SUSTAINABLE GROWTH

WILMAR INTERNATIONAL LIMITED
ANNUAL REPORT 2011

CONTENTS

CORPORATE PROFILE

Wilmar International Limited, founded in 1991 and headquartered in Singapore, is today Asia's leading agribusiness group. Wilmar is ranked amongst the largest listed companies by market capitalisation on the Singapore Exchange.

Wilmar's business activities include oil palm cultivation, oilseeds crushing, edible oils refining, sugar milling and refining, specialty fats, oleochemicals, biodiesel and fertilisers manufacturing and grains processing. At the core of Wilmar's strategy is a resilient integrated agribusiness model that encompasses the entire value chain of the agricultural commodity processing business, from origination and processing to branding, merchandising and distribution of a wide range of agricultural products. It has over 300 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries. The Group is backed by a multinational workforce of over 90,000 people.

Wilmar's portfolio of high quality processed agricultural products is the preferred choice of the food manufacturing industry, as well as the industrial and consumer food businesses. Its consumer-packed products occupy a leading share in its targeted markets. Through scale, integration and the logistical advantages of its business model, Wilmar is able to extract margins at every step of the value chain, thereby reaping operational synergies and cost efficiencies. Wilmar remains a firm advocate of sustainable growth and is committed to its role as a responsible corporate citizen.

wilmar

CHAIRMAN'S STATEMENT

FY2011 IN REVIEW

FY2011 presented an economic landscape of uncertainty with the European sovereign debt crisis and China's slowing growth weighing heavily on business and consumer confidence. Amidst challenging conditions, the Group continued to be profitable, recording US$1.60 billion net profit in FY2011 versus US$1.32 billion in FY2010. Excluding non-operating items and net gains from changes in the fair value of biological assets, the Group's net profit increased 44% to US$1.52 billion in FY2011. Total revenue increased 47% to US$44.71 billion versus US$30.38 billion in FY2010 on the back of higher sales volume, particularly from Oilseeds & Grains and Consumer Products, and contribution from the new Sugar segment.

Earnings per share grew 21% to 25.0 US cents in FY2011 as compared to 20.7 US cents in FY2010. The Group's balance sheet remained strong, with total assets up by 16% to US$39.64 billion while shareholders' funds increased to US$13.37 billion. Gearing remained healthy despite a marginal increase to 0.97x, from 0.90x in FY2010, arising from an increase in net loans and borrowings.

DIVIDENDS

The Board has recommended a final dividend of S$0.031 per share for FY2011. Including the interim dividend of S$0.03 per share paid in September 2011, the total dividend for FY2011 is S$0.061 per share, representing a dividend payout of about 20%.

MAJOR BUSINESS DEVELOPMENTS

During the year, we continued to invest in our businesses to drive growth, through capacity expansion and new investments in key markets.

Palm & Laurics

In May, the Group announced a partnership with New Britain Palm Oil Limited (NBPOL) to form an integrated supply chain and joint marketing arrangement for supplying Continental Europe with fully traceable and segregated sustainable palm oil from NBPOL's Roundtable on Sustainable Palm Oil (RSPO) certified plantations. The palm oil supply will be available from Wilmar's refinery in Brake, Germany, from mid-2012. This collaboration ensures that our Brake refinery is able to offer a wide range of products and blends of certified sustainable palm oil for the European food market.

Also in May, we inked a Memorandum of Understanding with Huntsman Corporation to build a state-of-the-art natural alcohol plant at Huntsman's chemical site in Rotterdam, The Netherlands. The facility, to be owned and operated by Wilmar, will strengthen our foothold in Europe when it commences operations in 2013.

In November, the Group announced a partnership with Gavilon, LLC to construct an edible oil processing, transloading and storage facility in Stockton, California. The cooperation will allow Wilmar to leverage on Gavilon's marketing and distribution capabilities while the facility, to be operational by the third quarter of 2013, will reap significant supply chain benefits for customers in the California and neighbouring West Coast markets.

During the year, we continued our expansion in oleochemicals by adding new capacities in Indonesia and China and building a new plant in India.

Looking ahead, the Group will continue to take advantage of favourable government incentives for downstream processing by increasing its refining capacity in Indonesia by 50%.

Oilseeds & Grains

Further strengthening our position as one of the largest wheat and rice millers in China, we completed another two flour mills and two rice mills in 2011. The Group also acquired a 20% interest in FFM Berhad which has five flour mills in Malaysia, one each in Vietnam and Indonesia, and one through joint venture in Thailand. In the region, we are expanding our flour milling capacity with the construction of two new mills – one through our joint venture with FFM Berhad in Ha Long City, Vietnam, and another by our subsidiary in Gresik, Indonesia.

Construction of two oilseeds crushing plants, one each in Russia and Ukraine, commenced during the year. When completed in early 2013, each plant will boast an estimated capacity of 1,200 MT per day.

Sugar

The Group further expanded its sugar footprint with the acquisition of Indonesian refinery, PT Duta Sugar International in July and Proserpine Mill in Australia in December. We also acquired several thousand hectares of land in Australia for sugar cultivation to better utilise our milling capacities. Moving forward, we intend to expand our sugar business through acquisitions and greenfield projects.



Africa

During the year, the Group made good progress with its investments and expansion plans in Africa. Through our wholly-owned subsidiary Wilmar Africa Limited, we acquired a 77% stake in Benso Oil Palm Plantation Limited which is listed on the Ghana Stock Exchange. Through a joint venture with PZ Cussons, we commenced construction of a palm oil refinery in Nigeria. We have also commenced work on developing oil palm plantations in Nigeria and look forward to further expanding our presence in Africa. In South Africa, the Group acquired a 55% interest in two oilseeds crushing plants with refinery and consumer pack facilities.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Our continued commitment and efforts towards sustainable palm oil were suitably rewarded in 2011 with all of our mills and estates in Malaysia attaining the RSPO certification. The Group's production of certified sustainable palm oil from Indonesia and Malaysia increased to about 520,000 tonnes per annum in 2011.

Wilmar has always recognised the impact oil palm plantations have on biodiversity. In this regard, several initiatives were taken and accomplished during the year to mitigate our footprint. These included a tripartite Memorandum of Understanding (MoU) with the Borneo Orangutan Survival Foundation (BOSF) and the Governor of Central Kalimantan, Indonesia on the conservation of orang utans and their habitat; a two-year Biodiversity and Agricultural Commodities Programme with the Zoological Society of London; and an Orang Utan and Nature Conservation Education Programme in Indonesia. The Group also aims to develop Best Management Practices that can be applied at a large landscape level with adjacent oil palm plantations.

The Group continues to support education and healthcare for the needy. At the end of 2011, we have established a total of 25 schools in China and improved educational facilities for more than 12,000 rural students. To date, the Group has funded more than 14,000 cataract operations for the elderly and donated 2,500 wheelchairs to the disabled. Since July 2011, we have provided financial aid for over 20 successful prosthetic operations.

In Singapore, Wilmar continues to advocate higher education through donations and scholarships to, as well as overseas internship programmes with the National University of Singapore, Nanyang Technological University, Singapore Management University, Singapore Institute of Technology and the Lee Kuan Yew School of Public Policy.

OUTLOOK AND PROSPECTS

2012 will be an exciting year as we continue to explore joint ventures and closer collaborations with various parties, acquisitions, expansion of existing capacities and venturing into new countries. With Wilmar's healthy balance sheet, improved range of downstream product offerings, strong infrastructure in Asian countries, we are well-positioned to capture emerging markets' growth as well as other agri-related expansion opportunities which might arise.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank Mr Chua Phuay Hee who retired from the Board and Group on 31 December 2011, for his many years of service and contributions.

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

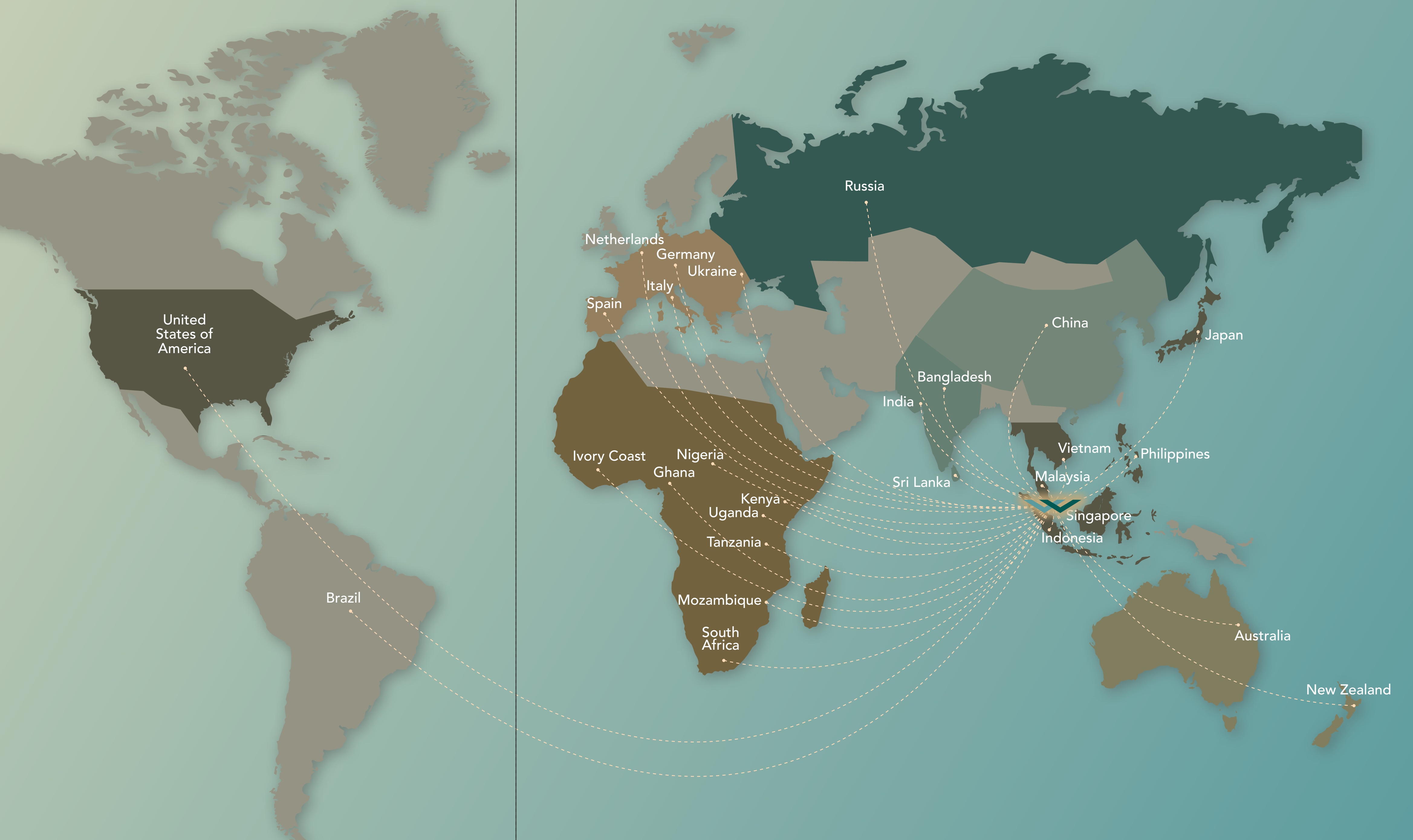
Last but not least, I wish to thank our shareholders for their strong support and confidence in the Group.

Kuok Khoon Hong
CHAIRMAN & CHIEF EXECUTIVE OFFICER

20 March 2012

GLOBAL PRESENCE

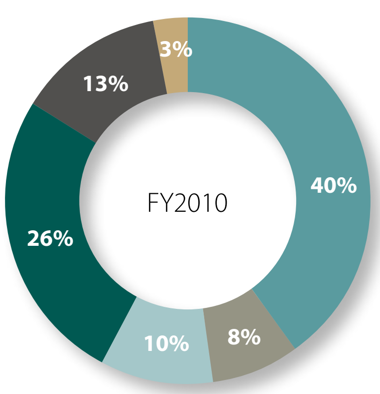
- Over 300 manufacturing plants across the world.
- Extensive distribution network covering China, India, Indonesia and some 50 other countries.
- Multinational workforce of over 90,000 people.

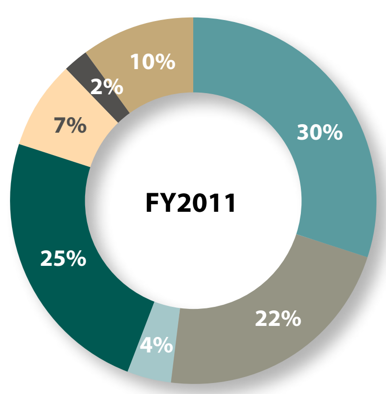


FINANCIAL HIGHLIGHTS

	FY2011	FY2010	FY2009	FY2008	FY2007
INCOME STATEMENT *(US$ million)*					
Revenue	**44,710**	30,378	23,885	29,145	16,466
EBITDA	**2,860**	2,033	2,590	2,230	1,119
Profit before tax	**2,079**	1,644	2,294	1,789	830
Net profit	**1,601**	1,324	1,882	1,531	580
Earnings per share – fully diluted *(US cents)*	**25.0**	20.7	27.4	23.7	12.8
Dividend per share *(Singapore cents)*	**6.1**	5.5	8.0	7.3	2.6
CASH FLOW *(US$ million)*					
Cash flows from operating activities	**1,948**	(2,319)	(520)	3,231	(1,025)
Capital expenditure	**1,554**	1,064	1,063	1,107	610
Investment in subsidiaries and associates	**356**	1,679	70	248	(95)
BALANCE SHEET *(US$ million)*					
Shareholders' funds	**13,370**	11,856	10,931	9,606	7,845
Total assets	**39,640**	33,969	23,449	17,869	15,507
Total liabilities	**25,391**	21,412	12,037	7,894	7,326
Net loans and borrowings	**12,991**	10,637	4,445	2,390	4,060
Net gearing (x)	**0.97**	0.90	0.41	0.25	0.52
Net asset value per share *(US cents)*	**208.9**	185.3	171.1	150.4	122.9
Net tangible assets per share *(US cents)*	**140.0**	116.5	108.0	88.7	61.3

PROFIT BEFORE TAX BY BUSINESS SEGMENT





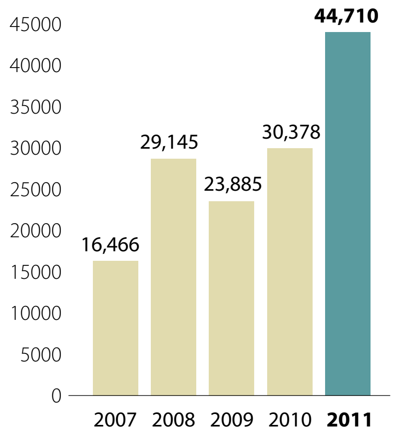
- Merchandising & Processing – *Palm & Laurics*
- Merchandising & Processing – *Oilseeds & Grains*
- Consumer Products
- Plantations & Palm Oil Mills
- Sugar
- Others
- Associates

Notes:

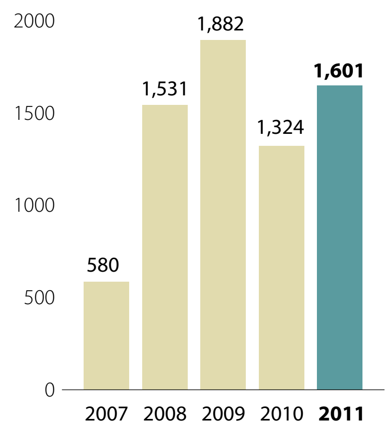
(1) FY2007 – Net cash inflow from investment in subsidiaries and associates arose from the KG Acquisition which refers to the Kuok Group's palm plantation, edible oils, grains and related businesses comprising Kuok Oils & Grains Pte Ltd, PGEO Group Sdn Bhd and PPB Oil Palms Berhad.

(2) Segmental breakdown calculation excludes unallocated expenses and gains from biological assets revaluation.

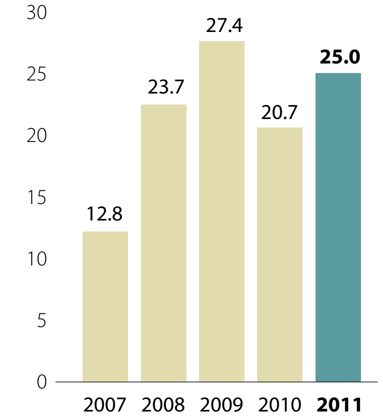
REVENUE
(US$ million)



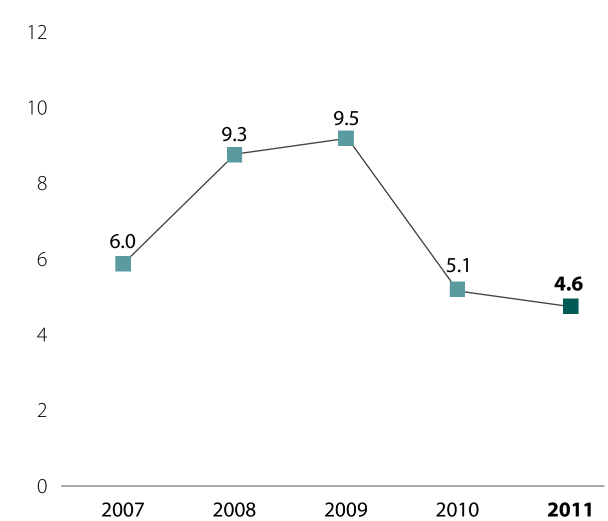
NET PROFIT
(US$ million)



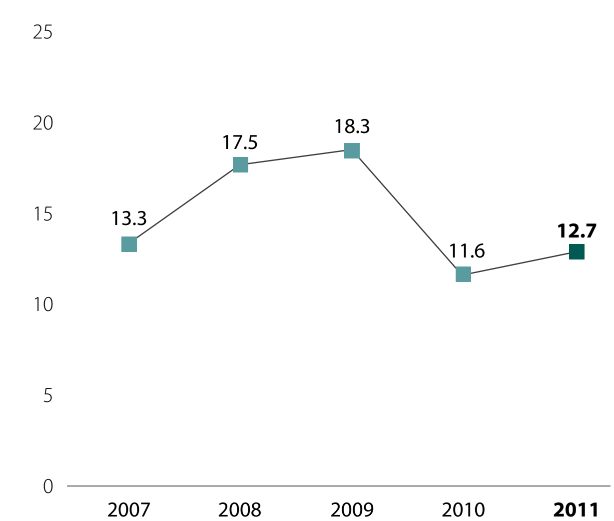
EARNINGS PER SHARE
(US cents)



RETURN ON AVERAGE ASSETS
(%)



RETURN ON AVERAGE EQUITY
(%)



BOARD OF DIRECTORS

KUOK KHOON HONG
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

MARTUA SITORUS
EXECUTIVE DIRECTOR AND
CHIEF OPERATING OFFICER

TEO KIM YONG
EXECUTIVE DIRECTOR

KUOK KHOON CHEN
NON-EXECUTIVE DIRECTOR

KUOK KHOON EAN
NON-EXECUTIVE DIRECTOR

JOHN DANIEL RICE
NON-EXECUTIVE DIRECTOR

YEO TENG YANG
LEAD INDEPENDENT DIRECTOR

LEONG HORN KEE
INDEPENDENT DIRECTOR

TAY KAH CHYE
INDEPENDENT DIRECTOR

KWAH THIAM HOCK
INDEPENDENT DIRECTOR

KUOK KHOON HONG

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Kuok Khoon Hong, 62, 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 developments. 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, 52, 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 28 April 2011.

TEO KIM YONG

EXECUTIVE DIRECTOR

Mr Teo Kim Yong, 58, 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. 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 28 April 2011.

KUOK KHOON CHEN

NON-EXECUTIVE DIRECTOR

Mr Kuok Khoon Chen, 57, has been a senior executive of the Kuok Group since 1978. He is currently the Deputy Chairman 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 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, 56, 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., which are both 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 - an appointment that 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, 58, 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. 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; Executive Vice President, Global Marketing and Risk Management; and Executive Vice President, Commercial and Production. He was promoted to Vice Chairman of ADM in October 2010. He holds a Bachelor of Arts degree in Accounting from the University of Saint Thomas, USA. 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, 70, 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 of 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, 59, has been an independent director since 2000 and was last re-elected on 28 April 2010. Currently, he is the Chairman 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 degree from Loughborough University, UK; an Economics degree from London University, UK; a Chinese Language and Literature degree from Beijing Normal University, China; an MBA degree from INSEAD, France; and a Master in Business Research from University of Western Australia.

TAY KAH CHYE

INDEPENDENT DIRECTOR

Mr Tay Kah Chye, 65, 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 degree in Economics 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, 65, 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 28 April 2011.

BOARD OF DIRECTORS
continued

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 Perennial China Retail Trust Management Pte. Ltd. *(Trustee-Manager of Perennial China Retail Trust)*	Lee Kuan Yew Exchange Fellowship Director	
Martua Sitorus	Wilmar International Limited Executive Director & COO PALMCI SA *(BRVM, Bourse Regionale des Valeurs, Western Africa Regional Stock Exchange)*	SIFCA SA Member of Board of Trustees	
Teo Kim Yong	Wilmar International Limited Executive Director Kencana Agri Limited		
Kuok Khoon Chen	Kerry Properties Limited *(Hong Kong Stock Exchange)* Chairman China World Trade Center Company Limited *(Shanghai Stock Exchange)* Wilmar International Limited	Kerry Group Limited Deputy Chairman Kerry Holdings Limited Chairman & MD Kuok Brothers Sdn Berhad Chairman China World Trade Center Ltd	
Kuok Khoon Ean	Shangri-La Asia Limited *(Hong Kong Stock Exchange)* Executive Chairman SCMP Group Limited *(Hong Kong Stock Exchange)* Shangri-La Hotel Public Co. Ltd. *(Stock Exchange of Thailand)* The Bank of East Asia, Limited *(Hong Kong Stock Exchange)* The Post Publishing Public Co. Ltd. *(Stock Exchange of 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	
John Daniel Rice	Wilmar International Limited	Archer Daniels Midland Company Vice Chairman	
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 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	Biosensors International Group Ltd NTUC Thrift & Loan Co-operative Ltd Crimson Lofts 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 Enterprise 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 Awareness Plc CLMV Consult Net (Private Limited)	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 Northern Star Shipping Pte Ltd Ezion Offshore Logistic Hub Ltd PM Shipping Pte Ltd	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 TEO KIM YONG
Executive Director
(Commercial)

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
Sucrogen Limited

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

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

PROFESSOR CHUA NAM-HAI
Chief Scientific Advisor

MR HO KIAM KONG
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

Teo Kim Yong

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

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

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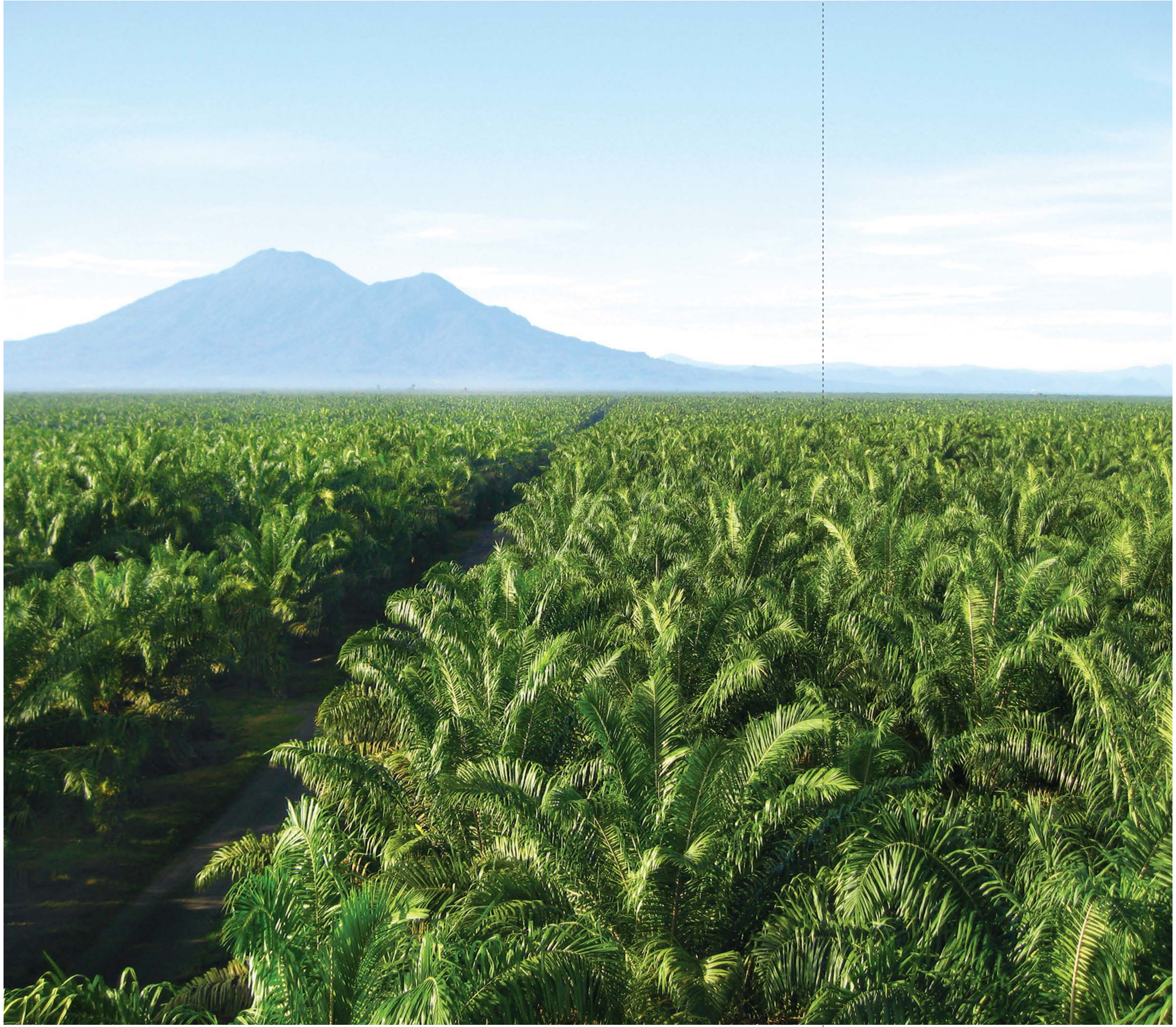
Telephone: (65) 6216 0244
Facsimile: (65) 6836 1709

SHARE REGISTRAR

Tricor Barbinder Share
Registration Services
80 Robinson Road #02-00
Singapore 068898
Telephone: (65) 6236 3333
Facsimile: (65) 6236 3405

AUDITORS

Ernst & Young LLP
One Raffles Quay
#18-01 North Tower
Singapore 048583
Partner-in-Charge: Lim Tze Yuen
(Appointed since financial year ended 31 December 2011)



Synergistic Operations

Sustainable Practices

A key competitive strength of Wilmar is its resilient integrated business model that forms the foundation for achieving economic, social and environmental viability.

The Group views sustainability as an integral part of its business operations and is constantly seeking ways to incorporate sustainable practices within its processes.

247,081 hectares

Total planted area in Indonesia, Malaysia and Africa as at 31 December 2011

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. The Group processes palm and lauric oils into refined oils, specialty fats, oleochemicals and biodiesel.

The Group owns processing plants in major palm producing countries in Indonesia and Malaysia, as well as in consuming markets such as China, Europe, Vietnam, Sri Lanka and Ghana. Through joint ventures, Wilmar also has processing plants in India, Russia, Ukraine, Ivory Coast, Uganda and Bangladesh.

As at 31 December 2011, the Group had plants located in the following countries:

	Refinery	Oleo-chemicals	Specialty Fats	Biodiesel
SUBSIDIARIES				
Indonesia	23	1	2	7
Malaysia	13	1	1	1
China	51	7	6	–
Europe	4	–	1	–
Vietnam	2	–	1	–
Others	5	–	1	–
Total no. of plants	**98**	**9**	**12**	**8**
Total capacity *(million MT p.a.)*	**23**	**1**	**1**	**2**

Note:
Refinery capacity includes palm oil and soft oils.

	Refinery	Oleo-chemicals	Specialty Fats	Biodiesel
ASSOCIATES				
India	19	–	5	–
China	9	1	2	–
Russia	4	–	3	–
Ukraine	2	–	1	–
Malaysia	3	–	–	–
Bangladesh	1	–	1	–
Others	2	–	1	–
Total no. of plants	**40**	**1**	**13**	**–**
Total capacity *(million MT p.a.)*	**8**	**<1**	**1**	**–**

Note:
Refinery capacity includes palm oil and soft oils.

INDUSTRY TREND IN 2011

In 2011, global palm oil production rose by approximately 9% to 50.0 million MT. Malaysia and Indonesia palm oil production grew by about 9% to 43.0 million MT, constituting 86% of global production.

Consumption of palm oil in 2011 registered a steady growth of 5% to 48.0 million MT. Demand from India, the largest palm oil consuming market, remained firm at 6.8 million MT. Indonesia, the second largest consuming market, saw demand increase by 15% to 6.2 million MT due to economic expansion and changes in the palm oil export tax structure. Other key markets, such as China, continued to record high demand for palm oil. Consumption growth in Eastern Europe and Africa was also strong. However, demand in Western Europe declined by more than 9% as a result of the weak macro-economic environment.

Cleaner Air for Employees and the Community:
It is inevitable that some manufacturing processes emit an unpleasant odour as a by-product and thus compromise air quality.

In the case of Yihai (Guangzhou) Oils & Grains Industries Co., Ltd, the refining process entails a filtration procedure that releases odour. To overcome this, a heat exchanger was put in place to allow steam and vapour from the filtering process to condense and be channeled to the effluent treatment plant. At this point, another technical modification was made to prevent the natural convection of odour. The effluent pond was covered and sealed tightly, and a blower was used to channel the gases to a deodouriser located at the top of the plant. The deodouriser uses active bacteria to break down and absorb the odour from the gases, before discharging the treated gases through a 25-metre chimney.

The elimination of unpleasant odours improves air quality and makes for a more pleasant environment for everyone working around the plant as well as those residing in the vicinity.

Elimination of odours enhances air quality and thereby makes for a cleaner and more pleasant environment. Wilmar strives to minimise the undesired impact of its operations on its employees and the community.

Following from the rising trend in the second half of 2010, palm oil prices continued to increase and reached a record high of RM3,967 (approximately US$1,305) per MT in February. However, in the second quarter, demand rationing at higher prices and a narrowing discount to soybean oil prices, along with concerns of a financial crisis in the US and Europe led to a steady decline in palm oil prices for most of the year. Nonetheless, the average palm oil price in 2011 was still higher compared to 2010.

OUR PERFORMANCE

In 2011, the Group merchandised and processed 20.3 million MT of palm and laurics, a 2% decrease from 2010. The Group's pretax margins improved by 2% in 2011 due to firmer margins in the first half of the year as the Group benefited from higher crude palm oil (CPO) supply and its operations across the palm value chain, covering high value-added products such as oleochemicals, specialty fats and biodiesel. The changes in the Indonesian export tax structure for palm products, which came into effect on 15 September 2011, also boosted margins in Indonesia in the fourth quarter. However, this gain was offset by poorer margins in other markets. Overall, the Group recorded a pretax profit of US$585.9 million in 2011, similar to the level achieved in 2010.

OUTLOOK AND STRATEGY

Wilmar is positive about the long-term prospects for palm oil due to the growing demand from both food and non-food industries. In the short to medium term, the Group is also expected to benefit from changes in the palm oil export tax structure in Indonesia. Growth in palm oil production in 2012 is expected to be moderate compared to 2011. Combined production from Indonesia and Malaysia is expected to increase to approximately 45.0 million MT in 2012, mainly due to the increase in mature hectarage in Indonesia. The Group's long-term strategy is to continue to invest in processing capacity, including 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 its 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 2011, the Group had crushing plants and flour and rice mills located in the following countries:

	Crushing	Flour milling	Rice milling
SUBSIDIARIES			
China	50	9	14
Malaysia	1	–	–
Vietnam	1	–	–
South Africa	2	–	–
Total no. of plants	**54**	**9**	**14**
Total capacity *(million MT p.a.)*	**20**	**3**	**2**
ASSOCIATES			
China	14	1	1
India	8	–	–
Russia	2	–	–
Malaysia	–	5	–
Others	–	2	–
Total no. of plants	**24**	**8**	**1**
Total capacity *(million MT p.a.)*	**10**	**2**	**<1**

INDUSTRY TREND IN 2011

China is the largest importer of soybeans, accounting for approximately 59% of global imports. The country imported about 52.0 million MT of soybeans, representing a growth of about 4%. The Group is the largest importer of soybeans in China.

In spite of lower import growth, total volume of soybeans crushed in China increased by about 13% to 55.0 million MT, reflecting some de-stocking in the industry following the excessive supply of soybeans in 2010. The growth in crush volume was achieved through increased consumption in line with China's economic growth as well as increased crushing capacity. China's soybean meal consumption grew by about 16% to 43.0 million MT in 2011, while consumption in soybean oil increased by 6% to 11.0 million MT.

2011 was a challenging year as commodity prices were volatile due to uncertain market conditions. Soybean prices remained high for the first three quarters of 2011 after the surge in prices in the last quarter of 2010. During the fourth quarter of 2011, soybean prices fell sharply due to higher than expected supply of soybeans from Brazil and Argentina as well as the debt crisis in Europe.

OUR PERFORMANCE

During the year, the Group reported a growth of 9% in volume to 19.9 million MT, due mainly to improved demand from the livestock industry as well as higher flour and rice volume. Despite a competitive operating environment, the Group's pretax margins improved significantly in 2011 due to the timely purchases of raw materials. This contributed to a 260% increase in pretax profit to US$422.9 million.

An endorser of the United Nations Global Compact's CEO Water Mandate, Wilmar recognises the consequences of the emerging global water crisis and is committed to sound water management.

Treatment capacity of

1,500 tonnes

OF WASTEWATER PER DAY

Recycling a Precious Natural Resource:
The rapid depletion of natural resources and escalating water cost have prompted the establishment of an effluent treatment plant at Qinhuangdao Goldensea Foodstuff Industries Co., Ltd, a leading agricultural processor in China. After treatment which includes the addition of anti-bacteria and regenerating agents, the reclaimed water can be used to replace tap water in certain production processes; while the discharge of treated effluent water will reduce environmental pollution. With a treatment capacity of 1,500 tonnes of wastewater per day, the plant is able to reap an annual savings of about 450,000 tonnes of water and over RMB 2.0 million in cost.

Construction and commissioning of the full scale water reclamation plant commenced in February 2011. The plant has been fully operational since November 2011.

OUTLOOK AND STRATEGY

Market conditions are expected to remain challenging in 2012 for Oilseeds and Grains due to increased industry crushing capacity and volatile commodity prices. However, growth in China will continue to drive demand for high quality food and agri-products. The Group remains committed to research and development to produce new and better quality products to meet customers' discerning expectations.

OPERATIONS REVIEW

Consumer Products

Wilmar produces consumer packs of edible oils, rice, flour and grains which are marketed under its own brands. In China, the Group is the largest producer of consumer pack edible oils with approximately 50% market share. The Group also has significant share in the consumer pack edible oils markets in India, Indonesia, Vietnam and Bangladesh. Its joint venture in India, Adani Wilmar Limited, is the leading producer of consumer pack oils, having approximately 15% market share. In Indonesia, the Group is the second largest producer of consumer pack oils with over 30% market share. In Vietnam, the Group is the largest producer of consumer pack oils with over 55% market share. Wilmar is also one of the leading producers in Bangladesh with close to 20% market share.

The Group's rice and flour businesses in China continued to progress in 2011 as volumes increased more than 30% respectively in each business.

INDUSTRY TREND IN 2011

The total industry volume for consumer pack oils in China grew by about 11% to approximately 6.7 million MT in 2011. The market share for consumer pack oils versus other forms of edible oils increased from 26% of total edible oils consumed in China in 2010 to 27% in 2011, reflecting the rising popularity of pack oils.

In India, Indonesia, Vietnam and Bangladesh, demand for branded consumer pack oils continued to increase due to growing affluence and urbanisation.

The total industry volume for consumer pack rice in China was approximately 6.0 million MT in 2011 while the total industry volume for consumer pack flour grew by 25% to 2.0 million MT in 2011. The market share for consumer pack rice and flour versus other forms of rice and flour remain relatively low at less than 5%.

OUR PERFORMANCE

During the year, the Group's total sales volume was 20% higher compared to 2010 mainly due to improved sales of consumer pack oils, flour and rice in China. However, pretax margin was lower than in 2010 because of the price increase restriction in China during the first seven months of 2011 together with the higher feedstock cost. This resulted in a 43% decline in pretax profit to US$85.3 million.

OUTLOOK AND STRATEGY

The Group is 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 its key markets. In these markets, the Group will continue to focus on brand building, increasing retail penetration and product innovation to strengthen its market presence.

Biogas increases global energy security by offsetting non-renewable resources such as coal and oil. It also lowers greenhouse gas emissions by preventing methane release into the atmosphere and contributes to a cleaner environment by reducing landfill waste and odours, produces nutrient-rich liquid fertiliser and requires less land than aerobic composting.

Reducing Greenhouse Gas Emissions with Green Fuel: At Yihai Kerry Industries (Gaodong), industrial wastewater is recycled to produce biogas which in turn generates electricity to power the effluent water treatment plant and compressor room.

Organic compounds present in the wastewater undergo anaerobic digestion (decomposition without oxygen) and produce as a by-product biogas of around 65% methane gas. The collection of biogas is carried out through a process of dewatering, desulphurisation and compression. Upon combustion, every cubic meter of biogas can produce approximately 1.8 kWh of electricity. With a daily output of approximately 3,500 kWh of electricity, the biogas generator is able to reap cost savings of RMB 650,000 annually.

The biogas generator has been fully operational since February 2011.

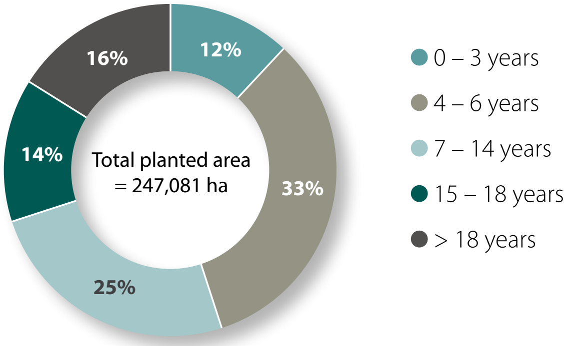
OPERATIONS REVIEW

Plantations and Palm Oil Mills

Wilmar is one of the largest oil palm plantation owners with a total planted area of 247,081 hectares (ha) as at 31 December 2011. About 74% of the total planted area is located in Indonesia, 24% in East Malaysia and 2% in Africa. In Indonesia, it also manages 38,021 ha under the Group's Plasma scheme. It processes fresh fruit bunches (FFB) sourced from its own plantations, smallholders under the Plasma and Outgrowers schemes, as well as third-party suppliers. The crude palm oil (CPO) and palm kernel produced by its palm oil mills are predominantly supplied to its 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 140,000 ha under the Outgrowers scheme in Uganda and West Africa respectively.

PLANTATION AGE PROFILE AS AT 31 DECEMBER 2011



HIGHER FFB PRODUCTION

The Group's FFB production rose 22% to 4.1 million MT due to an increase in mature area from 186,688 ha in 2010 to 205,485 ha. FFB yield increased to 19.8 MT per ha due to improved crop trend, improving yield of the young palm trees and favourable weather conditions.

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. The Group is on track with the audit progress for RSPO certification of its plantations and mills. Thus far, all of its Malaysian mills and five of its 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$733.8 million in 2011, a 15% increase from 2010. Pretax profit included a revaluation gain from biological assets of US$262.7 million. The revaluation was made to better reflect the current market value of palm plantations and an increase in the Group's mature hectarage. Excluding this gain, pretax profit was US$471.2 million, a 22% growth from pretax profit in 2010. This was mainly because of higher production and CPO prices realised. Unit production costs for 2011 were higher due to increased labour, fertiliser, fuel and repairs and maintenance costs.

Lending a Hand to Smallholders:
Smallholders, as defined by the RSPO, are farmers growing oil palm, sometimes along with subsistence production of other crops, where the family provides the majority of labour and the farm the principle source of income. Wilmar is an active supporter of smallholder programmes in Indonesia, Malaysia and West Africa.

In Indonesia, the Group manages some 38,021ha under the government-initiated Plasma Scheme which includes helping smallholders in micro-financing, land-clearing, planting, and imparting good agricultural practices. In the early years of plantation development before the oil palm trees reach maturity, the livelihoods of smallholders are supported through employment with Wilmar. They typically work as labourers on the estates while at the same time learning the agronomy of oil palm cultivation. Once developed, the plantation will be handed over to the smallholder for self-management.

Smallholders are a key stakeholder of Wilmar's operations – particularly in Indonesia where they account for more than 40% of the country's total palm oil production.

Smallholders are an integral part of Wilmar's supply chain and as part of its commitment to help them achieve RSPO certification, the Group provides training on plantation management practices and financial arrangement.

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. The Group will increase its planted area through new plantings and acquisitions. Indonesia will be largely responsible for supply growth through higher mature hectarage and yield improvement. The Group is also optimistic about the longer-term prospects for Africa because of its availability of land and labour as well as suitable climate. Wilmar will continue to explore opportunities to expand its hectarage mainly in Indonesia and Africa.

OPERATIONS REVIEW

Sugar

Wilmar expanded into the sugar business in 2010 through the acquisition of Sucrogen Limited, one of the world's largest raw sugar producers, and PT Jawamanis Rafinasi, a leading sugar refiner in Indonesia. In 2011, the Group further expanded its sugar presence in both Indonesia and Australia. In July, it acquired Duta Sugar International, one of the eight licensed sugar refineries in Indonesia. In December, the Group (through Sucrogen) increased its raw sugar capacity by about 10% through the successful acquisition of Proserpine Mill, Australia's fifth largest sugar mill.

The Group's sugar business involves the milling of sugarcane to produce raw sugar and the refining of raw sugar to produce food-grade products. In addition, the Group produces ethanol as a well as fertiliser, using by-products from its milling operations. The Group's mills in Australia also generate their own electricity by burning sugarcane fibre (bagasse). Excess electricity not required in the milling operations is sold into the local electricity grid.

The refining of sugar produces food-grade products such as white sugar, brown sugar, caster sugar and syrups. The Group's sugar refining business supplies a broad range of industrial and consumer markets and its products are distributed in both bulk and packaged forms.

In Australia and New Zealand, the Group's refined sugar products represent over 60% of volume sales across the retail, food service and food and beverage ingredients markets. The business also exports to many Asia Pacific and European markets. The Group owns the leading brands in the Australian and New Zealand sugar and sweetener markets, CSR and Chelsea, respectively. The sugar refining business in Australia and New Zealand is a joint venture with Mackay Sugar who has a 25% stake.

In Indonesia, both refineries are licensed to import raw sugar and supply refined sugar to the food and beverage manufacturing industry. The Group has a market share of more than 20% in Indonesia.

As at 31 December 2011, the Group has sugar mills and refining plants in the following countries:

	Milling	Refining
Australia	8	2
New Zealand	–	1
Indonesia	–	2
Total no. of mills / plants	**8**	**5**
Total annual capacity *(million MT)*	**17**	**2**

INDUSTRY TREND

In 2011, adverse weather conditions, a number of crop surprises coupled with an unpredictable macro-economic environment resulted in an uncertain and volatile sugar market throughout the year.

Sugar prices reached a record of around 36 cents/pound in February on the back of a tight world market exacerbated by cyclone Yasi hitting Australia. Prices started to decline following the earthquake in Japan, riots in North Africa and an unexpected record crop in Thailand, resulting in prices hitting a low of 20 cents/pound in early May. A lower than expected crop in Brazil resulted in an up-trend around July but prices ultimately ended the year lower at around 23 cents/pound due to record crops in Europe and Russia, as well as the uncertainty caused by the European debt crisis.

OUR PERFORMANCE

For FY2011, this new Sugar segment reported a pretax profit of US$141.3 million. Excluding non-operating items, pretax profit was US$94.2 million.

Milling

In 2011, the volume of cane crushed was 13.5 million MT while commercial cane sugar content was 13%. The Milling business reported revenue of US$1.16 billion and volume of approximately

Protecting the Environment with Renewable Energy:
At Sucrogen's eight sugar mills, sugarcane is not just used to produce raw sugar. It also powers the factories with renewable energy. Steam is generated from burning bagasse – the fibrous material leftover from crushed sugarcane. The energy in the generated steam is either converted into electricity using large turbines or used as heat in the factories. Surplus electricity not required by the mills is exported into Queenland's power grid. This is known as cogeneration.

Sucrogen's Pioneer Mill, in the Burdekin region, has one of Australia's largest cogeneration plants operating on bagasse. Completed in July 2005, the plant is capable of generating 68 megawatts (MW) of power. Pioneer Mill houses specially designed storage pads to accommodate excess bagasse from Sucrogen's three other Burdekin mills, thereby enabling it to continue to operate after each year's cane crushing season is finalised.

Sucrogen is Australia's largest producer of renewable energy from biomass. Its eight mills have a total cogeneration capacity of 197 MW, with a surplus of 123 MW exported into the Queensland power grid. More than 550 GWh of green energy is produced annually – enough to meet the power needs of about 30,000 households each year.

In addition to producing renewable electricity, Sucrogen also produces renewable fuel (ethanol) from a milling by-product – molasses. These two activities allow Sucrogen to fully balance the direct carbon emissions from its raw sugar production activities, ensuring a sustainable operating model for the future.

2.7 million MT. Sales volume included 1.8 million MT of raw sugar, with the balance from molasses, liquid fertiliser and ethanol. Pretax profit was US$85.7 million for the year. Excluding non-operating items*, pretax profit was US$48.5 million. Pretax profit was affected by the receipt of poorer quality stand over cane from the previous season with high impurity levels and low cane extraction rate, as well as wet weather downtime in certain regions.

Merchandising and Processing

The Merchandising and Processing business reported a revenue of US$2.04 billion and sales volume of 2.5 million MT. Pretax profit was US$55.5 million for the year. Excluding non-operating items*, pretax profit was US$45.7 million. The business benefited from favourable margins in the first nine months of the year.

** Non-operating items included an accounting profit relating to pre-acquisition hedging reserves, a foreign exchange gain arising from US$ intercompany loans and interest expense on borrowings directly attributable to the funding of the Sucrogen acquisition.*

OUTLOOK AND STRATEGY

Asian and Middle Eastern countries are expected to account for around 50% of total world sugar imports given their economic growth and low per capita sugar consumption. In particular, Indonesia is expected to be one of the largest sugar importers in 2012, importing around two to three million MT of sugar.

The Group is well positioned to meet this potential growth in Asia and intends to grow its sugar operations through investment in research and development, asset renewal, new product development and expansion into key international markets. In pursuing this strategy, the Group intends to combine an experienced sugar management team, extensive business network and global market intelligence to identify growth opportunities through internal expansion as well as acquisitions and investments in key markets including Indonesia and other high potential Asian markets.

OPERATIONS REVIEW

Fertiliser

Shipping

FERTILISER

The bulk of the Group's fertiliser outputs is 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. It also engages in the trading and distribution of potash, phosphate, and nitrogen fertilisers as well as secondary nutrients and trace element products. Wilmar has been able to maintain substantial market shares of both potash and NPK in Indonesia, particularly in the oil palm sector. Customers of the fertiliser products are also the Group's suppliers of FFB, CPO and palm kernel, enabling it to tap this captive market and minimise credit risk. Indonesian oil palm plantations have been expanding in the past decade, resulting in increasing demand for fertilisers and providing the Group with opportunities to continuously expand its fertiliser business unit. An additional line with capacity of 200,000 MT annually will come on stream by the middle of 2012 in Gresik, Surabaya. This will bring the Group's total NPK production capacity to one million MT annually.

Revenue from the Group's fertiliser unit was higher in 2011 due to higher sales volume and average selling prices. Higher sales volume was driven by the full-year benefit of the Group's new plant in Gresik, stronger demand from oil palm plantations, and better fertilisation programmes to increase yields. The prices of all three major nutrients were trending up and ended 2011 at higher levels compared to the beginning of the year, reflecting the healthy demand for fertiliser worldwide in view of favourable commodities prices. Notwithstanding better sales numbers, the overall profitability of the fertiliser unit declined in 2011 as a result of higher cost of sales and market competition.

The Group believes the long-term agricultural prospects in Indonesia remain positive, supported by continual growth in oil palm acreage. Complementing the existing fertiliser business, the Group has also focused on the agrochemical market, especially in glyphosate herbicide.

SHIPPING

As part of the Group's integrated business model, it owns a fleet of vessels which caters primarily to in-house needs. The fleet improves the flexibility and efficiency of its logistics operations. About 30% of the Group's liquid bulk shipping requirement is met by internal vessels. Its subsidiary, Raffles Shipping Corporation Pte Ltd, manages the shipping operations.

Volumes for vegetable oils and oilseeds increased in 2011. In addition, freight rates for vegetable oils increased. These factors resulted in higher operating profitability in 2011 for the shipping unit. As at 31 December 2011, the Group owned a total of 25 liquid bulk vessels with a combined tonnage of 828,000 deadweight tonnes.

The Group currently has outstanding orders for 12 Kamsarmax bulk carriers with tonnage of about 82,000 deadweight tonnes each. Two vessels are expected to be delivered around end-March 2012. In addition, the Group has also placed orders for four handy-sized bulk carriers with tonnage of 36,000 deadweight tonnes each.

As the volume of edible oils, agri-products and fertilisers merchandised by the Group increases, it will continue to expand its shipping fleet and reduce shipping costs by acquiring larger and more cost effective vessels.

Research & Development

The Group conducts research and development (R&D) activities in China and Indonesia with the key objectives of improving the quality and range of products and enhancing overall operational efficiency. The Group plans to invest more than US$120 million in R&D over the next five years.

The Global R&D Centre based in Shanghai has at present 200 employees of which 24 hold doctorate degrees. The number of employees is expected to increase to 300 in about three years. R&D activities undertaken in China are focused mainly on edible oils, specialty fats, food technology, oleochemicals, flavour chemistry, food ingredients and cereal processing.

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

Besides supporting the Group's business and brands, the R&D efforts continue to focus on providing sustainable solutions to optimise resources, reduce energy consumption and minimise environmental impact. One such example is the rice milling operations in China where paddy husks, a major by-product of the rice milling process, are used to generate electricity and thereby mitigating carbon footprint. Similar developments have also been made on oil and sugar processing operations.

Looking forward, the Group's R&D activities will expand to include development of chemical processes and products that can eliminate the use or generation of hazardous substances.

OPERATIONS REVIEW

Awards

CORPORATE AWARDS

- Fortune Global 500, ranked 317th
- World's Most Admired Company, ranked 3rd in Food Production Industry, by Fortune Magazine
- Global Chinese 1000 Award for Singapore by Yazhou Zhoukan Magazine
- Best Foreign Business in China by CCTV-2 and Roland Berger Strategy Consultants
- Most Transparent Company Award for Services, Utilities & Agriculture category by Securities Investors Association (Singapore)
- Internal Audit Excellence Award (Merit) by Securities Investors Association (Singapore)
- Singapore 1000 – Net Profit Excellence Award (Wholesale) by DP Info, supported by ACRA, IE Singapore, SPRING, IDA and Singapore Business Federation
- Singapore International 100 – Overseas Sales/Turnover Excellence Award (First place ranking) by DP Info, supported by ACRA, IE Singapore, SPRING, IDA and Singapore Business Federation
- Singapore International 100 – Overseas Sales/Turnover Excellence By Markets Award (China, India, North Asia, Southeast Asia) by DP Info, supported by ACRA, IE Singapore, SPRING, IDA and Singapore Business Federation

SUSTAINABILITY AWARDS

PT Multimas Nabati Asahan and PT Murini Samsam (Indonesia):
CSR Best Practice (Silver) for Wilmar Education Partnership Programme in conjunction with Indonesia's Millennium Development Goals by the Ministry of Social Welfare

Cai Lan Oils & Fats Industries Company Ltd (Vietnam):
"For a Humane Community" Award by the Central Committee of Vietnam Fatherland Front in honour of organisations which have contributed actively to "For the Poor" fund of the Central Committee of Vietnam Fatherland Front

"Noble Heart" Award by Ministry of Labour, Invalids and Society, and Labour and Society Magazine in collaboration with Vietnam Investment Cooperation JSC and Vietnam Television Station. It recognises the company's contribution to the sustainable development of community

Sucrogen Sweeteners (Australia):
Finalist in the New Zealand Sustainable 60 Awards

Finalist in the New Zealand Workplace Health & Safety Awards – 'Best initiative to encourage engagement in health & safety'

CHINA GROUP OPERATIONS

Subsidiary	Award	Issuer
Yihai Kerry Investments Co., Ltd.	2011 Shanghai Enterprise Top 100 (Ranked 10th)	Shanghai Enterprise Confederation and Shanghai Enterprise Directors Association
Yihai (Shi Jiazhuang) Oils & Grains Industries Co., Ltd	National Assured Oils & Grains Model Processing Enterprise	China National Association of Grain Sector
Yihai Kerry (Jilin) Oils, Grains & Foodstuffs Industries Co., Ltd	Model Oils & Grains Processing Enterprise	Jilin Province Association of Grain Sector
Kerry Oils & Grains (Tianjin) Ltd	China Foodstuff Industry Advanced Enterprise for Good Implementation of Performance Excellence Model	China Food Industry Association
Qinhuangdao Goldensea Foodstuff Industries Co., Ltd	Trustworthy Enterprises in Hebei Province	Hebei Province Enterprise Directors Association
Shenzhen Southseas Grains Industries Ltd	Trustworthy Model Enterprises in Guangdong Province	Guangdong Province Enterprise Confederation and Guangdong Province Enterprise Directors Association
Yihai (Guangzhou) Oils & Grains Industries Co., Ltd	2011 Guangdong Enterprise Top 100	Guangdong Province Enterprise Confederation and Guangdong Province Enterprise Directors Association
Yihai (Jiamusi) Oils & Grains Industries Co., Ltd	Key Leading Enterprise in Heilongjiang Province	Heilongjiang Province Agricultural Commission
Yihai (Zhoukou) Oils & Grains Industries Co., Ltd.	2011 Henan Foodstuff Enterprise Top 50	Industry and Information Technology Department of Henan Province

VIETNAM OPERATIONS

Top 10 Viet Trademark – Science and Technology Application by Vietnam Union of Science and Technology Associations (VUSTA)
Vietnamese Golden Enterprise by Vietnam Association of Small and Medium Enterprises (VINASME)

Golden Dragon Award by Vietnam Economic Times

MERCHANDISING & PROCESSING

PALM & LAURICS

Ghana Specialty Fats Industries Ltd was conferred the National Award for Export Achievement, Gold Award for Shea (Karite) Oil by Ghana Export Promotion Authority

SUGAR

Sucrogen Cane Products was conferred the Large Employer of the Year Award by TecNQ Excellence Awards

Sucrogen BioEthanol was awarded the Fertiliser Industry Federation of Australia's (FIFA) Eucalyptus Award

PLANTATIONS & PALM OIL MILLS

The following received certification from the Roundtable on Sustainable Palm Oil (RSPO).

INDONESIA:

PT Kencana Sawit Indonesia (1 mill and 3 estates)
PT Kerry Sawit Indonesia (1 mill and 3 estates)
PT Tania Selatan (1 mill and 3 estates)

MALAYSIA:

Sri Kamusan Sdn Bhd (1 mill and 6 estates)

CONSUMER PRODUCTS

INDONESIA:

Brand	Award
Sania	• Superbrand 2011 – 2012 • Digital Marketing Award (Great Performing Brand in Social Media) • Marketing Award (Best Innovation in Marketing)
Sania Royale	• REBI (Rekor Bisnis) Award (Breakthrough Innovation) • Product of the Year

VIETNAM:

Brand	Award
Neptune	• "Trust and Use" Certificate by Vietnam Economic Times, VnEconomy and Ministry of Industry and Trade • Vietnamese High Quality Good Award by Saigon Tiep Thi newspaper • Top 20 Competitive Brands – Renowned Brands of Vietnam by National Office of Intellectual Property of Vietnam and Hanoi Television Station
Neptune, Simply and Meizan	• Vietnam's Trusted Products and Services by Vietnam Association of Small and Medium Enterprises, Vietnam Chamber of Commerce and Industry, Communist Party of Vietnam Online Newspaper and Dong Nam Communication JSC • Top 500 Leading Products and Services by National Committee on international economic cooperation, Vietnam Association of Small and Medium Enterprises and Vietnam National Communication Group

BANGLADESH:

Brand	Award
Rupchanda	• Best Brand in edible oil category and ranked 12th amongst all brands

Corporate Citizenship

Sustainable Development

Wilmar's pledge to the United Nations Global Compact is a reflection of its commitment to conducting business in a responsible manner. The Group's sustainability initiatives comprise environmental management, community development and philanthropic efforts.

520,000 tonnes

Approximate combined supply of certified sustainable palm oil from mills in Malaysia and Indonesia

CORPORATE SOCIAL RESPONSIBILITY

2011 has been a rewarding and eventful year for Wilmar in the arena of sustainability. The Group has achieved considerable milestones with meaningful and strategic collaborations on the environmental conservation front, as well as new international sustainability benchmarks which it views as a step-up to its sustainability commitment. In some other areas however, its performance fell short of expectations for which it endeavours to provide a transparent report.

INTERNATIONAL SUSTAINABILITY BENCHMARKS

RSPO Certification

All of the Group's mills and estates in Malaysia have successfully attained the Roundtable on Sustainable Palm Oil (RSPO) Certification. In Indonesia, five of the Group's mills have been certified to date, with another one having completed its audit and is awaiting certification approval. In total, Wilmar currently has an estimated production of about 520,000 tonnes of certified sustainable palm oil per annum.

ISCC Certification

In addition to the RSPO certification, Wilmar is also diligently pursuing the International Sustainability and Carbon Certification (ISCC) which is developed for the certification of biomass and bioenergy with specific sustainability components across the entire biofuel supply chain. These components include:

- Reduction of greenhouse gas emissions
- Sustainable use of land
- Protection of natural biospheres
- Social sustainability

Some of Wilmar's refineries, mills and plantations are now certified against the ISCC standards. The achievement of ISCC certification signifies that the Group's products are in compliance with the strict sustainability criteria set by the European Union's Renewable Energy Directive.

CONSERVATION INITIATIVES

Biodiversity and Agricultural Commodities Programme (BACP)

Under the matched funding initiative of the BACP initiated by the International Finance Corporation, the two-year Zoological Society of London-Wilmar project was completed in 2011. This project aimed to produce tools to assist oil palm growers to comply with the RSPO Biodiversity Principles and Criteria (BP&C). As a result, a biodiversity and management toolkit was created to guide plantations in implementing the RSPO BP&C. The findings of the project were also shared with plantation companies in Indonesia through workshops and a symposium in London attended by a spectrum of sector representatives including industry players and non-government organisations.

Encouraged by the project's success, Wilmar signed a further one-year project extension with the Zoological Society of London that will focus on developing tools to assist growers on the monitoring of their High Conservation Value (HCV) areas as this is an aspect where very little guidance is currently provided to oil palm growers. This new project will also see the novel development of a comprehensive database system.

Orang Utan and Nature Conservation Education Programme

In February, Wilmar held a week-long joint education programme on the conservation of orang utans and nature with YAYORIN, an



Indonesian conservation NGO, and BKSDA, the Natural Resources and Conservational Agency of Indonesia's Forestry Department. Conducted in local language, the interactive workshop engaged participants using different media forms including presentations, films, educational games, discussions and printed materials such as t-shirts, posters and calendars. About 950 plantation managers, staff and workers from seven companies completed the course.

Development of Best Management Practices

In June, Wilmar signed a tripartite Memorandum of Understanding (MoU) with the Borneo Orangutan Survival Foundation (BOSF) and the Governor of Central Kalimantan, Indonesia, on the conservation of orang utans and their habitat in alignment with the Indonesian government's vision to become a "Clean and Green Province". The aim of this project is to develop Best Management Practices (BMP) guidelines for the conservation of orang utans in oil palm plantations which can be applied at a large landscape level with adjacent oil palm plantations. Activities under the BMP will include the protection of orang utans and the enrichment of their habitat, translocation of any isolated orang utans, research, training and education, resolution of human-orang utan conflicts and community development activities.

Support for the Orangutan Foundation International

As part of its ongoing orang utan conservation efforts, Wilmar is currently sponsoring two orang utans in the Orangutan Foundation International's (OFI) Orangutan Care Centre and Quarantine (OCCQ) facility in Pangkalan Bun, Central Kalimantan. A joint programme of the OFI and the Indonesian Forestry Department, the facility was established to provide medical care for confiscated, sick or injured orang utans and prepare ex-captive orang utans for release into the wild.

CORPORATE PHILANTHROPY

Wilmar's philanthropic efforts stem from its belief in sharing its success with the less fortunate. In China, the Group continues to invest in a strong corporate philanthropy programme. To date, Wilmar has contributed a total of US$13 million in various community development initiatives.

Children's Education and Welfare

At as the end of 2011, a total of 25 primary and secondary schools have been set up in rural areas across China, of which 19 are completed and operational while the remaining six are under construction. The setting up of these schools is estimated to have improved educational facilities for more than 12,000 rural students. To further empower learning, Wilmar also donated more than 500 computers to schools in China's Gansu province.

Promoting children's social welfare is a focus that Wilmar continues to support actively. In June, Wilmar funded the building of a rehabilitation playroom for children with special needs in an orphanage in Qingdao, China. In October, the Lianyungang Yihai Orphanage held a groundbreaking ceremony. When completed, it will provide orphans a conducive environment for growing up and studying.

Healthcare for the Needy

To date, the Group has funded over 14,000 life-changing cataract operations for the elderly and donated 2,500 much-needed wheelchairs to the disabled. Since July, the Group started to fund over 20 successful prosthetic operations for patients who could not afford the medical procedure. During the year, Wilmar also completed the expansion of its nursing homes for the aged.

CORPORATE SOCIAL RESPONSIBILITY

Wilmar reinforces its advocacy of education through its China subsidiary. The Yihai Kerry Scholarship Programme will benefit about 200 students each year from 2011 to 2014 from five leading universities in China.

As part of Wilmar's ongoing partnership with SMU, undergraduate students conduct summer teaching programmes where critical values of leadership, teamwork and confidence are imparted to the young students of Yihai Kerry schools.

Nurturing Promising Young Minds

Recognising that education is the key to an evergreen human talent pool, Wilmar, through its subsidiary in China, established the Yihai Kerry Scholarship in collaboration with five of the country's leading universities – Peking University, Shanghai Jiao Tong University, Tianjin University, East China University of Science and Technology, and China Agricultural University. Commenced in 2011, the scholarship programme will continue till 2014, with about 200 outstanding students benefiting from it each year.

Back home in Singapore, Wilmar continues to advocate the value of higher education through supporting several tertiary institutions.

In May, the first cohort of six students at the Nanyang Business School of Nanyang Technological University underwent a 10-week internship in various Wilmar locations in Africa, Eastern Europe and Central Asia. These were fully funded by the KKH Opportunity Scholarship Fund founded by the Group's Chairman and Chief Executive Officer, Mr Kuok Khoon Hong.

Over at the newly-founded Singapore Institute of Technology, the Group has established a scholarship fund for deserving undergraduates. The Group also funded and will continue to support the Lee Kuan Yew Global Business Plan Competition at the Singapore Management University (SMU). Furthermore, Wilmar continues its partnership with SMU whereby its students conduct summer teaching programmes at the Group's primary and secondary schools across China.

The Group's contribution to higher education in Singapore and beyond amounted to over US$4 million in 2011.

Reaching Out to the Community

Wilmar continually supports the good work of various Singapore-based charity organisations and voluntary welfare organisations including the Singapore Children's Society, Community Chest and Lion's Club, amongst others. It also supports corporate initiatives such as the Singapore Exchange (SGX) Bull Run.

CHALLENGES

Despite its best efforts at responsible business, the Group has encountered challenges arising from operating in a complex business environment.

In August, some civil society organisations raised concerns about the issue of overlapping land rights at one of Wilmar's plantation subsidiaries in Jambi, Indonesia. Wilmar recognises and understands their perspectives on the welfare of the local communities, but is disappointed that their reports did not reflect the reality and complexity of operating in Indonesia.

The Group has land dispute resolution policies, systems and mechanisms in place and complies with relevant laws and regulations in the countries which it operates. It is firmly committed to resolving the disputes in a peaceable and fair manner. For this case, the Group has enlisted the Compliance Advisor Ombudsman of the World Bank to assist in the mediation and the process is currently ongoing.

For a better understanding of the case and the operating landscape in Indonesia, please refer to Wilmar's Sustainability Report 2011 which will be available in June 2012 at www.wilmar-international.com.

Key Performance Indicators

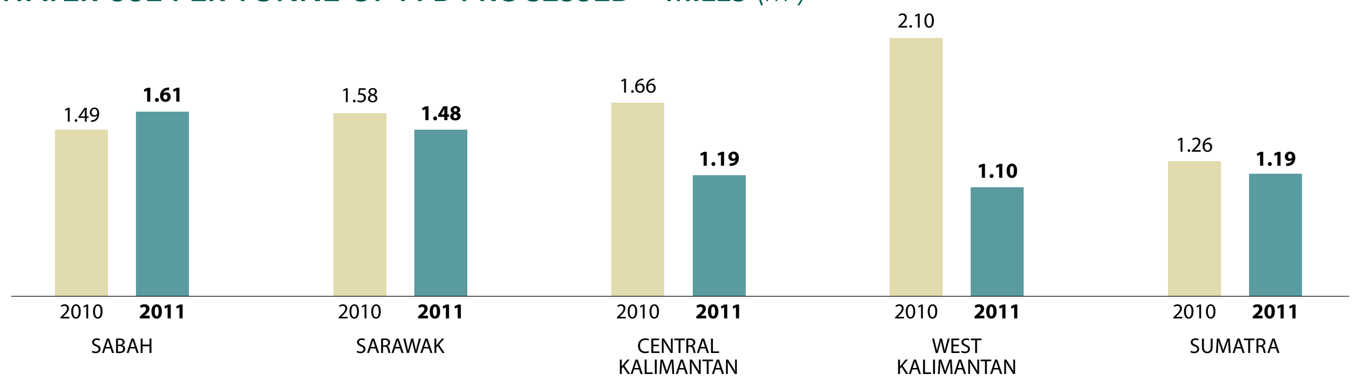
ENVIRONMENT

Paraquat Usage

Wilmar has, in 2011, fulfilled its commitment to completely phase out the use of paraquat, which is one of the most controversial herbicides typically used for weed control in oil palm.

Water Usage

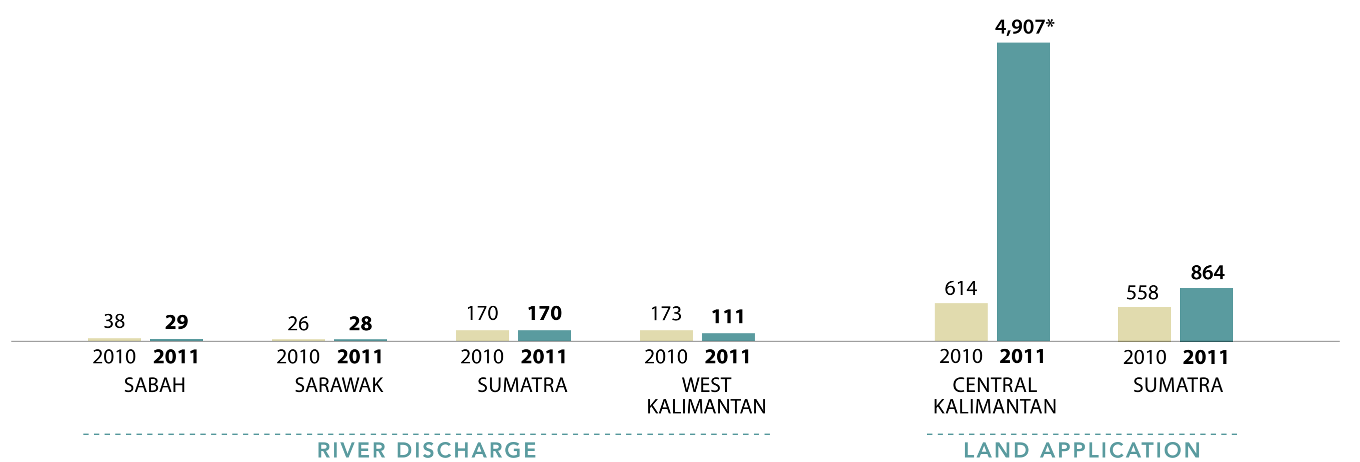
WATER USE PER TONNE OF FFB PROCESSED – MILLS *(m^3)*



Biological Oxygen Demand (BOD) Levels

BOD is the amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

BIOLOGICAL OXYGEN DEMAND (BOD) LEVELS BY REGION AND DISCHARGE DESTINATION *(mg/l)*



Notes:

* *The surge in BOD level in Central Kalimantan was due to a new mill whose effluent pond was not running well. While it is within the legal limit of 5,000mg/l for land application in Indonesia, necessary corrective measures will be implemented and improvement targets set.*

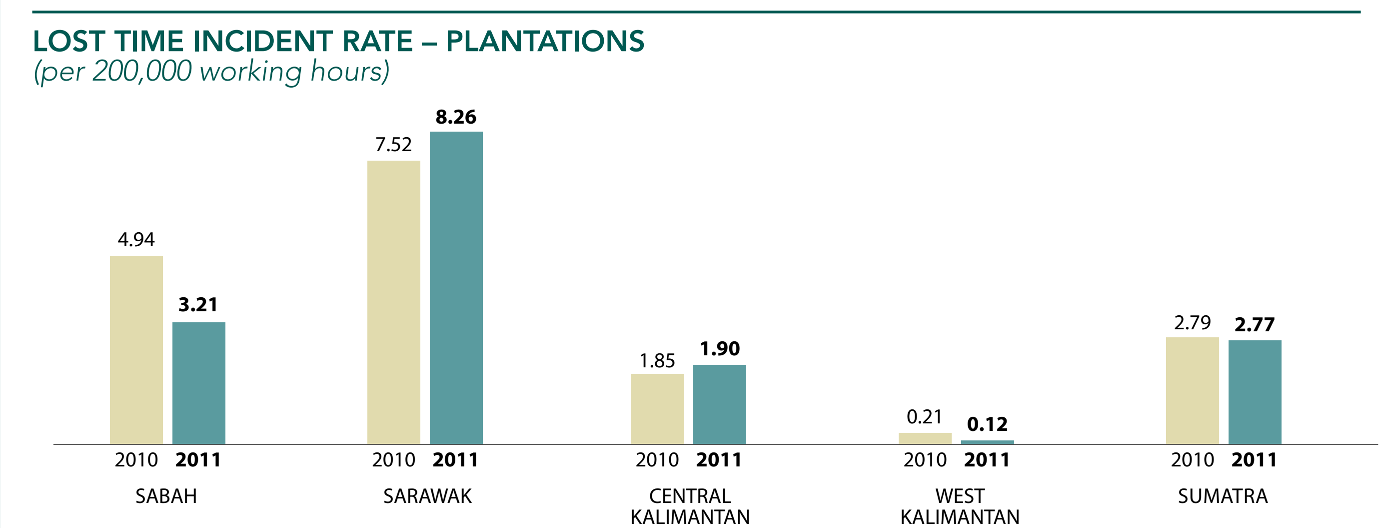
- *There is no river discharge from the mills at Central Kalimantan as their effluent is sent directly to the plantations for land application.*
- *There is no land application activity in West Kalimantan.*

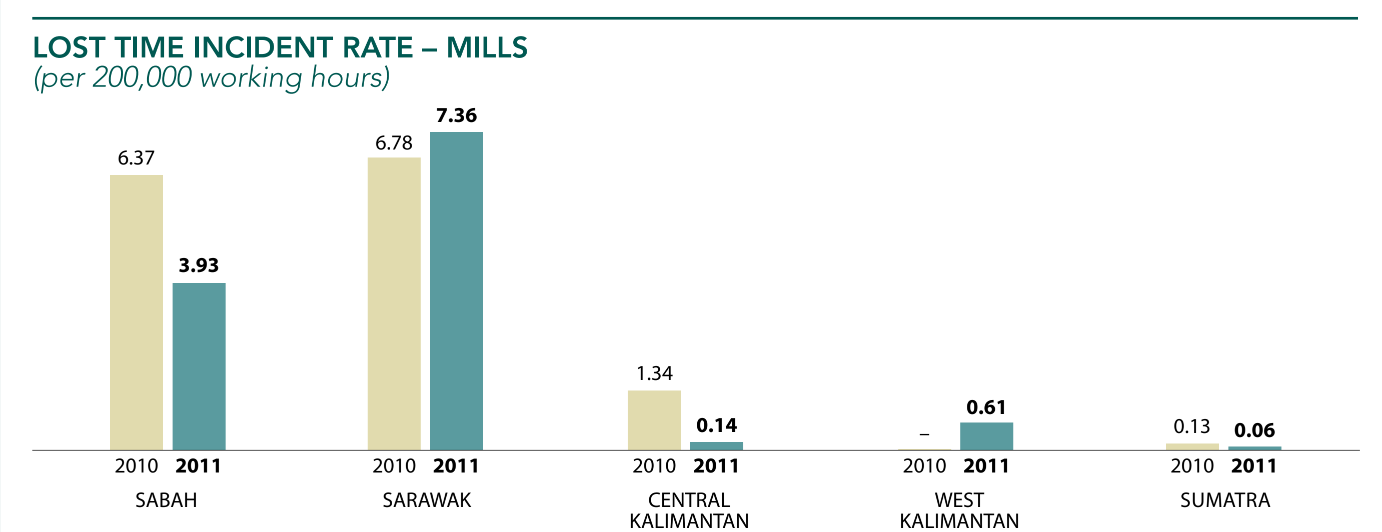
CORPORATE SOCIAL RESPONSIBILITY

HEALTH & SAFETY

Lost Time Incident Rate

To reduce the lost time incident rate, the Group will be intensifying its efforts in health and safety awareness and training programmes.





Note:
Data for West Kalimantan is not available for 2010.

Fatalities

Every unfortunate fatality is followed up with a thorough review of cause and actions to prevent recurrence. The reviews are followed by continued efforts in training and protective equipment use to minimise, if not eliminate, risks.

Note:

* *Restated from 10 to 8 due to a different definition adopted by the Indonesian operations.*

Enduring Values

Sound Governance

Wilmar's growth is engined by a multinational team dedicated to excellence. With the values of integrity and transparency ingrained in its leadership, the Group strives to formulate sound business strategies and policies that will put it on a continual growth path.

Over 90,000

Global staff strength of diverse talent and culture

HUMAN CAPITAL MANAGEMENT

The Group's business success is backed by a workforce of over 90,000 people globally. In 2011, the focus of its human resource strategy was the strengthening of corporate culture, people development and nurturing talent to meet future manpower needs.

REINFORCING A CULTURE FOR SUCCESS

In line with its belief in an engaged employee being an effective employee, Wilmar strives to build a strong and cohesive culture founded on the core values of integrity, excellence and teamwork. It recognises that a conducive work environment can foster innovation, productivity and a sense of ownership among employees.

A holistic programme that encourages teamwork, inter-departmental interaction and work-life balance is implemented through a plethora of staff events such as the annual Family & Recreational Day, annual Dinner & Dance, Football Tournament and weekly sports and fitness activities. These serve to improve solidarity among participants and cultivate a spirit of "Company is Family, Colleagues are Siblings".

COMPANY AND EMPLOYEES GROWING TOGETHER

As Wilmar grows, the scope and diversity of its businesses offer employees tremendous career development and progression opportunities. In addition to educational programmes and on-the-job training, staff have the opportunity to be stationed at overseas locations to gain exposure in different markets and trades.

At some overseas locations, training is made more convenient through a comprehensive e-learning platform comprising more than 360 e-courses on management skills, personal qualities and professionalism. Furthermore, a customised Learning Management System has been developed to deliver a robust and engaging learning management solution as part of the wider workforce development plan to drive performance and support career development through skill-upgrading of the workforce.

AN EMPLOYER OF CHOICE

Injecting new and young blood is one way of keeping the workforce rejuvenated. The Group continued to harvest talent through scholarships and executive programmes with universities. The partnerships with several top universities both locally and globally have allowed the Group to green harvest talent. At the same time, the Group has participated innovatively at recruitment fairs such as conducting on-site food-tasting of soy milk and rice noodles to evoke interest in its products. Wilmar has also actively organised and participated in many social activities to reinforce its corporate positioning as a leading company not only in business performance but also an employer of choice for young talent. To further identify emerging talents and develop potential across the businesses, a Talent Management Framework has been put in place and the development of this framework will continue into 2012.

During the year, the Frontline Leadership Programme and Senior Leadership Development Programme were organised to build the capabilities of people in frontline leadership roles as well as to focus on building business acumen, stakeholder management, employee engagement, strategic planning and cross-cultural awareness in senior leaders. Wilmar's commitment to people development is reaffirmed through the maxim "We belong to Wilmar" which aims to deepen employees' ties with the Company and provide an assurance that they have a career with the Company.


A Pleasant Home for Staff:
As an employer who cares for the wellbeing of its employees, Wilmar aims to provide a pleasant living environment for staff in oil palm plantations and mills operations – be they permanent operational staff, management executives or temporary labourers. Workers are typically housed in brick buildings with indoor plumbing and electricity. Staff live together with their families while single workers are usually housed in gender-separated units with four workers to one house. Facilities such as community halls, places of worship and schools are also built. Wilmar aims to adhere to a similar standard for new developments, including temporary housing.

Equal Opportunities for Women:
Wilmar believes that a diverse workforce brings about a more harmonious working environment and community. Despite being a traditionally male-dominated business, the Group recognises that women constitute a growing population of the world's workforce and makes a conscious effort to provide opportunities for women to advance in a non-threatening environment. Whether on the ground or at a corporate level, female employees are treated no different from their male counterparts. They are ensured equal access to opportunities for occupational development and are assessed based on the merit of their performance.

Wilmar remains committed to developing human talent while nurturing future capability to lead the Group on a sustainable path of growth.

NURTURING TALENT FOR SUSTAINABILITY

Manpower capability will continue to be a vital factor in Wilmar's steady expansion. The Group's extensive talent acquisition plans and Talent Management Framework will enable it to fulfil its manpower needs to support the business.

Wilmar will continue to review regularly its human resource policies, including a comprehensive and competitive compensation and benefits scheme, to ensure their effectiveness in retaining talent as well as motivating staff towards higher standards of performance, dedication and commitment.

INFORMATION TECHNOLOGY

Wilmar Consultancy Services (WCS) is the Business Information Technology (IT) services arm of the Group. WCS positions itself as a global business solutions company providing services in three main service categories – IT Products and Solutions, Outsourcing, and Human Capital Services. WCS offers innovative business solutions to help companies optimise business performance through consistent service levels, lower total cost of ownership and higher productivity.

BUSINESS EXPANSION AND GROWTH

In recent years, China has emerged a global outsourcing leader and its strong domestic market offers unprecedented business opportunities for overseas companies. Furthermore, the rapid development of China's economy has created strong demands for Research & Development (R&D) design, network maintenance, business consultation, financial management, talent cultivation and maintenance support.

Riding the IT wave in China, WCS was on a solid growth trajectory in 2011. In July, WCS signed a Memorandum of Understanding with Wuxi National Hi-Tech Development Park which led to the setting up of an Outsourcing Center in November. The Center offers a range of services including IT staffing, training, offshore software development and business process outsourcing. In September, WCS expanded its presence in Shenzhen with the establishment of a Development Centre offering IT Infrastructure, E-Logistic, Supply Chain Management services and solutions.

ACTIVE INDUSTRY ENGAGEMENT

During the year, WCS participated actively in key industry events. At some of these events, WCS also presented insights and exchanged perspectives with other industry players. Such engagement with the industry has helped WCS to stay abreast of the latest happenings and trends in the fast changing world of IT. At the same time, WCS has successfully leveraged on such platforms to demonstrate its domain expertise, heighten awareness of its services and develop potential business opportunities.

In 2011, some of the industry events which WCS has participated in include:

- China International Service Outsourcing Cooperation Conference, Nanjing, China
- China International Software and Information Service Fair, Dalian, China
- China Sourcing Summit, Hangzhou, China
- Human Resource Day, Singapore
- IBM Security Event, Singapore
- Metro China Exhibition, Beijing, China
- SAP Plantation Event, Jakarta, Indonesia
- SAP Sapphire Now & TechEd, Beijing, China
- SAP SME (Small and Medium Enterprises) Summit, Jakarta, Indonesia
- SAP World Tour, Singapore & Indonesia
- SAP–IBM Seminar for FMCG (Fast Moving Consumer Goods) Industry, Shanghai, China

The WCS Outsourcing Centre in Wuxi, China, opened its doors in November 2011, catering to IT needs such as staffing, training, offshore software development and business process outsourcing.

In July 2011, WCS and Wuxi National Hi-Tech Development Park signed a Memorandum of Understanding.

Through active participation in key industry events, WCS aims to heighten awareness of its services and develop potential business opportunities.

IMPROVING OPERATIONAL EFFICIENCY

With increasing competition and limited resources in today's global marketplace, WCS is well-positioned to leverage on technology to improve its operational efficiency.

WCS, in 2011, embarked on the development of the Project Portfolio Management (PPM) System with the objectives of automating its IT processes and aligning its technology infrastructure to the company's overall goals. With the PPM System, capabilities are expanded through eliminating time consuming manual processes. The PPM System is also designed to help executives with project prioritisation and timeline management. In addition, the PPM System makes available timely critical information to the WCS management team, thereby enabling them to execute strategic plans and maximise business returns.

The PPM System will be implemented within WCS in mid 2012 and subsequently across the Wilmar group.

TESTAMENTS OF OUTSTANDING PERFORMANCE

In 2011, WCS was rewarded with accolades from the industry for its achievements. These will motivate the team to further its commitment to excellence.

Promising New SAP Ecosystem Partner

This award recognises the vital role WCS played in the SAP ecosystem. WCS has collaborated closely with SAP to seek high-growth opportunities and shared SAP's passion for customer value and success.

SAP Outstanding Regional Rollout

This award commends WCS for successfully leveraging on SAP Business Management Solution to integrate and transform their processes throughout their various regional entities. WCS achieved breakthrough results that helped to accelerate innovation and improve return on investment within the regional entities.

Hitachi Data Systems Most Innovative Use of Technology

Innovation in technology is no longer about the newest technology, but applying inspiration and innovation to technology to change the way a company does business or to create new services. This award recognises WCS for its innovative application of storage solution in the region that made a difference to the company's business.

SUSTAINABLE GROWTH MODEL

WCS' business strategy is to achieve sustainability with its clients. Its growth model stems from operating from the heart of our clients' businesses, from the technical system implementation to strategic performance improvement. At the same time, WCS manages its operation with efficiency, in particular the hiring, training and deploying of resources around the world.

To learn more about WCS' services, please go to www.wcs-global.com.

RISK MANAGEMENT

OVERVIEW

A robust and dynamic risk management continues to play a critical role in the Group's business sustainability, and risk evaluation remains an integral part of its business strategy. Wilmar's risk management framework comprises processes and policies designed to identify, measure, monitor and manage the various types of risks the Group is exposed to. They are regularly assessed through reviews and enhanced to ensure their adequacy and relevance.

In 2011, despite the European sovereign debt crisis and volatile market conditions, Wilmar's proactive approach to managing risks has ensured coverage against its exposure. Strong communication and a culture of risk awareness and collaboration have enabled the Group to swiftly respond to changing market and other risk conditions.

COMMODITY PRICE RISK

Prices of agricultural commodities are affected by factors such as weather, government policies, global demographic changes and competition from substitution products, making them very volatile. In sourcing raw materials and selling manufactured outputs, the Group is exposed to price fluctuations in the commodities markets because the sale and purchase commitments do not typically match at the end of each business day. The Group seeks to manage such risks by carefully monitoring its commodity positions and using forward physical contracts and/or derivatives.

FOREIGN EXCHANGE RISK

The Group's reporting currency is U.S. Dollars (USD). The majority of the Group's exports from Indonesia and the bulk of its imports into China are denominated in USD, while the majority of the Group's expenses and sales elsewhere are denominated in the respective local currency. Foreign exchange risk arises from movements in foreign currency exchange rates.

Wilmar seeks to manage its foreign currency exposures by constructing natural hedges when it matches sales and purchases in any single currency, or through financial instruments such as foreign currency forward contracts. Such contracts offer protection against volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities arising in the normal course of business.

INTEREST RATE RISK

A substantial portion of the Group's borrowings are in the form of trade finance and short-term banking facilities. These are used to fund operations and are transaction-related. Interest expense arising from such financing may vary depending on the stock holding period assumed at the time of entering into the transaction versus the actual time taken to deliver the physical product and realise the proceeds of sale from the end-customer. Consequently, interest expense is dependent on the volume of transactions and the cash conversion cycle, and it is subsequently priced into the products. As such, short-term interest rate movements have minimal impact on the net contribution margin. To meet capital expenditures and working capital requirements, the Group also has term loans which are exposed to interest rate risk.

Interest rate risk arising from floating rate loans is managed through the use of interest rate derivatives with the primary objective of limiting the extent to which net interest exposure could be affected by adverse movements in interest rates.

CREDIT RISK

The majority of the Group's sales are export sales in bulk, for which letters of credit from customers or cash against the presentation of documents of title are required. For domestic sales in China, the Group may grant its more substantial customers credit terms while requiring cash on delivery or advance payment for others.

New customers' credit worthiness is evaluated by considering their financial standings and operating track records as well as conducting background checks through industrial contacts. In this regard, the Group benefits from the experience and local knowledge of its wide manufacturing base and distribution network. Actual credit terms and limits to be granted are decided based on the information obtained. As a practice, the Group will usually require a letter of credit for sales to new customers.

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

RISK GOVERNANCE

The Group's risk governance structure comprises 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, chaired by the Lead Independent Director, oversees the Executive Risk Committee, reviews the overall risk management guidelines/framework, reviews and recommends risk limits as well as assesses the adequacy and effectiveness of the risk management policies and systems.

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

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

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

The documented risk management policy clearly defines the procedures for monitoring, controlling and reporting risk in a timely and accurate manner. 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 determined after taking account of the Group's equity strength and profitability as well as its overall production capacity, price trends of raw materials, management's overall view of the market, track record of the management of risk exposure in the prior period and financial budgets including projected sales volumes and turnover.

CORPORATE GOVERNANCE

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 Board Committees.

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

- Evaluating 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;
- Overseeing the management of principal risks that may affect the Group's businesses and ensuring that suitable risk management systems are in place; and
- Reviewing Management's performance and ensuring the formulation of Group-wide policies and processes to promote high standards of business conduct by employees of the Group.

The Board conducts regular scheduled meetings on a quarterly basis and ad-hoc meetings are convened, 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 as 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 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 Management's delegated responsibilities in the following functions:

- Draw up the Group's annual budget and business plan for the Board's approval and ensure that the necessary financial resources are in place for the Company to meet its objectives;
- Evaluate new business opportunities and carrying through approved strategic business proposals;
- Propose acquisitions and disposals of investments, businesses and assets for approval by the Board or the Exco in accordance with the limits prescribed in the Exco's terms of reference;
- Implement appropriate systems of internal accounting and other controls;
- Adopt suitably competitive human resource practices and compensation policies and ensure that the necessary human resources needs are met;
- Ensure that the Group operates within the approved budgets and business direction; and
- Set Company's values and standards to ensure that obligations to shareholders are understood and met.

The Exco meets on an informal basis and all decisions are placed on record by way of 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 relevant 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 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 Teo Kim Yong and Mr Ho Kiam Kong, the Company's Chief Financial Officer, who was appointed an ERC member on 1 January 2012 to replace Mr Chua Phuay Hee who retired on 31 December 2011.

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 four members, namely Mr Kwah Thiam Hock (Chairman), Mr Kuok Khoon Ean, Mr Yeo Teng Yang and Mr Leong Horn Kee. Other than Mr Kuok Khoon Ean who is a Non-Executive Director, all RC members are Independent Directors. The RC meets at least once a year with the Chief Executive Officer ("CEO") 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 2011 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 (Note 1)	4/4	NM	NM	NM	NM
Teo Kim Yong	4/4	NM	NM	NM	NM
Lee Hock Kuan (Note 2)	1/4	NM	NM	NM	NM
Non-Executive Directors					
Kuok Khoon Chen	3/4	NM	NM	NM	NM
Kuok Khoon Ean	4/4	NM	NM	(Note 3)	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

Note 1 – Mr Chua Phuay Hee retired from the Company on 31 December 2011.
Note 2 – Mr Lee Hock Kuan retired from the Company on 31 March 2011.
Note 3 – Mr Kuok Khoon Ean was unable to attend the meeting due to a prior engagement.
NM – Refers to Board members who are non-committee members but who have been invited to attend these meetings (except for Remuneration Committee meetings where the CEO is the only non-committee member in attendance).

CORPORATE GOVERNANCE

As part of the Company's continuing efforts to update its Directors on changes to the regulatory environment, Directors are encouraged to attend relevant seminars and courses which are paid for by the Company. Regular updates on proposed and ongoing 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 Directors are provided with guidance notes setting out their duties and obligations.

PRINCIPLE 2
BOARD COMPOSITION AND GUIDANCE

The Board presently has 10 members comprising three Executive Directors and seven Non-Executive Directors. Out of the total of 10 Directors, four (representing more than one-third of the total 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 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 for the Board to effectively discharge 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 will determine the impact of the effectiveness of any proposed change on its current size.

PRINCIPLE 3
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and CEO, Mr Kuok Khoon Hong, provides leadership to the Group and is instrumental in transforming the organisation into one of Asia's largest agribusiness 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.

Appointments of new Directors are deliberated and approved by the Board 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 next AGM following their appointments and they will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation.

Messrs Kuok Khoon Hong, Leong Horn Kee and Tay Kah Chye, who are retiring by rotation in accordance with Article 99 of the Company's Articles of Association, and Mr Yeo Teng Yang, who is subject to annual re-appointment pursuant to section 153 of the Singapore Companies Act, 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. The objective of the annual evaluation is to identify areas for improvement to implement appropriate actions. In appraising the Board's effectiveness, the assessment is based on factors including the Board's understanding of the Group's business operations, development of strategic directions and the effectiveness of Board meetings to facilitate discussion and decision on critical and major corporate matters. The collated findings are reported and recommendations are submitted to the Board for review and further enhancement of the Board's effectiveness. Performance criteria such as key performance indicators of the Company as well as a benchmark index of its industry peers are reviewed on a quarterly basis, while the Company's share price performance vis-à-vis the Singapore Straits Times Index is reviewed from time to time.

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 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 ongoing basis. The Board has separate, independent and unrestricted access to Management of the Group at all times. Requests for information from the Board are dealt with promptly by 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 that the Company complies with all relevant rules and regulations.

PRINCIPLE 7
PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC is set up 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 option plans. The members review and recommend to the Board remuneration policies and packages for the Directors and key executives of the Group. Recommendations are then 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 advice from the Human Resource department and external advisors, whenever necessary. Industry practices and norms are taken into consideration to ensure that the remuneration packages remain competitive.

The RC is chaired by Mr Kwah Thiam Hock and its members are Mr Yeo Teng Yang, Mr Leong Horn Kee and Mr Kuok Khoon Ean. Mr Kuok Khoon Ean is a Non-Executive Director while the Chairman and the other members of the RC are Independent Directors.

CORPORATE GOVERNANCE

PRINCIPLE 8

LEVEL AND MIX OF REMUNERATION

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

Staff remuneration comprises a fixed and a variable component, the latter of which is in the form of bonus linked to the performance of the individual as well as the Company. In addition, short-term and long-term incentives, such as the Company's share option scheme, are in place to strengthen the pay-for-performance framework by rewarding and recognising the key executives' contributions to the growth of the Company.

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 ever-changing business environment, and to foster a sense of greater ownership amongst senior management and key executives.

Non-Executive Directors and Independent Directors of the Company do not receive any salary. They receive annual Directors' fees, which are subject to the approval of shareholders at the AGM. The structure of Directors' fees for the financial year ended 31 December 2011 is as follows.

Fee Structure

a. A single base fee of S$70,000 for serving as Non-Executive Director or Independent Director.

b. Additional fee of S$20,000 for serving as Lead Independent Director.

c. Additional fee for serving as Chairman/Member on the following Board committees:

Chairman's fee	(S$)
Audit Committee	20,000
Risk Management Committee	20,000
Remuneration Committee	10,000
Nominating Committee	10,000

Member's fee	(S$)
Audit Committee	5,000
Risk Management Committee	5,000
Remuneration Committee	5,000
Nominating Committee	5,000

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 2011.

PRINCIPLE 9
DISCLOSURE ON REMUNERATION

Name of Directors	Director's Fee	Salary	Benefits	Amortisation of Share Option Expenses*	Variable Bonus	Total	Remuneration Band
Executive Directors							
Kuok Khoon Hong	Nil	17%	2%	6%	75%	100%	S$4,000,000 to S$4,250,000
Martua Sitorus	Nil	18%	1%	5%	76%	100%	S$3,500,000 to S$3,750,000
Lee Hock Kuan**	Nil	5%	–	18%	77%	100%	S$3,250,000 to S$3,500,000
Teo Kim Yong	Nil	23%	1%	28%	48%	100%	S$2,000,000 to S$2,250,000
Chua Phuay Hee	Nil	25%	1%	30%	44%	100%	S$2,000,000 to S$2,250,000
Non-Executive Directors							
Kuok Khoon Ean	36%	–	–	64%	–	–	S$250,000 and below
John Daniel Rice	35%	–	–	65%	–	–	S$250,000 and below
Kuok Khoon Chen	46%	–	–	54%	–	–	S$200,000 and below
Independent Non-Executive Directors							
Yeo Teng Yang	42%	–	–	58%	–	100%	S$300,000 and below
Leong Horn Kee	38%	–	–	62%	–	100%	S$250,000 and below
Tay Kah Chye	42%	–	–	58%	–	100%	S$250,000 and below
Kwah Thiam Hock	42%	–	–	58%	–	100%	S$250,000 and below
Top 5 Key Executives							
Goh Ing Sing	Nil	25%	–	26%	49%	100%	S$1,250,000 to S$1,500,000
Matthew John Morgenroth	Nil	32%	5%	26%	37%	100%	S$1,250,000 to S$1,500,000
Yee Chek Toong	Nil	31%	1%	19%	49%	100%	S$1,250,000 to S$1,500,000
Rahul Kale	Nil	42%	–	14%	44%	100%	S$1,000,000 to S$1,250,000
Kenny Beh Hang Chwee	Nil	37%	–	22%	41%	100%	S$750,000 to S$1,000,000

* *The fair values of the options granted under the Wilmar Executives Share Option Scheme 2000 and Wilmar Executives Share Option Scheme 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 Lee Hock Kuan retired on 31 March 2011. His remuneration includes a gratuity for his 28 years of service with the Group.*

CORPORATE GOVERNANCE

PRINCIPLE 10
ACCOUNTABILITY OF THE BOARD AND MANAGEMENT

The Board is responsible to shareholders, the public and the regulatory authorities in providing a balanced and comprehensive assessment of the Company's performance and prospects. 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 Management 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 discharged 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 internal 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 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 Management and reasonable resources to discharge its duties properly. It has 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 Management on outstanding internal audit issues; and

- The reporting on Interested Person Transactions to ensure that established 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, a firm registered with the Accounting and Corporate Regulatory Authority, 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. Audit work is prioritised and scoped according to an assessment of the different risk exposures, including financial, operational and technology risk. Ad-hoc reviews are also conducted on areas of concern identified by Management and the AC.

The Internal Audit department, headed by Mr Patrick Tan, meets the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. The department 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 and the AC have reviewed the adequacy of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the review conducted, the Board and AC are of the opinion that in the absence of any evidence to the contrary, the systems of internal controls in place are adequate in meeting the current scope of the Group's business operations. 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 affecting the Group. The Company engages in communication with shareholders and the investment community through its Investor Relations and Corporate Communications departments.

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 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.

Shareholders and the public can access the Company's announcements, media releases, presentation materials used at briefings and other corporate information 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 employees 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.

CORPORATE GOVERNANCE

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 2011 are set out below:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial 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$100,000)
	2011 US$'000	**2011 US$'000**
Archer Daniels Midland Group	NIL	4,360,850
Associates of Kuok Khoon Hong & Martua Sitorus	NIL	9,959
Kuok Khoon Ean's Associates#	290,817	32,739
Martua Sitorus' Associates	NIL	79,508
Kuok Khoon Hong's Associates	NIL	1,447
PPB Group Berhad	240,974	NIL
Kuok Brothers Sdn Berhad	3,661	124

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

During the financial year, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or a controlling shareholder of the Company except those announced via SGXNET from time to time in compliance with the SGX-ST Listing Manual.

Save as mentioned above, there are no other material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, Director or controlling shareholder, which are either subsisting at the end of the financial year ended 31 December 2011 or, if not then subsisting, entered into since the end of the previous financial year ended 31 December 2010.

FINANCIAL REPORT

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 financing to fund our working capital requirements. The level of funding fluctuates in accordance with prices of agricultural commodities and business volume.

In FY2011, working capital requirements were quite stable, contributing to the Group's positive cash flows from operating activities. Together with proceeds from loans and borrowings, we continued to invest in property, plant and equipment, subsidiaries, associates and other deposits placed with financial institutions. Our balance sheet and capital structure remained strong throughout the period.

Shareholders' funds of the Group increased by US$1.5 billion to US$13.4 billion while total loans and borrowings were up US$3.5 billion to US$20.9 billion as at 31 December 2011. Loans and borrowings net of cash and other bank deposits, was US$2.4 billion higher at US$13.0 billion.

Net debt to equity ratio increased but remained healthy at 0.97x as at 31 December 2011, up from 0.90x a year ago. Interest cover, while lower in line with increased borrowings and borrowing cost, was still at a comfortable level of 7.3x (FY2010: 23.0x).

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 0.47x.

As at 31 December	**2011** US$ million	2010 US$ million Restated*
Shareholders' funds	**13,370.2**	11,855.8
Net loans and borrowings	**12,990.6**	10,637.4
Net debt to equity	**0.97x**	0.90x
Liquid working capital:		
Inventories (excluding consumables)	**6,905.0**	6,334.3
Trade receivables	**3,502.9**	3,118.6
Less: Current liabilities (excluding loans and borrowings)	**(3,720.7)**	(3,386.8)
	6,687.2	6,066.1
Net loans and borrowings (excluding liquid working capital)	**6,303.4**	4,571.3
Adjusted net debt to equity	**0.47x**	0.39x

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries.*

CAPITAL MANAGEMENT AND TREASURY POLICIES

Borrowings

The Group's total loans and borrowings of US$20.9 billion comprised:

As at 31 December	2011 US$ million	2010 US$ million
Short term	**18,409.0**	14,903.6
Long term	**2,479.9**	2,521.6
	20,888.9	17,425.2

During the year, the Group's short term loans and borrowings increased by US$3.5 billion. More than 80% 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, due from 2013 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$558.4 million (31 December 2010: US$545.7 million), our loans and borrowings were predominantly on floating rates.

In January 2012, under a Guaranteed Medium Term Note Programme established on 28 December 2011, the Group issued S$250.0 million 3.5% Notes due 2017 and S$100.0 million 4.1% Notes due 2019. The programme enables us to diversify our funding sources and to meet our medium-term funding requirements.

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 2011, our cash and cash equivalents comprised:

As at 31 December	2011 US$ million	2010 US$ million
Total cash and bank balances	**7,898.4**	6,787.8
Less: Fixed deposits pledged for bank facilities	**(6,441.1)**	(5,707.9)
Less: Other deposits with maturity of more than 3 months	**(80.5)**	(187.4)
Less: Bank overdrafts	**(97.1)**	(492.0)
Cash and cash equivalents	**1,279.7**	400.5

The increase in 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, liquidity risk, interest rate risk, foreign currency risk, commodity price 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 and market conditions.

- **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.

- **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 seek to manage our currency risk by constructing natural hedges where we match sales and purchases in the same currency or through financial instruments, such as foreign currency forward contracts. The Group is also exposed to currency translation risk arising from its net investments in foreign operations, which are not hedged as these currency positions are considered long-term in nature.

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

- **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.

FINANCIAL REVIEW

CASH FLOW, FUNDING AND LIQUIDITY

Cash flow

Net cash flows generated from operating activities for FY2011 was US$1.9 billion compared to an outflow of US$2.3 billion in FY2010. The inflow for FY2011 resulted from higher earnings as well as a more stable working capital requirement on the back of lower prices of agricultural commodities towards year end compared to a year ago.

	FY2011 US$ million	FY2010 US$ million
Net cash flows generated from/(used in) operating activities	**1,947.7**	(2,318.8)
Net cash flows used in investing activities	**(2,068.2)**	(2,628.9)
Net cash flows generated from financing activities	**999.7**	4,955.9
Net increase in cash held	**879.2**	8.2
Turnover days:		
Inventory	**64**	60
Trade receivables	**28**	28
Trade payables	**12**	12

Note: Turnover days for the current and preceding financial years are now calculated by averaging the monthly turnover days. Monthly turnover days are computed using revenue and cost of sales for the month. In the past, turnover days were calculated based on year-to-date revenue and cost of sales. The change is made to better reflect the true turnover period in view of the seasonality of the Group's business.

Other major applications and source of funds in FY2011 were as follows:

- Approximately US$2.1 billion was used in investing activities, of which US$1.6 billion was applied towards plantations development, property, plant and equipment and US$355.8 million for investment in subsidiaries and associates.

  Major additions of property, plant and equipment during the year included crushing plants, edible oils refineries, flour and rice mills, and oleochemicals plants in China; edible oils refineries, oleochemicals plant and palm oil mills in Indonesia; and the construction of vessels.

- US$1.0 billion was generated from financing activities. Included in here was net proceeds of US$3.0 billion (net of increase in fixed deposits pledged with financial institutions for bank facilities) raised from loans and borrowings. Uses of funds included US$1.7 billion placed as other deposits with financial institutions and US$279.8 million for the payment of dividends to the shareholders of the Company.

Funding and liquidity

At the end of FY2011, credit facilities in the form of short term loans, trade finance and committed loans available to the Group added up to approximately US$31.0 billion, of which US$20.9 billion was utilised. The unutilised facilities, together with the Group's US$1.3 billion available cash and cash equivalents, brought the Group's total liquidity to approximately US$11.4 billion as at 31 December 2011.

The Group's US$2.6 billion of term loans and convertible bonds due for repayment in FY2012 and an estimated US$1.5 billion of capital expenditure for FY2012, are expected to be met by internal resources and 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.

SHAREHOLDERS' RETURNS AND SHARE BUY-BACKS

For FY2011, the Board of Directors has proposed a final dividend of 3.1 Singapore cents per share. Together with the interim dividend of 3.0 Singapore cents per share paid on 14 September 2011, total dividend for FY2011 will amount to 6.1 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 27 April 2012, 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, estimates and assumptions, which are discussed in greater detail in the Notes to the Financial Statements, include:

- Assessment for impairment of goodwill and brand which requires an estimate of the expected future cash flows from the cash-generating unit and a suitable 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. Therefore, future depreciation charges could be revised.
- 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 in the period in which such determination is made.
- 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 the 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 2011.

DIRECTORS

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

Kuok Khoon Hong
Martua Sitorus
Teo Kim Yong
Kuok Khoon Chen
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' REPORT

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 1.1.11	As at 31.12.11	As at 21.1.12	As at 1.1.11	As at 31.12.11	As at 21.1.12
Company						
Wilmar International Limited						
(Ordinary Shares)						
Kuok Khoon Hong	–	500,000	500,000	762,967,168	763,467,168	763,467,168
Martua Sitorus	4,338,000	4,988,000	4,988,000	641,321,242	646,321,242	646,321,242
Chua Phuay Hee*	3,123,881	3,373,881	3,373,881	2,000,000	2,000,000	2,000,000
Teo Kim Yong	12,089,766	–	–	20,492,508	33,852,274	33,852,274
Kuok Khoon Chen	–	–	–	11,693,156	11,693,156	11,693,156
Kuok Khoon Ean	–	–	–	486,400	486,400	486,400
Yeo Teng Yang	–	100,000	100,000	–	–	–
Leong Horn Kee	100,000	100,000	100,000	–	–	–
Tay Kah Chye	100,000	100,000	100,000	–	–	–
Kwah Thiam Hock	100,000	100,000	100,000	–	–	–
(Share options exercisable at S$4.50 per share)						
Kuok Khoon Hong	1,000,000	500,000	500,000	–	–	–
Martua Sitorus	800,000	400,000	400,000	–	–	–
Chua Phuay Hee*	500,000	250,000	250,000	–	–	–
Teo Kim Yong	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	150,000	150,000	–	–	–
Leong Horn Kee	100,000	100,000	100,000	–	–	–
Tay Kah Chye	100,000	100,000	100,000	–	–	–
Kwah Thiam Hock	100,000	100,000	100,000	–	–	–

* *Mr Chua Phuay Hee retired as a Director of the Company on 31 December 2011*

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

	Direct Interest			Deemed Interest		
	As at 1.1.11	As at 31.12.11	As at 21.1.12	As at 1.1.11	As at 31.12.11	As at 21.1.12
Company						
Wilmar International Limited						
(Share options exercisable at S$6.68 per share)						
Chua Phuay Hee*	500,000	500,000	500,000	–	–	–
Teo Kim Yong	500,000	500,000	500,000	–	–	–
Kuok Khoon Chen	200,000	200,000	200,000	–	–	–
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	200,000	200,000	–	–	–
Tay Kah Chye	200,000	200,000	200,000	–	–	–
Kwah Thiam Hock	200,000	200,000	200,000	–	–	–

* *Mr Chua Phuay Hee retired as a Director of the Company on 31 December 2011*

	Direct Interest			Deemed Interest		
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	–	–	–

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

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in 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.

DIRECTORS' REPORT

SHARE OPTION SCHEMES

Wilmar Executives Share Option Scheme 2000 ("Wilmar ESOS 2000")

The Wilmar ESOS 2000 which was approved by shareholders of the Company on 30 June 2000, was terminated on 29 April 2009 following the adoption of a new share option scheme. A total of 18,170,000 shares were granted pursuant to the Wilmar ESOS 2000 to executives of the Group on 27 November 2008 and 9 December 2008 at the relevant Market Price as defined in the aforesaid scheme. No options were granted to directors or controlling shareholders (and their associates) of the Company under the Wilmar ESOS 2000. The options are valid for a term of five years from the date of grant. The options are exercisable in the following manner: 50% after the 1st anniversary of the date of grant and the remaining 50% are exercisable after the 2nd anniversary of the date of grant. Outstanding options granted under the Wilmar ESOS 2000 remain valid until the respective expiry dates of the options. As at 31 December 2011, options to subscribe for a total of 4,131,000 shares remained outstanding.

Wilmar Executives Share Option Scheme 2009 ("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 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 ("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 number of shares available under the Wilmar ESOS 2009, provided that the number of shares available to each controlling shareholder or each of his associates shall not exceed 10% of the total number of shares available under the aforesaid scheme.

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

The Wilmar ESOS 2009 is administered by the Remuneration Committee ("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. The RC is authorised to determine, inter alia, the persons to be granted options, the number of options to be granted, whether the options continue to be valid in the event of cessation of employment (as provided under the rules of Wilmar ESOS 2009), the exercise price (including any adjustments thereto) and to recommend modifications to the Wilmar ESOS 2009 (if deemed appropriate).

On 21 May 2009, a total of 4,750,000 shares under option ("option shares") were granted to all directors (including two directors who were controlling shareholders) of the Company at Market Price. As at 31 December 2011, the number of unexercised option shares was 2,700,000, out of which a total 700,000 unexercised option shares held by past directors (including Mr Chua Phuay Hee, who retired on 31 December 2011) continue to be valid as the options were issued in recognition of their contributions at the time of the grant. The options are valid for a term of five years from the date of grant, of which 50% are exercisable after the 1st anniversary and the remaining 50% after the 2nd anniversary of the date of the grant.

SHARE OPTION SCHEMES (CONTINUED)

Wilmar Executives Share Option Scheme 2009 ("Wilmar ESOS 2009") (continued)

On 10 March 2010, the Company granted options to subscribe for a total of 25,705,000 shares at S$6.68 per share at Market Price to directors and senior executives. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2011, the number of shares that were unexercised under this option grant stood at 24,905,000 out of which options to subscribe for a total 1,000,000 shares held by past directors (including Mr Chua Phuay Hee) continue to be valid until the expiry period. The options are valid for a term of five years from the date of grant and are exercisable in the following manner:

<u>For Executive Directors and Senior Executives</u>

- 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

<u>For Non-Executive Directors</u>

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

No options were granted for the financial year ended 31 December 2011.

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:

- 2,993,000 ordinary shares at an exercise price of S$2.45 per share
- 10,000 ordinary shares at an exercise price of S$2.63 per share

Wilmar ESOS 2009:

- 1,500,000 ordinary shares at an exercise price of S$4.50 per share

DIRECTORS' REPORT

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 1.1.11	No. of options granted during the year	No. of options cancelled	No. of options exercised	As at 31.12.11	Exercise Price	Exercise Period
*Wilmar ESOS 2000**							
27.11.08	1,278,000	–	–	(227,500)	1,050,500	S$2.45	28.11.2009 to 26.11.2013
27.11.08	5,771,000	–	–	(2,765,500)	3,005,500	S$2.45	28.11.2010 to 26.11.2013
09.12.08	25,000	–	–	–	25,000	S$2.63	10.12.2009 to 08.12.2013
09.12.08	60,000	–	–	(10,000)	50,000	S$2.63	10.12.2010 to 08.12.2013
Sub–total	7,134,000	–	–	(3,003,000)	4,131,000		
Wilmar ESOS 2009							
21.05.09	1,825,000	–	–	(1,500,000)	325,000	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	4,200,000	–	–	(1,500,000)	2,700,000		
10.03.10	9,401,350	–	(211,200)	–	9,190,150	S$6.68	11.3.2011 to 10.3.2015
10.03.10	7,951,350	–	(211,200)	–	7,740,150	S$6.68	11.3.2012 to 10.3.2015
10.03.10	8,192,300	–	(217,600)	–	7,974,700	S$6.68	11.3.2013 to 10.3.2015
Sub–total	25,545,000	–	(640,000)	–	24,905,000		
Grand Total	36,879,000	–	(640,000)	(4,503,000)	31,736,000		

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

DIRECTORS' REPORT

UNISSUED SHARES UNDER OPTION (CONTINUED)

The information on Directors 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 31.12.11	Aggregate options exercised since commencement of the option scheme to 31.12.11	Aggregate options outstanding as at 31.12.11
Kuok Khoon Hong	–	1,000,000	500,000	500,000
Martua Sitorus	–	800,000	400,000	400,000
Chua Phuay Hee*	–	1,000,000	250,000	750,000
Teo Kim Yong	–	1,000,000	250,000	750,000
Kuok Khoon Chen	–	200,000	–	200,000
Kuok Khoon Ean	–	400,000	–	400,000
John Daniel Rice	–	400,000	–	400,000
Yeo Teng Yang	–	500,000	100,000	400,000
Leong Horn Kee	–	400,000	100,000	300,000
Tay Kah Chye	–	400,000	100,000	300,000
Kwah Thiam Hock	–	400,000	100,000	300,000
Total	–	6,500,000	1,800,000	4,700,000

* *Mr Chua Phuay Hee retired as a Director of the Company on 31 December 2011*

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 option shares) and Mr Martua Sitorus (800,000 option shares) 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 corporation 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)*

DIRECTORS' REPORT

AUDIT COMMITTEE

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

The AC performs the functions specified in Section 201B (5) of the Singapore Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited ("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

Martua Sitorus
Director

21 March 2012

STATEMENT BY DIRECTORS

We, Kuok Khoon Hong and Martua Sitorus, 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 2011, 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

Martua Sitorus
Director

21 March 2012

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 74 to 171, which comprise the balance sheets of the Group and the Company as at 31 December 2011, 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, Chapter 50 (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.

INDEPENDENT AUDITORS' REPORT

To the Members of Wilmar International Limited

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 2011 and of 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
21 March 2012

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2011

	Note	2011 US$'000	2010 US$'000
Revenue	4	**44,710,034**	30,377,524
Cost of sales	5	**(40,839,399)**	(27,870,370)
Gross profit		**3,870,635**	2,507,154
Other items of income			
Net gains arising from changes in fair value of biological assets		**262,657**	251,017
Interest income	6	**246,613**	135,352
Other operating income	7	**746,303**	347,759
Other items of expense			
Selling and distribution expenses		**(1,964,672)**	(1,136,766)
Administrative expenses		**(559,841)**	(341,557)
Other operating expenses	8	**(98,378)**	(64,260)
Finance costs	9	**(505,796)**	(208,126)
Non-operating items	10	**(104,035)**	115,486
Share of results of associates		**185,255**	38,127
Profit before tax	10	**2,078,741**	1,644,186
Income tax expense	11	**(379,219)**	(189,660)
Profit after tax		**1,699,522**	1,454,526
Attributable to:			
Owners of the parent		**1,600,840**	1,323,974
Non-controlling interests		**98,682**	130,552
		1,699,522	1,454,526
Earnings per share attributable to owners of the parent (US cents per share)			
– Basic	12	**25.0**	20.7
– Diluted	12	**25.0**	20.7

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

	2011 US$'000	2010 US$'000
Profit after tax	**1,699,522**	1,454,526
Other comprehensive income:		
Foreign currency translation	**97,302**	184,473
Fair value adjustment on cash flow hedges	**110,391**	(225,459)
Fair value adjustment on available-for-sale financial assets	**(22,663)**	(4,844)
Share of associates' other comprehensive income	**–**	4
Total other comprehensive income for the year, net of tax	**185,030**	(45,826)
Total comprehensive income for the year	**1,884,552**	1,408,700
Attributable to:		
Owners of the parent	**1,761,398**	1,266,573
Non-controlling interests	**123,154**	142,127
	1,884,552	1,408,700

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

BALANCE SHEETS

As at 31 December 2011

	Note	Group 2011 US$'000	Group 2010 US$'000 Restated *	Company 2011 US$'000	Company 2010 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**7,468,889**	6,266,445	**1,278**	144
Biological assets	14	**1,845,982**	1,512,209	**–**	–
Plasma investments		**8,499**	5,418	**–**	–
Intangible assets	15	**4,409,939**	4,370,939	**397**	661
Investment in subsidiaries	16	**–**	–	**8,697,067**	8,680,663
Investment in associates	17	**1,578,746**	1,263,659	**201,698**	200,849
Available-for-sale financial assets	18	**193,843**	143,825	**36,000**	36,000
Deferred tax assets	19	**226,865**	205,724	**–**	–
Derivative financial instruments	20	**23,660**	131,111	**–**	85,014
Other financial receivables	21	**80,101**	106,810	**129,473**	104,854
Other non-financial assets	21	**38,504**	50,030	**–**	–
		15,875,028	14,056,170	**9,065,913**	9,108,185
Current assets					
Inventories	22	**7,265,300**	6,737,369	**–**	–
Trade receivables	23	**3,502,925**	3,118,558	**–**	–
Other financial receivables	21	**3,156,123**	1,315,439	**1,791,780**	2,893,968
Other non-financial assets	21	**1,368,955**	1,406,516	**1,667**	1,286
Derivative financial instruments	20	**239,354**	350,091	**330**	–
Available-for-sale financial assets	18	**–**	3,010	**–**	–
Financial assets held for trading	18	**333,715**	316,301	**–**	–
Other bank deposits	24	**6,521,570**	5,895,314	**–**	–
Cash and bank balances	24	**1,376,783**	892,498	**3,243**	3,450
		23,764,725	20,035,096	**1,797,020**	2,898,704
TOTAL ASSETS		**39,639,753**	34,091,266	**10,862,933**	12,006,889
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	25	**1,710,004**	1,447,188	**–**	–
Other financial payables	26	**1,131,337**	806,014	**24,448**	588,807
Other non-financial liabilities	26	**469,834**	393,334	**–**	–
Derivative financial instruments	20	**263,402**	629,534	**–**	–
Loans and borrowings	27	**18,409,070**	14,903,631	**558,417**	508,500
Tax payables		**146,086**	110,688	**760**	–
		22,129,733	18,290,389	**583,625**	1,097,307
NET CURRENT ASSETS		**1,634,992**	1,744,707	**1,213,395**	1,801,397

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

BALANCE SHEETS

As at 31 December 2011

	Note	Group 2011 US$'000	Group 2010 US$'000 Restated *	Company 2011 US$'000	Company 2010 US$'000
Non-current liabilities					
Other financial payables	26	**4,691**	4,274	**–**	–
Other non-financial liabilities	26	**94,612**	66,228	**–**	–
Derivative financial instruments	20	**43,057**	75,234	**–**	–
Loans and borrowings	27	**2,479,873**	2,521,556	**–**	545,716
Deferred tax liabilities	19	**639,422**	527,293	**–**	–
		3,261,655	3,194,585	**–**	545,716
TOTAL LIABILITIES		**25,391,388**	21,484,974	**583,625**	1,643,023
NET ASSETS		**14,248,365**	12,606,292	**10,279,308**	10,363,866
Equity attributable to owners of the parent					
Share capital	28	**8,451,521**	8,434,768	**8,887,660**	8,870,907
Retained earnings		**6,011,599**	4,729,552	**1,191,918**	1,307,593
Other reserves	29	**(1,092,930)**	(1,308,486)	**199,730**	185,366
		13,370,190	11,855,834	**10,279,308**	10,363,866
Non-controlling interests		**878,175**	750,458	**–**	–
TOTAL EQUITY		**14,248,365**	12,606,292	**10,279,308**	10,363,866
TOTAL EQUITY AND LIABILITIES		**39,639,753**	34,091,266	**10,862,933**	12,006,889

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

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 2011

	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
2011							
GROUP							
Opening balance at 1 January 2011		8,434,768	4,729,552	(1,308,486)	11,855,834	750,458	12,606,292
Profit for the year		–	1,600,840	–	1,600,840	98,682	1,699,522
Other comprehensive income for the year		–	–	160,558	160,558	24,472	185,030
Total comprehensive income for the year		–	1,600,840	160,558	1,761,398	123,154	1,884,552
Grant of equity-settled share options	29(b)(vii)	–	–	19,964	19,964	–	19,964
Issue of shares pursuant to exercise of share options	29(b)(vii)	16,753	–	(5,600)	11,153	–	11,153
Share capital contributed by non-controlling shareholders		–	–	–	–	35,770	35,770
Dividends on ordinary shares	38	–	(279,820)	–	(279,820)	–	(279,820)
Dividends paid to non-controlling shareholders by subsidiaries		–	–	–	–	(29,075)	(29,075)
Net transfer to other reserves		–	(38,973)	38,973	–	–	–
Total contributions by and distributions to owners		16,753	(318,793)	53,337	(248,703)	6,695	(242,008)
Acquisition of subsidiaries		–	–	–	–	40,208	40,208
Acquisition of additional interest in subsidiaries		–	–	–	–	(42,314)	(42,314)
Gain on bargain purchase of additional interest in subsidiaries		–	–	1,661	1,661	(26)	1,635
Total changes in ownership interests in subsidiaries		–	–	1,661	1,661	(2,132)	(471)
Closing balance at 31 December 2011		**8,451,521**	**6,011,599**	**(1,092,930)**	**13,370,190**	**878,175**	**14,248,365**

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 2011

	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
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
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	–	–	–
Total contributions by and distributions to owners		20,413	(415,974)	59,359	(336,202)	(16,336)	(352,538)
Acquisition of subsidiaries, as previously reported		–	–	–	–	101,084	101,084
Finalisation of purchase price allocation		–	–	–	–	48,430	48,430
Acquisition of subsidiaries, as restated		–	–	–	–	149,514	149,514
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)
Total changes in ownership interests in subsidiaries		–	–	(5,666)	(5,666)	144,167	138,501
Closing balance at 31 December 2010		**8,434,768**	**4,729,552**	**(1,308,486)**	**11,855,834**	**750,458**	**12,606,292**

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 2011

	Note	Attributable to owners of the parent			
		Share capital	Retained earnings	Other reserves	Equity attributable to owners of the parent, total
		US$'000	US$'000	US$'000	US$'000
2011					
COMPANY					
Opening balance at 1 January 2011		8,870,907	1,307,593	185,366	10,363,866
Profit for the year		–	164,145	–	164,145
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	164,145	–	164,145
Grant of equity-settled share options	29(b)(vii)	–	–	19,964	19,964
Issue of shares pursuant to exercise of share options	29(b)(vii)	16,753	–	(5,600)	11,153
Dividends on ordinary shares	38	–	(279,820)	–	(279,820)
Total transactions with owners in their capacity as owners		16,753	(279,820)	14,364	(248,703)
Closing balance at 31 December 2011		**8,887,660**	**1,191,918**	**199,730**	**10,279,308**
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)
Total transactions with owners in their capacity as owners		20,413	(384,658)	28,043	(336,202)
Closing balance at 31 December 2010		**8,870,907**	**1,307,593**	**185,366**	**10,363,866**

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 2011

	2011 US$'000	2010 US$'000
Cash flows from operating activities		
Profit before tax	**2,078,741**	1,644,186
Adjustments for:		
Net gains from changes in fair value of biological assets	**(262,657)**	(251,017)
Depreciation of property, plant and equipment	**478,112**	315,353
Loss on liquidation/disposal of associates	**1,333**	2,368
Fair value gain arising from step acquisition resulting in an associate becoming a subsidiary	**–**	(1,288)
Amortisation of intangible assets	**461**	256
Gain on bargain purchase of subsidiaries/an associate	**(7,348)**	(217)
Positive goodwill written off to income statement	**4**	286
Gain on disposal of property, plant and equipment	**(10,817)**	(9,063)
(Gain)/loss on liquidation of subsidiaries	**(613)**	35
Loss/(gain) on disposal of available-for-sale financial assets	**38**	(19,876)
Gain on disposal of financial assets held for trading	**(21,123)**	(7,720)
Grant of share options to employees	**19,964**	34,742
Net loss on the fair value of derivative financial instruments	**21,416**	145,648
Net fair value loss/(gain) on financial assets held for trading	**89,856**	(20,090)
Foreign exchange differences arising from translation	**25,888**	66,588
Interest expense	**548,857**	208,465
Interest income	**(246,613)**	(135,352)
Share of results of associates	**(185,255)**	(38,127)
Operating cash flows before working capital changes	**2,530,244**	1,935,177
Changes in working capital:		
Increase in inventories	**(531,080)**	(2,457,005)
Decrease/(increase) in receivables and other assets	**63,775**	(1,336,285)
Increase/(decrease) in payables	**488,882**	(133,181)
Cash flows generated from/(used in) operations	**2,551,821**	(1,991,294)
Interest paid	**(493,094)**	(197,746)
Interest received	**158,405**	135,352
Income taxes paid	**(269,396)**	(265,163)
Net cash flows generated from/(used in) operating activities	**1,947,736**	(2,318,851)

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2011

	2011 US$'000	2010 US$'000
Cash flows from investing activities		
Net cash flow on acquisition of subsidiaries	**(164,286)**	(1,546,033)
Payments for acquisition of additional interest in subsidiaries	**(18,679)**	(10,605)
(Increase)/decrease in plasma investments	**(3,081)**	1,761
Increase in financial assets held for trading	**(84,598)**	(42,380)
Increase in other non-financial assets	**(74,076)**	(22,000)
Payments for property, plant and equipment	**(1,481,596)**	(996,723)
Payments for biological assets	**(72,217)**	(67,012)
(Increase)/decrease in available-for-sale financial assets	**(66,136)**	22,973
Payments for investment in associates	**(172,822)**	(122,073)
Payments for intangible assets	**(1,662)**	(1,144)
Dividends received from associates	**18,330**	22,525
Proceeds from disposal of property, plant and equipment	**47,154**	110,780
Proceeds from disposal of biological assets	**5,338**	705
Proceeds from disposal of intangible assets	**88**	–
Proceeds from disposal of associates	**–**	20,569
Net cash flow on liquidation of subsidiaries	**–**	(200)
Net cash flows used in investing activities	**(2,068,243)**	(2,628,857)
Cash flows from financing activities		
Decrease/(increase) in net amount due from related parties	**1,718**	(67,183)
Increase in net amount due from associates	**(80,058)**	(10,730)
Increase in advances from non-controlling shareholders	**29,799**	17,427
Proceeds from bank loans	**3,762,458**	7,664,859
Increase in fixed deposits pledged with financial institutions for bank facilities	**(733,208)**	(1,829,830)
Repayments of finance lease liabilities	**(35)**	(35)
Decrease in other deposits with maturity more than 3 months	**106,952**	246,841
Interest paid	**(54,655)**	(8,742)
Increase in other financial receivables	**(1,771,309)**	(668,084)
Dividends paid by the Company	**(279,820)**	(384,658)
Dividends paid to non-controlling shareholders by subsidiaries	**(29,075)**	(41,722)
Proceeds from issue of shares by the Company	**11,153**	12,391
Proceeds from issue of shares by subsidiaries to non-controlling shareholders	**35,770**	25,386
Net cash flows generated from financing activities	**999,690**	4,955,920
Net increase in cash and cash equivalents	**879,183**	8,212
Cash and cash equivalents at the beginning of the financial year	**400,475**	392,263
Cash and cash equivalents at the end of the financial year	**1,279,658**	400,475

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

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 the 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 for the adoption of new and revised FRS 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 2011, the Group has adopted all the new and revised FRS and Interpretation ("INT") FRS that are mandatory for financial years beginning on or after 1 January 2011. 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.

(ii) Future changes in accounting policies

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 101 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 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
Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 19 – Employee Benefits	1 January 2013
FRS 27 – Separate Financial Statements	1 January 2013
FRS 28 – Investments in Associates and Joint Ventures	1 January 2013
FRS 110 – Consolidated Financial Statements	1 January 2013
FRS 111 – Joint Arrangements	1 January 2013
FRS 112 – Disclosure of Interests in Other Entities	1 January 2013
FRS 113 – Fair Value Measurements	1 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 *Changes in accounting policies (continued)*

(ii) Future changes in accounting policies (continued)

Except for the Amendments to FRS 1 and FRS 112, the directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1 and FRS 112 is described below.

<u>Amendments to FRS 1 Presentation of Items of Other Comprehensive Income</u>

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The Amendments of FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

<u>FRS 112 Disclosure of Interests in Other Entities</u>

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2013.

2.3 *Basis of consolidation and business combinations*

(a) Basis of consolidation

<u>Basis of consolidation from 1 January 2010</u>

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 and dividends 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation and business combinations (continued)

(a) Basis of consolidation (continued)

Basis of consolidation from 1 January 2010 (continued)

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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

Acquisition of non-controlling interests, prior to 1 January 2010, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 has not been restated.

(b) Business combinations

Business combinations from 1 January 2010

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 a liability, will be recognised in accordance with FRS 39 either in the income statement or as a change to 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's identifiable net assets.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 *Basis of consolidation and business combinations (continued)*

(b) *Business combinations (continued)*

Business combinations from 1 January 2010 (continued)

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.

No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination.

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 adjustments to the contingent consideration were recognised as part of goodwill.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 *Foreign currency*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the 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.

For consolidation purpose, 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.

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.

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 accumulated 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 results 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 once its interest in the associate is reduced to zero, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 *Associates (continued)*

The Group's profit or loss reflects its 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 most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. 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 and recognises 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 *Property, plant and equipment (continued)*

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.

2.9 *Biological assets*

Biological assets, include mature and immature oil palm plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement. In general, oil palm are considered mature 30 to 36 months after field planting. Point-of-sale costs include all costs that would be necessary to sell the assets.

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

2.10 *Plasma investments*

Cost incurred during the development phase up to the conversion of the Plasma plantation are capitalised as Plasma investments. The development of the Plasma oil palm plantations is financed by plasma loans, which 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 acquiree are assigned to those units or groups of units.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (continued)

(b) Other intangible assets (continued)

(i) Brands

The brands were acquired in business combinations. 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 and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight line method over 3 to 20 years.

2.12 Financial assets

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

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

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

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

The Group determines the classification of its financial assets 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.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modified the cash flows that would otherwise be required.

(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.

(d) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

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

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

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

(b) 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, increase in their fair value after impairment is recognised directly in other comprehensive income. 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.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 testing 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.

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, sugar 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 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.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

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

2.18 Borrowings

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Borrowings (continued)

(b) Convertible bonds

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

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

The difference between the total proceeds and the liability component and the fair value of the embedded derivatives is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to 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 as part of cost of a qualifying assets if they are directly attributable to the acquisition, construction or production of the 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.

2.20 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 in accordance with the term of a debt instrument.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits

(a) Defined contribution plans

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

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment 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 Labour Law No. 13/2003 dated 25 March 2003. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method". Actuarial gains or losses are recognised as income or expense when the cumulative actuarial gains or losses exceed 10% of the defined benefit obligation. These gains or losses are recognised over the expected remaining working lives of employees. Past service cost is amortised over the remaining working lives of each employee.

2.23 Leases

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, even if that right is not explicitly specified in an arrangement. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (continued)

(a) As lessee (continued)

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

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

(b) As lessor

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

(a) Sale of goods

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

(b) Ship charter income

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

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

2.25 Income taxes

(a) Current tax

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Income taxes (continued)

(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 and associates, 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.

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 and associates, 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 income statement is recognised outside income statement. 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or recognised in the income statement.

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 are not measured at fair value through profit or loss.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Derivative financial instrument and hedging activities (continued)

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 equity remains in equity until the forecast transaction or firm commitment affects profit or loss.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 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) A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) A present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.31 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

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

Key sources of estimation uncertainty

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

(a) Impairment of goodwill 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 2011 were approximately US$3,304,599,000 (2010: US$3,266,315,000) and US$1,101,625,000 (2010: US$1,101,625,000) 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 2011 was approximately US$3,550,947,000 (2010: US$3,295,495,000).

(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 2011 were approximately US$146,086,000 (2010: US$ 110,688,000), US$226,865,000 (2010: US$205,724,000) and US$639,422,000 (2010: US$527,293,000) 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 2011 was approximately US$1,845,982,000 (2010: US$1,512,209,000).

4. REVENUE

	Group 2011 US$'000	Group 2010 US$'000
Sales of palm based products, oilseeds and grains products, consumer products and other agricultural commodities	**44,499,696**	30,229,456
Ship charter income	**162,709**	116,568
Others	**47,629**	31,500
	44,710,034	30,377,524

5. COST OF SALES

	Group 2011 US$'000	Group 2010 US$'000
Cost of inventories recognised as expense – physical deliveries	**37,340,408**	25,044,779
Labour and other overhead expenses	**3,932,876**	2,349,735
Net loss/(gain) on non-physical delivery forward contracts ("paper trades")	**32,709**	(21,757)
Net (gain)/loss on fair value of derivative financial instruments	**(466,594)**	497,613
	40,839,399	27,870,370

6. INTEREST INCOME

	Group 2011 US$'000	Group 2010 US$'000
Interest income:		
– From associates	**10,978**	6,589
– From bank balances	**12,113**	8,185
– From fixed deposits	**212,453**	110,788
– From other sources	**2,799**	3,914
– Late interest charges pertaining to trade receivables	**8,270**	5,876
	246,613	135,352

7. OTHER OPERATING INCOME

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

	Group	
	2011	2010
	US$'000	US$'000
Bad debts recovered	**126**	71
Compensation/penalty income	**4,683**	5,153
Dividend received from equity instruments	**11,407**	5,670
Gain on bargain purchase on business combinations	**7,348**	217
Gain on disposal of property, plant and equipment	**10,817**	9,063
Gain on liquidation of subsidiaries	**613**	–
Government grants/incentive income	**20,099**	15,719
Income from sales cancellation	**1,581**	1,752
Net foreign exchange gain, excluding net foreign exchange gain on shareholders loan to subsidiaries	**556,519**	214,919
Processing fee income/tolling income	**3,539**	3,223
Rental and storage income	**8,322**	10,755
Fair value gain arising from step acquisition resulting in an associate becoming a subsidiary	**–**	1,288
Scrap sales	**16,063**	9,796
Service fees/management fees/commission income	**4,775**	3,950
Write back of allowance for doubtful receivables	**425**	9,759

8. OTHER OPERATING EXPENSES

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

	Group	
	2011	2010
	US$'000	US$'000
Allowance for advances to suppliers	**551**	1,185
Amortisation of intangible assets	**461**	256
Bad debts written off (non-trade)	**168**	76
Compensation/penalty expenses	**13,382**	10,896
Fair value loss of derivative financial instruments	**4,031**	–
Grant of share options to employees	**19,964**	34,742
Impairment of property, plant and equipment	**257**	118
Inventories written off	**487**	968
Loss on liquidation/disposal of associates	**1,333**	2,368
Loss on disposal/liquidation of subsidiaries	**–**	35
Pre-operating expenses	**6,140**	3,263
Positive goodwill arising from acquisition of subsidiaries written off	**4**	286
Project expenses	**16,351**	2,101
Services/management fees expenses	**1,190**	264

9. FINANCE COSTS

	Group	
	2011	2010
	US$'000	US$'000
Interest expense:		
– Bank borrowings (including bank overdrafts)	**492,489**	204,125
– Convertible bonds (accretion of interest)	**12,702**	10,720
– Loans from associates	**495**	28
– Others	**11,705**	1,986
	517,391	216,859
Less: Amount capitalised		
– Biological assets	**(3,814)**	(4,210)
– Property, plant and equipment	**(7,781)**	(4,523)
	505,796	208,126

10. PROFIT BEFORE TAX

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

	Group	
	2011	2010
	US$'000	US$'000
Fair value loss of embedded derivatives of convertible bonds	**(84,684)**	(27,180)
Net foreign exchange gain on shareholders loan to subsidiaries	**26,479**	48,727
Finance costs on bank borrowings for acquisition of Sucrogen Limited & its subsidiaries	**(43,061)**	(339)
(Loss)/gain on disposal of available-for-sale financial assets	**(38)**	19,876
Gain on disposal of financial assets held for trading	**21,123**	7,720
Investment income from available-for-sale financial assets	**117**	46,592
Net fair value (loss)/gain on financial assets held for trading	**(89,856)**	20,090
Reversal of pre-acquistion hedging loss	**65,885**	–
Non-operating items	**(104,035)**	115,486
Audit fees paid to:		
– Auditors of the Company	**494**	522
– Other auditors	**4,276**	3,365
Non-audit fees paid to:		
– Auditors of the Company	**957**	448
– Other auditors	**391**	447
Depreciation of property, plant and equipment:	**480,342**	318,681
Less: Amount capitalised as part of costs of biological assets	**(2,487)**	(3,446)
Add: Impairment loss	**257**	118
Depreciation of property, plant and equipment – net	**478,112**	315,353
Employee benefits expense	**869,365**	420,702
Operating lease expense	**40,779**	28,412

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 2011 and 31 December 2010 are:

	Group	
	2011	2010
	US$'000	US$'000
Consolidated Income Statement		
Current income tax		
Current income taxation	**349,898**	257,029
Over provision in respect of previous years	**(18,930)**	(4,328)
	330,968	252,701
Deferred income tax		
Origination and reversal of temporary differences	**43,771**	(38,655)
Under/(over) provision in respect of previous years	**4,480**	(24,386)
Income tax expense recognised in the income statement	**379,219**	189,660
Deferred income tax related to other comprehensive income:		
Net change in fair value of derivative financial instruments designated as cash flow hedges	**(37,938)**	11,682

(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 2011 and 31 December 2010 are as follows:

	Group	
	2011	2010
	US$'000	US$'000
Accounting profit before income tax	**2,078,741**	1,644,186
Tax calculated at tax rate of 17% (2010: 17%)	**353,386**	279,512
Adjustments:		
Effect of different tax rates in other countries	**150,448**	116,614
Effect of tax incentives	**(101,767)**	(82,429)
Income not subject to taxation	**(59,283)**	(130,054)
Non-deductible expenses	**57,250**	32,863
Deferred tax assets not recognised	**26,186**	13,776
Over provision in respect of previous years	**(14,450)**	(28,714)
Share of results of associates	**(28,995)**	(6,766)
Others	**(3,556)**	(5,142)
Income tax expense recognised in the consolidated income statement	**379,219**	189,660

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	
	2011	2010
Profit, net of tax for the year attributable to owners of the parent (US$'000)	**1,600,840**	1,323,974
Weighted average number of ordinary shares ('000)	**6,398,300**	6,392,122
Basic earnings per share (US cents per share)	**25.0**	20.7

(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	
	2011	2010
Profit for the year attributable to owners of the parent (US$'000)	**1,600,840**	1,323,974
Weighted average number of ordinary shares ('000)	**6,398,300**	6,392,122
Effects of dilution		
– Grant of equity-settled share options ('000)	**3,808**	7,499
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**6,402,108**	6,399,621
Diluted earnings per share (US cents per share)	**25.0**	20.7

The fair value adjustments on embedded derivatives and accretion of interest on convertible bonds were not included in the computation of diluted earnings per share for the financial years ended 31 December 2011 and 31 December 2010 as the conversion of convertible bonds was anti-dilutive.

Since the end of the financial year, executives of the Group have exercised options to acquire 243,000 (2010: 2,618,000) 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	Buildings	Plant and machineries	Furniture, fittings and office equipment	Vessels	Motor vehicles, trucks and aircrafts	Construction in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group								
Costs								
At 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, as previously reported	65,205	199,189	1,213,076	7,233	16,318	1,199	151,580	1,653,800
Finalisation of purchase price allocation	107,334	20,388	26,796	–	–	–	–	154,518
Acquisition of subsidiaries, as restated	172,539	219,577	1,239,872	7,233	16,318	1,199	151,580	1,808,318
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, as restated and 1 January 2011	**843,721**	**1,654,170**	**4,280,687**	**121,227**	**336,134**	**164,456**	**530,910**	**7,931,305**
Acquisition of subsidiaries	**22,434**	**30,470**	**101,135**	**319**	**–**	**426**	**98,513**	**253,297**
Additions	**86,407**	**73,073**	**103,563**	**19,393**	**17,002**	**23,976**	**1,093,761**	**1,417,175**
Disposals	**(1,981)**	**(4,928)**	**(27,065)**	**(1,851)**	**(32,151)**	**(6,011)**	**(2,138)**	**(76,125)**
Transfers	**2,580**	**250,450**	**357,363**	**3,091**	**18,521**	**1,235**	**(633,240)**	**–**
Reclassification	**83**	**2,222**	**(6,307)**	**1,138**	**(11)**	**313**	**(1,687)**	**(4,249)**
Currency translation differences	**10,685**	**12,691**	**43,834**	**2,633**	**(7,612)**	**439**	**9,995**	**72,665**
At 31 December 2011	**963,929**	**2,018,148**	**4,853,210**	**145,950**	**331,883**	**184,834**	**1,096,114**	**9,594,068**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land, land and land rights	Buildings	Plant and machineries	Furniture, fittings and office equipment	Vessels	Motor vehicles, trucks and aircrafts	Construction in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group								
Accumulated depreciation								
At 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 and 1 January 2011	**68,476**	**285,807**	**1,033,167**	**73,252**	**105,626**	**98,532**	**–**	**1,664,860**
Depreciation charge for the year	**13,294**	**75,405**	**316,720**	**18,051**	**38,550**	**18,322**	**–**	**480,342**
Disposals	**(333)**	**(1,765)**	**(11,020)**	**(1,445)**	**(20,879)**	**(4,227)**	**–**	**(39,669)**
Impairment loss	**–**	**–**	**252**	**5**	**–**	**–**	**–**	**257**
Reclassification	**(98)**	**(559)**	**634**	**(10)**	**–**	**25**	**–**	**(8)**
Currency translation differences	**751**	**6,914**	**16,719**	**1,888**	**(7,086)**	**211**	**–**	**19,397**
At 31 December 2011	**82,090**	**365,802**	**1,356,472**	**91,741**	**116,211**	**112,863**	**–**	**2,125,179**
Net carrying amount								
At 31 December 2010	775,245	1,368,363	3,247,520	47,975	230,508	65,924	530,910	6,266,445
At 31 December 2011	**881,839**	**1,652,346**	**3,496,738**	**54,209**	**215,672**	**71,971**	**1,096,114**	**7,468,889**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings and office equipment	Motor vehicles	Total
	US$'000	US$'000	US$'000
Company			
Costs			
At 1 January 2010	4	–	4
Additions	16	154	170
At 31 December 2010 and 1 January 2011	**20**	**154**	**174**
Additions	**1,312**	**183**	**1,495**
Disposals	**–**	**(154)**	**(154)**
At 31 December 2011	**1,332**	**183**	**1,515**
Accumulated depreciation			
At 1 January 2010	–	–	–
Depreciation charge for the year	4	26	30
At 31 December 2010 and 1 January 2011	**4**	**26**	**30**
Depreciation charge for the year	**231**	**2**	**233**
Disposals	**–**	**(26)**	**(26)**
At 31 December 2011	**235**	**2**	**237**
Net carrying amount			
At 31 December 2010	16	128	144
At 31 December 2011	**1,097**	**181**	**1,278**

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$7,781,000 (2010: US$4,523,000).

Assets held under finance lease

The carrying amount of motor vehicles held under finance lease at the balance sheet date was approximately US$29,000 (2010: US$70,000).

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$329,901,000 (2010: US$407,854,000) are pledged as security for bank borrowings.

14. BIOLOGICAL ASSETS

	Group	
	2011	2010
	US$'000	US$'000
At 1 January	**1,512,209**	1,153,535
Acquisition of subsidiaries	**7,716**	13,570
Additions	**57,209**	48,630
Disposals	**(5,310)**	(705)
Capitalisation of interest	**3,814**	4,210
Capitalisation of depreciation	**2,487**	3,446
Capitalisation of employee benefits	**15,008**	18,382
Currency translation differences	**(9,808)**	20,124
	1,583,325	1,261,192
Increase in fair value less point-of-sale costs	**262,657**	251,017
At 31 December	**1,845,982**	1,512,209

(a) Analysis of oil palm production

During the financial year, the Group harvested 4,072,961 tonnes (2010: 3,348,891 tonnes) of FFB, which had a fair value less estimated point-of-sale costs of approximately US$804,157,000 (2010: US$580,117,000). 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:

	Group	
	2011	2010
Area	Hectares	Hectares
Planted area:		
– Mature	**209,811**	190,499
– Immature	**41,596**	58,277
	251,407	248,776

	Group	
	2011	2010
Value	US$'000	US$'000
Planted area:		
– Mature	**1,677,174**	1,319,159
– Immature	**168,808**	193,050
	1,845,982	1,512,209

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

14. BIOLOGICAL ASSETS (CONTINUED)

(c) At 31 December 2011, the fair value of biological assets of the Group mortgaged as securities for bank borrowings amounted to approximately US$60,795,755 (2010: US$37,424,000).

(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 (2010: 25) years, with the first three years as immature and remaining years as mature;

(iii) Discount rate per annum of 7.92% to 13.19% (2010: 7.31% to 14.45%);

(iv) FFB selling price of US$147 to US$179 (2010: US$140 to US$157) per metric tonne; and

(v) Average yield is 19.8 (2010: 17.9) metric tonne per hectare.

15. INTANGIBLE ASSETS

	Goodwill	Trademarks & Licenses and others	Brand	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Cost				
At 1 January 2010	2,937,083	2,257	1,089,247	4,028,587
Additions, as previously reported	370,218	1,144	–	371,362
Finalisation of purchase price allocation	(41,983)*	–	12,378	(29,605)
Additions, as restated	328,235	1,144	12,378	341,757
Written off to income statement	(286)	–	–	(286)
Currency translation differences	1,283	14	–	1,297
At 31 December 2010, as restated and 1 January 2011	**3,266,315**	**3,415**	**1,101,625**	**4,371,355**
Additions	**40,856#**	**1,662**	**–**	**42,518**
Written off to income statement	**(4)**	**(276)**	**–**	**(280)**
Disposals	**–**	**(84)**	**–**	**(84)**
Currency translation differences	**(2,568)**	**(119)**	**–**	**(2,687)**
At 31 December 2011	**3,304,599**	**4,598**	**1,101,625**	**4,410,822**
Accumulated amortisation and impairment				
At 1 January 2010	–	(151)	–	(151)
Amortisation during the year	–	(256)	–	(256)
Currency translation differences	–	(9)	–	(9)
At 31 December 2010 and 1 January 2011	**–**	**(416)**	**–**	**(416)**
Amortisation during the year	**–**	**(461)**	**–**	**(461)**
Disposals	**–**	**1**	**–**	**1**
Currency translation differences	**–**	**(7)**	**–**	**(7)**
At 31 December 2011	**–**	**(883)**	**–**	**(883)**
Net carrying amount				
At 31 December 2010	3,266,315	2,999	1,101,625	4,370,939
At 31 December 2011	**3,304,599**	**3,715**	**1,101,625**	**4,409,939**

* *In accordance with FRS 103, the management has assessed the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. The purchase price allocation was completed during the financial year. Accordingly, the provisional goodwill recognized in the prior year has now been adjusted retrospectively to reflect the finalised carrying fair value.*

\# *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 reviews for some of the acquisitions are in progress as at 31 December 2011. Accordingly, the provisional goodwill arising from these acquisitions are included in the addition of goodwill for the year.*

15. INTANGIBLE ASSETS (CONTINUED)

	Trademarks and licenses US$'000	Total US$'000
Company		
Costs		
At 1 January 2010	–	–
Additions	794	794
At 31 December 2010, 1 January 2011 and 31 December 2011	**794**	**794**
Accumulated amortisation and impairment		
At 1 January 2010	–	–
Amortisation during the year	(133)	(133)
At 31 December 2010 and 1 January 2011	**(133)**	**(133)**
Amortisation during the year	**(264)**	**(264)**
At 31 December 2011	**(397)**	**(397)**
Net carrying amount		
At 31 December 2010	661	661
At 31 December 2011	**397**	**397**

15. INTANGIBLE ASSETS (CONTINUED)

Finalisation of purchase price allocation

The Group finalised the purchase price allocation for the acquisition of Sucrogen Limited and its subsidiaries during the financial year. The retrospective adjustments to the provisional purchase price allocation were as follows:

	Group		
	Previously reported	Restated	Adjustments
	US$'000	US$'000	US$'000
Property, plant and equipment	6,111,927	6,266,445	154,518
Intangible assets	4,400,544	4,370,939	(29,605)
Investment in associates	1,269,656	1,263,659	(5,997)
Deferred tax assets	211,882	205,724	(6,158)
	11,994,009	12,106,767	112,758
Trade receivables	3,125,919	3,118,558	(7,361)
Other financial receivables	1,310,707	1,315,439	4,732
Other non-financial assets	1,394,778	1,406,516	11,738
	5,831,404	5,840,513	9,109
Other financial payables	789,729	806,014	16,285
Tax payables	105,876	110,688	4,812
Deferred tax liabilities	474,953	527,293	52,340
	1,370,558	1,443,995	73,437
Net assets	**16,454,855**	**16,503,285**	**48,430**
Non-controlling interests	**702,028**	**750,458**	**48,430**

Amortisation expense

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

Brand

Brand relates to both the 'Arawana' and 'CSR' brand names that were acquired in 2007 and 2010 respectively. 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 has 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	Sugar Segment			
	Palm and Laurics	Oilseeds and Grains			Milling	Merchandising and Processing	Others	Total Segment
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2011								
Goodwill	**608,375**	**737,042**	**28,986**	**1,596,605**	**210,960**	**112,099**	**10,532**	**3,304,599**
Brand	**–**	**–**	**1,089,247**	**–**	**–**	**12,378**	**–**	**1,101,625**
2010								
		Restated*						
Goodwill	602,312	1,028,159	28,986	1,597,870	–	–	8,988	3,266,315
Brand	–	12,378	1,089,247	–	–	–	–	1,101,625

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

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, merchandising and processing, sugar milling and sugar 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	Sugar Segment	
	Palm and Laurics	Oilseeds and Grains			Milling	Merchandising and Processing
	%	%	%	%	%	%
2011						
Terminal growth rates	**2.0-3.0**	**3.0**	**3.0**	**N.A.**	**2.5**	**2.0-2.5**
Pre-tax discount rates	**12.0-14.0**	**14.0**	**12.0**	**12.0**	**9.8**	**9.8-12.0**
2010						
Terminal growth rates	3.0	3.0	3.0	N.A.	N.A.	N.A.
Pre-tax discount rates	14.0	14.0	12.0	12.0	N.A.	N.A.

15. INTANGIBLE ASSETS (CONTINUED)

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

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2011	2010
	US$'000	US$'000
Unquoted equity shares, at cost	**8,697,067**	8,680,663

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	
Benso Oil Palm Plantation Limited	77+	16,755	March 2011
PT Anugrah Rejeki Nusantara	95	12,923	June 2011
Jiangsu Spring Fruit Biological Products Co., Ltd	60	8,349	August 2011
Yihai Kerry (Shanghai) Sugar Co., Ltd	78	1,252	August 2011
PT Duta Sugar International	95	23,068	August 2011
		62,347	
Proserpine Sugar Mill acquired from Proserpine Co-operative Sugar Milling Association Limited		121,594	December 2011
		183,941	

+ *The equity interest acquired has been rounded to the nearest whole % as indicated.*

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	253,297
Biological assets	7,716
Deferred tax assets	1,458
Trade and other receivables	181,126
Cash and cash equivalents	15,430
	459,027
Trade and other payables	157,464
Loans and borrowings	83,529
	240,993
Net identifiable assets	218,034
Less: Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets	(40,208)
Identifiable net assets acquired	177,826
Less: Transfer from investment in an associate	(27,393)
	150,433
Positive goodwill arising from acquisition recognised as part of intangible assets	40,852
Positive goodwill written off	4
Gain on bargain purchase taken to the other operating income	(7,348)
Total consideration for acquisition	**183,941**

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	183,941
Less: Payables for acquisition	(2,148)
Consideration for acquisition – cash paid	**181,793**
The effects of acquisition on cash flow is as follows:	
Consideration settled in cash	181,793
Less: Cash and cash equivalents of subsidiaries/business acquired	(15,430)
Less: Adjustments of consideration for acquisition of subsidiaries in prior year	(2,077)
Net cash outflow on acquisition	**164,286**

Transaction costs

Transaction costs related to the above acquisitions of approximately US$6,676,000 have been recognised in the other operating expenses in the consolidated income statement for the financial year ended 31 December 2011.

Impact of acquisition on consolidated income statement

From the date of acquisition, the acquirees have contributed an additional revenue and profit of approximately US$126,389,000 and US$881,000 respectively for the financial year ended 31 December 2011. If the combination had taken place at the beginning of the financial year, the Group's revenue would have been approximately US$44,858,126,000 and profit would have been approximately US$1,605,824,000.

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	
Newbloom Pte. Ltd.	PT Maju Perkasasawit	10	100	300	236	64	January 2011
Newbloom Pte. Ltd.	PT Jammer Tulen	10	100	1,000	947	53	January 2011
Newbloom Pte. Ltd.	PT Asiatic Persada	49	100	33,700	37,070	(3,370)	January 2011
Tradesound Investments Limited	Cleartech Research Pte. Ltd.	40	100	20	16	4	August 2011
Yihai Kerry Investments Co., Ltd.	Xi'an Kerry Oils & Fats Industrial Ltd	9	98+	2,370	2,141	229	September 2011
Yihai Kerry Investments Co., Ltd.	Yihai Kerry (Jilin) Oils, Grains & Foodstuffs Industries Co., Ltd	12	98+	949	(288)	1,237	October 2011
Yihai Kerry Investments Co., Ltd.	Yihai Kerry (Baicheng) Oils, Grains & Foodstuffs Industries Co., Ltd	12	98+	1,518	1,547	(29)	November 2011
Wilmar Seed Investments Pte. Ltd.	Hebei Yihai Angenuo Agrochemical Co., Ltd	20	98+	822	645	177	November 2011

* *Based on the Group's effective interest in the acquiree*

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

17. INVESTMENT IN ASSOCIATES

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	US$'000	US$'000
		Restated*		
Shares, at cost	**980,800**	805,337	**90,732**	89,883
Share of post-acquisition reserves	**430,915**	298,232	**–**	–
Share of associates' other comprehensive income	**918**	918	**–**	–
Currency translation differences	**55,147**	48,206	**–**	–
	1,467,780	1,152,693	**90,732**	89,883
Quasi equity loans	**110,966**	110,966	**110,966**	110,966
	1,578,746	1,263,659	**201,698**	200,849
Fair value of investment in associates for which there are published price quotations	**78,962**	112,395	**21,560**	32,032

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

Details of the list of significant associates are included in Note 40.

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

	Group	
	2011	2010
	US$'000	US$'000
Assets and liabilities:		
Current assets	**6,999,725**	6,193,661
Non-current assets	**2,572,296**	1,913,579
Total assets	**9,572,021**	8,107,240
Current liabilities	**5,849,731**	4,640,109
Non-current liabilities	**838,940**	681,198
Total liabilities	**6,688,671**	5,321,307
Results:		
Revenue	**15,532,402**	9,174,282
Profit for the year	**498,507**	55,409

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

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	US$'000	US$'000
Available-for-sale financial assets				
Non-current:				
Quoted equity instruments*	**78,636**	70,650	**–**	–
Unquoted equity instruments, at cost	**59,156**	59,171	**36,000**	36,000
Unquoted non-equity instruments	**56,051**	14,004	**–**	–
	193,843	143,825	**36,000**	36,000
Current:				
Unquoted non-equity instruments	**–**	3,010	**–**	–
	–	3,010	**–**	–
Financial assets held for trading				
Quoted equity instruments	**223,239**	281,842	**–**	–
Quoted non-equity instruments	**110,476**	34,459	**–**	–
	333,715	316,301	**–**	–

* *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	
	2011 US$'000	2010 US$'000 Restated*	**2011** US$'000	2010 US$'000
Deferred tax assets:				
Provisions	**87,974**	60,591	**(24,087)**	(12,577)
Unutilised tax losses	**83,072**	68,918	**(25,301)**	(20,982)
Differences in depreciation for tax purposes	**16,510**	16,393	**880**	2,869
Fair value adjustments on derivatives classified as cash flow hedges	**4,113**	44,116	**–**	–
Other items	**35,196**	15,706	**(9,455)**	(11,311)
	226,865	205,724		
Deferred tax liabilities:				
Differences in depreciation for tax purposes	**147,008**	144,256	**4,191**	(19,185)
Fair value adjustments on acquisition of subsidiaries	**69,279**	68,925	**(2,092)**	–
Fair value adjustments on derivatives classified as cash flow hedges	**64,713**	52,782	**–**	–
Fair value adjustments on derivatives classified as fair value hedges	**339**	3,704	**(3,365)**	3,704
Fair value adjustments on biological assets	**280,746**	211,848	**68,898**	61,415
Undistributed earnings	**28,890**	24,899	**3,991**	(57,001)
Other items	**48,447**	20,879	**34,591**	(9,973)
	639,422	527,293		
Deferred income tax expense/(credit)			**48,251**	(63,041)

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

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 2011 and 31 December 2010 respectively.

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately US$201,361,000 (2010: US$158,290,000) 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 investments in subsidiaries

At the balance sheet date, no deferred tax liability (2010: 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$2,275,709,000 (2010: US$1,837,699,000). The deferred tax liability is estimated to be approximately US$286,341,000 (2010: US$209,191,000).

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2011			2010		
	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	**15,857,690**	**101,999**	**130,358**	13,141,436	146,715	147,091
Futures, options and swap contracts	**4,329,959**	**131,129**	**157,346**	5,812,521	245,645	556,845
Interest rate swap	**145,408**	**216**	**669**	60,126	–	832
Forward freight agreements	**23,165**	**8,815**	**–**	23,165	3,828	–
Fair value of embedded derivatives of convertible bonds	**–**	**330**	**–**	–	85,014	–
Fair value of firm commitment contracts	**430,126**	**20,525**	**18,086**	–	–	–
Total derivative financial instruments		**263,014**	**306,459**		481,202	704,768
Less: Current portion		**(239,354)**	**(263,402)**		(350,091)	(629,534)
Non-current portion		**23,660**	**43,057**		131,111	75,234

	Company					
	2011			2010		
	Contract/ Notional amount	**Assets**	**Liabilities**	**Contract/ Notional amount**	**Assets**	**Liabilities**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Fair value of embedded derivatives of convertible bonds	**–**	**330**	**–**	–	85,014	–
Total derivative financial instruments		**330**	**–**		85,014	–
Less: Current portion		**(330)**	**–**		–	–
Non-current portion		**–**	**–**		85,014	–

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

<u>Hedges of future purchase and sales of commodity products</u>

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 gain/(loss) of approximately US$31,151,000 (2010: US$(77,556,000)), with related deferred tax (charges)/credit of approximately US$(8,260,000) (2010: US$3,971,000), is included in the hedging reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss during the next three financial years as follows: US$31,660,000, US$(2,778,000) and US$2,269,000 (2010: US$(77,556,000), US$Nil and US$Nil).

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$6,790,000 (2010: US$74,079,000) is deferred in the income statement and offset with a similar gain on the inventory.

21. OTHER FINANCIAL RECEIVABLES OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2011	2010	2011	2010
	US$'000	US$'000 Restated*	US$'000	US$'000
Non-current:				
Other non-trade receivables	**12,135**	17,629	**14**	14
Other deposits with financial institutions	**–**	53,453	**–**	–
Amount due from subsidiaries – non-trade	**–**	–	**100,612**	88,230
Amount due from associates – non-trade	**67,966**	35,728	**28,847**	16,610
Other financial receivables	**80,101**	106,810	**129,473**	104,854
Current:				
Deposits	**13,011**	129,019	**7**	1
Loans to non-controlling shareholders of subsidiaries	**25,469**	2,581	**–**	–
Other non-trade receivables	**336,363**	226,972	**1,749**	3,821
Other deposits with financial institutions	**2,460,807**	675,620	**–**	–
Amount due from subsidiaries – non-trade	**–**	–	**1,771,476**	2,849,748
Amount due from associates – non-trade	**293,547**	254,454	**18,548**	40,398
Amount due from related parties – non-trade	**26,926**	26,793	**–**	–
Other financial receivables	**3,156,123**	1,315,439	**1,791,780**	2,893,968
Non-current:				
Prepayments	**38,504**	50,030	**–**	–
Other non-financial assets	**38,504**	50,030	**–**	–
Current:				
Prepayments and other non-financial assets	**189,402**	154,781	**520**	110
Tax recoverables	**83,062**	60,695	**–**	–
Advances for property, plant and equipment	**400,070**	238,516	**1,147**	1,176
Advances for acquisition of a subsidiary	**74,076**	22,000	**–**	–
Advances to suppliers	**622,345**	930,524	**–**	–
Other non-financial assets	**1,368,955**	1,406,516	**1,667**	1,286

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

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 repaid 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 amounts due from associates of approximately US$153,935,000 (2010: US$125,237,000), which bear interest ranging from 0.1% to 9.0% (2010: 3% to 8%) per annum and are expected to be settled in cash.

Loans to non-controlling shareholders of two subsidiaries

Loans to non-controlling shareholders of two subsidiaries are repayable on demand and are expected to be settled in cash. These loans are secured over the non-controlling shareholders' interests in the subsidiaries.

Other deposits with financial institutions

Other deposits with financial institutions are deposits placed with reputable banks with high credit ratings and no history of default. The interest rates range from 2% to 7% (2010: 2% to 4%) per annum.

22. INVENTORIES

	Group	
	2011	2010
	US$'000	US$'000
Balance Sheet		
At cost:		
Raw materials	**2,364,027**	2,897,290
Consumables	**358,238**	402,031
Finished goods	**1,724,884**	1,893,287
Stock in transit	**420,560**	581,346
	4,867,709	5,773,954
At net realisable value:		
Raw materials	**599,728**	231,789
Consumables	**2,097**	1,079
Finished goods	**1,795,766**	730,547
	2,397,591	963,415
	7,265,300	6,737,369
Income Statement		
Inventories recognised as an expense in cost of sales	**37,340,408**	25,044,779
– Additional/(write back of) provision for net realisable value	**102,700**	(10,813)

The Group has pledged inventories amounting to approximately US$318,571,000 (2010: US$349,222,000) as security for bank borrowings.

23. TRADE RECEIVABLES

	Group	
	2011	2010
	US$'000	US$'000 Restated*
Trade receivables	**2,477,670**	2,249,150
Notes receivables	**267,225**	186,899
Value added tax recoverable	**543,793**	424,997
Amount due from associates – trade	**191,574**	244,015
Amount due from related parties – trade	**43,104**	22,953
	3,523,366	3,128,014
Less: Allowance for doubtful receivables	**(20,441)**	(9,456)
	3,502,925	3,118,558

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

Trade receivables, including amounts due from associates and related parties, are non-interest bearing and the average turnover is 28 days (2010: 28 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 2011 and 31 December 2010.

The Group has pledged trade receivables amounting to approximately US$82,678,000 (2010: US$65,470,000) as security for bank borrowings.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to approximately US$415,797,000 (2010: US$423,613,000) 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	
	2011	2010
	US$'000	US$'000
Trade receivables past due but not impaired:		
Less than 30 days	**263,862**	219,814
30 – 60 days	**58,079**	93,029
61 – 90 days	**18,823**	44,795
91 – 120 days	**12,461**	13,977
More than 120 days	**62,572**	51,998
	415,797	423,613

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 account:

	Group Individually Impaired	
	2011	2010
	US$'000	US$'000
At 1 January	**(9,456)**	(16,543)
(Addition)/write back of allowance during the year	**(15,217)**	8,472
Acquisition of subsidiaries	**(156)**	(2,069)
Bad debts written off against allowance	**4,268**	730
Currency translation differences	**120**	(46)
At 31 December	**(20,441)**	(9,456)

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	
	2011	2010	**2011**	2010
	US$'000	US$'000 Restated*	US$'000	US$'000
Trade receivables	**3,502,925**	3,118,558	**–**	–
Other financial receivables – current	**3,156,123**	1,315,439	**1,791,780**	2,893,968
Other financial receivables – non-current	**80,101**	106,810	**129,473**	104,854
Total cash and bank balances	**7,898,353**	6,787,812	**3,243**	3,450
Loans and receivables	**14,637,502**	11,328,619	**1,924,496**	3,002,272

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

24. OTHER BANK DEPOSITS CASH AND BANK BALANCES

	Group 2011 US$'000	Group 2010 US$'000
Fixed deposits pledged with financial institutions for bank facilities	**6,441,096**	5,707,888
Other deposits with maturity more than 3 months	**80,474**	187,426
Other bank deposits	**6,521,570**	5,895,314

	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
Cash at banks and on hand	**1,194,139**	776,106	**3,243**	3,164
Short term and other deposits	**182,644**	116,392	**–**	286
Cash and bank balances	**1,376,783**	892,498	**3,243**	3,450

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 3% (2010: 2%) per annum and 1% (2010: less than 1%) per annum respectively.

	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
Other bank deposits	**6,521,570**	5,895,314	**–**	–
Cash and bank balances	**1,376,783**	892,498	**3,243**	3,450
Total cash and bank balances	**7,898,353**	6,787,812	**3,243**	3,450

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

	Group 2011 US$'000	Group 2010 US$'000
Cash and bank balances	**1,376,783**	892,498
Bank overdrafts	**(97,125)**	(492,023)
Cash and cash equivalents	**1,279,658**	400,475

25. TRADE PAYABLES

	Group	
	2011	2010
	US$'000	US$'000
		Restated*
Trade payables	**1,277,753**	981,037
Value added tax payable	**28,178**	50,075
Due to associates – trade	**110,143**	152,215
Due to related parties – trade	**293,930**	263,861
	1,710,004	1,447,188

Trade payables are non-interest bearing and the average turnover is 12 days (2010: 12 days).

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

Total financial liabilities

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	US$'000	US$'000
		Restated*		
Trade payables	**1,710,004**	1,447,188	**–**	–
Other financial payables – current	**1,131,337**	806,014	**24,448**	588,807
Other financial payables – non-current	**4,691**	4,274	**–**	–
Loans and borrowings	**20,888,943**	17,425,187	**558,417**	1,054,216
Total financial liabilities carried at amortised cost	**23,734,975**	19,682,663	**582,865**	1,643,023

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

26. OTHER FINANCIAL PAYABLES OTHER NON-FINANCIAL LIABILITIES

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000 Restated*	US$'000	US$'000
Current:				
Advances from non-controlling shareholders of subsidiaries	**58,884**	29,158	**–**	–
Accrued operating expenses	**557,993**	475,000	**10,131**	13,186
Due to subsidiaries – non-trade	**–**	–	**12,891**	556,474
Due to associates – non-trade	**50,081**	31,164	**1,242**	19,147
Due to related parties – non-trade	**7,825**	6,380	**92**	–
Deposits from third parties	**84,570**	64,985	**–**	–
Payable for property, plant and equipment	**99,919**	56,094	**–**	–
Other tax payables	**26,050**	17,949	**–**	–
Other payables	**246,015**	125,284	**92**	–
Other financial payables	**1,131,337**	806,014	**24,448**	588,807
Non-current:				
Advances from non-controlling shareholders of subsidiaries	**3,680**	3,607	**–**	–
Other payables	**1,011**	667	**–**	–
Other financial payables	**4,691**	4,274	**–**	–
Current:				
Advances from customers	**469,834**	393,334	**–**	–
Other non-financial liabilities	**469,834**	393,334	**–**	–
Non-current:				
Provision for employee gratuity	**39,339**	31,014	**–**	–
Deferred income – government grants	**55,273**	35,214	**–**	–
Other non-financial liabilities	**94,612**	66,228	**–**	–

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

Other payables include wages and employee taxes and other creditors.

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

The advances from non-controlling shareholders are unsecured, non-interest bearing 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 2011 %	Weighted average interest rate 2010 %	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
Current:								
Bank term loans	(a)	**2012**	**2**	1	**1,998,587**	790,268	**–**	–
Short term/pre-shipment loans	(a)	**2012**	**3**	2	**10,724,560**	9,185,347	**–**	508,500
Trust receipts/bill discounts	(a)	**2012**	**1**	–*	**5,030,366**	4,435,961	**–**	–
Bank overdrafts	(b)	**2012**	**5**	5	**97,125**	492,023	**–**	–
Obligations under finance lease		**2012**	**6**	6	**15**	32	**–**	–
Convertible bonds	(c)	**2012**	**4**	–	**558,417**	–	**558,417**	–
					18,409,070	14,903,631	**558,417**	508,500
Non-current:								
Bank term loans	(a)	**2013-2018**	**2**	1	**2,479,851**	1,975,800	**–**	–
Convertible bonds	(c)	**2012**	**–**	4	**–**	545,716	**–**	545,716
Obligations under finance lease		**2013-2015**	**6**	6	**22**	40	**–**	–
					2,479,873	2,521,556	**–**	545,716
Total loans and borrowings					**20,888,943**	17,425,187	**558,417**	1,054,216

* *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

Certain bank overdrafts are secured by inventories, accounts receivables and corporate guarantees from the Company.

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 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	
	2011	2010
	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 interests	**40,409**	27,708
Conversion to ordinary shares	**(1,425)**	(1,425)
Convertible bonds buy back	**(22,930)**	(22,930)
Liability component of convertible bonds at the balance sheet date	**558,417**	545,716

(d) The bank facilities, up to a limit of approximately US$5,056,857,000 (2010: US$2,614,648,000), 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 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 and 1 January 2011	**6,396,925**	**8,434,768**	**6,396,925**	**8,870,907**
Shares arising from exercise of share options	**4,503**	**16,753**	**4,503**	**16,753**
At 31 December 2011	**6,401,428**	**8,451,521**	**6,401,428**	**8,887,660**

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 Directors and the employees of the Group and the convertible bondholders to subscribe for the Company's ordinary shares.

29. OTHER RESERVES

(a) Composition:

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	US$'000	US$'000
Capital reserve	**145,383**	145,383	**145,379**	145,379
Merger reserve	**(1,929,314)**	(1,929,314)	**–**	–
Foreign currency translation reserve	**437,647**	363,133	**–**	–
General reserve	**190,531**	151,558	**–**	–
Equity transaction reserve	**(4,005)**	(5,666)	**–**	–
Hedging reserve	**31,151**	(77,556)	**–**	–
Employee share option reserve	**54,351**	39,987	**54,351**	39,987
Fair value reserve	**(18,674)**	3,989	**–**	–
Total other reserves	**(1,092,930)**	(1,308,486)	**199,730**	185,366

29. OTHER RESERVES (CONTINUED)

(b) Movements:

(i) Capital reserve

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	US$'000	US$'000
At 1 January	**145,383**	145,577	**145,379**	145,577
Equity component of convertible bonds transferred to share capital	**–**	(198)	**–**	(198)
Share of associates' other comprehensive income	**–**	4	**–**	–
At 31 December	**145,383**	145,383	**145,379**	145,379

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

(ii) Merger reserve

	Group	
	2011	2010
	US$'000	US$'000
At 1 January and 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.

(iii) Foreign currency translation reserve

	Group	
	2011	2010
	US$'000	US$'000
At 1 January	**363,133**	190,270
Currency translation differences of foreign operations	**75,120**	172,833
Disposal of subsidiaries	**(606)**	30
At 31 December	**437,647**	363,133

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued):

(iv) General reserves

	Group	
	2011	2010
	US$'000	US$'000
At 1 January	**151,558**	120,242
Transfer from retained earnings	**38,973**	31,316
At 31 December	**190,531**	151,558

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

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

(v) Equity transaction reserve

	Group	
	2011	2010
	US$'000	US$'000
At 1 January	**(5,666)**	–
Acquisition of additional interest in subsidiaries	**1,661**	(4,777)
Dilution of interest in subsidiaries	**–**	(889)
At 31 December	**(4,005)**	(5,666)

(vi) Hedging reserve

	Group	
	2011	2010
	US$'000	US$'000
At 1 January	**(77,556)**	147,868
Fair value adjustment on cash flow hedges	**27,216**	(128,739)
Recognised in the income statement on derivatives contracts realised	**81,491**	(96,685)
At 31 December	**31,151**	(77,556)

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

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued):

(vii) Employee share option reserve

	Group and Company	
	2011	2010
	US$'000	US$'000
At 1 January	**39,987**	11,746
Grant of equity-settled share options	**19,964**	34,742
Exercise of equity-settled share options	**(5,600)**	(6,501)
At 31 December	**54,351**	39,987

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.

(viii) Fair value reserve

	Group		Company	
	2011	2010	**2011**	2010
	US$'000	US$'000	US$'000	US$'000
At 1 January	**3,989**	8,833	**–**	13,685
Fair value adjustment on available-for-sale financial assets	**(22,663)**	(4,844)	**–**	(13,685)
At 31 December	**(18,674)**	3,989	**–**	–

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.

30. PROVISION FOR EMPLOYEE GRATUITY (CONTINUED)

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

	Group	
	2011	2010
Discount rate	**6.85% per annum**	8.5% per annum
Wages and salaries increase	**8% - 10% per annum**	8% - 10% per annum
Retirement age	**55 years of age**	55 years of age
Mortality rate	**CSO - 1980**	CSO - 1980/TMI - 99
Method	**Projected unit credit**	Projected unit credit

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

	Group	
	2011	2010
	US$'000	US$'000
Current service costs	**6,611**	5,804
Adjustment of new entrant employees	**1,207**	1,968
Interest costs	**3,446**	2,399
Curtailment loss	**(1,594)**	(1,391)
Immediate recognition of past service cost	**(31)**	132
Others	**938**	44
	10,577	8,956

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

	Group	
	2011	2010
	US$'000	US$'000
Present value of benefit obligation	**48,731**	42,573
Unamortised service cost	**(413)**	(156)
Unrecognised actuarial loss	**(8,979)**	(11,403)
Provision for employee gratuity	**39,339**	31,014

30. PROVISION FOR EMPLOYEE GRATUITY (CONTINUED)

Movement in provision for employee gratuity is as follows:

	Group	
	2011	2010
	US$'000	US$'000
At 1 January	**31,014**	20,551
Acquisition of subsidiaries	**95**	1,547
Provision made for the year	**10,577**	8,956
Payments during the year	**(2,028)**	(990)
Others	**(36)**	–
Currency translation differences	**(283)**	950
At 31 December	**39,339**	31,014

31. EMPLOYEE BENEFITS

	Group	
	2011	2010
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**735,933**	318,547
Defined contribution plans	**54,509**	37,132
Share-based payments	**19,964**	34,742
Other short term benefits	**63,379**	39,465
Other long term benefits	**10,588**	9,198
	884,373	439,084
Less: Amount capitalised as biological assets	**(15,008)**	(18,382)
	869,365	420,702

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 the Singapore Exchange Securities Trading Limited ("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.

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Wilmar ESOS 2000 (continued)
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 2011, options to subscribe for 4,131,000 shares remained outstanding. No options had been granted in 2011 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.

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 SGX-ST on the five trading days immediately preceding the date of the grant of the option ("Market Price") or at discount to the Market Price (up to maximum of 20%).

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

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 directors who were controlling shareholders). 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:

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Wilmar ESOS 2009 (continued)

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 2011, the total number of shares exercisable under the options granted pursuant to the Wilmar ESOS 2009 was 27,605,000 shares.

Date of grant	Opening balance	Options granted	Options cancelled	Options exercised	Closing balance	Exercise price	Exercise period
2011							
Wilmar ESOS 2000							
27.11.2008	**1,278,000**	**–**	**–**	**(227,500)**	**1,050,500**	**$2.45**	**28.11.2009 to 26.11.2013**
27.11.2008	**5,771,000**	**–**	**–**	**(2,765,500)**	**3,005,500**	**$2.45**	**28.11.2010 to 26.11.2013**
09.12.2008	**25,000**	**–**	**–**	**–**	**25,000**	**$2.63**	**10.12.2009 to 08.12.2013**
09.12.2008	**60,000**	**–**	**–**	**(10,000)**	**50,000**	**$2.63**	**10.12.2010 to 08.12.2013**
	7,134,000	**–**	**–**	**(3,003,000)**	**4,131,000**		
Wilmar ESOS 2009							
21.05.2009	**1,825,000**	**–**	**–**	**(1,500,000)**	**325,000**	**$4.50**	**22.05.2010 to 21.05.2014**
21.05.2009	**2,375,000**	**–**	**–**	**–**	**2,375,000**	**$4.50**	**22.05.2011 to 21.05.2014**
	4,200,000	**–**	**–**	**(1,500,000)**	**2,700,000**		
10.03.2010	**9,401,350**	**–**	**(211,200)**	**–**	**9,190,150**	**$6.68**	**11.03.2011 to 10.03.2015**
10.03.2010	**7,951,350**	**–**	**(211,200)**	**–**	**7,740,150**	**$6.68**	**11.03.2012 to 10.03.2015**
10.03.2010	**8,192,300**	**–**	**(217,600)**	**–**	**7,974,700**	**$6.68**	**11.03.2013 to 10.03.2015**
	25,545,000	**–**	**(640,000)**	**–**	**24,905,000**		
Total	**36,879,000**	**–**	**(640,000)**	**(4,503,000)**	**31,736,000**		

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
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		

No options had been granted during the financial year ended 31 December 2011. The weighted average fair value of options granted during the financial year ended 31 Dec 2010 was S$2.80.

The weighted average share price at the date of exercise of the options during the financial year was S$5.30 (2010: S$6.20).

The range of exercise prices for options outstanding at the end of the year was from S$2.45 to S$6.68 (2010: S$2.45 to S$6.68). The weighted average remaining contractual life for these options is 3.0 years (2010: 3.9 years).

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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:

Grant year	2010	2009	2008
Dividend (S$ per share)	**0.05**	0.05	0.05
Expected volatility	**55%**	65%	65%
Risk-free interest rate (% p.a.)	**0.77 to 1.30**	0.89 to 1.03	1.07 to 1.30
Expected life of option (years)	**2.0**	2.0	2.0
Weighted average share price at date of grant (S$)	**6.86**	4.69	2.79

The expected volatility reflects the assumptions that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

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	
	2011	2010
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**779,208**	622,820

(b) Operating lease commitments – as lessee

The Group has entered into commercial leases on certain premises and equipment. Future minimum rental payable under non-cancellable operating leases at the balance sheet date are as follows:

	Group	
	2011	2010
	US$'000	US$'000
Not later than one year	**13,829**	26,806
Later than one year but not later than five years	**24,626**	19,399
Later than five years	**32,459**	24,786
	70,914	70,991

32. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(c) *Commitments for sales and purchases contracts*

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

	2011 US$'000	2010 US$'000
Committed contracts		
Purchase	**2,784,417**	2,307,821
Sales	**5,125,508**	3,736,086

(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$65,076,000 as of 31 December 2011 (2010: US$103,939,000).

(e) *Corporate guarantees*

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

	Group		Company	
	2011 US$'000	2010 US$'000	2011 US$'000	2010 US$'000
Subsidiaries	**–**	–	**5,016,547**	3,360,238
Associates	**310,816**	268,575	**299,072**	264,951
	310,816	268,575	**5,315,619**	3,625,189

33. RELATED PARTY DISCLOSURES

A. *Sale and purchase of goods and services*

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

	Group	
	2011	2010
	US$'000	US$'000
Related Parties		
Dividend income	**680**	503
Freight charges	**16,657**	18,212
Others	**34,722**	95,536
Purchase of goods	**3,676,331**	3,968,633
Sales of goods	**594,389**	408,714
Associates		
Dividend income	**50,059**	22,525
Freight charges	**203,680**	201,975
Interest expense	**495**	28
Interest income	**10,978**	6,589
Others	**16,010**	14,050
Purchase of goods	**2,368,694**	1,897,103
Sales of goods	**1,597,097**	1,338,299
Shipping charter income	**45,427**	23,932

B. *Compensation of key management personnel*

	Group	
	2011	2010
	US$'000	US$'000
Defined contribution plans	**176**	175
Salaries and bonuses	**18,350**	17,867
Short term employee benefits (including grant of share options)	**4,160**	8,751
	22,686	26,793
Comprise amounts paid to:		
Directors of the Company	**12,788**	15,268
Other key management personnel	**9,898**	11,525
	22,686	26,793

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 2011 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	**29,352**	**56,051**	**49,284**	**134,687**
Financial assets held for trading	**333,715**	**–**	**–**	**333,715**
Derivatives				
– Forward currency contracts	**–**	**101,999**	**–**	**101,999**
– Futures, options, swap contracts, forward freight agreements and firm commitment contracts	**87,157**	**73,528**	**–**	**160,685**
– Embedded derivatives of convertible bonds	**–**	**–**	**330**	**330**
At 31 December 2011	**450,224**	**231,578**	**49,614**	**731,416**
Financial liabilities:				
Derivatives				
– Forward currency contracts	**–**	**130,358**	**–**	**130,358**
– Futures, options, swap contracts, forward freight agreements and firm commitment contracts	**140,876**	**35,225**	**–**	**176,101**
At 31 December 2011	**140,876**	**165,583**	**–**	**306,459**

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	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 agreements	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 agreements	519,848	37,829	–	557,677
At 31 December 2010	519,848	184,920	–	704,768

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, firm commitment contracts and forward freight agreements	Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

Movements in Level 3 financial instruments measured at fair value

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

	Group US$'000		
	Embedded derivatives of convertible bonds	Available-for-sale financial assets	Total
At 1 January 2010	112,194	–	112,194
Acquisition of subsidiaries	–	45,300	45,300
Total losses recognised in the income statement (presented in non-operating items)	(27,180)	–	(27,180)
At 31 December 2010 and 1 January 2011	**85,014**	**45,300**	**130,314**
Arising from business combination	**–**	**4,059**	**4,059**
Total losses recognised in the income statement (presented in non-operating items)	**(84,684)**	**–**	**(84,684)**
Currency translation differences	**–**	**(75)**	**(75)**
At 31 December 2011	**330**	**49,284**	**49,614**

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial years ended 31 December 2011 and 31 December 2010.

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			
	2011 US$'000		2010 US$'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	**49,284**	**–**	45,300	–
Financial assets held for trading				
Embedded derivatives of convertible bonds (+5%)	**330**	**323**	85,014	11,437
Embedded derivatives of convertible bonds (-5%)	**330**	**(190)**	85,014	(11,491)

The fair value of the quoted equity instruments 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.

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.

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*

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			
	2011 US$'000		2010 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**80,101**	**#**	106,810	#
Equity instruments, at cost	**59,156**	*****	59,171	*
Financial liabilities:				
Other financial payables	**4,691**	**#**	4,274	#
Loans and borrowings				
– Obligations under finance leases	**22**	**#**	40	#

	Company			
	2011 US$'000		2010 US$'000	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Other financial receivables	**129,473**	**#**	104,854	#
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 2011 and 31 December 2010.

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

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

The Board-level Risk Management Committee is responsible for
- overseeing the Executive Risk Committee;
- reviewing the overall risk management guidelines/framework;
- reviewing and recommending risk limits; and
- assessing the adequacy and effectiveness of the risk management policies and systems.

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

(a) Credit risk

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

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

Exposure to credit risk

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

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			
	2011		2010	
	US$'000	%	US$'000	%
			Restated*	
By country:				
South East Asia	**949,329**	**27**	870,485	28
People's Republic of China	**1,254,515**	**36**	891,309	28
India	**84,176**	**2**	122,543	4
Europe	**307,969**	**9**	209,507	7
Australia/New Zealand	**422,425**	**12**	320,632	10
Others	**484,511**	**14**	704,082	23
	3,502,925	**100**	3,118,558	100

	Group			
	2011		2010	
	US$'000	%	US$'000	%
			Restated*	
By segment:				
Merchandising and Processing				
– Palm and Laurics	**1,498,925**	**43**	1,463,378	47
– Oilseeds and Grains	**786,723**	**23**	1,202,915	39
Consumer Products	**379,667**	**11**	249,071	8
Plantation and Palm Oil Mills	**17,147**	**–#**	15,111	–#
Sugar				
– Milling	**279,391**	**8**	–	–
– Merchandising and Processing	**188,528**	**5**	–	–
Others	**352,544**	**10**	188,083	6
	3,502,925	**100**	3,118,558	100

\# *less than 1%*

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

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.

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.

	2011 US$'000				2010 US$'000 Restated*			
	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	**–**	**193,843**	**–**	**193,843**	3,010	–	143,825	146,835
Financial assets held for trading	**333,715**	**–**	**–**	**333,715**	316,301	–	–	316,301
Trade and other financial receivables	**6,659,048**	**80,101**	**–**	**6,739,149**	4,433,997	106,810	–	4,540,807
Derivative financial instruments	**239,354**	**23,660**	**–**	**263,014**	350,091	131,111	–	481,202
Total cash and bank balances	**7,898,353**	**–**	**–**	**7,898,353**	6,787,812	–	–	6,787,812
Total undiscounted financial assets	**15,130,470**	**297,604**	**–**	**15,428,074**	11,891,211	237,921	143,825	12,272,957

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) *Liquidity risk (continued)*

	2011 US$'000				2010 US$'000 Restated*			
	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 liabilities:								
Trade and other financial payables	**2,841,341**	**4,691**	**–**	**2,846,032**	2,253,202	4,274	–	2,257,476
Derivative financial instruments	**263,402**	**43,057**	**–**	**306,459**	629,534	75,234	–	704,768
Loans and borrowings	**18,620,836**	**2,813,445**	**38**	**21,434,319**	14,975,059	2,662,024	18,002	17,655,085
Total undiscounted financial liabilities	**21,725,579**	**2,861,193**	**38**	**24,586,810**	17,857,795	2,741,532	18,002	20,617,329
Total net undiscounted financial (liabilities)/ assets	**(6,595,109)**	**(2,563,589)**	**(38)**	**(9,158,736)**	(5,966,584)	(2,503,611)	125,823	(8,344,372)

	2011 US$'000				2010 US$'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**	–	–	36,000	36,000
Trade and other financial receivables	**1,791,780**	**129,473**	**–**	**1,921,253**	2,893,968	104,854	–	2,998,822
Derivative financial instruments	**330**	**–**	**–**	**330**	–	85,014	–	85,014
Total cash and bank balances	**3,243**	**–**	**–**	**3,243**	3,450	–	–	3,450
Total undiscounted financial assets	**1,795,353**	**165,473**	**–**	**1,960,826**	2,897,418	189,868	36,000	3,123,286
Financial liabilities:								
Trade and other financial payables	**24,448**	**–**	**–**	**24,448**	588,807	–	–	588,807
Loans and borrowings	**675,468**	**–**	**–**	**675,468**	516,102	675,468	–	1,191,570
Total undiscounted financial liabilities	**699,916**	**–**	**–**	**699,916**	1,104,909	675,468	–	1,780,377
Total net undiscounted financial assets/ (liabilities)	**1,095,437**	**165,473**	**–**	**1,260,910**	1,792,509	(485,600)	36,000	1,342,909

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.

	2011 US$'000				2010 US$'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	**122,935**	**187,881**	**–**	**310,816**	154,833	110,118	3,624	268,575
Company								
Financial guarantees	**2,144,286**	**3,171,333**	**–**	**5,315,619**	1,447,021	2,136,818	41,350	3,625,189

(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 associates and non-controlling shareholders of subsidiaries and fixed deposits with financial institutions.

At the balance sheet date, if the interest rates had been 50 (2010: 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$68,132,000 (2010: US$53,619,000), 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).

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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (continued)

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.

	Profit before tax		Equity	
	2011	2010	**2011**	2010
	US$'000	US$'000	US$'000	US$'000
Chinese Renminbi	**(392,249)**	(366,669)	**178,996**	203,593
Malaysian Ringgit	**25,098**	(52,886)	**(42,307)**	–
Indonesian Rupiah	**(3,654)**	(33,795)	**(23,705)**	–
Australian Dollar	**(59,776)**	(55,550)	**(15,696)**	–
Others	**(36,534)**	(19,397)	**–**	–

(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.

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 generally 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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Commodity price risk (continued)

At the balance sheet date, a 5% (2010: 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	
	2011	2010
	US$'000	US$'000
Effect of increase in commodities price index		
Effect on profit before tax	**(88,576)**	(184,425)
Effect on equity	**2,754**	(13,663)
Effect of decrease in commodities price index		
Effect on profit before tax	**88,576**	184,425
Effect on equity	**(2,754)**	13,663

(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 financial assets held for trading or available-for-sale financial assets.

Sensitivity analysis for equity price risk

At the balance sheet date, if the market price had been 5% (2010: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been approximately US$12,532,000 (2010: US$10,653,000) 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$1,469,000 (2010: US$1,267,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale financial assets.

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 2011 and 31 December 2010.

The Group monitors capital using net gearing ratio and adjusted net gearing ratio.

36. CAPITAL MANAGEMENT (CONTINUED)

(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	
	2011	2010
	US$'000	US$'000
		Restated*
Shareholders' funds	**13,370,190**	11,855,834
Loans and borrowings	**20,888,943**	17,425,187
Less: Cash and bank balances	**(7,898,353)**	(6,787,812)
Net debt	**12,990,590**	10,637,375
Net gearing ratio (times)	**0.97**	0.90

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

(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	
	2011	2010
	US$'000	US$'000
		Restated*
Shareholders' funds	**13,370,190**	11,855,834
Liquid working capital:		
Inventories (excluding consumables)	**6,904,965**	6,334,259
Trade receivables	**3,502,925**	3,118,558
Less: Current liabilities (excluding loans and borrowings)	**(3,720,663)**	(3,386,758)
Total liquid working capital	**6,687,227**	6,066,059
Adjusted net debt	**6,303,363**	4,571,316
Adjusted net gearing ratio (times)	**0.47**	0.39

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

37. SEGMENT INFORMATION

Reporting format

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

Merchandising and Processing

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

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

Consumer Products

This segment comprises 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.

Sugar

Milling
This segment comprises milling of sugarcane to produce raw sugar and also by-products, such as molasses.

Merchandising & Processing
This segment comprises the merchandising and processing of sugar and its related products. The processing of sugar produces food-grade products such as white sugar, brown sugar, caster sugar and syrups.

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)

2011

	Merchandising and Processings				Sugar				
	Palm and Laurics	Oilseeds and Grains	Consumer Products	Plantation and Palm Oil Mills	Milling	Merchandising and Processing	Others	Eliminations	Per consolidated financial statements
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue:									
Sales to external customers	22,425,880	10,729,682	6,768,811	82,049	1,015,828	2,044,189	1,643,595	–	44,710,034
Inter-segment	491,450	1,940,605	–	1,760,459	147,714	406	1,233,061	(5,573,695)	–
Total revenue	22,917,330	12,670,287	6,768,811	1,842,508	1,163,542	2,044,595	2,876,656	(5,573,695)	44,710,034
Results:									
Segment results	585,923	422,886	85,296	733,837	85,710	55,542	41,642	–	2,010,836
Share of results of associates	19,448	128,685	(494)	23,843	3,109	3,109	7,555	–	185,255
Unallocated expenses									(117,350)
Profit before tax									2,078,741
Income tax expense									(379,219)
Profit after tax									1,699,522
Assets and Liabilities:									
Segment assets	8,322,607	16,319,402	4,098,204	4,138,618	1,802,840	1,038,687	9,279,475	(7,248,753)	37,751,080
Investment in associates	377,252	943,554	5,675	92,655	14,717	14,717	130,176	–	1,578,746
Unallocated assets									309,927
Total assets									39,639,753
Segment liabilities	5,902,621	13,746,965	2,073,240	321,245	1,827,509	674,122	6,750,514	(7,248,753)	24,047,463
Unallocated liabilities									1,343,925
Total liabilities									25,391,388
Other segment information									
Additions to non-current assets	299,446	591,579	171,753	189,971	281,188	89,560	169,426	–	1,792,923
Depreciation, impairment and amortisation	122,801	98,869	30,720	38,489	78,077	39,976	69,641	–	478,573
Finance income	88,677	216,287	47,933	7,562	1,099	1,871	66,870	(183,686)	246,613
Finance cost	(175,705)	(329,681)	(64,098)	(14,319)	(23,487)	(24,512)	(100,741)	183,686	(548,857)#

Including non-operating finance costs amounting to approximately US$43,061,000 on bank borrowings for acquisition of Sucrogen Limited and its subsidiaries

37. SEGMENT INFORMATION (CONTINUED)

2010

	Merchandising and Processings						
	Palm and Laurics	Oilseeds and Grains	Consumer Products	Plantation and Palm Oil Mills	Others	Eliminations	Per consolidated financial statements
	US$'000	US$'000 Restated*	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue:							
Sales to external customers	16,152,667	8,509,122	4,697,160	76,579	941,996	–	30,377,524
Inter-segment	668,671	1,662,913	–	1,408,656	1,076,149	(4,816,389)	–
Total revenue	16,821,338	10,172,035	4,697,160	1,485,235	2,018,145	(4,816,389)	30,377,524
Results:							
Segment results	587,061	117,502	149,796	635,817	188,535	–	1,678,711
Share of results of associates	24,800	(3,099)	595	9,128	6,703	–	38,127
Unallocated expenses							(72,652)
Profit before tax							1,644,186
Income tax expense							(189,660)
Profit after tax							1,454,526
Assets and Liabilities:							
Segment assets	6,933,308	15,236,823	3,019,604	3,839,487	13,802,328	(10,270,362)	32,561,188
Investment in associates	392,285	727,672	5,856	70,090	67,756	–	1,263,659
Unallocated assets							266,419
Total assets							34,091,266
Segment liabilities	4,728,185	12,996,170	887,724	628,956	11,330,604	(10,270,362)	20,301,277
Unallocated liabilities							1,183,697
Total liabilities							21,484,974
Other segment information							
Additions to non-current assets	413,389	2,254,152	93,810	152,082	219,450	–	3,132,883
Depreciation, impairment and amortisation	106,744	85,632	23,321	34,180	65,732	–	315,609
Finance income	46,401	107,467	26,130	2,380	19,794	(66,820)	135,352
Finance cost	(82,992)	(125,361)	(22,450)	(3,228)	(41,254)	66,820	(208,465)#

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

Including non-operating finance costs amounting to approximately US$339,000 on bank borrowings for acquisition of Sucrogen Limited and its subsidiaries

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:

	2011 US$'000	2010 US$'000
Accretion of interest on convertible bonds	**(12,702)**	(10,720)
Share-based payments (executive share options)	**(19,964)**	(34,742)
Fair value loss of embedded derivatives of convertible bonds	**(84,684)**	(27,180)
Others	**–**	(10)
	(117,350)	(72,652)

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:

	2011 US$'000	2010 US$'000 Restated*
Deferred tax assets	**226,865**	205,724
Tax recoverable	**83,062**	60,695
	309,927	266,419

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

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

	2011 US$'000	2010 US$'000 Restated*
Deferred tax liabilities	**639,422**	527,293
Tax payable	**146,086**	110,688
Convertible bonds	**558,417**	545,716
	1,343,925	1,183,697

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

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:

	Revenues		Non-current assets	
	2011	2010	**2011**	2010
	US$'000	US$'000	US$'000	US$'000 Restated*
South East Asia	**10,176,198**	7,443,775	**6,778,501**	6,117,496
People's Republic of China	**21,658,371**	15,869,686	**5,875,064**	5,011,783
India	**1,388,853**	1,179,287	**53,400**	73,189
Europe	**3,514,386**	2,190,314	**303,607**	312,103
Australia/New Zealand	**2,007,098**	41,607	**2,128,917**	1,888,437
Others	**5,965,128**	3,652,855	**291,171**	172,502
	44,710,034	30,377,524	**15,430,660**	13,575,510

* *In accordance with FRS 103, the Group has restated the prior year's figures subsequent to the finalisation of purchase price allocation exercise for the acquisition of Sucrogen Limited and its subsidiaries (Note 15).*

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	
	2011	2010
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final tax-exempt (one-tier) dividend for 2010: S$0.023 (2009: S$ 0.05) per share	**120,152**	233,570
– Interim tax-exempt (one-tier) dividend for 2011: S$0.03 (2010: S$0.032) per share	**159,668**	151,088
	279,820	384,658
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 2011: S$0.031 (2010: S$0.023) per share	**152,614**	112,527

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 2011 %	2010 %
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**	100
Wii Pte. Ltd.[1]	Singapore	Finance and treasury centre	**100**	100
Wilmar China Limited[2] & its subsidiaries	Hong Kong	Investment holding, processing and merchandising of oilseeds, edible oils and grains	**98+**	98+

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

39. SUBSIDIARIES OF THE GROUP (CONTINUED)

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest 2011 %	2010 %
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 2011 %	2010 %
Adani Wilmar Limited[3]	India	Manufacturing and trading of edible oils and vanaspati	**50**	50
Bidco Uganda Limited[3]	Uganda	Manufacture and sale of edible vegetable oils, fats and soaps	**39**	39
C. Czarnikow Limited[3]	United Kingdom	Supplier of world sugar market services, including brokerage and advising services	**43+**	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**	48
FFM Berhad[3]	Malaysia	Investment holding, grains trading, flour milling and animal feed manufacturing	**20**	–
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**	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 2011 %	2010 %
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**	48
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 Information Technology and consultancy services	**50**	50
Wilmar Gavilon Pty Ltd(2)	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 EVENTS

(a) *US$5,000,000,000 Guaranteed Medium Term Note Programme*

On 28 December 2011, the Company established a US$5,000,000,000 Guaranteed Medium Term Note Programme (the "Programme"). Subsequently, the Company issued the following Notes under the Programme on 25 January 2012:

- S$250,000,000 3.5% Notes due 2017; and
- S$100,000,000 4.1% Notes due 2019.

(b) *Legal suit with Pacific Inter-Link Sdn Bhd*

In April 2011, Wilmar Trading Pte Ltd ("WTPL"), a wholly owned subsidiary, was served with a writ of summons issued by the High Court of Malaya on the application by the plaintiff in the writ of summons, Pacific Inter-Link Sdn Bhd ("PIL"), a Malaysian palm oil trader, for alleged defamation and unlawful interference with PIL's economic interests and business with regard to WTPL's contracts of sale of palm oil products with other parties. PIL was not a party to those contracts of sale of palm oil products between WTPL and other parties. The defendants named in the writ of summons are WTPL and three other Malaysian parties. PIL is claiming against all four defendants, jointly and severally, for amongst others, general damages of US$244,200,000, aggravated damages of US$200,000,000 as well as a public apology.

The Company, through its lawyers, subsequently sent PIL's lawyers a letter demanding immediate discontinuance of PIL's suit against WTPL, as well as a public apology, failing which steps will be taken to strike out PIL's suit against WTPL, and the Company and WTPL will hold PIL fully responsible for all losses, damages and legal costs suffered.

On 10 February 2012, the High Court of Malaya allowed WTPL's and the other 3 defendants' striking out applications with costs on the grounds that the writ of summons and statement of claim filed by PIL did not disclose a reasonable or sustainable cause of action and that the cause of action filed by PIL was frivolous, vexatious and an abuse of the process of the court. PIL is appealing to the Court of Appeal of Malaysia against the decision of the High Court whereby PIL's writ of summons and statement of claim were ordered to be struck out with costs.

As of the date of this report, no hearing date for PIL's appeal has been fixed.

WTPL intends to defend the claim vigourously.

42. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 21 March 2012.

STATISTICS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 6 MARCH 2012

Number of Shares (excluding treasury shares)	:	6,401,521,092
Number of Shareholders	:	19,669
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	760	3.86	145,281	0.00
1,000 to 10,000	16,301	82.88	54,250,630	0.85
10,001 to 1,000,000	2,537	12.90	131,080,363	2.05
1,000,001 and above	71	0.36	6,216,044,818	97.10
Total	**19,669**	**100.00**	**6,401,521,092**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As at 6 March 2012
(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	11.93
Martua Sitorus[2]	4,988,000	646,321,242	651,309,242	10.17
Longhlin Asia Limited[3]	246,009,921	90,000,000	336,009,921	5.25
Golden Parklane Limited[4]	–	640,870,365	640,870,365	10.01
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
ADM Ag Holding Limited (formerly known as Wilmar International Holdings Limited)	354,961,795	–	354,961,795	5.54
Global Cocoa Holdings Ltd	356,399,775	–	356,399,775	5.57
Kuok Brothers Sdn Berhad[7]	230,000	1,174,011,955	1,174,241,955	18.34
PPB Group Berhad	1,172,614,755	–	1,172,614,755	18.32
Kerry Group Limited[8]	–	640,167,755	640,167,755	10.00
Kerry Holdings Limited[9]	–	321,587,065	321,587,065	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, 230,461,271 Shares held by HPR Investments Limited, 10,996,073 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 5,000,000 Shares held by Burlingham International Ltd.
3. Longhlin Asia Limited is deemed to be interested in 90,000,000 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 354,961,795 Shares held by ADM Ag Holding Limited ("ADM Ag") and 356,399,775 Shares held by Global Cocoa Holdings Ltd.
6. Archer Daniels Midland Asia-Pacific Limited is deemed to be interested in 354,961,795 Shares held by ADM Ag.
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 6,732,396 Shares held by Ace Time Holdings Limited, 45,276 Shares held by Alpha Model Limited, 20,651,715 Shares held by Bright Magic Investments Limited, 504,375 Shares held by Crystal White Limited, 30,405,900 Shares held by Dalex Investments Limited, 256,211,778 Shares held by Harpole Resources Limited, 1,209,032 Shares held by Kerry Asset Management Limited, 26,836,649 Shares held by Macromind Investments Limited, 21,210,279 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, 1,209,032 Shares held by Kerry Asset Management Limited and 33,760,355 Shares held by Natalon Company Limited.

STATISTICS OF SHAREHOLDINGS

TWENTY LARGEST SHAREHOLDERS

As at 6 March 2012
(As shown in the Register of Members and Depository Register)

No.	Name of Shareholders	No. of Shares	%
1	PPB Group Berhad	1,172,614,755	18.32
2	Citibank Nominees Singapore Pte Ltd	568,037,417	8.87
3	HSBC (Singapore) Nominees Pte Ltd	397,798,372	6.21
4	Global Cocoa Holdings Ltd	356,399,775	5.57
5	ADM Ag Holding Limited (formerly known as Wilmar International Holdings Limited)	354,961,795	5.54
6	DBSN Services Pte Ltd	353,207,146	5.52
7	Raffles Nominees (Pte) Ltd	344,021,624	5.37
8	Archer Daniels Midland Asia-Pacific Limited	335,625,280	5.24
9	Kuok (Singapore) Limited	256,951,112	4.01
10	Harpole Resources Limited	256,211,778	4.00
11	Morgan Stanley Asia (Singapore) Securities Pte Ltd	255,848,938	4.00
12	Longhlin Asia Limited	246,009,921	3.84
13	DBS Nominees Pte Ltd	216,746,353	3.39
14	Noblespirit Corporation	207,400,000	3.24
15	DB Nominees (Singapore) Pte Ltd	207,151,001	3.24
16	United Overseas Bank Nominees Pte Ltd	141,859,809	2.22
17	Hong Lee Holdings (Pte) Ltd	94,204,971	1.47
18	Leagrove Investments Limited	43,519,425	0.68
19	Shereford Developments Limited	39,361,912	0.61
20	Natalon Company Limited	33,760,355	0.53
	TOTAL	**5,881,691,739**	**91.88**

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 6 March 2012, 28.12% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

Information 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 6 March 2012. 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 Jurong Room, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Friday, 27 April 2012 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 2011 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$0.031 per ordinary share for the year ended 31 December 2011. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$605,000 for the year ended 31 December 2011 (2010: S$360,000). *(See Explanatory Note 1)* **(Resolution 3)**

4. (a) To re-elect the following Directors:

   (i) Mr Kuok Khoon Hong (Retiring by rotation under Article 99) **(Resolution 4)**

   (ii) Mr Leong Horn Kee (Retiring by rotation under Article 99) **(Resolution 5)**

   (iii) Mr Tay Kah Chye (Retiring by rotation under Article 99) **(Resolution 6)**

   Note: Mr Tay Kah Chye will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Mr Tay Kah Chye will also continue to serve as a member of the Nominating Committee upon re-election.

   (b) To re-appoint, pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore ("Act"), Mr Yeo Teng Yang, who will be retiring under Section 153 of the Act, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 7)**

   Note: Mr Yeo Teng Yang will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Yeo Teng Yang will also continue to serve as the Chairman of the Risk Management Committee and a member of the Remuneration Committee upon re-election.

5. To re-appoint Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

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 dated 3 April 2012 to Annual Report 2011 (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 2) **(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 of Singapore, 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 3) **(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 of Singapore, 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 4) **(Resolution 11)**

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 8 May 2012, 5.00 p.m. to 9 May 2012, both dates inclusive, for the purpose of determining shareholders' entitlement to the Company's proposed final tax exempt (one-tier) dividend of S$0.031 per ordinary share for the financial year ended 31 December 2011 (the "**Proposed Final Dividend**").

Duly completed registrable transfers received by the Company's registrar, Tricor Barbinder Share Registration Services, of 80 Robinson Road #02-00, Singapore 068898 up to 5.00 p.m. on 8 May 2012 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 27 April 2012, will be paid on 18 May 2012.

Depositors whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5.00 p.m. on 8 May 2012 will be entitled to the Proposed Final Dividend.

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

Singapore
3 April 2012

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. The Ordinary Resolution 3 proposed in item no. 3 above, is to approve the payment of Directors' fees of S$605,000 (2010: S$360,000) for the financial year ended 31 December 2011 for services rendered by Non-Executive Directors and Non-Executive Independent Directors. The increase in Directors' fee of S$245,000 is due to the proposed payment of the basic fee, in accordance with the existing fee structure, of S$70,000 for each of the three Non-Executive Directors and a proposed supplemental fee of S$5,000 each to Board members, amounting to a total of S$35,000, for serving on the following Board Committees namely, Audit Committee, Risk Management Committee, Remuneration Committee and Nominating Committee. The Non-Executive Directors and members (except for the respective Chairmen) of the Board Committees were previously not paid any fees for attendance at and contributions to Board and Board Committee meetings.

2. 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 2011, will be expiring at the forthcoming Annual General Meeting. Information relating to the renewal of the IPT Mandate can be found in the Addendum dated 3 April 2012 to the Company's Annual Report 2011.

3. 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.

4. 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.

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 80 Robinson Road, #02-00 Singapore 068898 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.

PROXY FORM

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.

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 (please 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 Jurong Room, Lobby Level, Shangri-La Hotel, 22 Orange Grove Road, Singapore 258350 on Friday, 27 April 2012 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 2011 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 Kuok Khoon Hong as a Director.				
5	To re-elect Mr Leong Horn Kee as a Director.				
6	To re-elect Mr Tay Kah Chye as a Director.				
7	To re-appoint Mr Yeo Teng Yang 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 dated 3 April 2012 to Annual Report 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 ______________ 2012

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 80 Robinson Road #02-00 Singapore 068898 not less than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

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Affix
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WILMAR INTERNATIONAL LIMITED
c/o Tricor Barbinder Share Registration Services

80 Robinson Road #02-00
Singapore 068898

Fold this flap here to seal

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Wilmar International Limited takes corporate citizenship seriously and we endeavour to do our part to protect the environment. **PRINTER**: This report is printed by an FSC certified printer. **PAPER**: This report is fully printed on 100% recycled 9 Lives Offset paper which is uncoated and certified environmentally friendly. This paper is also carbon neutral, manufactured with a totally chlorine free process (TCF) and has been granted the Singapore Environment Council Green Label certification. **PRINTING**: This report does not have finishings such as lamination and UV coating, and is printed using soy-based ink which is more environmentally friendly as compared to traditional petroleum-based ink.




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