Closing balance at 31 December 2007		9,149,271	9,149,271	8,838,686	–	116,540	194,045
2006							
Company							
Opening balance at 1 January 2006		3,006	3,006	7,868	18,716	(23,578)	–
Profit for the year		50,338	50,338	–	–	50,338	–
Total recognised income and expense for the year		53,344	53,344	7,868	18,716	26,760	–
Shares arising from exercise of share options	29	121	121	121	–	–	–
Shares issued for reverse acquisition	29	517,121	517,121	517,121	–	–	–
Shares issued for share placement and over-allotment	29	180,678	180,678	180,678	–	–	–
Expenses on issue of ordinary shares	29	(8,087)	(8,087)	(8,087)	–	–	–
Transfer from share premium reserve to share capital	29	–	–	18,716	(18,716)	–	–
Closing balance at 31 December 2006		743,177	743,177	716,417	–	26,760	–

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 2007

	2007 US$'000	2006 US$'000 (Restated)
Cash flows from operating activities		
Profit before tax but after share of results of associated companies	**829,793**	288,702
Adjustments for:		
Net gains from changes in fair value on biological assets	**(123,457)**	(17,352)
Depreciation of property, plant and equipment	**133,692**	73,334
Amortisation of trademarks and licenses	**78**	12
Negative goodwill taken to the income statement	**(1,382)**	(4,288)
Positive goodwill written off to the income statement	**2,544**	14,812
Loss/(profit) on disposal of property, plant and equipment	**632**	(722)
(Profit)/loss on disposal/liquidation of investment in subsidiaries	**(26)**	1,332
Profit on disposal of investment securities	**(1,049)**	–
Shares grant to employees	**61,525**	–
Net loss on the fair value of derivative financial instruments	**6,962**	5,894
Foreign exchange arising from translation	**26,610**	17,496
Interest expense	**172,836**	108,759
Interest income	**(17,667)**	(21,056)
Share of profit of associates	**(59,798)**	(37,935)
Operating cash flows before working capital changes	**1,031,293**	428,988
Changes in working capital:		
Increase in inventories	**(1,727,068)**	(307,479)
Increase in receivables and other assets	**(624,774)**	(152,279)
Increase in payables	**515,318**	254,325
Cash flows (used in)/from operations	**(805,231)**	223,555
Interest paid	**(156,390)**	(48,928)
Interest received	**17,667**	21,056
Income taxes paid	**(81,542)**	(22,145)
Net cash flows (used in)/from operating activities	**(1,025,496)**	173,538
Cash flows from investing activities		
Net cash inflow/(outflow) on acquisition of subsidiaries (Note 15)	**122,019**	(35,995)
(Increase)/decrease in investments of subsidiaries	**(12,557)**	3,865
Decrease/(increase) in plasma investments	**7,203**	(382)
Payments for investment securities	**(313,414)**	(132,580)
Payments for investment in associates	**(14,501)**	(23,521)
Payments for biological assets	**(65,212)**	(11,115)
Payments for property, plant and equipment	**(544,468)**	(356,575)
Dividends received from associates	**16,001**	1,569
Proceeds from disposal of investment securities	**265,681**	132,512
Proceeds from disposal of existing business to Nucourt Media	**–**	3,128
Proceeds from disposal of biological assets	**–**	30
Proceeds from disposal of property, plant and equipment	**8,881**	63,441
Proceeds from disposal of subsidiaries	**–**	169
Net cash flows used in investing activities	**(530,367)**	(355,454)

Consolidated Cash Flow Statement
for the financial year ended 31 December 2007

	2007 US$'000	2006 US$'000 (Restated)
Cash flows from financing activities		
Increase in receivables	**(8,558)**	–
Decrease in net amount due from related corporations	**41,962**	4,121
Increase in net amount due from associates	**(54,180)**	(24,289)
Increase in loans from ultimate holding corporation	**–**	27,582
(Decrease)/increase in advances from minority shareholders	**(5,085)**	1,900
Proceeds from bank loans	**2,245,768**	91,854
Repayments of finance lease liabilities	**(19)**	(18)
Increase in fixed deposits pledged with financial institutions for bank facilities	**(142,745)**	(29,834)
Interest paid	**(23,498)**	(60,469)
Proceeds from rights issue of shares by the Company	**–**	172,590
Dividends paid by the Company	**(21,556)**	(6,000)
Dividends paid to minority shareholders by subsidiaries	**(30,207)**	(2,361)
Proceeds from issue of shares by subsidiaries to minority shareholders	**25**	–
Net cash flows from financing activities	**2,001,907**	175,076
Net increase/(decrease) in cash held	**446,044**	(6,840)
Cash at the beginning of the financial year	**(1,158)**	5,682
Cash at the end of the financial year (Note 25)	**444,886**	(1,158)

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 Group's major merger and restructuring exercise announced in December 2006, was successfully completed in June 2007:

(a) the acquisitions of PGEO Group Sdn Bhd ("PGEO") and PPB Oil Palms Berhad ("PPBOP") were completed in May 2007;

(b) the acquisition of Kuok Oils & Grains Pte Ltd ("KOG") was completed in June 2007; and

(c) 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") were completed in June 2007.

With the exception of the IPT Assets which were accounted for using the pooling-of-interest method, the rest of the acquisitions were accounted for using the purchase method which is in accordance with FRS 103 Business Combination [Note 2.3].

With effect from 14 July 2006, the immediate and ultimate holding companies are Wilmar Holdings Pte Ltd ("WHPL") and Wilmar International Holdings Limited ("WIHL"), which are incorporated in Singapore and the British Virgin Islands, respectively.

On 28 June 2007, the Company allotted 1,022,480,557 new ordinary shares to WHPL in consideration of the acquisition of the IPT Assets owned by WHPL. Together with the acquisition of the IPT Assets, it resulted in the reduction of WHPL's shareholding in the Company to 48.58%. Since 28 June 2007, WHPL and WIHL have ceased to be the immediate and ultimate holding companies of the Company respectively.

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

The principal activities of the Company are those of an investment holding company and provision of management services to its subsidiary companies. The principal activities of the subsidiaries are disclosed in Note 41 to the financial statements.

2. Summary of significant accounting policies

2.1 ***Basis of preparation***

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, with the exception of the acquisition of the IPT Assets which were accounted for under the pooling-of-interest method.

2. Summary of significant accounting policies (continued)

2.2 ***Future changes in accounting policies***

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

		Effective for annual periods beginning on or after
FRS 23	: Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 108	: Operating Segments	1 January 2009
INT FRS 111	: Group and Treasury Share Transactions	1 March 2007
INT FRS 112	: Service Concession Arrangements	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 108 as indicated below.

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

2.3 ***Basis of consolidation***

The consolidation 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.

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

2. 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. The Group applies a policy of treating transaction with minority interests as transactions with parties external to the Group. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in goodwill. Gain or loss on disposal to minority interests is recognised in the income statement.

2.5 ***Foreign currency***

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary.

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

2.6 ***Subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for cost less impairment losses.

2.7 ***Associates***

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

The Group's investments in associates are 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 asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associate in the period in which the investment is acquired.

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

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

2. Summary of significant accounting policies (continued)

2.8 ***Reverse acquisition***

Pursuant to a conditional put and call option agreement signed between the Company and Wilmar Holdings Pte Ltd ("WHPL") on 23 December 2005, the Company had on 14 July 2006 completed the acquisition of a total of 52 companies ("Acquired Group") from WHPL. The Group's consolidated income statement, balance sheet, statement of changes in equity and cash flow statement are prepared and presented as a continuation of the Acquired Group (the acquirer for reverse acquisition accounting purposes).

For the purpose of reverse acquisition accounting, the cost of acquisition by the Acquired Group of the Company (the legal parent) is recorded as equity. The cost of acquisition is determined using the fair value of the issued equity of the Company before acquisition, being 26,170,000 consolidated shares at S$1.10 per share, totaling S$28,787,000 (equivalent to US$17,310,000). It is deemed to be incurred by the Acquired Group in the form of equity issued to the owners of the legal parent.

Since such consolidated financial statements represent a continuation of the financial statements of the Acquired Group:

(a) the assets and liabilities of the Acquired Group are recognised and measured in the consolidated balance sheet at their pre-combination carrying amounts;

(b) the retained earnings and other equity balances recognised in those consolidated financial statements are the retained earnings and other equity balances of the Acquired Group immediately before the business combination; and

(c) the amount recognised as issued equity instruments in those consolidated financial statements is determined by adding to the issued equity of the Acquired Group immediately before the business combination the costs of the combination of the acquisition. However, the equity structure appearing in those consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent (the Company), including the equity instruments issued by the Company to reflect the combination; and the comparative figures presented in the consolidated financial statements for the financial year ended 31 December 2006 are that of the Acquired Group.

Consolidated financial statements prepared following a reverse acquisition shall reflect the fair values of the assets, liabilities and contingent liabilities of the legal parent (the Company). Therefore, the cost of the business combination for the acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the legal parent that satisfy the recognition criteria at their fair values as at 14 July 2006. The excess of the cost of the combination over the Acquired Group's interest in the net fair value of those items is recognised as goodwill and subsequently charged to the income statement immediately.

Reverse acquisition accounting applies only in the consolidated financial statements. In the legal parent (the Company's) separate financial statements, the investment in the legal subsidiary (the Acquired Group) is accounted for in accordance with the requirements of FRS 27 Consolidated and Separate Financial Statements.

2.9 ***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, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the balance sheet date.

2. Summary of significant accounting policies (continued)

2.9 ***Property, plant and equipment*** (continued)

Any revaluation surplus is credited directly to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset carried in the assets revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The whole of the revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Land and land rights	–	amortised over the period of leases
Buildings	–	4 to 30 years
Plant and machineries	–	4 to 16 years
Furniture, fittings and office equipment	–	3 to 20 years
Motor vehicles and trucks	–	4 to 10 years

The entire useful life of a vessel from the date the vessel was first put to use is estimated to be 25 years. The remaining useful life of vessels acquired by the Group is determined to be 6 to 13 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.

2.10 ***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.

2. Summary of significant accounting policies (continued)

2.10 ***Biological assets*** (continued)

The fair value of the oil palm plantations is estimated by reference to independent professional valuations using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantations is determined using the market price of the estimated yield of the agricultural produce, being fresh palm fruit bunches, net of maintenance and harvesting costs and any costs required to bring the oil palm plantations to maturity. The estimated yield of the oil palm plantations is affected by the age of the oil palm trees, the location, soil type and infrastructure. The market price of the fresh palm fruit bunches is largely dependent on the prevailing market price of the processed products after harvest, being crude palm oil and palm kernel.

2.11 ***Plasma investment***

Plasma investment comprises accumulated costs and borrowing costs incurred in the development of oil palm plantations under the “Plasma Scheme”. Under the “Plasma Scheme”, the Group assumes responsibility for developing oil palm plantations to the productive stage using the bank loans provided for this purpose. When a Plasma plantation is completed and ready to be transferred to the plasma landholders, the corresponding bank loans are also transferred to the plasma landholders.

When the carrying amount of the plasma investment is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount.

2.12 ***Intangible assets***

(a) *Goodwill*

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- is not larger than a segment based on either the Group’s primary or the Group’s secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

2. Summary of significant accounting policies (continued)

2.12 ***Intangible assets*** (continued)

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

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

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

(i) *Brands*
The brands were acquired in 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.

2.13 ***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 entirely, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecoginsed 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.

2. Summary of significant accounting policies (continued)

2.13 ***Financial assets*** (continued)

(a) *Financial assets at fair value through profit or loss*
Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets classified as held for trading are derivatives (including separated embedded derivatives) or are acquired for the purpose of selling or repurchasing it in the near term.

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

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

(b) *Loans and receivables*
Financial assets with fixed or determinable payments are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

(d) *Available-for-sale financial assets*
Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

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

The Group classifies its investment securities as available-for-sale financial assets.

2. Summary of significant accounting policies (continued)

2.14 ***Impairment of financial assets***

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

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

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

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

(b) *Assets carried at cost*

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

(c) *Available-for-sale financial assets*

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.15 ***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.

2. Summary of significant accounting policies (continued)

2.15 ***Impairment of non-financial assets*** (continued)

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be 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.

2.16 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.17 ***Inventories***

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

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

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

Gains or losses arising from matched non-physical delivery forward contracts and futures contracts of palm based products, soyabeans, other edible oils, oilseeds and other agricultural commodities are recognised immediately in the income statement. These forward and futures contracts are entered into as part and parcel of the business of the Group to manage the price risk of its physical inventory.

The Group also enters into commodity derivatives such as futures and options contracts to hedge fluctuations in commodity prices. These commodity derivatives include products such as soyabeans and other non palm products. The notional principal amounts of the commodity contracts are off-balance sheet items. Any differences resulting from the fair value assessment will be recognised in the financial statements.

2. Summary of significant accounting policies (continued)

2.17 ***Inventories*** (continued)

(a) *Physical inventories, futures and other forward contracts* (continued)
Outstanding forward and futures contracts of palm based products, edible oils, oilseeds and other agricultural commodities are valued at their fair values at the balance sheet date. Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar. Unrealised losses arising from the valuation are set off against unrealised gains on an aggregate basis.

(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.

2.18 ***Financial liabilities***
Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

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

2.19 ***Borrowings***
Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 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 share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2. Summary of significant accounting policies (continued)

2.20 *Financial guarantee*

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

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.

Intra-group transactions are eliminated on consolidation.

2.21 *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.

2.22 *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 the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.23 *Employee benefits*

(a) *Defined contribution plans*

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

(b) *Employee share option plans*

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

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2. Summary of significant accounting policies (continued)

2.23 ***Employee benefits*** (continued)

(c) *Employee leave entitlement*
Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made 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.

2.24 ***Leases***

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

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.

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

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

(b) *Ship charter income*
Revenue from time charters is recognised on a time apportionment basis.

2. Summary of significant accounting policies (continued)

2.25 ***Revenue*** (continued)

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

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

(e) *Dividend income*
Dividend income is recognised when the right to receive payment is established.

2.26 ***Income taxes***

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

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

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

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

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

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

- in respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

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

2. Summary of significant accounting policies (continued)

2.26 ***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.

2.27 ***Derivative financial instruments and hedging activities***
The notional principal amounts of the forward foreign exchange contracts are off-balance sheet items. The fair values of the forward foreign exchange contracts are recognised in the financial statements.

The fair values of forward foreign exchange contracts have been calculated using the rates quoted by the Group's bankers to terminate the contracts at the balance sheet date.

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

2.29 ***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.

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

2.31 ***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.

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 2007 was US$2,843,473,000 (2006: US$37,365,000).

(b) *Depreciation of plant and equipment*

The cost of plant and equipment is depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of the usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at 31 December 2007 was US$1,019,942,000 (2006: US$547,678,000).

(c) *Income taxes*

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax assets and deferred tax liabilities at 31 December 2007 was US$69,498,000 (2006: US$13,621,000), US$28,038,000 (2006: US$5,423,000) and US$296,078,000 (2006: US$59,393,000) respectively.

(d) *Biological assets*

The Group's biological assets are stated at fair value less point-of-sale cost. This requires 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 2007 was US$940,014,000 (2006: US$223,542,000).

(e) *Provision for employee gratuity*

The provision for employee gratuity benefit is determined using actuarial valuations. The actuarial valuation involved making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long term nature of this plan, such estimates are subject to significant uncertainty. The net provision for employee gratuity at the balance sheet date is US$13,408,000 (2006: US$9,477,000). Further details are given in Note 31.

4. Revenue

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Sales of palm based products, other edible oils and oilseeds	**16,426,424**	6,997,743
Shipping charter income	**29,422**	18,258
Others	**10,305**	–
	16,466,151	7,016,001

5. Cost of sales

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Cost of inventories recognised as expense – physical delivery	**14,039,694**	5,986,128
Labour costs and other overheads	**566,695**	293,744
Net (gain)/loss on non-physical delivery forward contracts ("paper trades")	**(20,408)**	3,923
Net realised loss from futures transactions and options	**154,482**	21,408
Net foreign exchange (gain)/loss	**(2,118)**	11,245
	14,738,345	6,316,448

6. Interest income

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Interest income		
– from associates	**4,214**	3,359
– from related companies	**1,212**	1,667
– from fixed deposits	**2,851**	2,214
– late interest charge to trade debtors	**923**	670
– holding company	**–**	8,392
– from other sources	**8,467**	4,754
	17,667	21,056

7. Other operating income

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Rental and storage income	**5,537**	2,624
Scrap sales	**4,890**	2,926
Net sales of spare parts	**–**	855
Processing fee income/tolling income	**275**	–
Commission income	**218**	243
Income from sales cancellation	**476**	8
Bad debts recovered	**267**	157
Gain from disposal of subsidiaries	**26**	–
Gain from disposal of property, plant and equipment	**–**	722
Gain on disposal of investment securities	**1,049**	–
Negative goodwill on acquisition of subsidiaries	**1,382**	4,288
Write-back of accounts payables	**1,978**	1,008
Net realised and unrealised foreign exchange gain	**101,054**	28,554
Government grants/incentive income	**7,786**	–
Service income	**91**	66
Write-back of impairment of associates	**43**	365
Management fee income	**20**	600
Others	**10,487**	3,834
	135,579	46,250

8. Other operating expenses

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Inventories written off	**1,554**	314
Receivables written off	**665**	458
Amortisation of trademarks and licenses	**78**	12
Allowance for doubtful receivables – trade	**2,178**	424
Allowance for doubtful receivables – non-trade	**1,858**	–
Allowance for inventories	**–**	19
Impairment for property, plant and equipment	**677**	–
Loss on disposal of property, plant and equipment	**632**	–
Goodwill arising from acquisition of subsidiaries written off	**2,544**	508
Pre-operating expenses written off	**2,895**	1,348
Merger expenses	**3,541**	–
Net realised and unrealised foreign exchange loss	**2,571**	4,965
Loss on disposal of subsidiaries	**–**	1,332
Expenses relating to convertible bonds	**12,500**	–
Shares grant to employees expensed off	**61,525**	–
Allowance on advances to associates	**2,500**	–
Goodwill arising from reverse acquisition	**–**	14,304
Cost of tolling	**21**	712
Loss on plasma investment	**62**	505
Cost of import expenses	**–**	503
Others	**15,027**	5,152
	110,828	30,556

9. Finance costs

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Interest expense:		
– bank borrowings (including bank overdrafts)	**172,475**	110,768
– delayed payments to trade creditors	**3,939**	–
– loans from related party corporations	**1,514**	909
– loans from associated companies	**415**	113
– loans from holding company	**–**	3,428
– others	**1,137**	243
	179,480	115,461
Less: Amount capitalised		
– biological assets	**(2,131)**	(638)
– property, plant and equipment	**(4,513)**	(6,064)
	172,836	108,759

10. Profit before tax

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

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Non-audit fees paid to:		
– Auditors of the Company	**62**	–
– Other auditors	**114**	33
Depreciation of property, plant and equipment:		
– Freehold land, land and land rights	**5,215**	1,702
– Buildings	**23,400**	12,178
– Plants and machineries	**84,562**	47,508
– Furniture, fittings and office equipment	**7,349**	3,237
– Vessels	**7,846**	4,141
– Motor vehicles and trucks	**8,454**	5,213
	136,826	73,979
Less: Amount capitalised as part of costs of biological assets	**(3,811)**	(645)
Add: Impairment loss	**677**	–
Depreciation of property, plant and equipment – net	**133,692**	73,334
Employee benefits expense (Note 32)	**253,814**	61,338
Rental expense – operating lease	**3,054**	854

11. Income tax expense

(a) ***Major components of income tax expense***

The major components of income tax expense for the years ended 31 December 2007 and 2006 are:

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Income statement		
Current income tax		
Current income taxation	**53,127**	27,908
Overprovision in respect of previous years	**(156)**	(5,095)
	52,971	22,813
Deferred income tax		
Origination and reversal of temporary differences	**102,696**	9,427
Benefits from previously unrecognised tax losses	**–**	16
Overprovision in respect of previous years	**(1,110)**	–
Income tax expense recognised in the income statement	**154,557**	32,256

(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 2007 and 2006 is as follows:

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Accounting profit before income tax	**829,793**	288,702
Tax calculated at tax rate of 18% (2006: 20%)	**149,363**	57,740
Adjustments:		
Effect of different tax rates in other countries	**88,385**	8,368
Effect of tax concession	**(2,682)**	(7,962)
Effect of tax exemption	**(92,171)**	(25,785)
Section 13A exemption of shipping profits	**(854)**	(586)
Income not subject to taxation	**(45,728)**	(5,177)
Non-deductible expenses	**65,612**	25,347
Tax losses not recognised	**(1,657)**	(6,933)
Overprovision in respect of previous years	**(1,266)**	(5,095)
Share of results of associates	**(4,445)**	(7,661)
Income tax expense recognised in the income statement	**154,557**	32,256

(i) The corporate income tax applicable to the Singapore companies of the Group was reduced to 18% for the Year of Assessment 2008 onwards from 20% for Year of Assessment 2007.

(ii) The corporate income tax applicable to the Malaysian companies of the Group was reduced from 28% to 27% for the Year of Assessment 2007 and the Year of Assessment 2008 onwards respectively.

11. Income tax expense (continued)

(iii) Certain subsidiaries and associate companies, which are registered corporations in the People's Republic of China, being foreign investment enterprises, are exempt from tax on the first 2 years' profits, and are taxed at the concessionary tax rate of 50% of the applicable tax rates between 15% and 33% from the third to the fifth year.

(iv) A major subsidiary, Wilmar Trading Pte Ltd, has been granted the "Global Trader Programme" incentive by International Enterprise Singapore ("IES"), under which qualifying profits are taxed at a concessionary rate of 10% for a period of 5 years commencing 1 January 2003. The concessionary rate was subsequently revised to 5% for a period of 5 years commencing 1 January 2004. The continued eligibility of this Global Trader Programme incentive is subjected to Wilmar Trading Pte Ltd meeting the conditions set out by IES.

(v) There is no taxation charge for vessel owning subsidiaries as the profits derived from their Singapore registered vessels are exempt from income tax under Section 13A of the Singapore Income Tax Act, Cap. 134.

12. Earnings per share

(a) ***Basic earnings per share***

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2007	**2006** (Restated)
Profit for the year attributable to ordinary equity holders of the parent (US$'000)	**580,405**	215,940
Weighted average number of ordinary shares ('000)	**4,534,892**	2,318,336
Basic earnings per share (US cents per share)	**12.80**	9.31

(b) ***Diluted earnings per share***

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent (after deducting dividends and amortisation of discount on convertible bonds) by the weighted average number of shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2007	**2006** (Restated)
Profit for the year attributable to ordinary equity holders of the parent (US$'000)	**580,405**	215,940
Weighted average number of ordinary shares ('000)	**4,534,892**	2,318,336
Effect of dilution on convertible bonds ('000)	**6,182**	–
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**4,541,074**	2,318,336
Diluted earnings per share (US cents per share)	**12.78**	9.31

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$'000	Motor vehicles and trucks US$'000	Construction in-progress US$'000	Total US$'000
Group								
Cost or valuation								
Cost	66,719	302,546	640,213	18,260	15,213	46,796	98,843	1,188,590
Valuation	71	291	123	–	–	–	–	485
	66,790	302,837	640,336	18,260	15,213	46,796	98,843	1,189,075
At 1 January 2006 (restated)	66,790	302,837	640,336	18,260	15,213	46,796	98,843	1,189,075
New subsidiaries acquired	4,777	22,623	26,952	1,728	–	2,191	9,887	68,158
Additions	17,923	14,138	10,360	3,342	38,062	6,089	205,358	295,272
Disposals	(7,188)	(17,533)	(39,720)	(415)	(1,673)	(1,763)	(12,279)	(80,571)
Transfers	1,079	24,177	95,945	1,608	–	432	(123,241)	–
Currency translation differences	1,215	6,794	5,903	373	–	534	(3,764)	11,055
At 31 December 2006 and 1 January 2007 (restated)	84,596	353,036	739,776	24,896	51,602	54,279	174,804	1,482,989
Representing:								
Cost	84,525	352,745	739,653	24,896	51,602	54,279	174,804	1,482,504
Valuation	71	291	123	–	–	–	–	485
At 31 December 2006 and 1 January 2007 (restated)	84,596	353,036	739,776	24,896	51,602	54,279	174,804	1,482,989
At 1 January 2007	84,596	353,036	739,776	24,896	51,602	54,279	174,804	1,482,989
New subsidiaries acquired	203,687	282,046	556,820	36,137	–	28,726	31,310	1,138,726
Additions	37,998	18,842	20,007	11,079	79,556	11,324	396,203	575,009
Disposals	(313)	(3,387)	(10,085)	(2,004)	(6,039)	(3,349)	(82)	(25,259)
Transfers	9,010	68,192	181,918	4,419	29,592	946	(294,077)	–
Revaluation surplus/(deficit)	145,405	19,103	30,198	(51)	–	998	–	195,653
Currency translation differences	9,546	24,214	51,047	1,932	–	1,444	6,733	94,916
At 31 December 2007	489,929	762,046	1,569,681	76,408	154,711	94,368	314,891	3,462,034
Representing:								
Cost	344,453	742,651	1,539,361	76,459	154,711	93,370	314,891	3,265,896
Valuation	145,476	19,395	30,320	(51)	–	998	–	196,138
At 31 December 2007	489,929	762,046	1,569,681	76,408	154,711	94,368	314,891	3,462,034

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$'000	Motor vehicles and trucks US$'000	Construction in-progress US$'000	Total US$'000
Accumulated depreciation								
At 1 January 2006 (restated)	4,108	47,415	156,781	9,446	10,420	28,160	–	256,330
New subsidiaries acquired	330	4,467	5,823	1,081	–	1,574	–	13,275
Depreciation charge for the year	1,702	12,178	47,508	3,237	4,141	5,213	–	73,979
Disposals	(218)	(1,329)	(14,306)	(190)	(970)	(1,147)	–	(18,160)
Transfers	–	(1,252)	1,250	2	–	–	–	–
Currency translation differences	89	(3,300)	6,206	156	–	228	–	3,379
At 31 December 2006 and 1 January 2007 (restated)	6,011	58,179	203,262	13,732	13,591	34,028	–	328,803
New subsidiaries acquired	22,848	84,232	286,378	23,622	–	14,209	–	431,289
Depreciation charge for the year	3,681	22,761	81,955	7,342	7,846	7,722	–	131,307
Disposals	(105)	(717)	(5,988)	(1,174)	(5,016)	(2,747)	–	(15,747)
Impairment loss	–	1	671	6	–	(1)	–	677
Depreciation charge on revaluation surplus	1,534	639	2,607	7	–	732	–	5,519
Currency translation differences	1,491	7,314	9,769	3,958	–	834	–	23,366
At 31 December 2007	35,460	172,409	578,654	47,493	16,421	54,777	–	905,214
Net carrying amount								
At 31 December 2006 (restated)	78,585	294,857	536,514	11,164	38,011	20,251	174,804	1,154,186
At 31 December 2007	454,469	589,637	991,027	28,915	138,290	39,591	314,891	2,556,820

Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from bank term loans borrowed specifically for the purpose of the construction of plants. During the financial year, the borrowing costs capitalised as cost of plant and machineries amounted to US$4,513,000 (2006: US$6,064,000).

Assets held under finance lease

The carrying amount of motor vehicles held under finance lease at the balance sheet date was US$100,000 (2006: US$143,000).

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

Assets pledged as security

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

Revaluation of land, buildings, plant and machineries and motor vehicles

Land, buildings, plant and machineries and motor vehicles of certain subsidiaries ("KG Acquisition") were valued by an independent professional valuer based on the Market Data Approach Method upon the acquisition.

14. Investment securities

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Non-current:		
Available-for-sale financial assets		
Unquoted equity shares, at cost	**856**	95
Current:		
Available-for-sale financial assets		
Unquoted equity shares, at cost	**49,182**	129

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

15. Investments in subsidiaries

	Company 2007 US$'000	Company 2006 US$'000
Unquoted equity shares, at cost	**7,782,603**	552,244

Details of subsidiaries are included in Note 41.

Acquisition of subsidiaries

The Group acquired the following subsidiaries during the financial year:

Name of subsidiaries acquired	**Equity interest acquired** %	**Consideration** US$'000
PT Indoresins Putra Mandiri	70%	16
PT Putra Indotropical	74.52%	55
PT Pratama Prosentindo	74.52%	109
PT Tritunggal Sentra Buana	50%	136
PT Daya Landak Plantations	70%	19
PT Petro Andalan Nusantara	100%	10,799
Mixbury Holdings Limited	100%	151
Hengyang Yihai Oils & Grains Co., Ltd	80%	944
PGEO Group Sdn Bhd ("PGEO")	100%	625,409
PPB Oil Palms Berhad ("PPBOP")	100%	2,231,507
Kuok Oils & Grains Pte Ltd ("KOG")	100%	2,261,628
		5,130,773

PGEO, PPBOP and KOG shall be collectively denoted as "KG acquisition".

15. Investments in subsidiaries (continued)

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

	Recognised on date of acquisition US$'000	**Carrying amount before combination** US$'000
Property, plant and equipment	897,571	707,437
Investment securities	879	879
Investments in associates	66,999	66,999
Plasma investments	1,836	1,836
Biological assets	524,749	294,545
Intangible assets	1,138,431	49,184
Derivative financial instruments	1,511	1,511
Deferred tax assets	11,886	11,886
Trade and other receivables	852,189	852,189
Inventories	918,558	918,558
Cash and cash equivalents	134,248	134,248
	4,548,857	3,039,272
Trade and other payables	(711,650)	(711,650)
Loans and borrowings	(1,134,395)	(1,134,395)
Tax payable	(14,899)	(14,899)
Deferred tax liabilities	(190,298)	(88,277)
	(2,051,242)	(1,949,221)
Net identifiable assets	2,497,615	1,090,051
Less: Minority interests	(130,468)	(124,506)
Identifiable net assets acquired	2,367,147	965,545
Positive goodwill arising from acquisition recognised as part of intangible assets	2,762,464	
Positive goodwill arising from acquisition taken to income statement	2,544	
Negative goodwill arsing from acquisition taken to income statement	(1,382)	
Total consideration for acquisition	5,130,773	

15. Investments in subsidiaries (continued)

Total cost of business combination
The total cost of the business combination is as follows:

	New acquisition US$'000
Consideration for acquisition	
– Cash paid	12,229
– Issuance of ordinary shares	5,118,544
	5,130,773

The effects of acquisition on cash flows is as follows:

	US$'000
Total consideration for acquisition	5,130,773
Less: Non-cash consideration	(5,118,544)
Consideration settled in cash	12,229
Less: Cash and cash equivalents of subsidiaries acquired	(134,248)
Net cash inflow on acquisition	(122,019)

In connection with the acquisition of PGEO, PPBOP and KOG, the Company issued 287,122,772, 1,024,475,631 and 1,091,555,558 ordinary shares with a market value of S$3.44, S$3.44 and S$3.18 per share, being the published price of the shares at the rate of exchange to the vendor.

Impact of acquisition on income statement
From the date of acquisition, the acquirees have contributed US$288,088,000 to the Group's net profit. If the combination had taken place at the beginning of the financial year, the Group's profit would have been US$667,100,000 and revenue would have been US$22,133,512,000.

Goodwill arising on acquisition
Goodwill of US$2,762,464,000 arose from the acquisition of PGEO, PPBOP and KOG being recognised as part of intangible assets.

Brand
A brand has been identified as an intangible asset arising from the KG acquisition. The Group has engaged an independent valuer to determine the fair value of the brand. As at 31 December 2007, the fair value of the brand amounting to US$1,089,247,000 has been determined.

Acquisition of minority interests
On 31 August 2007, the Group's subsidiary, KOG acquired an additional 25% equity interest in Kerry (New Zealand) Limited ("KNZ") from its minority interests for a cash consideration of US$4,100,000. As a result of this acquisition, KNZ became a wholly-owned subsidiary of KOG. On the date of acquisition, the book value of the additional interest acquired was US$2,255,000. The difference between the consideration and the book value of the interest acquired is expensed off to the income statement immediately.

Liquidation of subsidiaries
Venessa Shipping Limited and Grand Silver Laiyang Singapore Pte Ltd were liquidated during the financial year.

16. Investments in associates

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
Shares, at cost	**267,648**	58,898	**140,152**	–
Share of post-acquisition reserves	**181,637**	125,459	**–**	–
Share of changes recognised directly in associates' equity	**1,174**	–	**–**	–
Currency translation differences	**1,491**	69	**–**	–
Carrying amount of investments	**451,950**	184,426	**140,152**	–

Details of associates are included in Note 42.

The summarised financial information of the associates is as follows:

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
Assets and liabilities:		
Current assets	**2,592,066**	1,492,587
Non-current assets	**900,795**	643,420
Total assets	**3,492,861**	2,136,007
Current liabilities	**2,418,887**	1,412,627
Non-current liabilities	**231,224**	178,921
Total liabilities	**2,650,111**	1,591,548
Results:		
Revenue	**6,847,017**	4,573,692
Profit for the year	**156,250**	103,801

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 responsibility for developing oil palm plantations to the productive stage, using the bank loans (Note 28) provided specifically for this purpose. When the oil palm plantations are at their productive stage, the development costs of the plantations together with the aforementioned bank loans will be transferred to the plasma landholders.

17. Plasma investments (continued)

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
Development cost and interest expense capitalised	**10,183**	15,550
Less: Instalments paid by plasma landholders	**(339)**	(339)
	9,844	15,211
Transferred to plasma landholders	**(3,586)**	(3,586)
	6,258	11,625
Less: Impairment	**(516)**	(516)
Total plasma investments	**5,742**	11,109

The plasma investments are pledged as securities for the bank borrowings under the "Plasma Scheme" (Note 28).

18. Biological assets

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
At 1 January	**223,542**	154,932
New subsidiaries acquired	**524,749**	38,888
Additions	**69,629**	11,115
Disposals	**(359)**	(30)
Capitalisation of interest	**2,131**	638
Capitalisation of depreciation	**3,811**	645
Currency translation differences	**(937)**	2
Transfers to small holders	**(6,009)**	–
	816,557	206,190
Increase in fair value less point-of-sale costs	**123,457**	17,352
At 31 December	**940,014**	223,542

18. Biological assets (continued)

(a) ***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	
	2007	**2006**
	US$'000	US$'000 (Restated)
Planted area:		
– Mature *	**786,472**	209,867
– Immature	**153,542**	13,675
	940,014	223,542

	Group	
	2007	**2006**
	Hectares	Hectares (Restated)
Planted area:		
– Mature *	**131,564**	57,189
– Immature	**73,953**	11,049
	205,517	68,238

* *Mature planted area included rubber plantation*

(b) ***Analysis of oil palm production***

During the financial year, the Group harvested approximately 2,836,723 tonnes (2006: 995,194 tonnes) of fresh palm fruit bunches, which had a fair value less estimated point-of-sale costs of US$382,032,000 (2006: US$85,788,000). The fair value of fresh palm fruit bunches was determined with reference to their market prices.

(c) At 31 December 2007, the fair value of biological assets of the Group mortgaged as securities for bank term loans amounted to US$162,080,000 (2006: US$133,521,000).

(d) Based on approval from Minister of Agriculture, Republic of Indonesia to develop oil palm plantations, the Group is committed to develop a total of 73,953 hectares (2006: 11,049 hectares) of oil palm plantations.

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

19. Intangible assets

	Group			
	Goodwill US$'000	**Trademarks and licenses** US$'000	**Brand** US$'000	**Total** US$'000
Costs:				
At 1 January 2006 (restated)	34,588	611	–	35,199
Additions	–	577	–	577
Disposals	–	(524)	–	(524)
Goodwill arising from reverse acquisition	14,304	–	–	14,304
Acquisition of new subsidiaries	(1,208)	–	–	(1,208)
Acquisition of additional interest in existing subsidiaries	206	–	–	206
Currency translation differences	(1)	1	–	–
At 31 December 2006 and 1 January 2007 (restated)	47,889	665	–	48,554
Additions	–	5	–	5
Disposals	(5,431)	(5)	–	(5,436)
Acquisition of new subsidiaries	2,812,531	279	1,089,247	3,902,057
Currency translation differences	170	19	–	189
Written off to income statement	–	(297)	–	(297)
At 31 December 2007	2,855,159	666	1,089,247	3,945,072
Accumulated amortisation and impairment:				
At 1 January 2006 (restated)	–	(11)	–	(11)
Goodwill arising from reverse acquisition written off	(14,304)	–	–	(14,304)
Goodwill arising from acquisition of new subsidiaries and additional interest in existing subsidiaries written off	(508)	–	–	(508)
Negative goodwill taken to income statement	4,288	–	–	4,288
Amortisation during the year	–	(12)	–	(12)
At 31 December 2006 and 1 January 2007 (restated)	(10,524)	(23)	–	(10,547)
Goodwill arising from acquisition of new subsidiaries and additional interest in existing subsidiaries written off	(2,544)	–	–	(2,544)
Negative goodwill taken to income statement	1,382	–	–	1,382
Amortisation during the year	–	(78)	–	(78)
Currency translation differences	–	10	–	10
At 31 December 2007	(11,686)	(91)	–	(11,777)
Net carrying amount:				
At 31 December 2006 (restated)	37,365	642	–	38,007
At 31 December 2007	2,843,473	575	1,089,247	3,933,295

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

Brand
Brand relates to 'Arawana' brand name for the Group's consumer products segment that were acquired in business combinations during the financial year. As explained in Note 2.12(b)(i), the useful life of the brand is estimated to be indefinite.

19. Intangible assets (continued)

Impairment testing of goodwill and brand

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

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

	Merchandising and Processing Segment		Consumer Products Segment		Plantation and Palm Oil Mills Segment		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Goodwill	**1,215,463**	8,348	**33,450**	–	**1,594,560**	29,017	**2,843,473**	37,365
Brand	**–**	–	**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. The pre-tax discount rate applied to the cash flow projections are as follows:

	Merchandising and Processing Segment		Consumer Products Segment		Plantation and Palm Oil Mills Segment	
	2007	**2006** (Restated)	**2007**	**2006** (Restated)	**2007**	**2006** (Restated)
Pre-tax discount rates	**10%**	n.a.	**10%**	n.a.	**10%**	n.a.

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.

20. Derivative financial instruments

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

	Group						Company					
	2007			2006 (Restated)			2007			2006		
	Contract/ Notional amount	Assets	Liabilities	Contract/ Notional amount	Assets	Liabilities	Contract/ Notional amount	Assets	Liabilities	Contract/ Notional amount	Assets	Liabilities
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Forward currency contracts	**2,014,864**	**23,744**	**10,760**	809,981	6,954	6,087	**–**	**–**	**–**	–	–	–
Future, options contracts	**2,559,261**	**78,904**	**97,270**	618,255	10,667	11,463	**–**	**–**	**–**	–	–	–
Fair value of embedded derivative of convertible bonds	**–**	**26,883**	**–**	–	–	–	**–**	**26,883**	**–**	–	–	–
Total derivative financial instruments		**129,531**	**108,030**		17,621	17,550		**26,883**	**–**		–	–
Less: Current portion		**(122,805)**	**(108,030)**		(17,034)	(17,504)		**(26,883)**	**–**		–	–
Non-current portion		**6,726**	**–**		587	46		**–**	**–**		–	–

The Group does not apply hedge accounting.

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

21. Deferred tax

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

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Deferred tax assets:				
Provisions	**5,475**	4,206	**(1,258)**	(1,565)
Unutilised tax losses	**8,224**	473	**(1,409)**	532
Differences in depreciation for tax purposes	**10,452**	–	**(4,055)**	–
Other items	**3,887**	744	**(1,495)**	(53)
	28,038	5,423		
Deferred tax liabilities:				
Differences in depreciation for tax purposes	**94,690**	15,814	**3,834**	45
Fair value adjustments on acquisition of subsidiaries	**17,803**	–	**(800)**	–
Fair value gains of biological assets and property, plant and equipment	**178,062**	38,633	**105,724**	10,483
Expenditure currently deductible for tax but deferred for accounting purposes	**5,523**	4,946	**1,045**	1
	296,078	59,393		
Deferred income tax expense			**101,586**	9,443

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39) for the financial years ended 31 December 2007 and 2006 respectively.

22. Other receivables

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
Non-current:				
Deposits	**655**	2,336	**–**	–
Prepayments	**5,129**	5,225	**–**	–
Interest free loans to staff	**232**	192	**–**	–
Project-in-transit	**18,289**	14,599	**–**	–
Advances to a cooperative on plasma investments	**–**	7,832	**–**	–
Purchase consideration for the acquisition of IPT associates *	**349,492**	–	**349,492**	–
Deferred charges arising from convertible bonds	**48,000**	–	**48,000**	–
Other non-trade receivables	**29,805**	3,806	**6,143**	–
Amount due from subsidiaries – non-trade	**–**	–	**274,007**	16,000
Amount due from associates – non-trade	**20,627**	45,442	**1,400**	–
	472,229	79,432	**679,042**	16,000

* *Being the purchase consideration for the acquisition of Archer Daniels Midland Asia-Pacific Limited's interest in a few associates in China.*

22. Other receivables (continued)

	Group 2007 US$'000	Group 2006 US$'000 (Restated)	Company 2007 US$'000	Company 2006 US$'000
Current:				
Deposits	**34,163**	11,480	**–**	–
Prepayments	**44,904**	6,666	**91**	23
Interest free loans to staff	**5,907**	2,335	**–**	–
Advances to third parties	**1,263**	9,648	**–**	–
Loans to joint venture partner	**342**	658	**–**	–
Tax recoverable	**18,500**	7,004	**–**	–
Other non-trade receivables	**70,055**	23,022	**1,186**	915
Advances for property, plant and equipment	**38,077**	54,444	**–**	–
Advances to suppliers	**497,817**	184,715	**–**	–
Amount due from subsidiaries – non-trade	**–**	–	**1,061,516**	–
Amount due from associates – non-trade	**143,219**	62,436	**49,612**	–
Amount due from related party corporations – non-trade	**2,307**	42,119	**–**	402,277
	856,554	404,527	**1,112,405**	403,215

Amount due from subsidiaries and associates (non-current)

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

Amount due from subsidiaries, associates and related party corporations (current)

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

(a) an amount of US$87,904,000 (2006: US$60,627,000) due from associates which bear interest ranging from 5.58% to 10.25% (2006: 5.86% to 12.50%) per annum; and

(b) an amount of US$Nil (2006: US$40,581,000) due from related party corporations which bear interest ranging from 5.40% to 5.50% per annum as at 31 December 2006.

23. Inventories

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Raw materials	**1,499,985**	376,040
Consumables	**110,355**	39,803
Finished goods	**1,720,787**	519,154
Stock in transit	**282,939**	33,443
	3,614,066	968,440

24. Trade receivables

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Trade receivables	**1,094,001**	304,553
Notes receivables	**36,004**	–
Value added tax recoverable	**174,498**	77,821
Amount due from associates – trade	**153,057**	66,500
Amount due from related party corporations – trade	**48,696**	21,352
	1,506,256	470,226
Less: Allowance for doubtful receivables	**(5,052)**	(2,808)
	1,501,204	467,418

Trade receivables are non-interest bearing and the average turnover is 21 days (2006: 24 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes receivables are non-interest bearing upon maturity and have a maturity ranging from 30 to 360 days (2006: Nil).

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:

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Movement in allowance accounts:		
At 1 January	**(2,808)**	(2,380)
Allowance made during the year	**(2,447)**	(424)
Bad debts written off against allowance	**436**	–
Exchange differences	**(233)**	(4)
At 31 December	**(5,052)**	(2,808)

Receivables that are past due but not impaired

The Group has trade receivables amounting to US$684,859,000 (2006: US$194,019,000) 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 2007 US$'000	Group 2006 US$'000 (Restated)
Trade receivables past due:		
Lesser than 30 days	**559,950**	138,255
30 – 60 days	**73,545**	27,406
61 – 90 days	**22,360**	18,893
91 – 120 days	**16,153**	2,143
More than 120 days	**12,851**	7,322
	684,859	194,019

24. Trade receivables (continued)

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
Trade receivables	**1,501,204**	467,418	**–**	–
Other receivables – current (Note 22)	**856,554**	404,527	**1,112,405**	403,215
Other receivables – non-current (Note 22)	**472,229**	79,432	**679,042**	16,000
Loans and receivables	**2,829,987**	951,377	**1,791,447**	419,215

25. Cash and cash equivalents

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
Cash at banks and in hand	**528,320**	121,146	**2,829**	108
Short term deposits	**137,218**	18,166	**–**	6,357
Fixed deposits pledged for bank facilities	**302,034**	159,289	**–**	–
Cash and cash equivalents	**967,572**	298,601	**2,829**	6,465

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interests at the respective short term deposit rates.

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

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
Cash at bank and in hand	**967,572**	298,601
Less: Fixed deposits pledged with financial institutions for bank facilities	**(302,034)**	(159,289)
Bank overdrafts	**(220,652)**	(140,470)
	444,886	(1,158)

26. Trade payables

	Group 2007 US$'000	Group 2006 US$'000 (Restated)
Trade payables	**641,012**	185,099
Value added tax payable	**14,456**	7,157
Due to associates – trade	**124,693**	7,463
Due to related party corporations – trade	**221,751**	191,968
	1,001,912	391,687

Trade payables are non-interest bearing and are normally settled on 16 days (2006: 18 days) term.

	Group		Company	
	2007 US$'000	2006 US$'000 (Restated)	2007 US$'000	2006 US$'000
Trade payables	**1,001,912**	391,687	**–**	–
Other payables – current (Note 27)	**780,261**	187,481	**36,160**	206,712
Other payables – non-current (Note 27)	**41,863**	576,002	**679,042**	16,000
Loans and borrowings (Note 28)	**5,027,909**	1,625,220	**558,363**	28,000
Total financial liabilities carried at amortised cost	**6,851,945**	2,780,390	**1,273,565**	250,712

27. Other payables

	Group		Company	
	2007 US$'000	2006 US$'000 (Restated)	2007 US$'000	2006 US$'000
Current:				
Accrued operating expenses	**294,331**	70,656	**7,312**	814
Advances from customers	**346,219**	54,923	**–**	–
Due to subsidiaries – non-trade	**–**	–	**28,848**	205,042
Due to associates – non-trade	**5,480**	3,693	**–**	–
Due to related party corporations – non-trade	**5,212**	3,068	**–**	–
Deposits from suppliers/third parties	**38,328**	10,154	**–**	–
Dividend payables to minority shareholders	**23,105**	–	**–**	–
Payable for property, plant and equipment	**8,328**	5,670	**–**	–
Other liabilities	**59,258**	39,317	**–**	856
	780,261	187,481	**36,160**	206,712

27. Other payables (continued)

	Group 2007 US$'000	Group 2006 US$'000 (Restated)	Company 2007 US$'000	Company 2006 US$'000
Non-current:				
Due to related corporations – non-trade	**–**	153,189	**–**	–
Advances from holding corporation	**–**	386,476	**–**	–
Advances from minority shareholders of subsidiaries	**28,422**	26,860	**–**	–
Provision for employee gratuity (Note 31)	**13,408**	9,477	**–**	–
Other payables	**33**	–	**–**	–
	41,863	576,002	**–**	–

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

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

28. Loans and borrowings

	Maturity	Weighted average interest rate 2007 %	Weighted average interest rate 2006 % (Restated)	Group 2007 US$'000	Group 2006 US$'000 (Restated)	Company 2007 US$'000	Company 2006 US$'000
Current:							
Bank term loans	2008	**6.59**	9.21	**88,418**	156,187	**16,000**	12,000
Short term loans	2008	**5.87**	6.26	**1,984,303**	689,482	**–**	–
Pre-shipment loans	2008	**5.55**	6.29	**692,597**	293,078	**–**	–
Trust receipts/bill discounts	2008	**4.72**	5.21	**1,223,120**	231,214	**–**	–
Bank overdrafts	2008	**6.70**	12.23	**220,652**	140,470	**–**	–
Obligations under finance lease	2008	**18.0**	18.0	**58**	35	**–**	–
				4,209,148	1,510,466	**16,000**	12,000

	Maturity	Weighted average interest rate 2007 %	Weighted average interest rate 2006 % (Restated)	Group 2007 US$'000	Group 2006 US$'000 (Restated)	Company 2007 US$'000	Company 2006 US$'000
Non-current:							
Bank term loans	2016	**6.15**	7.05	**276,354**	114,668	**–**	16,000
Convertible bonds	2012	**–**	–	**542,363**	–	**542,363**	–
Obligations under finance lease	2010	**18.0**	18.0	**44**	86	**–**	–
				818,761	114,754	**542,363**	16,000
Total loans and borrowings				**5,027,909**	1,625,220	**558,363**	28,000

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, accounts receivables and plasma investments of certain subsidiaries

(iii) Corporate guarantees from the Company and certain subsidiaries

(iv) Personal guarantee from a director and/or 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 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 18% (2006: 18%) per annum. These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

(e) ***Convertible bonds***

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

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

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

	Group and Company	
	2007	**2006**
	US$'000	US$'000
Face value of convertible bonds issued on 18 December 2007	**600,000**	–
Discount on convertible bonds	**48,000**	–
Fair value of convertible bonds at the balance sheet date	**648,000**	–
Fair value of embedded derivatives	**26,883**	–
Equity conversion component [Note 30(b)(ii)]	**(132,520)**	–
Liability component of convertible bonds at the balance sheet date	**542,363**	–

(f) The bank facilities up to a limit of US$2,458,846,000 (2006: US$1,606,790,000) are guaranteed by:

(i) the Company and certain subsidiaries; and

(ii) personal guarantee given by a director/shareholder

29. Share capital

	Group		Company	
	Number of shares ('000)	US$'000	Number of shares ('000)	US$'000
At 1 January 2005, 31 December 2005 and 1 January 2006 [(1)]	21,765,550	62,585	261,700	7,868
Shares arising from exercise of share options [(2)]	–	–	3,850	121
Shares arising from the reverse acquisition [(3)]	–	43,310	21,500,000	517,121
Total before consolidation [(4)]	21,765,550	105,895	21,765,550	525,110
Total after consolidation	2,176,555	105,895	2,176,555	525,110
Shares arising from Share Placement and Over-allotment [(5)]	356,250	180,678	356,250	180,678
Expenses arising from the reverse acquisition	–	(8,087)	–	(8,087)
Transfer of share premium reserve to share capital	–	1,792	–	18,716
At 31 December 2006 and 1 January 2007	2,532,805	280,278	2,532,805	716,417
Shares arising from acquisition of subsidiaries [(6)]	3,852,876	8,122,269	3,852,876	8,122,269
At 31 December 2007	6,385,681	8,402,547	6,385,681	8,838,686

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

In accordance with the Companies (Amendment) Act 2005, on 30 January 2006, the shares of the Company ceased to have a par value and the amount standing in the share premium reserve became part of the Company's share capital.

(1) *The equity structure (number and types of equity issued) at balance sheet date represents that of the Company, being the legal parent. However, for the purpose of reverse acquisition, the amount of share capital of the Group as at 1 January 2005, 31 December 2005 and 1 January 2006 represents that of the Acquired Group before the reverse acquisition.*

(2) *Conversion of options of 3,850,000 shares at S$0.05 per share.*

(3) *Issue of 21.5 billion consideration shares at S$0.06 per share, pursuant to the acquisition of the Acquired Group.*

The adjustment arose from reverse acquisition accounting and represents the cost of acquisition of the Acquired Group by the Company. The cost of acquisition is determined using the fair value of the issued equity of the Company before the acquisition, being 26.17 million shares at S$1.10 per share, which represents the fair market value of the Company being the quoted and traded price of the shares as at 14 July 2006 (date of completion of acquisition). It is deemed to be incurred by the legal subsidiary (i.e. the acquirer for accounting purposes) in the form of equity issued to the owners of the legal parent (i.e. the acquiree for accounting purposes). This amount was further increased by US$26 million in respect of capitalisation of debt.

(4) *Consolidation of shares on the basis of one share for every ten shares held by shareholders.*

(5) *Further allotment and issue of 300 million shares and 56.25 million shares (pursuant to an over-allotment option) at S$0.80 per share respectively.*

(6) *The Company issued 2,403,154,000 and 1,449,722,000 ordinary shares amounting to US$5,118,544,000 and US$3,003,725,000 for KG Acquisition and IPT Assets acquisition, respectively.*

30. Other reserves

(a) ***Composition:***

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
Capital reserves	**194,045**	–	**194,045**	–
Merger reserve	**(1,960,906)**	–	**–**	–
Foreign currency translation reserve	**84,579**	14,448	**–**	–
General reserve	**26,544**	15,344	**–**	–
Asset valuation reserve	**2,581**	–	**–**	–
Total other reserves	**(1,653,157)**	29,792	**194,045**	–

(b) ***Movements:***

(i) *Capital reserves*
Shares grant to employees represents the difference between the market price and the settlement price on 21,168,000 ordinary shares which were transferred from Wilmar Holdings Pte Ltd to a total of 374 employees of the Wilmar group of companies as a reward for their long services with the Group.

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

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
At 1 January	**–**	–	**–**	–
Shares grant to employees (Note 32)	**61,525**	–	**61,525**	–
Equity component of convertible bonds (Note 28)	**132,520**	–	**132,520**	**–**
At 31 December	**194,045**	–	**194,045**	–

(ii) *Merger reserve*
Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries of IPT Assets.

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
At 1 January	**–**	–	**–**	–
Merger reserve arising from the merger of the IPT Assets	**(1,960,906)**	–	**–**	–
At 31 December	**(1,960,906)**	–	**–**	–

30. Other reserves (continued)

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

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

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
At 1 January	**14,448**	11,608	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries and borrowings designated as hedges against foreign subsidiaries	**89,794**	11,485	**–**	–
Minority interests	**(19,663)**	(8,645)	**–**	–
At 31 December	**84,579**	14,448	**–**	–

(iv) *General reserve*
In accordance with the "Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment" and the Group's China subsidiaries' Articles of Association, appropriations from the net profit should be made to the Reserve Fund, the Staff and Workers' Bonus and Welfare 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, the Staff and Workers' Bonus and Welfare Fund and the Enterprise Expansion Fund are determined by the board of directors of the China subsidiaries.

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
At 1 January	**15,344**	6,344	**–**	–
Transfer from retained earnings	**10,286**	9,000	**–**	–
Share of associates' government grant received	**914**	–	**–**	–
At 31 December	**26,544**	15,344	**–**	–

(v) *Asset valuation reserve*
Asset valuation reserve represents increases in the fair value of land and buildings.

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
At 1 January	**–**	–	**–**	–
Revaluation of land and buildings	**1,407**	–	**–**	–
Share of associates' surplus on revaluation of land and buildings	**1,174**	–	**–**	–
At 31 December	**2,581**	–	**–**	–

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 Method". Actuarial gains or losses are recognised as income or expenses 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.

The provision for employee gratuity recognised by the Group amounted to US$13,408,000 and US$9,477,000 as at 31 December 2007 and 2006 respectively. The related expense recognised in the current financial year was US$4,522,000 (2006: US$3,583,000).

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

	Group	
	2007	**2006**
Discount rate	**10% per annum**	11% per annum
Wages and salary increase	**10% per annum**	10% per annum
Retirement age	**55 years of age**	55 years of age
Mortality rate	**CSO – 1980**	CSO – 1980
Method	**Projected unit credit**	Projected unit credit

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

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
Current service costs	**2,676**	1,391
Adjustments of new entrant employees	**809**	1,321
Interest costs	**1,167**	726
Amortisation of past service cost – non vested	**51**	(6)
Immediate recognition on effect of changes in actuarial assumption	**20**	59
Termination costs	**124**	80
Currency exchange differences	**–**	12
Curtailment loss	**(654)**	–
Immediate recognised of past service cost	**329**	–
	4,522	3,583

31. Provision for employee gratuity (continued)

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

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
Present value of benefit obligation	**16,549**	10,913
Unamortised service cost	**(205)**	(261)
Unrecognised actuarial loss	**(2,950)**	(1,454)
Currency exchange differences	**14**	279
Provision for employee gratuity (Note 27)	**13,408**	9,477

Movement in provision for employee gratuity is as follows:

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
At 1 January	**9,477**	5,190
Subsidiaries acquired during the year	**148**	550
Provision made for the year	**4,522**	3,583
Payments during the year	**(320)**	(331)
Currency exchange differences	**(419)**	485
At 31 December	**13,408**	9,477

32. Employee benefits

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
Employee benefits expense (including directors):		
Salaries and bonuses	**179,036**	57,074
Central Provident Fund contributions	**11,570**	1,966
Share-based payments (i.e. shares grant to employees)	**61,525**	–
Other short term benefits	**16,637**	4,568
	268,768	63,608
Less: Amount capitalised as biological assets	**(14,954)**	(2,270)
	253,814	61,338

Share grant expenses of US$61,525,000 represented the difference between the market price and the settlement price on 21,168,000 ordinary shares which were transferred from Wilmar Holdings Pte Ltd, the controlling shareholder, to a total of 374 employees of the Wilmar group of companies as a reward for their long service with the Group. The shares were transferred on 7 December 2007 and were deemed a payment to the staff for the services rendered. Accordingly, the costs, computed as the difference between the market price and the settlement price was recorded as an expense in accordance with Financial Reporting Standard 102 Share-based Payment.

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	
	2007	**2006**
	US$'000	US$'000 (Restated)
Capital commitments in respect of property, plant and equipment	**567,010**	64,494

(b) ***Operating lease commitments – as leasee***

Future minimum rental payable under non-cancellable operating leases (excluding land use rights) at the balance sheet date are as follows:

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
Not later than one year	**7,647**	410
Later than one year but not later than five years	**16,070**	231
Later than five years	**22,776**	2,226
	46,493	2,867

(c) ***Commitments for sales and purchases contracts for palm oil related products (excluding oilseeds and grains)***

The Group has the following committed sales and purchases contracts for palm oil related products (excluding oilseeds and grains) 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:

	Contracts or underlying principal		Year end positive fair value		Year end negative fair value		Net year end fair value	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Committed contracts								
Purchases	**1,404,135**	558,236	**242,964**	88,496	**(11)**	(2,134)	**242,953**	86,362
Sales	**2,678,265**	853,728	**32,102**	2,343	**(325,927)**	(99,277)	**(293,835)**	(96,934)

As at 31 December 2007, the contracted settlement dates for outstanding committed sales and purchases contracts vary within 2 to 12 (2006: 2 to 13) months from the financial year end.

33. Commitments and contingencies (continued)

(d) ***Commitments for sales and purchases contracts for oilseeds and grains***

The Group has the following committed sales and purchases contracts for oilseeds and grains 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:

	Contracts or underlying principal		Year end positive fair value		Year end negative fair value		Net year end fair value	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Committed contracts								
Purchases	**200,507**	57	**9,538**	–	**–**	–	**9,538**	–
Sales	**3,696**	39	**1,190**	–	**–**	–	**1,190**	–

As at 31 December 2007, the contracted settlement dates for outstanding committed sales and purchases contracts vary within 1 to 6 (2006: 1 to 3) months from the financial year end.

(e) ***Commitments for sales contracts for other products***

The Group has the following committed sales contracts for other products 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:

	Contracts or underlying principal		Year end positive fair value		Year end negative fair value		Net year end fair value	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Committed contracts								
Sales	**103,847**	–	**16,272**	–	**–**	–	**16,272**	–

As at 31 December 2007, the contracted settlement dates for outstanding committed sales contracts vary within 1 to 6 months from the financial year end.

33. Commitments and contingencies (continued)

(f) ***Other forwards and future contracts*** (continued)

(i) ***Futures and options contracts for palm oil related products (excluding oilseeds and grains)***
Futures and options contracts are entered into to manage the fluctuations in prices of certain palm oil related products (excluding oilseeds and grains). The contractual or underlying principal amounts of the aforesaid futures and options contracts with fixed pricing terms that were outstanding as at 31 December are as follows:

	Contracts or underlying principal		**Year end positive fair value**		**Year end negative fair value**		**Net year end fair value**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Futures								
Purchases	**14,176**	–	**254**	–	**–**	–	**254**	–
Sales	**139,210**	16,513	**6,909**	80	**(5,226)**	(325)	**1,683**	(245)
	153,386	16,513	**7,163**	80	**(5,226)**	(325)	**1,937**	(245)
Options								
Purchases	**214,286**	–	**–**	–	**–**	–	**–**	–
Sales	**459,184**	–	**376**	–	**(15,317)**	–	**(14,941)**	–
	673,470	–	**376**	–	**(15,317)**	–	**(14,941)**	–
Total	**826,856**	16,513	**7,539**	80	**(20,543)**	(325)	**(13,004)**	(245)

The contracted settlement dates for outstanding futures and options contracts vary 2 to 12 months from the financial years ended 31 December 2007 and 2006 respectively.

Any realised/unrealised gains and losses from these futures and options contracts are recognised in the income statement.

33. Commitments and contingencies (continued)

(f) ***Other forwards and future contracts*** (continued)

(ii) ***Futures, options and swaps contracts for oilseeds and grains***
The Group has futures, options and swaps sales and purchases contracts for oilseeds and grains that are entered into for the use of the Group. The contractual or underlying principal amounts of futures, options and swaps contracts with fixed pricing terms that were outstanding as at 31 December are as follows:

	Contracts or underlying principal		**Year end positive fair value**		**Year end negative fair value**		**Net year end fair value**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Futures								
Purchases	**205,112**	3,860	**28,866**	84	**(369)**	–	**28,497**	84
Sales	**1,449,914**	571,877	**985**	2,197	**(72,956)**	(11,085)	**(71,971)**	(8,888)
	1,655,026	575,737	**29,851**	2,281	**(73,325)**	(11,085)	**(43,474)**	(8,804)
Options								
Sales	**77,379**	9,293	**41,514**	4,409	**(3,402)**	(53)	**38,112**	4,356
Swaps								
Purchases	**–**	16,712	**–**	3,897	**–**	–	**–**	3,897
Total	**1,732,405**	601,742	**71,365**	10,587	**(76,727)**	(11,138)	**(5,362)**	(551)

As at 31 December 2007, the contracted settlement dates for outstanding futures, options and swaps contracts vary within 2 to 12 (2006: 2 to 11) months from the financial year end.

Any realised/unrealised gains and losses from these futures, options and swaps contracts are recognised in the income statement.

33. Commitments and contingencies (continued)

(f) ***Other forwards and future contracts*** (continued)

(iii) *Forward foreign exchange contracts*
Forward foreign exchange contracts are entered into by the Group to hedge anticipated transactions in major foreign currencies.

	Contracts or underlying principal		Year end positive fair value		Year end negative fair value		Net year end fair value	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Forward foreign exchange contracts								
Indonesia Rupiah	**2,000**	6,000	**–**	–	**(10)**	(85)	**(10)**	(85)
Singapore Dollar	**–**	2,000	**–**	3	**–**	–	**–**	3
United States Dollar	**1,495,437**	487,698	**22,185**	5,583	**(2,364)**	(155)	**19,821**	5,428
Chinese Renminbi	**543,790**	314,283	**1,550**	1,368	**(8,380)**	(5,847)	**(6,830)**	(4,479)
Others	**637**	–	**9**	–	**(6)**	–	**3**	–
	2,041,864	809,981	**23,744**	6,954	**(10,760)**	(6,087)	**12,984**	867

As at 31 December 2007, the settlement dates on forward foreign exchange contracts range between 1 to 12 (2006: 1 to 12) months.

The net unrealised positive fair value of the forward foreign exchange contracts as at 31 December 2007 of approximately US$12,984,000 (2006: US$867,000) was recognised in the income statement.

(g) ***Commitments for development of oil palm plantations***
The Group has commitments in relation to the development of oil palm plantations amounted to approximately US$121,524,000 as of 31 December 2007 (2006: US$11,032,000).

(h) ***Contingent liabilities***
The following are the corporate guarantees for the credit facilities extended by bank to:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000
Subsidiaries	**–**	–	**1,724,478**	1,158,300
Associates	**133,390**	294,049	**133,390**	166,700
	133,390	294,049	**1,857,868**	1,325,000

34. Related party disclosures

(a) ***Sale and purchase of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
Immediate holding company		
Dividend paid	**–**	6,000
Interest income	**–**	8,392
Interest expense	**–**	2,750
Related parties		
Sales of goods	**241,919**	272,886
Purchase of goods	**2,403,494**	1,733,582
Interest income	**1,212**	1,666
Interest expense	**1,475**	46
Rental income	**54**	31
Rental expense	**48**	7
Dividend paid	**3,409**	–
Freight charges	**66,453**	367
Sales of spare parts	**8**	3
Management fee income	**17**	–
Construction income	**61**	18
Processing fee income	**152**	19
Commission income	**–**	4
Commission expense	**15**	413
Transportation income	**2**	–
Royalty income	**82**	14
Associates		
Sales of goods	**917,886**	419,978
Purchase of goods	**738,554**	35,054
Interest income	**4,214**	3,359
Interest expense	**415**	–
Rental income	**187**	1
Dividend income	**16,001**	1,569
Sales of spare parts	**15**	–
Construction income	**61**	–
Processing fee income	**5,116**	–
Commission income	**2**	2
Commission expense	**7**	–
Service income	**20**	–
Transportation income	**5**	7
Royalty income	**1**	–

34. Related party disclosures (continued)

		Group	
		2007	**2006**
		US$'000	US$'000 (Restated)
(b)	***Compensation of key management personnel***		
	Salaries and bonuses	**5,712**	2,174
	Central Provident Fund contributions	**90**	44
	Share-based payments (i.e. shares grant to employees)	**14,291**	–
	Other short term benefits	**58**	50
		20,151	2,268
	Comprise amounts paid to:		
	Directors of the Company	**7,715**	1,642
	Other key management personnel	**12,436**	626
		20,151	2,268

35. Fair value of financial instruments

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				Company			
	Note	**2007 Carrying amount**	**Fair value**	**2006 Carrying amount**	**Fair value**	**2007 Carrying amount**	**Fair value**	**2006 Carrying amount**	**Fair value**
		US$'000	US$'000	US$'000 (Restated)	US$'000 (Restated)	US$'000	US$'000	US$'000	US$'000
Financial assets:									
Investment securities	14	**856**	#	95	#	**–**	–	–	–
Other receivables – non-current	22	**472,229**	#	79,432	#	**679,042**	#	16,000	#
Financial liabilities:									
Other payables – non-current	27	**780,261**	#	187,481	#	**36,160**	#	206,712	#

Fair value information has not been disclosed for the Group that are carried at cost because fair value cannot be measured reliably.

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

Financial instruments whose carrying amounts approximate fair value

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

Financial instrument carried at other fair value

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

35. Fair value of financial instruments (continued)

Methods and assumptions used to determine fair values
These 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
• Other non-current receivables • Other non-current payables • Interest-bearing loans and borrowings	Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending, borrowing and leasing arrangements.
• Biological assets	Fair value has been estimated by reference to independent valuations using discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantations are determined using the market price and the estimated yield of fresh fruit bunches ("FFB"), net of maintenance and harvesting costs and any costs required to bring the oil palm plantations to maturity. The estimated yield of the oil palm plantations is affected by the age of the oil palm, the location, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market price of the processed products after harvest, being crude palm oil and palm kernel. Point-of-sale costs include all costs that would be necessary to sell the assets.
• Forward currency contracts	Fair value of forward currency contract is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
• Futures, options and swaps contracts	Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

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 exchange and commodity price risks. The Group's overall risk management strategy seeks to minimize 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.

The Risk Management Committee at the Board level, together with the Executive Risk Committee is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Committee reviews and agrees policies and procedures for the management of these risks, which are executed by the functional Heads and respective staff, with oversight by the Risk Management Team. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

36. Financial risk management objectives and policies (continued)

(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 minimizing 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 ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values; and

– corporate guarantees provided to banks on subsidiaries and associates loans of US$1,857,868,000 (2006: U$1,325,000,000).

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 at the balance sheet date is as follows:

	Group			
	2007	**2007**	**2006**	**2006**
	US$'000	%	US$'000	%
			(Restated)	(Restated)
By country:				
South East Asia	**562,629**	**38%**	259,441	55%
People's Republic of China	**423,996**	**28%**	73,555	16%
India	**64,410**	**4%**	22,922	5%
Europe	**138,200**	**9%**	24,784	5%
Others	**311,969**	**21%**	86,716	19%
	1,501,204	**100%**	467,418	100%

36. Financial risk management objectives and policies (continued)

(a) ***Credit risk*** (continued)

	Group			
	2007	**2007**	**2006**	**2006**
	US$'000	%	US$'000 (Restated)	% (Restated)
By segment:				
Merchandising and Processing				
– Palm and laurics	**948,467**	**63%**	299,157	64%
– Oilseeds and grains	**325,234**	**22%**	103,899	22%
Consumer Products	**100,803**	**7%**	8,491	2%
Plantation and Palm Oil Mills	**15,017**	**1%**	4,410	1%
Others	**111,683**	**7%**	51,461	11%
	1,501,204	**100%**	467,418	100%

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

Financial assets that are neither due or impaired
Information regarding financial assets that are either past due of impaired is disclosed in Note 24 (Trade receivables).

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

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

	2007			2006 (Restated)		
	1 year or less	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
Trade and other payables	**1,782,173**	**41,863**	**1,824,036**	579,168	576,002	1,155,170
Derivative financial instruments	**108,030**	**–**	**108,030**	17,504	46	17,550
Loans and borrowings	**4,209,148**	**818,761**	**5,027,909**	1,510,466	114,754	1,625,220
	6,099,351	**860,624**	**6,959,975**	2,107,138	690,802	2,797,940
Company						
Trade and other payables	**36,160**	**–**	**36,160**	206,712	–	206,712
Derivative financial instruments	–	–	–	–	–	–
Loans and borrowings	**16,000**	**542,363**	**558,363**	12,000	16,000	28,000
	52,160	**542,363**	**594,523**	218,712	16,000	234,712

36. Financial risk management objectives and policies (continued)

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to related parties and fixed deposits with financial institutions.

At the balance sheet date, if the US$ interest rates had been 50 (2006: 50) basis points lower/higher with all other variables including tax rate held constant, the Group's profit after tax will be higher/lower by US$25.14 million (2006: US$8.13 million), as a result of lower/higher interest expense on these borrowings. As most of the Group's borrowings are short term and trade related, any interest rate costs are priced into the respective trade transactions. Accordingly, the Group has minimum interest rate exposure risk.

(d) ***Foreign currency risk***

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

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

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

At balance sheet date, if the foreign currencies of the Group's major operating units (namely the Chinese Renminbi, Malaysian Ringgit, Indonesian Rupiah, Euro Dollar and Vietnam Dong) were to strengthen/weaken by 4% against the United States Dollar, with all other variables held constant, the Group's net profit after tax would have increased/decreased by US$28,477,000/US$26,286,000 (2006: US$4,108,000/US$3,792,000), and shareholders' equity would have increased/decreased by US$107,008,000/US$98,776,000 (2006: US$16,033,000/US$14,800,000).

36. Financial risk management objectives and policies (continued)

(e) ***Commodity price risk***

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

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise their risks arising from such fluctuations by hedging its sales either through direct purchases of a similar commodity or through futures contracts on the commodity exchanges. The prices on the commodity exchanges are quoted up to twelve months forward.

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

At balance sheet date if commodities price index had been 5% (2006: 5%) higher/lower with all other variables held constant, the Group's profit net of tax would have been lower/higher by US$103,890,000/US$67,158,000 (2006: US$29,691,000/US$28,099,000) arising as a result of higher/lower fair value losses on the Group's commodity futures and options contracts. This effect would have been mitigated by the Group's physical sales and purchases commitments as well as the inventory held at balance sheet date.

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 2007 and 31 December 2006.

As disclosed in Note 30(b)(iv), subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been compiled with by the above-mentioned subsidiaries for the financial years ended 31 December 2007 and 2006.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group included within net debt, loans and borrowings, trade payables, other payables, other liabilities, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent less the above-mentioned restricted statutory reserve fund.

	Group	
	2007	**2006**
	US$'000	US$'000 (Restated)
Loans and borrowings (Note 28)	**5,027,909**	1,625,220
Trade payables	**1,001,912**	391,687
Other payables	**822,124**	763,483
Less: Cash and cash equivalents	**(967,572)**	(298,601)
Net debt	**5,884,373**	2,481,789
Equity attributable to the equity holders of the parent	**7,845,198**	857,315
Less: Statutory reserve fund	**(26,544)**	(15,344)
Total capital	**7,818,654**	841,971
Capital and net debt	**13,703,027**	3,323,760
Gearing ratio	**43%**	75%

38. Segment information

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

Business segments
The Group comprises the following main business segments:

Merchandising and Processing

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

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

Consumer Products
Consumer products bottled oil business mainly in China, Vietnam and Indonesia.

Plantation and Palm Oil Mills
Oil palm cultivation and milling.

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

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

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

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

38. Segment information (continued)

(a) *Business segments*

(i) The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2007 and 2006.

	Merchandising and Processing		Consumer Products		Plantation and Palm Oil Mills		Others		Elimination		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Revenue												
Sales to external customers	**13,858,166**	6,601,089	**2,171,645**	221,397	**29,601**	10,681	**406,739**	182,834	**–**	–	**16,466,151**	7,016,001
Inter-segment sales	**1,319,273**	90,679	**644,844**	–	**810,106**	372,324	**60,801**	25,857	**(2,835,024)**	(488,860)	**–**	–
Total revenue	**15,177,439**	6,691,768	**2,816,489**	221,397	**839,707**	383,005	**467,540**	208,691	**(2,835,024)**	(488,860)	**16,466,151**	7,016,001
Results												
Segment results	**578,085**	273,736	**116,136**	8,161	**287,296**	63,066	**21,104**	7,811			**1,002,621**	352,774
Unallocated (expenses)/ income											**(59,790)**	6,752
Finance costs											**(172,836)**	(108,759)
Share of results of associates	**59,701**	37,205	**13**	–	**(1,455)**	(140)	**1,539**	870			**59,798**	37,935
Profit before tax											**829,793**	288,702
Income tax expense											**(154,557)**	(32,256)
Profit after tax											**675,236**	256,446

38. Segment information (continued)

(a) ***Business segments*** (continued)

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 31 December 2007 and 2006.

	Merchandising and Processing		Consumer Products		Plantation and Palm Oil Mills		Others		Elimination		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Assets and liabilities												
Segment assets	**13,190,421**	2,925,552	**2,475,570**	40,150	**1,783,430**	415,951	**10,723,354**	362,767	**(13,145,710)**	(81,313)	**15,027,065**	3,663,107
Investments in associates	**275,057**	168,248	**–**	–	**1,813**	319	**175,080**	15,859	**–**	–	**451,950**	184,426
Unallocated assets											**28,038**	5,423
Total assets											**15,507,053**	3,852,956
Segment liabilities	**9,160,773**	2,662,278	**1,236,948**	16,245	**775,307**	370,591	**844,771**	636,714	**(5,057,824)**	(887,888)	**6,959,975**	2,797,940
Unallocated liabilities											**365,576**	73,014
Total liabilities											**7,325,551**	2,870,954
Other segment information												
Capital expenditure												
– Property, plant and equipment	**680,769**	234,296	**529,308**	523	**364,982**	35,083	**138,676**	93,528	**–**	–	**1,713,735**	363,430
– Intangible assets	**1,262,322**	245	**1,089,247**	–	**1,550,493**	(848)	**–**	14,482	**–**	–	**3,902,062**	13,879
Depreciation and amortisation	**86,934**	53,522	**11,852**	897	**18,788**	11,162	**16,196**	7,765	**–**	–	**133,770**	73,346

38. Segment information (continued)

(b) ***Geographical segments***

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments as at and for the years ended 31 December 2007 and 2006.

	South East Asia		People's Republic of China		India		Europe		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)	US$'000	US$'000 (Restated)
Revenue												
Sales to external customers	**3,825,593**	1,358,801	**8,481,523**	4,177,200	**793,601**	297,980	**1,379,065**	379,420	**1,986,369**	802,600	**16,466,151**	7,016,001
Segment assets												
Segment assets	**8,327,938**	1,734,838	**6,274,635**	1,858,799	**3,391**	–	**194,208**	–	**226,893**	69,470	**15,027,065**	3,663,107
Investments in associates	**47,383**	9,648	**234,969**	124,618	**45,521**	24,952	**73**	–	**124,004**	25,208	**451,950**	184,426
Unallocated assets											**28,038**	5,423
Total assets											**15,507,053**	3,852,956
Other segment information												
Capital expenditure												
– Property, plant and equipment	**825,469**	194,480	**764,746**	142,162	**1,137**	–	**55,334**	–	**67,049**	26,788	**1,713,735**	363,430
– Intangible assets	**2,051,842**	15,838	**1,850,220**	(2,708)	**–**	–	**–**	–	**–**	749	**3,902,062**	13,879

39. Dividends

	Group and Company 2007 US$'000	Group and Company 2006 US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final tax-exempt dividend for previous financial year	**21,556**	6,000
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 2007: S$0.026 (2006: S$0.013) per share	**116,000**	21,435

40. Events occurring after the balance sheet date

On 1 January 2008, Delmar Pte. Ltd. became an associated company of the Group.

In February 2008, the Group incorporated a subsidiary, PT Citraraya Perkasa Abadi ("CPA") which is a joint venture subsidiary established by PT Sinar Alam Permai ("SAP") for purpose of production and trading of asphalt. SAP will invest Rupiah 1.2 billion (equivalent to US$128,383) representing 60% of the issued and paid up share capital of CPA.

On 14 February 2008, the Group acquired an additional 25.31% interest in PT Cahaya Kalbar Tbk, a public company which shares are quoted and traded on the Indonesian Stock Exchange, for a consideration of Rupiah 61,890,500,400 (equivalent to US$6,631,590). The fair value of the Group's share of the identifiable net assets of PT Cahaya Kalbar Tbk at the date of acquisition was US$6,352,990.

41. Listing of 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 2007 %	Proportion of ownership interest 2006 % (Restated)
Held by the Company				
Tradesound Investments Limited [(1)]	British Virgin Islands	Investment holding	**100**	100
Wilmar Fertilizer Indonesia Pte Ltd [(1)]	Singapore	Investment holding	**100**	100
Wilmar Holdings Sdn. Bhd. [(3)]	Malaysia	Investment holding	**100**	100
Wilmar Plantations Limited [(1)]	British Virgin Islands	Investment holding	**100**	100
Wilmar Plantations (Mauritius) Limited [(3)]	Mauritius	Investment holding	**100**	100
Wilmar Shipping (Mauritius) Limited [(3)]	Mauritius	Investment holding	**85.33**	85.33
Wilmar Trading Pte Ltd [(1)]	Singapore	International trading in edible oils	**100**	100

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held by the Company (continued)				
KemOleo Pte. Ltd. [1]	Singapore	Trading in oleochemical and biodiesel	**70**	70
Pacific Rim Palm Oil Limited [3]	Mauritius	Investment holding	**100**	100
Wilmar Ship Holdings Pte. Ltd. [6]	Singapore	Investment holding	**100**	–
Wilmar Yihai Investments Pte. Ltd. [1]	Singapore	Investment holding	**100**	100
Wilmar China Investments Pte Ltd [1]	Singapore	Investment holding	**100**	100
Wilmar-ADM China Investments Pte. Ltd. [1]	Singapore	Investment holding	**100**	100
Wilmar-ADM China Northeast Investments Pte Ltd [1]	Singapore	Investment holding	**100**	100
Wilmar Golden Sea Investment Pte Ltd [1]	Singapore	Investment holding	**100**	100
Kenspot International Pte Ltd [1]	Singapore	Investment holding	**100**	100
Wilmar-ADM Flour Investments Pte. Ltd. [1]	Singapore	Investment holding	**100**	100
Wilmar Great Ocean Investment Pte Ltd [1]	Singapore	Investment holding	**100**	100
Wilmar Fujian Investments Pte Ltd [1]	Singapore	Investment holding	**100**	100
Wilmar China Investments (Yihai) Pte. Ltd. [1]	Singapore	Investment holding	**100**	100
Yihai Investment Co., Ltd. [2] (now known as Yihai Kerry Investments Co., Ltd.)	People's Republic of China	Investment holding	**100**	100
Wilmar China New Investments Pte. Ltd. [1]	Singapore	Investment holding	**100**	100
ADM China Holdings Ltd [3]	Mauritius	Investment holding	**100**	100
Wilmar Excel Pte. Ltd. [3]	Singapore	Investment holding	**100**	–
Grand Silver (Laiyang) Co. Limited [3]	Hong Kong	Investment holding	**51 @**	51 @
Wilmar Resources Pte Ltd [1]	Singapore	Investment holding	**100**	100

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held by the Company (continued)				
Wilmar Tani Investments (Mauritius) Limited (3)	Mauritius	Investment holding	**100**	100
Wilmar Investments (Mauritius) Limited (3)	Mauritius	Investment holding	**100**	100
DelMar Pte. Ltd. (1)	Singapore	Investment holding	**50 ***	62.50
E W Green Power Pte. Ltd. (1)	Singapore	Dormant	**100**	–
Wilmar Japan Co., Ltd (6)	Japan	Trading	**100**	–
Wilmar Edible Oils Philippines, Inc. (3)	Philippines	Edible oils refinery	**100**	–
Wilmar Air Pte. Ltd. (6)	Singapore	Investment holding	**100**	–
Wii Pte. Ltd. (6)	Singapore	Investment holding	**100**	–
Kuok Oils & Grains Pte Ltd (1)	Singapore	Trading in commodities and investment holding	**100**	–
PPB Oil Palms Berhad (2)	Malaysia	Investment holding; provision of agricultural advisory services	**100**	–
PGEO Group Sdn Bhd (2)	Malaysia	Investment holding	**100**	–
Alicia Shipping Co Limited (4)	British Virgin Islands	Ship-owning and chartering	**–**	91
Analisa Shipping Co Pte Ltd (1)	Singapore	Ship-owning and chartering	**–**	80
Lisa Shipping Co. Pte Ltd (1)	Singapore	Ship-owning and chartering	**–**	100
Monalisa Shipping Co Pte Ltd (1)	Singapore	Ship-owning and chartering	**–**	100
Sasa Shipping Co Pte. Ltd. (3)	Singapore	Ship-owning and chartering	**–**	100
Louisa Shipping Co Pte. Ltd. (3)	Singapore	Ship-owning and chartering	**–**	100
Patricia Shipping Co Pte. Ltd. (3)	Singapore	Ship-owning and chartering	**–**	100
Gold River Pte. Ltd. (3)	Singapore	Ship-owning and chartering	**–**	100
Isabel Shipping Co Pte. Ltd. (3)	Singapore	Ship-owning and chartering	**–**	80
Natalie Shipping Co Pte. Ltd. (3)	Singapore	Ship-owning and chartering	**–**	80
Olivia Shipping Co Pte. Ltd. (3)	Singapore	Ship-owning and chartering	**–**	80

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries				
PT Bukit Kapurreksa (2)	Indonesia	Edible oils refinery	**100^**	100^
PT Sinar Alam Permai (2)	Indonesia	Edible oils refinery	**100^**	100^
PT Multimas Nabati Asahan (2)	Indonesia	Edible oils refinery	**100^**	100^
PT Sinarperdana Caraka (2)	Indonesia	Palm oil mill	**70**	70
PT Karya Putrakreasi Nusantara (2)	Indonesia	Edible oils refinery and specialty fats	**60**	60
PT Cahaya Kalbar Tbk (2)	Indonesia	Edible oils refinery and specialty fats	**61.71**	61.71
PT Mekar Bumi Andalas (2)	Indonesia	Palm oil storage services and refinery	**100#**	100#
PT Sari Agrotama Persada (2)	Indonesia	Distribution of frying oil, margarine and shortening	**100^**	100^
PT Multi Nabati Sulawesi (2)	Indonesia	Copra crushing, palm kernel crushing plant and refinery	**100^**	100^
PT Kawasan Industri Dumai (2)	Indonesia	Development of industrial estate	**100^**	100^
PT Multi Mineral Trading (2)	Indonesia	Coal business and trading	**100**	100
PT Wilmar Bioenergi Indonesia (2)	Indonesia	Biodiesel refinery	**100**	100
PT Petro Andalan Nusantara (2)	Indonesia	Trading in bulking fuel and diesel	**100#**	–
Cleartech Research Pte. Ltd. (6)	Singapore	Investment holding	**60**	–
PT Inticocoa Abadi Industri (2)	Indonesia	Processing cocoa butter and powder	**61.71**	61.71
PT Sentana Adidaya Pratama (2)	Indonesia	Processing of fertilisers	**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
PT AMP Plantation (2)	Indonesia	Oil palm plantation, palm oil mill and palm kernel crushing plant	**100**	100
PT Permata Hijau Pasaman (2)	Indonesia	Oil palm plantation	**100**	100

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
PT Gersindo Minang Plantation (2)	Indonesia	Oil palm plantation and palm oil mill	**100**	100
PT Siak Prima Sakti (2)	Indonesia	Palm oil mill	**100**	70
PT Agronusa Investama (2)	Indonesia	Oil palm plantation and palm oil mill	**95**	95
PT Citra Riau Sarana (2)	Indonesia	Oil palm plantation and palm oil mill	**95**	95
PT Daya Labuhan Indah (2)	Indonesia	Oil palm plantation and palm oil mill	**95**	95
Mixbury Holdings Limited (4)	British Virgin Islands	Investment holding	**100**	–
PT Primatama Muliajaya (2)	Indonesia	Oil palm plantation	**100**	100
PT Agro Palindo Sakti (2)	Indonesia	Oil palm plantation and rubber plantation	**100**	100
PT Buluh Cawang Plantations (2)	Indonesia	Oil palm plantation, rubber plantation and palm oil mill	**100**	100
PT Musi Banyuasin Indah (2)	Indonesia	Oil palm plantation and palm oil mill	**100**	100
PT Tania Selatan (2)	Indonesia	Oil palm plantation and palm oil mill	**100**	100
PT Agrindo Indah Persada (2)	Indonesia	Palm oil mill	**100**	100
PT Perkebunan Milano (2)	Indonesia	Oil palm plantation, palm oil mill and palm kernel crushing plant	**100**	100
PT Sinarsiak Dianpermai (2)	Indonesia	Oil palm plantation, palm oil mill and palm kernel crushing plant	**100**	100
PT Murini Samsam (2)	Indonesia	Oil palm plantation, palm oil mill and palm kernel crushing plant	**100**	100
PT Dharma Wungu Guna (2)	Indonesia	Palm oil mill	**100**	100
PT Tritunggal Sentra Buana (2)	Indonesia	Oil palm plantation	**50 ***	–
PT Daya Landak Plantations (2)	Indonesia	Oil palm plantation	**70**	–
PT Pratama Prosentindo (2)	Indonesia	Oil palm plantation	**74.77**	–

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	Proportion of ownership interest 2006 % (Restated)
Held through subsidiaries (continued)				
PT Tirta Arung Intiniaga [3]	Indonesia	Ship-owning and chartering	**81.06**	81.06
PT Asiatic Persada [2]	Indonesia	Oil palm plantation and palm oil mill	**51**	51
PT Putra Indotropical [2]	Indonesia	Oil palm plantation	**74.77**	–
PT Indoresins Putra Mandiri [2]	Indonesia	Oil palm plantation	**70**	–
PT Maju Perkasasawit [2]	Indonesia	Oil palm plantation	**45.9**	45.9
PT Jammer Tulen [2]	Indonesia	Oil palm plantation	**45.9**	45.9
Alicia Shipping Co Limited [4]	British Virgin Islands	Ship-owning and chartering	**91**	–
Analisa Shipping Co Pte Ltd [1]	Singapore	Ship-owning and chartering	**80**	–
Lisa Shipping Co. Pte Ltd [1]	Singapore	Ship-owning and chartering	**100**	–
Monalisa Shipping Co Pte Ltd [1]	Singapore	Ship-owning and chartering	**100**	–
Sasa Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	–
Louisa Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	–
Patricia Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	–
Gold River Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**100**	–
Felicia Shipping Co Pte. Ltd. [1]	Singapore	Ship-owning and chartering	**100**	–
Isabel Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**80**	–
Natalie Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**80**	–
Olivia Shipping Co Pte. Ltd. [3]	Singapore	Ship-owning and chartering	**80**	–
Victoria Shipping Co Pte. Ltd. [6]	Singapore	Ship-owning and chartering	**100**	–
Sophia Shipping Co Pte. Ltd. [6]	Singapore	Ship-owning and chartering	**100**	–
Nicole Shipping Co Limited [6]	British Virgin Islands	Ship-owning and chartering	**100**	–
Natasha Shipping Co Limited [6]	British Virgin Islands	Ship-owning and chartering	**100**	–

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Yihai (Zhoukou) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing and refining	**89**	89
Yihai (Yantai) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing and refining	**79.31**	79.31
Yihai (Lianyungang) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing and refining	**79**	79
YueYang LuLiang New Century Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing	**77.50**	77.50
New Century Oils & Grains (Wuhan) Co., Ltd (2)	People's Republic of China	Oilseeds crushing	**95**	95
Qinhuangdao Goldensea Speciality Oils & Fats Industries Co., Ltd (2)	People's Republic of China	Specialty fats processing	**85**	85
Yihai (Sichuan) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Oilseeds crushing and refining	**100**	100
Yihai (Guanghan) Oil, Grains & Foodstuffs Industries Co., Ltd (3)	People's Republic of China	Oilseeds crushing and refining	**100**	100
Qinhuangdao Goldensea Foodstuff Industries Co., Ltd (2)	People's Republic of China	Protein processing	**100**	100
Qinhuangdao Goldensea Bioenergy Co., Ltd (3)	People's Republic of China	Production of biodiesel	**100**	100
Qinhuangdao Goldensea Grain and Oil Industry Co., Ltd (2)	People's Republic of China	Oilseeds crushing and refining	**80**	80
Qinhuangdao Tingji Oil & Fat Co., Ltd (5)	People's Republic of China	In liquidation	**80**	80
Yihai (Zhoukou) Wheat Industries Co., Ltd (3)	People's Republic of China	Wheat processing	**100**	100
Yihai (Shijiazhuang) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Flour milling	**80**	80
Yihai (Jiamusi) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Rice milling and oilseeds processing	**97**	96
Yihai (Jiamusi) Bio-cogeneration Co., Ltd (3)	People's Republic of China	Generating and providing electricity and steam	**96**	96

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Yihai (Fujin) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Rice milling and oilseeds processing	**70**	70
Great Ocean Oil & Grain Industries (Fangchenggang) Company Limited (2)	People's Republic of China	Oilseeds crushing and refining	**60**	60
Quanzhou Fortune Sea Oils & Grain Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing and refining	**100**	100
Yihai (Lianyungang) Oleochemical Industries Co., Ltd (2)	People's Republic of China	Processing of fatty acid and glycerine	**79**	79
Yihai (Yancheng) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Oilseeds crushing and refining	**85**	65
Yihai (Changji) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oilseeds crushing and refining	**92.50**	92.50
Yihai (Akesu) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Hull extraction	**90**	90
New Yigang (Lianyungang) Wharf Co., Ltd (3)	People's Republic of China	Building and management of port	**51**	51
Yihai (Lianyungang) Industry Development Co., Ltd (3)	People's Republic of China	Industrial land owner	**60**	60
Yijiang (Zhangjiagang) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oil refining and fractionation	**80**	80
Yizheng Yijiang Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Bulk installations	**80**	80
Yihai (Guangzhou) Oils & Grains Industries Co., Ltd (2)	People's Republic of China	Oil refining and fractionation	**100**	100
Yihai (Zhoukou) Property Co., Ltd (3)	People's Republic of China	Property	**100**	100
Shanghai Yihai Commercial Co., Ltd (2)	People's Republic of China	Trading	**100**	100
Qinhuangdao Yihai Regenerative Resources Development Co., Ltd (3)	People's Republic of China	Further processing of by products/ waste	**70**	70

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Hengyang Yihai Oils and Grains Co., Ltd (3)	People's Republic of China	Trading	**80**	–
Hebei Yihai Lifeng Oils & Grains Co., Ltd (3)	People's Republic of China	Trading	**100**	–
Heilongjiang Yihai Lifeng Oils & Grains Co., Ltd (3)	People's Republic of China	Trading	**100**	–
Yihai (Tai Zhou) Oils & Grains Industries Co., Ltd (3)	People's Republic of China	Oilseeds crushing and refining	**100**	100
Yihai (Fangchenggang) Soybeans Industries Co., Ltd (3)	People's Republic of China	Protein processing	**100**	100
Yihai (Dongguan) Feed Protein Development Co., Ltd (3)	People's Republic of China	Oilseeds crushing, refining and flour milling	**100**	–
Yihai (Dongguan) Oleochemical Industries Co., Ltd (3)	People's Republic of China	Processing of fatty acid and glycerine	**100**	–
Yihai (Guangzhou) Wharf Co., Ltd (6)	People's Republic of China	Port management	**95**	–
Yihai Kerry (Anhui) Oils & Grains Industries Co., Ltd (6)	People's Republic of China	Oilseeds crushing and refining	**51.67**	–
Yihai Kerry (Yanzhou) Oils & Grains Industries Co., Ltd (6)	People's Republic of China	Flour milling and crushing and production and sale of edible oils	**100**	–
Wilmar (Haerbin) Oils, Grains & Foodstuffs Industries Co., Ltd (6)	People's Republic of China	Rice milling and crushing and edible oils and other related products processing	**100**	–
Wilmar (Xingping) Foodstuffs Industries Co., Ltd (6)	People's Republic of China	Edible oils processing	**97**	–
Wilmar (Chongqing) Oils & Grains Co., Ltd (6)	People's Republic of China	Edible oils processing	**100**	–
Wilmar (Shanghai) IT Services Co., Ltd (3)	People's Republic of China	Providing IT services and consultancy	**100**	–
Wilmar Pakistan (Private) Limited (4)	Pakistan	Dormant	**100**	100
Pyramid Lanka (Private) Limited (2)	Sri Lanka	Manufacturing and distribution of edible oils	**55**	55

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Pyramid Wilmar (Private) Limited (2)	Sri Lanka	Trading	**50 ***	50 *
Pyramid Wilmar Oils & Fats (Private) Limited (6)	Sri Lanka	Manufacture and sale of margarine and bakery shortening	**55**	–
Delta Wilmar CIS (3)	Ukraine	Edible oils refining	**50 ***	62.50
Kerry Oils & Grains (China) Limited (4)	Samoa	Investment holding	**100**	–
KOG Investments Pte Ltd (1)	Singapore	Investment holding	**100**	–
Larnia Pte Ltd (1)	Singapore	Investment holding	**100**	–
Cheviot Pte Ltd (1)	Singapore	Ship charterer	**100**	–
Kuok Oils & Grains Trading Pte Ltd (1)	Singapore	Investment holding	**100**	–
Kuok Oils & Grains Philippines, Inc. (3)	Philippines	Service company	**100**	–
Everbright Services Company Limited (5)	Myanmar	In liquidation	**100**	–
Kerry Oils & Grains (China) Private Limited (1)	Singapore	Investment holding	**100**	–
Kerry Oils & Grains (Fangcheng) Ltd (3)	People's Republic of China	Manufacture and sale of edible oils and fats	**100**	–
Kerry Industrial Services (Shanghai) Co., Ltd (3)	People's Republic of China	Provision of supporting industrial services to group companies	**100**	–
Kerry Oleochemical Industrial (Shanghai) Co., Ltd (2)	People's Republic of China	Manufacture and sale of oleochemical products	**100**	–
Shanghai Kerry Food Industries Co., Ltd (2)	People's Republic of China	Manufacture, packaging and sale of edible oils and fats	**100**	–
Kerry Speciality Fats (Shanghai) Ltd (2)	People's Republic of China	Manufacture, packaging and sale of speciality oils and fats	**100**	–
Kerry Oils & Grains (Tianjin) Ltd (2)	People's Republic of China	Manufacture, packaging and sale of edible oils and fats	**100**	–
Shanghai Kerry Oils & Grains Industrial Co., Ltd (2)	People's Republic of China	Manufacture and sale of edible oils and fats	**93.08**	–
Kerry Oils & Grains (Sichuan) Ltd (3)	People's Republic of China	Manufacture and sale of edible oils, fats and lard	**77.52**	–

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Qingdao Kerry Peanut Oil Co., Ltd [2]	People's Republic of China	Manufacture and sale of edible oils, fats and feeds; processing of oilseeds	**70**	–
Kerry Oils & Grains (Qingdao) Ltd [2]	People's Republic of China	Manufacture and sale of edible oils, fats and feeds; processing of oilseeds	**70**	–
Shenzhen Nantian Oilmills Co., Ltd [3]	People's Republic of China	Manufacture and sale of edible oils, feeds and high protein feeds; processing of oilseeds	**60**	–
Xian Kerry Oils & Fats Industrial Ltd [3]	People's Republic of China	Manufacture and sale of edible oils and fats	**51**	–
Yihai Kerry Oils & Grains (Shenzhen) Co., Ltd (formerly known as Kerry Oils & Grains (Shenzhen) Co., Ltd) [3]	People's Republic of China	Provision of management and marketing services	**100**	–
Yingkou Kerry Grains Industries Ltd [3]	People's Republic of China	Dormant	**100**	–
Lassiter Limited [4]	Samoa	Investment holding	**51**	–
Landmark Commodities Limited [5]	Hong Kong	In liquidation	**75**	–
Bathos Company Limited [3]	Hong Kong	Investment holding	**100**	–
Kerry Oils & Grains Trading Company Limited [3]	Hong Kong	Trading of oils, grains and other agricultural products	**100**	–
Shenzhen Southseas Grains Industries Limited [3]	People's Republic of China	Manufacture and sale of wheat flour and animal feeds	**31.49**	–
Shenzhen Kerry Oils & Grains Trading Co., Ltd [3]	People's Republic of China	Trading of oils, grains and other agricultural products; investment holding	**100**	–
Fuzhiyuan Feedstuff Protein Development Co., Ltd Dongguan [3]	People's Republic of China	Manufacture and sale of feed protein (soyameal), lecithin, oils and fats (operated with licence); import and export business (excluding items with restriction)	**100**	–
Leverian Holdings Pte Ltd [1]	Singapore	Investment holding	**60**	–

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
KOG Edible Oils B.V. (3)	Netherlands	Manufacture and sale of edible oil products	**100**	–
Kerry (New Zealand) Limited (3)	New Zealand	Trading in commodities	**100**	–
Soldonella Company Limited (3)	Hong Kong	Investment holding	**75**	–
Siteki Investments Pte Ltd (1)	Singapore	Investment holding	**100**	–
Myanmar Kuok Oils & Grains Limited (3)	Myanmar	Trading in commodities	**100**	–
Yangon Oils & Grains Limited (3)	Myanmar	Dormant	**100**	–
Risicare Pte. Ltd. (1)	Singapore	Investment holding	**100**	–
Richemont Pte. Ltd. (1)	Singapore	Investment holding	**100**	–
Bangladesh Edible Oil Limited (3)	Bangladesh	Manufacture and sale of edible oil products	**60**	–
Intertrade (Bangladesh) Private Limited (3)	Bangladesh	Dormant	**60**	–
Warlan Services Limited (3)	New Zealand	Investment holding	**100**	–
KNZ Australia Pty Limited (3)	Australia	Trading in commodities	**100**	–
Kerry (Australia) Pty Ltd (3)	Australia	Dormant	**100**	–
Jimenez Oil Mills, Inc. (5)	Philippines	In liquidation	**75**	–
Cai Lan Oils & Fats Industries Company Ltd (3)	Vietnam	Manufacture and sale of vegetables oils and related products	**68**	–
KOG Food Products (Vietnam) Company Limited (3)	Vietnam	Manufacture and sale of cashew nuts (Company has ceased business operations)	**100**	–
KOG-KTV Food Products (India) Private Limited (3)	India	Manufacture and sale of edible oils and other products	**60**	–
K.O.G. Pflanzenöle GmbH (3)	Germany	Production and trading of food and intermediary products (Dormant)	**100**	–
Fettraffinerie Brake GmbH (3)	Germany	Production and trading of food and intermediary products	**100**	–

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
PT Teluk Bayur Bulk Terminal (3)	Indonesia	Bulk storage terminal; trading in palm oils, palm kernel oils and other related products	**100**	–
PT Usaha Inti Padang (3)	Indonesia	Trading in palm oils, palm kernel oils and related products	**50 ***	–
PT Kaltim Bulking Terminal (3)	Indonesia	Bulk storage terminal; trading in palm oils, palm kernel oils and other related products (Not commenced operations)	**70**	–
Orisatin Sdn. Bhd. (3)	Malaysia	Trading in edible oils and grains	**100**	–
Liberty Agri Products Private Limited (3)	India	Trading in edible oils and grains	**51**	–
Kerry Speciality Chemical Industrial (Shanghai) Co., Ltd (3)	People's Republic of China	Manufacture and sale of fatty alcohol products (Not commenced operations)	**100**	–
Kerry Fine Chemical Industrial (Shanghai) Co., Ltd (3)	People's Republic of China	Manufacture and sale of amide (Not commenced operations)	**100**	–
Kerry Oleochemical Industrial (Tianjin) Co., Ltd (3)	People's Republic of China	Manufacture and sale of oleochemical products (Not commenced operations)	**100**	–
Kerry Oils & Grains (Yingkou) Ltd (3)	People's Republic of China	Manufacture and sale of edible oils, fats and feeds and processing of oilseeds	**100**	–
Southsea Oils & Fats (H.K.) Limited (3)	Hong Kong	Dormant	**100**	–
Southseas Oils & Fats Industrial (Chiwan) Ltd (2)	People's Republic of China	Manufacture and sale of edible oils and fats	**100**	–
Space Coaster Investments Limited (3)	Hong Kong	Investment holding	**100**	–
Hop Yick Packaging & Manufacturing (Shenzhen) Co., Ltd (3)	People's Republic of China	Dormant	**100**	–
Sapi Plantations Sdn Bhd (2)	Malaysia	Oil palm cultivation and operation of palm oil mills	**100**	–
Reka Halus Sdn Bhd (2)	Malaysia	Oil palm cultivation and operation of a palm oil mill	**70**	–

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Sabahmas Plantations Sdn Bhd (2)	Malaysia	Investment holding, oil palm cultivation and operation of palm oil mills	**100**	–
Kiabau Plantations Sdn Bhd (2)	Malaysia	Oil palm cultivation	**100**	–
Ribubonus Sdn Bhd (2)	Malaysia	Oil palm cultivation	**100**	–
Sri Kamusan Sdn Bhd (2)	Malaysia	Oil palm cultivation and operation of a palm oil mill	**100**	–
Sekar Imej Sdn Bhd (2)	Malaysia	Oil palm cultivation	**100**	–
Ceramilek Sdn Bhd (2)	Malaysia	Investment holding	**89.8**	–
Aktif Kukuh Sdn Bhd (5)	Malaysia	In liquidation	**100**	–
Saremas Sdn Bhd (3)	Malaysia	Oil palm cultivation and operation of palm oil mills	**100**	–
Segarmas Plantations Sdn Bhd (3)	Malaysia	Oil palm cultivation	**100**	–
Kaminsky Sdn Bhd (3)	Malaysia	Oil palm cultivation	**100**	–
Suai Plantations Sdn Bhd (3)	Malaysia	Dormant	**100**	–
Clonal Palms Sdn Bhd (3)	Malaysia	Cultivation and sale of clonal plantlets	**100**	–
Suburmas Plantations Sdn Bhd (3)	Malaysia	Investment holding and oil palm cultivation	**70**	–
PT Kencana Sawit Indonesia (2)	Indonesia	Oil palm cultivation and operation of a palm oil mill	**100**	–
Kalimantan Palm Industries Sdn Bhd (2)	Malaysia	Investment holding	**100**	–
Dexas Investments Limited (4)	British Virgin Islands	Investment holding	**100**	–
Ferro Group Limited (4)	British Virgin Islands	Investment holding	**100**	–
Rimkus Limited (4)	British Virgin Islands	Investment holding	**100**	–
Fontille Overseas Ltd (4)	British Virgin Islands	Investment holding	**100**	–

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Frissor Limited (4)	British Virgin Islands	Investment holding	**100**	–
Trilliton Holdings Ltd (4)	British Virgin Islands	Investment holding	**100**	–
Trade Alpha Limited (4)	British Virgin Islands	Investment holding	**100**	–
Fullsight Holdings Limited (4)	British Virgin Islands	Investment holding	**100**	–
Topassist Investments Limited (4)	British Virgin Islands	Investment holding	**100**	–
Certainworld Limited (4)	British Virgin Islands	Investment holding	**100**	–
Suremoment Limited (4)	British Virgin Islands	Investment holding	**100**	–
Firm Step Investments Limited (4)	British Virgin Islands	Investment holding	**100**	–
Rise High Investments Limited (4)	British Virgin Islands	Investment holding	**100**	–
Kornhill Assets Limited (4)	British Virgin Islands	Investment holding	**100**	–
Fit Best Holdings Limited (4)	British Virgin Islands	Investment holding	**100**	–
Max Wealth Group Limited (4)	British Virgin Islands	Investment holding	**100**	–
Fine Concept Holdings Limited (4)	British Virgin Islands	Investment holding	**100**	–
Newday Holdings Limited (2)	Malaysia	Investment holding	**100**	–
Wealth Anchor Pte. Ltd. (1)	Singapore	Investment holding	**100**	–
Alam Palm Plantations Sdn Bhd (2)	Malaysia	Ownership of aircraft	**70**	–
Gepa Lumber Sdn Bhd (2)	Malaysia	Oil palm cultivation	**100**	–

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Page Development Sdn Bhd [2]	Malaysia	Oil palm cultivation	**100**	–
Red Logging Sdn Bhd [2]	Malaysia	Oil palm cultivation	**100**	–
Logmerc Sdn Bhd [2]	Malaysia	Oil palm cultivation	**100**	–
Penumilek Sdn Bhd [2]	Malaysia	Oil palm cultivation	**89.8**	–
Hibumas Sdn Bhd [2]	Malaysia	Investment holding and oil palm cultivation	**89.8**	–
Jebawang Sdn Bhd [2]	Malaysia	Oil palm cultivation	**89.8**	–
Suburmas Palm Oil Mill Sdn Bhd [3]	Malaysia	Operation of a palm oil mill	**37.1**	–
PT Mustika Sembuluh [2]	Indonesia	Oil palm cultivation and operation of a palm oil mill	**90**	–
PT Dermaga Sungai Mentaya [2]	Indonesia	Dormant	**99.9**	–
PT Guna Karya Lestari [2]	Indonesia	Dormant	**99.9**	–
PT Kerry Sawit Indonesia [2]	Indonesia	Oil palm cultivation	**90**	–
PT Karunia Kencana Permaisejati [2]	Indonesia	Oil palm cultivation	**95**	–
PT Bumi Sawit Kencana [2]	Indonesia	Oil palm cultivation	**95**	–
PT Mentaya Sawit Mas [2]	Indonesia	Oil palm cultivation	**95**	–
Ivory Rose Pte. Ltd. [1]	Singapore	Investment holding	**100**	–
PT Sarana Titian Permata [2]	Indonesia	Oil palm cultivation	**80**	–
Richdelta Pte. Ltd. [1]	Singapore	Investment holding	**100**	–
PT Bulau Sawit Bajenta [2]	Indonesia	Oil palm cultivation	**95**	–
Maxillion Pte. Ltd. [1]	Singapore	Investment holding	**100**	–
PT Pukun Mandiri Lestari [2]	Indonesia	Oil palm cultivation	**95**	–
Acemaxton Pte. Ltd. [1]	Singapore	Investment holding	**100**	–
PT Eka Kaharap Itah [2]	Indonesia	Oil palm cultivation	**95**	–
Stephigh Pte. Ltd. [1]	Singapore	Investment holding	**100**	–

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
PT Alam Sawit Permai [(2)]	Indonesia	Oil palm cultivation	**95**	–
Maxceed Pte. Ltd. [(1)]	Singapore	Investment holding	**100**	–
PT Benua Alam Subur [(2)]	Indonesia	Oil palm cultivation	**95**	–
Quanta Pte. Ltd. [(1)]	Singapore	Investment holding	**100**	–
PT Hamparan Sawit Eka Malan [(2)]	Indonesia	Oil palm cultivation	**95**	–
Rosevale Pte. Ltd. [(1)]	Singapore	Investment holding	**100**	–
PT Petak Malai Sawit Makmur [(2)]	Indonesia	Oil palm cultivation	**95**	–
Ampleville Pte. Ltd. [(1)]	Singapore	Investment holding	**100**	–
PT Bawak Sawit Tunas Belum [(2)]	Indonesia	Oil palm cultivation	**95**	–
Gadsden Pte. Ltd. [(1)]	Singapore	Investment holding	**100**	–
PT Malindo Lestari Plantations [(2)]	Indonesia	Oil palm cultivation	**95**	–
Castlerise Pte. Ltd. [(1)]	Singapore	Dormant	**100**	–
Joy Victory Pte. Ltd. [(1)]	Singapore	Dormant	**100**	–
Newbloom Pte. Ltd. [(1)]	Singapore	Dormant	**100**	–
Coudrey Pte. Ltd. [(1)]	Singapore	Dormant	**100**	–
PT Guna Karya Mandirijaya [(2)]	Indonesia	Dormant	**98**	–
PT Kerry Agro Management [(2)]	Indonesia	Dormant	**99**	–
Bintulu Edible Oils Sdn Bhd [(2)]	Malaysia	Edible oils refinery and palm kernel crushing	**100**	–
Sandakan Edible Oils Sdn Bhd [(2)]	Malaysia	Edible oils refinery and palm kernel crushing	**100**	–
Volac Ingredients Sdn Bhd [(2)]	Malaysia	Manufacturing of animal feed ingredients	**51**	–
PGEO Energy Sdn Bhd [(2)]	Malaysia	Steam generation	**100**	–
SEO Energy Sdn Bhd [(2)]	Malaysia	Steam and power generation	**100**	–

41. Listing of subsidiaries of the Group (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Bintulu Oleochemicals Sdn Bhd (2)	Malaysia	Dormant	**100**	–
PGEO Bioproducts Sdn Bhd (2)	Malaysia	Palm methylester manufacturing	**100**	–
PGEO Marketing Sdn Bhd (2)	Malaysia	Edible oils trading	**100**	–
Sandakan Specialty Fats Sdn Bhd (2)	Malaysia	Production of hydrogenated products	**100**	–
PGEO Edible Oils Sdn Bhd (2)	Malaysia	Edible oils refinery, soyabean crushing and specialty fats and drums manufacturing	**100**	–
Fedrums Sdn Bhd (2)	Malaysia	Commodity futures broker	**100**	–
Maytown Sdn Bhd (2)	Malaysia	Investment holding	**100**	–

(1) *Audited by Ernst & Young, 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*
@ *Shares transferred from Wilmar Holdings Pte Ltd to the Company has not yet completed as at the balance sheet date*
^ *5% directly held by the Company*
\# *1% directly held by the Company*

The Group subsidiaries of Venessa Shipping Limited and Grand Silver Laiyang Singapore Pte Ltd were liquidated during the financial year ended 31 December 2007.

42. Investments in associates

The following is the list of associates of the Group

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held by the Company				
Josovina Commodities Pte Ltd [3]	Singapore	Investment holding and vegetable oils trading	**50**	50
Equatorial Trading Limited [2]	Malaysia	Investment holding and international trading	**50**	50
Acalpo Wilmar Pte Ltd [3]	Singapore	Investment holding and international trading	**50**	50
Alfa Trading Limited [3]	Malaysia	Trading	**50**	50
Alfa Edible Oils Pte. Ltd. [3]	Singapore	Dormant	**50**	50
Grand Silver International Management Limited [3]	Hong Kong	Investment holding	**33** ^@	33 ^@
Grand Silver International Limited [3]	Hong Kong	Investment holding	**31.067** ^@	31.067 ^@
Grand Silver (Lanshan) Limited [3]	Hong Kong	Investment holding	**20.40** ^@	20.40 ^@
Grand Ocean International Trading Limited [3]	Hong Kong	Trading	**25** ^@	25 ^@
Wilmar-ADM Investments Holding Pte. Ltd. [1]	Singapore	Investment holding	**50**	50
Josovina Commodities Sdn. Bhd. [3]	Malaysia	Commodities trading	**1**	1
PT Bumipratama Khatulistiwa [2]	Indonesia	Oil palm plantation and palm oil mill	**10**	10
Galaxy Shipping Ltd [4]	British Virgin Islands	Ship-owning and chartering	**–**	50
Cosmos Shipping Ltd [4]	British Virgin Islands	Ship-owning and chartering	**–**	50
CTG Wilmar Pty Ltd [6]	Australia	Commodity trading	**50**	–
Nauvu Investments Pte. Ltd. [6]	Singapore	Investment holding	**50**	–
Shine Up Holdings Limited [4]	Samoa	Investment holding	**25**	–
Happy Day Holdings Limited [4]	Samoa	Investment holding	**25**	–

42. Investments in associates (continued)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries				
Sheringham International Limited [(4)]	British Virgin Islands	Investment holding	**38.10**	38.10
Josovina Commodities Ltd [(4)]	British Virgin Islands	Investment holding	**48.50**	48.50
PT Bumi Karyatama Raharja [(2)]	Indonesia	Bleaching earth industry	**40**	40
PT Metha Persada [(2)]	Indonesia	Methanol trading	**50**	–
Josovina Commodities Sdn. Bhd. [(3)]	Malaysia	Commodities trading	**49**	49
TSH-Wilmar Sdn. Bhd. [(3)]	Malaysia	Palm oil refinery	**50**	50
TSH-Wilmar (BF) Sdn. Bhd. [(3)]	Malaysia	Production of power supply (electricity and steam)	**50**	50
HBI USA LLC [(3)]	United States of America	Product brokerage	**21.7**	21.7
HBI Energy [(3)]	France	Fuel/energy brokering	**35**	–
Flex Biofuels Pty Limited [(3)]	Australia	Blending and distribution of biofuels	**35**	–
Galaxy Shipping Ltd [(4)]	British Virgin Islands	Ship-owning and chartering	**50**	–
Cosmos Shipping Ltd [(4)]	British Virgin Islands	Ship-owning and chartering	**50**	–
Laiyang Luhua Fengyi Plastics Industry Co., Ltd [(3)]	People's Republic of China	Plastics processing	**45**	45
Laiyang Luhua Mineral Water Co., Ltd [(3)]	People's Republic of China	Mineral water processing	**49**	49
Shandong Luhua Group Commerce Co., Ltd [(3)]	People's Republic of China	Marketing	**32.89**	32.89
Inner Mongolia Luhua Sunflower Seed Oils Co., Ltd [(3)]	People's Republic of China	Sunflower seeds crushing	**33**	33
Changshu Luhua Edible Oil Co., Ltd [(3)]	People's Republic of China	Edible oil packaging	**32.89**	32.89
East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd [(3)]	People's Republic of China	Production and sale of edible oils, trading of soybeans and rapeseeds	**22** ^	22 ^

42. Investments in associates (continued)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing	**49**	49
Zhoukou Luhua Sesame Industries Co., Ltd (3)	People's Republic of China	Sesame crushing	**49**	49
Sasol Yihai (Lianyungang) Alcohol Industries Co., Ltd (2)	People's Republic of China	Oleochemical based alcohol production	**40**	40
ShanDong Xinxinhai Oils & Grains Industry Co., Ltd (3)	People's Republic of China	Oilseeds crushing and refining	**45**	45
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing	**33**	–
Yihai (Heilongjiang) Seed Co., Ltd (3)	People's Republic of China	Development and research of crops seeds and oils plants and related technical consultation as well as purchase of grains (with special approval)	**49**	49
Yihai Kerry (Beijing) Seed Science & Technology Co., Ltd (6)	People's Republic of China	Development and research of crops seeds and oils plants and related technical consultation	**49**	–
Wilmar Plantation Services Limited (4)	Mauritius	Plantation services	**30**	20
African Oil Palm Limited (4)	Mauritius	Investment holding	**39**	29
Adani Wilmar Limited (3)	India	Manufacturing and trading of edible oils and vanaspati	**50**	50
Xiamen Zhong Lu Vegetable Oils Co., Limited (3)	People's Republic of China	Refining and trading of edible oils and fats	**37**	–
Top Tranz Limited (3)	New Zealand	Transport freight and storage	**33.33**	–
Bulk Storage Terminals & Co (3)	New Zealand	Bulk storage terminal	**25**	–
Saratok Palm Oil Mills Sdn Bhd (3)	Malaysia	Palm oil milling	**30**	–
Lahad Datu Edible Oils Sdn Bhd (3)	Malaysia	Edible oils refinery of palm kernel crushing	**45**	–
Laiyang Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing	**24.99 @**	24.99 @

42. Investments in associates (continued)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through subsidiaries (continued)				
Laiyang Luhua Seasoning Co., Ltd (3)	People's Republic of China	Seasoning processing	**24.99 @**	24.99 @
Shandong Luhua Fragrant Peanut Oil Co., Ltd (3)	People's Republic of China	Peanut crushing	**24.99 @**	24.99 @
Laiyang Luhua Vinegar Industry Food Co., Ltd (3)	People's Republic of China	Vinegar processing	**24.99 @**	24.99 @
Laiyang Luhua Foodstuff Co., Ltd (3)	People's Republic of China	Food processing	**24.99 @**	24.99 @
Held through associates				
PT Bumipratama Khatulistiwa (2)	Indonesia	Oil palm plantation and palm oil mill	#	#
Cheer Luck Investments Limited (4)	Samoa	Investment holding	#	#
Northsea Container (Tianjin) Co., Ltd (5)	People's Republic of China	In liquidation	#	#
Northsea Oils and Grains Industries (Tianjin) Co., Ltd (3)	People's Republic of China	Edible oils refining	#	#
Yellowsea Oils and Grains Industries (Shandong) Co., Ltd (3)	People's Republic of China	Edible oils refining	#	#
African Bulk Commodities Limited (3)	Mauritius	Investment holding	#	#
East African Storage Company Limited (3)	Kenya	Bulk liquid storage	#	#
Ghana Specialty Fats Industries Limited (2)	Ghana	Shea nuts processing	#	#
Bidco Uganda Limited (3)	Uganda	Manufacture and sale of edible vegetable oils, fats and soaps	#	#
Oil Palm Uganda Limited (3)	Uganda	Oil palm plantation	#	#
Oil Palm Mainland Limited (3)	Uganda	Oil palm plantation	#	#
Oil Palm Bundibugyo Limited (3)	Uganda	Oil palm plantation	#	#
Acalmar Oils & Fats Limited (3)	India	Edible oils refining and trading	#	#
Vishakha Polyfab Private Limited (3)	India	Manufacturing of multilayer plastic extruded film (plain and printed)	#	#

42. Investments in associates (continued)

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2007 %	2006 % (Restated)
Held through associates (continued)				
South Island Trading Limited (2)	Mauritius	International trading in edible oils	#	#
ETL (Mauritius) Limited (2)	Mauritius	International trading in edible oils	#	#
Southcomm East Africa Limited (3)	Tanzania	Managing bulk installations and sales agent	#	#
African Tank Terminals Limited (2)	Mauritius	Investment holding	#	#
Savannah Commodities (Pty) Ltd (2)	South Africa	Trading in oil seeds, edible oils and agricultural commodities	#	#
Feb 13 Properties (Proprietary) Limited (2)	South Africa	Property company	#	#
Savannah Commodities Tanzania Limited (2)	Tanzania	Trading in vegetable oils	#	#
Tanzania Liquids Storage Company Limited (3)	Tanzania	Bulk storage installations	#	#
VOT (Tanzania) Limited (3)	Tanzania	Bulk storage installations	#	#
Maputo Liquids Storage Company, LDA (3)	Mozambique	Bulk storage installations	#	–
LDEO Energy Sdn Bhd (3)	Malaysia	Steam and power generation	#	–

(1) *Audited by Ernst & Young Singapore*
(2) *Audited by member firms of Ernst & Young Global in the respective countries*
(3) *Audited by other auditors*
(4) *Not required to be audited by the law of its country of incorporation*
(5) *Company is in the process of liquidation*
(6) *Company newly incorporated and not audited during the financial year*
The effective interest of the Group in associates held through associates of the Group is not required to be disclosed
^ *ADM's interest not taken up in the Group's result due to shares transfer not yet completed*
@ *Shares transferred from Wilmar Holdings Pte Ltd to the Company has not yet completed as at the balance sheet date*

43. Comparatives

The consolidated financial statements of the Group cover the financial year from 1 January 2007 to 31 December 2007.

The comparative figures have been prepared for the Group in accordance with the principles of merger accounting as if the restructuring exercise had taken place on 1 January 2006.

44. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2007 were authorised for issue in accordance with a resolution of the directors on 28 March 2008.

Statistics of Shareholdings

Share Capital as at 17 March 2008

Number of Shares	: 6,385,681,185
Number of Shareholders	: 6,888
Class of shares	: Ordinary shares
Voting rights	: One vote per share

Analysis of Shareholdings

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 to 999	935	13.57	179,972	0.00
1,000 to 10,000	4,681	67.96	16,815,782	0.26
10,001 to 1,000,000	1,233	17.90	86,215,502	1.35
1,000,001 and above	39	0.57	6,282,469,929	98.39
Total	**6,888**	**100.00**	**6,385,681,185**	**100.00**

Substantial Shareholders
As at 17 March 2008
(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest	Indirect Interest	Total Interest	%
Wilmar Holdings Pte Ltd (1)	3,076,312,557	–	3,076,312,557	48.18
Wilmar International Holdings Limited (2)	–	3,076,312,557	3,076,312,557	48.18
Kuok Khoon Hong (2) (3)	–	3,077,831,017	3,077,831,017	48.20
Martua Sitorus (2)	–	3,076,312,557	3,076,312,557	48.18
Golden Parklane Limited (2)	–	3,076,312,557	3,076,312,557	48.18
Archer Daniels Midland Company (2) (4)	–	3,503,554,224	3,503,554,224	54.87
Archer Daniels Midland Asia-Pacific Limited (2)	70,841,892	3,076,312,557	3,147,154,449	49.28
Global Cocoa Holdings Ltd	356,399,775	–	356,399,775	5.58
FFM Berhad (5)	592,758,328	25,300	592,783,628	9.28
PPB Group Berhad (5) (6)	559,077,627	604,157,128	1,163,234,755	18.22
Kuok Brothers Sdn Berhad (5) (6) (7)	230,000	1,164,554,955	1,164,784,955	18.24
Harpole Resources Limited	545,777,778	–	545,777,778	8.55
Kerry 1989 (C.I.) Limited (8)	–	545,800,778	545,800,778	8.55
Kerry Holdings Limited (8) (9)	–	576,713,678	576,713,678	9.03
Kerry Group Limited (8) (9)	–	576,713,678	576,713,678	9.03

Notes:

(1) *Wilmar Holdings Pte Ltd ("WHPL") owns 3,076,312,557 Wilmar International Limited ("Wilmar") shares. Out of which a total of 480,000,000 Wilmar shares are registered in nominees' names.*

(2) *Wilmar International Holdings Limited ("WIHL") is the parent company of WHPL. Pursuant to section 7(6) of the Companies Act, Chapter 50 of Singapore, WIHL is deemed to be interested in 3,076,312,557 Wilmar shares held by WHPL. Accordingly, Mr Kuok Khoon Hong, Mr Martua Sitorus, Golden Parklane Limited, Archer Daniels Midland Company ("ADM") and Archer Daniels Midland Asia-Pacific Limited ("ADMAP") are also deemed to be interested in such shares via their interests in WIHL.*

(3) *Mr Kuok Khoon Hong is also deemed to be interested in 92,000 Wilmar shares held by Kuok Hock Swee & Sons Sdn Bhd and 1,426,460 shares held by HPR Investments Limited.*

(4) *ADM is also deemed to be interested in 70,841,892 Wilmar shares held by ADMAP in its own/nominee's names and 356,399,775 Wilmar shares held by Global Cocoa Holdings Ltd.*

(5) *FFM Berhad, PPB Group Berhad and Kuok Brothers Sdn Berhad are deemed to be interested in 25,300 Wilmar shares held by Taloh Sdn Bhd.*

(6) *PPB Group Berhad and Kuok Brothers Sdn Berhad are deemed to be interested in 592,758,328 Wilmar shares held by FFM Berhad, 11,373,500 Wilmar shares held by Hexarich Sdn Bhd.*

(7) *Kuok Brothers Sdn Berhad is deemed to be interested in 559,077,627 Wilmar shares held by PPB Group Berhad, 1,274,200 Wilmar shares held by Gaintique Sdn Bhd, 23,000 Wilmar shares held by Min Tien & Co Sdn Bhd and 23,000 Wilmar shares held by Hoe Sen (Mersing) Sdn Bhd.*

(8) *Kerry 1989 (C.I.) Limited, Kerry Holdings Limited and Kerry Group Limited are deemed to be interested in 545,777,778 Wilmar shares held by Harpole Resources Limited and 23,000 Wilmar shares held by Chipchase Limited.*

(9) *Kerry Holdings Limited and Kerry Group Limited are deemed to be interested in 30,912,900 Wilmar shares held by Dalex Investments Limited.*

Twenty Largest Shareholders
As at 17 March 2008
(as shown in the Register of Members and Depository Register)

No	Name of Shareholders	No. of Shares	%
1	Wilmar Holdings Pte Ltd	2,596,312,557	40.66
2	DBS Nominees Pte Ltd	614,878,689	9.63
3	FFM Berhad	592,758,328	9.28
4	PPB Group Berhad	566,494,627	8.87
5	Harpole Resources Limited	496,777,778	7.78
6	Global Cocoa Holdings Ltd	356,399,775	5.58
7	Raffles Nominees Pte Ltd	220,406,432	3.45
8	Kuok (Singapore) Ltd	218,311,112	3.42
9	Citibank Nominees Singapore Pte Ltd	152,937,838	2.39
10	HSBC (Singapore) Nominees Pte Ltd	126,040,584	1.97
11	DBSN Services Pte Ltd	90,434,678	1.42
12	United Overseas Bank Nominees Pte Ltd	54,825,111	0.86
13	Morgan Stanley Asia (Singapore) Securities Pte Ltd	32,658,103	0.51
14	Dalex Investments Limited	30,431,000	0.48
15	Greenacres Limited	21,831,112	0.34
16	CIMB-GK Securities Pte Ltd	17,256,134	0.27
17	DB Nominees (Singapore) Pte Ltd	12,713,077	0.20
18	Hexarich Sdn Bhd	11,373,500	0.18
19	CIMB Bank Nominees (Singapore) Sdn Bhd	10,000,000	0.16
20	Archer Daniels Midland Asia-Pacific Limited	9,651,807	0.15
	TOTAL	**6,232,492,242**	**97.60**

Shareholding Held By The Public

Based on the information available to the Company as at 17 March 2008, 13.8% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

Information on US$600,000,000 Convertible Bonds due 18 December 2012 ("Convertible Bonds")

According to the Register of Convertible Bonds, Citivic Nominees Limited was the sole registered holder of the Convertible Bonds and the amount of Convertible Bonds held was US$600,000,000 as at 17 March 2008. 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
Company Registration No.: 199904785Z
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Banyan Room, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Tuesday 29 April 2008 at 3.00 pm for the following businesses:

AS ORDINARY BUSINESS

1) To receive and adopt the Audited Accounts for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2) To approve the payment of a final tax exempt (one-tier) dividend of S$0.026 per ordinary share for the year ended 31 December 2007. **(Resolution 2)**

3) To approve the payment of Directors' fees of S$360,000 for the year ended 31 December 2007 (2006: S$150,000 [i]). **(Resolution 3)**

(i) Fees for 2006 were paid to four directors of whom three were appointed on 14 July 2006.

4) To re-elect the following Directors who are retiring in accordance with the Company's Articles of Association:

(a) Mr Martua Sitorus (Retiring under Article 104) **(Resolution 4)**

(b) Mr Chua Phuay Hee (Retiring under Article 104) **(Resolution 5)**

(c) Mr Teo Kim Yong (Retiring under Article 104) **(Resolution 6)**

(d) Mr Kwok Kian Hai (Retiring under Article 108) **(Resolution 7)**

(e) Mr Lee Hock Kuan (Retiring under Article 108) **(Resolution 8)**

(f) Mr Kuok Khoon Ean[ii] (Retiring under Article 108) **(Resolution 9)**

(g) Mr John Daniel Rice (Retiring under Article 108) **(Resolution 10)**

(ii) Mr Kuok Khoon Ean will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee.

5) To re-appoint Ernst & Young as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 11)**

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 transactions falling within the categories of Interested Person Transactions as set out in the Company's Addendum to Shareholders dated 14 April 2008 (being an addendum to the Annual Report of the Company for the financial year ended 31 December 2007 (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 the 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 12)**

7) **Authority to allot and issue 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, 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;

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

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

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

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

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 20% of the issued shares (excluding treasury shares) in the capital of the Company, and for the purpose of this resolution, the percentage of the issued shares shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time this resolution is passed, after adjusting for:

(1) new shares arising from the conversion or exercise of convertible securities that have been approved or may be approved by shareholders from time to time;

(2) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed; and/or

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

(ii) 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 the earlier.
(See Explanatory Note 2) **(Resolution 13**)

8) **Authority to grant options and issue shares under the Executives' Share Option Scheme of the Company**
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 Executives' Share Option Scheme of the Company (the "Share Scheme") and, pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue 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 Share Scheme, 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 Share Scheme shall not exceed 15% of the issued shares of the capital of the Company from time to time, as determined in accordance with the provisions of the Share Scheme.
(See Explanatory Note 3) **(Resolution 14)**

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES
NOTICE is also hereby given that the Transfer Register and Register of Members of the Company will be closed from 8 May 2008, 5.00 p.m. to 9 May 2008, both dates inclusive, for the purpose of determining shareholders' entitlement to the Company's final tax exempt (one-tier) dividend of S$0.026 per ordinary share for the financial year ended 31 December 2007 (the "Proposed 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 8 May 2008 will be registered to determine shareholders' entitlement to the Proposed Dividend. The Proposed Dividend, if approved at the Annual General Meeting to be held on 29 April 2008, will be paid on 21 May 2008.

Depositors whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5.00 p.m. on 8 May 2008 will be entitled to the Proposed Dividend.

By Order of the Board
Colin Tan Tiang Soon
Company Secretary

Singapore
14 April 2008

Explanatory Notes:

1. The Ordinary Resolution 12 proposed in item no. 6 above, if passed, will renew effective up to the next Annual General Meeting (unless earlier revoked or varied by the Company in general meeting) 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 Company's interested persons. The IPT Mandate, the renewal of which was approved by shareholders at the last Annual General Meeting of the Company held on 26 April 2007, 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 2007.

2. The Ordinary Resolution 13 proposed in item no. 7, 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 in aggregate 50% of the issued shares (excluding treasury shares) in the capital of the Company of which the total number of shares and convertible securities issued other than on a *pro rata* basis to existing shareholders shall not exceed 20% of the issued shares (excluding treasury shares) in the capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

3. The Ordinary Resolution 14 proposed in item no. 8 above, if passed, will empower the Directors of the Company to offer and grant options under the Executives' Share Option Scheme (the "Share Scheme") and to allot and issue shares pursuant to the exercise of such options under the Share Scheme.

Notes:

1. *A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead.*
2. *A proxy need not be a Member of the Company.*
3. *If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.*
4. *The instrument or form appointing a proxy, duly executed, must be deposited at the office of 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 Meeting.*

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

Proxy Form

IMPORTANT:
1. *For investors who have used their CPF monies to buy WILMAR INTERNATIONAL LIMITED shares, the 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.*

I/We ____ (Name)

of ____ (Address)

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

Name	Address	NRIC/ Passport No	Proportion of shareholdings to be represented by proxy (%)

*and/or (delete as appropriate)

Name	Address	NRIC/ Passport No	Proportion of shareholdings to be represented by proxy (%)

as *my/our *proxy/proxies 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 Banyan Room, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Tuesday, 29 April 2008 at 3.00 p.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 with an "X" in the spaces provided 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	For	Against
1	To receive and adopt the Audited Accounts for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon.		
2	To approve the payment of Final Dividend.		
3	To approve the payment of Directors' Fees.		
4	To re-elect Mr Martua Sitorus (retiring under Article 104) as a Director.		
5	To re-elect Mr Chua Phuay Hee (retiring under Article 104) as a Director.		
6	To re-elect Mr Teo Kim Yong (retiring under Article 104) as a Director.		
7	To re-elect Mr Kwok Kian Hai (retiring under Article 108) as a Director.		
8	To re-elect Mr Lee Hock Kuan (retiring under Article 108) as a Director.		
9	To re-elect Mr Kuok Khoon Ean (retiring under Article 108) as a Director.		
10	To re-elect Mr John Daniel Rice (retiring under Article 108) as a Director.		
11	To re-appoint Ernst and Young as auditors and to authorise the Directors to fix their remuneration.		
12	To approve the renewal of IPT Mandate as described in the Addendum.		
13	To authorise Directors to issue shares in the Company.		
14	To authorise Directors to offer and grant options under the Executives' Option Scheme of the Company (the "Share Scheme") and to issue shares in accordance with the provisions of the Share Scheme.		

Dated this ____________________ day of ____________________ 2008

Total Number of Shares Held	
CDP Register	
Register of Members	

____
Signature(s) of Member(s)/Common Seal

**Delete accordingly*
IMPORTANT – Please read notes overleaf

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. 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 appointer 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 its attorney or duly authorised officer.

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 registered office of the Registrar and Share Transfer Agent's office at 8 Cross Street, #11-00 PWC Building, Singapore 048424 not later 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 appointer are not ascertainable from the instructions of the appointer 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.

Corporate Headquarters, Singapore

Wilmar International Limited

Co. Reg. No. 199904785Z

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