INVESTING IN **GROWTH**

Annual Report 2010

CONTENTS

Wilmar International Limited is Asia's leading agribusiness group. Headquartered in Singapore, our business activities include oil palm cultivation, oilseeds crushing, edible oils refining, sugar, specialty fats, oleochemicals and biodiesel manufacturing and grains processing. The Group also manufactures and distributes fertilisers and owns a fleet of vessels.

Over the years, we have 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. Wilmar is a leader in the supply of high quality processed agricultural products to the food manufacturing industry, industrial and consumer food catering businesses and has strong leadership positions in consumer-packed products in its targeted markets.

Through scale, integration and the logistical advantages of our business model, we are able to extract margins at every step of the value chain, resulting in significant operational synergies and cost efficiencies.

Our Global Operations

- Over 300 manufacturing plants across the world.
- Extensive distribution network covering China, India, Indonesia and some 50 other countries.
- Multinational staff force of over 88,000 people.

Investing in Growth

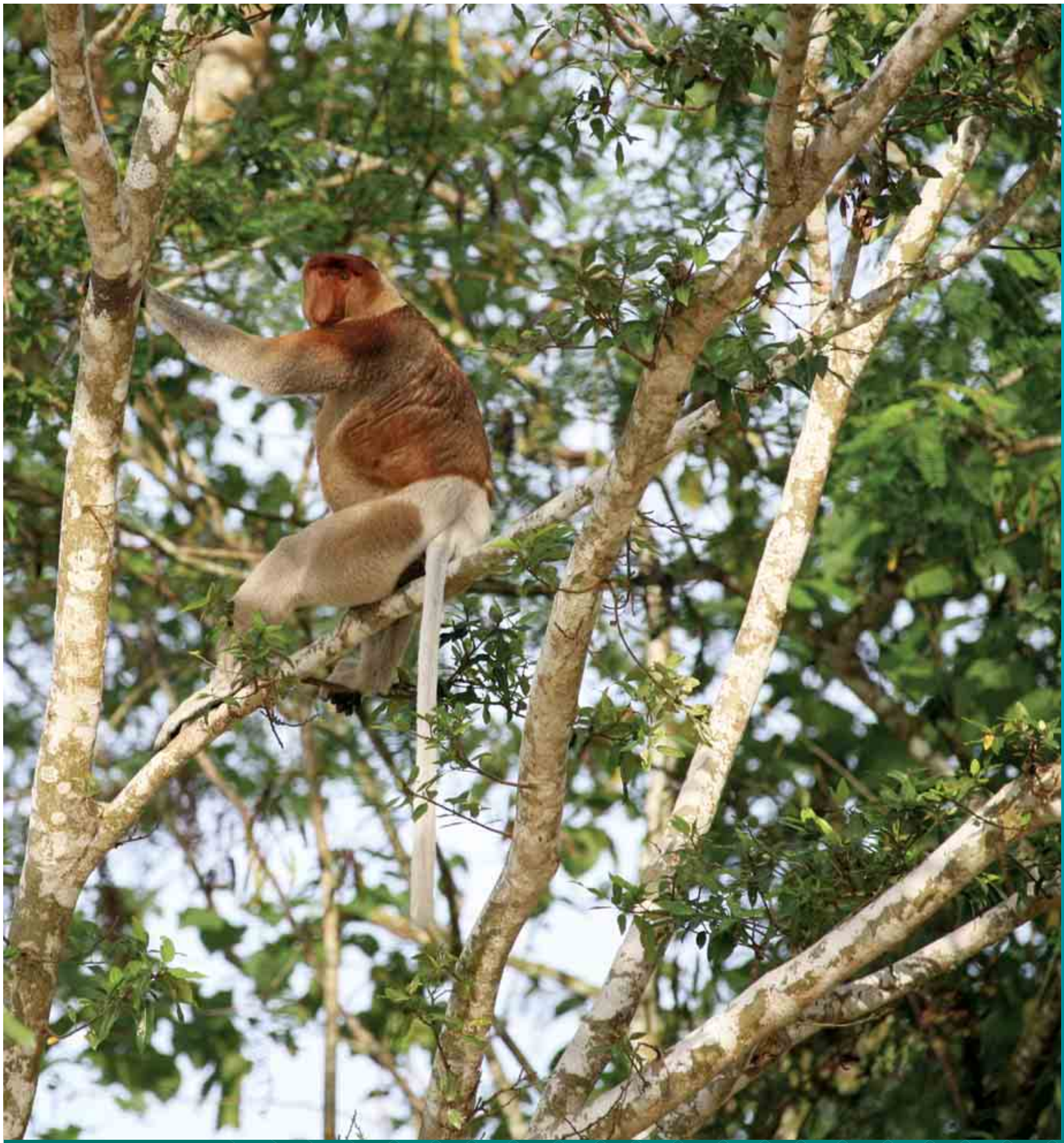
- Asia’s strong growth and urbanisation trend continues to drive demand for quality agriproducts.
- In 2010, we invested over US$3 billion to expand our manufacturing and distribution infrastructure and on acquisitions to capture growth opportunities.
- The Group operates more than 300 plants worldwide, including our latest integrated manufacturing complex in Gresik, Indonesia.
- Leadership position in oleochemicals has been strengthened with the acquisition of Natural Oleochemicals in Malaysia and by building new plants in China.
- Expanded in Africa with new agribusiness ventures in Ghana and Nigeria.
- Broadened our logistics and distribution capability with 12 new vessels to be added to our existing fleet of 29 vessels.

Investing in Strong Management

- Led by an experienced management team with a proven track record in growing existing businesses and developing new businesses.
- Supported by a multinational team of over 88,000 employees across the world.
- United by a strong corporate culture of excellence and teamwork.

Investing in New Opportunities

- Expanded into the sugar business through strategic acquisitions in Australia and Indonesia.
- Acquired Sucrogen Limited, the largest raw sugar producer and refiner in Australia and the eighth largest producer in the world in 2010 with operations in sugar and renewable energy. Sucrogen is led by an experienced and capable management team and has a portfolio of established sweetener brands.
- Acquired PT Jawamanis Rafinasi, an established sugar refinery, strategically located in the fast-growing Indonesian sugar market.



Investing in Sustainable Development

- Committed to sustainable growth and balancing economic viability with environmental and social responsibility.
- Launched our inaugural Sustainability Report which details our efforts and progress in conserving the natural environment and reducing emissions.
- We inculcate sustainability-focused values in our employees and processes.

Chairman's Statement

"During the year, we continued to invest in existing and new businesses to drive growth. We expanded capacities in key markets, entered the sugar business and completed several acquisitions and investments."

FY2010 IN REVIEW

In 2010, volatile commodity prices created a challenging business environment. Despite high prices due to unfavourable weather conditions in some producing countries, demand was robust for agricultural commodities. As a result, revenue grew strongly by 27% to US$30.4 billion versus US$23.9 billion in FY2009. All business segments recorded stronger volumes. The Group continued to be profitable, recording US$1.3 billion net profit in FY2010 versus US$1.9 billion in FY2009. The decline in net profit was largely due to weaker performance in the Oilseeds & Grains segment. Other business segments performed satisfactorily.

Earnings per share declined by 24% to 20.7 US cents in FY2010 as compared to 27.4 US cents in FY2009. The Group's balance sheet continued to be strong, with total assets up by 45% to US$34.0 billion. Shareholders' funds increased to US$11.9 billion. Gearing increased but remained healthy at 0.90x due to higher working capital needs from our enlarged operations and rising prices, several sizeable acquisitions and capital expenditure.

DIVIDENDS

The Board has recommended a final dividend of S$0.023 for FY 2010. Along with the interim dividend of S$0.032 per share paid on 14 September 2010, the total dividend for FY2010 will be S$0.055 per share.

INVESTING IN GROWTH

During the year, we continued to invest in existing and new businesses to drive growth. We expanded capacities in key markets, entered the sugar business and completed several acquisitions and investments.

In China, we continued to invest in our origination, manufacturing and distribution infrastructure to meet the growing demand for edible oils, rice, flour and other quality agriproducts. Our expansion and large business volume continue to enhance cost and scale efficiencies throughout our operations.

Our India joint ventures performed well in 2010. We are expanding our crushing and refining capacities to meet fast-growing demand for edible oils, specialty fats, oleochemicals and other processed agriproducts.

In Indonesia, our latest integrated manufacturing complex at Gresik, near Surabaya, has started operations and is producing refined palm oil, fertiliser, oleochemicals, palm biodiesel and other value-added products. In addition, we acquired PT Jawamanis Rafinasi, a sugar refinery, as part of our expansion into the sugar business. We also acquired a 20% stake in Singapore-listed Kencana Agri Limited, which owns young and productive oil palm plantations in Indonesia.

In Australia, we acquired Sucrogen Limited – one of the largest global sugar companies with world-class operations spanning origination, processing and distribution. Sucrogen's experienced management team and strong expertise in the sugar industry will help expand the Group's sugar business. We also established a Singapore subsidiary called Wilmar Sugar Pte Ltd to undertake sugar trading.

The Group expanded its operations in Malaysia by acquiring Natural Oleochemicals Sdn Bhd. The acquisition will strengthen our leading position in oleochemicals. We also acquired a 20% stake in FFM Berhad to tap on FFM's technical and marketing expertise to further grow our flour business in Asia.

In Africa, our existing businesses continued to perform well, despite political unrest in certain parts of Africa. In 2010, we expanded our presence in Ghana and Nigeria through business acquisitions and joint ventures to grow our integrated palm oil business in Africa.

Our Europe business continued to grow to meet demand for food and non-food palm oil products. Our Russia and Ukraine joint ventures performed well, in line with the recovery in their respective economies.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed towards sustainable palm oil. During the year, we launched the first Wilmar Sustainability Report which details our efforts and progress towards sustainable palm oil, including our goal to achieve Roundtable on Sustainable Palm Oil (RSPO) certification for all our palm oil mills and oil palm plantations.

In 2010, our production capacity of Certified Sustainable Palm Oil (CSPO) more than doubled to over 400,000 metric tonnes per annum. We plan to increase that to over 1,000,000 metric tonnes per annum by 2013.

As a responsible corporate citizen, Wilmar is committed to helping the less fortunate in the countries we operate in. In China, we are setting up 23 schools, of which 11 are already completed. We have provided over 10,000 elderly patients with much-needed cataract operations, provided 2,055 wheelchairs to the disabled and built two nursing homes.

In Singapore, we funded education initiatives at Singapore Management University to support entrepreneurship and the Wilmar International China Leadership Scholarship ("NTU Mayors' Class") at Nanyang Technological University. Wilmar also contributed a significant endowment to the National University of Singapore and the Lee Kuan Yew School of Public Policy.

OUTLOOK AND PROSPECTS

The economic outlook for Asia remains positive. Strong economic growth, rapid urbanisation and increasing consumption will continue to sustain growth in the region.

We are optimistic of our prospects in 2011. The Group is well-positioned in Asia, with a strong integrated business model to deliver high quality agriproducts to a wide and growing base of customers in key markets. We plan to invest in and grow our existing and new businesses, while keeping a look-out for attractive investment opportunities.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank Mr Lee Hock Kuan, who is retiring from the Board on 31 March 2011, for his many years of service and contributions to the Group. I am glad that Mr Lee has agreed to remain as a Consultant for Wilmar's China operations.

I would also like to convey our thanks and appreciation for the continued support from our employees, customers, business partners and bankers.

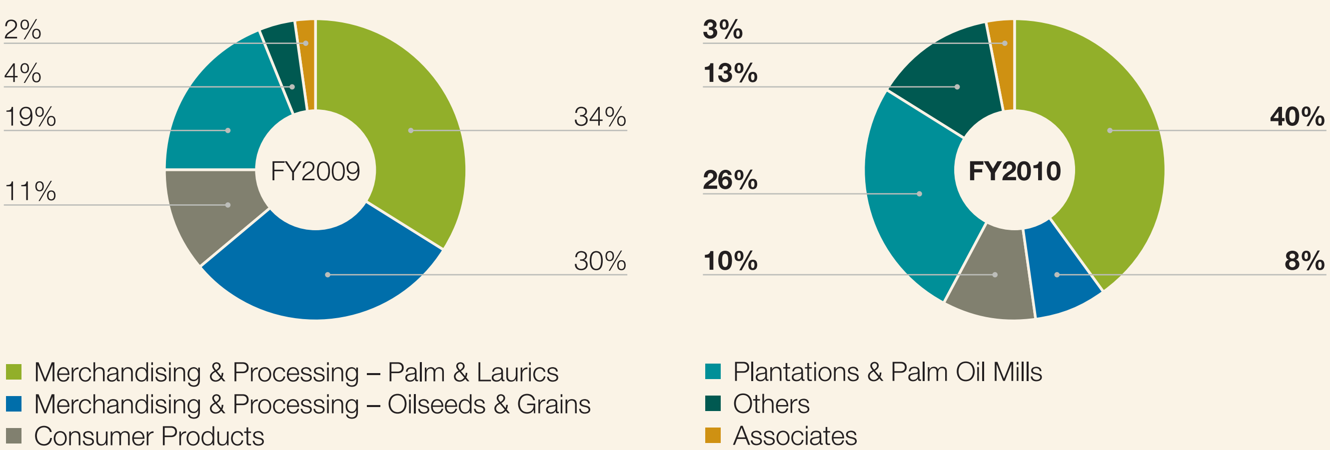
Last but not least, I wish to thank our shareholders for their strong support and confidence in the Company.

Kuok Khoon Hong
Chairman & Chief Executive Officer
15 March 2011

Financial Highlights

	FY2010	FY2009	FY2008	FY2007	FY2006
INCOME STATEMENT *(US$ million)*					
Revenue	**30,378**	23,885	29,145	16,466	7,016
EBITDA	**2,033**	2,590	2,230	1,119	450
Profit before tax	**1,644**	2,294	1,789	830	289
Net profit	**1,324**	1,882	1,531	580	216
Earnings per share – fully diluted *(US cents)*	**20.7**	27.4	23.7	12.8	9.3
Dividends per share *(Singapore cents)*	**5.5**	8.0	7.3	2.6	1.3
CASH FLOW *(US$ million)*					
Cash flow from operating activities	**(2,319)**	(520)	3,231	(1,025)	174
Capital expenditure	**1,064**	1,063	1,107	610	368
Investment in subsidiaries and associates	**1,679**	70	248	(95)	56
BALANCE SHEET *(US$ million)*					
Shareholders' funds	**11,856**	10,931	9,606	7,845	857
Total assets	**33,969**	23,449	17,869	15,507	3,853
Total liabilities	**21,412**	12,037	7,894	7,326	2,871
Net loans and borrowings	**10,637**	4,445	2,390	4,060	1,327
Net gearing *(x)*	**0.90**	0.41	0.25	0.52	1.55
Net asset value per share *(US cents)*	**185.3**	171.1	150.4	122.9	33.8
Net tangible assets per share *(US cents)*	**116.5**	108.0	88.7	61.3	32.3

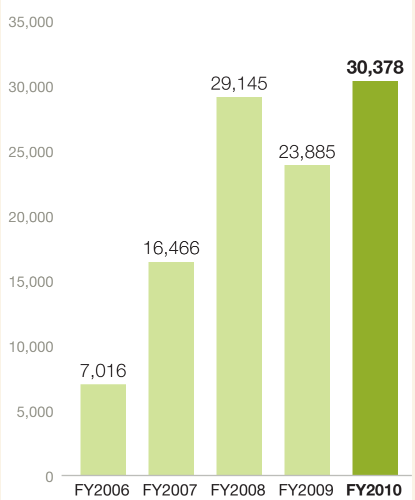
PROFIT BEFORE TAX BY BUSINESS SEGMENT



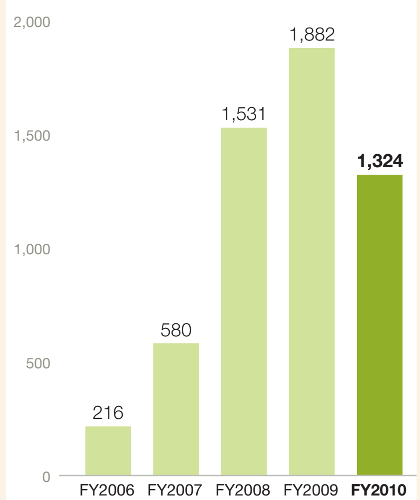
Notes:

From FY2007 onwards – Results include IPT Assets(1) and KG Acquisition(2)
FY2007 – Net cash inflow from investment in subsidiaries and associates arose from the KG Acquisition(2)
FY2006 – Results restated to include IPT Assets(1)
Segmental breakdown calculation excludes unallocated expense and gains from biological asset revaluation.

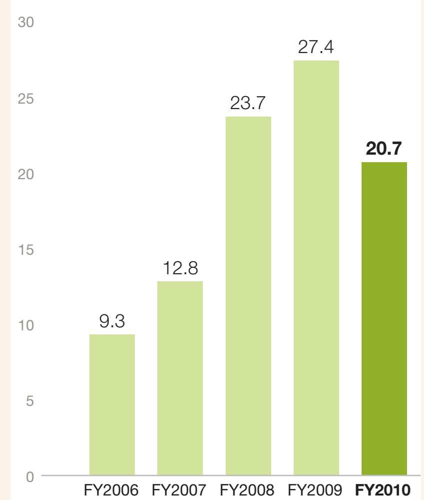
REVENUE
(US$ million)



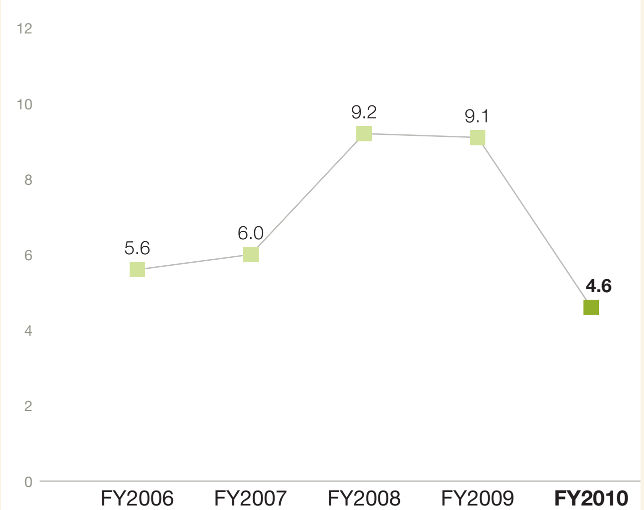
NET PROFIT
(US$ million)



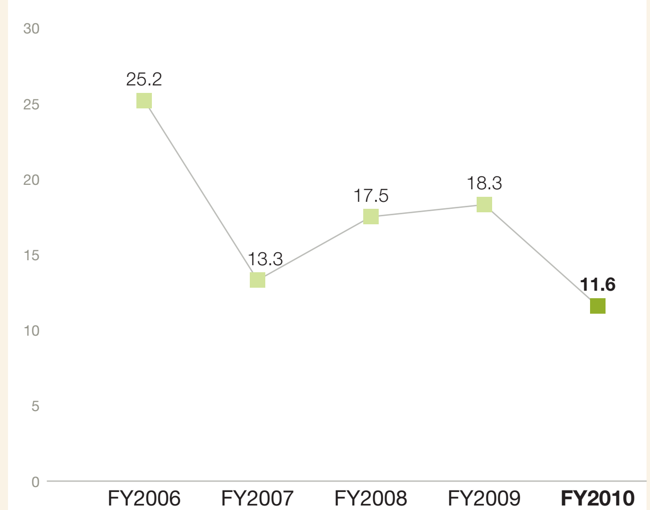
EARNINGS PER SHARE
(US cents)



RETURN ON AVERAGE ASSETS
(%)



RETURN ON AVERAGE EQUITY
(%)



Notes:

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

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

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

Board of Directors

From left to right:

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

KUOK KHOON HONG

Chairman and Chief Executive Officer

Mr Kuok Khoon Hong, 61, is the Chairman and Chief Executive Officer of the Group. He is overall in-charge of the management of the Group with a particular focus on new business development. He has extensive experience in the industry and has been involved in the grains, edible oils and oilseeds businesses since 1973. Mr Kuok has completed many projects involving the establishment of oil palm plantations in Asia and the processing of grains, edible oils and oilseeds. He has held several key executive positions in various companies, including General Manager of Federal Flour Mills Bhd from 1986 to 1991, and Managing Director of Kuok Oils & Grains Pte Ltd from 1989 to 1991. Mr Kuok graduated from the then University of Singapore with a Bachelor of Business Administration degree. Mr Kuok was appointed on 24 March 2006 and was last re-elected on 29 April 2009.

MARTUA SITORUS

Executive Director and Chief Operating Officer

Mr Martua Sitorus, 51, is the Chief Operating Officer of the Group. He is in charge of the plantation, manufacturing, palm and bio-diesel trading operations of the Group. Mr Sitorus has been instrumental in the development of the Group's business operations in Indonesia. He holds a degree in economics from HKBP Nomensen University in Medan, Indonesia. Mr Sitorus was appointed on 14 July 2006 and was last re-elected on 29 April 2008.

CHUA PHUAY HEE

Executive Director

Mr Chua Phuay Hee, 57, is in charge of Finance and Corporate Services, which include Finance, Corporate Secretarial, Legal, Information Technology, Risk Management and Investor Relations. He joined the Group in 2002. His past positions include Chief Financial Officer and Chief Risk Officer of Keppel TatLee Bank Ltd, Singapore. Prior to that, he spent 9 years with the Monetary Authority of Singapore in various capacities relating to insurance regulation, human resource management and securities industry regulation. He is a director of Industrial Bank Co., Ltd., a company listed on the Shanghai Stock Exchange. Mr Chua received his Masters of Science (Actuarial Science) degree from Northeastern University, Boston, USA, and a Bachelor of Science (First Class Honours) degree in Mathematics from the then Nanyang University, Singapore. Mr Chua was appointed on 24 March 2006 and was last re-elected on 29 April 2008.

TEO KIM YONG

Executive Director

Mr Teo Kim Yong, 57, is in charge of commercial activities and the Group's merchandising of palm and lauric oils. Mr Teo joined the Group in 1992 and has extensive experience in the marketing and merchandising of edible oil products. His past positions include Marketing Manager of Sime Darby Edible Products and International Marketing Manager of Hwa Hong Oil Industries. He also served as a director of Gardner Smith, Singapore and as Marketing Director of Keck Seng Pte Ltd. Mr Teo graduated from the then University of Singapore with a Bachelor of Business Administration degree. Mr Teo was appointed on 14 July 2006 and was last re-elected on 29 April 2008.

LEE HOCK KUAN

Executive Director

Mr Lee Hock Kuan, 57, is Vice Chairman and Head of Southern Region, China Division and Group Head of Consumer Pack & Specialty Fats. He was a Director of Kuok Oils & Grains Pte Ltd from 1997 to 2007. Mr Lee was responsible for starting the Kuok Group's first vegetable oil refinery in China in 1988. He has extensive experience in the overall management and strategic operations in the edible oils, oilseeds and grains businesses, especially in China where he has been posted for almost 23 years. Mr Lee holds a Masters Degree in International Business Management from Australian National University. Mr Lee was appointed on 2 July 2007 and was re-elected on 28 April 2010.

Board of Directors

KUOK KHOON CHEN

Non-Executive Director

Mr Kuok Khoon Chen, aged 56, has been a senior executive of the Kuok Group since 1978. He is currently the Deputy Chairman and Managing Director of Kerry Group Limited and the Chairman and Managing Director of Kerry Holdings Limited. He is also the Chairman of Kuok Brothers Sdn Berhad and a director of a number of Kuok Group companies. He is an executive director and the Chairman of Kerry Properties Limited which is listed on the Hong Kong Stock Exchange, and an executive director of China World Trade Center Company Limited, which is listed on the Shanghai Stock Exchange. Mr Kuok holds a Bachelor's degree in Economics from Monash University in Australia. Mr Kuok was appointed on 8 February 2010 and was re-elected on 28 April 2010.

KUOK KHOON EAN

Non-Executive Director

Mr Kuok Khoon Ean, aged 55, is a director of Kuok (Singapore) Limited, Kuok Brothers Sdn Berhad, Kerry Group Limited and Kerry Holdings Limited. He is the Executive Chairman of Shangri-La Asia Limited, a non-executive director of SCMP Group Limited and also an independent non-executive director of The Bank of East Asia, Limited, all of which are listed companies in Hong Kong. He is a director of Shangri-La Hotel Public Co. Ltd. and The Post Publishing Public Co. Ltd., both are listed on the Thai Stock Exchange. 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 been on the Board of Trustees of the Singapore Management University since 2000 and this appointment has been extended until January 2013. Mr Kuok holds a Bachelor of Economics degree from Nottingham University, UK. Mr Kuok was appointed on 2 July 2007 and was re-elected on 28 April 2010.

JOHN DANIEL RICE

Non-Executive Director

Mr John Daniel Rice, 57, is Vice Chairman of Archer Daniels Midland Company (ADM), a company listed on the New York Stock Exchange and serves on the company's Strategic Planning Committee. He also leads the company's Commercial and Production groups. Mr Rice joined ADM in 1976 and has more than 35 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 promoted to Vice Chairman of ADM in October 2010. 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 Telles™ Board. Mr Rice was appointed on 1 January 2008 and was re-elected on 28 April 2010.

YEO TENG YANG

Lead Independent Director

Mr Yeo Teng Yang, 69, is the lead independent director. Currently he is also an independent director of United International Securities Limited, Singapore. He has a varied international career spanning senior positions in the Ministry of Finance and The Monetary Authority of Singapore, Ambassador to the European Community in Brussels as well as Executive Director of the Asian Development Bank, Manila and Advisor at the IMF, Washington D.C. besides his extensive banking experience. From 1995 to 2000, he was the Senior Executive Vice President with United Overseas Bank Ltd, Singapore, with management responsibilities in treasury, international banking business, fund management, stockbroking and risk management. He also served as a Board Member of Korea First Bank, South Korea, from 2000 to 2005. Mr Yeo holds a Bachelor of Social Science Honours degree from the then University of Singapore and a Masters degree in Economics from Yale University, USA. He was appointed on 14 July 2006 and was last re-elected on 29 April 2009.

LEONG HORN KEE

Independent Director

Mr Leong Horn Kee, 58, has been an independent director since 2000 and was last re-elected on 28 April 2010. Currently, he is the Chairman and CEO of CapitalCorp Partners Pte Ltd, and Singapore's Non-resident Ambassador to Mexico. Mr Leong has established a wide career in the private sector with Far East Organization, Orchard Parade Holdings Limited, Yeo Hiap Seng Limited, Rothschild Singapore, Transtech Ventures and Natsteel group, as well as in the public sector with the Ministry of Trade & Industry and the Ministry of Finance.
In addition, he was a Singapore Member of Parliament for 22 years. Mr Leong holds a Production Engineering (First Class Honours) degree from Loughborough University, UK; an Economics Honours degree from London University, UK; a BA degree in Chinese Language and Literature from Beijing Normal University, China; an MBA degree from European Institute of Business Administration (INSEAD), France; and a Masters of Business Research degree from University of Western Australia. Mr Leong was a Colombo Plan Scholarship and a French Government Scholarship holder. He was conferred the Friend of Labour and Meritorious Service Awards by NTUC.

TAY KAH CHYE

Independent Director

Mr Tay Kah Chye, 64, is currently the Chairman and CEO of Monsoon Investments Holding Private Limited, a regional investment company, headquartered in Singapore. He has served as the Honorary Advisor of ASEAN Bankers Association, a regional banking industry group from 2008 to 2010. Prior to his retirement on 31 December 2007, Mr Tay was the President and Chief Executive Officer of ASEAN Finance Corporation Limited, a regional merchant bank based in Singapore and owned by various leading banks and financial institutions in ASEAN since 1991. Mr Tay has vast experience in banking and finance. Mr Tay was with Citibank N.A. Singapore Branch, where he started his banking career in 1973. His last held position in Citibank was Vice President and Head of its Corporate Marketing Group. During his 18 years with Citibank, he held various positions in banking operations, credit management and marketing.
Mr Tay is a member on the board of directors of, among others, Chemical Industries (Far East) Ltd and the Cambodia Mekong Bank Public Limited Company. Mr Tay holds a Bachelor of Social Sciences in Economics degree from the then University of Singapore. Mr Tay was appointed on 14 July 2006 and was last re-elected on 29 April 2009.

KWAH THIAM HOCK

Independent Director

Mr Kwah Thiam Hock, 64, sits on the board of various companies including IFS Capital Limited, Select Group Limited, Excelpoint Technology Ltd and Teho International Inc Ltd. He started his career in 1964 with the Port of Singapore Authority. From 1969 to 1970, he was an Assistant Accountant with the Singapore Textile Industries Limited. Subsequently, he served as the Secretary and Assistant Accountant in Singapore Spinners Private Limited from 1970 to 1973 and later in 1974, he moved on to become the Regional Accountant and Deputy Manager of its related company, IMC (Singapore). Mr Kwah left to join ECICS Holdings Ltd in 1976 and rose to become its President and Chief Executive Officer. He stepped down from ECICS Holdings Ltd in 2003 to assume the position of Principal Officer and Chief Executive Officer of ECICS Limited, a wholly-owned subsidiary of listed IFS Capital Limited. Mr Kwah retired from ECICS Limited in December 2006 but he remains as the non-executive Director of ECICS Limited. He is a Fellow, Certified Public Accountant of Australia, ICPAS and ACCA.
He graduated from the then University of Singapore in 1973 with a Bachelor of Accountancy degree. Mr Kwah was appointed on 14 July 2006 and was last re-elected on 29 April 2009.

Board of Directors

The principal directorships and major appointments of the directors, past and present, are set out below:

Name of Director	Present Directorships in Listed Companies	Other Present Directorships/ Major Appointments	Past Directorships/ Major Appointments in the last 3 years
Kuok Khoon Hong	Wilmar International Limited – Chairman & CEO	Lee Kuan Yew Exchange Fellowship – Director	
Martua Sitorus	Wilmar International Limited – Executive Director & COO	SIFCA SA – Member of Board of Trustees	
Chua Phuay Hee	Wilmar International Limited – Executive Director Industrial Bank Co., Ltd. (Shanghai)		
Teo Kim Yong	Wilmar International Limited – Executive Director Kencana Agri Limited		
Lee Hock Kuan	Wilmar International Limited – Executive Director		
Kuok Khoon Chen	Kerry Properties Limited (Hong Kong) – Chairman and Executive Director China World Trade Center Company Limited (Shanghai) Wilmar International Limited	Kerry Group Limited – Deputy Chairman & MD Kerry Holdings Limited – Chairman & MD Kuok Brothers Sdn Berhad – Chairman China World Trade Center Ltd	Beijing Shangri-La Hotel Ltd.
Kuok Khoon Ean	Shangri-La Asia Limited (Hong Kong) – Executive Chairman SCMP Group Limited (Hong Kong) Shangri-La Hotel Public Co. Ltd. (Thailand) The Bank of East Asia, Limited (Hong Kong) The Post Publishing Public Co. Ltd. (Thailand) Wilmar International Limited	Kerry Group Limited Kerry Holdings Limited Kuok Brothers Sdn Berhad Kuok (Singapore) Limited China World Trade Center Ltd Singapore Management University – Member of Board of Trustees	SCMP Newspapers Limited South China Morning Post Publishers Limited
John Daniel Rice	Wilmar International Limited	Archer Daniels Midland Company – Vice Chairman Alfred C. Toepfer International Telles™ LLC	
Yeo Teng Yang	United International Securities Limited Wilmar International Limited		Overseas Union Securities Ltd

Name of Director	Present Directorships in Listed Companies	Other Present Directorships/ Major Appointments	Past Directorships/ Major Appointments in the last 3 years
Leong Horn Kee	Amtek Engineering Ltd China Energy Ltd ECS Holdings Ltd Kian Ho Bearings Ltd Linair Technologies Ltd Tat Hong Holdings Ltd Wilmar International Limited	CapitalCorp Partners Pte Ltd – Chairman & CEO Austin International Management School Pte Ltd CapitalCorp Assets Pte Ltd Crimson Lofts Pte Ltd CapitalCorp Consulting Group Pte Ltd HLU Holdings Pte Ltd Orita Sinclair School of Design, New Media and the Arts Pte Ltd PeopleWorldwide Consulting Private Limited PeopleWorldwide Academy Pte Ltd VGS Technology Pte Ltd Non-Resident Ambassador to Mexico Securities Industry Council – Member Asia Capital Reinsurance Group Pte Ltd – Senior Advisor	Advantage Health Benefits Biosensors International Group Ltd Buildfolio.com Inc Buildfolio Technologies Pte Ltd Far East Organization Group of Companies Kzones.com Pte Ltd NTUC Thrift & Loan Co-operative Ltd Seksun Corporation Ltd SQL View Pte Ltd Universal Gateway International Pte Ltd
Tay Kah Chye	Chemical Industries (Far East) Ltd Wilmar International Limited	Monsoon Investments Holding Private Limited – Chairman & CEO Monsoon Lifestyle Products Pte Ltd Monsoon Enterprises Pte Ltd Cam Box Investment Pte Ltd Cam Box Holding Pte Ltd Cam Box Pte Ltd Cambodia Cables & Engineering Co Ltd Cambodia Mekong Bank Public Ltd Company Nagamed Public Ltd Company Pharmalink Public Ltd Company Global Action for Environment Awares	ASEAN Bankers Association – Honorary Advisor T & W Associates LLP – Partner
Kwah Thiam Hock	Excelpoint Technology Ltd IFS Capital Limited Select Group Limited Teho International Inc Ltd Wilmar International Limited	ECICS Limited	Swissco International Limited

Key Management Team

MR KUOK KHOON HONG
Chairman and Chief Executive Officer

MR MARTUA SITORUS
Executive Director and Chief Operating Officer

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

MR TEO KIM YONG
Executive Director
(Commercial)

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

MR GOH ING SING
Head of Plantations Division

MR MATTHEW JOHN MORGENROTH
Group Technical Head

MR HENDRI SAKSTI
Head of Operations, Indonesia

MR YEE CHEK TOONG
Head of Operations, Malaysia

MR RAHUL KALE
Group Head of Oleochemicals & Biofuels

MR MU YANKUI
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

MR IAN GLASSON
Chief Executive Officer of Sucrogen Limited

MR JEAN-LUC ROBERT BOHBOT
Managing Director, Wilmar Sugar Pte. Ltd.

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

PROFESSOR CHUA NAM-HAI
Chief Scientific Advisor

MR FRANCIS HENG HANG SONG
Chief Financial Officer

MS SNG MIOW CHING
Group Financial Controller

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

MR PATRICK TAN SOO CHAY
Head of Internal Audit

MR JEREMY GOON
Group Head of Corporate Social Responsibility

Corporate Information

BOARD OF DIRECTORS

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARIES

Teo La-Mei
Colin Tan Tiang Soon

REGISTERED OFFICE

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

SHARE REGISTRAR

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

AUDITORS

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

Operations Review

MERCHANDISING & PROCESSING – PALM & LAURICS

Wilmar is the world's largest processor and merchandiser of palm and lauric oils with a distribution network spanning more than 50 countries.
We process palm and lauric oils into refined palm oil, specialty fats, oleochemicals and biodiesel.

The Group owns processing plants in major palm producing countries like Indonesia and Malaysia as well as in consuming countries such as China, The Netherlands, Germany and Vietnam. Through joint ventures, Wilmar also has processing plants in India, Russia, Ukraine, Ivory Coast and Uganda.

INDUSTRY TREND IN 2010

In 2010, global palm oil production grew by about 2% to 46 million MT. Palm oil production was affected by

As at 31 December 2010, the Group had plants located in the following countries:

	Refinery	Oleochemicals	Specialty Fats	Biodiesel
Indonesia	23	1	7	7
Malaysia	15	5	1	1
China	52	8	7	–
Europe	6	–	1	–
Vietnam	2	–	2	–
Others	4	–	1	–
Total no. of plants/lines	**102**	**14**	**19**	**8**
Total capacity (million MT p.a.)	**23**	**1**	**1**	**2**

Notes:

Figures do not include associate companies
Refinery capacity includes palm oil and soft oils

the dry weather conditions in early part of 2009 which impacted the 2010 crop as well as the wet weather during the harvesting period. Malaysia and Indonesia produced a total of 39 million MT, which account for about 85% of global production.

Demand for palm oil was firm in 2010 and registered steady growth of about 3% to 46 million MT, with India being the largest consuming market. Europe, the second largest consuming market in 2010, saw demand grow by about 4% due to higher demand for biodiesel.

In the first half of 2010, concerns about a global double-dip recession kept palm oil prices steady. But in the second half of 2010, a combination of tight supply, higher crude oil prices, a weaker US dollar and increased liquidity in global markets due to quantitative easing measures resulted in palm oil prices surging over 50%.

OUR PERFORMANCE

In 2010, the Group processed and merchandised 20.8 million MT of palm and laurics, a 9% increase over 2009 as the Group benefited from its extensive distribution network and expanded capacities in Europe and Indonesia. During the year, the Group completed the construction of a large scale integrated manufacturing complex in Gresik, near Surabaya, Indonesia, which houses plants for palm kernel crushing, CPO refining and fractionation, oleochemicals, consumer packaging and fertiliser.

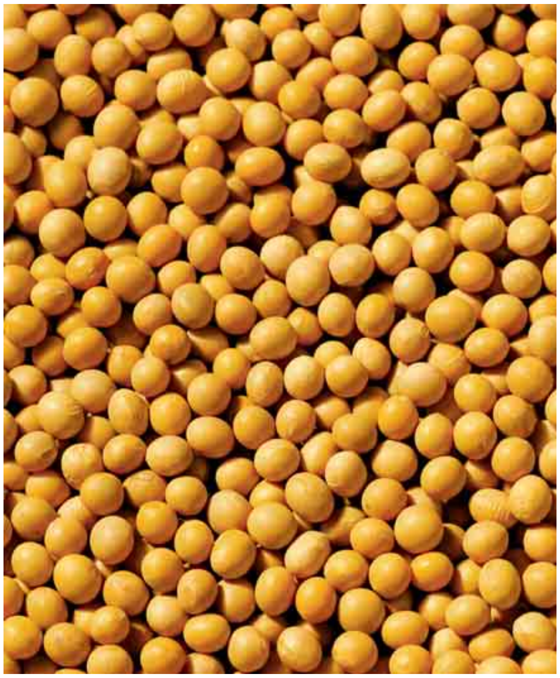
The Group's pretax margins declined in 2010 as the Group operated under a difficult environment of tight CPO supply and the uncompetitive pricing of palm oil relative to other edible oils.

OUTLOOK AND STRATEGY

We are positive about the longer term prospects for palm oil due to the growing demand from both food and non-food industries. In Indonesia and Malaysia, production is expected to grow by another 3 million MT to 42 million MT in 2011, mainly due to the increase in planted area in Indonesia. The Group's long term strategy is to continue to invest in capacity for refining and manufacturing of higher value-added downstream products, to enable it to capture the growing demand for palm oil.

Operations Review

MERCHANDISING & PROCESSING - OILSEEDS & GRAINS



In China, Wilmar is the leading oilseeds crusher. The Group processes oilseeds such as soybean, rapeseed, groundnut, cottonseed, sunflower seed and sesame seed into protein meal and edible oils. Protein meal is mainly used by feed millers to produce animal feed. The edible oils produced are largely sold to our consumer products division.

The Group also has oilseeds crushing operations in India, Malaysia and Russia.

Wilmar is also one of the largest wheat and rice millers in China. The Group engages in the milling of wheat into wheat flour and the milling of paddy into rice, rice bran and rice bran oil.

As at 31 December 2010, the Group has crushing plants and flour and rice mills located in the following countries:

	Crushing	Flour	Rice
China	40	5	11
Malaysia	1	–	–
Vietnam	1	–	–
Total no. of plants	**42**	**5**	**11**
Total capacity (million MT p.a.)	**18**	**2**	**2**

Notes:

Figures do not include associate companies

INDUSTRY TREND IN 2010

China is the largest importer of soybeans, accounting for about 58% of global imports. The country imported 50 million MT of soybean, representing a growth of about 22%. The Group is the largest importer of soybeans in China.

Total volume of soybeans crushed in China increased by about 19% to 49 million MT. The growth in crush volume was achieved through a general increase in consumption in line with China's economic growth as well increased crushing capacity. China's soybean meal consumption grew by 19% to about 38 million MT in 2010 while consumption of soybean oil increased almost 10% to about 10 million MT.

In the first half of 2010, soybean prices were stable but started to increase in the second half of the year driven by the strong demand from China and concerns over South American crops. Soybean prices increased by about 30% during the year.

OUR PERFORMANCE

During the year, the Group reported a growth of 17% in volume to 18.3 million MT, due mainly to expanded capacities in oilseeds crushing, flour and rice milling and rising consumption in China. Despite the higher volumes, the Group's pretax margins declined in 2010 due to weaker crush margins and less timely purchases of raw materials.

OUTLOOK AND STRATEGY

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

Operations Review

CONSUMER PRODUCTS

Wilmar produces consumer packs of edible oils, rice, flour and grains which are marketed under our own brands. In China, we are the largest producer of consumer pack edible oils with about 45% market share. The Group also has significant share in the consumer pack edible oils markets in India, Indonesia, Vietnam and Bangladesh. Our joint venture in India, Adani Wilmar Limited, is the leading producer of consumer pack oils, having over 15% market share. In Indonesia, the Group is the second largest producer of consumer pack oils with over 30% market share. In Vietnam, we are the largest producer of consumer pack oils with over 50% market share. We are also a market leader in Bangladesh with over 20% market share.

The Group's rice and flour business in China continued to progress well in 2010 as volumes more than doubled.

INDUSTRY TREND IN 2010

The total industry volume for consumer pack oils in China grew by about 11% to approximately 6 million MT in 2010. The market share for consumer pack oils versus other forms of edible oils increased from 24% of total edible oils consumed in China in 2009 to 26% in 2010.

In India, Indonesia, Vietnam and Bangladesh demand for branded consumer pack oils has also increased due to growing affluence and urbanisation.

The total industry volume for consumer pack rice in China grew by more than 30% to approximately 6 million MT in 2010 while the total industry volume for consumer pack flour grew by almost 7% to approximately 1.6 million MT in 2010. The market share for consumer pack rice and flour versus other forms of rice and flour is increasing but remains relatively low at less than 5%.

OUR PERFORMANCE

During the year, the Group's total sales volume was 15% higher compared to the previous year mainly due to consumption growth and the sale of new consumer products in China. Sales volume also improved significantly in Indonesia, India and Vietnam.
Pretax margins declined from the exceptional levels achieved in the first half of 2009 which benefited from low feedstock prices during the global financial crisis. The rising prices of feedstock since the middle of 2010 added further pressure on margins.

OUTLOOK AND STRATEGY

We are optimistic about the longer term prospects for consumer products due to economic growth, low per capita consumption and the continued shift from the consumption of loose to quality branded consumer pack products in our key markets. In these markets, the Group will focus on brand building, increasing retail penetration and product innovation to strengthen its market presence.

Operations Review

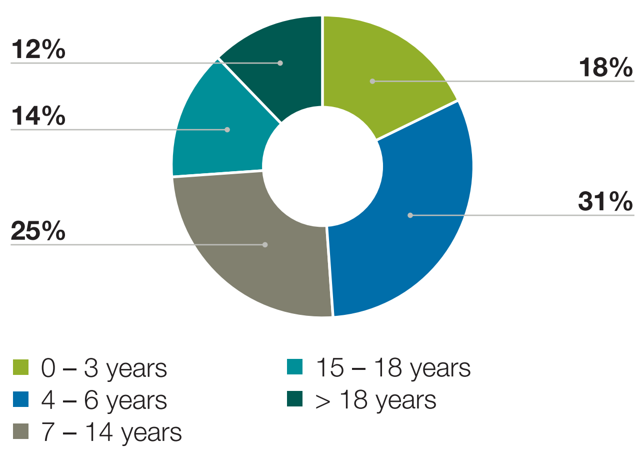
PLANTATIONS & PALM OIL MILLS

Wilmar is one of the largest oil palm plantation owners with a total planted area of 244,965 hectares (ha) as at 31 December 2010. About 75% of the total planted area is located in Indonesia with the remaining 25% in East Malaysia. In Indonesia, we also manage 34,130 ha under the Group's Plasma scheme. We process fresh fruit bunches (FFB) that we source from our own plantations, smallholders under the Plasma scheme and third-party suppliers. The crude palm oil (CPO) and palm kernel produced by our oil palm mills are predominantly supplied to our refineries and palm kernel crushing plants.

The Group also owns plantations in Uganda and West Africa via joint ventures. Total planted area in Uganda and West Africa are approximately 6,000 ha and 39,000 ha respectively. In addition, the joint ventures manage over 300 ha and 133,000 ha under the smallholders scheme in Uganda and West Africa respectively.

PLANTATION AGE PROFILE
As at 31 December 2010

Total planted area = 244,965 ha



Note: *Excludes Plasma area of 34,130 ha*

HIGHER FFB PRODUCTION

In Indonesia and Malaysia, the Group's FFB production rose 4% to 3.3 million MT due to an increase in mature area from 159,464 ha in 2009 to 186,688 ha. However, FFB yield was lower at 17.9 MT per ha due to the lower yield from newly matured area and wet weather in most parts of Sumatra in the first half of the year.

SUSTAINABILITY AND CERTIFICATION

The Group's plantations and milling processes adhere strictly to the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO), which include the protection of high conservation value land, treatment of wastewater and provision of community services. We are on track with our audit progress for RSPO certification of our plantations and mills. Thus far, all but one of our Malaysian mills and two of our Indonesian mills have successfully completed certification.

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

OUR PERFORMANCE

The Group registered a pretax profit of US$635.8 million in 2010, a 60% increase from 2009. Pretax profit included a revaluation gain from biological assets of US$251.0 million. The revaluation was mainly to reflect higher palm oil prices. Excluding this gain, pretax profit was US$384.8 million, marginally higher than 2009 despite the strong recovery in market price of CPO in 2010. This was mainly because realised prices in 2009 benefited significantly from forward sales at levels prior to the end-2008 global financial crisis. Unit production costs for 2010 were also higher due to the drop in production yield.

OUTLOOK AND STRATEGY

Consumption for palm oil is expected to grow steadily over the years. Emerging markets like China, India, Indonesia and Pakistan are expected to be the key demand drivers for palm oil. We will increase our planted area through new plantings and acquisitions. Supply growth will be largely dependent on higher mature hectarage and yield improvement in Indonesia. We are also optimistic about the longer-term prospects for Africa because of its availability of land and labour as well as suitable climate. We will continue to explore opportunities to expand our hectarage there.

Operations Review
OTHERS

FERTILISER

The bulk of the Group's fertiliser output is mainly sold in Indonesia. Wilmar is one of the largest fertiliser players in Indonesia, with production lines focusing on NPK (nitrogen, phosphorus and potassium) compound fertilisers. We also engage in the trading of potash, phosphate, nitrogen, kieserite, and other trace element products. Wilmar enjoys substantial market shares of both potash and NPK in the Indonesian market. Customers for our fertiliser products are also the Group's suppliers of FFB, CPO and palm kernel, enabling us to tap this captive market and minimize credit risk. In 2010, the fertiliser market expanded into Malaysia and Africa, including markets such as the Ivory Coast, Ghana and Uganda.

Demand for fertilisers strengthened significantly in 2010 as volumes recovered from the weakness experienced in 2009 which resulted from growers reducing fertiliser application due to lower commodities prices. Despite the higher demand, the average selling prices for fertilisers in 2010 were lower compared to average prices in 2009 which were boosted by the high prices in the early part of 2009. Overall, the profitability of our fertiliser unit improved in 2010.

The Group completed construction of a new plant in Surabaya to meet the increasing demand for fertiliser from the oil palm plantations in Kalimantan. Another new plant in the same location is being constructed.

Moving forward, the Group has also expanded into the agrochemical industry to compliment our existing fertiliser business. The first herbicide formulation factory has been commissioned this year in Medan. The Group also expects to expand into insecticide and fungicide products to cater to the cash crops market. The Group will focus on cash crops as a new growth market in addition to the oil palm sector in Indonesia. We believe the long-term prospects remain positive due to continued growth in Indonesia's planted area for oil palms.

SHIPPING

As part of our integrated business model, we own a fleet of vessels which caters primarily to in-house needs. Our fleet improves our flexibility and operational efficiency in our logistics operations. About 30% of the Group's liquid bulk shipping requirement is met by internal vessels. Our 60%-owned subsidiary, Raffles Shipping Corporation Pte Ltd, manages our shipping operations.

Shipping rates and volumes increased in 2010 as global economic activity recovered following the significant slowdown in early 2009. As a result, the profitability of our shipping unit improved in 2010.

As the volume of edible oils merchandised by the Group increases, the Group will continue to expand our shipping fleet and reduce shipping costs by acquiring larger and more cost effective vessels. In 2010, the Group placed orders for 12 Kamsarmax bulk carriers with tonnage of 82,000 deadweight tonnes each. Delivery of the first four vessels is expected at the end of 2011. As at 31 December 2010, we owned a total of 29 vessels with a combined tonnage of 734,000 MT.

The Group conducts research and development (R&D) activities in China and Indonesia. We are committed to R&D activities to improve the quality and range of our products as well as to enhance overall operational efficiency. The Group intends to invest more than US$100 million in the R&D over the next 5 years.

Our Global R&D centre based in Shanghai has 170 employees today of which 16 hold PhD qualifications. The number of employees is expected to increase to 300 in about five years. R&D activities undertaken in China are focused mainly on edible oils, specialty fats, food technology, oleochemicals, flavour chemistry, food ingredients in structuring and cereal processing.

Our R&D activities in Indonesia include research into agronomic traits of oil palm, cloning of key palm genes involved in fatty acid biosynthesis, environmentally friendly approaches to control or prevent diseases in oil palm, biofertilisers, use of bacteria or fungi to improve plant growth and waste treatment.

Operations Review

AWARDS

COMPANY LEVEL

- Ranked 1^{st} for highest overseas sales turnover; 1^{st} for revenue by market for China, India, North Asia and South East Asia by International Enterprise Singapore
- Winner of the Most Transparent Company Award for Services, Utilities & Agriculture category by Securities Investors Association (Singapore)
- Best South East Asian deal of the year by Euroweek Asia magazine
- Best Syndicated Loan by Asiamoney magazine
- Winner of Global Chinese 1000 Award for Singapore by Yazhou Zhoukan magazine
- Awarded Certificate of Excellence by IR Magazine Award for South East Asia
- 2010 World's Most Admired Company – Ranked 4^{th} in Food Production Industry by Fortune magazine
- Fortune Global 500 – Ranked 353 by Fortune magazine

CHINA GROUP OPERATIONS

- Yihai Kerry Investments Co., Ltd was awarded 2010 Shanghai Manufacturing Enterprise Top 50 (ranked 7^{th}) by Shanghai Enterprise Confederation and Shanghai Enterprise Directors Association
- Yihai Kerry Foodstuffs Marketing Co., Ltd received the following awards:
  - Top Volume (ranked 1^{st} nation-wide) by Chinese Industrial Information Issuing Centre
  - Certificate of Contribution to Charity by China Charity Association
- Wilmar (Shanghai) Biotechnology Research & Development Center Co., Ltd received the following awards:
  - National Innovative Cereals and Oils Enterprise by China Cereals and Oils Association
  - Meritorious Scientific and Engineering Award by China Cereals and Oils Association
- Southseas Oils & Fats Industrial (Chiwan) Limited was awarded National Well-Known Overseas Chinese Enterprises Top 100 by Overseas Chinese Affairs Office of the State Council

MERCHANDISING & PROCESSING – PALM & LAURICS

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

CONSUMER PRODUCTS

- China:
  – *Arawana* phytosterol corn oil won the American Corning 2010 Product Innovation Award
  – *Arawana* cooking oil was awarded the best selling brand by the National Bureau of Statistics China Industrial Information Centre
  – *Arawana* was awarded the sole food and grain supplier for the Shenzhen World University Games 2011
  – *Arawana* rice was awarded the Gold Medal at the 9^{th} China Rice Expo
- India – *Fortune* brand recognised as a Super Brand by Oil Technologist Association of India
- Indonesia – *Sania* brand was awarded Super Brand 2010
- Vietnam:
  – *Neptune*, *SIMPLY* and *Meizan* brands were awarded Top 500 Trademarks by the Vietnam Chamber of Commerce and Industry
  – *SIMPLY* brand was awarded Excellent Products in WTO Integration Award by Vietnam Trademark Magazine and the Vietnam Union of Science & Technology Associations
- Bangladesh:
  – *Rupchanda* brand was awarded Super Brand 2010
  – *Meizan* brand was awarded Most Effective Rural Communication by Bangladesh Brand Forum

PLANTATIONS & PALM OIL MILLS

- PPB Oil Palms Berhad received certification of four of its mills by the Roundtable on Sustainable Palm Oil (RSPO) – Ribubonus Palm Oil Mill, Saremas 1 Palm Oil Mill, Saremas 2 Palm Oil Mill and Terusan Palm Oil Mill
- Ribubonus Palm Oil Mill received Malaysia Oil Palms Industry Award for National Best Performance in Oil Extraction Rate

OTHERS

- Vietnam – Cai Lan Oils & Fats Industries Company Ltd received the following awards:
  – Vietnamese High Quality Goods Award by Sai Gon Tiep Thi Newspaper
  – Top Ten Viet Trademark Award by Vietnam Trademark Magazine and The Vietnam Union of Science & Technology Associations
  – National Renowned Trademark Award by the Ministry of Trade and Industry

Corporate Social Responsibility

Every year, we report on our sustainability progress in our Annual Report. In 2010, we launched our first Sustainability Report to communicate on specific areas of our performance. The Sustainability Report marks a new step in our ongoing journey towards transparency and accountability as we deepen the coverage of the impact of our business activities on the environment and society. The progress of certification for our plantations and mills to the strict Principles and Criteria of the Roundtable on Sustainable Palm Oil was also on track.

CERTIFICATION PROGRESS

The Group continued to expand the sustainability certification of our palm oil operations in 2010. We are the first plantation company in Sarawak, East Malaysia and Kalimantan, Indonesia to receive RSPO certifications for three mills and their supply base of six plantations. This also means that we have successfully completed certification for all our Malaysian operations, except for one. We also achieved our first certification for Sumatra in the same year.

The newly certified mills produce about 213,000 metric tonnes (MT) of certified sustainable palm oil (CSPO) from about 43,800 hectares of plantations, bringing our total CSPO capacity to about 400,000 MT per annum. This makes up about 12% of the total CSPO output available in the market as at end-2010. This new milestone will enable us to support the growing customer demand for responsibly produced palm oil.

IMPROVED ACCOUNTABILITY

Our first Sustainability Report was launched in November 2010 and covers the Group's oil palm plantations and mills in Indonesia and Malaysia in which we have 51% ownership and above.
We chose to report only on this division, as upstream activities of the palm oil industry are the most scrutinised, with the highest level of stakeholder concerns. Our first report covers our environmental and social performance from 2007 to 2009 on areas or issues which are important to our internal and external stakeholders, as well as improvement targets and goals.

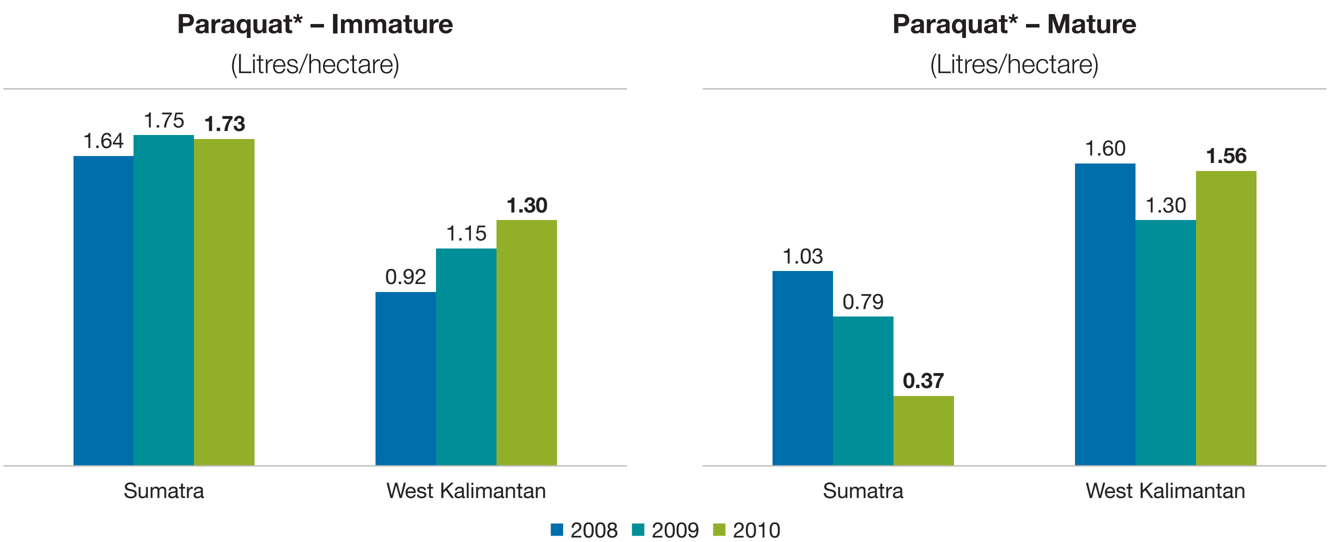
To ensure that the content presented is a fair representation of the Group's performance, we engaged an expert with an in-depth understanding of our efforts on the ground and strong links in the non-governmental organisation (NGO) community to provide an opinion on the materiality and responsiveness of the report.

Further operations may be included in future reports, prioritised on the basis of stakeholder feedback.

A copy of our Sustainability Report can be obtained from www.wilmar-international.com/sustainability

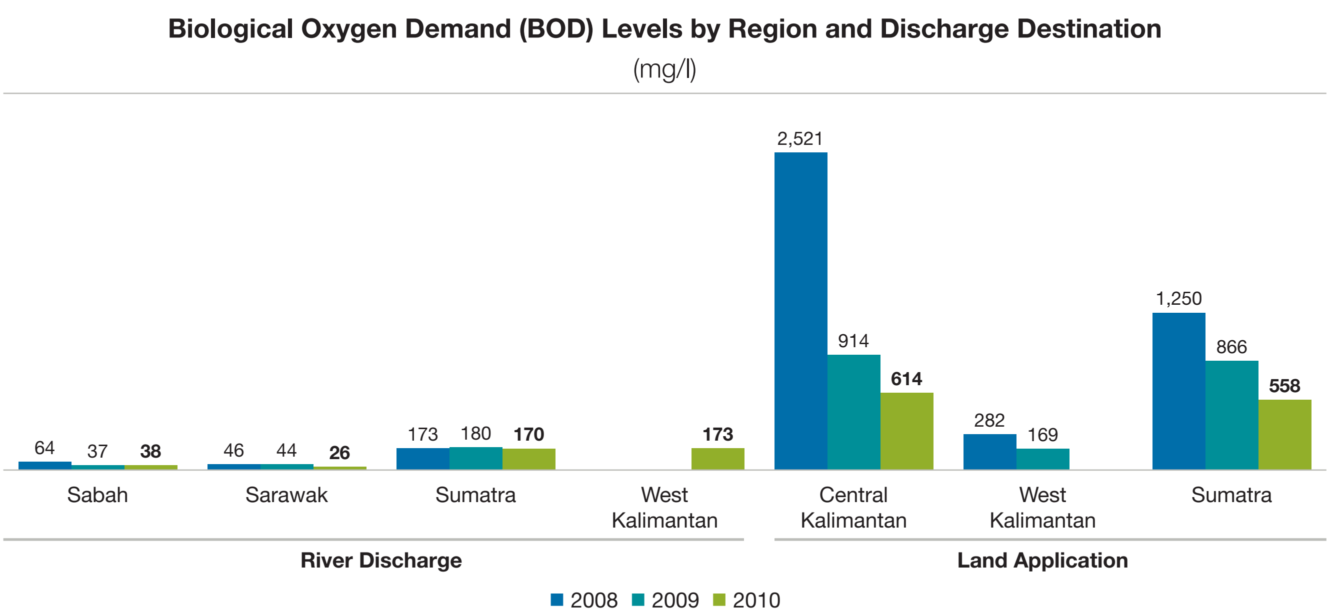
MEASURING OUR PERFORMANCE

The Highlights:



* Paraquat is a herbicide typically used for weed control.

** Central Kalimantan, Sabah and Sarawak have phased out the use of paraquat. The remaining units will follow a strict minimisation policy towards phasing out.



* There is zero discharge at our Central Kalimantan mills send as their effluent is sent directly to the plantations for land application.

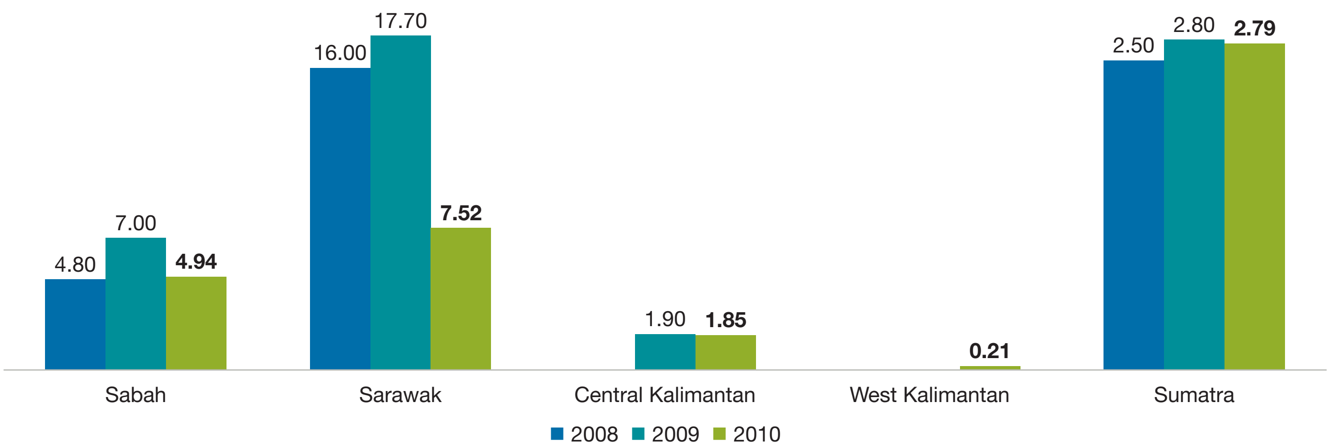
** There is no land application activity in West Kalimantan in 2010.

*** There is zero discharge at our West Kalimantan mills in 2009 send as their effluent is sent directly to the plantations for land application.

**** There is no river discharge data available for West Kalimantan in 2008.

Lost Time Incident Rate – Plantation

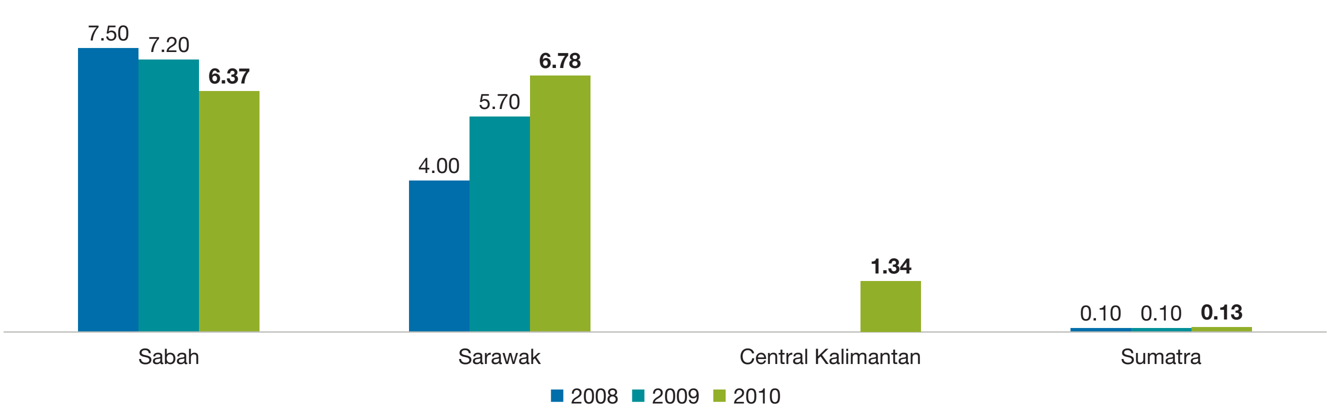
(per 200,000 working hours)



There are no data available for Central Kalimantan in 2008 and West Kalimantan in 2008 and 2009.

Lost Time Incident Rate – Mills

(per 200,000 working hours)



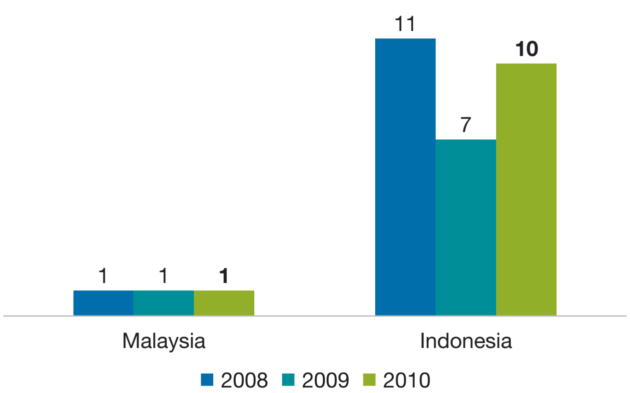
There are no data available for Central Kalimantan in 2008 and 2009, and West Kalimantan.

Note: Lost time accidents in Malaysia are recorded after one day's absence, while Indonesia records lost time accidents after 3 days' absence, in accordance with national legislation. We aim to create a new reporting system for 2011, allowing comparison across the two countries.

Corporate Social Responsibility

Fatalities – Plantations & Mills

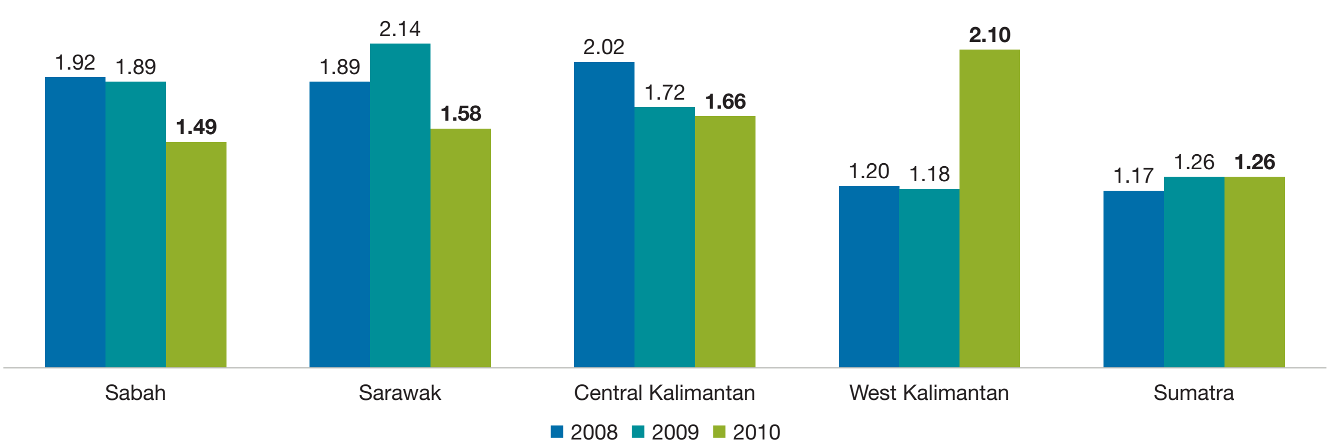
(Number of work-related deaths)



* *In 2010, we regret that 11 people lost their lives working for Wilmar. Each case was investigated and appropriate corrective action taken. We continue to work on raising employee awareness about workplace safety. We intend to introduce the "Behaviour-Based Safety" concept to further reinforce safety awareness amongst our workforce.*

Water Use Per Tonne of FFB Processed - Mills

(m^3)



CORPORATE PHILANTHROPY

In China, we continued efforts to build strong bonds with the local community. In 2010, we set up a total of 23 primary and secondary schools, of which 11 were completed and an additional 12 are being constructed or have been confirmed. We have also provided over 10,000 elderly patients with much-needed cataract operations, provided 2,055 wheelchairs to the disabled and built two nursing homes.

To date, Wilmar has invested a total of US$9.45 million in China community development initiatives.

In Singapore, we funded education initiatives such as the Wilmar International China Leadership Scholarship ("NTU Mayors' Class") at Nanyang Technological University. We also funded and will continue to support the Lee Kuan Yew Global Business Plan Competition at Singapore Management University. Wilmar also contributed a significant endowment to the National University of Singapore and the Lee Kuan Yew School of Public Policy.

Human Capital Management

The Group has a global workforce which has grown to over 88,000 people. Our large and diverse workforce helps to drive the Group's growth. In 2010, we focused on strengthening our corporate culture, recruiting, and developing our people.

CORPORATE CULTURE

Wilmar strives to create a strong and cohesive culture that emphasises integrity, excellence and teamwork across all our operations. We believe in providing a working environment which supports work-life balance.

Various events were held in 2010 to promote team-building and to support staff well-being. These events included our annual Family & Recreation day, Annual dinner, factory landscaping, as well as sporting and fitness activities. Staff were also able to interact with each other outside of an office setting.

PEOPLE DEVELOPMENT

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

During the year, we organised a "Senior Management Training Programme" for newly promoted senior managers in China to provide them with insights on the company's corporate culture and core values. Participants also engaged in a dialogue with top management about the Group's views and experience on China's industry policies, the Group's development planning, factory management and overall management of the business.

In Indonesia, our commitment to people development was reaffirmed through the "Commitment of People Development" pact. This pact is aimed at sharpening staff skills and enhancing individual potential for staff at our Indonesian plantations.

GROOMING FUTURE TALENT

To support the growth of our business, we constantly look out for strong performers whom we can groom into future leaders of our Group. Potential leaders undergo a comprehensive Leadership Training Programme to prepare them for challenging roles within the Group.

In China, the Group recruited over 720 new graduates to undergo a comprehensive training and development programme. The graduates received on the job training, complemented with a twelve month training and coaching programme. To further groom them, quarterly mentor reviews, monthly performance reports and skills workshops were held.

In Vietnam, we organised Career Day events to raise awareness of Wilmar as an employer of choice. We also granted several scholarships to outstanding students to encourage them to join and build a career with Wilmar after their graduation.

REWARDING OUR PEOPLE

Our compensation and benefits policies aim to retain talent as well as motivate our people towards higher standards of performance, dedication and commitment. We regularly review our policies to ensure they are in line with market norms.

During the year, the Group also offered 25,705,000 share options through our Executive Share Option Scheme to reward Directors and selected senior executives for their contributions to the Group's success.

Information Technology
WILMAR CONSULTANCY SERVICES

Wilmar Consultancy Services (WCS) is the Business Information Technology (IT) services arm of the Group. WCS is composed of a strong team of experienced IT professionals who deliver integrated IT solutions to enterprise customers across a broad range of industries. WCS provides services under three main service categories: (1) IT Products & Solutions, (2) Outsourcing, and (3) Human Capital Services (HCS).

EXPANDING GLOBAL REACH

In 2010, WCS continued to deliver large scale IT projects to an expanding number of global customers. For the Group, WCS rolled out Enterprise Resource Planning projects across six countries in Asia and Africa. WCS also worked with external clients to deliver IT projects across the Asia Pacific and Europe. To support business growth, WCS established new offices in Medan, Jakarta, Kuala Lumpur, Suzhou, Dalian, Qingdao, Chengdu and the United Kingdom.

STRENGTHENING OUR BUSINESS

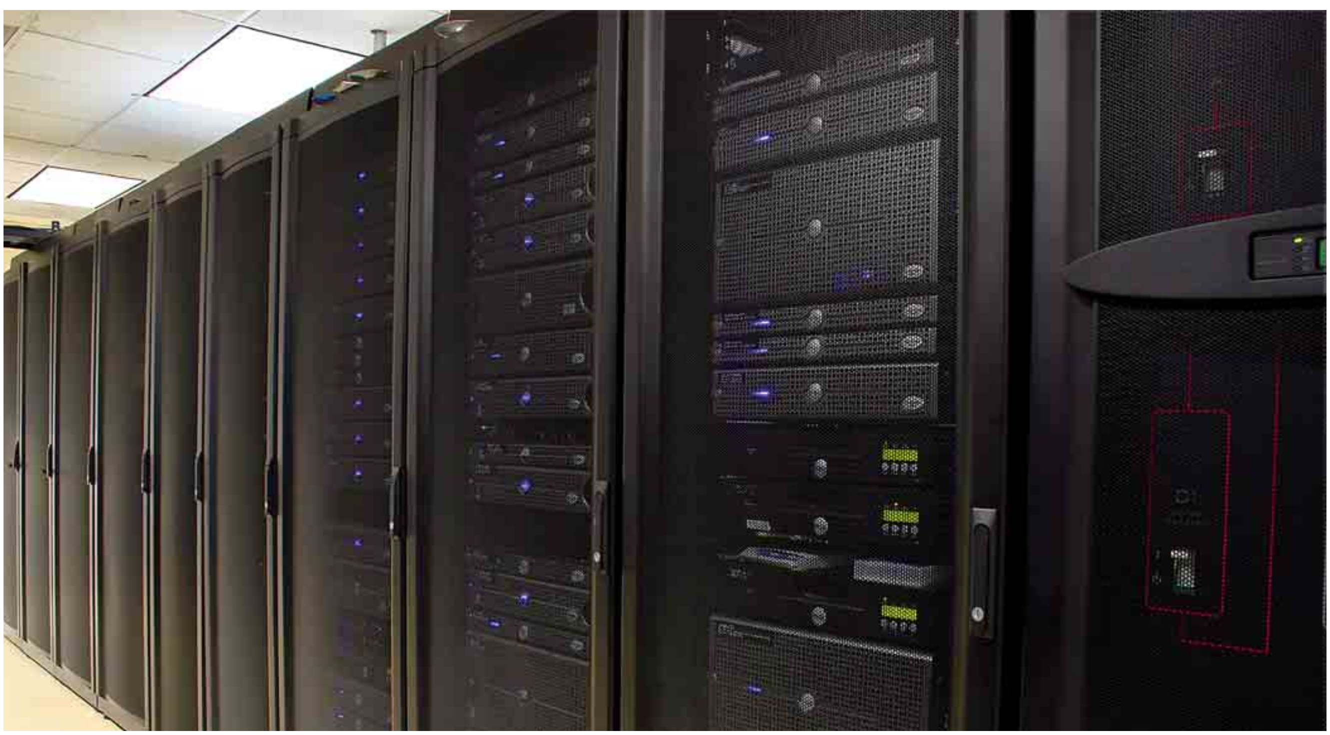
During the same period, WCS strengthened its expertise base and marketing capability through investments and acquisitions. WCS invested in Redbite Solutions, which provides cloud-computing track and trace solutions for supply chain management. WCS also acquired Softech, an IT recruitment and contract staffing company to expand the HCS business.

WCS has established partnerships with IT industry leaders such as Cisco, HP, IBM and SAP (China) to leverage on their combined expertise, resources and networks to deliver comprehensive solutions to customers. WCS also collaborated with a leading global e-logistics solutions provider to offer a broader range of solutions.

POSITIONED FOR GROWTH

Demand for IT services is expected to grow as more companies modernise and expand their IT infrastructure, especially in China and Indonesia. WCS is well positioned to meet this demand by leveraging on its strong expertise and wide networks. WCS will continue to look out for investment and business opportunities to expand its core business.

Please visit WCS at www.wcs-global.com.



Risk Management

OVERVIEW

Our risk management framework comprises processes and policies designed to address risks such as commodity price, counterparty credit, interest rate and currency. This framework is designed to identify, quantify and control various risks encountered in our operations, and enables us to quickly respond to changing market and other risk conditions.

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

In 2010, we ventured into sugar refining and trading. This new business is also subjected to the same risk management framework.

COMMODITY PRICE RISK

Prices of commodities can be very volatile. Our Group experiences commodity price risk because our sale and purchase commitments may not typically match at the end of each business day. We take steps to minimise this price risk through careful management of our commodity positions. We also use forward physical and derivative contracts to manage our price exposure.

CURRENCY RISK

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

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

INTEREST RATE RISK

A substantial portion of the Group's borrowings are in the form of short term trade financing and a portion are in floating rate bank loans. Interest costs arising from trade financing are typically priced into our products and passed on to customers. Bank loans are typically on floating rates unless fixed rates are applied against such loans either at draw down as in the case of Term Loans or via the use of fixed rate financial instruments such as Interest Rate Swaps. The impact of interest rate changes on our margins is limited for trade financing lines. However, the Group may be still be exposed to the risk of interest rate changes from borrowings which are in floating rates or where fixed rates loans are due for renewal during periods of higher interest rates.

COUNTERPARTY CREDIT RISK

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

Factors such as credit worthiness of customers, their financial strength, operating track record, past payment history, transaction volume and duration of business relationship with the Group are considered when granting credit terms and limits. The terms and limits are monitored closely to ensure they are adhered with.

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

Risk Management

RISK GOVERNANCE

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

Our risk governance structure comprises three levels: The Risk Management Committee at the Board level, the Executive Risk Committee, and risk management by the respective operating units.

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

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

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

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

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

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

Wilmar continually seeks to uphold a high standard of corporate governance guided by the principles set out in the Singapore Code of Corporate Governance ("Code"). This report describes the practices adopted by the Company.

PRINCIPLE 1

THE BOARD'S CONDUCT OF ITS AFFAIRS

The primary role of the Board is to provide entrepreneurial leadership and set the overall business direction of the Group to protect and enhance long term shareholder value and returns. The Board is committed to achieving sustained value creation through strategic and appropriate business expansion and to broadening the Group's revenue stream by pursuing business opportunities with good prospects for long term growth. The Board reviews the strategic plans, business development proposals and risk management policies of the Group directly or through the respective Committees.

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

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

The Board meets at least four times a year and more frequently, if warranted by circumstances deemed appropriate by the Board. Between scheduled meetings, matters that require the Board's approval are circulated to all directors for their consideration and decision. As provided in the Company's Articles of Association, Directors may convene Board meetings by teleconferencing and videoconferencing. To assist the Board in the execution of its duties, the Board has delegated specific functions to the following Board Committees:

1. **Executive Committee**

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

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

   - Drawing up the Group's annual budget and business plan for the Board's approval;
   - Evaluating new business opportunities and carrying through approved strategic business proposals;
   - Approving acquisitions and disposals of investments, businesses and assets in accordance with the limits prescribed in the Exco's terms of reference;
   - 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 and business direction.

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

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

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

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

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

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

The Directors' attendance at the Board and Board Committee meetings during the financial year ended 31 December 2010 is set out as follows:

	Board of Directors	Audit Committee	Risk Management Committee	Remuneration Committee	Nominating Committee
No. of meetings held	**4**	**4**	**4**	**1**	**1**
Name of Director	**Member Attendance**	**Member Attendance**	**Member Attendance**	**Member Attendance**	**Member Attendance**
Executive Directors					
Kuok Khoon Hong	4/4	NM	4/4	NM	1/1
Martua Sitorus	4/4	NM	NM	NM	NM
Chua Phuay Hee	4/4	NM	NM	NM	NM
Teo Kim Yong	4/4	NM	NM	NM	NM
Lee Hock Kuan	4/4	NM	NM	NM	NM
Non-Executive Directors					
Kuok Khoon Chen	4/4	NM	NM	NM	NM
Kuok Khoon Ean	3/4	NM	NM	1/1	NM
John Daniel Rice	3/4	NM	NM	NM	NM
Independent Non-Executive Directors					
Yeo Teng Yang	4/4	4/4	4/4	1/1	NM
Leong Horn Kee	4/4	NM	4/4	1/1	NM
Tay Kah Chye	4/4	4/4	NM	NM	1/1
Kwah Thiam Hock	4/4	4/4	NM	1/1	1/1

NM – Refers to Board members who are non-committee members but have been invited to attend these meetings (except for Remuneration Committee meetings which the CEO is the only non-committee member who attends).

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

PRINCIPLE 2

BOARD COMPOSITION AND GUIDANCE

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

The Board is made up of Directors with a wide range of skills, experience and qualifications and they bring with them expertise and knowledge in areas such as accounting, finance, business management, specific industry knowledge relevant to the Group's business. Key information about the Directors is presented in the section entitled "Board of Directors" in this annual report.

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

The Board collectively views that its current size complies with the Code and is effective. The Board will review, from time to time, the need to revise its size and composition taking into consideration further expansion of the Group's business and determine the impact of the effectiveness of any proposed change on its current size.

PRINCIPLE 3

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

PRINCIPLE 4

BOARD MEMBERSHIP

The principal functions of the NC are as follows:

1. To review nominations of new Director appointments based on selection criterion such as the incumbent's credentials and his skills and contributions required by the Company.
2. To review and recommend to the Board the re-nomination of Directors in accordance with the Company's Articles of Association.
3. To determine annually whether a Director is "Independent", in accordance with the guidelines contained in the Code.
4. To decide whether a Director is able to and has adequately carried out his duties as a Director of the Company, in particular, whether the Directors concerned have multiple board representations or if any of these multiple directorships are in conflict with the interests of the Company.
5. To decide how the Board's performance may be evaluated and to propose objective performance criteria.

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

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

Mr Martua Sitorus, Mr Chua Phuay Hee, Mr Teo Kim Yong and Mr Kwah Thiam Hock who are retiring by rotation in accordance with Article 99, have been nominated for re-election at the forthcoming AGM.

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

The NC is of the view that although some Directors hold other non-Group Board representations, they are nevertheless able to carry and have effectively carried out their duties as Directors of the Company.

PRINCIPLE 5

BOARD PERFORMANCE

The NC has in place a process for the evaluation of the Board's effectiveness as a whole. The evaluation is done through written assessments by individual directors. In appraising the Board's effectiveness, the assessment is based on factors including the Board's understanding of the Group's business operations, development of strategic directions and the effectiveness of Board meetings to facilitate discussion and decision on critical and major corporate matters. Performance benchmarks which include share price performance of the Company over a three-year period vis-à-vis the Singapore Straits Times Index and comparison with industry listed peers were discussed. The NC is of the view that the financial indicators as set out in the Code as guidelines for the assessment of Board performance is more of a measurement of Management's performance. The collated findings are reported and recommendations are submitted to the Board for review and further enhancement of the Board's effectiveness.

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

PRINCIPLE 6

ACCESS TO INFORMATION

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

The Board is provided with complete, adequate and timely information prior to Board Meetings. The Company Secretaries attend all Board and Board Committee meetings and are responsible to ensure that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretaries work together with the respective divisions of the Company to ensure the Company complies with all relevant rules and regulations.

PRINCIPLE 7

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Remuneration Committee is chaired by Mr Kwah Thiam Hock. The other members comprise Mr Yeo Teng Yang, Mr Leong Horn Kee and Mr Kuok Khoon

Ean. Apart from Mr Kuok Khoon Ean, who is a Non-Executive Director, the Chairman and the other members of the RC are Independent Directors.

The main responsibilities of the RC are to assist the Board to ensure that competitive remuneration policies and practices are in place to attract, motivate and retain talented executives and to administer and review the Company's share plans.

The RC members review and recommend to the Board, remuneration policies for the Directors and key executives of the Group. Recommendations from the RC are submitted to the Board for endorsement. No Director is involved in deciding his own remuneration.

In discharging their duties, the RC members have access to expert professional advice on human resource matters whenever there is a need for such external consultation.

PRINCIPLE 8

LEVEL AND MIX OF REMUNERATION

In making its recommendations to the Board on the level and mix of remuneration, the RC will take into consideration, the pay and employment conditions within the industry and comparable companies. The RC strives to be competitive, linking rewards with performance.

Staff remuneration comprises a fixed component in the form of a basic salary, a variable component in the form of bonus linked to the performance of the individual and the Company as well as short term and long term incentives in the form of share options designed to strengthen the pay-for-performance framework and to reward and recognise the key executives' contributions to the growth of the Company. In March 2010, a total of 25,705,000 option shares were offered to Directors and key executives in the Group pursuant to the rules of the Wilmar Executives Share Option Scheme 2009. This incentive was to reward and acknowledge their contributions to the Group's success.

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

Non-executive directors of the Company do not receive any salary. The Independent Directors of the Company receive a fixed annual director's fee, the structure of which is shown below, which is subject to the approval of shareholders at the AGM.

Fee Structure

a. A single base fee of S$70,000 for serving as member(s) on one or more Board committees
b. Additional fee of S$20,000 for serving as Lead Independent Director
c. Additional fee for serving as Chairman on the following Board committees:

Audit Committee	S$20,000
Risk Management Committee	S$20,000
Nominating Committee	S$10,000
Remuneration Committee	S$10,000

A review of directors' fees, which takes into account Directors' contributions and their respective responsibilities, including attendance and time spent at Board meetings and various Board Committee meetings, was undertaken. Such fees were benchmarked against the amounts paid by other major listed companies.

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 2010.

PRINCIPLE 9

DISCLOSURE ON REMUNERATION

The breakdown of the remuneration of the Directors and the top five Key Executives of the Company for the financial year ended 31 December 2010 is as follows:

Name of Directors	Directors' Fee	Salary	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total	Remuneration Band
Executive Directors							
Kuok Khoon Hong	Nil	12%	1%	18%	69%	100%	S$5,750,000 to S$6,000,000
Martua Sitorus	Nil	13%	–	17%	70%	100%	S$4,750,000 to S$5,000,000
Lee Hock Kuan	Nil	17%	1%	34%	48%	100%	S$3,500,000 to S$3,750,000
Teo Kim Yong	Nil	17%	1%	41%	41%	100%	S$2,750,000 to S$3,000,000
Chua Phuay Hee	Nil	18%	1%	44%	37%	100%	S$2,500,000 to S$2,750,000
Non-Executive Directors							
Kuok Khoon Ean	Nil	–	–	100%	–	–	S$500,000 to S$750,000
John Daniel Rice	Nil	–	–	100%	–	–	S$500,000 to S$750,000
Kuok Khoon Chen**	Nil	–	–	100%	–	–	S$250,000 to S$500,000
Kuok Khoon Ho***	Nil	–	–	100%	–	–	S$250,000 and below
Independent Non-Executive Directors							
Yeo Teng Yang	12%	–	–	88%	–	100%	S$750,000 to S$1,000,000
Leong Horn Kee	10%	–	–	90%	–	100%	S$500,000 to S$750,000
Tay Kah Chye	13%	–	–	87%	–	100%	S$500,000 to S$750,000
Kwah Thiam Hock	13%	–	–	87%	–	100%	S$500,000 to S$750,000
Top 5 Key Executives							
Matthew John Morgenroth	Nil	26%	3%	35%	36%	100%	S$1,750,000 to S$2,000,000
Goh Ing Sing	Nil	21%	–	36%	43%	100%	S$1,500,000 to S$1,750,000
Francis Heng Hang Song	Nil	34%	9%	10%	47%	100%	S$1,250,000 to S$1,500,000
Rahul Kale	Nil	42%	–	27%	31%	100%	S$750,000 to S$1,000,000
Sng Miow Ching	Nil	29%	–	29%	42%	100%	S$750,000 to S$1,000,000

Notes:

* *The fair values of the options granted under the Wilmar ESOS 2000 and Wilmar ESOS 2009, are estimated at the respective grant dates using trinomial option pricing in the Bloomberg Executive Option Valuation Module and binomial options pricing model respectively.*

** *Mr Kuok Khoon Chen was appointed as a Non-Executive Director of the Company on 8 February 2010.*

*** *Mr Kuok Khoon Ho stepped down as a Non-Executive Director of the Company on 8 February 2010.*

PRINCIPLE 10

ACCOUNTABILITY OF THE BOARD AND MANAGEMENT

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

PRINCIPLE 11

AUDIT COMMITTEE

The operations of the AC are regulated by its charter. In addition, the AC also adheres to the guidelines as set out in the "Guidebook for Audit Committees in Singapore" issued in 2008. The Board is satisfied that the members of the AC have the requisite qualifications as well as sufficient expertise and experience to discharge their duties competently.

The members of the AC perform the following functions:

- To review the criteria for the appointment of a professional public accounting firm as the external auditors to the Company;
- To review with the external auditors, their evaluation of the system of internal accounting controls;
- To review and approve the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors;
- To review with the external auditors, their audit report, findings and recommendations. Where the external auditors also supply a substantial volume of non-audit services to the Company, to review the nature and extent of such services to maintain the independence of the auditors;
- To review and approve the financial statements of the Company and the consolidated financial statements of the Group for submission to the Board of Directors for approval;
- To review the assistance given by the Company's officers to the external auditors;
- To nominate external auditors for re-appointment;
- To ensure that the internal audit function is adequately resourced and has appropriate standing within the Group. For the avoidance of doubt, the internal audit function can be either in-house, outsourced to a reputable accounting/ auditing third-party firm or performed by a major shareholder, holding company, parent company or controlling enterprise with internal audit staff;
- To review the scope and results of the internal audit procedures;
- To ensure the adequacy of the audit function at all times;
- 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 is empowered to obtain independent professional advice. It has been given full access to and co-operation by the Management and reasonable resources to discharge its duties properly and full discretion to invite other Directors or executives to attend its meetings.

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

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

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

PRINCIPLES 12 & 13

INTERNAL CONTROLS AND AUDIT

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

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

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

PRINCIPLES 14 & 15

COMMUNICATION WITH SHAREHOLDERS

The Board's policy is that all shareholders should be promptly informed of all major developments impacting the Group. The Company engages in communication with shareholders and the investment community through its Investor Relations and Corporate Communications team.

The AGM is the main forum for dialogue with shareholders and they are encouraged to meet with the Board and Senior Management so as to have a greater insight into the Group's operations. Shareholders who hold shares through nominees are allowed, upon prior request through their nominees, to attend the AGM as proxies without being constrained by the two-proxy rule.

The Company also communicates with its shareholders through holding formal media and analysts' briefings of the Group's quarterly results, chaired by the Chairman and CEO, together with Executive Directors and key Management members. Briefing materials are disseminated through announcements to the SGX-ST.

Updates on information about the Company and all announcements broadcasted via the SGX-ST website are also posted on its official website www.wilmar-international.com.

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 staff are reminded to avoid dealing in the Company's shares on short-term considerations and to observe insider trading laws at all times, even when dealing in securities during the permitted trading period.

INTERESTED PERSON TRANSACTIONS

The Group has established a procedure for recording and reporting Interested Person Transactions. Details of significant interested person transactions for the year ended 31 December 2010 are set out below:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	2010 US$'000	**2010 US$'000**
Archer Daniels Midland Group	NIL	3,451,077
Wilmar International Holdings Limited	NIL	3,432
Wilmar Holdings Pte Ltd Group*	NIL	NIL
Kuok Khoon Ean's Associates#	592,657	NIL
Martua Sitorus' Associates	NIL	68,670
Kuok Khoon Hong's Associates	NIL	24,472
PPB Group Berhad	42,414	NIL
Kuok Brothers Sdn Berhad	22,561	NIL

Notes:

* *In members' voluntary liquidation.*

\# *The IP associates for Mr Kuok Khoon Chen and Mr Kuok Khoon Ean are substantially the same, and are not disclosed separately to avoid duplication.*

MATERIAL CONTRACTS

The list of material contracts entered into by the Group for the financial year ended 31 December 2010 is as follows:

(i) Transactions with FFM Berhad

On 2 December 2010, PGEO Group Sdn Bhd ("PGEO"), a wholly-owned subsidiary of the Company, entered into a subscription agreement with FFM Berhad ("FFM"), a wholly-owned subsidiary of PPB Group Berhad, to subscribe for 55,781,250 new ordinary shares of RM1 each in FFM, for a total cash consideration of RM378,118,781.25 (the "Proposed FFM Subscription"). The Proposed FFM Subscription was completed on 8 March 2011.

On 2 December 2010, the Company entered into a memorandum of understanding with FFM, pursuant to which both parties agreed to enter into exclusive negotiations with each other, on the sale of 20% equity interest in selected subsidiaries of Wilmar in China to Waikari Sdn Bhd, a wholly-owned subsidiary of FFM ("Proposed Disposals"). The Proposed Disposals are subject to the execution of formal sale and purchase agreements between the relevant parties.

Mr Kuok Khoon Chen and Mr Kuok Khoon Ean are directors of Kuok Brothers Sdn Berhad, the ultimate holding company of FFM. Mr Kuok Khoon Chen was appointed the Chairman of the FFM Board on 1 March 2011.

(ii) Property Joint Venture with Kerry Properties (China) Limited and Shangri-La China Limited – Bayuquan Project

On 21 December 2010, WCA Pte. Ltd. ("WPL"), a wholly-owned subsidiary of the Company, entered into a master joint venture agreement with Kerry Properties (China) Limited ("KPCL") and Shangri-La China Limited ("SACL") to establish various joint venture companies ("JVCO(s)") for real estate development, operation, sale, leasing, property management and hotel development, operation and management in Bayuquan, Yingkou City, Liaoning Province, China ("Bayuquan Project") following their successful joint bid for the land use rights for three sites in Bayuquan for RMB240 million (approximately US$36 million).

The shareholdings of WPL, KPCL and SACL ("JV Parties") in the JVCO(s) for the Bayuquan Project are in the proportions of 35%, 40% and 25% respectively. WPL's investment in the JVCO(s) for the Bayuquan Project is approximately RMB889.15 million (approximately US$134 million), based on the maximum total investment in the JVCO(s) of approximately RMB2,569 million (approximately US$386 million).

The establishment of the JVCO(s) for the Bayuquan Project by the JV Parties are conditional upon all necessary approvals from the relevant Chinese authorities.

(iii) Property Joint Venture with KPCL and SACL – Laobian Project

Following the successful joint bid (pursuant to a joint bid agreement entered into between the JV Parties on 29 December 2010) to acquire the land use rights for six sites in Laobian District, Yingkou City, Liaoning Province, China ("Laobian Project"), the JV Parties entered into a second master joint venture agreement on 5 January 2011 to establish JVCO(s) to undertake the development, operation, sale, leasing and property management of the Laobian Project.

The shareholdings of the JV Parties in the JVCO(s) for the Laobian Project are in the proportions of 35% (WPL), 40% (KPCL) and 25% (SACL). WPL's investment in the JVCO(s) for the Laobian Project is approximately RMB2,627.81 million (approximately US$395.8 million), based on the maximum total investment in the JVCO(s) of approximately RMB7,508.04 million (approximately US$1,130.7 million).

The establishment of the JVCO(s) for the Laobian Project by the JV Parties are conditional upon all necessary approvals from the relevant Chinese authorities.

KPCL is a wholly-owned subsidiary of Kerry Properties Limited ("KPL") and SACL is a wholly-owned subsidiary of Shangri-La Asia Limited ("SA"). Mr Kuok Khoon Chen and Mr Kuok Khoon Ean who are the Chairmen of KPL and SA respectively, are also directors of Kerry Holdings Limited ("KHL"). KPL is a subsidiary of KHL whilst SA is an associate of KHL. KHL is a substantial shareholder (but not a controlling shareholder) of Wilmar.

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 last financial year ended 31 December 2010 or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2009.

Financial Report

CONTENTS

Financial Review

CAPITAL STRUCTURE

Wilmar maintains an efficient capital structure to support our business operation and maximise returns to shareholders while preserving our balance sheet strength. Given the nature of our business, we require a high level of working capital financing to fund our inventories and receivables. The level of funding fluctuates in relation to prices of agricultural commodities and business volume.

In FY2010, we made a few major acquisitions, incurred substantial capital expenditure and achieved strong volume growth amidst a rising price environment. Nevertheless, our balance sheet and capital structure remained strong throughout the period.

Shareholders' funds of the Group increased by US$924.7 million to US$11.9 billion while total loans and borrowings was up US$7.8 billion to US$17.4 billion as at 31 December 2010 due to additional funding requirements for working capital, investments and capital expenditure. Loans and borrowings net of cash and other bank deposits, was US$6.2 billion higher at US$10.6 billion.

Net debt to equity ratio increased sharply but remained healthy at 0.90x as at 31 December 2010 from 0.41x a year ago. Interest cover, while lower in line with weaker earnings for FY2010, was at a very comfortable level of 23.0x (FY2009: 52.8x).

As mentioned, a large proportion of our borrowings is used for working capital financing. Our working capital comprises very liquid or near cash assets like inventories and trade receivables. Inventories are primarily agricultural commodities with a ready market, while trade receivables have short turnover period and are substantially supported by documentary credit. Hence, after adjusting the net debt level for liquid working capital, our net debt to equity ratio would be much lower at 0.38x.

As at 31 December	2010 US$ million	2009 US$ million
Shareholders' funds	**11,855.8**	10,931.1
Net loans and borrowings	**10,637.4**	4,444.8
Net debt to equity	**0.90x**	0.41x
Liquid working capital:		
Inventories (excluding consumables)	**6,334.3**	3,769.2
Trade receivables	**3,125.9**	1,989.9
Less: Current liabilities (excluding loans and borrowings)	**(3,365.7)**	(1,994.8)
	6,094.5	3,764.3
Net loans and borrowings (excluding liquid working capital)	**4,542.9**	680.5
Adjusted net debt to equity	**0.38x**	0.06x

CAPITAL MANAGEMENT AND TREASURY POLICIES

Borrowings

The Group's total loans and borrowings of US$17.4 billion comprised:

As at 31 December	2010 US$ million	2009 US$ million
Short term	**14,903.6**	8,374.1
Long term	**2,521.6**	1,205.6
	17,425.2	9,579.7

During the year, the Group's short term loans and borrowings increased substantially by US$6.5 billion, reflecting higher working capital requirements. More than 90% of short term loans and borrowings were trade financing lines with minimal refinancing risks as they are backed by inventories and receivables and are self-liquidating.

Long term loans and borrowings were committed loans, including the convertible bonds issued in December 2007. The increase in long term loans and borrowings was attributable to funding for acquisitions. These borrowings are due from 2012 onwards.

The majority of the Group's loans and borrowings were denominated in United States Dollar (US$) while the balance represented borrowings in the local currencies of the countries where we operate. These currencies consisted mainly of Chinese Renminbi (RMB), Indonesian Rupiah (IDR), Malaysian Ringgit (MYR) and Australian Dollar (AUD).

With the exception of the zero-coupon convertible bonds of US$545.7 million (31 December 2009: US$536.3 million), our loans and borrowings were predominantly on floating rates.

Cash and cash equivalents

Cash and cash equivalents were held in US$ and the local currencies of the respective countries where we operate, mainly RMB, IDR and MYR. As at 31 December 2010, our cash and cash equivalents comprised:

As at 31 December	2010 US$ million	2009 US$ million
Total cash and bank balances	**6,787.8**	5,134.9
Less : Fixed deposits pledged for bank facilities	**(5,707.9)**	(3,878.1)
Less : Other deposits with maturity of more than 3 months	**(187.4)**	(434.2)
Less : Bank overdrafts	**(492.0)**	(430.3)
Cash and cash equivalents	**400.5**	392.3

The increase in fixed deposits pledged for bank facilities was in line with the Group's increased loans and borrowings.

Financial Review

Financial risk management

Wilmar operates in several countries and is exposed to a variety of financial risks including credit risk, interest rate risk, foreign currency risk, commodity price risk, liquidity risk and market price risk. Risk management is discussed in greater detail in the Risk Management section and Notes to the Financial Statements, and is summarised as follows:

- **Credit risk**. The majority of the Group's export sales require documentary credit from customers. Our domestic sales are executed on cash terms or where appropriate, credit terms are granted. We conduct thorough credit assessment before granting credit terms and limits, which are then monitored closely for adherence. The terms and limits are reviewed periodically and revised where necessary, taking into account customers' credit worthiness or market conditions.

- **Interest rate risk**. The Group has minimal exposure to interest rate risk as most of our loans and borrowings are short term and trade related, with interest costs typically priced into our products and passed on to customers. For long term borrowings, the Group may use financial instruments such as interest rate swaps to hedge or minimise our interest rate risk.

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

- **Commodity price risk**. The prices of agricultural commodities can be very volatile, exposing the Group to commodity price risk when our sales and purchases commitments do not match at the end of each business day. The Group uses forward physical and derivative contracts to mitigate such risk.

- **Liquidity risk**. The Group maintains sufficient liquidity by closely monitoring our cash flow and maintaining sufficient credit facilities, including the use of trade finance for the Group's raw material purchases. The Group also aims at maintaining flexibility in funding by keeping credit facilities available with different banks.

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

CASH FLOW, FUNDING AND LIQUIDITY

Cash flow

Net cash flow used in operating activities for FY2010 was US$2.3 billion compared to US$520.4 million in FY2009. The outflow resulted from increased working capital requirements, on rising prices of agricultural commodities, strong growth in sales volume and higher level of stockholding.

	FY2010 US$ million	FY2009 US$ million
Net cash flows used in operating activities	**(2,318.8)**	(520.4)
Net cash flows used in investing activities	**(2,628.9)**	(1,282.4)
Net cash inflow from financing activities	**4,955.9**	1,161.2
Net increase/(decrease) in cash held	**8.2**	(641.6)
Turnover days:		
Inventory	**70**	56
Trade receivables	**31**	25
Trade payables	**15**	15

Other major applications and source of funds in FY2010 were as follows:

- Of the US$2.6 billion used in investing activities, US$1.1 billion was applied towards plantations development, property, plant and equipment and US$1.7 billion for investment in subsidiaries and associates.

  Major additions of property, plant and equipment during the year included crushing plants, flour and rice mills and oleochemicals plants in China; refinery, biodiesel, oleochemicals and fertiliser plants in Indonesia; and the purchase of new vessels.

  Our significant investments during the year included Sucrogen Limited and PT Jawamanis Rafinasi, which marked our foray into the sugar business. We also expanded our oleochemicals business through the acquisition of Natural Oleochemicals Sdn Bhd.

- Approximately US$5.0 billion was generated from financing activities, mainly through net proceeds of US$5.8 billion (net of increase in fixed deposits pledged with financial institutions for bank facilities) raised from loans and borrowings. Uses of funds included US$384.7 million for the payment of dividends and US$668.1 million placed as other short term deposits with financial institutions.

Funding and liquidity

At the end of FY2010, credit facilities in the form of short term loans, trade finance and committed loans available to the Group added up to approximately US$24.6 billion, of which US$17.4 billion was utilised. The unutilised facilities, together with the Group's US$400.5 million available cash and cash equivalents, brought the Group's total liquidity to approximately US$7.6 billion as at 31 December 2010.

The Group's US$790.3 million of terms loans due for repayment in FY2011 and an estimated US$1.0 billion of capital expenditure for FY2011 are expected to be met by internal resources and where necessary, loans and borrowings.

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

The Group does not have any covenants with lenders which could restrict the use of credit facilities.

SHAREHOLDERS' RETURNS AND SHARE BUY-BACKS

For FY2010, the Board of Directors has proposed a final dividend of 2.3 Singapore cents per share. Together with the interim dividend of 3.2 Singapore cents per share paid on 14 September 2010, total dividend for FY2010 will amount to 5.5 Singapore cents per share or a payout ratio of approximately 20% of net profit. Barring any unforeseen circumstances, the Group expects to maintain a dividend payout ratio of approximately 20%.

Currently, Wilmar has a share buy-back mandate which will be expiring on 28 April 2011, being the date of the forthcoming Annual General Meeting. Shareholders' approval for the proposed renewal of the mandate will be sought at an Extraordinary General Meeting on the same date. Share purchases would be made only when it is in the best interests of the Company and in appropriate circumstances which will not materially and adversely affect the liquidity and orderly trading of the Company's shares, including the working capital requirements and gearing level of the Group.

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

ACCOUNTING POLICIES

The Group's financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The preparation of financial statements requires management to exercise judgement and to use estimates and assumptions. Significant accounting judgement and estimates, which are discussed in greater detail in the Notes to the Financial Statements, include:

- Assessment for impairment of goodwill and brand which requires an estimation of the future cash flows from the cash-generating unit and an appropriate discount rate for present value calculation.

- Depreciation of plant and equipment which is based on management estimates of their useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets.

- Provision for income taxes involves significant judgement as there are transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different, such differences will impact the income tax and deferred tax provisions.

- Biological assets, which are stated at fair value less point-of-sale costs, are estimated by reference to an independent valuer's assessment. Changes in the conditions of biological assets could impact the fair value of these assets.

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Wilmar International Limited ("the Company" or "Wilmar") and its subsidiaries (collectively, "the Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2010.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

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

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

	Direct Interest			Deemed Interest		
	As at 1.1.10 or date of appointment	As at 31.12.10	As at 21.1.11	As at 1.1.10 or date of appointment	As at 31.12.10	As at 21.1.11
<u>Company</u>						
Wilmar International Limited						
(Ordinary Shares)						
Kuok Khoon Hong	–	–	–	2,183,278,793	762,967,168	762,967,168
Martua Sitorus	4,338,000	4,338,000	4,338,000	2,133,307,475	641,321,242	641,321,242
Chua Phuay Hee	2,169,812	3,123,881	3,123,881	–	2,000,000	2,000,000
Teo Kim Yong	14,492,508	12,089,766	12,089,766	–	20,492,508	20,492,508
Lee Hock Kuan	310,000	560,000	560,000	61,000	61,000	61,000
Kuok Khoon Chen	–	–	–	11,693,156	11,693,156	11,693,156
Kuok Khoon Ean	–	–	–	486,400	486,400	486,400
Leong Horn Kee	–	100,000	100,000	–	–	–
Tay Kah Chye	–	100,000	100,000	–	–	–
Kwah Thiam Hock	–	100,000	100,000	–	–	–
(Share options exercisable at S$4.50 per share)						
Kuok Khoon Hong	1,000,000	1,000,000	1,000,000	–	–	–
Martua Sitorus	800,000	800,000	800,000	–	–	–
Chua Phuay Hee	500,000	500,000	500,000	–	–	–
Teo Kim Yong	500,000	500,000	500,000	–	–	–
Lee Hock Kuan	500,000	250,000	250,000	–	–	–
Kuok Khoon Ean	200,000	200,000	200,000	–	–	–
John Daniel Rice	200,000	200,000	200,000	–	–	–
Yeo Teng Yang	250,000	250,000	250,000	–	–	–
Leong Horn Kee	200,000	100,000	100,000	–	–	–
Tay Kah Chye	200,000	100,000	100,000	–	–	–
Kwah Thiam Hock	200,000	100,000	100,000	–	–	–

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

	Direct Interest			Deemed Interest		
	As at 1.1.10 or date of appointment	As at 31.12.10	As at 21.1.11	As at 1.1.10 or date of appointment	As at 31.12.10	As at 21.1.11
Wilmar International Limited						
(Share options exercisable at S$6.68 per share)						
Chua Phuay Hee	–	500,000	500,000	–	–	–
Teo Kim Yong	–	500,000	500,000	–	–	–
Lee Hock Kuan	–	500,000	500,000	–	–	–
Kuok Khoon Chen	–	200,000	200,000	–	–	–
Kuok Khoon Ean	–	200,000	200,000	–	–	–
John Daniel Rice	–	200,000	200,000	–	–	–
Yeo Teng Yang	–	250,000	250,000	–	–	–
Leong Horn Kee	–	200,000	200,000	–	–	–
Tay Kah Chye	–	200,000	200,000	–	–	–
Kwah Thiam Hock	–	200,000	200,000	–	–	–
Wilmar International Limited						
(US$600,000,000 Convertible bonds due 2012) (US$)						
Kuok Khoon Hong	–	–	–	2,500,000	2,500,000	2,500,000
Martua Sitorus	1,000,000	1,000,000	1,000,000	–	–	–

As at the end of the financial year ended 31 December 2010, the shareholding interests (direct and deemed) of Mr Kuok Khoon Hong and Mr Martua Sitorus in the Company were 11.93% and 10.09% respectively. The decrease in their interests from the commencement of the financial year, was due to the various share distribution exercises carried out by Wilmar Holdings Pte Ltd (in members' voluntary liquidation) ("WHPL") and Wilmar International Holdings Limited (the former parent company of WHPL) which resulted in Mr Kuok and Mr Sitorus ceasing to be controlling shareholders of the Company on 23 December 2010. As a result of the reduction in their shareholdings in the Company, both directors are no longer deemed to be interested in the issued share capital of all subsidiaries held by the Company pursuant to Section 7 of the Singapore Companies Act, Cap. 50.

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

DIRECTORS' CONTRACTUAL BENEFITS

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

SHARE OPTION SCHEMES

Wilmar ESOS 2000

A share option scheme known as the "Wilmar Executives Share Option Scheme 2000" ("Wilmar ESOS 2000") was approved by shareholders of the Company on 30 June 2000. A total of 18,170,000 shares was granted to executives of the Group on 27 November 2008 and 9 December 2008 at the relevant Market Price as defined in the Wilmar ESOS 2000. No options were granted to directors or controlling shareholders (and their associates) of the Company under the Wilmar ESOS 2000. The Wilmar ESOS 2000, which has been replaced by a new share option scheme, was terminated on 29 April 2009. Outstanding options under the Wilmar ESOS 2000 remain valid until the respective expiry dates of the options. As at 31 December 2010, options to subscribe for a total of 7,134,000 shares remained outstanding.

Wilmar ESOS 2009

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

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

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

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

SHARE OPTION SCHEMES (CONTINUED)

Wilmar ESOS 2009 (continued)

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

The Wilmar ESOS 2009 is administered by the Remuneration Committee ("RC"). The members of the RC are Mr Kwah Thiam Hock (Chairman), Mr Kuok Khoon Ean, Mr Yeo Teng Yang and Mr Leong Horn Kee, the majority of whom are independent directors.

On 10 March 2010, the Company granted options to subscribe for a total of 25,705,000 Wilmar shares at S$6.68 per share (being the Market Price as defined above) to directors and senior executives. A total of 2,950,000 option shares were granted to ten directors of the Company. No options were granted to directors who were controlling shareholders of the Company. The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

For Executive Directors and Senior Executives

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

For Non-Executive Directors

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

As at 31 December 2010, the total number of shares exercisable under the options granted pursuant to the Wilmar ESOS 2009 was 29,745,000 shares.

SHARE OPTIONS EXERCISED

During the financial year, the following shares were issued by the Company by virtue of the exercise of options pursuant to:

Wilmar ESOS 2000:

– 5,828,000 ordinary shares at an exercise price of S$2.45 per share
– 50,000 ordinary shares at an exercise price of S$2.63 per share

Wilmar ESOS 2009:

– 550,000 ordinary shares at an exercise price of S$4.50 per share

UNISSUED SHARES UNDER OPTION

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

Date of Grant	As at 1.1.10	No. of options granted during the year	No. of options cancelled	No. of options exercised	As at 31.12.10	Exercise Price	Exercise Period
*Wilmar ESOS 2000**							
27.11.08	4,294,500	–	–	(3,016,500)	1,278,000	S$2.45	28.11.2009 to 26.11.2013
27.11.08	8,647,500	–	(65,000)	(2,811,500)	5,771,000	S$2.45	28.11.2010 to 26.11.2013
09.12.08	50,000	–	–	(25,000)	25,000	S$2.63	10.12.2009 to 08.12.2013
09.12.08	110,000	–	(25,000)	(25,000)	60,000	S$2.63	10.12.2010 to 08.12.2013
Sub-total	13,102,000	–	(90,000)	(5,878,000)	7,134,000		
*Wilmar ESOS 2009**							
21.05.09	2,375,000	–	–	(550,000)	1,825,000	S$4.50	22.5.2010 to 21.5.2014
21.05.09	2,375,000	–	–	–	2,375,000	S$4.50	22.5.2011 to 21.5.2014
Sub-total	4,750,000	–	–	(550,000)	4,200,000		
10.03.10	–	9,454,150	(52,800)	–	9,401,350	S$6.68	11.3.2011 to 10.3.2015
10.03.10	–	8,004,150	(52,800)	–	7,951,350	S$6.68	11.3.2012 to 10.3.2015
10.03.10	–	8,246,700	(54,400)	–	8,192,300	S$6.68	11.3.2013 to 10.3.2015
Sub-total	–	25,705,000	(160,000)	–	25,545,000		
Total	17,852,000	25,705,000	(250,000)	(6,428,000)	36,879,000		

* *Refer to Note 31 for vesting conditions for various tranches of options granted*

UNISSUED SHARES UNDER OPTION (CONTINUED)

The information on Directors (including Mr Kuok Khoon Hong and Mr Martua Sitorus who ceased to be controlling shareholders of the Company on 23 December 2010) participating in the Wilmar ESOS 2009 is as follows:

Name of Directors	Aggregate options granted during the financial year	Aggregate options granted since commencement of the option scheme to 31.12.10	Aggregate options exercised since commencement of the option scheme to 31.12.10	Aggregate options outstanding as at 31.12.10
Kuok Khoon Hong	–	1,000,000	–	1,000,000
Martua Sitorus	–	800,000	–	800,000
Chua Phuay Hee	500,000	1,000,000	–	1,000,000
Teo Kim Yong	500,000	1,000,000	–	1,000,000
Lee Hock Kuan	500,000	1,000,000	250,000	750,000
Kuok Khoon Chen	200,000	200,000	–	200,000
Kuok Khoon Ean	200,000	400,000	–	400,000
John Daniel Rice	200,000	400,000	–	400,000
Yeo Teng Yang	250,000	500,000	–	500,000
Leong Horn Kee	200,000	400,000	100,000	300,000
Tay Kah Chye	200,000	400,000	100,000	300,000
Kwah Thiam Hock	200,000	400,000	100,000	300,000
	2,950,000	7,500,000	550,000	6,950,000

Except as disclosed above, since the commencement of the Wilmar ESOS 2000* and Wilmar ESOS 2009 ("Option Schemes") until the end of the financial year under review:

- Except for options granted on 21 May 2009 to Mr Kuok Khoon Hong (1,000,000 options) and Mr Martua Sitorus (800,000 options) who were controlling shareholders on the date of grant, no options have been granted to controlling shareholders of the Company and their associates;
- No participant has received 5% or more of the total number of options available under the Option Schemes;
- No options that entitle the holders to participate, by virtue of the options, in any share issue of any other corporations have been granted;
- No options have been granted to directors and employees of the holding company and its subsidiaries as the Company does not have a parent company; and
- No options have been granted at a discount.

* *From 14 July 2006 (Completion of reverse takeover)*

AUDIT COMMITTEE

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

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

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

Notwithstanding that the Group has appointed different auditors for certain non-significant subsidiaries and associated companies, the Board and AC are satisfied that such appointments do not compromise the standard and effectiveness of the audit of the Group.

During the year, the AC met four times to review, inter alia, the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The AC also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the AC prior to submission to the directors of the Company for adoption. The AC also met with the 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 person transactions and, with the assistance of the internal auditors, reviewed interested person transactions.

The AC was satisfied that proper risk management procedures were in place. It will consider regularly the need to conduct independent risk management reviews and disclose its decision and the results of such reviews to shareholders and the SGX-ST.

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

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

AUDITORS

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

On behalf of the Board of Directors

Kuok Khoon Hong
Director

Chua Phuay Hee
Director

25 March 2011

Statement by Directors

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

(a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010, 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

25 March 2011

Independent Auditors' Report

To the Members of Wilmar International Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Wilmar International Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 80 to 189, which comprise the balance sheets of the Group and the Company as at 31 December 2010, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants

Singapore
25 March 2011

Consolidated Income Statement

For the financial year ended 31 December 2010

	Note	2010 US$'000	2009 US$'000
Revenue	4	**30,377,524**	23,885,144
Cost of sales	5	**(27,870,370)**	(20,882,184)
Gross profit		**2,507,154**	3,002,960
Other items of income			
Net gains arising from changes in fair value of biological assets		**251,017**	17,024
Interest income	6	**135,352**	97,534
Other operating income	7	**492,341**	469,837
Other items of expenses			
Selling and distribution expenses		**(1,134,526)**	(833,209)
Administrative expenses		**(341,557)**	(286,860)
Other operating expenses	8	**(95,257)**	(78,198)
Finance costs	9	**(208,465)**	(140,941)
Share of results of associates		**38,127**	46,240
Profit before tax	10	**1,644,186**	2,294,387
Income tax expense	11	**(189,660)**	(324,074)
Profit after tax		**1,454,526**	1,970,313
Attributable to:			
Owners of the parent		**1,323,974**	1,882,040
Non-controlling interests		**130,552**	88,273
		1,454,526	1,970,313
Earnings per share attributable to owners of the parent (US cents per share)			
– Basic	12	**20.7**	29.5
– Diluted	12	**20.7**	27.4

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2010

	2010 US$'000	2009 US$'000
Profit after tax	**1,454,526**	1,970,313
Other comprehensive income:		
Foreign currency translation	**184,473**	10,216
Fair value adjustment on cash flow hedges	**(225,459)**	(271,477)
Fair value adjustment on available-for-sale financial assets	**(4,844)**	8,833
Share of associates' other comprehensive income	**4**	–
Total other comprehensive income for the year, net of tax	**(45,826)**	(252,428)
Total comprehensive income for the year	**1,408,700**	1,717,885
Attributable to:		
Owners of the parent	**1,266,573**	1,630,014
Non-controlling interests	**142,127**	87,871
	1,408,700	1,717,885

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

Balance Sheets

As at 31 December 2010

	Note	Group 2010 US$'000	Group 2009 US$'000	Company 2010 US$'000	Company 2009 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**6,111,927**	3,919,302	**144**	4
Biological assets	14	**1,512,209**	1,153,535	**–**	–
Plasma investments		**5,418**	7,179	**–**	–
Intangible assets	15	**4,400,544**	4,028,436	**661**	–
Investment in subsidiaries	16	**–**	–	**8,680,663**	4,180,812
Investment in associates	17	**1,269,656**	1,082,115	**200,849**	180,666
Available-for-sale financial assets	18	**143,825**	94,666	**36,000**	63,362
Deferred tax assets	19	**211,882**	86,463	**–**	–
Derivative financial instruments	20	**131,111**	112,194	**85,014**	112,194
Other financial receivables	21	**106,810**	43,586	**104,854**	115,216
Other non-financial assets	21	**50,030**	50,677	**–**	–
		13,943,412	10,578,153	**9,108,185**	4,652,254
Current assets					
Inventories	22	**6,737,369**	3,939,699	**–**	–
Trade receivables	23	**3,125,919**	1,989,946	**–**	–
Other financial receivables	21	**1,310,707**	528,880	**2,893,968**	6,677,239
Other non-financial assets	21	**1,394,778**	694,716	**1,286**	90
Derivative financial instruments	20	**350,091**	317,363	**–**	18
Available-for-sale financial assets	18	**3,010**	19,020	**–**	–
Financial assets held for trading	18	**316,301**	246,109	**–**	–
Other bank deposits	24	**5,895,314**	4,312,325	**–**	–
Cash and bank balances	24	**892,498**	822,576	**3,450**	9,097
		20,025,987	12,870,634	**2,898,704**	6,686,444
TOTAL ASSETS		**33,969,399**	23,448,787	**12,006,889**	11,338,698
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	25	**1,447,188**	819,836	**–**	–
Other financial payables	26	**789,729**	710,174	**588,807**	233,278
Other non-financial liabilities	26	**393,334**	294,286	**–**	–
Derivative financial instruments	20	**629,534**	65,629	**–**	–
Loans and borrowings	27	**14,903,631**	8,374,106	**508,500**	–
Tax payables		**105,876**	104,860	**–**	1,518
		18,269,292	10,368,891	**1,097,307**	234,796
NET CURRENT ASSETS		**1,756,695**	2,501,743	**1,801,397**	6,451,648

	Note	Group 2010 US$'000	Group 2009 US$'000	Company 2010 US$'000	Company 2009 US$'000
Non-current liabilities					
Other financial payables	26	**4,274**	9,031	**–**	–
Other non-financial liabilities	26	**66,228**	20,551	**–**	–
Derivative financial instruments	20	**75,234**	–	**–**	–
Loans and borrowings	27	**2,521,556**	1,205,626	**545,716**	936,328
Deferred tax liabilities	19	**474,953**	433,059	**–**	–
		3,142,245	1,668,267	**545,716**	936,328
TOTAL LIABILITIES		**21,411,537**	12,037,158	**1,643,023**	1,171,124
NET ASSETS		**12,557,862**	11,411,629	**10,363,866**	10,167,574
Equity attributable to owners of the parent					
Share capital	28	**8,434,768**	8,414,355	**8,870,907**	8,850,494
Retained earnings		**4,729,552**	3,821,552	**1,307,593**	1,146,072
Other reserves	29	**(1,308,486)**	(1,304,778)	**185,366**	171,008
		11,855,834	10,931,129	**10,363,866**	10,167,574
Non-controlling interests		**702,028**	480,500	**–**	–
Total equity		**12,557,862**	11,411,629	**10,363,866**	10,167,574
TOTAL EQUITY AND LIABILITIES		**33,969,399**	23,448,787	**12,006,889**	11,338,698

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 2010

		Attributable to owners of the parent					
	Note	**Share capital** US$'000	**Retained earnings** US$'000	**Other reserves** US$'000	**Equity attributable to owners of the parent, total** US$'000	**Non-controlling interests** US$'000	**Equity total** US$'000
2010							
GROUP							
Opening balance at 1 January 2010		8,414,355	3,821,552	(1,304,778)	10,931,129	480,500	11,411,629
Profit for the year		–	1,323,974	–	1,323,974	130,552	1,454,526
Other comprehensive income for the year		–	–	(57,401)	(57,401)	11,575	(45,826)
Total comprehensive income for the year		–	1,323,974	(57,401)	1,266,573	142,127	1,408,700
Grant of equity-settled share options	29(b)(vii)	–	–	34,742	34,742	–	34,742
Issue of shares pursuant to exercise of share options	29(b)(vii)	18,892	–	(6,501)	12,391	–	12,391
Issue of shares pursuant to conversion of convertible bonds	29(b)(i)	1,521	–	(198)	1,323	–	1,323
Share capital contributed by non-controlling shareholders		–	–	–	–	25,386	25,386
Acquisition of subsidiaries		–	–	–	–	101,084	101,084
Acquisition of additional interest in subsidiaries		–	–	–	–	(5,822)	(5,822)
Premium paid for acquisition of additional interest in subsidiaries		–	–	(4,777)	(4,777)	(5)	(4,782)
Disposal of subsidiaries		–	–	–	–	(409)	(409)
Dilution of interest in subsidiaries		–	–	–	–	889	889
Loss on dilution of interest in subsidiaries		–	–	(889)	(889)	–	(889)
Dividends on ordinary shares	38	–	(384,658)	–	(384,658)	–	(384,658)
Dividends paid to non-controlling shareholders by subsidiaries		–	–	–	–	(41,722)	(41,722)
Net transfer to other reserves		–	(31,316)	31,316	–	–	–
Closing balance at 31 December 2010		**8,434,768**	**4,729,552**	**(1,308,486)**	**11,855,834**	**702,028**	**12,557,862**

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

Statements of Changes in Equity (continued)

For the financial year ended 31 December 2010

	Note	Attributable to owners of the parent					
		Share capital	Retained earnings	Other reserves	Equity attributable to owners of the parent, total	Non-controlling interests	Equity total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2009							
GROUP							
Opening balance at 1 January 2009		8,402,547	2,321,715	(1,117,801)	9,606,461	368,895	9,975,356
Profit for the year		–	1,882,040	–	1,882,040	88,273	1,970,313
Other comprehensive income for the year		–	–	(252,026)	(252,026)	(402)	(252,428)
Total comprehensive income for the year		–	1,882,040	(252,026)	1,630,014	87,871	1,717,885
Grant of equity-settled share options	29(b)(vii)	–	–	14,610	14,610	–	14,610
Issue of shares pursuant to exercise of share options	29(b)(vii)	11,701	–	(3,876)	7,825	–	7,825
Issue of shares pursuant to conversion of convertible bonds	29(b)(i)	107	–	(14)	93	–	93
Share capital contributed by non-controlling shareholders		–	–	–	–	17,370	17,370
Acquisition of subsidiaries		–	–	–	–	6,724	6,724
Acquisition of additional interest in subsidiaries		–	–	–	–	(7,300)	(7,300)
Disposal of subsidiaries		–	–	–	–	(13,081)	(13,081)
Dilution of interest in subsidiaries		–	(29,102)	29,102	–	74,251	74,251
Dividends on ordinary shares	38	–	(327,874)	–	(327,874)	–	(327,874)
Dividends paid to non-controlling shareholders by subsidiaries		–	–	–	–	(54,230)	(54,230)
Net transfer to other reserves		–	(25,227)	25,227	–	–	–
Closing balance at 31 December 2009		**8,414,355**	**3,821,552**	**(1,304,778)**	**10,931,129**	**480,500**	**11,411,629**

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

Statements of Changes in Equity (continued)

For the financial year ended 31 December 2010

	Note	Attributable to owners of the parent			
		Share capital US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the parent, total US$'000
2010					
COMPANY					
Opening balance at 1 January 2010		8,850,494	1,146,072	171,008	10,167,574
Profit for the year		–	546,179	–	546,179
Other comprehensive income for the year		–	–	(13,685)	(13,685)
Total comprehensive income for the year		–	546,179	(13,685)	532,494
Grant of equity-settled share options	29(b)(vii)	–	–	34,742	34,742
Issue of shares pursuant to exercise of share options	29(b)(vii)	18,892	–	(6,501)	12,391
Issue of shares pursuant to conversion of convertible bonds	29(b)(i)	1,521	–	(198)	1,323
Dividends on ordinary shares	38	–	(384,658)	–	(384,658)
Closing balance at 31 December 2010		**8,870,907**	**1,307,593**	**185,366**	**10,363,866**
2009					
COMPANY					
Opening balance at 1 January 2009		8,838,686	285,730	150,125	9,274,541
Profit for the year		–	1,184,694	–	1,184,694
Other comprehensive income for the year		–	–	13,685	13,685
Total comprehensive income for the year		–	1,184,694	13,685	1,198,379
Grant of equity-settled share options	29(b)(vii)	–	–	14,610	14,610
Issue of shares pursuant to exercise of share options	29(b)(vii)	11,701	–	(3,876)	7,825
Issue of shares pursuant to conversion of convertible bonds	29(b)(i)	107	–	(14)	93
Dividends on ordinary shares	38	–	(327,874)	–	(327,874)
Transfer to retained earnings		–	3,522	(3,522)	–
Closing balance at 31 December 2009		**8,850,494**	**1,146,072**	**171,008**	**10,167,574**

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 2010

	2010 US$'000	2009 US$'000
Cash flows from operating activities		
Profit before tax	**1,644,186**	2,294,387
Adjustments for:		
Net gains arising from changes in fair value of biological assets	**(251,017)**	(17,024)
Depreciation of property, plant and equipment	**315,353**	252,296
Write back of impairment on investment in associates	**–**	(1,172)
Loss/(gain) on disposal/liquidation of investment in associates	**2,368**	(144)
Fair value gain arising from step acquisition resulting in an associate becoming a subsidiary	**(1,288)**	–
Amortisation of intangible assets	**256**	75
Gain on bargain purchase of subsidiaries/associates	**(217)**	(3,958)
Positive goodwill arising from acquisition of subsidiaries written off	**286**	5,289
(Gain)/loss on disposal of property, plant and equipment	**(9,063)**	3,441
Loss/(gain) on disposal/liquidation of subsidiaries	**35**	(184,358)
Gain on disposal of available-for-sale financial assets	**(19,876)**	–
Gain on disposal of financial assets held for trading	**(7,720)**	(24,131)
Loss on convertible bonds buy-back	**–**	295
Grant of share options to employees	**34,742**	14,610
Net loss/(gain) on the fair value of derivative financial instruments	**145,648**	(109,051)
Net fair value gain of financial assets held for trading	**(20,090)**	(59,433)
Foreign exchange arising from translation	**66,588**	(31,557)
Interest expense	**208,465**	140,941
Interest income	**(135,352)**	(97,534)
Share of results of associates	**(38,127)**	(46,240)
Operating cash flow before working capital changes	**1,935,177**	2,136,732
Changes in working capital:		
Increase in inventories	**(2,457,005)**	(1,468,191)
Increase in receivables and other assets	**(1,336,285)**	(859,821)
Decrease in payables	**(133,181)**	(76,049)
Cash flow used in operations	**(1,991,294)**	(267,329)
Interest paid	**(197,746)**	(108,414)
Interest received	**135,352**	97,534
Income taxes paid	**(265,163)**	(242,223)
Net cash flows used in operating activities	**(2,318,851)**	(520,432)

Consolidated Cash Flow Statement (continued)

For the financial year ended 31 December 2010

	2010 US$'000	2009 US$'000
Cash flows from investing activities		
Decrease in loans to associates	**–**	54,655
Net cash flow on acquisition of subsidiaries (Note 16)	**(1,546,033)**	14
Payments for acquisition of additional interest in subsidiaries	**(10,605)**	(31,950)
Decrease in plasma investments	**1,761**	1,098
Increase in other non-financial assets	**(22,000)**	–
Payments for property, plant and equipment	**(996,723)**	(973,874)
Payments for biological assets	**(67,012)**	(89,575)
Payments for available-for-sale financial assets	**(100,545)**	(49,259)
Payments for financial assets held for trading	**(270,355)**	(401,964)
Payments for investments in associates	**(122,073)**	(38,441)
Payments for intangible assets	**(1,144)**	(223)
Dividends received from associates	**22,525**	45,552
Proceeds from disposal of property, plant and equipment	**110,780**	9,299
Proceeds from disposal of biological assets	**705**	78
Proceeds from disposal of available-for-sale financial assets	**123,518**	6
Proceeds from disposal of financial assets held for trading	**227,975**	218,737
Proceeds from disposal of associates	**20,569**	–
Net cash flow from disposal/liquidation of subsidiaries	**(200)**	(26,508)
Net cash flows used in investing activities	**(2,628,857)**	(1,282,355)
Cash flows from financing activities		
(Increase)/decrease in net amount due from related parties	**(67,183)**	4,468
Increase in net amount due from associates	**(10,730)**	(89,125)
Increase in advances from non-controlling shareholders	**17,427**	3,245
Proceeds from bank loans	**7,664,859**	4,129,437
Increase in fixed deposits pledged with financial institutions for bank facilities	**(1,829,830)**	(2,335,433)
Payments for repurchase of convertible bonds	**–**	(23,225)
Repayments of finance lease liabilities	**(35)**	(59)
Decrease/(increase) in other deposits with maturity more than 3 months	**246,841**	(364,404)
Interest paid	**(8,742)**	(31,238)
Increase in other financial receivables	**(668,084)**	(23,934)
Dividends paid by the Company	**(384,658)**	(327,874)
Dividends paid to non-controlling shareholders by subsidiaries	**(41,722)**	(54,230)
Proceeds from issue of shares by the Company	**12,391**	7,825
Proceeds from issue of shares by subsidiaries to non-controlling shareholders	**25,386**	265,764
Net cash flows generated from financing activities	**4,955,920**	1,161,217
Net increase/(decrease) in cash and cash equivalents	**8,212**	(641,570)
Cash and cash equivalents at the beginning of the financial year	**392,263**	1,033,833
Cash and cash equivalents at the end of the financial year (Note 24)	**400,475**	392,263

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

1. CORPORATE INFORMATION

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

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

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the significant subsidiaries are disclosed in Note 39 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below. The financial statements are presented in US Dollars (USD or US$), which is also the parent company's functional currency, except when otherwise indicated. All values in the tables are rounded to the nearest thousands (US$'000) as indicated.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year except as mentioned under Note 2.2(i).

2.2 Changes in accounting policies

(i) Adoption of new and revised FRS

With effect from 1 January 2010, the Group has adopted all the new and revised FRS and INT FRS that are mandatory for financial years beginning on or after 1 January 2010. The adoption of these FRS and INT FRS did not have any significant impact on the financial performance or position of the Group and the Company except as disclosed below:

<u>FRS 103 Business Combinations (revised) and FRS 27 Consolidated and Separate Financial Statements (revised)</u>

The revised FRS 103 Business Combinations and FRS 27 Consolidated and Separate Financial Statements are applicable for annual periods beginning on or after 1 July 2009. As of 1 January 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

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

FRS 103 Business Combinations (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any change in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in the income statement;
- For each acquisition of a business, the non-controlling interest is measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in the income statement, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

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

FRS 27 Consolidated and Separate Financial Statements (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- Prior to adoption of the revised FRS 27, the Group's accounting policy is to recognise goodwill arising on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

  The effects of the adoption of the revised FRS 27 on the Group's consolidated financial statements, relating to the acquisition of additional equity interest in certain subsidiaries from its non-controlling interests are as follows:

	Group 2010 US$'000
Consolidated balance sheet	
Decrease in:	
Intangible assets – goodwill	4,782
Other reserves – premium paid on acquisition of non-controlling interests	4,777
Non-controlling interests – share of premium paid on acquisition of non-controlling interests	5

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in the income statement;

- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and

- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in the income statement.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010. The changes will affect future transactions with non-controlling interests.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

(ii) Future changes in accounting policies

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

Description	Effective for annual periods beginning on or after
Amendment to FRS 32 Financial Instruments: Presentation – Classification of Rights Issues	1 February 2010
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115 Agreements for the Construction of Real Estate	1 January 2011
Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax – Recovery of Underlying Assets	1 January 2012
Improvements to FRS 2010	1 January 2011 unless otherwise stated

The directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application, except for the revised FRS 24 as described below:

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation

Business combinations from 1 January 2010

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

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

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the income statement or other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (continued)

Business combinations from 1 January 2010 (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.11(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the income statement on the acquisition date.

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

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

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

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements of the contingent consideration affected goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the parent.

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

2.5 Foreign currency

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

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

The assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency (continued)

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the income statement.

The Group has elected to recycle the accumulated exchange differences in the separate component of other comprehensive income that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

2.6 Subsidiaries

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

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

2.7 Associates

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

The Group's investment in associates is accounted for using the equity method. Under the equity method, the investment in 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 and is neither amortised nor tested individually for impairment. Any excess of the Group's share of net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is recognised as income as part of the Group's share of 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Associates (continued)

The Group's profit or loss reflects share of the associates' profit or loss after tax and non-controlling interests in the subsidiaries of associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

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

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

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the income statement.

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

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at costs, such costs include the cost of replacing parts of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Biological assets

Biological assets, 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 is bearing fruits with an average weight of 3 kilograms or more per bunch. Point-of-sale costs include all costs that would be necessary to sell the assets.

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

2.10 Plasma investments

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

When the carrying amount of the Plasma investments is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. The difference between the accumulated development costs of Plasma plantations and their conversion value is charged to the income statement.

2.11 Intangible assets

(a) Goodwill

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (continued)

(a) Goodwill (continued)

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

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

(b) Other intangible assets

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (continued)

(b) Other intangible assets (continued)

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

(i) Brands

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

(ii) Trademarks & licences and others

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

2.12 Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

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

(a) Financial assets at fair value through profit or loss

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

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.

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

(b) Loans and receivables

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

(c) Held-to-maturity investments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised initially in other comprehensive income and accumulated under fair value reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement when the financial asset is derecognised.

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

2.13 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. 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 has been charged to the allowance account, the amount charged are written off against the carrying value of the financial asset.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial assets (continued)

(b) *Financial assets carried at cost*

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

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

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. 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.

2.14 Impairment of non-financial asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of non-financial asset (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired. These also include bank overdrafts that form an integral part of the Group's cash management. The accounting policy for this category of financial assets is stated in Note 2.12(b), under loans and receivables.

2.16 Inventories

(a) Physical inventories, futures and other forward contracts

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

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

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

Gains or losses arising from matched forward and derivative contracts are recognised immediately in the income statement. Any difference arising from the fair value assessment will be recognised in the financial statements. Unrealised losses arising from the valuations are set off against unrealised gains on an aggregated basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Inventories (continued)

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

The outstanding forward and derivative contracts are valued at their fair value at the end of the reporting period against quoted market prices. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar. The notional principal amounts of the outstanding forward and futures contracts are off-balance sheet items.

(b) Other inventories

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

2.17 Financial liabilities

Financial liabilities within the scope of FRS 39 are recognised 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.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Borrowings

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

(a) Borrowings

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

(b) Convertible bonds

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

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

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

2.19 Borrowing cost

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised 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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2.21 Provisions

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

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

2.22 Employee benefits

(a) Defined contribution plans

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits (continued)

(b) *Employee share option plans*

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

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

(c) *Provision for employee service entitlements*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases

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

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are recognised.

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue (continued)

(a) *Sale of goods*

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

(b) *Ship charter income*

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

2.25 Income taxes

(a) *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

(b) *Deferred tax*

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Income taxes (continued)

(b) Deferred tax (continued)

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Income taxes (continued)

(c) Sales tax

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

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

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

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

2.26 Derivative financial instrument and hedging activities

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Derivative financial instruments and hedging activities (continued)

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

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

Fair value hedges

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

Cash flow hedges

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.29 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 events not wholly within the control of the Group.

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

2.30 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to an expense item, it is recognised in the income statement over the period necessary to match them on a systematic basis to the costs it is intended to compensate. Grants related to income are presented as a credit under other operating income.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

(a) Impairment of goodwill and brand

The Group determines whether goodwill and brand are impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) to which the goodwill and brand are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill and brand as at 31 December 2010 were approximately US$3,308,298,000 (2009: US$2,937,083,000) and US$1,089,247,000 (2009: US$1,089,247,000) respectively.

(b) Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 2 to 40 years. These are common life expectancies applied in the industry. Changes in the expected level of the usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment as at 31 December 2010 was approximately US$3,268,699,000 (2009: US$1,699,459,000).

(c) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable, deferred tax assets and deferred tax liabilities as at 31 December 2010 were approximately US$105,876,000 (2009: US$104,860,000), US$211,882,000 (2009: US$86,463,000) and US$474,953,000 (2009: US$433,059,000) respectively.

(d) Biological assets

The Group's biological assets are stated at fair value less point-of-sale costs. This is estimated by reference to an independent valuer's assessment of the fair value of the biological assets. Changes in the conditions of the biological assets could impact the fair value of the assets. The carrying amount of the Group's biological assets as at 31 December 2010 was approximately US$1,512,209,000 (2009: US$1,153,535,000).

4. REVENUE

	Group 2010 US$'000	Group 2009 US$'000
Sales of palm based products, oilseeds and grains products, consumer products and other agricultural commodities	**30,229,456**	23,772,521
Ship charter income	**116,568**	91,560
Others	**31,500**	21,063
	30,377,524	23,885,144

5. COST OF SALES

	Group 2010 US$'000	Group 2009 US$'000
Cost of inventories recognised as expense – physical delivery	**25,044,779**	19,560,324
Labour and other overhead expenses	**2,349,735**	1,588,525
Net gain on non-physical delivery forward contracts ("paper trades")	**(21,757)**	(113,514)
Net loss/(gain) on fair value of derivative financial instruments	**497,613**	(153,151)
	27,870,370	20,882,184

6. INTEREST INCOME

	Group 2010 US$'000	Group 2009 US$'000
Interest income		
– From associates	**6,589**	5,754
– From bank balances	**8,185**	5,913
– From fixed deposits	**110,788**	75,327
– From other sources	**3,914**	7,401
– From related parties	**–**	151
– Late interest charge to trade receivables	**5,876**	2,988
	135,352	97,534

7. OTHER OPERATING INCOME

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

	Group	
	2010	2009
	US$'000	US$'000
Bad debts recovered	**71**	298
Compensation/penalty income	**5,153**	11,483
Dividend received from equity instruments	**5,670**	1,493
Gain on bargain purchase of subsidiaries/associates	**217**	3,958
Gain on disposal of property, plant and equipment	**9,063**	–
Gain on disposal of associates	**1,577**	144
Gain on disposal of subsidiaries	**–**	185,350
Gain on disposal of available-for-sale financial assets	**19,876**	–
Gain on disposal of financial assets held for trading	**7,720**	24,131
Government grants/incentive income	**15,719**	26,064
Income from sales cancellation	**1,752**	5,218
Net foreign exchange gain	**263,646**	15,181
Processing fee income/tolling income	**3,223**	1,314
Rental and storage income	**10,755**	7,061
Fair value gain on embedded derivatives of convertible bonds	**–**	97,972
Fair value gain arising from step acquistion resulting in an associate becoming a subsidiary	**1,288**	–
Scrap sales	**9,796**	9,302
Service fees/management fees/commission income	**3,950**	3,797
Net fair value gain on financial assets held for trading	**20,090**	59,433
Write back of impairment of investment in associates	**–**	1,172
Write back of allowance for doubtful receivables	**9,759**	2,897

8. OTHER OPERATING EXPENSES

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

	Group	
	2010	2009
	US$'000	US$'000
Allowance for doubtful receivables – trade	**1,287**	570
Allowance for advances to suppliers	**1,185**	2,438
Amortisation of intangible assets	**256**	75
Bad debts written off	**961**	2,276
Compensation/penalty expenses	**10,896**	4,495
Expenses incurred for the intended listing of the China operations	**–**	11,782
Fair value loss on embedded derivatives of convertible bonds	**27,180**	–
Positive goodwill arising from acquisition of subsidiaries written off	**286**	5,289
Grant of share options to employees	**34,742**	14,610
Impairment of property, plant and equipment	**118**	873
Inventories written off	**968**	403
Loss on convertible bonds buy-back	**–**	295
Loss on disposal of associates	**3,945**	–
Loss on disposal of property, plant and equipment	**–**	3,441
Loss on disposal/liquidation of subsidiaries	**35**	992
Pre-operating expenses	**3,263**	3,985
Services/management fees expenses	**264**	3,403

9. FINANCE COSTS

	Group	
	2010	2009
	US$'000	US$'000
Interest expense:		
– Bank borrowings (including bank overdrafts)	**204,464**	137,584
– Convertible bonds (accretion of interest)	**10,720**	9,040
– Loans from associates	**28**	19
– Loans from related parties	**–**	3
– Others	**1,986**	188
	217,198	146,834
Less: Amount capitalised		
– Biological assets	**(4,210)**	(4,606)
– Property, plant & equipment	**(4,523)**	(1,287)
	208,465	140,941

10. PROFIT BEFORE TAX

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

	Group 2010 US$'000	Group 2009 US$'000
Non-audit fees paid to:		
– Auditors of the Company	**448**	1,294
– Other auditors	**447**	538
Depreciation of property, plant and equipment:	**318,681**	256,175
Less: Amount capitalised as part of costs of biological assets	**(3,446)**	(4,752)
Add: Impairment loss	**118**	873
Depreciation of property, plant and equipment – net	**315,353**	252,296
Employee benefits expense	**420,702**	417,006
Operating lease expense	**13,428**	10,717

11. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2010 and 31 December 2009 are:

	Group 2010 US$'000	Group 2009 US$'000
Income Statement		
Current income tax		
Current income taxation	**257,029**	243,883
Over provision in respect of previous years	**(4,328)**	(3,199)
	252,701	240,684
Deferred income tax		
Origination and reversal of temporary differences	**(38,655)**	80,343
(Over)/under provision in respect of previous years	**(24,386)**	3,047
Income tax expense recognised in the income statement	**189,660**	324,074
Deferred income tax related to other comprehensive income:		
Net change in fair value of derivative financial instruments designated as cash flow hedges	**11,682**	(14,360)

11. INCOME TAX EXPENSE (CONTINUED)

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 31 December 2010 and 31 December 2009 are as follows:

	Group	
	2010	2009
	US$'000	US$'000
Accounting profit before income tax	**1,644,186**	2,294,387
Tax calculated at tax rate of 17% (2009: 17%)	**279,512**	390,046
Adjustments:		
Effect of different tax rates in other countries	**116,614**	153,598
Effect of tax incentives	**(82,429)**	(163,018)
Income not subject to taxation	**(130,054)**	(90,934)
Non-deductible expenses	**32,863**	41,977
Deferred tax assets not recognised	**13,776**	3,806
Over provision in respect of previous years	**(28,714)**	(152)
Others	**(11,908)**	(11,249)
Income tax expense recognised in the income statement	**189,660**	324,074

12. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2010	2009
Profit, net of tax for the year attributable to owners of the parent (US$'000)	**1,323,974**	1,882,040
Weighted average number of ordinary shares ('000)	**6,392,122**	6,385,960
Basic earnings per share (US cents per share)	**20.7**	29.5

12. EARNINGS PER SHARE (CONTINUED)

(b) *Diluted earnings per share*

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to owners of the parent (after adjusting for the fair value and accretion of interest on convertible bonds) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2010	2009
Profit for the year attributable to owners of the parent (US$'000)	**1,323,974**	1,882,040
Accretion of interest on convertible bonds (US$'000)	**–**	9,040
Fair value gain on convertible bonds (US$'000)	**–**	(97,972)
Adjusted profit for the year attributable to owners of the parent (US$'000)	**1,323,974**	1,793,108
Weighted average number of ordinary shares ('000)	**6,392,122**	6,385,960
Effects of dilution		
– Convertible bonds ('000)	**–**	154,422
– Grant of equity-settled share options ('000)	**7,499**	9,441
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**6,399,621**	6,549,823
Diluted earnings per share (US cents per share)	**20.7**	27.4

The fair value and accretion of interest on convertible bonds were not included in the computation of diluted earnings per share for the financial year ended 31 December 2010 as the convertible bonds are anti-dilutive.

Since the end of the financial year, executives of the Group have exercised options to acquire 2,618,000 (2009: 2,131,000) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land, land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircrafts US$'000	Construction in-progress US$'000	Total US$'000
Group								
Costs								
At 1 January 2009	551,377	885,173	2,003,359	77,656	239,655	124,436	469,069	4,350,725
Acquisition of subsidiaries	4,976	5,656	15,389	586	14,418	253	786	42,064
Disposal of subsidiaries	(2,328)	(5,991)	(54,601)	(680)	–	(260)	(1,722)	(65,582)
Additions	47,557	38,406	35,211	15,364	101,555	14,369	679,864	932,326
Disposals	(574)	(3,677)	(15,400)	(4,169)	(690)	(5,160)	(1,045)	(30,715)
Transfers	10,778	206,750	504,199	2,159	–	922	(724,808)	–
Reclassification	(8,890)	7,056	(5,464)	(2,345)	–	10,211	(4,591)	(4,023)
Currency translation differences	2,796	8,713	15,595	690	1,016	1,664	1,243	31,717
At 31 December 2009 and 1 January 2010	**605,692**	**1,142,086**	**2,498,288**	**89,261**	**355,954**	**146,435**	**418,796**	**5,256,512**
Acquisition of subsidiaries	**65,205**	**199,189**	**1,213,076**	**7,233**	**16,318**	**1,199**	**151,580**	**1,653,800**
Liquidation of subsidiaries	**–**	**–**	**–**	**(11)**	**–**	**–**	**–**	**(11)**
Additions	**42,486**	**34,664**	**41,050**	**15,714**	**32,083**	**18,742**	**717,487**	**902,226**
Disposals	**(1,364)**	**(2,481)**	**(16,370)**	**(2,812)**	**(105,494)**	**(7,208)**	**(772)**	**(136,501)**
Transfers	**1,364**	**216,953**	**476,722**	**1,918**	**38,794**	**3,707**	**(739,458)**	**–**
Reclassification	**2,486**	**11,494**	**(17,894)**	**7,570**	**(2,504)**	**(709)**	**(24,383)**	**(23,940)**
Currency translation differences	**20,518**	**31,877**	**59,019**	**2,354**	**983**	**2,290**	**7,660**	**124,701**
At 31 December 2010	**736,387**	**1,633,782**	**4,253,891**	**121,227**	**336,134**	**164,456**	**530,910**	**7,776,787**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land, land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircrafts US$'000	Construction in-progress US$'000	Total US$'000
Group								
Accumulated depreciation								
At 1 January 2009	46,003	193,674	700,006	50,277	39,560	68,989	–	1,098,509
Disposal of subsidiaries	(92)	(441)	(7,378)	(355)	–	(164)	–	(8,430)
Depreciation charge for the year	9,866	37,690	146,572	11,187	36,579	14,281	–	256,175
Disposals	(40)	(1,330)	(9,079)	(3,399)	(420)	(3,736)	–	(18,004)
Impairment loss	89	12	725	47	–	–	–	873
Reclassification	(601)	(226)	(4,797)	(747)	–	6,371	–	–
Currency translation differences	183	1,622	4,592	439	266	985	–	8,087
At 31 December 2009 and 1 January 2010	**55,408**	**231,001**	**830,641**	**57,449**	**75,985**	**86,726**	**–**	**1,337,210**
Liquidation of subsidiaries	**–**	**–**	**–**	**(11)**	**–**	**–**	**–**	**(11)**
Depreciation charge for the year	**10,357**	**50,288**	**185,146**	**13,820**	**42,286**	**16,784**	**–**	**318,681**
Disposals	**(159)**	**(1,438)**	**(11,312)**	**(2,623)**	**(12,515)**	**(6,000)**	**–**	**(34,047)**
Impairment loss	**13**	**–**	**105**	**–**	**–**	**–**	**–**	**118**
Reclassification	**(50)**	**(1,032)**	**(1,678)**	**3,388**	**(604)**	**(24)**	**–**	**–**
Currency translation differences	**2,907**	**6,988**	**30,265**	**1,229**	**474**	**1,046**	**–**	**42,909**
At 31 December 2010	**68,476**	**285,807**	**1,033,167**	**73,252**	**105,626**	**98,532**	**–**	**1,664,860**
Net carrying amount								
At 31 December 2009	550,284	911,085	1,667,647	31,812	279,969	59,709	418,796	3,919,302
At 31 December 2010	**667,911**	**1,347,975**	**3,220,724**	**47,975**	**230,508**	**65,924**	**530,910**	**6,111,927**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Company			
Costs			
At 1 January 2009	–	–	–
Additions	4	–	4
At 31 December 2009 and 1 January 2010	**4**	**–**	**4**
Additions	**16**	**154**	**170**
At 31 December 2010	**20**	**154**	**174**
Accumulated depreciation			
At 1 January 2009	–	–	–
Depreciation charge for the year*	–	–	–
At 31 December 2009 and 1 January 2010	**–**	**–**	**–**
Depreciation charge for the year	**4**	**26**	**30**
At 31 December 2010	**4**	**26**	**30**
Net carrying amount			
At 31 December 2009	4	–	4
At 31 December 2010	**16**	**128**	**144**

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

Capitalisation of borrowing costs

The Group's property, plant and equipment includes borrowing costs arising from bank term loans borrowed specifically for the purpose of the construction of plants. During the financial year, the borrowing costs capitalised as cost of plant and machineries amounted to approximately US$4,523,000 (2009: US$1,287,000).

Assets held under finance lease

The carrying amount of motor vehicles held under finance lease at the balance sheet date was approximately US$70,000 (2009: US$76,000).

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, certain property, plant and equipment of the Group amounting to approximately US$407,854,000 (2009: US$172,749,000) are pledged as security for bank borrowings.

14. BIOLOGICAL ASSETS

	Group 2010 US$'000	2009 US$'000
At 1 January	**1,153,535**	1,021,057
Acquistion of subsidiaries	**13,570**	–
Additions	**48,630**	72,210
Disposals	**(705)**	(78)
Capitalisation of interest	**4,210**	4,606
Capitalisation of depreciation	**3,446**	4,752
Capitalisation of employee benefits	**18,382**	17,365
Currency translation differences	**20,124**	16,599
	1,261,192	1,136,511
Increase in fair value less point-of-sale costs	**251,017**	17,024
At 31 December	**1,512,209**	1,153,535

(a) Analysis of oil palm production

During the financial year, the Group harvested 3,348,891 tonnes (2009: 3,213,360 tonnes) of FFB, which had a fair value less estimated point-of-sale costs of approximately US$580,117,000 (2009: US$392,865,000). The fair value of FFB was determined with reference to their market prices during the year.

(b) Analysis of biological assets

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

Area	Group 2010 Hectares	2009 Hectares
Planted area:		
– Mature*	**190,499**	161,129
– Immature	**58,277**	76,335
	248,776	237,464

Value	Group 2010 US$'000	2009 US$'000
Planted area:		
– Mature*	**1,319,159**	928,953
– Immature	**193,050**	224,582
	1,512,209	1,153,535

* *Mature planted area includes rubber and sugar cane plantations.*

14. BIOLOGICAL ASSETS (CONTINUED)

(c) At 31 December 2010, the fair value of biological assets of the Group mortgaged as securities for bank borrowings amounted to approximately US$37,424,000 (2009: US$25,057,000).

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

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

The valuations were based on the following significant assumptions:

(i) No new planting or replanting activities are assumed;

(ii) Oil palm trees have an average life of 25 (2009: 25) years, with the first three years as immature and remaining years as mature;

(iii) Discount rate per annum of 7.31% to 14.45% (2009: 7.35% to 15.90%);

(iv) FFB selling price of US$140 to US$157 (2009: US$110 to US$126) per metric tonne; and

(v) Average yield is 17.9 (2009: 20.2) metric tonne per hectare.

15. INTANGIBLE ASSETS

	Goodwill US$'000	Trademarks & Licenses and others US$'000	Brand US$'000	Total US$'000
Group				
Costs				
At 1 January 2009	2,851,757	1,078	1,089,247	3,942,082
Additions	90,432	1,070	–	91,502
Goodwill written off	(5,289)	–	–	(5,289)
Currency translation differences	183	109	–	292
At 31 December 2009 and 1 January 2010	**2,937,083**	**2,257**	**1,089,247**	**4,028,587**
Additions	**370,218***	**1,144**	**–**	**371,362**
Goodwill written off	**(286)**	**–**	**–**	**(286)**
Currency translation differences	**1,283**	**14**	**–**	**1,297**
At 31 December 2010	**3,308,298**	**3,415**	**1,089,247**	**4,400,960**
Accumulated amortisation and impairment				
At 1 January 2009	–	(68)	–	(68)
Amortisation during the year	–	(75)	–	(75)
Currency translation differences	–	(8)	–	(8)
At 31 December 2009 and 1 January 2010	**–**	**(151)**	**–**	**(151)**
Amortisation during the year	**–**	**(256)**	**–**	**(256)**
Currency translation differences	**–**	**(9)**	**–**	**(9)**
At 31 December 2010	**–**	**(416)**	**–**	**(416)**
Net carrying amount				
At 31 December 2009	2,937,083	2,106	1,089,247	4,028,436
At 31 December 2010	**3,308,298**	**2,999**	**1,089,247**	**4,400,544**

* *Included in the additions of goodwill for the year is a provisional goodwill arising from the acquisition of Sucrogen Limited and its subsidiaries ("Sucrogen group"). In accordance with FRS 103, the management is required to identify the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Valuation work in accordance with FRS 103 for the acquisition is in progress as at 31 December 2010. Accordingly, a provisional goodwill is recorded based on the excess of the sum of the fair value of the purchase consideration and the amount of non-controlling interests in Sucrogen group over the net provisional fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition.*

15. INTANGIBLE ASSETS (CONTINUED)

	Trademarks and licenses US$'000	Total US$'000
Company		
Costs		
At 1 January 2009, 31 December 2009 and 1 January 2010	–	–
Additions	794	794
At 31 December 2010	794	794
Accumulated amortisation and impairment		
At 1 January 2009, 31 December 2009 and 1 January 2010	–	–
Amortisation during the year	(133)	(133)
At 31 December 2010	(133)	(133)
Net carrying amount		
At 31 December 2009	–	–
At 31 December 2010	661	661

Amortisation expense

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

Brand

Brand relates to the 'Arawana' brand name for the Group's consumer products segment that was acquired in 2007. As explained in Note 2.11(b)(i), the useful life of the brand is estimated to be indefinite.

Impairment testing of goodwill and brand

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

15. INTANGIBLE ASSETS (CONTINUED)

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

	Merchandising and Processing Segment				Consumer Products Segment		Plantations and Palm Oil Mills Segment		Others		Total	
	Palm and Laurics		Oilseeds and Grains									
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Goodwill	**602,312**	570,379	**1,070,142***	734,226	**28,986**	28,986	**1,597,870**	1,595,690	**8,988**	7,802	**3,308,298**	2,937,083
Brand	**–**	–	**–**	–	**1,089,247**	1,089,247	**–**	–	**–**	–	**1,089,247**	1,089,247

* *Includes the provisional goodwill*

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

	Merchandising and Processing Segment		Consumer Products Segment	Plantations and Palm Oil Mills Segment
	Palm and Laurics	Oilseeds and Grains		
	%	%	%	%
2010				
Terminal growth rates	**3**	**3**	**3**	**N.A.**
Pre-tax discount rates	**14**	**14**	**12**	**12**
2009				
Terminal growth rates	3	3	3	N.A.
Pre-tax discount rates	14	14	12	12

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of the market development. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. The forecasted growth rates are based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGU.

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2010	2009
	US$'000	US$'000
Unquoted equity shares, at cost	**8,680,663**	4,180,812

Fair value of investment in a subsidiary for which there is a published price quotation and indirectly held by the Company is approximately US$31,434,000 (2009: US$39,561,000).

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

Acquisition of subsidiaries and business

The Group acquired the following subsidiaries and business during the financial year:

Name of subsidiaries and business acquired	Equity interest acquired	Consideration	Month of acquisition
	%	US$'000	
Jiamusi Yihai Property Developments Co., Ltd	88	21,973	June 2010
Natural Oleochemicals Sdn Bhd & its subsidiaries	100	158,355	September 2010
PT Rimba Harapan Sakti	90	3,807	September 2010
PT Jawamanis Rafinasi	100	37,149	October 2010
ShanDong Xinxinhai Oils & Grains Industry Co., Ltd[1]	6	165	October 2010
Minsec Engineering Services Sdn Bhd	100	11,345	November 2010
Blossom Skyline Sdn Bhd	100	173	December 2010
Sucrogen Limited & its subsidiaries	100	1,369,897	December 2010
		1,602,864	
Sugar business acquired from Windsor & Brook Pte. Ltd.		60,000	October 2010
		1,662,864	

[1] *Prior to the above acquisition, this company was classified as an associate.*

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

	Fair value recognised on acquisition US$'000
Property, plant and equipment	1,653,800
Trade and other receivables	1,123,296
Cash and cash equivalents	115,317
	2,892,413
Trade and other payables	1,368,772
Loans and borrowings	109,502
Tax payable	6,537
	1,484,811
Net identifiable assets	1,407,602
Less: Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets	(101,084)
Identifiable net assets acquired	1,306,518
Less: Transfer from investment in associates	(13,855)
	1,292,663
Positive goodwill arising from acquisition recognised as part of intangible assets	369,932
Positive goodwill written off	286
Gain on bargain purchase taken to the income statement	(17)
Total consideration for acquisition	**1,662,864**

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Total cost of business combination

The total cost of the business combination is as follows:

	Cashflow on acquisition US$'000
Consideration for acquisition	1,662,864
Less: Payables for acquisition	(1,514)
Consideration for acquisition – cash paid	**1,661,350**
The effects of acquisition on cash flow is as follows:	
Consideration settled in cash	1,661,350
Less: Cash and cash equivalents of subsidiaries/business acquired	(115,317)
Net cash outflow on acquisition	**1,546,033**

Transaction costs

Transaction costs related to the above acquisitions of approximately US$6,676,000 have been recognised in other operating expenses in the income statement for the financial year ended 31 December 2010.

Fair value gain arising from step acquisition resulting in an associate becoming a subsidiary

The Group recognised a gain of approximately US$1,288,000 as a result of re-measuring previously held equity interest in an associate before the business combination. The gain is included in other operating income in the income statement for the financial year ended 31 December 2010.

Impact of acquisition on income statement

From the date of acquisition, the acquirees have contributed an additional revenue and profit of approximately US$292,240,000 and US$11,353,000 respectively for the financial year ended 31 December 2010. If the combination had taken place at the beginning of the financial year, the Group's revenue would have been approximately US$30,979,543,000 and profit would have been approximately US$1,345,296,000.

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of non-controlling interests

During the year, the Group acquired additional interest in the following subsidiaries from the existing non-controlling shareholders:

Acquirer	Acquiree	Additional interest	Proportion of ownership interest after additional acquisition*	Consideration	Book value	Premium/ (discount) arising from acquisition	Month of acquisition
		%	%	US$'000	US$'000	US$'000	
Wilmar-ADM Flour Investment Pte. Ltd.	Yihai (Fujin) Oils & Grains Industries Co., Ltd	30	98†	886	514	372	January 2010
HPRY Pte. Ltd.	Qinhuangdao Xinhai Property Developments Co., Ltd	18	96†	2,060	2,092	(32)	March 2010
Wilmar International Limited	Wilmar Oleo Pte. Ltd.	30	100	4,500	3,381	1,119	March 2010
PPB Oil Palms Berhad	Hibumas Sdn Bhd	10†	100	3,065	(226)	3,291	June 2010
PT Wilmar Nabati Indonesia	PT Citraraya Perkasa Abadi	40	100	90	72	18	October 2010
Sapi Plantations Sdn Bhd	Alam Palm Plantations Sdn Bhd	30	100	4	(10)	14	December 2010

* *Based on the Group's effective interest in the acquiree*
† *The interest of the acquirer and effective interest of the Group have been rounded to the nearest whole % as indicated.*

17. INVESTMENT IN ASSOCIATES

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Shares, at cost	**811,334**	658,738	**89,883**	69,700
Share of post-acquisition reserves	**298,232**	285,635	**–**	–
Share of associates' other comprehensive income	**918**	914	**–**	–
Currency translation differences	**48,206**	25,862	**–**	–
	1,158,690	971,149	**89,883**	69,700
Quasi equity loans	**110,966**	110,966	**110,966**	110,966
	1,269,656	1,082,115	**200,849**	180,666
Fair value of investment in associates for which there are published price quotations	**112,395**	27,362	**32,032**	27,362

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

	Group	
	2010	2009
	US$'000	US$'000
Assets and liabilities:		
Current assets	**6,193,661**	4,047,088
Non-current assets	**1,913,579**	1,288,491
Total assets	**8,107,240**	5,335,579
Current liabilities	**4,640,109**	3,291,819
Non-current liabilities	**681,198**	426,867
Total liabilities	**5,321,307**	3,718,686
Results:		
Revenue	**9,174,282**	9,077,478
Profit for the year	**55,409**	140,044

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

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Available-for-sale financial assets				
Non-current:				
Quoted equity instruments	**70,650***	58,091	**–**	27,362
Unquoted equity instruments, at cost	**59,171**	36,575	**36,000**	36,000
Unquoted non-equity instruments	**14,004**	–	**–**	–
	143,825	94,666	**36,000**	63,362
Current:				
Unquoted equity instruments, at cost	**–**	5	**–**	–
Unquoted non-equity instruments	**3,010**	19,015	**–**	–
	3,010	19,020	**–**	–
Financial assets held for trading				
Quoted equity instruments	**281,842**	246,109	**–**	–
Quoted non-equity instruments	**34,459**	–	**–**	–
	316,301	246,109	**–**	–

* *Included in the quoted equity instruments is an investment in shares quoted on National Stock Exchange of Australia. As the sale and purchase of this investment is restricted by Sugar Terminals Limited, the valuation is determined using discounted cash flow projections.*

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

Unquoted equity instruments are valued at cost as these instruments have no market prices and the fair value cannot be reliably measured using valuation techniques.

19. DEFERRED TAX

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Deferred tax assets:				
Provisions	**66,649**	14,870	**(12,577)**	(1,290)
Unutilised tax losses	**68,918**	47,936	**(20,982)**	(29,959)
Differences in depreciation for tax purposes	**16,393**	19,262	**2,869**	(1,100)
Fair value adjustments on derivatives classified as cash flow hedges	**44,216**	–	**–**	–
Other items	**15,706**	4,395	**(11,311)**	5,650
	211,882	86,463		
Deferred tax liabilities:				
Differences in depreciation for tax purposes	**143,867**	94,200	**(19,185)**	11,878
Fair value adjustments on acquisition of subsidiaries	**30,361**	29,010	**–**	106
Fair value adjustments on derivatives classified as cash flow hedges	**442**	7,711	**–**	–
Fair value adjustments on derivatives classified as fair value hedges	**3,704**	–	**3,704**	–
Fair value adjustments on biological assets	**240,271**	178,856	**61,415**	4,728
Undistributed earnings	**24,899**	81,900	**(57,001)**	81,900
Other items	**31,409**	41,382	**(9,973)**	11,477
	474,953	433,059		
Deferred income tax (credit)/expense			**(63,041)**	83,390

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 for the financial years ended 31 December 2010 and 31 December 2009 respectively.

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately US$158,290,000 (2009: US$136,605,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

19. DEFERRED TAX (CONTINUED)

Unrecognised temporary differences relating to investment in subsidiaries

At the balance sheet date, no deferred tax liability (2009: US$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately US$1,837,699,000 (2009: US$428,224,000). The deferred tax liability is estimated to be approximately US$209,191,000 (2009: US$77,277,000).

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2010			2009		
	Contract/ Notional amount	Assets	Liabilities	Contract/ Notional amount	Assets	Liabilities
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Forward currency contracts	**13,141,436**	**146,715**	**147,091**	9,896,498	69,691	21,468
Futures, options and swap contracts	**5,812,521**	**245,645**	**556,845**	3,110,527	247,672	43,183
Interest rate swap	**60,126**	**–**	**832**	305,858	–	946
Forward freight agreements	**23,165**	**3,828**	**–**	818	–	32
Fair value of embedded derivatives of convertible bonds	**–**	**85,014**	**–**	–	112,194	–
Total derivative financial instruments		**481,202**	**704,768**		429,557	65,629
Less: Current portion		**(350,091)**	**(629,534)**		(317,363)	(65,629)
Non-current portion		**131,111**	**75,234**		112,194	–

	Company					
	2010			2009		
	Contract/ Notional amount	Assets	Liabilities	Contract/ Notional amount	Assets	Liabilities
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Forward currency contracts	**–**	**–**	**–**	1,362	18	–
Fair value of embedded derivatives of convertible bonds	**–**	**85,014**	**–**	–	112,194	–
Total derivative financial instruments		**85,014**	**–**		112,212	–
Less: Current portion		**–**	**–**		(18)	–
Non-current portion		**85,014**	**–**		112,194	–

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss. Other than those designated as hedges of commodity products, the Group does not apply hedge accounting.

Cash flow hedges

Hedges of future purchase and sales of commodity products

The Group enters into various commodities futures, options and swap and forward currency contracts in order to hedge the financial risks related to the purchase and sales of commodity products. The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value (loss)/gain of approximately US$(77,556,000) (2009: US$147,868,000), with related deferred tax credit/(charges) of approximately US$3,971,000 (2009: US$(7,711,000)), is included in the hedging reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss during the next two financial years as follows: US$(77,556,000) and US$Nil (2009: US$138,741,000 and US$9,127,000).

As part of the acquisition of Sucrogen group, the Group acquired various currency and commodity forward contracts which were used by Sucrogen group to hedge its financial risks related to the purchase and sales of commodity products. These financial instruments were considered to be highly effective and accounted for using cash flow hedge accounting. As at 31 December 2010, these instruments had a cumulative net fair value loss of approximately US$136,209,000, with related deferred tax credit of approximately US$39,803,000.

In accordance with accounting standard requirements, these instruments were redesignated on acquisition date and are considered to be highly effective hedging instruments. As a result of the redesignation, no hedging reserves have been recognised as at 31 December 2010.

Fair value hedges

The Group enters into commodities future contracts to hedge the financial risk related to the carrying value of commodity products. A net fair value loss of approximately US$74,079,000 (2009: US$Nil) is recognised in the income statement and offset with a similar gain on the inventory.

21. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Non-current:				
Other non-trade receivables	**17,629**	24,349	**14**	–
Other deposits with financial institutions	**53,453**	–	**–**	–
Amount due from subsidiaries – non-trade	**–**	–	**88,230**	112,114
Amount due from associates – non-trade	**35,728**	19,237	**16,610**	3,102
Other financial receivables	**106,810**	43,586	**104,854**	115,216
Current:				
Deposits	**129,019**	103,598	**1**	–
Loan to non-controlling shareholders	**2,581**	149	**–**	–
Other non-trade receivables	**222,240**	180,612	**3,821**	4,880
Other deposits with financial institutions	**675,620**	–	**–**	–
Amount due from subsidiaries – non-trade	**–**	–	**2,849,748**	6,589,629
Amount due from associates – non-trade	**254,454**	243,352	**40,398**	82,730
Amount due from related parties – non-trade	**26,793**	1,169	**–**	–
Other financial receivables	**1,310,707**	528,880	**2,893,968**	6,677,239
Non-current:				
Prepayments	**50,030**	50,677	**–**	–
Other non-financial assets	**50,030**	50,677	**–**	–
Current:				
Prepayments and other non-financial assets	**143,043**	32,397	**110**	90
Tax recoverables	**60,695**	63,753	**–**	–
Advances for property, plant and equipment	**238,516**	160,369	**1,176**	–
Advances for acquisition of a subsidiary	**22,000**	–	**–**	–
Advances to suppliers	**930,524**	438,197	**–**	–
Other non-financial assets	**1,394,778**	694,716	**1,286**	90

Amount due from subsidiaries and associates (non-current)

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

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

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

The current non-trade receivables from subsidiaries, associates and related parties are unsecured, non-interest bearing and repayable on demand except for amount due from associates of approximately US$125,237,000 (2009: US$123,745,000), which bear interest ranging from 3% to 8% (2009: 2% to 10%) per annum.

Other deposits with financial institutions

Other deposits with financial institutions are deposits placed with reputable banks with high credit ratings and no history default. The interest rates range from 2% to 4% per annum.

22. INVENTORIES

	Group	
	2010	2009
	US$'000	US$'000
Balance Sheet		
At cost:		
Raw materials	**2,897,290**	1,687,161
Consumables	**402,031**	169,754
Finished goods	**1,893,287**	1,271,119
Stock in transit	**581,346**	284,666
	5,773,954	3,412,700
At net realisable value		
Raw materials	**231,789**	117,737
Consumables	**1,079**	793
Finished goods	**730,547**	408,469
	963,415	526,999
	6,737,369	3,939,699
Income Statement:		
Inventories recognised as an expense in cost of sales	**25,044,779**	19,560,324
– Write back of provision for net realisable value	**(10,813)**	(178,550)

The Group has pledged inventories amounting to approximately US$349,222,000 (2009: US$117,893,000) as security for bank borrowings.

23. TRADE RECEIVABLES

	Group 2010 US$'000	Group 2009 US$'000
Trade receivables	**2,256,511**	1,166,869
Notes receivables	**186,899**	92,272
Value added tax recoverable	**424,997**	476,645
Amount due from associates – trade	**244,015**	260,553
Amount due from related parties – trade	**22,953**	10,150
	3,135,375	2,006,489
Less: Allowance for doubtful receivables	**(9,456)**	(16,543)
	3,125,919	1,989,946

Trade receivables are non-interest bearing and the average turnover is 31 days (2009: 25 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. Notes receivables are non-interest bearing and have a maturity period ranging from 1 to 180 days for the financial years ended 31 December 2010 and 31 December 2009.

The Group has pledged trade receivables amounting to approximately US$65,470,000 (2009: US$91,296,000) as security for bank borrowings.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to approximately US$423,613,000 (2009: US$415,515,000) 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 2010 US$'000	Group 2009 US$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	**219,814**	151,200
30 – 60 days	**93,029**	64,356
61 – 90 days	**44,795**	52,649
91 – 120 days	**13,977**	19,477
More than 120 days	**51,998**	127,833
	423,613	415,515

23. TRADE RECEIVABLES (CONTINUED)

Trade receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

Movement in allowance accounts:

	Group Individually impaired	
	2010	2009
	US$'000	US$'000
At 1 January	**(16,543)**	(21,791)
Allowance written back during the year	**8,472**	2,327
Acquisition of subsidiaries	**(2,069)**	–
Bad debts written off against allowance	**730**	3,357
Currency translation differences	**(46)**	(436)
At 31 December	**(9,456)**	(16,543)

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

Loans and receivables

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Trade receivables	**3,125,919**	1,989,946	**–**	–
Other financial receivables – current	**1,310,707**	528,880	**2,893,968**	6,677,239
Other financial receivables – non-current	**106,810**	43,586	**104,854**	115,216
Total cash and bank balances	**6,787,812**	5,134,901	**3,450**	9,097
Loans and receivables	**11,331,248**	7,697,313	**3,002,272**	6,801,552

24. OTHER BANK DEPOSITS
CASH AND BANK BALANCES

	Group	
	2010	2009
	US$'000	US$'000
Fixed deposits pledged for bank facilities	**5,707,888**	3,878,058
Other deposits with maturity of more than 3 months	**187,426**	434,267
Other bank deposits	**5,895,314**	4,312,325

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Cash at bank and in hand	**776,106**	582,716	**3,164**	9,097
Short term and other deposits	**116,392**	239,860	**286**	–
Cash and bank balances	**892,498**	822,576	**3,450**	9,097

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of the Group and the Company is 2% (2009: 2%) per annum and less than 1% (2009: 2%) per annum respectively.

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Other bank deposits	**5,895,314**	4,312,325	**–**	–
Cash and bank balances	**892,498**	822,576	**3,450**	9,097
Total cash and bank balances	**6,787,812**	5,134,901	**3,450**	9,097

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

	Group	
	2010	2009
	US$'000	US$'000
Cash and bank balances	**892,498**	822,576
Bank overdrafts	**(492,023)**	(430,313)
Cash and cash equivalents	**400,475**	392,263

25. TRADE PAYABLES

	Group	
	2010	2009
	US$'000	US$'000
Trade payables	**981,037**	586,278
Value added tax payable	**50,075**	25,268
Due to associates – trade	**152,215**	58,028
Due to related parties – trade	**263,861**	150,262
	1,447,188	819,836

Trade payables are non-interest bearing and the average turnover is 15 days (2009: 15 days).

Total financial liabilities

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Trade payables	**1,447,188**	819,836	**–**	–
Other financial payables – current	**789,729**	710,174	**588,807**	233,278
Other financial payables – non-current	**4,274**	9,031	**–**	–
Loans and borrowings	**17,425,187**	9,579,732	**1,054,216**	936,328
Total financial liabilities carried at amortised cost	**19,666,378**	11,118,773	**1,643,023**	1,169,606

26. OTHER FINANCIAL PAYABLES OTHER NON-FINANCIAL LIABILITIES

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Current:				
Accrued operating expenses	**458,715**	438,198	**13,186**	18,344
Due to subsidiaries – non-trade	**–**	–	**556,474**	209,972
Due to associates – non-trade	**31,164**	13,828	**19,147**	1,157
Due to related parties – non-trade	**6,380**	6,393	**–**	–
Deposits from third parties	**64,985**	72,089	**–**	–
Payable for property, plant and equipment	**56,094**	39,865	**–**	–
Other payables	**172,391**	139,801	**–**	3,805
Other financial payables	**789,729**	710,174	**588,807**	233,278
Non-current:				
Advances from non-controlling shareholders of subsidiaries	**3,607**	8,978	**–**	–
Other payables	**667**	53	**–**	–
Other financial payables	**4,274**	9,031	**–**	–
Current:				
Advances from customers	**393,334**	294,286	**–**	–
Other non-financial liabilities	**393,334**	294,286	**–**	–
Non-current:				
Provision for employee gratuity	**31,014**	20,551	**–**	–
Deferred income – government grants	**35,214**	–	**–**	–
Other non-financial liabilities	**66,228**	20,551	**–**	–

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

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

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

There are no unfulfilled conditions or contingencies attached to the deferred government grants.

27. LOANS AND BORROWINGS

	Note	Maturity	Weighted average interest rate 2010	2009	Group 2010	2009	Company 2010	2009
			%	%	US$'000	US$'000	US$'000	US$'000
Current:								
Bank term loans	(a)	2011	**1.3**	2	**790,268**	19,266	**–**	–
Short term/pre-shipment loans	(a)	2011	**2**	1	**9,185,347**	6,845,167	**508,500**	–
Trust receipts/bill discounts	(a)	2011	**–***	1	**4,435,961**	1,079,333	**–**	–
Bank overdrafts	(b)	2011	**5**	4	**492,023**	430,313	**–**	–
Obligations under finance lease		2011	**6**	7	**32**	27	**–**	–
					14,903,631	8,374,106	508,500	–
Non-current:								
Bank term loans	(a)	2012-2018	**1**	1	**1,975,800**	669,240	**–**	400,000
Convertible bonds	(c)	2012	**4**	4	**545,716**	536,328	**545,716**	536,328
Obligations under finance lease		2012-2015	**6**	7	**40**	58	**–**	–
					2,521,556	1,205,626	**545,716**	936,328
Total loans and borrowings					**17,425,187**	9,579,732	**1,054,216**	936,328

* *Weighted average interest rate is less than 1%.*

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

(a) Bank term loans/short-term/pre-shipment loans/trust receipts/bill discounts

A portion of the Group's loans are secured by a pledge over property, plant and equipment, biological assets, fixed deposits, trade receivables, inventories and corporate guarantees from the Company and certain subsidiaries.

(b) Bank overdrafts

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

27. LOANS AND BORROWINGS (CONTINUED)

(c) Convertible bonds

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

The fair value of the liability component, included in non-current loans and borrowings, is calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The fair value of embedded derivative, which represents the Mandatory Conversion in the hands of the Company, which allows it to mandatorily convert the outstanding bonds into shares under certain prescribed conditions, is calculated based on the valuation model disclosed in Note 34. The residual amount after deducting the embedded derivative and liability, representing the value of the equity conversion component, is included in shareholders' equity in capital reserves.

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

	Group and Company	
	2010	2009
	US$'000	US$'000
Face value of convertible bonds issued on 18 December 2007	**600,000**	600,000
Fair value of embedded derivatives at issuance date	**26,883**	26,883
Equity component at inception	**(84,520)**	(84,520)
Accretion of interest	**27,708**	16,988
Conversion to ordinary shares	**(1,425)**	(93)
Convertible bonds buy back	**(22,930)**	(22,930)
Liability component of convertible bonds at the balance sheet date	**545,716**	536,328

(d) The bank facilities, up to a limit of approximately US$2,614,648,000 (2009: US$487,465,000), are guaranteed by the Company and certain subsidiaries.

28. SHARE CAPITAL

	Group		Company	
	Number of shares		**Number of shares**	
	'000	US$'000	'000	US$'000
At 1 January 2009	6,385,681	8,402,547	6,385,681	8,838,686
Shares arising from exercise of share options	4,413	11,701	4,413	11,701
Shares arising from conversion of convertible bonds	27	107	27	107
At 31 December 2009 and 1 January 2010	**6,390,121**	**8,414,355**	**6,390,121**	**8,850,494**
Shares arising from exercise of share options	**6,428**	**18,892**	**6,428**	**18,892**
Shares arising from conversion of convertible bonds	**376**	**1,521**	**376**	**1,521**
At 31 December 2010	**6,396,925**	**8,434,768**	**6,396,925**	**8,870,907**

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

The Company has granted options to both the employees of the Group and the convertible bondholders to subscribe for the Company's ordinary shares.

29. OTHER RESERVES

(a) Composition:

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Capital reserve	**145,383**	145,577	**145,379**	145,577
Merger reserve	**(1,929,314)**	(1,929,314)	**–**	–
Foreign currency translation reserve	**363,133**	190,270	**–**	–
General reserve	**151,558**	120,242	**–**	–
Equity transaction reserve	**(5,666)**	–	**–**	–
Hedging reserve	**(77,556)**	147,868	**–**	–
Employee share option reserve	**39,987**	11,746	**39,987**	11,746
Fair value reserve	**3,989**	8,833	**–**	13,685
Total other reserves	**(1,308,486)**	(1,304,778)	**185,366**	171,008

29. OTHER RESERVES (CONTINUED)

(b) Movements:

(i) Capital reserve

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
At 1 January	**145,577**	149,113	**145,577**	149,113
Equity component of convertible bonds transferred to share capital	**(198)**	(14)	**(198)**	(14)
Equity component of convertible bonds transferred to retained earnings	**–**	(3,522)	**–**	(3,522)
Share of associates' other comprehensive income	**4**	–	**–**	–
At 31 December	**145,383**	145,577	**145,379**	145,577

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

(ii) Merger reserve

	Group	
	2010	2009
	US$'000	US$'000
At 1 January	**(1,929,314)**	(1,959,820)
Dilution of interest in a subsidiary	**–**	30,506
At 31 December	**(1,929,314)**	(1,929,314)

Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under the acquisition of all 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 non-controlling interests held by WHPL in certain subsidiaries of the Company ("IPT Assets"). The above transaction was accounted for using the pooling-of-interest method in 2007.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued):

(iii) Foreign currency translation reserve

	Group	
	2010	2009
	US$'000	US$'000
At 1 January	**190,270**	179,652
Currency translation differences of foreign operations	**172,833**	14,491
Disposal of subsidiaries	**30**	(3,873)
At 31 December	**363,133**	190,270

(iv) General reserve

	Group	
	2010	2009
	US$'000	US$'000
At 1 January	**120,242**	92,897
Transfer from retained earnings	**31,316**	28,749
Dilution of interest in a subsidiary	**–**	(1,404)
At 31 December	**151,558**	120,242

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

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

29. OTHER RESERVES (CONTINUED)

(b) *Movements (continued):*

(v) *Equity transaction reserve*

	Group 2010 US$'000	Group 2009 US$'000
At 1 January	**–**	–
Acquisition of additional interest in subsidiaries	**(4,777)**	–
Dilution of interest in subsidiaries	**(889)**	–
At 31 December	**(5,666)**	–

(vi) *Hedging reserve*

	Group 2010 US$'000	Group 2009 US$'000
At 1 January	**147,868**	419,345
Fair value adjustment on cash flow hedges	**(128,739)**	(94,272)
Recognised in the income statement on derivatives contracts realised	**(96,685)**	(177,205)
At 31 December	**(77,556)**	147,868

Hedging reserve represents the cumulative fair value changes, net of tax, of the derivatives contracts designated as cash flow hedges.

(vii) *Employee share option reserve*

	Group		Company	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
At 1 January	**11,746**	1,012	**11,746**	1,012
Grant of equity-settled share options	**34,742**	14,610	**34,742**	14,610
Exercise of equity-settled share options	**(6,501)**	(3,876)	**(6,501)**	(3,876)
At 31 December	**39,987**	11,746	**39,987**	11,746

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued):

(viii) Fair value reserve

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
At 1 January	**8,833**	–	**13,685**	–
Fair value adjustment on available-for-sale financial assets	**(4,844)**	8,833	**(13,685)**	13,685
At 31 December	**3,989**	8,833	**–**	13,685

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

30. PROVISION FOR EMPLOYEE GRATUITY

The Group recognises provision for employee gratuity in accordance with Indonesia Labour Law No. 13/2003 dated 25 March 2003. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Actuarial Valuation Method". Actuarial gains or losses are recognised as income or expenses when the net cumulative unrecognised actuarial gains or losses exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected remaining working lives of employees. Past service cost is amortised over the remaining working lives of each employee.

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

	Group	
	2010	2009
Discount rate	**8.5% per annum**	10.5% per annum
Wages and salaries increase	**8% – 10% per annum**	10% per annum – 2010 9% per annum – 2011 onwards
Retirement age	**55 years of age**	55 years of age
Mortality rate	**CSO – 1980 / TMI – 99**	CSO – 1980
Method	**Projected unit credit**	Projected unit credit

30. PROVISION FOR EMPLOYEE GRATUITY (CONTINUED)

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

	Group 2010 US$'000	Group 2009 US$'000
Current service costs	**5,804**	3,010
Adjustment of new entrant employees	**1,968**	1,080
Interest costs	**2,399**	1,819
Curtailment loss	**(1,391)**	(1,573)
Immediate recognition of past service cost	**132**	33
Others	**44**	229
	8,956	4,598

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

	Group 2010 US$'000	Group 2009 US$'000
Present value of benefit obligation	**42,573**	22,173
Unamortised service cost	**(156)**	(159)
Unrecognised actuarial gain	**(11,403)**	(1,468)
Currency translation differences	**–**	5
Provision for employee gratuity	**31,014**	20,551

Movement in provision for employee gratuity is as follows:

	Group 2010 US$'000	Group 2009 US$'000
At 1 January	**20,551**	14,480
Acquisition of subsidiaries	**1,547**	–
Provision made for the year	**8,956**	4,598
Payments during the year	**(990)**	(901)
Currency translation differences	**950**	2,374
At 31 December	**31,014**	20,551

31. EMPLOYEE BENEFITS

	Group 2010 US$'000	Group 2009 US$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**318,547**	370,015
Defined contribution plans	**37,132**	28,332
Share-based payments	**34,742**	14,610
Other short term benefits	**39,465**	15,891
Other long term benefits	**9,198**	5,523
	439,084	434,371
Less: Amount capitalised as biological assets	**(18,382)**	(17,365)
	420,702	417,006

Share option schemes

Wilmar ESOS 2000

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

A total of 18,170,000 share options were granted in 2008 to executives of the Group. The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

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

As at end of December 2010, options to subscribe for 7,134,000 shares remained outstanding. No options had been granted in 2010 under the Wilmar ESOS 2000 which was terminated with effect from 29 April 2009. Outstanding options under Wilmar ESOS 2000 remain valid until the respective expiry dates of the options.

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Wilmar ESOS 2009

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

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

The maximum number of shares (in respect of the options) that may be granted under the Wilmar ESOS 2009, after taking into account of (i) the total number of new shares issued and issuable in respect of all other share-based incentive schemes of the Company (including those under the Wilmar ESOS 2000); and (ii) the number of treasury shares delivered in respect of options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company on the date immediately preceding the relevant date of grant. There are no cash settlement alternatives.

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

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

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Wilmar ESOS 2009 (continued)

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

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

On 10 March 2010, the Company granted options to subscribe for a total of 25,705,000 Wilmar shares at S$6.68 per share (being the Market Price as defined above) to directors and senior executives. A total of 2,950,000 option shares were granted to ten directors of the Company. No options were granted to directors who were controlling shareholders of the Company. The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

For Executive Directors and Senior Executives

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

For Non-Executive Directors

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

As at 31 December 2010, the total number of shares exercisable under the options granted pursuant to the Wilmar ESOS 2009 was 29,745,000 shares.

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options cancelled	Options exercised	Closing balance	Exercise price	Exercise period
2010							
Wilmar ESOS 2000							
27.11.2008	**4,294,500**	**–**	**–**	**(3,016,500)**	**1,278,000**	**S$2.45**	**28.11.2009 to 26.11.2013**
27.11.2008	**8,647,500**	**–**	**(65,000)**	**(2,811,500)**	**5,771,000**	**S$2.45**	**28.11.2010 to 26.11.2013**
09.12.2008	**50,000**	**–**	**–**	**(25,000)**	**25,000**	**S$2.63**	**10.12.2009 to 08.12.2013**
09.12.2008	**110,000**	**–**	**(25,000)**	**(25,000)**	**60,000**	**S$2.63**	**10.12.2010 to 08.12.2013**
	13,102,000	**–**	**(90,000)**	**(5,878,000)**	**7,134,000**		
Wilmar ESOS 2009							
21.05.2009	**2,375,000**	**–**	**–**	**(550,000)**	**1,825,000**	**S$4.50**	**22.05.2010 to 21.05.2014**
21.05.2009	**2,375,000**	**–**	**–**	**–**	**2,375,000**	**S$4.50**	**22.05.2011 to 21.05.2014**
	4,750,000	**–**	**–**	**(550,000)**	**4,200,000**		
10.03.2010	**–**	**9,454,150**	**(52,800)**	**–**	**9,401,350**	**S$6.68**	**11.03.2011 to 10.03.2015**
10.03.2010	**–**	**8,004,150**	**(52,800)**	**–**	**7,951,350**	**S$6.68**	**11.03.2012 to 10.03.2015**
10.03.2010	**–**	**8,246,700**	**(54,400)**	**–**	**8,192,300**	**S$6.68**	**11.03.2013 to 10.03.2015**
	–	**25,705,000**	**(160,000)**	**–**	**25,545,000**		
Total	**17,852,000**	**25,705,000**	**(250,000)**	**(6,428,000)**	**36,879,000**		

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options cancelled	Options exercised	Closing balance	Exercise price	Exercise period
2009							
Wilmar ESOS 2000							
27.11.2008	8,975,000	–	(327,500)	(4,353,000)	4,294,500	S$2.45	28.11.2009 to 26.11.2013
27.11.2008	8,975,000	–	(327,500)	–	8,647,500	S$2.45	28.11.2010 to 26.11.2013
09.12.2008	110,000	–	–	(60,000)	50,000	S$2.63	10.12.2009 to 08.12.2013
09.12.2008	110,000	–	–	–	110,000	S$2.63	10.12.2010 to 08.12.2013
	18,170,000	–	(655,000)	(4,413,000)	13,102,000		
Wilmar ESOS 2009							
21.05.2009	–	2,375,000	–	–	2,375,000	S$4.50	22.05.2010 to 21.05.2014
21.05.2009	–	2,375,000	–	–	2,375,000	S$4.50	22.05.2011 to 21.05.2014
	–	4,750,000	–	–	4,750,000		
Total	18,170,000	4,750,000	(655,000)	(4,413,000)	17,852,000		

The weighted average fair value of options granted during the financial year was S$2.80 (2009: S$2.10).

The weighted average share price at the date of exercise of the options during the financial year was S$6.20 (2009: S$6.40).

The range of exercise prices for options outstanding at the end of the year was from S$2.45 to S$6.68 (2009: S$2.45 to S$4.50). The weighted average contractual life for these options is 3.9 years (2009: 4.0 years).

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

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

	2010	2009
Dividend (S$ per share)	**0.05**	0.05
Expected volatility	**55%**	65%
Risk-free interest rate (% p.a.)	**0.77 to 1.30**	0.89 to 1.03
Expected life of option (years)	**2.0**	2.0
Weighted average share price at date of grant (S$)	**6.86**	4.69

The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. As the earliest exercisable date for the options granted above is 28 November 2009, the expected life of the option is also not necessarily indicative of exercise pattern that may occur.

32. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	Group	
	2010	2009
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**279,603**	321,248

32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(b) *Operating lease commitments – as lessee*

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

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

	Group	
	2010	2009
	US$'000	US$'000
Not later than one year	**26,806**	6,773
Later than one year but not later than five years	**19,399**	6,998
Later than five years	**24,786**	4,859
	70,991	18,630

(c) *Commitments for sales and purchases contracts*

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

	Group	
	2010	2009
	US$'000	US$'000
Committed contracts		
Purchases	**2,307,821**	1,946,345
Sales	**3,736,086**	3,147,935

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

The Group has commitments in relation to the development of oil palm plantations amounting to approximately US$103,939,000 as of 31 December 2010 (2009: US$165,138,000).

32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(e) *Corporate guarantees*

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

	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Subsidiaries	**–**	–	**3,360,238**	527,067
Associates	**268,575**	270,387	**264,951**	241,244
	268,575	270,387	**3,625,189**	768,311

33. RELATED PARTY DISCLOSURES

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

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

(b) the party is an associate;

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

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

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

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

33. RELATED PARTY DISCLOSURES (CONTINUED)

A. *Sale and purchase of goods and services*

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

	Group	
	2010	2009
	US$'000	US$'000
Related Parties		
Dividend income	**503**	384
Freight charges	**18,212**	13,494
Interest expense	**–**	3
Interest income	**–**	151
Others	**95,536**	8,211
Purchase of goods	**3,968,633**	3,647,499
Sales of goods	**408,714**	391,325
Associates		
Dividend income	**22,525**	45,552
Freight charges	**201,975**	118,103
Interest expense	**28**	19
Interest income	**6,589**	5,754
Others	**14,050**	3,740
Purchase of goods	**1,897,103**	1,201,067
Sales of goods	**1,338,299**	1,356,084
Shipping charter income	**23,932**	11,800

B. *Compensation of key management personnel*

	Group	
	2010	2009
	US$'000	US$'000
Defined contribution plans	**175**	171
Salaries and bonuses	**17,867**	14,527
Short term employee benefits (including grant of share options)	**8,751**	4,743
	26,793	19,441
Comprise amounts paid to:		
Directors of the Company	**15,268**	13,085
Other key management personnel	**11,525**	6,356
	26,793	19,441

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	Group 2010 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets:				
Available-for-sale financial assets	25,350	17,014	45,300	87,664
Financial assets held for trading	316,301	–	–	316,301
Derivatives				
– Forward currency contracts	–	146,715	–	146,715
– Futures, options, swap contracts and forward freight contracts	167,505	81,968	–	249,473
– Embedded derivatives of convertible bonds	–	–	85,014	85,014
At 31 December 2010	509,156	245,697	130,314	885,167
Financial liabilities:				
Derivatives				
– Forward currency contracts	–	147,091	–	147,091
– Futures, options, swap contracts and forward freight contracts	519,848	37,829	–	557,677
At 31 December 2010	519,848	184,920	–	704,768

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group 2009 US$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets:				
Available-for-sale financial assets	58,091	–	–	58,091
Financial assets held for trading	246,109	–	–	246,109
Derivatives				
– Forward currency contracts	–	69,691	–	69,691
– Futures, options, swap contracts and forward freight contracts	36,196	211,476	–	247,672
– Embedded derivatives of convertible bonds	–	–	112,194	112,194
At 31 December 2009	340,396	281,167	112,194	733,757
Financial liabilities:				
Derivatives				
– Forward currency contracts	–	21,468	–	21,468
– Futures, options, swap contracts and forward freight contracts	34,539	9,622	–	44,161
At 31 December 2009	34,539	31,090	–	65,629

Fair value hierarchy

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

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

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Methods and assumptions used to determine fair values

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

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

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Movements in Level 3 financial instruments measured at fair value

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

	Group US$'000		
	Embedded derivatives of convertible bonds	**Available-for-sale financial assets**	**Total**
At 1 January 2009	14,222	–	14,222
Total gains recognised in the income statement (presented in other operating income)	97,972	–	97,972
At 31 December 2009, 1 January 2010	**112,194**	**–**	**112,194**
Acquisition of subsidiaries	**–**	**45,300**	**45,300**
Total gains recognised in the income statement (presented in other operating expenses)	**(27,180)**	**–**	**(27,180)**
At 31 December 2010	**85,014**	**45,300**	**130,314**

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2010 and 31 December 2009.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

	Group			
	2010		2009	
	US$'000		US$'000	
	Carrying amount	**Effect of reasonably possible alternative assumptions**	Carrying amount	Effect of reasonably possible alternative assumptions
Available-for-sale financial assets				
Quoted equity instruments	**45,300**	**–**	–	–
Financial assets held for trading				
Embedded derivatives of convertible bonds (+5%)	**85,014**	**11,437**	112,194	8,456
Embedded derivatives of convertible bonds (-5%)	**85,014**	**(11,491)**	112,194	(16,703)

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

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

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

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

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

	Group			
	2010		2009	
	US$'000		US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**106,810**	**#**	43,586	#
Equity instruments, at cost	**59,171**	*****	36,580	*
Financial liabilities:				
Other financial payables	**4,274**	**#**	9,031	#
Loans and borrowings				
– Obligations under finance leases	**40**	**#**	58	#

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	Company			
	2010		2009	
	US$'000		US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**104,854**	**#**	115,216	#
Equity instruments, at cost	**36,000**	*****	36,000	*

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

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency, commodity price and market price risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant financial instruments to hedge the risks of such commercial exposure. Such financial instruments are not held for trade or speculative purposes. These market risk management activities are governed by its risk management system. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31 December 2010 and 31 December 2009.

To ensure a sound system of internal controls, the Board has established a risk management framework for the Group. Wilmar's risk governance structure comprises three levels:

- The Risk Management Committee at the Board level;
- The Executive Risk Committee; and
- Risk management by the respective operating units.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Board-level Risk Management Committee is responsible for

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

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. For trade receivables, the Group adopts the policy of dealing with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit rating counterparties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Credit risk concentration profile

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

	Group			
	2010		2009	
	US$'000	%	US$'000	%
By country:				
South East Asia	**870,485**	**28**	716,577	36
People's Republic of China	**891,309**	**28**	631,899	32
India	**122,543**	**4**	146,974	7
Europe	**209,507**	**7**	156,204	8
Australia/New Zealand	**327,993**	**10**	5,957	–*
Others	**704,082**	**23**	332,335	17
	3,125,919	**100**	1,989,946	100

	Group			
	2010		2009	
	US$'000	%	US$'000	%
By segment:				
Merchandising and Processing				
– Palm and Laurics	**1,463,378**	**47**	1,175,158	59
– Oilseeds and Grains	**1,210,276**	**39**	436,902	22
Consumer Products	**249,071**	**8**	199,237	10
Plantation and Palm Oil Mills	**15,111**	**–***	10,973	1
Others	**188,083**	**6**	167,676	8
	3,125,919	**100**	1,989,946	100

* *less than 1%*

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

(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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

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

	2010 US$'000				2009 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Group								
Financial assets:								
Available-for-sale financial assets	**3,010**	**–**	**143,825**	**146,835**	19,020	–	94,666	113,686
Financial assets held for trading	**316,301**	**–**	**–**	**316,301**	246,109	–	–	246,109
Trade and other financial receivables	**4,436,626**	**106,810**	**–**	**4,543,436**	2,518,826	43,586	–	2,562,412
Derivative financial instruments	**350,091**	**131,111**	**–**	**481,202**	317,363	112,194	–	429,557
Total cash and bank balances	**6,787,812**	**–**	**–**	**6,787,812**	5,134,901	–	–	5,134,901
Total undiscounted financial assets	**11,893,840**	**237,921**	**143,825**	**12,275,586**	8,236,219	155,780	94,666	8,486,665
Financial liabilities:								
Trade and other financial payables	**2,236,917**	**4,274**	**–**	**2,241,191**	1,530,010	9,031	–	1,539,041
Derivative financial instruments	**629,534**	**75,234**	**–**	**704,768**	65,629	–	–	65,629
Loans and borrowings	**14,975,059**	**2,662,024**	**18,002**	**17,655,085**	8,398,326	1,345,052	18,932	9,762,310
Total undiscounted financial liabilities	**17,841,510**	**2,741,532**	**18,002**	**20,601,044**	9,993,965	1,354,083	18,932	11,366,980
Total net undiscounted financial (liabilities)/ assets	**(5,947,670)**	**(2,503,611)**	**125,823**	**(8,325,458)**	(1,757,746)	(1,198,303)	75,734	(2,880,315)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	2010 US$'000				2009 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Company								
Financial assets:								
Available-for-sale financial assets	**–**	**–**	**36,000**	**36,000**	–	–	63,362	63,362
Trade and other financial receivables	**2,893,968**	**104,854**	**–**	**2,998,822**	6,677,239	115,216	–	6,792,455
Derivative financial instruments	**–**	**85,014**	**–**	**85,014**	18	112,194	–	112,212
Total cash and bank balances	**3,450**	**–**	**–**	**3,450**	9,097	–	–	9,097
Total undiscounted financial assets	**2,897,418**	**189,868**	**36,000**	**3,123,286**	6,686,354	227,410	63,362	6,977,126
Financial liabilities:								
Trade and other financial payables	**588,807**	**–**	**–**	**588,807**	233,278	–	–	233,278
Loans and borrowings	**516,102**	**647,937**	**–**	**1,164,039**	–	1,052,549	–	1,052,549
Total undiscounted financial liabilities	**1,104,909**	**647,937**	**–**	**1,752,846**	233,278	1,052,549	–	1,285,827
Total net undiscounted financial assets/ (liabilities)	**1,792,509**	**(458,069)**	**36,000**	**1,370,440**	6,453,076	(825,139)	63,362	5,691,299

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) *Liquidity risk (continued)*

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

	2010 US$'000				2009 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Group								
Financial guarantees	**154,833**	**110,118**	**3,624**	**268,575**	159,728	62,145	48,514	270,387
Company								
Financial guarantees	**1,447,021**	**2,136,818**	**41,350**	**3,625,189**	598,261	81,800	88,250	768,311

(c) *Interest rate risk*

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

At the balance sheet date, if the interest rates had been 50 (2009: 50) basis points lower/higher with all other variables including tax rate held constant, the Group's profit before tax will be higher/lower by approximately US$53,619,000 (2009: US$22,456,000), as a result of lower/higher interest expense on these net borrowings. As most of the Group's borrowings are short-term and trade related, any interest rate costs are typically priced into the respective trade transactions. Accordingly, the Group has minimum interest rate exposure risk.

(d) *Foreign currency risk*

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) *Foreign currency risk (continued)*

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

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

Sensitivity analysis for foreign currency risk

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

	Group			
	Profit before tax		Equity	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
Chinese Renminbi	**(366,669)**	(116,900)	**203,593**	–
Malaysian Ringgit	**(52,886)**	(48,458)	**–**	–
Indonesian Rupiah	**(33,795)**	7,653	**–**	–
Australian Dollar	**(55,550)**	–	**–**	–
Others	**(19,397)**	6,906	**–**	–

(e) *Commodity price risk*

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Commodity price risk (continued)

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, options and swap contracts, the Group may also be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place a risk management system to manage such risk exposure.

At the balance sheet date, a 5% (2009: 5%) increase/decrease of the commodities price index, with all other variables held constant, would have (decreased)/increased profit before tax and equity by the amounts as shown below:

	Group	
	2010	2009
	US$'000	US$'000
Effect of increase in commodities price index		
Effect on profit before tax	**(184,425)**	(69,964)
Effect on equity	**(13,663)**	(7,598)
Effect of decrease in commodities price index		
Effect on profit before tax	**184,425**	69,964
Effect on equity	**13,663**	7,598

(f) Market price risk

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

<u>Sensitivity analysis for equity price risk</u>

At the balance sheet date, if the market price had been 5% (2009: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been US$10,653,000 (2009: US$12,305,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's other reserves in equity would have been approximately US$1,267,000 (2009: US$2,905,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using net gearing ratio and adjusted net gearing ratio.

(a) Net gearing ratio

Net gearing ratio is net debt to equity, which equals net debt divided by total capital. The Group includes within net debt, loans and borrowings less total cash and bank balances. Capital includes equity attributable to owners of the parent, i.e. shareholders' funds.

	Group	
	2010	2009
	US$'000	US$'000
Shareholders' funds	**11,855,834**	10,931,129
Loans and borrowings	**17,425,187**	9,579,732
Less: Cash and bank balances	**(6,787,812)**	(5,134,901)
Net debt	**10,637,375**	4,444,831
Net gearing ratio (times)	**0.90**	0.41

36. CAPITAL MANAGEMENT (CONTINUED)

(b) Adjusted net gearing ratio

Adjusted net gearing ratio is adjusted net debt to equity, which equals adjusted net debt divided by total capital. The Group includes within adjusted net debt, net debt less liquid working capital. Liquid working capital includes inventories (excluding consumables) and trade receivables, less current liabilities (excluding loans and borrowings). Capital includes equity attributable to owners of the parent, i.e. shareholders' funds.

	Group	
	2010	2009
	US$'000	US$'000
Shareholders' funds	**11,855,834**	10,931,129
Liquid working capital:		
Inventories (excluding consumables)	**6,334,259**	3,769,152
Trade receivables	**3,125,919**	1,989,946
Less: Current liabilities (excluding loans and borrowings)	**(3,365,661)**	(1,994,785)
Total liquid working capital	**6,094,517**	3,764,313
Adjusted net debt	**4,542,858**	680,518
Adjusted net gearing ratio (times)	**0.38**	0.06

37. SEGMENT INFORMATION

Reporting format

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

Merchandising and Processing

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

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

37. SEGMENT INFORMATION (CONTINUED)

Consumer Products

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

Plantation and Palm Oil Mills

This segment comprises oil palm cultivation and milling.

Others

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

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

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

Allocation basis and transfer pricing

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

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

37. SEGMENT INFORMATION (CONTINUED)

	Merchandising and Processings												Per consolidated financial statements	
	Palm and Laurics		Oilseeds and Grains		Consumer Products		Plantation and Palm Oil mills		Others		Eliminations			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue:														
Sales to external customers	16,152,667	12,275,901	8,509,122	6,892,969	4,697,160	3,897,687	76,579	70,821	941,996	747,766	–	–	30,377,524	23,885,144
Inter-segment	668,671	351,431	1,662,913	1,262,607	–	–	1,408,656	1,048,134	1,076,149	686,329	(4,816,389)	(3,348,501)	–	–
Total revenue	16,821,338	12,627,332	10,172,035	8,155,576	4,697,160	3,897,687	1,485,235	1,118,955	2,018,145	1,434,095	(4,816,389)	(3,348,501)	30,377,524	23,885,144
Results:														
Segment results	587,061	692,840	117,502	606,894	149,796	225,251	635,817	396,873	188,535	83,978	–	–	1,678,711	2,005,836
Share of results of associates	24,800	17,175	(3,099)	21,002	595	2,798	9,128	(3,621)	6,703	8,886	–	–	38,127	46,240
Unallocated income/(expenses)													(72,652)	242,311
Profit before tax													1,644,186	2,294,387
Income tax expense													(189,660)	(324,074)
Profit after tax													1,454,526	1,970,313
Assets and Liabilities														
Segment assets	6,933,308	7,742,442	15,102,801	9,242,111	3,019,604	3,052,147	3,839,487	3,667,709	13,802,328	6,308,906	(10,270,362)	(7,796,859)	32,427,166	22,216,456
Investment in associates	392,285	336,942	733,669	667,631	5,856	25,488	70,090	7,839	67,756	44,215	–	–	1,269,656	1,082,115
Unallocated assets													272,577	150,216
Total assets													33,969,399	23,448,787
Segment liabilities	4,728,185	5,139,388	12,979,885	7,383,184	887,724	1,607,355	628,956	768,612	11,330,604	3,858,262	(10,270,362)	(7,793,890)	20,284,992	10,962,911
Unallocated liabilities													1,126,545	1,074,247
Total liabilities													21,411,537	12,037,158
Other segment information														
Additions to non-current assets	413,389	468,612	2,129,238	277,584	93,810	42,471	152,082	151,293	219,450	215,507	–	–	3,007,969	1,155,467
Depreciation, impairment and amortisation	106,744	79,301	85,632	68,831	23,321	19,998	34,180	28,886	65,732	55,355	–	–	315,609	252,371
Finance Income	46,401	28,162	107,467	40,902	26,130	5,762	2,380	2,405	19,794	52,353	(66,820)	(32,050)	135,352	97,534
Finance cost	(82,992)	(85,051)	(125,361)	(33,574)	(22,450)	(7,046)	(3,228)	(499)	(41,254)	(46,821)	66,820	32,050	(208,465)	(140,941)

37. SEGMENT INFORMATION (CONTINUED)

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

A Inter-segment revenues are eliminated on consolidation.

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

	2010 US$'000	2009 US$'000
Accretion of interest on convertible bonds	**(10,720)**	(9,040)
Share-based payments (executive share options)	**(34,742)**	(14,610)
Fair value gain/(loss) of embedded derivatives of convertible bonds	**(27,180)**	97,972
Net gain from dilution of interests in Wilmar China Limited	**–**	166,995
Others	**(10)**	994
	(72,652)	242,311

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

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

	2010 US$'000	2009 US$'000
Deferred tax assets	**211,882**	86,463
Tax recoverable	**60,695**	63,753
	272,577	150,216

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

	2010 US$'000	2009 US$'000
Deferred tax liabilities	**474,953**	433,059
Tax payable	**105,876**	104,860
Convertible bonds	**545,716**	536,328
	1,126,545	1,074,247

37. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

	Group			
	Revenue		Non-current assets	
	2010	2009	**2010**	2009
	US$'000	US$'000	US$'000	US$'000
South East Asia	**7,443,775**	5,492,824	**6,611,144**	5,256,384
People's Republic of China	**15,869,686**	13,197,166	**5,011,783**	4,558,011
India	**1,179,287**	1,212,987	**73,189**	51,447
Europe	**2,190,314**	1,638,724	**312,103**	270,819
Others	**3,694,462**	2,343,443	**1,448,375**	148,169
	30,377,524	23,885,144	**13,456,594**	10,284,830

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

38. DIVIDENDS

	Group and Company	
	2010	2009
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final tax-exempt (one-tier) dividend for 2009: S$0.05 (2008: S$ 0.045) per share	**233,570**	194,929
– Interim tax-exempt (one-tier) dividend for 2010: S$0.032 (2009: S$0.03) per share	**151,088**	132,945
	384,658	327,874
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 2010: S$0.023 (2009: S$0.05) per share	**112,527**	227,779

39. SUBSIDIARIES OF THE GROUP

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

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest 2010 %	2009 %
Cai Lan Oils & Fats Industries Company Ltd[3]	Vietnam	Manufacture and sale of vegetable oils and related products	**68**	68
Equatorial Trading Limited[2] & its subsidiaries	Malaysia	Investment holding and trading in vegetable oils	**78†**	78†
PGEO Group Sdn Bhd[2] & its subsidiaries	Malaysia	Investment holding, manufacture and sale of edible oils	**100**	100
PPB Oil Palms Berhad[2] & its subsidiaries	Malaysia	Investment holding, oil palm cultivation and palm oil milling	**100**	100
PT AMP Plantation[2]	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT Buluh Cawang Plantations[2]	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT Kencana Sawit Indonesia[2]	Indonesia	Oil palm cultivation and palm oil milling	**100**	100
PT Multimas Nabati Asahan[2]	Indonesia	Edible oils refining	**100**	100
PT Mustika Sembuluh[2]	Indonesia	Oil palm cultivation and palm oil milling	**90**	90
PT Perkebunan Milano[2]	Indonesia	Palm oil milling	**100**	100
PT Sinar Alam Permai[2]	Indonesia	Edible oils refining	**100**	100
PT Wilmar Nabati Indonesia[2]	Indonesia	Edible oils refining	**100**	100
Sucrogen Limited[2] & its subsidiaries	Australia	Investment holding, processing and merchandising of sugar products	**100**	–
Wii Pte. Ltd.[1]	Singapore	Finance and treasury centre	**100**	100

39. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest 2010 %	2009 %
Wilmar China Limited[(2)] & its subsidiaries	Hong Kong	Investment holding, processing and merchandising of oilseeds, edible oils and grains	**98†**	98†
Wilmar Europe Holdings B.V.[(2)] & its subsidiaries	The Netherlands	Investment holding, manufacturing, trading and sale of edible oil products	**100**	100
Wilmar Ship Holdings Pte. Ltd.[(3)] & its subsidiaries	Singapore	Investment holding, ship-owning, chartering and ship management	**100**	100
Wilmar Trading Pte Ltd[(1)]	Singapore	International trading in edible oils	**100**	100

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

40. ASSOCIATES OF THE GROUP

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

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest 2010 %	2009 %
Adani Wilmar Limited[3]	India	Manufacturing and trading of edible oils and vanaspati	**50**	50
C. Czarnikow Limited[3]	United Kingdom	Broker, consultant and provider of market information in sugar and biofuels	**43†**	–
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd[3]	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging; flour and rice milling	**43†**	43†
DelMar Pte. Ltd.[1]	Singapore	Investment holding	**48**	40
Grand Silver (Lanshan) Limited[3]	Hong Kong	Investment holding	**44†**	44†
Josovina Commodities Pte Ltd[3]	Singapore	Investment holding and vegetable oils trading	**50**	50
Kencana Agri Limited[3]	Singapore	Investment holding	**20**	–
Lahad Datu Edible Oils Sdn Bhd[3]	Malaysia	Edible oils refining and palm kernel crushing	**45**	45
Laiyang Luhua Fengyi Plastics Industry Co., Ltd[3]	People's Republic of China	Plastics processing	**49†**	49†
Laiyang Luhua Fragrant Peanut Oil Co., Ltd[3]	People's Republic of China	Peanut crushing and edible oils packaging	**25†**	25†
Nauvu Investments Pte. Ltd.[1]	Singapore	Investment holding	**50**	50
PT Bumipratama Khatulistiwa[2]	Indonesia	Oil palm cultivation and palm oil milling	**44†**	44†

40. ASSOCIATES OF THE GROUP (CONTINUED)

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest 2010 %	2009 %
Sasol Yihai (Lianyungang) Alcohol Industries Co., Ltd(3)	People's Republic of China	Alcohol based oleochemical products processing	**39†**	39†
Sethal Holdings Limited(3)	Cyprus	Investment holding	**48**	40
Shandong Luhua Fragrant Peanut Oil Co., Ltd(3)	People's Republic of China	Peanut crushing and edible oils packaging	**25†**	25†
TSH-Wilmar Sdn. Bhd.(2)	Malaysia	Palm oil refining and kernel crushing	**50**	50
Wilmar Consultancy Services Pte. Ltd.(3)	Singapore	Investment holding and providing IT and consultancy services	**50**	50
Wilmar Gavilon Pty Ltd(3)	Australia	Commodity trading and importer and distributor of edible oils	**50**	50
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd(3)	People's Republic of China	Peanut crushing and edible oils packaging	**32†**	32†
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd(3)	People's Republic of China	Peanut crushing and edible oils packaging	**48†**	48†

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

41. SUBSEQUENT EVENT

Subsequent to 31 December 2010, the Company announced that the subscription of 55,781,250 new shares in FFM Berhad ("FFM"), representing 20% of the total enlarged issued and paid-up share capital of FFM, by PGEO Group Sdn Bhd, a wholly-owned subsidiary of the Company, for a cash consideration of RM378,118,781.25 (approximately US$122,555,000), has been completed on 8 March 2011. FFM has become an indirect 20% associate of the Company.

With regard to the proposed sale of a 20% equity interest in selected subsidiaries of the Company in the People's Republic of China to Waikari Sdn Bhd, a wholly-owned subsidiary of FFM (the "Proposed Disposals"), the parties are reviewing the terms and documentation pertaining to the Proposed Disposals, which will be subject to receipt of approvals from the relevant regulatory authorities.

42. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 25 March 2011.

Statistics of Shareholdings

SHARE CAPITAL AS AT 7 MARCH 2011

Number of Shares (excluding treasury shares)	:	6,398,925,592
Number of Shareholders	:	22,405
Number of Treasury Shares Held	:	Nil
Class of Shares	:	Ordinary shares ("Shares")
Voting Rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 to 999	775	3.46	146,723	0.00
1,000 to 10,000	18,840	84.09	61,720,300	0.96
10,001 to 1,000,000	2,702	12.06	131,008,833	2.05
1,000,001 and above	88	0.39	6,206,049,736	96.99
Total	**22,405**	**100.00**	**6,398,925,592**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As at 7 March 2011
(as recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	Indirect Interest	Total Interest	%
Kuok Khoon Hong(1)	500,000	763,467,168	763,967,168	11.94
Martua Sitorus(2)	4,588,000	643,821,242	648,409,242	10.13
Longhlin Asia Limited(3)	271,009,921	65,000,000	336,009,921	5.25
Golden Parklane Limited(4)	–	640,870,365	640,870,365	10.02
Archer Daniels Midland Company(5)	–	1,046,986,850	1,046,986,850	16.36
Archer Daniels Midland Asia-Pacific Limited(6)	335,625,280	354,961,795	690,587,075	10.79
Global Cocoa Holdings Ltd	356,399,775	–	356,399,775	5.57
Wilmar International Holdings Limited	354,961,795	–	354,961,795	5.55
PPB Group Berhad	1,172,614,755	–	1,172,614,755	18.33
Kuok Brothers Sdn Berhad(7)	230,000	1,174,011,955	1,174,241,955	18.35
Kerry Group Limited(8)	–	582,613,326	582,613,326	9.10
Kerry Holdings Limited(9)	–	321,406,433	321,406,433	5.02

Notes:

1. Mr Kuok Khoon Hong is deemed to be interested in 179,204,971 Shares held by Hong Lee Holdings (Pte) Ltd, 138,034,811 Shares held by HPR Investments Limited, 103,422,533 Shares held by HPRY Holdings Limited, 336,009,921 Shares held by Longhlin Asia Limited, 6,650,932 Shares held by Pearson Investments Limited and 144,000 Shares held by Kuok Hock Swee & Sons Sdn Bhd.
2. Mr Martua Sitorus is deemed to be interested in 450,877 Shares held by his spouse, 51,267,514 Shares held by Bonoto Investments Limited, 294,801,372 Shares held by Bolney Enterprises Limited, 294,801,479 Shares held by Firefly Limited and 2,500,000 Shares held by Burlingham International Ltd.
3. Longlin Asia Limited is deemed to be interested in 65,000,000 Shares held in the names of nominee companies.
4. Golden Parklane Limited is deemed to be interested in 51,267,514 Shares held by Bonoto Investments Limited, 294,801,372 Shares held by Bolney Enterprises Limited and 294,801,479 Shares held by Firefly Limited.
5. Archer Daniels Midland Company is deemed to be interested in 335,625,280 Shares held by Archer Daniels Midland Asia-Pacific Limited and 356,399,775 Shares held by Global Cocoa Holdings Ltd and 354,961,795 Shares held by Wilmar International Holdings Limited.
6. Archer Daniels Midland Asia-Pacific Limited is deemed to be interested in 354,961,795 Shares held by Wilmar International Holdings Limited.
7. Kuok Brothers Sdn Berhad is deemed to be interested in 1,172,614,755 Shares held by PPB Group Berhad, 1,274,200 Shares held by Gaintique Sdn Bhd, 100,000 Shares held by Min Tien & Co Sdn Bhd and 23,000 Shares held by Hoe Sen (Mersing) Sdn Bhd.
8. Kerry Group Limited is deemed to be interested in 1,128,561 Shares held by Ace Time Holdings Limited, 6,469,243 Shares held by Bright Magic Investments Limited, 30,405,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited; 1,028,400 Shares held by Kerry Asset Management Limited, 10,523,363 Shares held by Macromind Investments Limited, 485,726 Shares held by Marsser Limited; 33,760,355 Shares held by Natalon Company Limited; and 242,600,000 Shares held by Noblespirit Corporation.
9. Kerry Holdings Limited is deemed to be interested in 30,405,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 1,028,400 Shares held by Kerry Asset Management Limited and 33,760,355 Shares held by Natalon Company Limited.

TWENTY LARGEST SHAREHOLDERS

As at 7 March 2011
(as recorded in the Register of Substantial Shareholders)

No.	Name of Shareholders	Number of Shares	%
1	PPB Group Berhad	1,172,614,755	18.33
2	Citibank Nominees Singapore Pte Ltd	471,047,995	7.36
3	DBSN Services Pte Ltd	383,642,096	6.00
4	Global Cocoa Holdings Ltd	356,399,775	5.57
5	Wilmar International Holdings Limited	354,961,795	5.55
6	Raffles Nominees (Pte) Ltd	347,223,423	5.43
7	Archer Daniels Midland Asia-Pacific Limited	335,625,280	5.25
8	Morgan Stanley Asia (Singapore) Securities Pte Ltd	317,539,266	4.96
9	HSBC (Singapore) Nominees Pte Ltd	268,582,611	4.20
10	Longhlin Asia Limited	261,009,921	4.08
11	Kuok (Singapore) Limited	256,951,112	4.02
12	Harpole Resources Limited	256,211,778	4.00
13	Firefly Limited	177,801,479	2.78
14	Noblespirit Corporation	172,600,000	2.70
15	DBS Nominees Pte Ltd	124,072,284	1.94
16	Hong Lee Holdings (Pte) Ltd	119,204,971	1.86
17	United Overseas Bank Nominees Pte Ltd	107,661,797	1.68
18	DB Nominees (Singapore) Pte Ltd	101,725,132	1.59
19	Caffrey International Limited	54,739,795	0.86
20	Bolney Enterprises Limited	52,801,372	0.83
Total		**5,692,416,637**	**88.99**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 7 March 2011, 28.78% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the Listing Manual.

Information relating to the issue of US$600,000,000 Convertible Bonds due 18 December 2012 (“Convertible Bonds”)

According to the Register of Convertible Bonds, Citivic Nominees Limited was the sole registered shareholder and the amount of Convertible Bonds held was US$573,500,000 as at 7 March 2011. 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.

Notice of Annual General Meeting

WILMAR INTERNATIONAL LIMITED

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Katong Room, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Thursday, 28 April 2011 at 10.00 a.m. for the following businesses:

AS ORDINARY BUSINESS

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

1) To receive and adopt the Audited Accounts for the year ended 31 December 2010 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2) To approve the payment of a proposed final tax exempt (one-tier) dividend of S$0.023 per ordinary share for the year ended 31 December 2010. **(Resolution 2)**

3) To approve the payment of Directors' fees of S$360,000 for the year ended 31 December 2010 (2009: S$360,000). **(Resolution 3)**

4) To re-elect the following Directors:

   a) Mr Martua Sitorus (Retiring under Article 99) **(Resolution 4)**

   b) Mr Chua Phuay Hee (Retiring under Article 99) **(Resolution 5)**

   c) Mr Teo Kim Yong (Retiring under Article 99) **(Resolution 6)**

   d) Mr Kwah Thiam Hock(1) (Retiring under Article 99) **(Resolution 7)**

      (1) Mr Kwah Thiam Hock will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited.

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

AS SPECIAL BUSINESS

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

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

That:

(a) approval be and is hereby given, for the renewal of the mandate for the purposes of Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies (within the meaning of the said Chapter 9) or any of them to enter into any of the transactions falling within the categories of interested person transactions as set out in the Company's Addendum to Shareholders dated 6 April 2011 (being an addendum to the Annual Report of the Company for the financial year ended 31 December 2010 (the "**Addendum**")), with any party who is of the class or classes of Interested Persons described in the Addendum, provided that such transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders and are in accordance with the procedures as set out in the Addendum (the "**IPT Mandate**");

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

(c) the Directors of the Company and/or any of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.
(See Explanatory Note 1) **(Resolution 9)**

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

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

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

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

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

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

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

provided always that

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

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

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

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

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

(III) the authority conferred by this Resolution shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
(See Explanatory Note 2) **(Resolution 10)**

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

That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Wilmar Executives Share Option Scheme 2009 of the Company ("**Wilmar ESOS 2009**") and, pursuant to Section 161 of the Companies Act, Chapter 50, to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted (while the authority conferred by this Resolution is in force) under the Wilmar ESOS 2009, notwithstanding that the authority conferred by this Resolution may have ceased to be in force, PROVIDED ALWAYS THAT:

(a) the aggregate number of shares over which the committee may offer to grant options on any date, when added to the number of new shares issued and/or issuable and/or existing shares transferred and/or transferable in respect of the options granted under the Wilmar ESOS 2009 and in respect of all other share-based incentive schemes of the Company (including but not limited to the Wilmar Executives Share Option Scheme 2000), if any, shall not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time; and

(b) the authority conferred by this Resolution shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
(See Explanatory Note 3) **(Resolution 11)**

Notice of Annual General Meeting

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE is also hereby given that the Share Transfer Register and Register of Members of the Company will be closed from 6 May 2011, 5.00 p.m. to 9 May 2011, both dates inclusive, for the purpose of determining shareholders' entitlement to the Company's proposed final tax exempt (one-tier) dividend of S$0.023 per ordinary share for the financial year ended 31 December 2010 (the "**Proposed Final Dividend**").

Duly completed registrable transfers received by the Company's registrar, Tricor Barbinder Share Registration Services, of 8 Cross Street #11-00 PWC Building Singapore 048424 up to 5.00 p.m. on 6 May 2011 will be registered to determine shareholders' entitlement to the Proposed Final Dividend. The Proposed Final Dividend, if approved at the Annual General Meeting to be held on 28 April 2011, will be paid on 20 May 2011.

Depositors whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5.00 p.m. on 6 May 2011 will be entitled to the Proposed Final Dividend.

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

Singapore
6 April 2011

Explanatory Notes:

1 The Ordinary Resolution 9 proposed in item no. 6 above, if passed, will renew the IPT Mandate for the Company, its subsidiaries and associated companies that are considered “entities at risk” to enter in the ordinary course of business into certain types of transactions with specified classes of the Interested Persons set out in the Addendum. Such resolution, if passed, will take effect from the date of the above Meeting until the next Annual General Meeting (unless revoked or varied by the Company in general meeting). The IPT Mandate, the renewal of which was approved by shareholders at the last Annual General Meeting of the Company held on 28 April 2010, 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 2010.

2 The Ordinary Resolution 10 proposed in item no. 7 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued shall be based on the total number of issued shares at the time that Ordinary Resolution 10 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 10 is passed, and any subsequent bonus issue or consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

3 The Ordinary Resolution 11 proposed in item no. 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to offer and grant options under the Wilmar ESOS 2009 and to issue and allot shares pursuant to the exercise of such options under the aforesaid option scheme, provided that the aggregate number of shares over which the committee may offer to grant options on any date, when added to the number of new shares issued and/or issuable and/or existing shares transferred and/or transferable in respect of the options granted under the Wilmar ESOS 2009 and in respect of all other share-based incentive schemes of the Company (including but not limited to the Wilmar Executives Share Option Scheme 2000), if any, shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notice of Annual General Meeting

Notes:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one proxy or two proxies to attend and vote in his stead, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies.

2. A proxy need not be a Member of the Company.

3. If the appointor is a corporation, the proxy form must be executed under seal or the hand of its attorney or officer duly authorised.

4. The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company's registrar, Tricor Barbinder Share Registration Services, at 8 Cross Street #11-00 PWC Building Singapore 048424 not less than 48 hours before the time appointed for the holding of the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

WILMAR INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199904785Z)

IMPORTANT:

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

Proxy Form

I/We____NRIC/Passport No./Company Registration No. ____________

of ____(Address)

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Katong Room, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Thursday, 28 April 2011 at 10.00 a.m. and at any adjournment thereof.

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

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1	To receive and adopt the Audited Accounts for the year ended 31 December 2010 and the Reports of the Directors and Auditors thereon.				
2	To approve the payment of Proposed Final Dividend.				
3	To approve the payment of Directors' Fees.				
4	To re-elect Mr Martua Sitorus as a Director.				
5	To re-elect Mr Chua Phuay Hee as a Director.				
6	To re-elect Mr Teo Kim Yong as a Director.				
7	To re-elect Mr Kwah Thiam Hock as a Director.				
8	To re-appoint Ernst & Young LLP as auditors and to authorise the Directors to fix their remuneration.				
9	To approve the renewal of IPT Mandate as described in the Addendum to Notice of Annual General Meeting dated 6 April 2011.				
10	To authorise Directors to issue and allot shares in the Company.				
11	To authorise Directors to offer and grant options under the Wilmar ESOS 2009 and to issue and allot shares in accordance with the provisions of the Wilmar ESOS 2009.				

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

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

Dated this________ day of ________________________2011

Total Number of Shares Held	
CDP Register	
Register of Members	

____

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

IMPORTANT – Please read notes overleaf

Notes:

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

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

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

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

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

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

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

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

1st fold here

Affix
Postage
Stamp

WILMAR INTERNATIONAL LIMITED

c/o Tricor Barbinder Share Registration Services

8 Cross Street
#11-00 PWC Building
Singapore 048424

Fold this flap here to seal

WILMAR INTERNATIONAL LIMITED
Co. Reg. No. 199904785Z

56 Neil Road, Singapore 088830
Tel: (65) 6216 0244
Telex: RS 23171 WILMAR
info@wilmar.com.sg
www.wilmar-international.com