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Confirmation of Your Representation. In order to be eligible to view this Information Memorandum or make an investment decision with respect to the Capital Securities, investors must not be located in the United States. This Information Memorandum is being sent at your request and by accepting the e-mail and accessing this Information Memorandum, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Information Memorandum by electronic transmission. By accepting this document, if you are an investor in Singapore, you (1) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or persons to whom an offer is being made, as referred to in Section 275(1A) of the SFA, and (2) agree to be bound by the limitations and restrictions described herein.

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Information Memorandum dated 22 February 2012

Olam International Limited

(Incorporated in the Republic of Singapore)
Company Registration Number 199504676H

S$275,000,000 7 per cent. Perpetual Capital Securities

Issue price: 100 per cent.

The S$275,000,000 7 per cent. Perpetual Capital Securities (the "**Capital Securities**") will be issued by Olam International Limited (the "**Issuer**" or "**Olam**"). The Capital Securities confer a right to receive distribution payments (each a "**Distribution**") (i) in respect of the period from, and including, 1 March 2012 (the "**Issue Date**") to, but excluding, 1 March 2022 (the "**Step-up Date**"), at 7 per cent. per annum and (ii) in respect of the period from, and including, the Step-up Date to, but excluding, each Reset Date (as defined in *"Terms and Conditions of the Capital Securities"*) falling thereafter to, but excluding, the immediately following Reset Date, at the Relevant Reset Distribution Rate (as defined in *"Terms and Conditions of the Capital Securities"*) (the "**Distribution Rate**"). The Capital Securities will be issued on or about the Issue Date and will be constituted by a trust deed to be dated on or before the Issue Date between the Issuer and DBS Trustee Limited as trustee (the "**Trustee**"). Subject to the provisions of the Capital Securities relating to deferral of Distributions (see *"Terms and Conditions of the Capital Securities — Distribution Deferral"*), Distributions shall be payable semi-annually in arrear on 1 March and 1 September of each year (each, a "**Distribution Payment Date**").

The Issuer may elect to defer any Distribution (in whole and not in part) which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice of such election to the holders of the Capital Securities (the "**Holders**") not more than 15 nor less than five business days' (as defined in *"Terms and Conditions of the Capital Securities"*) prior to the relevant scheduled Distribution Payment Date unless a Compulsory Distribution Payment Event (as defined in *"Terms and Conditions of the Capital Securities"*) has occurred in the 12-month period prior to such Distribution Payment Date. Any Distribution so deferred shall remain outstanding in full and constitute "**Arrears of Distribution**". If on any Distribution Payment Date, payment of all Distributions (including Arrears of Distribution and Additional Distribution Amount (as defined in *"Terms and Conditions of the Capital Securities"*)) scheduled to be made on such date is not made in full, the Issuer and its subsidiaries will be subject to the restrictions as described in *"Terms and Conditions of the Capital Securities — Distribution Deferral — Distribution and Capital Stopper"*. Each amount of Arrears of Distribution shall bear interest at the prevailing Distribution Rate. The Issuer may further defer any Arrears of Distributions by complying with the foregoing notice requirement and is not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred. See *"Terms and Conditions of the Capital Securities — Distribution Deferral"*.

The Capital Securities constitute direct, unconditional, unsecured and subordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in *"Terms and Conditions of the Capital Securities"*) of the Issuer. In the event that an order is made or an effective resolution is passed for the winding-up of the Issuer (subject to and to the extent permitted by applicable law), the rights and claims of the Holders in respect of the Capital Securities shall rank ahead of those persons whose claims are in respect of any Junior Obligations (as defined in *"Terms and Conditions of the Capital Securities"*) of the Issuer, but shall be subordinated in right of payment to the claims of all other present and future senior and subordinated creditors of the Issuer other than the claims of any Parity Creditors (as defined in the "*Terms and Conditions of the Capital Securities*") or holders of Parity Obligations of the Issuer.

The Capital Securities are perpetual securities and have no fixed final redemption date. The Issuer may redeem the Capital Securities in whole, but not in part, on any Distribution Payment Date falling on or after the fifth anniversary of the Issue Date at their principal amount together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) on the Issuer giving not less than 30 nor more than 60 days' notice to, *inter alia*, the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Capital Securities on the relevant date for redemption). The Capital Securities may be redeemed in whole, but not in part, at the option of the Issuer at their principal amount together with any Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable): (i) upon the occurrence of an Accounting Event (as defined in *"Terms and Conditions of the Capital Securities"*); (ii) upon the occurrence of a change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date such that the Issuer would be required to pay additional amounts in respect of the Capital Securities and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; (iii) upon the occurrence of a Tax Deductibility Event (as defined in *"Terms and Conditions of the Capital Securities"*) or (iv) if the aggregate principal amount of the Capital Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued. See *"Terms and Conditions of the Capital Securities — Redemption and Purchase"*. Payment on the Capital Securities will be made without deduction for or on account of taxes of Singapore to the extent described under *"Terms and Conditions of the Capital Securities — Taxation"*.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Capital Securities on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Information Memorandum. Approval in-principle for the listing of the Capital Securities is not to be taken as an indication of the merits of the Capital Securities, the Issuer and/or its subsidiaries.

For a discussion of certain investment considerations relating to the Capital Securities, see "Risk Factors".

The Capital Securities will be issued in registered form in the denomination of S$250,000 and in higher integral multiples of S$1,000 in excess thereof. The Capital Securities will be represented by a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of The Central Depository (Pte) Limited (the "**Depository**") on or about the Issue Date. Individual certificates (the "**Certificates**") evidencing holdings of Capital Securities will be available only in certain limited circumstances described under *"Summary of the Provisions Relating to the Capital Securities while in Global Form"*.

The Capital Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). For a description of these and certain further restrictions on offers and sales of the Capital Securities and the distribution of this Information Memorandum, see *"Subscription and Sale"*.

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("MAS"). Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities may not be circulated or distributed, nor may the Capital Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

The Capital Securities are not, and are not expected to be, rated by any rating agency.

Joint Lead Managers and Bookrunners

DBS | J.P.Morgan | UBS

The Issuer accepts full responsibility for the information contained in this Information Memorandum and, having made all reasonable enquiries, confirms that this Information Memorandum contains all information with respect to the Issuer, its subsidiaries and associated companies (as defined in the SGX-ST Listing Manual) and the Capital Securities which is material in the context of the issue and offering of the Capital Securities. Where information contained in this Information Memorandum includes extracts from summaries of information and data from various published and private sources, the Issuer accepts responsibility for accurately reproducing such summaries and data. All references to "**Group**" herein are to the Issuer, its subsidiaries and associated companies, except where such references are made in the context of the financial information, whereupon the references to "**Group**" shall mean the Issuer and its subsidiaries only.

This Information Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer, DBS Bank Ltd., J.P. Morgan (S.E.A.) Limited and UBS AG, Singapore Branch (together, the "**Joint Lead Managers**"), DBS Trustee Limited (the "**Trustee**") or the Agents (as defined herein) to subscribe for or purchase the Capital Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. The distribution of this Information Memorandum and the offering of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Capital Securities and distribution of this Information Memorandum, see *"Subscription and Sale"*.

None of the Joint Lead Managers, the Trustee, any of the Agents or any of their respective affiliates has separately verified the information contained in this Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers, the Trustee, any of the Agents or any of their respective affiliates as to the accuracy or completeness of the information contained in this Information Memorandum or any other information supplied in connection with the Capital Securities. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or on any person affiliated with the Joint Lead Managers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision.

This Information Memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Information Memorandum should purchase the Capital Securities. Each potential purchaser of the Capital Securities should determine for himself the relevance of the information contained in this Information Memorandum and his purchase of the Capital Securities should be based upon such independent investigations and consultations with his own tax, legal and business advisers as it deems necessary.

No person is authorised to give any information or to make any representation not contained in this Information Memorandum and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents. The delivery of this Information Memorandum at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Capital Securities, including the merits and risks involved. See *"Risk Factors"* for a discussion of certain factors to be considered in connection with an investment in the Capital Securities.

To the fullest extent permitted by applicable law, none of the Joint Lead Managers accepts any responsibility for the contents of this Information Memorandum nor for any other statement made or purported to be made by any of the Joint Lead Managers in connection with the Issuer or the issue and offering of the Capital Securities. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Information Memorandum or any such statement.

In this Information Memorandum, unless otherwise specified or the context otherwise requires, all references to "**Singapore**" are references to the Republic of Singapore, all references to the "**U.S.**" and "**United States**" are references to the United States of America and all references to the "**UK**" are references to the United Kingdom. All references to "**Government**" herein are references to the government of the Republic of Singapore and all references to "**FY**" herein are to the financial year ended or ending 30 June. All references to "**Group**" herein are to the Issuer, its subsidiaries and associated companies, except where such references are made in the context of the financial information, whereupon the references to "**Group**" shall mean the Issuer and its subsidiaries only. All references to "**Latest Practicable Date**" are to 16 February 2012. All references to "**Singapore dollars**" and "**S$**" are to the lawful currency of Singapore, all references to "**U.S. dollars**" or "**U.S.$**" are to the lawful currency of the United States of America, all references to "**pound sterling**" or "**£**" are to the lawful currency of the United Kingdom, all references to "**Euro**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended and all references to "**N.Z.$**" are to the lawful currency of New Zealand. Such transactions should not be construed as representations that the U.S. dollar amounts referred to could have been, or could be, converted into Singapore dollars at that or any other rate or at all.

Certain monetary amounts in this Information Memorandum have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Market data and certain industry forecasts used throughout this Information Memorandum have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Issuer nor the Joint Lead Managers make any representation as to the accuracy of that information.

FORWARD-LOOKING STATEMENTS

Certain statements in this Information Memorandum constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Olam or the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Olam's and the Group's present and future business strategies and the environment in which Olam or the Group will operate in the future. Among the important factors that could cause Olam's or the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, amongst others, the following:

- conditions of and changes in the social, economic and political condition and regulatory environment in the countries/territories that the Group operates in and/or where the Group's customers and suppliers are located;
- changes in the competitive conditions in the Group's industry and the Group's ability to compete under those conditions;
- changes in the future capital needs of the Group and the availability of financing and capital to fund those needs;
- changes in commodity prices;
- risk of not being able to implement the new strategies outlined by the Group;
- risk of being unable to realise the anticipated growth opportunities;
- changes in the availability and effectiveness of futures contracts or other derivative instruments as hedging instruments, and the risks associated with such instruments;
- changes in currency exchange rates;
- changes in short-term and long-term interest rates; and
- changes in customer preferences and needs.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*" and "*The Issuer and the Group*". These forward-looking statements speak only as of the date of this Information Memorandum. Save for its obligations under the SGX-ST Listing Manual, Olam expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Olam's or the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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SUMMARY

This summary highlights information contained elsewhere in this Information Memorandum. This summary may not contain all the information that should be considered before deciding to invest in the Capital Securities. The Issuer recommends reading this entire Information Memorandum carefully, including the financial statements and related notes appearing elsewhere in this Information Memorandum and under "Risk Factors".

Overview

The Group is a leading globally-integrated supply chain manager of agricultural products and food ingredients. Headquartered in Singapore, the Group operates in more than 65 countries and sources and supplies 20 key products to more than 11,600 customers in 70 markets and countries ("**Destination Markets**"). The Issuer was established in 1989 as a division of the KC Group to operate its agri-business and was duly incorporated under the laws of Singapore in July 1995. Since the establishment of the business, the Issuer has evolved from a single-country, single-product trader to a multi-country, multi-product integrated supply chain manager. The expansion of the Group has been possible as a result of pursuing growth strategies by exploiting adjacent opportunities, which it defines as developing opportunities in agricultural products and food ingredients which share customers, costs, capabilities and distribution channels with its existing operations.

As at the Latest Practicable Date, the Group's portfolio of 20 agricultural products and food ingredients comprised cashews, peanuts, almonds, hazelnuts, spices and dehydrates, sesame, cotton, coffee, cocoa and specialty fats, rice, sugar, wheat, barley, palm, dairy products, packaged foods, wool, fertiliser, wood products and rubber. The Group is engaged in the sourcing, processing, storage, transportation, shipping, distribution, trading and marketing of these agricultural products and food ingredients to customers in the Destination Markets. The Group manages the risks present at each stage of the supply chain through its risk management system. The Group's profitability is driven primarily by growth in underlying trade volumes handled, the extent to which it can charge a premium for value-added services and the extent to which it can realise cost savings at various stages of the supply chain.

As at the Latest Practicable Date, the Issuer's issued and paid-up share capital was S$2,148,690,224.07 comprising 2,442,409,869 ordinary shares in the capital of the Issuer (the "**Shares**"). The Shares are listed on the Mainboard of the SGX-ST.

For FY 2010 and FY 2011, the Group had, on a consolidated basis, revenue of approximately S$10.6 billion and S$15.9 billion respectively and net profit of approximately S$360 million and S$445 million respectively. As at 30 June 2010 and 30 June 2011, the total assets of the Group (combining non-current and current assets) on a consolidated basis amounted to approximately S$7.8 billion and S$12.6 billion respectively. For the six months ended 31 December 2011, the Group had, on a consolidated basis, revenue of approximately S$7.7 billion and net profit of approximately S$186.7 million. As at 31 December 2011, the total assets of the Group (combining non-current and current assets) on a consolidated basis amounted to approximately S$13.0 billion.

History and Development

Since the Issuer's establishment in 1989 and throughout its evolution from a single-country, single-product trader in 1989 to a multi-national, multi-product integrated supply chain manager, it has expanded into adjacent products, geographic markets, customers and supply chain activities through organic and inorganic growth.

The Group's history and development can be categorised into five phases:

Formative Years: 1989 to 1992

The foundations of the Issuer's business are intrinsically linked to the KC Group, which has over 140 years of trading history. The Issuer's business was first established in 1989 as a division to start the KC Group's agri-business enterprise and to generate foreign exchange.

From 1990 to 1995, the KC Group's agri-business was headquartered in London and operated under the name of Chanrai International Limited. The business began with the export of cashews and then expanded into exports of cotton, cocoa and sheanuts from Nigeria. This allowed the development of the Group's origination capabilities and expertise in sourcing, processing and marketing of agricultural products. During this phase, the Group's business was a single-country, multiple-product operation.

Business Model Development: 1993 to 1995

Between 1993 and 1995, the business grew from a single-country operation into multiple origins ("**Origins**" or "**Origin Countries**", being producing countries from which the Group procures its food ingredients and/or agricultural products), first within West Africa (including Benin, Togo, Ghana, Côte d'Ivoire, Burkina Faso, Senegal, Guinea Bissau, Cameroon and the Gabonese Republic (the "**RoG**")), and then to East Africa (Tanzania, Kenya, Uganda, Mozambique and Madagascar) and then India. This move into multiple Origins coincided with the deregulation of the agricultural commodity markets.

Global Expansion: 1995 to 2001

The Issuer was incorporated in Singapore on 4 July 1995 under the Companies Act as a public limited company. Subsequently, in 1996, the Issuer relocated its entire operations from London to Singapore at the invitation of the Singapore Trade Development Board (now known as International Enterprise Singapore).

Upon relocation to Singapore, the KC Group's agri-business was reorganised to be wholly-owned by the Issuer.

During this phase, the Group applied its business model to capitalise on growth opportunities present in its various businesses. Singapore became the corporate headquarters and the key marketing and trading centre for all its operations. To focus further on quality customer service, marketing offices were opened in Poland, the Netherlands, France, the UK, Italy and the U.S. The Group also established sourcing and marketing operations in Indonesia, Vietnam, Thailand, China, Papua New Guinea, Middle East, Central Asia and Brazil.

Raising Capital for Future Growth: 2002 to 2005

By 2002, the Group had expanded to nine products and 30 countries with total revenues of approximately U.S.$1.6 billion and profits after-tax of approximately U.S.$25 million for FY 2002. At this stage, the Group approached various established institutional investors, including Russell AIF Singapore Investments Limited (managed by AIF Capital Limited), Seletar Investments Pte Ltd ("**Seletar**"), a wholly-owned subsidiary of Temasek Holdings (Private) Ltd ("**Temasek Holdings**") and International Finance Corporation (a member of the World Bank Group) to raise funds for future growth.

Over this period, the Group consolidated its global leadership positions in most of its products and expanded into new products such as peanuts, beans, dairy products and packaged foods.

On 31 January 2005, the Issuer launched its initial public offering ("**IPO**") of 375 million Shares at S$0.62 per Share. Measured against the market capitalisation of companies then listed on the Mainboard of the SGX-ST, the Issuer ranked among the 50 largest listed companies with a market capitalisation of S$929 million at the invitation price. The Issuer's placement tranche of 345 million Shares (from its 375 million Shares) attracted strong interest from local and global institutional investors as well as leading institutional fund managers. The Issuer completed the IPO of its Shares, and was admitted to the Official List of the SGX-ST on 11 February 2005.

Building a Global Leader: 2006 to Present

In FY 2006, the Group developed and communicated to investors a merger and acquisition ("**M&A**") framework, so that going forward, acquisitions will form an integral part of the Group's growth strategy alongside organic growth. The M&A strategy will focus on building product and value chain adjacencies and bolt-on acquisitions in key geographic areas where the Group intends to accelerate or ramp up growth, for example, in markets like China, Brazil, India and the U.S.

In FY 2009, the Group announced a six-year corporate strategic plan (the "**2009 Strategic Plan**") to improve significantly the margin profile of the business by FY 2015, by focusing on the following key elements: (i) selectively integrating upstream into plantations, (ii) selectively integrating midstream into value-added processing initiatives, (iii) investing in its core supply chain and value-added services business and (iv) leveraging its latent assets and capabilities to enter into new adjacent business opportunities. Under the 2009 Strategic Plan, the Group had targeted to attain S$454 million net profit after tax ("**NPAT**" or "**PAT**") by FY 2015. In addition, 48 growth initiatives across 20 businesses were prioritised for implementation in the first three-year cycle from FY 2010 to FY 2012. In FY 2010 and FY 2011, the first two years of the 2009 Strategic Plan, the Group committed investments worth U.S.$1.94 billion towards 44 of the growth initiatives and executed 39 of the planned growth initiatives.

The Issuer reviewed its performance and in August 2011, it announced that it had reset its previous target of attaining S$454 million NPAT by FY 2015 under the 2009 Strategic Plan, and the Group targets to attain U.S.$1 billion NPAT by FY 2016, without any further equity dilution planned.

Major growth and capital raising milestones

A description of major growth and capital raising milestones in respect of the Group from 2007 can be found in the Information Memorandum. See "*The Issuer and the Group — Building a Global Leader: 2006 to Present — Major growth and capital raising milestones*". In addition, a description of major growth and capital raising milestones in respect of the Group from 2010 is set out below.

On 12 January 2010, the Issuer announced the acquisition of 99.5 per cent. of the outstanding shares and voting rights in Crown Flour Mills Limited ("**CFM**"), together with its wheat milling and noodle manufacturing facilities along with accompanying additional assets. The Issuer announced its intention to invest an additional U.S.$5.5 million to expand CFM's wheat handling and milling capacity and CFM is expected to process 400,000 tonnes of wheat by 2013. The acquisition was completed in January 2010.

On 11 February 2010, the Issuer announced its intention to invest U.S.$31.5 million to set up a greenfield 500 metric tonne per day wheat mill near Port Tema, Ghana. The construction of the wheat mill commenced in September 2010.

On 12 February 2010, the Issuer announced the issue of S$250,000,000 in aggregate principal amount of 4.07 per cent. fixed rate notes due 2013, issued under its initial S$800,000,000 multicurrency medium term note programme.

On 17 May 2010, the Issuer acquired an additional 10 million shares of NZFSU from Rural Portfolio Investment at a price of N.Z.$0.41 per Share for a total consideration of N.Z.$4.1 million. The additional shares purchased by the Issuer represented an additional 4.1 per cent. stake in NZFSU and immediately following the acquisition, the Issuer's holding in NZFSU was 18.45 per cent.

On 8 June 2010, the Issuer announced the acquisition of the dehydrated and vegetable products business and operating assets of Gilroy Foods & Flavors ("**Gilroy**") from ConAgra Foods, Inc. ("**ConAgra**"), including its dehydrated onion, garlic, capsicum, Controlled Moisture (TM) vegetables, GardenFrost (R) purees, RediMade (TM) shelf-stable purees and fresh vegetable operations, for a total cash consideration of U.S.$250 million (the "**Gilroy Acquisition**"). As part of the Gilroy Acquisition, the Issuer entered into a long term supply agreement to cater to ConAgra's ongoing requirements for dehydrated vegetable products. The Gilroy Acquisition was completed on 20 July 2010 for a total cash consideration of approximately U.S.$250 million.

In June 2010, the Issuer announced the formation of several subsidiaries through which the Group intends to undertake certain commodity financial services ("**Commodity Financial Services**") businesses, which the Issuer believes will leverage its understanding of commodity and derivative markets and risk management skills.

On 19 July 2010, the Issuer issued a notice to NZFSU of its intention to make a cash offer at N.Z.$0.55 per Share, representing a 38 per cent. premium over the three-month average trading price of N.Z.$0.40 (excluding the purchase by the Issuer of 10 million shares at N.Z.$0.41 per Share on 17 May 2010), for all of the shares in NZFSU that it did not already own (the "**NZFSU Offer**"). The NZFSU Offer was subject to certain conditions, including the Issuer achieving a minimum 50.1 per cent. shareholding in NZFSU following the NZFSU Offer and the approval by the Overseas Investment Office of New Zealand. On 24 August 2010, the Issuer gave notice that it had varied the NZFSU Offer by increasing the consideration offered for each NZFSU share to N.Z.$0.70 (the "**Revised NZFSU Offer**"). The board of directors of NZFSU recommended its shareholders to accept the Revised NZFSU Offer on 2 September 2010. The Issuer announced that the Revised NZFSU Offer had become unconditional on 20 September 2010. As at 27 September 2010, the Issuer's shareholding in NZFSU was 77.98 per cent. of the issued share capital of NZFSU. The total consideration paid by the Issuer for the additional 59.53 per cent. of NZFSU shares from the Revised NZFSU Offer was N.Z.$101.8 million. The Revised NZFSU Offer brought the Issuer's total investment in NZFSU to N.Z.$120.3 million, including the purchase of the initial shareholding.

On 10 August 2010, the Issuer announced that it had exercised its option to mandatorily convert the Fresh Bonds into Shares pursuant to the terms and conditions of the Fresh Bonds. The Issuer announced on 27 August 2010 that all the holders of the outstanding Fresh Bonds had exercised their respective rights to convert their Fresh Bonds into Shares and all the Fresh Bonds had been cancelled by the Issuer as at 27 August 2010.

On 12 August 2010, the Issuer issued an aggregate of U.S.$250,000,000 7.5 per cent. bonds due 2020.

On 17 August 2010, the Issuer announced that it would invest U.S.$43.5 million in Côte d'Ivoire to set up a greenfield cocoa processing facility in Abidjan, as well as a primary processing and warehousing facility in San Pedro. The investment would be fully funded by a combination of internal accruals and borrowings.

On 20 August 2010, the Issuer announced that it had entered into a strategic partnership agreement with the government of the RoG in relation to plans to develop a special economic zone at Nkok for timber processing (the "**SEZ Project**"). Under the strategic partnership, the Issuer had invested U.S.$12 million equity in the SEZ Project for a 60 per cent. interest in a joint venture entity, whilst the government of the RoG held the remaining 40 per cent. interest.

On 27 August 2010, the Issuer announced that syndication for the U.S.$300 million term loan facility (the "**U.S. Syndicated Facility**") for its United States subsidiary, Olam Holdings Partnership, had been oversubscribed with commitments received from a group of 13 international banks. The U.S. Syndicated Facility is guaranteed by the Issuer and was launched as a 3-year amortising term loan of U.S.$300 million. Pursuant to an oversubscription, Olam Holdings Partnership decided to increase the size of the U.S. Syndicated Facility to U.S.$350 million. This is Olam Holdings Partnership's first syndicated loan in the United States. Proceeds from the U.S. Syndicated Facility will be used to finance the working capital needs of Olam Holdings Partnership and its subsidiaries in the United States and for general corporate purposes.

On 13 November 2010, the Issuer announced that it had entered into a joint venture (the "**Palm Plantation JV**") with the government of the RoG to initially develop in phase I, 50,000 hectares of palm plantation in the RoG with an investment of U.S.$236 million. The Issuer will hold 70 per cent. interest in the joint venture company to be set up, and the remaining 30 per cent. will be held by the government of the RoG. As part of the agreement, the government of the RoG has committed to the Palm Plantation JV, a land bank of 300,000 hectares for palm and rubber plantation development in multiple phases. The Palm Plantation JV includes setting up milling plants to extract crude palm oil, which will be sold in Africa and exported to the European Union. In its announcement, the Issuer stated that the project is expected to achieve 100 per cent. Roundtable on Sustainable Palm Oil ("**RSPO**")[1] certification and therefore have a unique value proposition for the markets.

On 13 November 2010, the Issuer also announced that it had entered into a joint venture with the government of the RoG (the "**Fertiliser JV**") to construct a port-based ammonia-urea fertiliser complex in the RoG (the "**Project**") for a total investment of U.S.$1.3 billion and concurrently signed a 25-year natural gas fixed-price contract with the government of the RoG to secure a guaranteed quantity and quality of gas as feedstock for the urea plant.

On 3 December 2010, the Issuer announced that it had entered into an 80:20 joint venture with the Lababidi Group ("**LG**") to set up a port-based sugar refinery in Nigeria. The total cost of the project is approximately U.S.$200 million and the joint venture expects to fund the project cost with 50 per cent. equity (U.S.$100 million) and 50 per cent. debt (U.S.$100 million).

On 15 December 2010, the Issuer announced that it had acquired 100 per cent. of the equity share capital of tt Timber International ("**tt Timber**"), a subsidiary of the Dalhoff Larsen Horneman A/S Group ("**DLH**"), for a total consideration of Euro 29.6 million. DLH supplies timber and timber products manufactured from sustainably produced raw materials. tt Timber owns forest concession rights for 1.3 million hectares of natural tropical hardwood forest in the Democratic Republic of Congo (the "**RoC**") and 300,000 hectares in the RoG.

On 31 January 2011, the Issuer announced that it planned to acquire 100 per cent. of equity interests in Britannia Food Ingredients Holdings Limited ("**BFI**") and Britannia Storage and Distribution Limited ("**BSD**") for a combined enterprise value of £33.5 million (approximately U.S.$50 million). The Issuer will initially acquire 85 per cent. of equity capital in BFI and 100 per cent. of BSD, and then acquire the remaining 15 per cent. interest in BFI within the next three years at a pre-agreed valuation.

On 28 March 2011, the Issuer announced that pursuant to the Fertiliser JV agreement, it had signed an implementation and assignment agreement and a definitive gas supply contract with the government of the RoG for a cumulative quantity of 0.75 trillion cubic feet of natural gas for the current phase of the Project, for 25 years at a competitive fixed price.

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[1] RSPO is a non-profit association that unites stakeholders from seven sectors of the palm oil industry — oil palm producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks and investors, environmental or nature conservation non-governmental organisations and social or developmental non-governmental organisations — to develop and implement global standards for sustainable palm oil.

On 11 April 2011, the Issuer announced that Tata Chemicals Limited ("**TCL**"), a part of the Tata group of companies, will invest U.S.$290 million to acquire a 25.1 per cent. equity stake in the Project, resulting in a reduction of the Issuer's and the government of the RoG's shareholding in the Project to 62.9 per cent. and 12 per cent. respectively. TCL will be primarily responsible for project management during the erection and commissioning of the plant as well as the operation and maintenance of the plant for the first three years post commercial production. Sales and marketing of ammonia and urea products will be jointly undertaken by the Issuer, the government of the RoG and TCL through a joint venture agreement in which the Issuer and the government of the RoG will hold equal stakes. On 8 September 2011, the Issuer and TCL announced the completion of the gas due diligence for the Project.

The Issuer issued a notice dated 21 April 2011 to NZFSU of its intention to make a cash offer at N.Z.$0.70 per Share, representing a 25 per cent. premium over the three-month average trading price of N.Z.$0.56, for all of the shares in NZFSU that it did not already own (the "**2011 NZFSU Offer**"). The 2011 NZFSU Offer turned unconditional on 20 September 2011. As at the Latest Practicable Date, the Issuer held 85.93% of equity capital in NZFSU.

On 27 May 2011, the Issuer announced the launch of its fully underwritten U.S.$1.25 billion syndicated term loan facility, comprising two tranches, namely (i) a U.S.$625 million three-year tranche and (ii) a U.S.$625 million five-year tranche. The proceeds of this facility were used towards the refinancing of existing debt, as well as for working capital and for general corporate funding requirements of the Issuer, including capital expenditure and expansion of its supply chain management business. The Issuer announced on 29 July 2011 that the syndication of this facility, which represented the largest syndicated financing for the Issuer at that time, was completed.

On 7 June 2011, the Issuer announced that it had launched an equity fund raising exercise (the "**Equity Fund Raising**") to raise a total of approximately S$740 million by way of a combination of three equal tranches of approximately S$250 million each. This comprised of a private placement of up to 94,408,000 new Shares to institutional and other investors, a pro rata and non-renounceable preferential offering of up to 97,292,951 new Shares to entitled shareholders and the issue of up to 94,408,000 new Shares to Breedens, an indirect wholly-owned subsidiary of Temasek Holdings. The Equity Fund Raising was completed on 11 July 2011.

On 31 August 2011, the Issuer announced that it had agreed to acquire 100 per cent. shareholding of Hemarus Industries Limited, together with its 3,500 tons crush per day ("**TCD**") sugar milling facility, a 20 megawatt co-generation facility and accompanying assets in India for a total purchase consideration of U.S.$73.8 million (INR 3,400 million). In addition, the Issuer announced that it will further invest U.S.$6.6 million to enhance the sugar milling capacity to 5,000 TCD.

On 12 September 2011, the Issuer, TCL and the government of the RoG announced that their joint venture company, Gabon Fertiliser Company had signed a pre-construction services agreement with Technip S.A. ("**Technip**") as the main contractor for the Project. Technip will provide the licensed technologies of Haldor Topsoe A/S for the ammonia plant, Saipem S.p.A. for the urea plant and Uhde Fertilizer Technology B.V. (UFT) for the urea granulation plant.

On 24 October 2011, the Issuer announced that it had acquired the bulk spices and private label assets and businesses of Vallabhdas Kanji Limited ("**VKL**") for a total consideration of U.S.$18 million. The assets acquired include VKL's spice processing facility in Cochin, India, VKL's pepper grinding factory in Vietnam and VKL's sales and distribution operations in North America.

On 10 November 2011, the Issuer announced the proposed acquisition of 100 per cent. of equity interests in Progida Pazarlama A.Ş. ("**Progida**") for an enterprise value of 66 million Turkish Lira. Progida is one of the world's leading manufacturers of natural and semi-finished Turkish hazelnut kernels and it supplies such kernels to confectionary manufacturers globally. Turkey is the world's largest producers of hazelnuts, and accounts for 70 per cent. of the global hazelnut production. On 19 December 2011, the Issuer announced the completion of this acquisition.

On 1 December 2011, the Issuer announced that it would invest U.S.$49.2 million to set up a 6,000 hectare greenfield, fully integrated, mechanised and irrigated paddy farming and rice milling facility in Nasarawa State, one of the main rice growing belts in Nigeria.

On 2 December 2011, the Issuer announced the proposed expansion of its wheat milling capacity at CFM, for a total outlay of about U.S.$50 million.

On 22 December 2011, the Issuer announced that it plans to acquire 75.2 per cent. interest in Macao Commodities Trading, S.L. ("**MCT**") for a consideration of €15 million. The Issuer has the option to acquire the remaining 24.8 per cent. interest in MCT in five years' time. MCT is a leading supplier of cocoa powder, cocoa beans, desiccated coconut, dried fruits, vegetable fats, dairy products, chocolate, beverage and biscuit industries in the Iberian region. The acquisition was completed in December 2011.

On 30 January 2012, the Issuer announced that it had formed a partnership with the Russian Dairy Company LCC ("**RUSMOLCO**"), a growing player in the Russian dairy industry, for the large-scale development of dairy and grains farming in the Penza region of Russia, and that it proposes to acquire a 75 per cent. interest in RUSMOLCO for a consideration of approximately U.S.$75 million.

On 9 February 2012, the Issuer announced that it plans to acquire a 100 per cent. equity interest in Titanium Holding Company SA ("**Titanium**") and its subsidiaries for a consideration of U.S.$167 million (subject to capital adjustments at completion). Titanium owns Nigeria's second largest biscuits and candy franchise and had a turnover of approximately U.S.$162 million in 2011.

As at the Latest Practicable Date, the Group operates in 65 countries as indicated in the diagram set out below.

Competitive Strengths

The Group is a leading global supplier of agricultural products and food ingredients

The Group is a leading globally-integrated supply chain manager of agricultural products and food ingredients and operates in more than 65 countries and sources and supplies 20 key products to more than 11,600 customers in 70 markets and countries. The Group is one of the leading global market players in respect of several product groups. For example, the Group is:

- one of the largest suppliers by market share in the global trade of raw cashew nuts;
- one of the largest suppliers by market share in the global trade of Robusta coffee;
- one of the top three suppliers by market share in the global trade of cocoa;
- one of the largest suppliers by market share in the global trade of teak wood;
- one of the largest suppliers by market share in the global trade of cotton;
- one of the largest almond orchard owner in Australia;
- one of the top three global suppliers by market share in the global trade of rice; and
- one of the top five global suppliers by market share in the global trade of peanuts.

Through its market leadership positions, the Group has a detailed understanding of its customers' product requirements, which enables it to offer differentiated products, supply chain solutions and value-added services including organic certification, product traceability, customised quality, vendor-managed inventory systems ("**VMI**") and risk management solutions. As a result, the Group has established strong relationships with its end-customers, including several multinational corporations which own internationally recognised brands such as Kraft Foods, Nestlé, Lavazza, Mars, Tchibo and Planters. The Group believes that its customers value it as a reliable counterparty and a long-term business partner.

The Group has a proven and flexible business model that allows it to achieve rapid and cost-effective growth

The Group has a proven and flexible business model which enables it to achieve rapid and cost-effective organic and inorganic growth. This business model is scalable and replicable across diversified products, geographic markets and customers. Since its establishment, the Group has evolved from a single-country, single-product trader to a multi-country, multi-product integrated supply chain manager. The Group's expansion has been made possible by pursuing growth strategies which exploit adjacent opportunities, defined as developing opportunities in agricultural products and food ingredients which share customers, costs, capabilities and distribution channels with its existing operations.

The Group operates across the entire supply chain in almost all of its 20 key products. The Group sources and exports out of approximately 60 countries across Africa, Asia, the Middle East, and North and South America, and operates trading and marketing operations out of 65 countries. The Group's business model enables it to have the following competitive advantages:

Rapid Organic and Inorganic Growth

The Group's business model allows it to explore multiple growth opportunities based on common geographic markets, products, customers and channels shared with its existing operations and as such, it believes that it is able to grow rapidly both organically and through strategic acquisitions. At the same time, because the Group's expansion initiatives are based on existing competencies, infrastructure, resources and/or customers, it is able to reduce the execution risks of expanding into new areas and thereby scale up its operations more effectively and efficiently.

Cost Sharing

In any given Origin, the Group utilises the same infrastructure and people across multiple products. The Group sources products with complementary crop seasons such that its infrastructure is utilised all year round. Functions such as audit, accounting, treasury and risk control systems become more cost effective when commonly employed by all of the Group's operations. The Group seeks to optimise its product mix, which helps it share costs more effectively and makes it more cost competitive.

Diversified and well-balanced portfolio which is recession resistant and has allowed the Company to perform consistently across commodity and economic cycles

The Group integrates its knowledge and expertise across products, geographic markets and supply chain activities to create a diversified portfolio of products and services. The Group has a well diversified and balanced portfolio operating in 20 products across four main product groups, namely (i) edible nuts, spices and beans; (ii) confectionery and beverage ingredients; (iii) food staples and packaged foods; and (iv) industrial raw materials. In any given product segment, the Group consciously selects a mixture of northern and southern hemisphere Origins so that its trading and marketing infrastructure is constantly utilised and that sourcing activities for such products can be conducted throughout the year. The Group is present in key producing countries around the world which allows it to service its customers better in terms of quality, quantity and timeliness. In FY 2011, the Group sourced 43 per cent. of volumes from Asia and Middle East, 18 per cent. from Africa, 12 per cent. from Europe and 28 per cent. from the Americas. The Group's geographical diversity results in it not being over-exposed to any single Origin for any given product.

In addition, the Group seeks to export products out of countries from which it also imports into in order to help hedge against currency risks. This is particularly relevant where the currencies in question are not traded on foreign exchange markets as this process allows the Group to create a natural hedge against currency movements. The Group's sales are well diversified geographically and in FY 2011, the Group derived 33 per cent. of its sales from Asia and Middle East, 17 per cent. from Africa, 24 per cent. from Europe and 27 per cent. from the Americas

The Group realises stable dollar margins for every tonne that it moves, hence the Group's business is mainly driven by volumes and has limited exposure to price volatility. In FY 2011, over 75 per cent. of the Group's sales were contributed by the food category, where demand is relatively inelastic and recession resistant. This has contributed to the Group achieving consistent PAT growth historically, including growth in both 2008 and 2009, in which years the global financial crisis and the commodity down cycle occurred respectively, as well as in the first half of FY 2012 where economic conditions were also challenging.

The Group has integrated end-to-end supply chain capabilities

The Group has integrated end-to-end capabilities across the supply chain in each of its products, which allows it to control its supply chain, provide value-added services and improve its profitability.

Control of the supply chain

End-to-end integration capabilities provide the Group with greater control over its supply chain, which in turn enables it to provide quality and timely services with greater certainty than if it were to rely on third-parties. Operating presence over the entire supply chain provides the Group with comprehensive information relating to demand and supply, which allows it to react quickly to volatile market conditions.

Provision of value-added services

Being integrated across the entire supply chain ensures that the Group has an unbroken chain of custody over its products from a supplier in a producing country (the "**Farm Gate**") to the point of delivery to a customer (the "**Factory Gate**"). This allows the Group to provide value-added services such as traceability, hygiene certification, VMI and special grades of products to meet the Group's customers' requirements. Offering such value-added services enhances customer loyalty and improves supply chain margins.

Potential to increase the Group's margins

In regions where the Group does not currently perform its own logistics services, further end-to-end integration capabilities allow the Group to potentially increase its margins by reducing the role of third-party intermediaries, including agricultural raw material processors and logistics service providers. Participation across the entire supply chain also helps the Group to secure a minimum level of margin.

The Group combines both origination capabilities with capabilities in the Destination Markets, thus providing a competitive advantage over its competitors

Origin management is one of the Group's key competencies. The Group has a track record of identifying origination opportunities, setting up and managing procurement and distribution infrastructure and institutionalising field operating systems effectively. The Group sources its various products using a common infrastructure and employs field staff who are skilled in dealing with multiple products.

The Group is well-established across key points of origination of its products. Agricultural production bases are dependent on local climates and soil conditions, which make them difficult to relocate. In addition, the production bases of most of the Group's products are located in developing countries, which require deep knowledge of local working conditions. The Group believes that these characteristics of the Origins present significant barriers to entry for its competitors.

The Group's business has evolved from the point of origination, which is why it is well-suited to handle the challenges of supply chain management from difficult emerging countries. The Group has developed business systems and networks, which enables it to function efficiently in these Origins. The Group believes that its knowledge of global supply conditions and infrastructure and its understanding of all its Origins provides it with a significant advantage over its competitors at the point of origination in delivering its products to its customers.

At the same time, the Group has developed strong relationships with its customers in the Destination Markets, many of whom are well-known food multi-nationals, by providing them with timely, consistent and reliable supplies of their raw material requirements. The strength of the Group's market capabilities in the Destination Markets is a result of the various value-added services that it provides its customers, including VMI services, grades and quality customisation, traceability, organic raw materials supply capacity, Fair Trade Practice ("**FTP**") products supply capacity and tailor-made risk management solutions. The Group believes that it is one of the few industry participants who have combined the market skills of a global trade house and the origination skills of an origin trade house. This combination has allowed the Group to develop privileged relationships with its key customers and to offer them its distribution and logistics capabilities, as well as its hedging, risk management and risk arbitrage skills.

The Group has a professional and experienced management team

The Group has consistently attracted high quality professionals to work in the challenging emerging market conditions in which it operates. The Issuer's executive directors and executive officers have an average of 15 years of experience in the industry. The Group has more than 530 managers in its global talent pool, most of whom have spent a certain minimum number of years working in an Origin Country. Through extensive on-the-ground experience and rigorous training and promotion systems, the Group's managers have developed a common vision and understanding of its values and goals. These help to foster better intra-business communication, disciplined operational management and an entrepreneurial spirit.

The Group's management team consists of a mix of industry experts. The Group has a structured and formalised training programme and a career development programme designed to provide its managers with the opportunity to manage a mix of businesses and locations. This is to provide them with broad knowledge and experience, and also to enhance the Group's ability to operate as a globally integrated organisation. Most of the Group's core management team have had extensive field experience and are therefore adept at managing issues that may arise from operating in developing countries.

The Group is able to retain its personnel by making an effort to promote internally. As at the Latest Practicable Date, a total of 139,123,028 Shares (direct and deemed) were held by directors of the Issuer and there were a total of 18,650,000 un-issued Shares comprising of options granted to directors of the Issuer under the employee share option scheme. This has helped to align their interests with those of the Issuer and foster a sense of commitment.

The Issuer has a diversified base of well-established and reputable investors

The Issuer raised net proceeds of approximately S$185 million in its IPO in 2005. In April 2008, the Issuer raised approximately S$303 million through a preferential offering of new Shares to existing investors. On 15 July 2009, the Issuer raised S$437.5 million through an issue of new Shares to Breedens and Aranda, both indirect wholly-owned subsidiaries of Temasek Holdings. In June 2011, the Issuer carried out the Equity Fund Raising which raised approximately S$740 million through a private placement of new Shares to institutional and other investors, a pro rata and non-renounceable preferential offering of new Shares to entitled shareholders and the issue of new Shares to Breedens. The Group's ability to raise equity financing has provided it with funds to finance its investments and M&A activities and has also contributed to the Group's ability to obtain narrower spreads on its bank borrowings.

Strategies

The Group's strategic intent and vision is to be the leading global supply chain manager and processor of agri-commodities by:

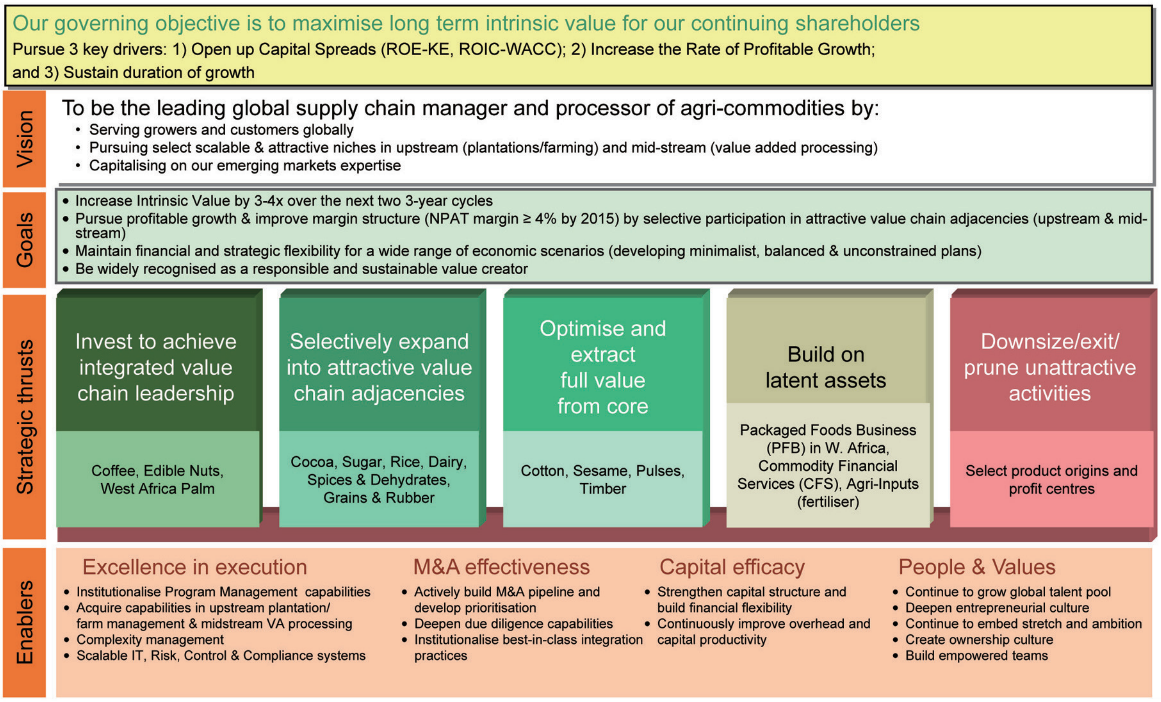
- serving growers and customers globally;
- pursuing select scalable and attractive niches in upstream and value-added midstream processing; and
- capitalising on the Group's emerging markets expertise.

In August 2009, consistent with historical strategy reviews conducted once every three years, the Group reviewed its business strategy for the two three-year cycles (FY 2010 to FY 2012 and FY 2013 to FY 2015) as set out more fully in the Group's annual report for FY 2009. The economic condition at the time was an appropriate juncture to assess opportunities and risks posed by the structural changes in the agri-business industry and provided an additional impetus to the review process. At the forefront of the Group's strategy is a desire to establish sustainable and profitable growth (both organically and inorganically through acquisitions) that helps build fundamental intrinsic value. In light of this aim and following a detailed analysis of the Group's current competitive position and prospects, five key strategic thrusts have been identified, namely to:

- pursue integrated global value chain leadership;
- selectively expand into value chain adjacencies;
- optimise and extract full value from core activities;
- leverage latent assets and capabilities to grow into new adjacent businesses; and
- downsize, exit or prune unattractive businesses, profit centres and activities.

The key objective of the above plan is to enable the Group to quadruple its intrinsic value over the following six-year period (FY 2010 to FY 2015) by achieving a step order change in the Group's margin profile of doubling the Group's after-tax margins from two per cent. to four per cent. over such period.

The chart below summarises the 2009 Strategic Plan.



Note:
"**KE**" means cost of equity;
"**ROE**" means return on equity;
"**ROIC**" means return on invested capital; and
"**WACC**" means weighted average cost of capital.

The Group mapped and prioritised its various businesses based on their historical performance, current competitive position and profitability to determine their fit in the abovementioned strategies. The Group has also identified a number of new business areas which would leverage on its latent assets and capabilities, namely packaged food distribution in Africa, fertiliser distribution in Africa and Commodity Financial Services business.

Based on the five strategic thrusts developed and the mapping of the various business units along these five strategic thrusts, in the first three-year cycle (FY 2010 to FY 2012), 48 growth initiatives across the Group's 20 businesses were prioritised for implementation.

In summary, the 2009 Strategic Plan is focused on four key elements:

(i) selectively integrating upstream into plantations where excess return opportunities exist, targeting specific countries where the Group believes that it has a comparative advantage to produce these commodities more cheaply or sustainably over the long term. The Group would only invest upstream if it is able to achieve a cost structure that is below the marginal cost producer's cost of producing that commodity. This ensures that the Group would be profitable in the upstream activity under all pricing scenarios, including a deep commodity down cycle. The Group's strategy to integrate upstream is not predicated on a speculative judgment of higher commodity prices over the long term;

(ii) selectively integrating midstream in value-added processing initiatives that offer excess returns. In order to mitigate any asset utilisation risk as the Group sets up these processing facilities, the Group will only do so if there is sufficient internal captive load from the Group's supply chain business, which eliminates the asset utilisation risk;

(iii) investing in the Group's core supply chain and value-added services business to take it to full potential; and

(iv) leveraging the Group's latent assets and capabilities that the Group has built over the last two decades to enter into adjacent new business opportunities. Three new business opportunities were identified for expansion: (a) Commodity Financial Services business, leveraging the Group's understanding of physical commodity markets and commodity derivative markets and the Group's risk management capabilities, (b) Packaged Foods Business, leveraging the Group's significant distribution infrastructure and capabilities in Africa and (c) fertiliser manufacturing and distribution, leveraging on the relationships that the Group has built with growers and farmers and the Group's configuration of direct upstream plantation and farming investments that would serve as a source of fertiliser demand. Based on this, the Group announced its 2009 Strategic Plan (from FY 2010 to FY 2015) to increase margins and quadruple intrinsic value.

In FY 2010 and FY 2011, the first two years of executing the 2009 Strategic Plan, the Group committed investments worth U.S.$1.94 billion towards 44 of the growth initiatives and executed 39 of the planned growth initiatives.

In the first two years of the 2009 Strategic Plan, the Group doubled its after-tax earnings (before exceptional items) from S$182 million in FY 2009 to S$373 million in FY 2011.

See "*The Issuer and the Group*" for a more detailed description on the business, operations and competitive strengths of the Issuer and the Group.

THE OFFERING

*The following is a general summary of the offering of the Capital Securities. This summary is partly derived from and should be read in conjunction with the full text of the terms and conditions of the Capital Securities (the "**Conditions**"), the Trust Deed and the Agency Agreement relating to the Capital Securities. The Conditions, the Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the terms set out in this summary. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the Conditions.*

Issuer	Olam International Limited.
Issue	S$275,000,000 7 per cent. Capital Securities
Expected Issue Date	1 March 2012.
Status of the Capital Securities	The Capital Securities will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and with any Parity Obligations. The Holder Claims will, in the event that an order is made or an effective resolution is passed for the winding-up of the Issuer (subject to and to the extent permitted by applicable law), rank in such winding-up: (i) junior to the rights and claims of all Senior Creditors of the Issuer; (ii) *pari passu* with each other and with the rights and claims of any Parity Creditors or holders of Parity Obligations; and (iii) senior to the rights and claims of holders of Junior Obligations. Where: "**Holder Claims**" means the rights and claims of the Trustee (in respect of the principal of and Distributions (including Arrears of Distributions and Additional Distribution Amounts) on the Capital Securities) and of the Holders; "**Junior Obligations**" means any class of the Issuer's share capital or any other instruments or securities ranking *pari passu* therewith other than (i) any Parity Obligations and (ii) any instruments or securities ranking in priority in payment and in all other respects to the ordinary shares in the capital of the Issuer; "**Parity Creditor**" means any creditor of the Issuer whose claim ranks or is expressed to rank *pari passu* with the Issuer's obligations under the Capital Securities; "**Parity Obligations**" means any instrument or security (including, without limitation, preference shares) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation or law, *pari passu* with the Capital Securities;

	"**Senior Creditors**" means, with respect to the Issuer, all creditors of the Issuer other than the Trustee (in respect of the principal of and Distributions (including Arrears of Distributions and Additional Distribution Amounts) on and other amounts in respect of the Capital Securities), the Holders, any Parity Creditors of the Issuer and the holders of the Junior Obligations; and "**winding-up**" means, in relation to the Issuer, bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer.
Set-off	Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer under, or arising from, the Capital Securities and each Holder will, by virtue of his holding of any Capital Security, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention. Without prejudice to the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Capital Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or judicial management, the liquidator or, as appropriate, judicial manager of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, judicial manager of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.
Issue Price	100 per cent. of the principal amount of the Capital Securities.
Form and Denomination	The Capital Securities will be issued in registered form in the denomination of S$250,000 and in higher integral multiples of S$1,000 in excess thereof.
Distributions	Subject to Condition 4 (*Distribution Deferral*), the Capital Securities confer a right to receive distribution (each a "**Distribution**") from and including 1 March 2012 (the "**Issue Date**") at the applicable Distribution Rate payable semi-annually in arrear on 1 March and 1 September of each year (each, a "**Distribution Payment Date**"), with the first Distribution Payment Date falling on 1 September 2012.
Distribution Rate	The rate of distribution ("**Distribution Rate**") applicable to the Capital Securities shall be: (i) in respect of the period from, and including, the Issue Date to, but excluding, 1 March 2022 (the "**Step-up Date**"), 7 per cent. per annum; and (ii) in respect of the period from, and including, the Step-up Date and each date falling every 10 years after the Step-up Date (each, a "**Reset Date**") falling thereafter to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in "*Terms and Conditions of the Capital Securities*").

Optional Deferral of Distributions	The Issuer may, at its sole discretion, elect to defer any Distribution (in whole and not in part) which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice of such election to the Holders in accordance with Condition 14 (*Notices*), not more than 15 nor less than five business days prior to the relevant Distribution Payment Date unless the Issuer or any of its subsidiaries (as defined in the Trust Deed) has, in the 12-month period prior to such Distribution Payment Date (i) declared or paid any dividends or distributions on any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations, or made any other payment (including payments under any guarantee obligations) on any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations; and/or (ii) redeemed, purchased, cancelled, reduced, bought back or otherwise acquired for any consideration any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations (each, a "**Compulsory Distribution Payment Event**", Provided Always that any declaration, distribution, payment or other action (a) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group or (b) as a result of the exchange or conversion of Parity Obligations for Junior Obligations, shall not constitute a Compulsory Distribution Payment Event). For the avoidance of doubt, a Compulsory Distribution Payment Event shall not occur merely as a result of any dividends, distributions or payments made by the Issuer or its subsidiaries in respect of obligations which are not the Issuer's Junior Obligations or (except on a pro rata basis) the Issuer's Parity Obligations. Any Distribution so deferred will not be due and payable or be paid until the relevant Payment Reference Date and will constitute "**Arrears of Distribution**".
Arrears of Distribution	Each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Capital Securities at the prevailing Distribution Rate and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distributions shall be due and payable pursuant to Condition 4 (*Distribution Deferral*) and shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distributions and otherwise *mutatis mutandis* as provided in Condition 3 (*Distributions*). The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distributions remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distributions. The Issuer is not subject to any limit as to the number of times Distributions and Arrears in Distributions can be deferred.

	Notwithstanding that a Payment Reference Date has not taken place, the Issuer may, at any time, on giving not more than 20 nor less than 10 business days' irrevocable notice to the Holders in accordance with Condition 14 (*Notices*), the Trustee, the Principal Paying Agent and the Registrar, elect to make payment, in whole or in part, of any Arrears of Distribution and any Additional Distribution Amounts. Any partial payment of outstanding Arrears of Distribution or any Additional Distribution Amount by the Issuer shall be shared by the Holders of all outstanding Capital Securities on a pro rata basis.
Restrictions in the case of a Deferral	If, on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made in full by reason of Condition 4 (*Distribution Deferral*), the Issuer shall not, and shall procure that none of its subsidiaries shall: (i) declare or pay any dividends or distributions on any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations, or make any other payment (including payments under any guarantee obligations) on, and (in the case of the Issuer) will not enter into any arrangements which will result in any dividend, distribution or other payment (including payments under any guarantee obligations) being made on, any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations; or (ii) redeem, purchase, cancel, reduce, buy back or otherwise acquire for any consideration any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations, in each case, other than (A) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group, (B) as a result of the exchange or conversion of Parity Obligations for Junior Obligations, (C) if the Issuer has made payment in whole (and not in part only) of all outstanding Arrears of Distributions and any Additional Distribution Amounts or (D) when so permitted by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders. For the avoidance of doubt, the restrictions in this paragraph shall only apply to the Issuer's subsidiaries to the extent that such dividends, distributions or payments are made in respect of the Issuer's Junior Obligations or the Issuer's Parity Obligations and nothing in this paragraph shall restrict the Issuer or any of its subsidiaries from making payment on its guarantees in respect of obligations which are not the Issuer's Junior Obligations or (except on a pro rata basis) the Issuer's Parity Obligations.
Maturity Date	There is no maturity date.
Redemption at the Option of the Issuer	The Issuer may, at any time on any Distribution Payment Date on or after the fifth anniversary of the Issue Date, on giving not less than 30 nor more than 60 days' irrevocable notice to the Holders,

	the Trustee, the Principal Paying Agent and the Registrar, redeem all (and not some only) of the Capital Securities at their principal amount, together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable).
Redemption for Taxation Reasons	In the event of certain changes in the laws and regulations relating to taxation in Singapore, the Issuer may, subject to certain conditions being satisfied, give notice to redeem the Capital Securities in whole but not in part at their principal amount together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable). See "*Terms and Conditions of the Capital Securities — Redemption and Purchase — Redemption for taxation reasons*".
Redemption for Accounting Reasons	The Capital Securities may, subject to certain conditions being satisfied, be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Holders, at their principal amount together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that, as a result of any changes or amendments to the Singapore Financial Reporting Standards ("**SFRS**") (or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer) or other internationally generally accepted accounting standards that the Issuer has adopted for the purposes of the preparation of its audited consolidated financial statements (the "**Relevant Accounting Standard**"), the Capital Securities may no longer be recorded as "equity" in the audited consolidated financial statements of the Issuer prepared in accordance with the Relevant Accounting Standard. See "*Terms and Conditions of the Capital Securities — Redemption and Purchase — Redemption for accounting reasons*".
Redemption for Tax Deductibility Reasons	The Capital Securities may, subject to certain conditions being satisfied, be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Holders, the Trustee, the Principal Paying Agent and the Registrar, at their principal amount together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of: (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

(ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(iii) any applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the position advised by the Issuer's tax advisers on or before the Issue Date,

payments by the Issuer would no longer, or within 90 days of the date of the opinion referred to in Condition 5(e) (*Redemption for tax deductibility reasons*) would not be fully deductible by the Issuer for Singapore income tax purposes. For the purposes of determining whether any payments by the Issuer would be fully deductible by the Issuer for Singapore income tax purposes under this paragraph, interest restriction under the total asset method shall be disregarded. See "*Terms and Conditions of the Capital Securities — Redemption and Purchase — Redemption for tax deductibility reasons*".

Redemption in the case of Minimal Outstanding Amount

The Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time at their principal amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) on the Issuer giving not less than 30 nor more than 60 days' irrevocable notice to the Holders, the Trustee, the Principal Paying Agent and the Registrar if, immediately before giving such notice, the aggregate principal amount of the Capital Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Clearing System

The Capital Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of the Depository, and deposited on the Issue Date with the Depository. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the Depository. Except as described in the Global Certificate, certificates for Capital Securities will not be issued in exchange for beneficial interests in the Global Certificate.

Taxation

All payments of principal and Distributions (including Arrears of Distributions and Additional Distribution Amounts) by or on behalf of the Issuer in respect of the Capital Securities will be made free and clear of, and without deduction or withholding for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer will pay such additional amounts as will

	result in the receipt by the Holders of such amounts which would otherwise have been received by them had no such deduction or withholding been required, except in the circumstances specified in "*Terms and Conditions of the Capital Securities — Taxation*".
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Capital Securities in, among others, Hong Kong, Singapore, Japan, Switzerland, the United Kingdom and the United States. For a description of the selling restrictions on offers, sales and deliveries of the Capital Securities, see "*Subscription and Sale*".
Listing and Trading of the Capital Securities	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Capital Securities on the Official List of the SGX-ST. The Capital Securities will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies) for so long as the Capital Securities are listed on the SGX-ST.
Rating	The Capital Securities are not, and are not expected to be, rated by any rating agency.
Trustee	DBS Trustee Limited
Principal Paying Agent, Calculation Agent and Registrar	DBS Bank Ltd.
Governing Law	The Capital Securities will be governed by, and construed in accordance with, the laws of Singapore.
Use of Proceeds	The net proceeds from the issue of the Capital Securities (after the deduction of fees, commission and certain expenses) will be used by the Issuer for general corporate purposes, refinancing existing borrowings, working capital requirements as well as to finance capital expenditure and the expansion of its supply chain management business.
Security Codes for the Capital Securities	ISIN: SG6T26979516

SUMMARY FINANCIAL INFORMATION

The following tables set forth selected financial information of the Group (i) as at and for FY 2010 and FY 2011, and (ii) as at and for the six months period ended 31 December 2010 and 2011. This selected financial information should be read in conjunction with the Group's audited consolidated financial statements including notes thereto for FY 2010 and FY 2011, and the unaudited consolidated financial statements including notes thereto for the six months ended 31 December 2011. The Group's audited consolidated financial statements including notes thereto for FY 2011, and the unaudited consolidated financial statements including notes thereto for the six months ended 31 December 2011 are included elsewhere in this Information Memorandum. The information in the Group's audited consolidated financial statements including notes thereto for FY 2011, and the unaudited consolidated financial statements including notes thereto for the six months ended 31 December 2011, has been reproduced from the audited financial statements of the Group for FY 2011 and the announcement of the unaudited consolidated financial statements of the Group for the six months ended 31 December 2011 respectively. They have not been specifically prepared for inclusion in this Information Memorandum.

The consolidated financial statements for the six months ended 31 December 2010 and 2011 have not been audited or subject to any review by the auditors of the Group. Investors should not place undue reliance on the unaudited financial statements for the six months ended 31 December 2010 and 2011.

Consolidated Profit and Loss Accounts

	Six Months Ended 31 December Unaudited		Financial Year Ended 30 June Audited	
	2011	**2010**	**2011**	**2010**
	S$'000		S$'000	
Sale of goods and services	7,716,428	6,495,958	15,803,387	10,502,386
Other income	19,119	61,274	124,751	139,897
	7,735,547	6,557,232	15,928,138	10,642,283
Cost of goods sold	(6,266,577)	(5,302,203)	(13,126,857)	(8,465,914)
Shipping and logistics	(640,769)	(539,563)	(1,230,110)	(1,012,091)
Commission and claims	(59,723)	(68,505)	(135,361)	(97,157)
Net gain from changes in fair value of biological assets	34,030	27,187	80,365	53,989
Employee benefits expenses	(171,480)	(163,144)	(341,106)	(238,553)
Depreciation	(62,417)	(36,210)	(91,471)	(68,530)
Net measurement of derivative instruments	3,416	13,360	28,117	77,915
Other operating expenses	(176,197)	(134,908)	(285,260)	(257,196)
Finance costs	(194,870)	(161,055)	(344,358)	(227,475)
	(7,534,587)	(6,365,041)	(15,446,041)	(10,235,012)
Share of results from jointly controlled entities and associates	2,999	4,396	28,168	12,924
	(7,531,588)	(6,360,645)	(15,417,873)	(10,222,088)
Profit before taxation	203,959	196,587	510,265	420,195
Taxation	(17,195)	(21,087)	(65,697)	(60,446)
Profit for the financial period	186,764	175,500	444,568	359,749

	Six Months Ended 31 December Unaudited		Financial Year Ended 30 June Audited	
	2011	2010	2011	2010
	S$'000		S$'000	
Attributable to:				
Owners of the Issuer	162,725	175,168	429,841	359,469
Non-controlling interests	24,039	332	14,727	280
	186,764	175,500	444,568	359,749
Earnings per share attributable to owners of the Issuer (cents)				
Basic	6.66	8.34	20.27	17.89
Diluted	6.49	7.68	18.66	14.79

Consolidated Balance Sheet

	Six Months Ended 31 December Unaudited	Financial Year Ended 30 June Audited	
	2011	2011	2010
	S$ '000	S$ '000	
Non-current assets			
Property, plant and equipment	1,825,645	1,576,715	1,054,166
Intangible assets	481,555	485,938	341,586
Biological assets	426,692	453,168	181,883
Deferred tax assets	32,084	43,053	63,978
Investments in jointly controlled entities and associates	438,516	411,819	467,237
Long-term investment	—	—	18,752
Other non-current assets	1,527	10,004	4,161
	3,206,019	2,980,697	2,131,763
Current assets			
Trade receivables	1,450,545	1,595,446	976,781
Margin accounts with brokers	33,898	457,133	152,815
Inventories	4,569,519	3,854,144	2,584,046
Advance payments to suppliers	278,097	222,207	237,784
Cash and short-term fixed deposits	1,154,607	872,247	671,543
Derivative financial instruments	1,567,053	2,310,144	657,270
Other current assets	775,951	558,118	392,656
	9,829,670	9,599,439	5,672,895

	Six Months Ended 31 December Unaudited	Financial Year Ended 30 June Audited	
	2011	2011	2010
	S$ '000	S$ '000	
Current liabilities			
Trade payables and accruals	(853,182)	(1,095,603)	(648,391)
Borrowings	(2,746,483)	(3,610,043)	(2,295,568)
Provision for taxation	(48,661)	(24,762)	(34,920)
Derivative financial instruments	(1,114,485)	(2,287,250)	(608,046)
Other current liabilities	(102,973)	(112,306)	(98,651)
	(4,865,784)	(7,129,964)	(3,685,576)
Net current assets	4,963,886	2,469,475	1,987,319
Non-current liabilities			
Deferred tax liabilities	(160,642)	(177,283)	(140,861)
Borrowings	(4,737,693)	(2,970,527)	(2,207,436)
Net assets	3,271,570	2,302,362	1,770,785
Equity attributable to owners of the Issuer			
Share capital	2,077,038	1,577,110	1,201,581
Reserves	1,103,191	668,232	570,348
	3,180,229	2,245,342	1,771,929
Non-controlling interests	91,341	57,020	(1,144)
Total equity	3,271,570	2,302,362	1,770,785

USE OF PROCEEDS

The net proceeds from the issue of the Capital Securities, after deducting underwriting commissions, fees and expenses in connection with this offering, will be used by the Issuer for general corporate purposes, refinancing existing borrowings, working capital requirements as well as to finance capital expenditure and the expansion of its supply chain management business.

RISK FACTORS

The risks described below should be carefully considered before making an investment decision. The risks described below are not the only ones relevant to the Issuer, the Group or the Capital Securities. Additional risks not presently known to the Issuer or that it currently deems immaterial may also impair the Group's business operations. The Group's business, financial condition or results of operations could be materially and adversely affected by any of these risks, which may, as a result, affect the Issuer's ability to fulfil its obligations under the Capital Securities.

This Information Memorandum also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Information Memorandum. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own investment views prior to making any investment decision.

Risks Relating to the Group's Business

The volume of products that the Group trades is affected by supply and demand conditions which may be beyond the Group's control

The Group's profitability is primarily driven by the volume of products transacted as the Group's profit margins at each stage of the Group's supply chain services are relatively fixed. Under volatile or uncertain market conditions, or when there is depressed demand or oversupply, the volume of physical goods being traded or to be traded may be reduced for long periods. As such, the Group may not be able to sell the Group's products or be forced to sell them at reduced prices which will result in the Group's profit margins being further reduced. The inability to sell the Group's products will prolong the Group's exposure to price risks. It may also cause severe cash flow problems, especially when the tenures for sale and purchase of the Group's products as agreed with the Group's bankers are exceeded. This may lead to banks recalling or refusing to extend the loans of the Group. As a result, the business, results of operations and financial position of the Group may be adversely affected.

Weather conditions have historically caused volatility in the agricultural commodity industry and consequently, in the Group's operating results, by causing crop failures or significantly reduced harvests. This can adversely affect the supply and pricing of the agricultural commodities that the Group sells and uses in its business and negatively affect the creditworthiness of its customers and suppliers. The availability and price of agricultural commodities are also subject to other unpredictable factors, such as plantings, government farm programmes and policies, demand from the biofuels industry, price volatility as a result of increased participation by non-commercial market participants in commodity markets and changes in global demand resulting from population growth and changes in standards of living. In addition, shortage and undersupply of agricultural commodities due to factors such as plant disease or conversely, excess crops due to exceptionally good weather conditions may lead to price fluctuations. These factors may cause volatility in the agricultural commodity industry and, consequently, in the Group's operating results.

The Group is vulnerable to industry cyclicality

The lead time required to build a processing plant can make it difficult to time capacity additions with market demand for the Group's products. When additional processing capacity becomes operational, a temporary imbalance between the supply and demand for processing capacity might exist, which, until the supply/demand balance is restored, negatively impacts processing margins. The Group's processing margins will continue to fluctuate following industry cycles, which could negatively impact the Group's business, results of operations and financial position.

The Group may not be able to effectively hedge the Group's risk of price fluctuations for some of the products that the Group trades

The prices of all the products that the Group trades fluctuate. For some products, such as cashews, sesame, sheanuts, rice, wood products and dairy products, there are no futures markets and as such, there are no derivative instruments available for the Group to hedge the risks of adverse price fluctuations. Under such circumstances, the Group is fully exposed to price risks until the Group has sold the products that the Group has purchased or has bought products that the Group has contracted to sell. If the price of products the Group sells is lower than the price at which the Group procured them, the Group's business, results of operations and financial position may be adversely affected.

The use of futures contracts or other derivative instruments may not fully hedge the risks of price fluctuations

For products such as cotton, sugar, coffee and cocoa which have established futures markets, the Group uses derivative instruments to hedge the risks of adverse price fluctuations. However, the use of such derivative instruments as hedges may not be fully effective under certain circumstances such as:

- where the prices of the physical products and the corresponding futures prices do not move in the same direction and/or by the same magnitude for periods of time which could be prolonged due to, for instance, speculative activity in the futures market;

- where the product the Group trades does not correspond exactly to the futures market in terms of grade, type, market and quantity; and/or

- where the Group's hedges have to be rolled forward due to the Group's continued possession of the Group's physical products beyond the period of the initial hedge, thereby exposing the Group to price differences between the contract periods.

If any of the above risks should materialise, the Group's business, results of operations and financial position may be adversely affected.

Margin calls on futures contracts or other derivative instruments

The Group uses derivative instruments such as commodity futures, forward currency contracts and interest rate contracts to hedge its risks associated with commodity price, foreign currency and interest rate fluctuations. Excessive movements in commodity prices, foreign currency exchange rates or interest rates could result in margin calls being made on the Group by the relevant futures exchange or calls for posting of additional cash or non-cash collateral being made on the Group by its other derivatives counterparties. Such margin calls in turn result in sudden cash flow requirements which the Group may not be able to meet. In the event that the Group fails to meet any margin calls, the relevant futures exchange or other derivatives counterparty could terminate the outstanding derivatives position, which could result in losses being suffered by the Group.

Government policies and regulations affecting the agricultural sector and related industries could adversely affect the Group's operations and profitability

Agricultural production and trade flows are significantly affected by government policies and regulations. Governmental policies affecting the agricultural industry (such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products) can influence industry profitability, the planting of certain crops versus other uses of agricultural resources, the location and size of crop production, whether unprocessed or processed commodity products are traded and the volume and types of imports and exports. In addition, international trade disputes can adversely affect agricultural commodity trade flows by limiting or disrupting trade between countries or regions. In recent months, rising commodity prices and concerns about food security have prompted governments in several countries to introduce export bans on key agricultural commodities and commodity products. There is no assurance that such export bans may not become more prevalent whether across countries or products. Future government policies may adversely affect the supply of, demand for and prices of the Group's products, restrict the Group's ability to do business in the Group's existing and target markets and could cause the Group's financial results to suffer.

The Group faces competition in the Group's various product and geographic markets

The Group faces competition in its various product and geographic markets. The Group's competitors range from global trade houses to local distributors and buying agents. Please refer to the section entitled "*The Issuer and the Group — Competition*" beginning on page 85 of this Information Memorandum. The Group also faces additional competition from the Group's existing customers, who are becoming more involved in sourcing to satisfy their own needs. In some of the developing economies where the Group operates, government controls on trade are gradually being released and trade is being opened up to new participants. As such, there are potential threats of new competitors entering the markets in which the Group operates. Increased competition may reduce the growth in customer base, reduce the profit margin and the market share that the Group currently enjoys, and result in higher selling and marketing expenses. There can be no assurance that other competitors will not surpass the Group's performance in the future. In the event that the Group fails to sustain its competitive advantages, the Group's business, results of operations and financial position may be materially and adversely affected.

In most of the countries in which the Group operates, the Group's operations are also subject to various licensing requirements. Complete deregulation or de-licensing of the countries from which the Group procures its products may lead to increased competition. This may have an adverse effect on the Group's business operations in these countries. As a result, the Group's business, results of operations and financial position may be adversely affected.

The Group is often unable to obtain accurate third-party data to corroborate the Group's market position

To meet the demands of the Group's customers in the developed world, the Group sources agricultural products and food ingredients from the point of collection from a supplier in numerous developing countries. As such, the Group is exposed to inefficient markets where the Group relies on its own employees to overcome the lack of political, legal and financial infrastructure to obtain accurate, reliable and available data. The Group may not always be able to verify all aspects of how and where the agricultural products that the Group sources are produced and under what conditions they are so produced. In addition, the Group may also not be able to verify the overall presence of other market participants. Given the fragmented nature of the markets for the Group's products, the Group is therefore often unable to obtain accurate third-party market data to corroborate the Group's perceived market positions.

The Group's business is dependent on its processing facilities and the Group is subject to the risks affecting operations at such facilities

The Group currently operates processing facilities in various countries. These facilities are subject to operating risks, such as industrial accidents, which could cause personal injury or loss of human life, the breakdown or failure of equipment, power supplies or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters and the need to comply with new directives of relevant government authorities. The Group needs to carry out planned shutdowns of its various plants for routine maintenance, statutory inspections and testing and may need, from time to time, to shut down its various plants for capacity expansions and equipment upgrades.

In addition, due to the nature of its business and despite compliance with requisite safety requirements and standards, the Group's production process is still subject to operating risks, including discharges or releases of hazardous substances, exposure to particulates and the operation of mobile equipment and manufacturing machinery. These operating risks may cause personal injury or loss of human life and could result in the imposition of civil and criminal penalties. The occurrence of any of these events could have a material adverse effect on the productivity and profitability of a particular processing facility and on the Group's business, results of operations and financial position.

Although the Group takes precautions to minimise the risk of any significant operational problems at its production facilities, there can be no assurance that its business, results of operations and financial position would not be adversely affected by disruptions caused by operational problems at the Group's processing facilities.

The Group operates in many developing countries and the Group is subject to risks relating to conducting business in such countries

As at the Latest Practicable Date, the Group has significant operations in emerging markets such as Africa and other developing countries. The Group believes that the Group has a significant customer and supplier base in these developing countries. In conducting the Group's business, the Group is subject to political, economic, legal, operational and other risks arising from operating in these countries. These risks may include, amongst others:

- civil unrest, military conflict, terrorism, change in political climate and general security concerns;
- default by government bodies who may be the only authorised trading counterparties in certain regulated markets;
- relatively less developed legal systems and business practices which may give rise to difficulties in enforcement of agreements entered into with counterparties;
- changes in duties payable and taxation rates;
- imposition of restrictions on currency conversion or the transfer of funds;
- fluctuation in the currency values;
- limitations and/or bans on imports and exports;
- expropriation or nationalisation of private enterprises or confiscation of private property or assets;
- reversal or change of laws, regulations or policies;
- relatively less developed business and communication infrastructure which may hamper the Group's efficiency and internal controls; and
- reinstatement of commodity boards or state monopolies for any of the Group's products.

Should any of the aforementioned risks materialise and if they either exceed the coverage of, or are not covered by, the Group's insurance policies, the Group's business, results of operations and financial position may be adversely affected. While such events did not have a material impact on the Group's operations in the past three financial years and up to the Latest Practicable Date, there is no guarantee that they will not have a material effect on the Group's operations in the future.

The Group may not be able to successfully implement the 2009 Strategic Plan

In August 2009, consistent with historical strategy reviews conducted once every three years, the Group reviewed its business strategy for two three-year cycles (FY 2010 to FY 2012 and FY 2013 to FY 2015). In light of the recent economic crisis the Group analysed the current and future prospects of each of its business units and made a decision on whether to invest or downsize each one in order to achieve its key goals of sustainable growth and increased intrinsic value. A key aspect of the 2009 Strategic Plan involves expansion of the Group's operations into new geographic markets and products together with an increased focus on the midstream and upstream areas of the value chain.

The continuing execution of the 2009 Strategic Plan may involve significant initial investment in infrastructure and resources. The Group's expansion and the new strategic plans may not be successful. The Group's initiatives may not result in the increases in volumes or margins that the Group has planned. The Group may not be able to replicate its past record of success in expanding into new geographical markets and/or products. The Group may also not be able to generate a return on its initial investments in new geographical markets and products. Under such circumstances, the Group's business, results of operations and financial position may be adversely affected.

The Group may face uncertainties associated with its expansion plans and its entry into the commodities financial services business

From FY 2008 and in tandem with its growth strategy, the Group undertook certain expansion initiatives through the acquisition of various companies and the establishment of joint ventures. The Group's expansion initiatives involve numerous risks, including but not limited to, the financial costs of investment in machinery and equipment, construction of new facilities and working capital requirements. The success of the Group's acquisition and investment strategy depends on a number of factors, including:

- the Group's ability to identify suitable opportunities for investment or acquisition;
- whether the Group is able to reach an acquisition or investment agreement on terms that are satisfactory;
- the extent to which the Group is able to exercise control over the acquired company or business;
- the economic, business or other strategic objectives and goals of the acquired company or business compared to those of the Group; and
- the Group's ability to successfully integrate the acquired company or business with the Group.

In addition, there is no assurance that these initiatives undertaken will result in sales being commensurate with the investment costs. If the Group is unable to do so or cannot manage its costs, its business, results of operations and financial position will be adversely and materially affected as the Group will not able to recover the costs of its investment.

In addition, the Group has taken steps to enter the commodity financial services business in which the Group plans to undertake (a) market making and volatility arbitrage trading of commodities; (b) the provision of risk solutions; and (c) fund management. The fund management services were initiated by the launch of "Ektimo Commodity Relative Fund Value LP". The Issuer has also announced the formation of wholly-owned subsidiaries through which these businesses will be conducted. Although the Issuer believes that these businesses will leverage its understanding of commodity and derivative markets and risk management skills, the Issuer currently does not have any experience in operating and managing any commodity financial services businesses. The operation and management of the commodity financial services business may require trained personnel and there can be no assurance that the Issuer will be able to attract or retain personnel required to operate and manage such businesses.

Further, the establishment of the commodity financial services businesses may involve significant management time, which may reduce the time available to the management for its current business. Financial services may require monitoring and compliance with laws, rules and regulations with which the Group is currently unfamiliar thereby increasing the risk of non-compliance by the Group. The Group may also not be able to generate a return on its initial investments which may adversely affect its financial position. Further, failure to successfully operate and manage the commodities financial services business may result in a loss of reputation of the Group which may adversely affect its business, results of operations and financial position.

The Group may fail to manage any of its acquisitions

The Group continuously evaluates merger and acquisition opportunities and may decide to undertake mergers or acquisitions in the future, if suitable opportunities arise. These may require significant investments which may not result in favourable returns. Acquisitions involve risks, including:

- unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or acquisition is finalised;
- potential difficulties in the integration and management of the operations and systems;
- potential difficulties in the retention of select personnel;
- potential difficulties in the co-ordination of sales and marketing efforts; and
- diversion of the Group's management's attention from other ongoing business concerns.

If the Group is unable to integrate the operations of an acquired business successfully or manage such future acquisitions profitably, the Group's growth plans may not be met and the Group's revenue and profitability may decline.

Further, new acquisitions of the Group may be loss-making. For example, NZ Farming Systems Uruguay Limited ("**NZFSU**") announced on 2 November 2010 that it expected to fall short of the budgeted U.S.$5 million earnings before interest and taxes ("**EBIT**") loss, with the full year result likely to be a loss of approximately U.S.$16 million at operating EBIT level. NZFSU stated that if present dry conditions continued, there might be some further downside risk to the forecast. In addition to this, NZFSU had provided for the one-off N.Z.$4.6 million (approximately U.S.$3.5 million) cost of terminating the management agreement with PGG Wrightson Ltd ("**PGW**") previously announced. In February 2011, the Issuer carried out a full review of the business plan of NZFSU with the board of directors of NZFSU. Subsequently on 5 September 2011, NZFSU announced that the audited financial results for NZFSU for its full financial year ended 30 June 2011 showed a loss of U.S.$4.3 million at the operating EBIT level.

The Group may be adversely affected by the actions of the Group's counterparties

The counterparty risks that the Group may face include, among others, the following:

Contractual risks

The Group faces the risk that its counterparties, such as customers, suppliers and service providers, may fail to honour their contractual obligations to the Group. This may result in the Group not being able to net off the Group's positions and hence reduce the effectiveness of the Group's hedges. Non-execution of contracts by counterparties may lead to the Group in turn not being able to honour the Group's contractual obligations to third-parties. This may subject the Group to, among others, legal claims and penalties. The Group may also be subject to legal claims and penalties if the products which the Group has contracted to sell to its customers suffer losses in weight or quality during shipment and transportation by third-parties. See "*Risk Factors — The value of the Group's physical products may deteriorate across various stages of its supply chain*". As a result, the Group's business, results of operations and financial position may be adversely affected.

Credit risks

The Group's counterparties may default on credit which the Group may grant to them. Credit default may arise due to the failure of the Group's internal credit exposure monitoring system or mechanism, improper judgment or incomplete information on the trading risks of the Group's counterparties. In the countries from which the Group procures its products, the Group may make advances to farmers, agents, co-operatives and other suppliers. These advances may not be recoverable in the event of volatile price movements, disruptions or a sudden end to the crop season. The Group may also make advances to established suppliers or sell on credit to established customers, where it is commercially advantageous to do so. In all these situations, counterparty default on advances will adversely affect the Group's financial performance. Where loans are secured with collateral, the Group may not be able to recover the full value of the loan by liquidating the collateral. As a result, the Group's business, results of operations and financial position may be adversely affected.

The Group's operations are highly dependent on debt financing

The Group is highly dependent on debt financing in the form of highly leveraged short-term debt to fund the Group's working capital requirements. The Group may not be able to grow the Group's volumes if the Group is unable to obtain additional debt financing. This may have an adverse effect on the Group's profitability.

Since most of the Group's loans have a limited term, the Group needs sufficient liquidity to meet its loan repayment obligations. Adverse market conditions which hamper the liquidation of stocks or delay the recovery of credit may affect the Group's loan repayment schedules and this may in turn result in the banks withdrawing or requiring early repayment of the facilities granted to the Group. This poses liquidity risk for the Group even though the Group may be profitable. As the Group may also obtain loans of longer terms, the Group may be exposed to the risk of interest rate fluctuations. These may adversely affect the Group's business, results of operations and financial position. Please refer to the section "*Capitalisation and Indebtedness*" on page 45 of this Information Memorandum.

The Group is exposed to interest rate risk

Some of the Group's existing debt and the Group's borrowings in future may carry floating interest rates, and consequently, the interest cost to the Group for such debt will be subject to fluctuations in interest rates. In addition, the Group is and may in future be subject to market disruption clauses contained in its loan agreements with banks. Such clauses will generally provide that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher cost of funds to the borrower, notwithstanding the margins agreed. Where appropriate, the Group seeks to minimise its interest rate risk exposure by entering into interest rate swap contracts to swap floating interest rates for fixed interest rates over the duration of certain of its borrowings. However, the Group's hedging policy may not adequately cover its exposure to interest rate fluctuations and this may result in a large interest expense and an adverse effect on the Group's business, results of operations and financial position.

The Group may experience limited availability of funds

The Group may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group or that any additional financing will not be dilutive to its shareholders. Factors that could affect the Group's ability to procure financing include the cyclicality of the agricultural products and food ingredients market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. In addition, consolidation in the banking industry in any market in which the Group procures financing may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to one company or sector.

In recent years, credit markets worldwide have experienced significant volatility, including a reduction in liquidity levels, increasing costs for credit protection and a general decline in lending activity between financial institutions and in commercial lending markets worldwide. These developments may result in the Group incurring increasing financing costs associated with the Group's significant levels of debt. Furthermore, there can be no assurance that the Group will be able to raise financing on favourable terms or at all, which could have a material adverse effect on the Group. Moreover, the Group's future credit facilities may contain covenants that limit its operating and financing activities and require the creation of security interests over its assets. The Group's ability to meet its payment obligations and to fund planned capital expenditures will depend on the success of the Group's business strategy and the Group's ability to generate sufficient revenues to satisfy its obligations, which are subject to many uncertainties and contingencies beyond the Group's control.

The Group is exposed to foreign exchange rate risk

In general, the Group's purchases are transacted in the local currencies of the respective countries from which the Group procures its products, and the Group's sales are transacted mainly in U.S. dollars, pounds sterling and Euros. This is with the exception of the Group's food staples and packaged foods business, where purchases are transacted in U.S. dollars and sales are transacted in the local currencies of the markets and countries in which the Group sells its products. Where possible and as a matter of policy, the Group uses forward contracts to hedge the Group's foreign currency exchange exposures arising from purchase and sale of products in currencies other than U.S. dollars. Where such instruments are not available, the Group will also attempt to create natural hedges by matching the value of sales and purchases to and from the same geographic market. Should the Group be unable to hedge the Group's currency exposures, the Group's business, results of operations and financial position may be adversely affected.

The Group's profitability may be affected by changes in tax regimes and certain special tax incentives

The Group's operations in various countries are subject to different tax regimes. Changes to or introduction of tax laws, changes in the interpretation or application of tax laws and revocation or amendment of tax treaties or tax incentives may adversely affect the Group's profitability.

For instance, as a recipient of the Global Trader Programme status awarded by International Enterprise Singapore, the Group is, among other things, entitled to a concessionary corporate tax rate of 5 per cent. which is subject to certain conditions. This concession was renewed in FY 2009 for a period of five years. Should this concessionary tax rate be revised, revoked or not be renewed upon expiry, the Group will be subject to the normal corporate tax rate, which as at the date of this Information Memorandum is 17 per cent., which may affect the Group's business, results of operations and financial position.

In addition, some of the specific projects undertaken by the Group enjoy certain tax exemptions for limited periods. If any of these tax exemptions are revised, revoked or not renewed upon expiry, the profitability of the relevant projects may be materially adversely affected, which may affect the Group's business, results of operations and financial position.

The Group is subject to volatility in shipping and logistics costs

Shipping and logistics expenses accounted for 9.68 per cent. and 7.82 per cent. of the Group's turnover for FY 2010 and FY 2011 respectively. As most of the Group's shipments are made using third-party land and sea transport providers, the Group is subject to fluctuations in the prices of shipping and logistics costs, which may in turn have an impact on the Group's results of operations. Shipping and logistics costs for commodities are usually market-driven and are highly cyclical. Shipping rates fluctuate in response to the level of demand for vessels and the availability of vessels to satisfy that demand. The level of demand is influenced by many factors, including general economic conditions, global trading volumes and port usage. Shipping rates are the most variable element of expense in relation to a particular shipment and are relevant to the Group's results to the extent that they will affect the pricing and profit margin of the services provided by the Group.

Changes in shipping rates affect the shipping industry as a whole and the Group normally mitigates the effect by passing on a proportion of such changes to its customers. However, it may not always be possible for the Group to immediately offset a contract of affreightment with a corresponding charterparty or sufficiently hedge against all changes in shipping costs. During certain periods, depending on market conditions, prevailing rates may be subject to change and should rates increase, the business, results of operations and financial position of the Group may be adversely affected even if such rates increases have a positive effect on the profitability and financial results of the chartering division of the Group. In addition, other factors such as port congestion, increases in fuel costs and piracy could materially adversely affect the ability of the Group to carry on its operations in a timely or cost-effective manner.

The value of the Group's physical products may deteriorate across various stages of its supply chain

The value of the products the Group delivers may differ from the Group's assessment for the following principal reasons:

Quality deterioration

The Group's products are subject to quality deterioration during storage and transit. Each of the Group's products has different physical characteristics and requires different kinds of storage, handling and transportation. For example, some products are sensitive to the external environment and their quality may deteriorate considerably during storage. The realisable value of the Group's products falls with quality deterioration through bad or inadequate quality management.

Weight loss

Weight loss constitutes a major operational risk. All the Group's products tend to lose some weight or volume due to natural causes. Pilferage and theft also contribute to weight loss during storage or transit. The Issuer's financial performance will be adversely affected if there are weight or volume losses to products which are not otherwise assumed and factored into the pricing of such products.

Variation in yield

Some of the Group's products undergo processing operations, which affect their input and/or output ratio and their value. Such processing output is estimated at the time of buying the various products. Actual output may, however, deviate from the estimate.

Should any of the above occur, the Group's business, results of operations and financial position may be adversely affected.

The Group's insurances may not adequately cover all potential losses

The Group's insurance policies cover various risks, including but not limited to, fire, theft, civil disturbance, riots, inland transit and marine risks. The Group's insurance policies may not adequately compensate for any and every type of loss that the Group may incur. Any such loss not otherwise compensated may adversely affect the Group's business, results of operations and financial position.

The Group is subject to regulation by various regulatory bodies

The Group is subject to the rules of various trade associations and regulatory bodies, which regulate the terms and conditions of trade in some of the Group's products. Such associations include the Commodity Futures Trading Commission, the International Cotton Association (formerly known as the Liverpool Cotton Association), the European Coffee Contract, the Federation of Cocoa Commerce Limited and the Combined Edible Nuts Association. While membership in such associations is not material to the business of the Group, these associations help to facilitate dispute resolution through a recognised forum and allow trade participants to regulate, promote and develop best practices as an industry. If the Group is found to be in breach of any rules or regulations of such trade associations or regulatory bodies, the Group may be subject to fines, penalties or other sanctions. This may have an adverse impact on the Group's business, results of operations and financial position.

The Group is dependent on the Group's internal systems for the Group's operations

The Group's operations rely on its ability to process a substantial number of complex transactions involving different markets, countries and currencies. Consequently, the Group is dependent on the Group's risk management systems, operational systems, other data processing systems and the Group's financial accounting systems. If any of these systems do not operate properly or are disabled, the Group may suffer disruption to the Group's business operations, financial loss and/or damage to the Group's reputation. In addition, the Group's systems may not detect illegal, unauthorised or fraudulent activities by the Group's employees. The Group's present systems may not be able to cope with the Group's growth and expansion. As a result, the Group's business, results of operations and financial position may be adversely affected.

The Group is dependent on key personnel for the Group's operations and profitability

One of the key reasons for the Group's growth and success has been the Group's ability to retain a talented and motivated team of senior professional managers. The Group's continued success will depend on the Group's ability to retain key management staff and train new employees. If members of the Group's senior management team are unable or unwilling to continue in their present positions, the Group's business may be adversely affected. Moreover, the process of hiring employees with the required combination of skills and attributes may be time-consuming and competitive. The Group may not be able to attract additional qualified persons for overseas postings in developing economies. This will further constrain the Group's growth in those places. As a result, the Group's business, results of operations and financial position may be adversely affected.

The Group includes a holding company structure

The Issuer is a holding company and approximately 62 per cent. of the Group's revenue in FY 2011 is attributable to the Issuer. In order to satisfy its payment obligations, the Issuer may rely on dividends and other payments received from its subsidiaries and associated companies. Both the timing and ability of certain subsidiaries and associated companies to pay dividends is limited by applicable laws and may be limited by conditions contained in certain of their agreements.

The Group enters into interested person transactions

The Group may from time to time enter into, and has ongoing contractual arrangements with interested persons. Such transactions are entered into on normal commercial terms and in accordance with the laws and regulations of the regulatory authorities in the jurisdiction to which the parties to such transactions are subject. Transactions with interested persons may give rise to conflicts of interest, which could lead to transactions being entered into and decisions made which are based on factors other than commercial factors. The Issuer reports all transactions with interested persons to its Audit and Compliance Committee.

The Issuer's substantial shareholders may change

There is no assurance that the Issuer's substantial shareholders will not sell all or part of their stake in the Issuer. There is no guarantee that any change in controlling ownership arising from such sale (if any) will not adversely affect the performance of the Group.

Substantial shareholders could significantly influence the outcome of corporate actions in a manner which may conflict with the Group's interests and the interests of shareholders

As at the Latest Practicable Date, the Issuer's substantial shareholders, Kewalram Singapore Limited ("**Kewalram**"), Temasek Holdings, The Capital Group Companies, Inc. ("**The Capital Group**"), AllianceBernstein LP, AXA S.A. and AXA Group (comprising AXA America Holdings Inc., Oudinot Participations, AXA Financial, Inc., AXA Equitable Financial Services, LLC, AXA Equitable Life Insurance Company, ACMC, Inc. and AllianceBernstein Holding L.P.) have beneficial interests, direct and indirect, in 19.67 per cent., 16.00 per cent., 8.11 per cent., 5.98 per cent., 5.99 per cent. and 5.98 per cent. respectively of the Issuer's issued share capital.

The Issuer's substantial shareholders would be able to significantly influence most matters requiring approval by the Issuer's shareholders, including matters relating to a potential change in control of the Issuer. No assurance can be given that the Issuer's substantial shareholders' objectives will not conflict with the Issuer's business goals and activities. The Issuer's substantial shareholders may also be able to deter or delay a future takeover or change in control of the Issuer.

The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the Group's business, results of operations and financial position

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("**SARS**") in Hong Kong, China and other places. The SARS outbreak had a significant adverse impact on the economies of the affected countries. The spread of Influenza A H1N1 in 2009 also affected many areas of the world and there were reported cases of New Delhi Metallo-beta-lactamase-1 (NDM-1) in many countries and regions. More recently, there have also been reported cases of avian influenza (bird flu) in several countries including Hong Kong, China and Indonesia. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease such as avian influenza or SARS. If such an outbreak were to occur, it may have a material adverse impact on the Group's business, results of operations and financial position.

The occurrence of any acts of God, war and terrorist attacks and any adverse political developments may adversely and materially affect the business, results of operations and financial position of the Group

Acts of God, such as natural disasters, are beyond the control of the Group. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. The Group's business, results of operations and financial position may be adversely affected should such acts of God occur.

Further, there is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not directly or indirectly, have an adverse effect on the Group's business, results of operations and financial position.

A certain portion of the Group's development projects and assets is located in countries which have suffered and continue to suffer from political instability and a certain proportion of its revenue is derived from its operations in these countries. Accordingly, the Group's business, results of operations and financial position are subject to political developments in these countries.

Increases in oil and food prices and general worldwide inflationary pressure could have an impact on the Group

Future increases in oil and food prices globally may negatively affect the economic growth and stability of certain countries which the Group operates in, and as a result, may reduce the ability of consumers to purchase the Group's products. The economic and political conditions in these countries make it difficult to predict whether oil and food will continue to be available at prices that will not negatively affect economic growth and stability. There can be no assurance that future increases in oil and food prices in countries where the Group operates will not lead to political, social and economic instability, which in turn could have a material adverse effect on the Group's businesses, results of operations and financial position.

The Group may inadvertently deliver genetically modified organisms to those customers that request GMO-free products

The use of genetically modified organisms ("**GMOs**") in food and in animal feed has been met with varying degrees of acceptance in the different markets in which the Group operates. The United States and Argentina, for example, have approved the use of GMOs in food products and animal feed, and GMO and non-GMO grain is produced and frequently commingled during the grain origination process. However, adverse publicity about genetically modified food has led to governmental regulation that limits or prevents sales of GMO products in some of the markets in which the Group sells its products, including the European Union and its constituent nations. It is possible that new restrictions on GMO products will be imposed in major markets for the Group's products or that the Group's customers will decide to purchase lower levels of GMO products or not to buy GMO products.

In general, the Group does not test its agricultural commodities inventory for the presence of GMOs. It is possible that the Group may inadvertently deliver products that contain GMOs to those customers that request GMO-free products. As a result, the Group could lose customers and may incur liability. If the Group's current testing and segregation procedures are not effective, the Group may incur significant expenses related to upgrading its procedures and facilities. Recent events have also illustrated how GMO products that have not received regulatory approval may enter the food chain. If the Group encounters incidents of this type, they can be costly and time-consuming to rectify, may damage the Group's reputation and may subject the Group to litigation. If regulators in the countries that restrict or prohibit the sale of GMO products or customers who request GMO-free products do not have confidence in the Group's products, the Group could lose customers and could be prohibited from selling its products in those countries.

Environmental regulations impose additional costs and may affect the results of the Group's operations

Costs and liabilities related to the compliance with applicable environmental laws and regulations are an inherent part of the Group's business. Particularly in respect of the Group's processing activities, the Group is subject to various national, provincial and municipal environmental laws and regulations concerning issues such as damage caused by air emissions, noise emissions, waste-water discharges, solid and hazardous waste handling and disposal, and the investigation and remediation of contamination. These laws can impose liability for non-compliance with the regulations or clean-up liability on generation of hazardous waste and other substances that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities. Other laws may require the Group to investigate and remedy contamination at its properties or where it conducts its operations, including contamination that was caused in whole or in part by previous owners of its properties. Moreover, these laws and regulations are increasingly becoming more stringent and may in future create substantial environmental legislation and regulatory requirements. It is possible that such compliance may prove restrictive and/or costly.

In addition to the clean-up liability, the Group may become subject to monetary fines and penalties for violation of applicable laws, regulations or administrative orders. This may also result in closure or temporary suspension or adverse restrictions on its operations. The Group may also, in future, become involved in proceedings with various regulatory authorities that may require it to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. In addition, third parties may sue the Group for damages and costs resulting from environmental contamination emanating from its properties and/or production facilities. Although there has been no claim that the Group's properties and production facilities are not in compliance in all material respects with all applicable environmental laws, unidentified environmental liabilities could arise which could have an adverse effect on the Group's business, results of operations and financial position.

The Group may not be able to maintain or obtain statutory and regulatory licences, permits and approvals required for its business

The Group requires certain statutory and regulatory licences, permits and approvals, which may be subject to certain conditions. While the Group has been able to maintain or obtain such licences, permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any such licences, permits or approvals in a timely manner, at all or on terms that are acceptable to the Group.

Risks Associated with an Investment in the Capital Securities

The Capital Securities may not be a suitable investment for all investors

Each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in this Information Memorandum;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities;

- understand thoroughly the terms of the Capital Securities; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Capital Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Capital Securities which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Capital Securities will perform under changing conditions, the resulting effects on the value of such Capital Securities and the impact this investment will have on the potential investor's overall investment portfolio.

The Capital Securities are perpetual securities and investors have no right to require redemption

The Capital Securities are perpetual and have no maturity date. The Issuer is under no obligation to redeem the Capital Securities at any time and the Capital Securities can only be disposed of by sale. Holders who wish to sell their Capital Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Capital Securities.

The Issuer's obligations under the Capital Securities are subordinated

The obligations of the Issuer under the Capital Securities will constitute unsecured and subordinated obligations of the Issuer. In the event that an order is made or an effective resolution is passed for the winding-up of the Issuer, the rights of the Holders to receive payments in respect of the Capital Securities will rank senior to the holders of all Junior Obligations of the Issuer and *pari passu* with any Parity Creditors and the holders of all Parity Obligations of the Issuer, but junior to the claims of all other creditors.

In the event of a shortfall of funds on a winding-up of the Issuer, there is a real risk that an investor in the Capital Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Capital Securities.

Holders may not receive Distribution payments if the Issuer elects to defer Distribution payments under the Conditions

The Issuer may, as its sole discretion, elect to defer any scheduled payment of Distribution on the Capital Securities for any period of time and such deferred Distributions shall constitute Arrears of Distribution. The Issuer is subject to certain restrictions in relation to, *inter alia*, the payment of dividends on its Junior Obligations and Parity Obligations and the redemption and repurchase of its Junior Obligations and Parity Obligations until all Arrears of Distribution and Additional Distribution Amounts are paid. The Issuer is not subject to any limits as to the number of times Distributions can be deferred pursuant to the Conditions, subject to compliance with certain restrictions. Although, following a deferral, Arrears of Distributions are cumulative, subject to the Conditions, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the Holders. Any such deferral of Distribution (including Arrears of Distribution) shall not constitute a default for any purpose unless, in the case of a deferral, such payment is required in accordance with Condition 4 (*Distribution Deferral*).

Any deferral of Distribution will likely have an adverse effect on the market price of the Capital Securities. In addition, as a result of the Distribution deferral provision of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's or the Group's financial condition.

The Capital Securities may be redeemed at the Issuer's option on certain dates on or after five years after the Issue Date or the occurrence of certain other events

The Conditions provide that the Capital Securities are redeemable at the Issuer's option, in whole but not in part, on any Distribution Payment Date falling on or after the fifth anniversary of the Issue Date at their principal amount together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable).

In addition, the Issuer also has the right to redeem the Capital Securities, in whole but not in part, at their principal amount together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and Additional Distribution Amount, if applicable) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (a) as a result of any changes or amendments to the Singapore Financial Reporting Standards ("**SFRS**") (or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer) or other internationally generally accepted accounting standards that the Issuer has adopted for the purposes of the preparation of its audited consolidated financial statements (the "**Relevant Accounting Standard**"), the Capital Securities may no longer be recorded as "equity" in the audited consolidated financial statements of the Issuer prepared in accordance with the Relevant Accounting Standard, (b) it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, (c) as a result of (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date, (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date or (iii) any applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the position advised by the Issuer's tax advisers on or before the Issue Date, payments by the

Issuer would no longer, or within 90 days of the date of the opinion referred to in Condition 5(e) (*Redemption for tax deductibility reasons*) would not be fully deductible by the Issuer for Singapore income tax purposes (for the purposes of determining whether any payments by the Issuer would be fully deductible by the Issuer for Singapore income tax purposes, interest restriction under the total asset method shall be disregarded) or (d) the aggregate principal amount of the Capital Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

The date on which the Issuer elects to redeem the Capital Securities may not accord with the preference of individual Holders. This may be disadvantageous to Holders in light of market conditions or the individual circumstances of a Holder. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Capital Securities.

There are limited remedies for non-payment under the Capital Securities

Any scheduled payment of Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment under the Capital Securities has become due in accordance with the Conditions. The only remedy against the Issuer available to any Holder for recovery of amounts in respect of the Capital Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up in respect of any of the Issuer's payment obligations arising from the Capital Securities.

Holders may be subject to Singapore taxation

The Capital Securities are intended by the Issuer to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore ("**ITA**"), subject to the fulfilment of certain conditions more particularly described in the section "*Taxation — Singapore Taxation*". However, there is no assurance that such Capital Securities will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time. In addition, the tax concessions for qualifying debt securities may not be available if the Inland Revenue Authority of Singapore ("**IRAS**") does not regard the Capital Securities as debt securities for Singapore income tax purposes.

Tax Treatment of the Capital Securities is Unclear

The Singapore income tax treatment of the Capital Securities as described in the section "*Taxation — Singapore Taxation*" is subject to IRAS regarding the Capital Securities as debt securities for Singapore income tax purposes. No tax ruling or confirmation is being sought from IRAS on this issue at this time. The IRAS may regard the Capital Securities to be an equity instrument for Singapore income tax purposes, consistent with the accounting treatment of the Capital Securities under SFRS.

In the event that IRAS does not regard the Capital Securities as debt securities for Singapore income tax purposes, the tax treatment to Holders would be different as set out in the section "*Taxation — Singapore Taxation*". In addition, under such circumstances, no tax deduction may be allowed to the Issuer on the Distributions (including Arrears of Distribution and any Additional Distribution Amounts) payable on the Capital Securities.

No assurance, warranty or guarantee is given on the tax treatment to Holders in respect of the Distributions payable to them (including Arrears of Distribution and Additional Distribution Amounts). Holders should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Capital Securities.

The Capital Securities are not, and are not expected to be, rated by any rating agency

No rating agency has assigned a rating to the Capital Securities. A rating typically addresses the Issuer's ability to make payments of principal and Distributions on the Capital Securities, and associated credit risks. The lack of a rating may adversely affect the market price and liquidity of the Capital Securities.

There is no active trading market for the Capital Securities

The Capital Securities are new securities which may not be widely distributed and for which there is currently no active trading market. If the Capital Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Capital Securities. Even if an active trading market were to develop, the Capital Securities could trade at prices that may be lower than the initial offering price. Future trading prices of the Capital Securities will depend on many factors, including, but not limited to:

- prevailing interest rates and interest rate volatility;
- the market for similar securities;
- the Issuer's operating and financial results;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- changes in the Issuer's industry and competition; and
- general market, financial and economic conditions.

Securities law restrictions on the resale may impact Holders' ability to sell the Capital Securities

The Capital Securities have not been registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Capital Securities may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Capital Securities are being offered and sold only outside the US in reliance on Regulation S under the Securities Act. Hence, future resales of the Capital Securities may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

Modification, waivers and substitution

The Conditions of the Capital Securities contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. The Conditions also provide that the Trustee may agree, without the consent of Holders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the reasonable opinion of the Trustee not materially prejudicial to the interests of the Holders.

Because the Global Certificate is held by or on behalf of the Depository, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Capital Securities will be represented by the Global Certificate except in certain limited circumstances described under "*Summary of the Provisions relating to the Capital Securities while in Global Form*". The Global Certificate will be deposited with, and registered in the name of, the Depository. Except in certain limited circumstances described under "*Summary of the Provisions Relating to the Capital Securities while in Global Form*", investors will not be entitled to receive Certificates. The Depository will maintain records of the beneficial interests in the Global Certificate. While the Capital Securities are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Depository. The Issuer will discharge its payment obligations under the Capital Securities by making payments to or to the order of the Depository for distribution to its accountholders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the Depository to receive payments under the Capital Securities.

The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer in the event of a default under the Capital Securities but will have to rely upon the Trustee to enforce their rights under the Trust Deed.

Exchange rate risks and exchange controls

The Issuer will pay Distributions, Arrears of Distributions, Additional Distribution Amounts and principal on the Capital Securities in Singapore dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Singapore dollars. These include the risk that exchange rates may change significantly (including changes due to devaluation of Singapore dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Singapore dollars would decrease (i) the Investor's Currency-equivalent yield on the Capital Securities, (ii) the Investor's Currency-equivalent value of the principal payable on the Capital Securities and (iii) the Investor's Currency-equivalent market value of the Capital Securities. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less Distributions, Arrears of Distributions, Additional Distribution Amounts or principal than expected, or no Distributions, Arrears of Distributions, Additional Distribution Amounts or principal.

The Issuer may raise other capital which affects the price of the Capital Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Capital Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders on a winding-up of the Issuer or may increase the likelihood of a deferral of Distributions under the Capital Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Capital Securities and/or the ability of Holders to sell their Capital Securities.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Capital Securities are legal investments for it, (ii) the Capital Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Capital Securities under any applicable risk-based capital or similar rules.

CAPITALISATION AND INDEBTEDNESS

The table below sets forth the Group's capitalisation and indebtedness as at 31 December 2011 and as adjusted to account for the issue of the Capital Securities. This table should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this Information Memorandum.

	As at 31 December 2011	
	Unaudited	**As Adjusted**
	(In S$ '000)	
Short-term Borrowings (repayable within one year)		
Short-term bank borrowings	2,745,199	2,470,199
Current portion of finance leases	1,284	1,284
Current portion of debt securities	—	—
Total short-term borrowings	2,746,483	2,471,483
Long-term Borrowings (repayable after one year)		
Bank borrowings	3,138,543	3,138,543
Finance leases	22,251	22,251
Medium-term Notes	599,999	599,999
Convertible Bonds	976,900	976,900
Total long-term borrowings	4,737,693	4,737,693
Total Borrowings	7,484,176	7,209,176
Total Equity		
Share Capital	2,077,038	2,077,038
Capital Securities	—	275,000
Reserves	1,103,191	1,103,191
Equity Attributable to Equity Holders of the Issuer	3,180,229	3,455,229
Minority Interests	91,341	91,341
Total Equity	3,271,570	3,546,570
Total Capitalisation and Indebtedness	10,755,746	10,755,746

Notes:

(1) For illustrative purposes, the Group has assumed that the gross proceeds from the issuance of the Capital Securities of S$275 million will be fully utilised to repay short-term bank borrowings.

(2) Since 31 December 2011, there has been no material change in the Issuer's capitalisation or indebtedness.

THE ISSUER AND THE GROUP

Overview

The Group is a leading globally-integrated supply chain manager of agricultural products and food ingredients. Headquartered in Singapore, the Group operates in more than 65 countries and sources and supplies 20 key products to more than 11,600 customers in 70 markets and countries ("**Destination Markets**"). The Issuer was established in 1989 as a division of the KC Group to operate its agri-business and was duly incorporated under the laws of Singapore in July 1995. Since the establishment of the business, the Issuer has evolved from a single-country, single-product trader to a multi-country, multi-product integrated supply chain manager. The expansion of the Group has been possible as a result of pursuing growth strategies by exploiting adjacent opportunities, which it defines as developing opportunities in agricultural products and food ingredients that share customers, costs, capabilities and distribution channels with its existing operations.

As at the Latest Practicable Date, the Group's portfolio of 20 agricultural products and food ingredients comprised cashews, peanuts, almonds, hazelnuts, spices and dehydrates, sesame, cotton, coffee, cocoa and specialty fats, rice, sugar, wheat, barley, palm, dairy products, packaged foods, wool, fertiliser, wood products and rubber. The Group is engaged in the sourcing, processing, storage, transportation, shipping, distribution, trading and marketing of these agricultural products and food ingredients to customers in the Destination Markets. The Group manages the risks present at each stage of the supply chain through its risk management system. The Group's profitability is driven primarily by growth in underlying trade volumes handled, the extent to which it can charge a premium for value-added services and the extent to which it can realise cost savings at various stages of the supply chain.

As at the Latest Practicable Date, the Issuer's issued and paid-up share capital was S$2,148,690,224.07 comprising 2,442,409,869 Shares. The Shares are listed on the Mainboard of the SGX-ST.

For FY 2010 and FY 2011, the Group had, on a consolidated basis, revenue of approximately S$10.6 billion and S$15.9 billion respectively and net profit of approximately S$360 million and S$445 million respectively. As at 30 June 2010 and 30 June 2011, the total assets of the Group (combining non-current and current assets) on a consolidated basis amounted to approximately S$7.8 billion and S$12.6 billion respectively. For the six months ended 31 December 2011, the Group had, on a consolidated basis, revenue of approximately S$7.7 billion and net profit of approximately S$186.7 million. As at 31 December 2011, the total assets of the Group (combining non-current and current assets) on a consolidated basis amounted to approximately S$13.0 billion.

History and Development

Since the Issuer's establishment in 1989 and throughout its evolution from a single-country, single-product trader in 1989 to a multi-national, multi-product integrated supply chain manager, it has expanded into adjacent products, geographic markets, customers and supply chain activities through organic and inorganic growth.

The Group's history and development can be categorised into five phases:

Formative Years: 1989 to 1992

The foundations of the Issuer's business are intrinsically linked to the KC Group, which has over 140 years of trading history. The Issuer's business was first established in 1989 as a division to start the KC Group's agri-business enterprise and to generate foreign exchange.

From 1990 to 1995, the KC Group's agri-business was headquartered in London and operated under the name of Chanrai International Limited. The business began with the export of cashews and then expanded into exports of cotton, cocoa and sheanuts from Nigeria. This allowed the development of the Group's origination capabilities and expertise in sourcing, processing and marketing of agricultural products. During this phase, the Group's business was a single-country, multiple-product operation.

Business Model Development: 1993 to 1995

Between 1993 and 1995, the business grew from a single-country operation into multiple origins ("**Origins**" or "**Origin Countries**", being producing countries from which the Group procures its food ingredients and/or agricultural products), first within West Africa (including Benin, Togo, Ghana, Côte d'Ivoire, Burkina Faso, Senegal, Guinea Bissau, Cameroon and the Gabonese Republic (the "**RoG**")), and then to East Africa (Tanzania, Kenya, Uganda, Mozambique and Madagascar) and then India. This move into multiple Origins coincided with the deregulation of the agricultural commodity markets.

Global Expansion: 1995 to 2001

The Issuer was incorporated in Singapore on 4 July 1995 under the Companies Act as a public limited company. Subsequently, in 1996, the Issuer relocated its entire operations from London to Singapore at the invitation of the Singapore Trade Development Board (now known as International Enterprise Singapore).

Upon relocation to Singapore, the KC Group's agri-business was reorganised to be wholly-owned by the Issuer.

During this phase, the Group applied its business model to capitalise on growth opportunities present in its various businesses. Singapore became the corporate headquarters and the key marketing and trading centre for all its operations. To focus further on quality customer service, marketing offices were opened in Poland, the Netherlands, France, the UK, Italy and the U.S. The Group also established sourcing and marketing operations in Indonesia, Vietnam, Thailand, China, Papua New Guinea, Middle East, Central Asia and Brazil.

Raising Capital for Future Growth: 2002 to 2005

By 2002, the Group had expanded to nine products and 30 countries with total revenues of approximately U.S.$1.6 billion and profits after-tax of approximately U.S.$25 million for FY 2002. At this stage, the Group approached various established institutional investors, including Russell AIF Singapore Investments Limited (managed by AIF Capital Limited), Seletar Investments Pte Ltd ("**Seletar**"), a wholly-owned subsidiary of Temasek Holdings (Private) Ltd ("**Temasek Holdings**") and International Finance Corporation (a member of the World Bank Group) to raise funds for future growth.

Over this period, the Group consolidated its global leadership positions in most of its products and expanded into new products such as peanuts, beans, dairy products and packaged foods.

On 31 January 2005, the Issuer launched its initial public offering ("**IPO**") of 375 million ordinary shares in the capital of the Issuer (the "**Shares**") at S$0.62 per Share. Measured against the market capitalisation of companies then listed on the Mainboard of the SGX-ST, the Issuer ranked among the 50 largest listed companies with a market capitalisation of S$929 million at the invitation price. The Issuer's placement tranche of 345 million Shares (from its 375 million Shares) attracted strong interest from local and global institutional investors as well as leading institutional fund managers. The Issuer completed the IPO of its Shares, and was admitted to the Official List of the SGX-ST on 11 February 2005.

Building a Global Leader: 2006 to Present

In FY 2006, the Group developed and communicated a merger and acquisition ("**M&A**") framework to investors, so that going forward, acquisitions will form an integral part of the Group's growth strategy alongside organic growth. The M&A strategy will focus on building product and value chain adjacencies and bolt-on acquisitions in key geographic areas where the Group intends to accelerate or ramp up growth, for example, in markets like China, Brazil, India and the U.S.

In FY 2009, the Group announced the 2009 Strategic Plan to improve significantly the margin profile of the business by FY 2015, by focusing on the following key elements: (i) selectively integrating upstream into plantations, (ii) selectively integrating midstream into value-added processing initiatives, (iii) investing in its core supply chain and value-added services business and (iv) leveraging its latent assets and capabilities to enter into new adjacent business opportunities. Under the 2009 Strategic Plan, the Group had targeted to attain S$454 million net profit after tax ("**NPAT**" or "**PAT**") by FY 2015. In addition, 48 growth initiatives across 20 businesses were prioritised for implementation in the first three-year cycle from FY 2010 to FY 2012. In FY 2010 and FY 2011, the first two years of the 2009 Strategic Plan, the Group committed investments worth U.S.$1.94 billion towards 44 of the growth initiatives and executed 39 of the planned growth initiatives.

The Issuer reviewed its performance and in August 2011, it announced that it had reset its previous target of attaining S$454 million NPAT by FY 2015 under the 2009 Strategic Plan, and the Group targets to attain U.S.$1 billion NPAT by FY 2016, without any further equity dilution planned.

Major growth and capital raising milestones

Below is a description of major growth and capital raising milestones in respect of the Group from 2007.

On 7 March 2007, the Issuer announced an off-market takeover offer to acquire all of the shares in Queensland Cotton Holdings Limited ("**QCH**"). The proposed combination of the cotton business of the Issuer and QCH was expected to create the third largest and most diversified global cotton company with substantial sourcing operations in Africa, Australia, Brazil, Commonwealth of Independent States, India, China and the United States, along with a strong presence in all major world markets.

On 13 July 2007, the Issuer announced the receipt of acceptances for more than 90 per cent. of the shares outstanding in QCH, and that it had a relevant aggregate interest in approximately 90.8 per cent. of QCH, providing the Issuer the right to compulsorily acquire all the remaining shares outstanding. The acquisition of 100 per cent. shares in QCH was completed in October 2007.

On 22 April 2007, the Issuer announced its intention to acquire 100 per cent. of the world's largest independent peanut blancher and ingredient processor, Universal Blanchers L.L.C. ("**UB**") for a total cash consideration of U.S.$77 million. The Issuer acquired UB in June 2007. This acquisition enabled the Issuer to expand into peanut blanching and ingredient manufacturing in the United States.

On 14 June 2007, the Issuer announced the acquisition of approximately 17 per cent. of the total outstanding shares of Open Country Cheese Company Limited ("**OCC**"), a fast growing dairy processing company in New Zealand. This strategic stake acquisition enabled the Group to gain valuable exposure to the dairy business in New Zealand. The Group acquired further shares of OCC on 15 June 2007, bringing its shareholding in OCC to 19.9 per cent.

On 27 August 2007, the Issuer announced its intention to acquire 100 per cent. equity interest in Key Foods Ingredients LLC and its subsidiaries ("**KFI**"), a processor and global supplier of dehydrates to the food processing industry for a total consideration of approximately U.S.$16 million. The acquisition of KFI was expected to enhance the Group's presence in the overall spice value chain, helping the Group move from being primarily a whole spices supplier, to offering a basket of spice ingredients to its customers. The acquisition of KFI was completed on 12 November 2007.

On 12 September 2007, the Issuer announced its intention to acquire 100 per cent. equity interest in Naarden Agro Products B.V. ("**NAP**"), an international supply chain manager of industrial caseins, for a total consideration of approximately Euro 3.3 million. Entry into the casein business was a one-step product adjacency move for the Group, as sourcing the raw casein for NAP shares the same sourcing channels as the Group's existing dairy business in the countries it operates in, providing significant synergies in cross-sourcing with only marginal additional investment. The acquisition of NAP was completed on 12 November 2007.

On 2 October 2007, the Issuer announced its intention to acquire 100 per cent. equity interest in PT Dharmapala Usaha Sukses ("**PT DUS**"), a sugar refinery based in Indonesia for a total cash investment of U.S.$12.6 million. Of this amount, U.S.$5 million was paid to shareholders of PT DUS while the balance amount of U.S.$7.6 million was utilised to purchase outstanding debt obligations from PT Bank Danamon Indonesia Tbk. The acquisition was an all-cash transaction and was funded by a combination of borrowings and internal accruals. The acquisition of PT DUS provides the Group the opportunity to participate in the growing sugar refining sector in Indonesia. On 13 December 2007, the Issuer announced the completion of the acquisition of PT DUS.

On 9 October 2007, the Issuer announced that it would invest approximately U.S.$45 million in a green field integrated soluble (instant) coffee manufacturing facility in Vietnam (the "**Soluble Coffee Facility**") that produces and supplies bulk spray-dried coffee powder, freeze-dried coffee granules and coffee extracts to the unbranded and private coffee label segment. The expansion into soluble coffee manufacturing was a one-step adjacency move for the Group into a higher value-added activity in the coffee supply chain, where there is a sharing of customers, costs and channels. As at the Latest Practicable Date, the Soluble Coffee Facility is fully operational.

On 15 November 2007, the Issuer announced the establishment of a 50:50 joint venture, Nauvu Investments ("**Nauvu**"), with Wilmar International Limited ("**Wilmar**"), a company listed on the SGX-ST. Nauvu was incorporated on 19 November 2007 and the joint venture was established in December 2008. In 2008, Nauvu acquired a 25 per cent. interest in the SIFCA Group, one of Africa's largest agro-industrial groups with diversified interests across palm oil, cotton seed oil, natural rubber and sugar sectors in Africa.

On 22 April 2008, the Issuer issued 155,628,689 new Shares pursuant to a non-renounceable and non-transferable preferential offering raising net proceeds of S$303 million.

On 20 June 2008, the Issuer announced that it had won an international bid to acquire a cotton gin in the Ouangolo region of Côte d'Ivoire from La Compagnie Cotonniere Ivoirenne for U.S.$5 million. The acquisition comprised of one cotton gin with an annual ginning capacity of 35,000 tonnes of seed cotton and its related infrastructure, as well as a catchment area of nearly 35,000 hectares that can produce up to 20,000 tonnes of cotton lint annually. This investment is in line with the Group's growth strategy for cotton in Africa, which is to seek growth opportunities in ginning and to build integrated cotton supply chain operations in the major exporting countries such as Côte d'Ivoire.

On 1 July 2008, the Issuer announced the formation of Olam Wilmar Investment Holdings Pte. Ltd. ("**Olam Wilmar Investment Holdings**"), a 50:50 joint venture company established with Wilmar, to acquire a 20 per cent. interest in PureCircle Limited ("**PureCircle**") from existing shareholders for an aggregate consideration of U.S.$106.2 million. As a producer of natural zero-calorie high-intensity sweeteners from the stevia plant, PureCircle operates an integrated supply chain for natural high-intensity sweeteners with activities ranging from sourcing of dry stevia leaves and extraction in China, refining of crude extracts into sweeteners in Malaysia and marketing of these sweeteners to food and beverage manufacturers worldwide. On 16 December 2009, 13,272,304 shares and 13,272,305 shares in PureCircle (which were held by Olam Wilmar Investment Holdings) were transferred to the Issuer and Wii Pte. Ltd. ("**Wii**"), a subsidiary of Wilmar International Limited, respectively. On 18 December 2009, the Issuer acquired the 13,272,305 shares in PureCircle held by Wii for an aggregate consideration of 33,180,762 pound sterling, resulting in its ownership of

30,544,609 shares representing approximately 20 per cent. interest in PureCircle. On 30 June 2010, the Issuer announced that Olam Wilmar Investment Holdings had been placed under members' voluntary winding-up. On 18 April 2011, the Issuer announced that Olam Wilmar Investment Holdings was dissolved in April 2011.

On 3 July 2008, the Issuer issued an aggregate of U.S.$300 million 1 per cent. convertible bonds due 2013 (the "**2008 Bonds**"), which are convertible into Shares.

On 8 July 2008, the Issuer announced the acquisition of a 24.99 per cent. stake in Dairy Trust Limited, one of the largest dairy processors in New Zealand.

On 22 September 2008, the Issuer announced the completion of a 3-year U.S.$115 million Islamic syndicated commodity Murabaha facility.

On 3 November 2008, the Issuer announced the acquisition of a sugar milling complex from Girdharilal Sugar and Allied Industries Ltd in India for a total consideration of U.S.$9.9 million.

On 18 December 2008, the Issuer announced the acquisition of a vegetable dehydration facility located in Firebaugh, California from De Francesco and Sons, Inc.

On 19 December 2008, the Issuer completed a tender offer of the 2008 Bonds pursuant to which the Issuer repurchased from the holders of the 2008 Bonds, an aggregate principal amount of U.S.$117,600,000 of 2008 Bonds.

On 22 December 2008 and 29 December 2008, the Issuer completed further on-market repurchases of an aggregate principal amount of U.S.$1 million and U.S.$5 million respectively of the 2008 Bonds (all the 2008 Bonds repurchased pursuant to the tender offer and the on-market repurchases are collectively referred to herein as the "**Repurchased Bonds**"). The Issuer cancelled the Repurchased Bonds. The aggregate principal amount of the 2008 Bonds remaining outstanding following the cancellation of the Repurchased Bonds was U.S.$176,400,000.

On 2 February 2009, the Issuer announced the acquisition by its subsidiary, Olam Argentina S.A., of a leading peanut shelling and blanching company, Industria Martin Cubero, for a total consideration of approximately U.S.$7 million. The acquisition was an all-cash transaction and was funded by a combination of existing loans and internal accruals.

On 12 February 2009, the Issuer announced the completion of a U.S.$33 million export credit loan facility provided by Australia and New Zealand Banking Group Limited and supported by Eksport Kredit Fonden for the Soluble Coffee Facility in Vietnam.

On 4 March 2009, the Issuer completed an exchange offer of the 2008 Bonds (the "**Exchange Offer**"), pursuant to which the Issuer had accepted for exchange, U.S.$136 million in aggregate principal amount of the 2008 Bonds (the "**Exchanged Bonds**") and issued U.S.$106,080,000 in aggregate principal amount of 1.2821 per cent. convertible bonds due 2013, convertible into Shares of the Issuer (the "**Issued Fresh Bonds**"). The Issuer had cancelled the Exchanged Bonds. The aggregate principal amount of 2008 Bonds remaining outstanding following cancellation of the Repurchased Bonds and the Exchanged Bonds was U.S.$40,400,000 (the "**Remaining 2008 Bonds**").

On 17 March 2009, the Issuer announced that it had renewed and upsized a U.S.$170 million one-year revolving multicurrency trade facility (the "**Trade Facility**") from Standard Chartered Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd, Singapore Branch, ING Bank N.V, Singapore Branch and Sumitomo Mitsui Banking Corporation, Singapore Branch. The Issuer will use the Trade Facility to finance its cocoa and coffee operations and working capital requirements in Nigeria and Côte d'Ivoire .

On 23 March 2009, the Issuer entered into exchange agreements with certain holders of some of the Remaining 2008 Bonds, pursuant to which the Issuer agreed to accept for exchange, U.S.$21,200,000 in aggregate principal amount of the Remaining 2008 Bonds (the "**Further Exchanged Bonds**") and issue U.S.$16,536,000 in aggregate principal amount of 1.2821 per cent. convertible bonds due 2013, convertible into Shares of the Issuer (the "**Additional Fresh Bonds**", and both Issued Fresh Bonds and Additional Fresh Bonds are collectively referred to herein as the "**Fresh Bonds**") on terms identical to that of the Exchange Offer (the "**Further Bond Exchange**").

On 27 March 2009, the Issuer announced that settlement of the Further Bond Exchange had taken place. Following the completion of the Further Bond Exchange:

- the aggregate principal amount of Fresh Bonds issued by the Issuer pursuant to the Exchange Offer and the Further Bond Exchange was U.S.$122,616,000; and

- the Issuer cancelled the Further Exchanged Bonds. The aggregate principal amount of 2008 Bonds remaining outstanding following cancellation of the Exchanged Bonds and the Further Exchanged Bonds was U.S.$19,200,000.

Between 1 December 2009 and 25 August 2010, the Issuer made a series of announcements that holders of various aggregate principal amounts of the Fresh Bonds had converted the Fresh Bonds held by them and the Issuer had cancelled such Fresh Bonds. As at 25 August 2010, the aggregate principal amount of the Fresh Bonds remaining outstanding following the cancellations of the Fresh Bonds between 1 December 2009 and 25 August 2010 was U.S.$21,996,000.

On 15 May 2009, the Issuer announced that it had acquired the remaining 60 per cent. interest in Lamco Srl ("**Lamco**"), a 40 per cent. owned associate company of the Issuer, by an injection of approximately S$199,400 into the capital of Lamco. The remaining 60 per cent. interest held by Cosco Cafimport Srl, the joint venture partner in Lamco, was cancelled with Lamco becoming a 100 per cent. owned subsidiary of the Issuer. Lamco is a limited liability company incorporated in Italy and is principally involved in the trading of agricultural commodities.

On 26 June 2009, the Issuer announced that the agreement by its wholly-owned subsidiary Olam Tomato Processors Inc. to purchase selected assets of major U.S. tomato processor, SK Foods, L.P. and its wholly-owned subsidiary RHM Industrial/Specialty Foods, Inc. in California had been approved by the United States Bankruptcy Court in Sacramento. The purchase value was approximately U.S.$39 million.

On 15 July 2009, the Issuer announced that it had issued 273.46 million new Shares at S$1.60 per Share to raise gross proceeds of S$437.5 million, representing 13.76 per cent. of the enlarged issued and paid-up capital of the Issuer, to Breedens Investments Pte. Ltd. ("**Breedens**") and Aranda Investments Pte Ltd ("**Aranda**"), both indirect wholly-owned subsidiaries of Temasek Holdings.

On 27 August 2009, the Issuer announced that it received commitments from a group of banks for a fully underwritten U.S.$540 million syndicated transferable term loan facility comprising two tranches, namely (i) a three-year term loan of U.S.$324 million and (ii) a five-year term loan of U.S.$216 million (the "**Loan Facility**"). The proceeds of the Loan Facility were to be used towards the refinancing of existing debt, as well as for working capital and for general corporate funding requirements of the Issuer, including capital expenditure and expansion of its supply chain management business. On 10 November 2009, as there was oversubscription, the Issuer increased the size of the Loan Facility to U.S.$850 million from U.S.$540 million, comprising two tranches, namely (i) a three-year amortising term loan of U.S.$510 million and (ii) a five-year amortising term loan of U.S.$340 million.

On 27 August 2009, the Issuer also announced that it had closed a 12-month U.S.$100 million Islamic revolving trade finance facility arranged by the Islamic Bank of Asia Limited. The syndication is a further expansion by the Issuer into the Islamic financing market after closing a three-year syndication in September 2008.

On 1 September 2009, the Issuer announced the acquisition of a 14.35 per cent. stake in NZ Farming Systems Uruguay Limited ("**NZFSU**"), an operator of large scale New Zealand-style dairy farming operations in Uruguay. Listed on the New Zealand stock exchange, NZFSU was established in 2006 by PGG Wrightson Ltd ("**PGW**"), New Zealand's leading rural services company, with the aim of providing an opportunity to New Zealand farmers and investors to benefit from the export of their world-leading dairy farming practices. NZFSU was formed for the purpose of applying New Zealand's high performing pastoral based farming systems to extensive areas of high quality, low cost and under-utilised Uruguayan farm land for dairy farming. The Issuer had purchased this stake for a cash consideration of N.Z.$14.37 million.

On 16 September 2009, the Issuer announced that it was proposing a scrip dividend scheme. Under the scheme, shareholders of the Issuer entitled to dividends may elect to receive either cash or an allotment of Shares credited as fully paid, in lieu of the whole or such part of the cash amount of the dividend to which the scheme applies, as determined by the directors of the Issuer. This scheme was approved by the shareholders of the Issuer on 29 October 2009.

On 18 September 2009, the Issuer announced the signing of a definitive agreement to acquire 8,096 hectares of planted almond orchards and 40,825 mega litres of permanent water rights from Timbercorp Limited and its associated entities, through its liquidation process. The total investment consideration was A$128 million in cash, which was funded from a combination of internal accruals and existing credit facilities. The acquisition was in line with the Issuer's corporate strategy which was announced prior to this, which had outlined a thrust towards upstream initiatives in plantations and farming, as well as midstream initiatives in value-added processing. This acquisition has made the Issuer one of Australia's largest almond growers and placed it amongst the top three almond growers globally.

On 15 October 2009, the Issuer issued an aggregate of U.S.$400 million 6 per cent. convertible bonds due 2016 with an upsize option (the "**New Convertibles Bonds**"). On 1 October 2009, the upsize option of the New Convertibles Bonds was exercised and the issue size of the New Convertibles Bonds was increased by an additional U.S.$100 million, bringing the total issue size to U.S.$500 million subsequent to the approval obtained at the extraordinary general meeting held on 29 October 2009.

On 16 November 2009, the Issuer announced the signing of an agreement to acquire 3,853 hectares of planted almond orchards and 48,259 mega litres of permanent water rights from Timbercorp Orchard Trust #3 and #5 at a total acquisition price of A$160 million. The transaction was completed in January 2010.

On 21 December 2009, the Issuer allotted and issued 5,633,004 new Shares, credited as fully paid, at an issue price of S$2.51 per Share to eligible shareholders who had elected to participate in the scrip dividend scheme approved by the shareholders of the Issuer on 29 October 2009 in respect of the first and final dividend of S$0.035 per Share declared by the Issuer on 27 August 2009.

On 12 January 2010, the Issuer announced the acquisition of 99.5 per cent. of the outstanding shares and voting rights in Crown Flour Mills Limited ("**CFM**"), together with its wheat milling and noodle manufacturing facilities along with accompanying additional assets. The Issuer announced its intention to invest an additional U.S.$5.5 million to expand CFM's wheat handling and milling capacity and CFM is expected to process 400,000 tonnes of wheat by 2013. The acquisition was completed in January 2010.

On 11 February 2010, the Issuer announced its intention to invest U.S.$31.5 million to set up a greenfield 500 metric tonne per day wheat mill near Port Tema, Ghana. The construction of the wheat mill commenced in September 2010.

On 12 February 2010, the Issuer announced the issue of S$250,000,000 in aggregate principal amount of 4.07 per cent. fixed rate notes due 2013, issued under its initial S$800,000,000 multicurrency medium term note programme.

On 17 May 2010, the Issuer acquired an additional 10 million shares of NZFSU from Rural Portfolio Investment at a price of N.Z.$0.41 per Share for a total consideration of N.Z.$4.1 million. The additional shares purchased by the Issuer represented an additional 4.1 per cent. stake in NZFSU and immediately following the acquisition, the Issuer's holding in NZFSU was 18.45 per cent.

On 8 June 2010, the Issuer announced the acquisition of the dehydrated and vegetable products business and operating assets of Gilroy Foods & Flavors ("**Gilroy**") from ConAgra Foods, Inc. ("**ConAgra**"), including its dehydrated onion, garlic, capsicum, Controlled Moisture (TM) vegetables, GardenFrost (R) purees, RediMade (TM) shelf-stable purees and fresh vegetable operations, for a total cash consideration of U.S.$250 million (the "**Gilroy Acquisition**"). As part of the Gilroy Acquisition, the Issuer entered into a long term supply agreement to cater to ConAgra's ongoing requirements for dehydrated vegetable products. The Gilroy Acquisition was completed on 20 July 2010 for a total cash consideration of approximately U.S.$250 million.

In June 2010, the Issuer announced the formation of several subsidiaries through which the Group intends to undertake certain commodity financial services ("**Commodity Financial Services**") businesses, which the Issuer believes will leverage its understanding of commodity and derivative markets and risk management skills.

On 19 July 2010, the Issuer issued a notice to NZFSU of its intention to make a cash offer at N.Z.$0.55 per Share, representing a 38 per cent. premium over the three-month average trading price of N.Z.$0.40 (excluding the purchase by the Issuer of 10 million shares at N.Z.$0.41 per Share on 17 May 2010), for all of the shares in NZFSU that it did not already own (the "**NZFSU Offer**"). The NZFSU Offer was subject to certain conditions, including the Issuer achieving a minimum 50.1 per cent. shareholding in NZFSU following the NZFSU Offer and the approval by the Overseas Investment Office of New Zealand. On 24 August 2010, the Issuer gave notice that it had varied the NZFSU Offer by increasing the consideration offered for each NZFSU share to N.Z.$0.70 (the "**Revised NZFSU Offer**"). The board of directors of NZFSU recommended its shareholders to accept the Revised NZFSU Offer on 2 September 2010. The Issuer announced that the Revised NZFSU Offer had become unconditional on 20 September 2010. As at 27 September 2010, the Issuer's shareholding in NZFSU was 77.98 per cent. of the issued share capital of NZFSU. The total consideration paid by the Issuer for the additional 59.53 per cent. of NZFSU shares from the Revised NZFSU Offer was N.Z.$101.8 million. The Revised NZFSU Offer brought the Issuer's total investment in NZFSU to N.Z.$120.3 million, including the purchase of the initial shareholding.

On 10 August 2010, the Issuer announced that it had exercised its option to mandatorily convert the Fresh Bonds into Shares pursuant to the terms and conditions of the Fresh Bonds. The Issuer announced on 27 August 2010 that all the holders of the outstanding Fresh Bonds had exercised their respective rights to convert their Fresh Bonds into Shares and all the Fresh Bonds had been cancelled by the Issuer as at 27 August 2010.

On 12 August 2010, the Issuer issued an aggregate of U.S.$250,000,000 7.5 per cent. bonds due 2020.

On 17 August 2010, the Issuer announced that it would invest U.S.$43.5 million in Côte d'Ivoire to set up a greenfield cocoa processing facility in Abidjan, as well as a primary processing and warehousing facility in San Pedro. The investment would be fully funded by a combination of internal accruals and borrowings.

On 20 August 2010, the Issuer announced that it had entered into a strategic partnership agreement with the government of the RoG in relation to plans to develop a special economic zone at Nkok for timber processing (the "**SEZ Project**"). Under the strategic partnership, the Issuer had invested

U.S.$12 million equity in the SEZ Project for a 60 per cent. interest in a joint venture entity, whilst the government of the RoG held the remaining 40 per cent. interest.

On 27 August 2010, the Issuer announced that syndication for the U.S.$300 million term loan facility (the "**U.S. Syndicated Facility**") for its United States subsidiary, Olam Holdings Partnership, had been oversubscribed with commitments received from a group of 13 international banks. The U.S. Syndicated Facility is guaranteed by the Issuer and was launched as a 3-year amortising term loan of U.S.$300 million. Pursuant to an oversubscription, Olam Holdings Partnership decided to increase the size of the U.S. Syndicated Facility to U.S.$350 million. This is Olam Holdings Partnership's first syndicated loan in the United States. Proceeds from the U.S. Syndicated Facility will be used to finance the working capital needs of Olam Holdings Partnership and its subsidiaries in the United States and for general corporate purposes.

On 13 November 2010, the Issuer announced that it had entered into a joint venture (the "**Palm Plantation JV**") with the government of the RoG to initially develop in phase I, 50,000 hectares of palm plantation in the RoG with an investment of U.S.$236 million. The Issuer will hold 70 per cent. interest in the joint venture company to be set up, and the remaining 30 per cent. will be held by the government of the RoG. As part of the agreement, the government of the RoG has committed to the Palm Plantation JV, a land bank of 300,000 hectares for palm and rubber plantation development in multiple phases. The Palm Plantation JV includes setting up milling plants to extract crude palm oil, which will be sold in Africa and exported to the European Union. In its announcement, the Issuer stated that the project is expected to achieve 100 per cent. Roundtable on Sustainable Palm Oil ("**RSPO**")[1] certification and therefore have a unique value proposition for the markets.

On 13 November 2010, the Issuer also announced that it had entered into a joint venture with the government of the RoG (the "**Fertiliser JV**") to construct a port-based ammonia-urea fertiliser complex in the RoG (the "**Project**") for a total investment of U.S.$1.3 billion and concurrently signed a 25-year natural gas fixed-price contract with the government of the RoG to secure a guaranteed quantity and quality of gas as feedstock for the urea plant.

On 3 December 2010, the Issuer announced that it had entered into an 80:20 joint venture with the Lababidi Group ("**LG**") to set up a port-based sugar refinery in Nigeria. The total cost of the project is approximately U.S.$200 million and the joint venture expects to fund the project cost with 50 per cent. equity (U.S.$100 million) and 50 per cent. debt (U.S.$100 million).

On 15 December 2010, the Issuer announced that it had acquired 100 per cent. of the equity share capital of tt Timber International ("**tt Timber**"), a subsidiary of the Dalhoff Larsen Horneman A/S Group ("**DLH**"), for a total consideration of Euro 29.6 million. DLH supplies timber and timber products manufactured from sustainably produced raw materials. tt Timber owns forest concession rights for 1.3 million hectares of natural tropical hardwood forest in the Democratic Republic of Congo (the "**RoC**") and 300,000 hectares in the RoG.

On 31 January 2011, the Issuer announced that it planned to acquire 100 per cent. of equity interests in Britannia Food Ingredients Holdings Limited ("**BFI**") and Britannia Storage and Distribution Limited ("**BSD**") for a combined enterprise value of £33.5 million (approximately U.S.$50 million). The Issuer will initially acquire 85 per cent. of equity capital in BFI and 100 per cent. of BSD, and then acquire the remaining 15 per cent. interest in BFI within the next three years at a pre-agreed valuation.

On 28 March 2011, the Issuer announced that pursuant to the Fertiliser JV agreement, it had signed an implementation and assignment agreement and a definitive gas supply contract with the government

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[1] RSPO is a non-profit association that unites stakeholders from seven sectors of the palm oil industry — oil palm producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks and investors, environmental or nature conservation non-governmental organisations and social or developmental non-governmental organisations — to develop and implement global standards for sustainable palm oil.

of the RoG for a cumulative quantity of 0.75 trillion cubic feet of natural gas for the current phase of the Project, for 25 years at a competitive fixed price.

On 11 April 2011, the Issuer announced that Tata Chemicals Limited ("**TCL**"), a part of the Tata group of companies, will invest U.S.$290 million to acquire a 25.1 per cent. equity stake in the Project, resulting in a reduction of the Issuer's and the government of the RoG's shareholding in the Project to 62.9 per cent. and 12 per cent. respectively. TCL will be primarily responsible for project management during the erection and commissioning of the plant as well as the operation and maintenance of the plant for the first three years post commercial production. Sales and marketing of ammonia and urea products will be jointly undertaken by the Issuer, the government of the RoG and TCL through a joint venture agreement in which the Issuer and the government of the RoG will hold equal stakes. On 8 September 2011, the Issuer and TCL announced the completion of the gas due diligence for the Project.

The Issuer issued a notice dated 21 April 2011 to NZFSU of its intention to make a cash offer at N.Z.$0.70 per Share, representing a 25 per cent. premium over the three-month average trading price of N.Z.$0.56, for all of the shares in NZFSU that it did not already own (the "**2011 NZFSU Offer**"). The 2011 NZFSU Offer turned unconditional on 20 September 2011. As at the Latest Practicable Date, the Issuer held 85.93% of equity capital in NZFSU.

On 27 May 2011, the Issuer announced the launch of its fully underwritten U.S.$1.25 billion syndicated term loan facility, comprising two tranches, namely (i) a U.S.$625 million three-year tranche and (ii) a U.S.$625 million five-year tranche. The proceeds of this facility were used towards the refinancing of existing debt, as well as for working capital and for general corporate funding requirements of the Issuer, including capital expenditure and expansion of its supply chain management business. The Issuer announced on 29 July 2011 that the syndication of this facility, which represented the largest syndicated financing for the Issuer at that time, was completed.

On 7 June 2011, the Issuer announced that it had launched an equity fund raising exercise (the "**Equity Fund Raising**") to raise a total of approximately S$740 million by way of a combination of three equal tranches of approximately S$250 million each. This comprised of a private placement of up to 94,408,000 new Shares to institutional and other investors, a *pro rata* and non-renounceable preferential offering of up to 97,292,951 new Shares to entitled shareholders and the issue of up to 94,408,000 new Shares to Breedens, an indirect wholly-owned subsidiary of Temasek Holdings. The Equity Fund Raising was completed on 11 July 2011.

On 31 August 2011, the Issuer announced that it had agreed to acquire 100 per cent. shareholding of Hemarus Industries Limited, together with its 3,500 tons crush per day ("**TCD**") sugar milling facility, a 20 megawatt co-generation facility and accompanying assets in India for a total purchase consideration of U.S.$73.8 million (INR 3,400 million). In addition, the Issuer announced that it will invest a further U.S.$6.6 million to enhance the sugar milling capacity to 5,000 TCD.

On 12 September 2011, the Issuer, TCL and the government of the RoG announced that their joint venture company, Gabon Fertiliser Company had signed a pre-construction services agreement with Technip S.A. ("**Technip**") as the main contractor for the Project. Technip will provide the licensed technologies of Haldor Topsoe A/S for the ammonia plant, Saipem S.p.A. for the urea plant and Uhde Fertilizer Technology B.V. (UFT) for the urea granulation plant.

On 24 October 2011, the Issuer announced that it had acquired the bulk spices and private label assets and businesses of Vallabhdas Kanji Limited ("**VKL**") for a total consideration of U.S.$18 million. The assets acquired include VKL's spice processing facility in Cochin, India, VKL's pepper grinding factory in Vietnam and VKL's sales and distribution operations in North America.

On 10 November 2011, the Issuer announced the proposed acquisition of 100 per cent. of equity interests in Progida Pazarlama A.S. ("**Progida**") for an enterprise value of 66 million Turkish Lira.

Progida is one of the world's leading manufacturers of natural and semi-finished Turkish hazelnut kernels and it supplies such kernels to confectionary manufacturers globally. Turkey is the world's largest producers of hazelnuts, and accounts for 70 per cent. of the global hazelnut production. On 19 December 2011, the Issuer announced the completion of this acquisition.

On 1 December 2011, the Issuer announced that it would invest U.S.$49.2 million to set up a 6,000 hectare greenfield, fully integrated, mechanised and irrigated paddy farming and rice milling facility in Nasarawa State, one of the main rice growing belts in Nigeria.

On 2 December 2011, the Issuer announced the proposed expansion of its wheat milling capacity at CFM, for a total outlay of about U.S.$50 million.

On 22 December 2011, the Issuer announced that it plans to acquire 75.2 per cent. interest in Macao Commodities Trading, S.L. ("**MCT**") for a consideration of €15 million. The Issuer has the option to acquire the remaining 24.8 per cent. interest in MCT in five years' time. MCT is a leading supplier of cocoa powder, cocoa beans, desiccated coconut, dried fruits, vegetable fats, dairy products, chocolate, beverage and biscuit industries in the Iberian region. The acquisition was completed in December 2011.

On 30 January 2012, the Issuer announced that it had formed a partnership with the Russian Dairy Company LCC ("**RUSMOLCO**"), a growing player in the Russian dairy industry, for the large-scale development of dairy and grains farming in the Penza region of Russia, and that it proposes to acquire, a 75 per cent. interest in RUSMOLCO for a consideration of approximately U.S.$75 million.

On 9 February 2012, the Issuer announced that it plans to acquire a 100 per cent. equity interest in Titanium Holding Company SA ("**Titanium**") and its subsidiaries for a consideration of U.S.$167 million (subject to capital adjustments at completion). Titanium owns Nigeria's second largest biscuits and candy franchise and had a turnover of approximately U.S.$162 million in 2011.

As at the Latest Practicable Date, the Group operates in 65 countries as indicated in the diagram set out below.

Competitive Strengths

The Group is a leading global supplier of agricultural products and food ingredients

The Group is a leading globally-integrated supply chain manager of agricultural products and food ingredients which operates in more than 65 countries and sources and supplies 20 key products to more than 11,600 customers in 70 markets and countries. The Group is one of the leading global market players in respect of several product groups. For example, the Group is:

- one of the largest suppliers by market share in the global trade of raw cashew nuts;
- one of the largest suppliers by market share in the global trade of Robusta coffee;
- one of the top three suppliers by market share in the global trade of cocoa;
- one of the largest suppliers by market share in the global trade of teak wood;
- one of the largest suppliers by market share in the global trade of cotton;
- one of the largest almond orchard owner in Australia;
- one of the top three global suppliers by market share in the global trade of rice; and
- one of the top five global suppliers by market share in the global trade of peanuts.

Through its market leadership positions, the Group has a detailed understanding of its customers' product requirements, which enables it to offer differentiated products, supply chain solutions and value-added services including organic certification, product traceability, customised quality, vendor-managed inventory systems ("**VMI**") and risk management solutions. As a result, the Group believes that it has established strong relationships with its end-customers, including several multinational corporations which own internationally recognised brands such as Kraft Foods, Nestlé, Lavazza, Mars, Tchibo and Planters, and that its customers value it as a reliable counterparty and a long-term business partner.

The Group has a proven and flexible business model that allows it to achieve rapid and cost-effective growth

The Group has a proven and flexible business model which enables it to achieve rapid and cost-effective organic and inorganic growth. This business model is scalable and replicable across diversified products, geographic markets and customers. Since its establishment, the Group has evolved from a single-country, single-product trader to a multi-country, multi-product integrated supply chain manager. The Group's expansion has been made possible by pursuing growth strategies which exploit adjacent opportunities defined as developing opportunities in agricultural products and food ingredients which share customers, costs, capabilities and distribution channels with its existing operations.

The Group operates across the entire supply chain in almost all of its 20 key products. The Group sources and exports out of approximately 60 countries across Africa, Asia, the Middle East, and North and South America, and operates trading and marketing operations out of 65 countries. The Group's business model enables it to have the following competitive advantages:

Rapid Organic and Inorganic Growth

The Group's business model allows it to explore multiple growth opportunities based on common geographic markets, products, customers and channels shared with its existing operations and as such, it believes that it is able to grow rapidly both organically and through strategic acquisitions. At the same time, because the Group's expansion initiatives are based on existing competencies, infrastructure, resources and/or customers, it is able to reduce the execution risks of expanding into new areas and thereby scale up its operations more effectively and efficiently.

Cost Sharing

In any given Origin, the Group utilises the same infrastructure and people across multiple products. The Group sources products with complementary crop seasons such that its infrastructure is utilised all year round. Functions such as audit, accounting, treasury and risk control systems become more cost effective when commonly employed by all of the Group's operations. The Group seeks to optimise its product mix, which helps it share costs more effectively and makes it more cost competitive.

Diversified and well-balanced portfolio which is recession resistant and has allowed the Company to perform consistently across commodity and economic cycles

The Group integrates its knowledge and expertise across products, geographic markets and supply chain activities to create a diversified portfolio of products and services. The Group has a well diversified and balanced portfolio operating in 20 products across four main product groups, namely (i) edible nuts, spices and beans; (ii) confectionery and beverage ingredients; (iii) food staples and packaged foods; and (iv) industrial raw materials. In any given product segment, the Group consciously selects a mixture of northern and southern hemisphere Origins so that its trading and marketing infrastructure is constantly utilised and that sourcing activities for such products can be conducted throughout the year. The Group is present in key producing countries around the world which allows it to service its customers better in terms of quality, quantity and timeliness. In FY 2011, the Group sourced 43 per cent. of volumes from Asia and the Middle East, 18 per cent. from Africa, 12 per cent. from Europe and 28 per cent. from the Americas. The Group's geographical diversity results in it not being over-exposed to any single Origin for any given product.

In addition, the Group seeks to export products out of countries that it also imports into in order to help hedge against currency risks. This is particularly relevant where the currencies in question are not traded on foreign exchange markets as this process allows the Group to create a natural hedge against currency movements. The Group's sales are well diversified geographically and in FY 2011, the Group derived 33 per cent. of its sales from Asia and the Middle East, 17 per cent. from Africa, 24 per cent. from Europe and 27 per cent. from the Americas.

The Group realises stable dollar margins for every tonne that it moves, hence the Group's business is mainly driven by volumes and has limited exposure to price volatility. In FY 2011, over 75 per cent. of the Group's sales were contributed by the food category, where demand is relatively inelastic and recession resistant. This has contributed to the Group achieving consistent PAT growth historically, including growth in both 2008 and 2009, in which years the global financial crisis and the commodity down cycle occurred respectively, as well as in the first half of FY 2012 where economic conditions were also challenging.

The Group has integrated end-to-end supply chain capabilities

The Group has integrated end-to-end capabilities across the supply chain in each of its products, which allows it to control its supply chain, provide value-added services and improve its profitability.

Control of the supply chain

End-to-end integration capabilities would provide the Group with greater control over its supply chain, which in turn enables it to provide quality and timely services with greater certainty than if it were to rely on third-parties. Operating presence over the entire supply chain provides the Group with comprehensive information relating to demand and supply, which allows it to react quickly to volatile market conditions.

Provision of value-added services

Being integrated across the entire supply chain ensures that the Group has an unbroken chain of custody over its products from a supplier in a producing country (the "**Farm Gate**") to the point of delivery to a customer (the "**Factory Gate**"). This allows the Group to provide value-added services such as traceability, hygiene certification, VMI and special grades of products to meet the Group's customers' requirements. Offering such value-added services enhances customer loyalty and improves supply chain margins.

Potential to increase the Group's margins

In regions where the Group does not currently perform its own logistics services, further end-to-end integration capabilities allow the Group to potentially increase its margins by reducing the role of third-party intermediaries, including agricultural raw material processors and logistics service providers. Participation across the entire supply chain also helps the Group to secure a minimum level of margin.

The Group combines both origination capabilities with capabilities in the Destination Markets, thus providing a competitive edge over its competitors

Origin management is one of the Group's key competencies. The Group has a track record of identifying origination opportunities, setting up and managing procurement and distribution infrastructure and institutionalising field operating systems effectively. The Group sources its various products using a common infrastructure and employs field staff who are skilled in dealing with multiple products.

The Group is well-established across key points of origination of its products. Agricultural production bases are dependent on local climates and soil conditions, which make them difficult to relocate. In addition, the production bases of most of the Group's products are located in developing countries, which require deep knowledge of local working conditions. The Group believes that these characteristics of the Origins present significant barriers to entry for its competitors.

The Group's business has evolved from the point of origination, which is why it is well-suited to handle the challenges of supply chain management from difficult emerging countries. The Group has developed business systems and networks, which enables it to function efficiently in these Origins. The Group believes that its knowledge of global supply conditions and infrastructure and its understanding of all its Origins provides it with a significant advantage over its competitors at the point of origination in delivering its products to its customers.

At the same time, the Group has developed strong relationships with its customers in the Destination Markets, many of whom are well-known food multi-nationals, by providing them with timely, consistent and reliable supplies of their raw material requirements. The strength of the Group's market capabilities in the Destination Markets is a result of the various value-added services that it provides its customers, including VMI services, grades and quality customisation, traceability, organic raw materials supply capacity, Fair Trade Practice ("**FTP**") products supply capacity and tailor-made risk management solutions. The Group believes that it is one of the few industry participants who have combined the market skills of a global trade house and the origination skills of an origin trade house. This combination has allowed the Group to develop privileged relationships with its key customers and to offer them its distribution and logistics capabilities, as well as its hedging, risk management and risk arbitrage skills.

The Group has a professional and experienced management team

The Group has consistently attracted high quality professionals to work in the challenging emerging market conditions in which it operates. The Issuer's executive directors and executive officers each have an average of 15 years of experience in the industry. The Group has more than 530 managers in its global talent pool, most of whom have spent a certain minimum number of years working in an Origin Country. Through extensive on-the-ground experience and rigorous training and promotion systems, the Group's managers have developed a common vision and understanding of its values and goals. These help to foster better intra-business communication, disciplined operational management and an entrepreneurial spirit.

The Group's management team consists of a mix of industry experts. The Group has a structured and formalised training programme and a career development programme designed to provide its managers with the opportunity to manage a mix of businesses and locations. This is to provide them with broad knowledge and experience, and also to enhance the Group's ability to operate as a globally integrated organisation. Most of the Group's core management team have had extensive field experience and are therefore adept at managing issues that may arise from operating in developing countries.

The Group is able to retain its personnel by making an effort to promote internally. As at the Latest Practicable Date, a total of 139,123,028 Shares (direct and deemed) were held by directors of the Issuer and there were a total of 18,650,000 un-issued Shares comprising of options granted to directors of the Issuer under the employee share option scheme. This has helped to align their interests with those of the Issuer and foster a sense of commitment.

The Issuer has a diversified base of well-established and reputable investors

The Issuer raised net proceeds of approximately S$185 million in its IPO in 2005. In April 2008, the Issuer raised approximately S$303 million through a preferential offering of new Shares to existing investors. On 15 July 2009, the Issuer raised S$437.5 million through an issue of new Shares to Breedens and Aranda, both indirect wholly-owned subsidiaries of Temasek Holdings. In June 2011, the Issuer carried out the Equity Fund Raising which raised approximately S$740 million through a private placement of new Shares to institutional and other investors, a *pro rata* and non-renounceable preferential offering of new Shares to entitled shareholders and the issue of new Shares to Breedens. The Group's ability to raise equity financing has provided it with funds to finance its investments and M&A activities and has also contributed to the Group's ability to obtain narrower spreads on its bank borrowings.

Strategies

The Group's strategic intent and vision is to be the leading global supply chain manager and processor of agri-commodities by:

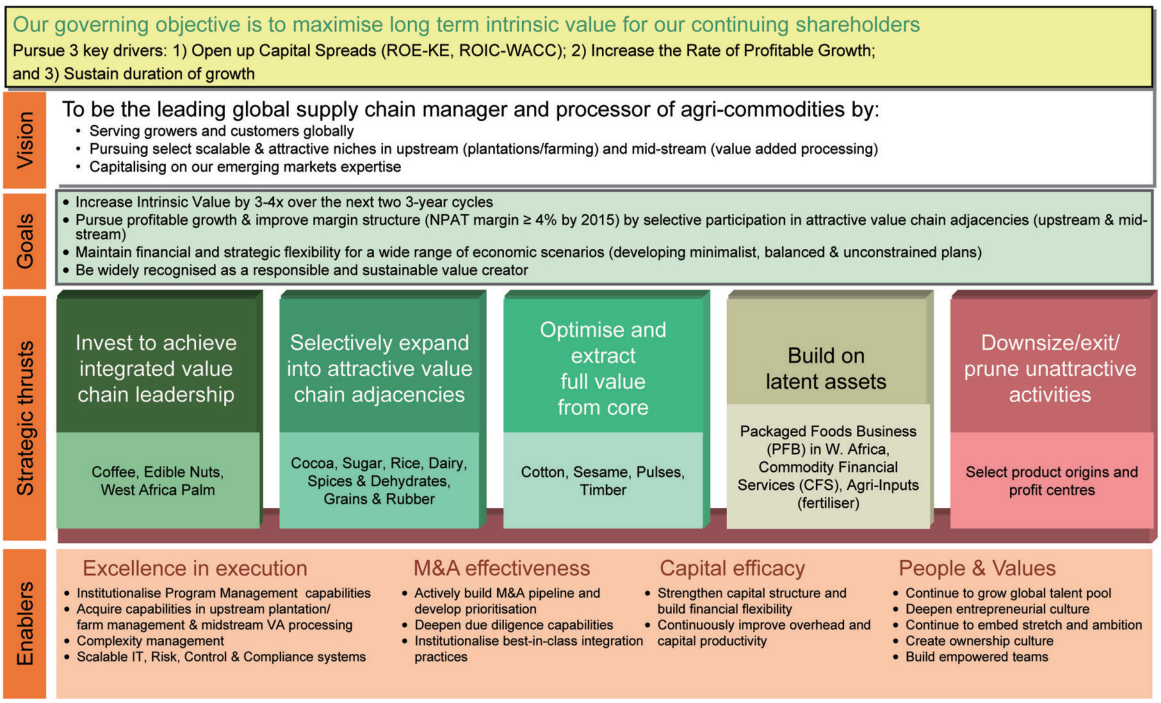
- serving growers and customers globally;
- pursuing select scalable and attractive niches in upstream and value-added midstream processing; and
- capitalising on the Group's emerging markets expertise.

In August 2009, consistent with historical strategy reviews conducted once every three years, the Group reviewed its business strategy for the two three-year cycles (FY 2010 to FY 2012 and FY 2013 to FY 2015) as set out more fully in the Group's annual report for FY 2009. The economic condition at the time was an appropriate juncture to assess opportunities and risks posed by the structural changes in the agri-business industry and provided an additional impetus to the review process. At the forefront of the Group's strategy is a desire to establish sustainable and profitable growth (both organically and inorganically through acquisitions) that helps build fundamental intrinsic value. In light of this aim and following a detailed analysis of the Group's current competitive position and prospects, five key strategic thrusts have been identified, namely to:

- pursue integrated global value chain leadership;
- selectively expand into value chain adjacencies;
- optimise and extract full value from core activities;
- leverage latent assets and capabilities to grow into new adjacent businesses; and
- downsize, exit or prune unattractive businesses, profit centres and activities.

The key objective of the above plan is to enable the Group to quadruple its intrinsic value over the following six-year period (FY 2010 to FY 2015) by achieving a step order change in the Group's margin profile of doubling the Group's after-tax margins from two per cent. to four per cent. over such period.

The chart below summarises the 2009 Strategic Plan.



Note:
"**KE**" means cost of equity;
"**ROE**" means return on equity;
"**ROIC**" means return on invested capital; and
"**WACC**" means weighted average cost of capital.

The Group mapped and prioritised its various businesses based on their historical performance, current competitive position and profitability to determine their fit in the abovementioned strategies. The Group has also identified a number of new business areas which would leverage on its latent assets and capabilities, namely packaged food distribution in Africa, fertiliser distribution in Africa and Commodity Financial Services business.

Based on the five strategic thrusts developed and the mapping of the various business units along these five strategic thrusts, in the first three-year cycle (FY 2010 to FY 2012), 48 growth initiatives across the Group's 20 businesses were prioritised for implementation.

In summary, the 2009 Strategic Plan is focused on four key elements:

(i) selectively integrating upstream into plantations where excess return opportunities exist, targeting specific countries where the Group believes that it has a comparative advantage to produce these commodities more cheaply or sustainably over the long term. The Group would only invest upstream if it is able to achieve a cost structure that is below the marginal cost producer's cost of producing that commodity. This ensures that the Group would be profitable in the upstream activity under all pricing scenarios, including a deep commodity down cycle. The Group's strategy to integrate upstream is not predicated on a speculative judgment of higher commodity prices over the long term;

(ii) selectively integrating midstream in value-added processing initiatives that offer excess returns. In order to mitigate any asset utilisation risk as the Group sets up these processing facilities, the Group will only do so if there is sufficient internal captive load from the Group's supply chain business, which eliminates the asset utilisation risk;

(iii) investing in the Group's core supply chain and value-added services business to take it to full potential; and

(iv) leveraging the Group's latent assets and capabilities that the Group has built over the last two decades to enter into adjacent new business opportunities. Three new business opportunities were identified for expansion: (a) Commodity Financial Services business, leveraging the Group's understanding of physical commodity markets and commodity derivative markets and the Group's risk management capabilities, (b) Packaged Foods business, leveraging the Group's significant distribution infrastructure and capabilities in Africa and (c) fertiliser manufacturing and distribution, leveraging on the relationships that the Group has built with growers and farmers and the Group's configuration of direct upstream plantation and farming investments that would serve as a source of fertiliser demand. Based on this, the Group announced its 2009 Strategic Plan (from FY 2010 to FY 2015) to increase margins and quadruple intrinsic value.

In FY 2010 and FY 2011, the first two years of executing the 2009 Strategic Plan, the Group committed investments worth U.S.$1.94 billion towards 44 of the growth initiatives and executed 39 of the planned growth initiatives.

In the first two years of the 2009 Strategic Plan, the Group doubled its after-tax earnings (before exceptional items) from S$182 million in FY 2009 to S$373 million in FY 2011.

Business Overview

The Group's Business Approach

The Group is a leading global integrated supply chain manager of agricultural products and food ingredients. The Group offers end-to-end supply chain solutions to its customers from sourcing and purchasing agricultural products and food ingredients directly from the Farm Gate in the Origins to delivering them to the Factory Gate in the Destination Markets.

The Group believes its leadership position in the industry is supported by:

- its origination capabilities arising from its global scale and direct presence in key producing countries;

- its supply chain economies arising from its operations being integrated across the entire agricultural products supply chain; and

- its capability to serve its customers in Destination Markets.

As a supply chain manager of agricultural products, the Group's profitability is driven primarily by the volume of the products sold to its customers and the degree of value-added services that it provides. For every transaction, the Group targets a specific minimum profit per unit handled based on the risks and complexities of meeting the customer's requirements. The Group constantly evaluates the pricing conditions on the demand side and then considers its costs along the supply chain to determine whether it can achieve its targeted profit per unit handled. The Group will generally not purchase agricultural products from the Farm Gate if it is unable to generate its targeted profit per unit handled.

The Group's principal role is to source agricultural products directly from Origins and supply them in a reliable and consistent manner to its customers in the Destination Markets. As payment for performing that role, the Group seeks to capture the margins that exist in the supply chain. The Group does not consider itself to be a directional, positional, proprietary or speculative commodity trader. The Group takes positions in products with the sole objective of meeting its customers' demands. In particular, the Group does not take positions based on its view of the direction or size of commodity price movements and does not take positions in the futures or physical markets unless they are backed by underlying physical transactions.

The Group's risk management system is designed to minimise the variance in its targeted profits that may arise as it moves agricultural products through its supply chain.

The Group's Agricultural Products Supply Chain

The Group's supply chain management services include sourcing and origination at the Farm Gate, processing, exporting, shipping, importing and warehousing, and final distribution at the Factory Gate. The following diagram illustrates a typical agricultural supply chain and the Group's involvement in managing key aspects of this supply chain:

As at the Latest Practicable Date, the Group sources and supplies 20 key products.

The Group has a diversified customer base of over 11,600 customers, which include multi-national food companies, textile manufacturers, wood and furniture component industries, importers and distributors of products in the Destination Markets, none of whom account for more than five per cent. of its revenue for each of FY 2010 and FY 2011 (the "**Periods Under Review**").

The Group's suppliers are comprised of farmers, port-town suppliers and agents, origin exporters, government monopolies and co-operatives, none of whom account for more than five per cent. of the Group's total purchases for each of the Periods Under Review.

Origination

Origination involves sourcing directly from the Farm Gate, which the Group believes is the foundation of its supply chain management business. The Group believes that the majority of the value in an agri-business supply chain is generated between the Farm Gate and the point of export in the producing countries.

To achieve effective origination, the Group sources its products directly from the Farm Gate through its network of local buying agents ("**LBAs**"), who deal with the Group either as principals or on a commission basis. The Group procures commodities from the Farm Gate from farmers and village-level agents and suppliers through an elaborate network spanning hundreds of buying posts in the Origins. As such, the network of farmers, village-level agents and suppliers number in the hundreds and are widely dispersed across the growing areas in any one Origin.

To be close to its product sources, the Group sets up procurement offices in the main growing areas of the Origins in which it operates. Most of the Group's procurement offices have warehousing facilities, weighing stations, quality checking facilities and trained staff that check the quality and weight before the products are accepted. In this way, the Group is able to exercise control over the procurement process and manage the physical flow of products from the point of origin. The products which the Group procures are then cleaned, graded, dried, processed and bagged before they are transported to the port town for export shipments or to an interim location for further processing or aggregation.

The Group believes that controlling its products at the point of origin has the following principal benefits:

- it is able to screen the quality of the products to remove any admixture products before transporting them to the processing plant or to the port, thus saving on transportation costs;

- it is able to sort the products by location-specific quality, which enables it to offer value-added services to its customers such as providing tailored product grades. For example, some of its customers may request a type of cocoa bean grown only in certain parts of Côte d'Ivoire. With the Group's origination expertise and depth, it is able to provide such value-added services;

- it is able to provide traceability, because it knows how and where the particular products were cultivated. The Group believes that its customers value this service as a means of ensuring that their products comply with socially responsible business practices, an increasing concern of many of its customers;

- it is able to obtain certification of organic products;

- it is able to gain proprietary market information on crop quality and size. Such information is valuable for the Group's own business decisions and can also be sold to its customers; and

- it is able to establish close relationships with suppliers which helps assure a stable supplier network. The Group works closely with farmers to improve the efficiency and reliability of the farmer's cultivation practices.

Processing

For certain products, the Group processes the agricultural products before they are shipped to the Destination Markets. During processing, the Group subjects the agricultural products to various conditions that change their physical characteristics. Examples of processing include converting cocoa beans into cocoa butter, liquor and cake, processing raw cashew nuts into cashew kernels and processing seed cotton into cotton lint. The Group conducts processing activities at Origins, intermediate Destination Markets, final Destination Markets, or a combination thereof, depending on where such processing is most profitable.

The key advantage of controlling various stages of processing is the ability to ensure quality, customisation of grades and hygiene certification to export the Group's products to Destination Markets.

Exporting

The Group carries out quality checks, undertakes clearing and forwarding of the cargo, obtains the necessary permission for exporting and acquires the requisite certificates.

Shipping and Logistics

The Group's shipping and logistics activities are outsourced to third-party logistics service providers, while its transportation and handling facilities and its warehousing and port infrastructures are mainly leased.

The Group engages in different types of shipping and logistics activities, depending on the nature of the shipping arrangements entered into. For example, with container shipment arrangements, the Group would typically enter into freight contracts with the various conference lines and its activities would include, among others, stuffing and delivery of the packed containers to the shipping lines. Alternatively, if the Group were shipping via bulk shipments, it would select time or voyage charters with the various shipping companies. Depending on the Group's terms with the charter parties, its activities may include freight forwarding, clearing, loading and discharging.

The Group's involvement at the shipping and logistics stage enables it to reduce costs, improve efficiency and maintain the quality of its products. For example, the Group is able to control the rate of loading and discharge through time charters in cases where there are significant benefits to be gained from compressing the turnaround time.

Importing and Distribution

The Group's importing and distribution activities depend on the product, market and customers' requirements. For example, in the case of cotton, the Group is able to deliver directly to markets such as India, China and Bangladesh. In the case of cashew kernels, the Group is able to deliver to roasters and salters across Europe and North America, while in the case of rice, it distributes directly to small wholesalers and retailers in countries such as Nigeria, Cameroon and Ghana.

The Group's involvement in distribution activities allows it to meet the specific needs of its customers, which vary in terms of location, time of delivery, volume and packaging. The Group also provides value-added services such as VMI, which involves the outsourcing of inventory activities by its customers to the Group, to reduce working capital requirements and to improve its "just-in-time" practices by tapping the Group's inventory management expertise. In order to understand the Group's customers' requirements, it maintains regular communications with them, both pre- and post-delivery, through its network of offices and marketing agents or brokers.

Marketing

The Group's marketing initiatives are aimed at achieving effective integration with its customers, in order to enable it to become a preferred supplier and to act as a single, credible and reliable counterparty.

The Group has established marketing networks across the Destination Markets, consisting of its own offices and a network of marketing agents or brokers, who are engaged on a non-exclusive basis and on a per-transaction basis (especially for cashews and cotton).

Through the Group's development of direct relationships with its customers, it has developed an understanding of its customers' preferences and therefore, is able to offer customised value-added services such as proprietary market information, risk management solutions, environmental guarantees, FTP and traceability. Also, the Group uses its first-hand knowledge of demand trends and supply conditions in the industry to identify potential customer requirements and new business opportunities.

Risk Management

Overview

The Issuer's risk management system combines a strict adherence to the basic principles of risk, with a healthy respect for the markets and forward-thinking risk mitigation measures. The Issuer believes that its risk management system has been instrumental in its growth and expansion.

The Issuer's risk management system takes a holistic approach to enterprise-wide risk, monitoring from the Farm Gate to the Factory Gate, across the up-, mid- and downstream business segments. This entails monitoring risks ranging from outright, basis, credit, counterparty and currency, to processing efficiency and asset utilisation risks. Emphasis is placed on understanding the linkages between these risks and the diversification benefits from an operation model that spans across 65 countries and which is comprised of 20 business units. Due consideration is given to the relative impacts of various categories of risk, which enables the Issuer to identify and act upon the major ones.

The Issuer places limits within a risk capital deployment framework using a risk capital versus equity capital benchmark. The product limit-setting process is based on various factors such as risk capital versus equity capital, risk capital versus profit potential, volatility of past earnings and maximum loss limits derived from scenario and stress testing. The number of years in business, strength of the management team, prevailing market conditions and the macro-economic outlook are also taken into account. The overall risk capital deployment is approved by the BRC (as defined below), while individual business-related limits are reviewed and approved by the ERC (as defined below). Risk capital deployment across profit centres within business units also takes into account the degree of fragmentation, tenor, quality of counterparties, and regulatory efficiency and enforcement. This process of risk limit-setting forms the basic pillar on which the Issuer's risk management system is executed.

The Issuer's risk management system tracks various categories of risk across its 250 profit centres on a daily, weekly and quarterly basis throughout the year. This allows the Risk Office (as defined below) to go beyond consolidated Value-at-Risk ("**VaR**") and other risk metrics to the actual origination of risk and to suggest specific mitigation or downsizing measures. This also resulted in the Issuer's risk management processes being moved to the unit level, with each member of the management team (which numbers over 600) being fully aware of his or her limits and positions, and being fully conversant with the risks being run. There is a healthy respect for risk and an understanding of the need to generate an adequate risk-adjusted return.

The Issuer has laid out risk policies that guide newcomers on the risks they will be required to manage and the risk systems that require timely and accurate reporting. The Issuer's middle office ensures that exposures reported are in line with those actually confirmed by brokers and other counterparties. With this framework in place, limit adherence is monitored and stringent actions are taken against any breaches. Any proposed increase in any limit would require specific approval from the Risk Office to ensure that it is within the Issuer's risk appetite and norms laid down by the ERC and the BRC.

Risk Governance Structure

The Issuer has an institutionalised process in the governance of risk management matters, having established a Board-level Risk Committee ("**BRC**") that is comprised of three Non-Executive and Independent Directors and two Executive Directors. The BRC is the apex body within the Group for risk management matters.

The purpose of the BRC is to assist the Board with (i) examining the effectiveness of the Group's risk management plans, systems, processes and procedures and (ii) reviewing Group-wide risk policies, guidelines and limits, as well as risk exposure and risk treatment plans. The Board is responsible for approving the overall risk capital of the Issuer at the start of the financial year. Risk capital, expressed as a percentage of the equity capital of the Group, refers to the maximum potential loss if all the trading risks across all product-types and geographic regions materialise at the same time.

The BRC is supported by the Executive Risk Committee ("**ERC**"). The ERC is comprised of seven key executives of the senior management team and is mandated to allocate the risk capital approved by the BRC across various products, countries and risk categories, vet risk budgets and recommend risk policies including volatility measurement processes and selection of price series.

Finally, the Issuer has an independent risk office ("**Risk Office**"), which is responsible for identifying, assessing, measuring and monitoring risks, to provide the Issuer's senior management and the Board with assurance that all the risks borne by the Group are within its risk appetite. The Risk Office is responsible for risk monitoring and control on an independent basis and undertakes regular stress testing of the Group's portfolio.

Risk Management Framework

The Group's risk management system is designed to address the various types of risks that arise in the course of its business activities in the upstream, supply chain and midstream segments. These risks can be broadly categorised as trading, upstream, quality, environmental, health and safety ("**QEHS**"), operational, sovereign, economic/financial, legal/regulatory/taxation and key person risks. The Issuer's Enterprise Risk Management Framework is comprised of all these risk categories, and is represented diagrammatically below.

As a general principle, the Issuer will purchase insurance to mitigate those risks that are insurable or economically viable, for example, sovereign risks (which includes coup, civil unrest, forced abandonment, expropriation and nationalisation risks), as well as inventory, fixed assets, storage, inland and marine transit risks.

The non-insurable risks which the Issuer is exposed to include trading, upstream, QEHS, operational, economic/financial, legal/regulatory/taxation and key person risks.

The Issuer undertakes a periodic organisation-wide risk assessment exercise, and the results of which such exercise are recorded on risk scorecards at the profit centre, country, business unit and company levels. These are evaluated to identify the key risks and risk mitigation measures required to be taken.

Trading Risks

Trading risks are closely monitored by the Risk Office to ensure that the relevant exposures are within the approved limits at all times. Trading risks are further sub-categorised into commodity price risk (outright and basis), credit risk and counterparty risk, and currency risk.

Commodity Price Risk

In the context of its business activities, the Issuer may be exposed to adverse changes in underlying commodity prices. The two main types of products in its portfolio comprise futures traded products such as coffee, cocoa, cotton and sugar and non-futures traded products such as rice, cashew, timber, sesame and dairy products.

The price risk on futures traded products is controlled through hedging on the relevant futures and options markets, mainly the London International Financial Futures Exchange and the Intercontinental Exchange. The basis risk for futures traded products, which is a lower order risk in comparison with outright price risk, is controlled through exposure limits on size and tenor.

The outright price risk on non-futures traded products is controlled through (i) exposure limits on size and tenor and (ii) forward contracts. In most cases, the Issuer sources these products against long term forward contracts with its key customers. In other cases, the Issuer buys against anticipated demand from its key customers, with whom it has long-standing relationships. The Issuer also creates its own hedges in some cash traded products. For example, the Issuer sells cashew kernels on forward terms as soon as raw cashews are bought at the Origin, thereby locking in the procurement or supply-chain margin.

Credit Risk and Counterparty Risk

Credit risk is controlled by setting credit limits for each counterparty based on counterparty assessments and assigned ratings. All counterparties are rated by the Issuer internally based on their creditworthiness and their payment and contract performance record with the Issuer. Where there is an absence of banks in Farm Gate locations, Farm Gate buying is normally undertaken based on advance cash payments. Advances are made to the LBAs only at the beginning of the crop arrival season and these are typically given for a tenor of one to two weeks, which is the expected buying period of the LBA. When such advances are made, the Issuer would typically be able to estimate the size of the crop and its arrival pattern in the producing countries due to its direct presence in the growing areas in the Origins. The Issuer does not buy from the LBAs on a forward basis and is therefore not exposed to the risk of non-delivery of the product due to crop failure.

On the market side, the Issuer's sales terms for majority of its customers are either against receipt of inward letters of credit or cash against the presentation of documents of title. However, due to the nature of the trade, the collection of cash from its customers typically takes between 30 and 45 days and the Issuer mitigates its credit risk through credit insurance covers in selective markets.

Currency Risk

The Issuer is exposed to currency risk, which arises from exposure to exchange rate movements where there is mismatch in the currency used to buy and sell physical products. In general, the Issuer's purchases are transacted in the local currencies of the respective Origins and its sales are transacted mainly in U.S. dollars, pound sterling and Euros. However, purchases of certain products are transacted in U.S. dollars while the sale of such products is transacted in the local currencies of the Destination Markets. Where possible and as a matter of policy, the Issuer uses forward contracts to hedge its foreign currency exposures that arise from the purchase and sale of products in currencies other than U.S. dollars. Where such instruments are not available, the Issuer controls its currency exposure by setting limits on the amount and duration of such exposures. The Issuer also attempts to create natural hedges by matching the value of sales and purchases to and from the same geographical market.

For all transactions that are not dominated in U.S. dollars, currency covers are taken on a transactional basis. Every non-U.S. dollar purchase or sale is converted to U.S. dollars on the basis of these actual currency covers in the internal accounting system. Therefore, the effect of the movement in the value of these currencies is factored in the transaction cost.

Measurement of Trading Risks

To capture and measure the level of risk that it is exposed to, the Issuer uses a VaR methodology which calculates the potential loss arising from the commodity price, credit, counterparty and currency risks to which it is exposed.

Market risk (i.e. commodity price risk and currency risk) VaR is calculated over a one-day time horizon with a 95 per cent. confidence level for each product in the portfolio. Credit and counterparty risk VaR are computed by applying default rates (based on counterparty ratings) and underlying commodity volatilities as appropriate.

To measure portfolio-level risk, the Issuer uses a conservative "Non-diversified Total VaR" methodology, which neither gives offsets for long and short positions across different businesses, nor makes any adjustment for any correlation across them.

As the VaR model uses a normal distribution for market returns, it may underestimate the probability of large market swings or "outlier" scenarios. Therefore, stress testing of the portfolio is carried out periodically to examine the impact of such scenarios on the portfolio value.

The Issuer performs two stress tests that are used at a macro level, namely factor push and a price shock. Factor push is VaR calculated at a 99 per cent. confidence level, with a one-week holding period for the basis positions on futures traded products and outright position on non-futures traded products. The price shock scenario applies various holding periods across the portfolios — for futures traded products, the Issuer uses three-day holding periods for outright positions and 15-day holding periods for basis positions, and the Issuer uses 60-day holding periods for outright positions in respect of non-futures traded products.

Tracking and Monitoring Risks

The Issuer continuously tracks and monitors the risks that arise from its business activities.

The Issuer has developed a proprietary system ("**Order Processing System**") that allows it to capture physical purchase and sales contracts with various counterparties, as well as the derivative hedges put in place for managing the resulting price risk. The Ordering Processing System is an online electronic system that allows data to be fed dynamically into the exposure reporting system (the "**Olam Risk System**"). Users, who are spread over multiple geographies, can access their exposures remotely over the internet. The availability of real-time analysis enhances the Issuer's ability to manage and control its exposure to risks. The system also enables the Risk Office to monitor and control the exposures on a real-time basis.

The Issuer has built a substantial database of historical prices used for the calculation of volatilities. The Olam Risk System draws data from the Order Processing System, the Oracle Financials system and the Origin enterprise resource planning system to generate exposure reports.

The operational risks relating to internal processes, people, current and fixed assets are monitored through regular internal and external audits.

The information risks relating to information technology ("**IT**") systems, data security and integrity are managed through detailed IT policies and control procedures. The Issuer has also formulated a disaster recovery plan for its IT systems.

One of the fundamental tools for managing and controlling risk is information. Timely and accurate information goes a long way towards combating the uncertainties in the market and ensuring readiness with an appropriate response to any situation. With the Issuer's presence on the ground in various producing countries, as well as its presence in marketing destinations worldwide, it has regular access to a wide range of reliable sources of information on the fundamentals in the market place.

Risk Reporting and Review

The Chairman of the BRC receives a weekly report from the Risk Office that summarises the Issuer's various position and VaR exposures. The BRC Chairman also receives a monthly report that sets out the Issuer's risk exposures and the stress testing impacts on the Issuer's positions. On a quarterly basis, a comprehensive risk capital utilisation report for the preceding quarter (which covers all of the Issuer's business units and risk categories) is produced for and provided to the BRC.

The Group's products

The Group categorises its 20 products into the following four core product groups:

- edible nuts, spices and beans;
- confectionery and beverage ingredients;
- food staples and packaged foods; and
- industrial raw materials.

For the periods included in the table below, the revenue from sale of goods (the "**Turnover**") contribution for each of the four product groups was as follows:

	Turnover Contribution (%) for FY 2010	**Turnover Contribution (%) for FY 2011**
Product Group		
Edible nuts, spices and beans	14.2	13.9
Confectionery and beverage ingredients	39.0	40.4
Food staples and packaged foods	24.8	22.0
Industrial raw materials	22.0	23.7

For the periods included in the table below, the relative percentage of tonnage handled by the Group in the Origins was as follows:

	Percentage of Tonnage Handled (%) for FY 2010	Percentage of Tonnage Handled (%) for FY 2011
Origins		
Asia and Middle East	49.6	42.4
Africa	16.4	17.6
Europe	12.4	12.1
Americas	21.6	27.8

The Group either sources directly from the Farm Gate in the Origin Country or in close proximity to the Farm Gate for most of the products that the Group deals in. The products are then passed through the Group's agricultural products supply chain and end up in its Destination Markets.

For the periods in the table below, the Turnover contribution by Destination Market was as follows:

	Turnover Contribution (%) for FY 2010	Turnover Contribution (%) for FY 2011
Destination Markets		
Asia and Middle East	45.5	32.7
Africa	16.4	17.1
Europe	22.9	23.6
Americas	15.2	26.6

Descriptions of the various products, categorised by the above-mentioned four product groups, sourced and supplied by the Group are set out below:

Edible nuts, spices and beans

The following table sets out the Group's sales volume and sales revenue in the edible nuts, spices and beans segment for FY 2010 and FY 2011:

	FY 2010	FY 2011
Sales volumes(1) (metric tonnes)	1,107,875	1,274,240
Sales revenue(1) (S$'000)	1,489,434	2,183,158

Note:

(1) Numbers taken from audited financial statements for FY 2010 and FY 2011.

Cashews

The Group has a diversified sourcing operation in all cashew growing areas across 15 countries, including Brazil, India, Vietnam, Indonesia and various Origins in West and East Africa. The success of this operation is built on the Group's strong origination and logistics capabilities, excellent relationships with the farmers and other local suppliers, as well as an in-depth understanding of the raw seed quality and value. The Group is among the world's largest suppliers of raw cashew nuts with around 25 per cent. market share of the current global trade flow.

The knowledge of cashew processing that the Group has built over the years in established processing centres like India, Brazil and Vietnam has been transferred to the producing countries in Africa, like Tanzania, Côte d'Ivoire and Nigeria.

The Group operates large scale centralised factories, where the kernel output is graded according to stringent international standards. Most of the Group's facilities are Hazard Analysis and Critical Control Point ("**HACCP**") certified by internationally renowned companies like SGS S.A. and Bureau Veritas (formerly known as BVQI). The Group's factory in Tanzania is also certified for supplying organic cashew, with traceability established back to over 1,800 individual farms.

Apart from the capability to offer the complete spread of all cashew grades from all Origins, through its own factories, the Group also provides tailor-made solutions like guaranteed 100 per cent. foreign-material-free kernels, container stuffing without using the traditional cardboard cartons and packaging in bulk bags to its customers.

Through its marketing offices in Singapore, Rotterdam, New York, Moscow and Durban, all the major cashew users have timely access to the Group's proprietary market information and intelligence.

The Group's vertical integration and geographical spread, coupled with its innovative model of buying, processing and distributing kernels, has enabled it to build a strong competitive position in the industry, making it among the largest cashew suppliers in the world today.

Other edible nuts

The Group has grown and leveraged its existing Origin and market presence to build comprehensive strengths within the peanuts supply chain. The Group has direct origination capability across most exporting Origins, including Vietnam, India, East and West Africa, South Africa, Argentina and Brazil. The Group's marketing offices in Singapore, Indonesia, Moscow, Durban, Marseilles and Rotterdam service a host of customers in most of the importing countries and Destination Markets. The Group offers the entire range of in-shell, blanched and kernel grades to meet the exacting standards of the snack and ingredient industry.

While it is a relatively recent entrant in the almond business, the Group seeks to provide its customers with a comprehensive package of product quality, delivery and other value-added services, similar to those that it provides in cashews and peanuts. The Group has further plans to grow its edible nuts business into walnuts, pecans, hazelnuts, macadamia and pine nuts. Since most of these nuts are grown in the United States, the acquisition of UB provides the Group a growth platform to enter into these nut categories. The acquisition of UB was completed in May 2007.

The Group is looking to expand its product portfolio, as well as the specific value chain participation in various edible nuts, by continually investing and upgrading its procurement, processing and distribution infrastructure in key Origins and consumption markets.

Spices and vegetable ingredients

With a captive procurement and processing infrastructure in Vietnam and Indonesia, as well as a direct origination capability from India and China, the Group believes that it is one of the leading industry participants in black and white pepper. The Group's versatile plants enable it to 'tailor-make' the product to produce all grades including American Spice Trade Association, steam-washed and sterilised pepper, to meet the needs of its buyers, including retail and industrial spice and seasoning manufacturers as well as the oleo resin industry.

The Group's offices in Indonesia, Vietnam, India, China, Brazil and Nigeria also procure, process and supply a host of other spices and spice condiments like gambier, arecanut, long pepper, garlic, cassia, nutmegs, cumin and turmeric.

In August 2007, the Group made an entry into the dehydrates business through the acquisition of KFI. KFI is one of the largest producers of dehydrated garlic in China and among the top three suppliers of dehydrated garlic ingredients into the U.S. industry. In June 2010, the Group also acquired ConAgra's dehydrated and vegetable products business, Gilroy, in the United States. These acquisitions have enabled the Group to move from being a whole spices supplier to becoming a value-added ingredient supplier catering to specialised requirements of the spice processing industry. They have also provided the Group an accelerated entry into other dehydrated ingredients, where the Group can leverage its existing presence in most of the major Origins/markets.

With marketing offices and stocking points in Rotterdam, Marseilles, New York, Singapore, Moscow, Durban, Dubai and India, the Group is able to reach and service its customers across a variety of markets and also offers customised delivery and payment terms, to meet specific customer requirements. The Group plans to consolidate its position in the spice industry by integrating along its supply chain in selected spices, investing in specialised processing at origin and further expansion of the product range to include other seed spices, herbs and dehydrates.

In addition, the Group will continue to add value for its customers by providing a bundle of services including consistency of product quality and contractual performance, product customisation, enhanced food safety and hygiene standards, traceability and fair trade practices, customised risk solutions and reliable proprietary market intelligence.

Sesame

The Group is a key player in the African sesame industry, managing an extensive primary procurement network. The Group's procurement operations start at the first point of collection, where the sesame seeds are delivered by the farmer or small buying agents in lots weighing just a few kilograms. With the Group's network of buying units and agents, which number over one hundred in the large operations, it is able to aggregate the supplies into sizeable quantities.

The Group's sesame business originated in West Africa in 1995 and it made its first shipments from Nigeria and Burkina Faso to Japan in that year. Growth through geographic expansion followed, as the Group set up procurement operations in East Africa and India. Significant investments in infrastructure, including warehouses and cleaning machines, ensures that the Group manages the entire chain of operations from collection, storage and processing through to packing, transportation and shipping.

This approach has allowed the Group to add value through the introduction of effective quality management systems, which assures that its customers receive high quality sesame seeds in their factories, improving their processing yields. The Group has recently integrated further along the value chain by investing in hulling facilities and producing table grade hulled sesame seeds.

The majority of sesame that the Group supplies is primarily used in the crushing industry, in which Japan is the largest importer and its principal market. The Group is expanding its origin base. This would leave the Group strongly positioned in terms of being physically present in most major Origins across Africa and Asia.

Beans

The Group's entry into the beans business was initiated through its origination presence in East Africa, which had an existing trade flow into the Middle East and Indian sub-continent. Starting from this niche trade flow, the Group quickly expanded its distribution presence to the Indian sub-continent, as well as expanding into other consuming markets in South and North Africa.

The Group has leveraged its origin presence in South and North America to expand the portfolio of product and service offerings to its customers. Apart from the Group's direct infrastructure in various Origins, it is also engaged in sourcing the product from select suppliers in many countries, including Argentina, Brazil, Australia, Canada, Turkey, Uzbekistan, China and Ethiopia.

Although the Group still considers this industry to be niche to itself, it can see opportunities for growth in the future. The Group is seeking to expand its product portfolio as well as its Origin and market spread in the coming years.

Confectionery and beverage ingredients

The following table sets out the Group's sales volume and sales revenue in the confectionery and beverage ingredients segment for FY 2010 and FY 2011:

	FY 2010	**FY 2011**
Sales volume[1] (metric tonnes)	1,287,957	1,483,995
Sales revenue[1] (S$'000)	4,080,307	6,361,459

Note:

(1) Numbers taken from audited financial statements for FY 2010 and FY 2011.

Cocoa

The Group is one of the world's leading suppliers of cocoa beans and cocoa products, which include cocoa butter, cocoa liquor and cocoa powder.

The Group has an extensive primary procurement network in all major cocoa-growing countries and is one of the world's most diversified sourcing companies.

The Group has a good understanding of the countries in which it operates and an ability to develop and maintain strong relationships with the farmers, cooperatives and agents who supply cocoa. The Group engages quality control inspectors who monitor cocoa at every stage, from source through to export.

In 1998, the Group became the first international company to be granted approval by the Ghana Cocoa Board to operate as a Licensed Buying Company and has maintained a leading position thereafter. The Group is a leading exporter in Côte d'Ivoire, Nigeria, Indonesia and Cameroon and has good market shares in countries as diverse as Uganda, Tanzania and Papua New Guinea.

The Group has expanded from the processing of cocoa products in Nigeria into the sourcing of products from many processors, particularly in Africa and Asia. Value-added activities such as cocoa butter melting and liquid delivery are being undertaken and the Group has the ability to provide high quality natural and alkalised cocoa powder to its customers. The Group's trading team has a wealth of experience in both the physical and futures markets and close relationships with leading cocoa processors and chocolate manufacturers worldwide.

The Group's marketing and trading headquarters moved from Singapore to London in 2003, to ensure greater proximity to the Origins and to further develop its customer base in Europe, Eastern Europe and North America.

The Group continues to be a major supplier to most of the processing and chocolate industries in the Asian region and has a growing position in Japan and China.

Coffee

The Group drew on a wealth of experience in origination operations when the coffee business was first established and today, it is one of the major trade houses in coffee, as well as one of the largest shippers of Robusta coffee in the world.

The Group has a buying office or a buying agent across many of the coffee source towns, from Côte d'Ivoire to Uganda in Africa and Vietnam to Indonesia in Asia, giving it an extensive procurement reach.

The Group's on-the-ground presence gives it access to valuable market intelligence that helps support its marketing and trading decisions and provides its trading partners with proprietary Origin information.

The Group's investment in sophisticated processing operations and quality control systems allows it to offer special grades of coffee tailored to customer specifications. The regular channels of sourcing and control on processing enable it to offer a high consistency in quality. This, combined with the Group's logistics strengths in the Origin and Destination Markets, including its ability to hold stocks close to its customers, allows the Group to provide a high level of service to both large and small coffee roasters.

One of the Group's key competencies, the ability to assess the true values of coffee at Origin, is based on its quality systems, its cupping facilities and its trained quality and cupping personnel.

With its entry into Brazil as a procurement Origin, the Group expanded into Arabica coffee operations and has further consolidated its position in the Arabica business by setting up procurement, processing and export operations in several of the major coffee producing countries of South America, including Colombia, Peru and Honduras. The Group has therefore leveraged its leadership position in the Robusta market, its understanding of quality and its relationships with the major coffee roasters in the world to develop its Arabica business and thus provide a comprehensive range of coffees to its customers.

Sheanuts

The Group operates in all of the major sheanut producing countries and it is the largest supplier of sheanuts in the world. This is a natural business choice for the Group as it captures the synergies of the sourcing infrastructure of other crops located in or adjacent to the savannah areas, including cashew, sesame and cotton. The Group's experience in the procurement, drying and shipment of sheanuts spans a decade, with its first shipment to Sweden in 1991. The Group has an established procurement network reaching to the very first link in the chain, the collectors.

Food staples and packaged foods

In several of the Group's Origins, it uses its supply chain infrastructure not only to source and export products out of those countries but also to import and distribute products for local consumption in those countries. Starting with the import of rice, the Group built on this customer base to expand into sugar, dairy products and packaged food businesses.

The following table sets out the Group's sales volume and sales revenue in the food staples and packaged foods segment for FY 2010 and FY 2011:

	FY 2010	FY 2011
Sales volume[(1)] (metric tonnes)	3,207,224	4,101,979
Sales revenue[(1)] (S$'000)	2,589,545	3,460,279

Note:

(1) Numbers taken from audited financial statements for FY 2010 and FY 2011.

Rice

The Group has a strong position within the global rice market as it participates in the complete value chain from sourcing, farming, shipping and logistics management through to branding, marketing and distribution.

The Group's physical presence in all the major importing and exporting countries provides it with an in-depth understanding of the dynamics of the local markets. This expertise has allowed it to develop long-standing relationships with producers and consumers alike.

The majority of the rice trade occurs between developing economies. The Group is one of the leading buyers of rice from Thailand, Vietnam, Myanmar, India and Pakistan. The Group imports and distributes rice in Africa using the extensive network of sales force, distributors and warehousing facilities that it has established in most of the key markets in this region. The growth in demand for the Group's own registered brands, established over a number of years, is evidence of its ability to cater to the requirements of diverse markets.

The Group's overriding concern for quality is evidenced by the importance that it places on quality control inspectors, who closely monitor the quality and the packing at its suppliers' mills and warehouses prior to export. The rice business relies upon the Issuer's in-house shipping expertise to ensure that the supply line is uninterrupted and cost-effective.

The Group has integrated every element of the origination and distribution process, enabling it to meet stringent deadlines and effectively execute customised supply contracts.

Sugar

The Group's sugar business began in 1995 with the import of its first consignment to Nigeria and Ghana. The Group currently distributes sugar in destinations where it has a multi-product presence.

Multi-point storage ensures availability of stocks in locations as close to the Group's customers as possible, providing them immediate access. The sugar business benefits from the many synergies it has with the rice business, including shared customers and costs.

The knowledge and understanding that was developed in West Africa was leveraged to expand the sugar business into East Africa including Uganda and Madagascar and into Central Asia. In South East Asia, the Group's business has been focused on Indonesia following the liberalisation of the market. In addition, the Group has been regularly supplying into Sri Lanka and Bangladesh as well.

The Group's sourcing and trading headquarters in Singapore acts as the centre for all its physical and futures hedging activity with ready access to both the London and New York markets. The Group's offices in Brazil, Thailand, India, Poland and the Netherlands provide valuable research information in relation to the sugar business.

Dairy Products

The dairy business is largely comprised of powders, cheese and fat products such as butter and butter oil. The Group's participation is principally focused in the powders category.

Commonality of customers and distribution channels provided the Group with the foundations for initiating and developing this business. The dairy products business leveraged the existing network for other commodities imported by the Group into Africa and Asia to quickly establish a significant market presence.

The Group's dairy business began in 2003 with the import of its first consignment of milk powder into Algeria. The Group expanded into other adjacent markets and is today supplying dairy products to all the major African countries, Asia and the Middle East to industrial end users, repackers and distributors. With export operations in Poland and the Netherlands and sourcing networks in East Europe, South America and Oceania, the Group is able to offer customers a wide range of choices from high-end applications to commodity grade dairy products.

Besides catering to the industrial and repackaging segment in bulk packs, the Group is also directly marketing consumer packs, with "Pearl" being one of its leading brands, in several markets in Africa. These consumer packs are available as tins, sachets and bags in boxes of various sizes.

With participation across all segments in the Destination Markets and a presence in most of the producing countries, the dairy products business has good growth prospects within the Group portfolio.

Consistent with the Group's long-term growth strategy to expand its procurement reach into key dairy origins of Oceania and the Americas and participate in the major trade flows, the Group acquired a 24.99 per cent. equity interest in Dairy Trust Limited, New Zealand. In addition, the Group now participates directly in the dairy farming business through its acquisition of an equity interest in NZFSU following the 2011 NZFSU Offer, and intends to expand into the dairy farming business in Russia through its proposed acquisition of a 75 per cent. interest in RUSMOLCO, one of Russia's leading dairy and grains player.

Packaged Food Business

The Group launched a packaged foods business ("**Packaged Foods Business**") to leverage on the Group's distribution franchise and network across African countries. The Group is focused on building its own consumer brands in the food category, which capitalises on its supply chain strengths as well as existing knowledge of African markets and operations, brands and consumers. The Packaged Foods Business is now present in Nigeria, South Africa, Ghana, Côte d'Ivoire, Togo, Benin, Mali, Niger, Burkina Faso and the RoC.

The South African operations began in late 2005 with the launch of the Enrista range of coffee mixes. Currently, the Group manufactures and sells a range of instant beverages, such as coffee mixes, cappuccino, hot chocolate etc. under its brand "Enrista". It is the largest seller of coffee mixes in South Africa and is one of the fastest growing among all players in the coffee category.

Starting operations in West African markets was a natural step for the Group owing to its existing local presence and distribution infrastructure in most markets in West Africa. The Group started its Packaged Foods Business in Nigeria and has since built a distribution network in 42 cities through seven depot points spread across the country. Its product range includes the “Tasty Tom Tomato Powder and Paste” and the “Enrista” range of coffee mixes.

The Group has also expanded its product range to include instant beverages (coffee mixes, milk powder and chocolate mixes), tomato paste, pasta, biscuits, edible oil and instant noodles under the various brand names of “Enrista”, “Tasty Tom”, “De Rica”, “Festin”, “Pearl-Milky Magic” and “Cherie”.

Underscoring this growth is the building of robust distribution infrastructure in each of these markets. This has enabled the Group to offer its infrastructure to provide distribution services on an exclusive basis to select partners in each of its markets. Over the past three years, the Group has also invested in several bolt-on acquisitions and green-field projects in this space.

The Group believes that its Packaged Foods Business will allow it to enhance its margins through increased supply chain participation while providing it with information on consumption patterns, which will enable it to better understand the needs of end consumers.

Industrial Raw Materials

The following table sets out the Group’s sales volume and sales revenue in the industrial raw materials segment for FY 2010 and FY 2011:

	FY 2010	**FY 2011**
Sales volume[(1)] (metric tonnes)	1,403,422	1,591,372
Sales revenue[(1)] (S$’000)	2,295,746	3,730,049

Note:

(1) Numbers taken from audited financial statements for FY 2010 and FY 2011.

Cotton

Cotton was one of the first businesses that the Group established. The Group believes that in order to have effective control on the cotton supply chain, it is imperative to have a physical presence in the origin, strong quality focus, superior logistics and risk management skills. The Group has a global supply network of over 100,000 farmers, ginners and suppliers and an established and diversified customer base across all markets.

The Group has a strong presence in the global cotton supply chain with focus on Central Asia, West Africa, East Africa, Brazil, Australia and the United States. The Group ensures the availability of cotton for a variety of grades, including specialised grades such as Extra Long Staple (“**ELS**”) cotton throughout the year.

The Group’s key strategy is to add value by its involvement in the complete supply chain, from procurement of seed cotton, converting this to lint and delivering it to the spinner. In addition, the Group acts as a one-stop shop to provide agricultural inputs such as fertilisers, pesticides and also ginning inputs to farmers in the producing countries to secure cotton volumes at the Farm Gate level.

With marketing operations in Europe and Singapore, the Group is strategically placed to serve customers in Asia and beyond, at any time of the day. The Group’s marketing activities are focused in Europe, the Far East, China and South Asia, where it also operates through a network of experienced agents. Professionals with experience in physical cotton, risk management and the futures markets manage the trading of cotton in Singapore.

The Group has developed innovative financial and risk management solutions to help manage inventory cost and protect margins in volatile environments for its customers. Providing such customised solutions helps the Group develop preferred access to these customers.

The Group values integrity in its dealings in the cotton business, which is a key to the development of long-term sustainable relationships with its key partners including farmers, ginners and spinners.

Wood Products

The Group's first timber business was in the sourcing and shipping of Ghana teak to India. The Group's ability to transfer knowledge across origins, species and markets has enabled it to diversify from teak to non-coniferous tropical hardwoods.

The Group operates in the tropical sawing logs segment due to its strong presence in the producing countries, understanding of the African context and expertise in origin supply chain management.

Today the Group operates in most of the tropical hardwood producing countries namely, the RoG, Nigeria, Côte d'Ivoire, Brazil, Ghana, the RoC and Mozambique. The Group harvests teak in government-allotted parcels in Côte d'Ivoire and buys lumber from small and medium forestry enterprises in Ghana. In December 2010, the Group acquired a 100 per cent. interest in tt Timber, a subsidiary of DLH.

The Group's hardwood logs are from small and medium local suppliers who deliver the logs at log parks in port city locations. The Group has recently commenced sawn timber sourcing from Brazil.

The major focus areas in the Origins are risk, quality and logistics management. The control over quality is reflected in the Group's effective management systems starting with the physical log selection and measurement undertaken by trained graders at the log park. The final product, either in log or lumber form, is then screened for export, with its quality specifications detailed, marked and segregated lot-wise for shipment.

There is also a continuing effort to integrate along the value chain as in origin processing or increased primary level of aggregation. The Group currently processes hardwood logs and rough sawn lumber in Nigeria, China and Brazil.

The diverse geographic spread helps the Group to offer a choice of origins and species to its customers that meet their individual needs. The Group uses its wide Origin spread and familiarity with multiple markets to suggest alternative species, which may offer better value to its customers. The Group's objective is to enhance value through providing superior service to its customers whilst contributing to the economies and the people who benefit from socially responsible forestry.

The Group considers preservation of forests as a part of its social responsibility, which aligns with its long-term business objective to deal in wood products that come from sustainable and well-managed forests. The Issuer has a stated commitment to environmental sustainability and international best practice, as recognised by leading financial institutions. In establishing timber supply chain systems, contracts have statements of traceability to ensure the legality of timber and that timber is sourced from forests under recognised management systems. The Issuer operates in some countries where governance is considered weak and national policies are not resourced or enforced, and this has a clear negative impact on sustainable forest management and the timber supply chain, not only to the Issuer, but to all operators within the forestry sector.

The governments of various countries have identified investment within their forestry sector as a key resource to support their national development agendas and reduce poverty, primarily in rural but also in urban areas. International donors support this agenda through formally agreed technical and financial bilateral and multilateral agreements. The Issuer is committed to the future of its timber operations through investment into national economies, supporting the implementation of national polices to ensure they are applied as fully intended, whilst acknowledging that its priority is to ensure that all timber is procured from legal sources. The Issuer also recognises that there is a need for a defined stepped approach to achieve full sustainable forestry management in the long-term i.e. over a five-year timeframe. The Issuer believes that it best serves the interest of local and national stakeholders to be a proactive, engaged and consultative partner within the forestry sector.

Over the past three years there have been significant changes within the Issuer's primary forest business operations, as follows:

- All operations have ceased within the RoC — these operations had followed a third-party supplier model, which is considered under the current forestry governance as difficult to effectively manage from a commercial, social and environmental position to ensure full legality and traceability. The Issuer considers full control over its supply chain as a prerequisite to maintaining a fully sustainable forestry business within the RoC. As this is not currently possible, operations have ceased.

- In the RoG, forestry suppliers are operating under a forestry code that is resourced and operates under good governance conditions. The Issuer has contracted ProForest forestry consultants to ensure that all systems and processes are in place to ensure full immediate legal and traceable requirements under immediately recognised Forest Law Enforcement, Governance and Trade requirements (based on the current Voluntary Partnership Agreement ("**VPA**") signed) as it is anticipated that the RoG will sign a VPA within the near future. ProForest is also undertaking a full capacity building role of national staff and suppliers to ensure that the systems and processes are fully operational.

Commodity Financial Services

In addition to the above four core product groups, the Group has introduced a fifth product group (which relates to the services provided by the Group's Commodity Financial Services business unit). The results of such unit are accounted for separately from the Group's four core product groups.

In 2003, the Group established its Commodity Financial Services business to leverage its knowledge in risk management practices in both the commodity and derivative markets. In June 2010, the Group formed a subsidiary, Invenio Commodity Financials Pte. Ltd. ("**Invenio**"), which carries out trading over the London International Financial Futures and Options Exchange, the Intercontinental Exchange and the Chicago Board of Trade.

The three core business areas operated by Invenio are (a) market making and volatility trading, (b) providing risk management solutions and (c) fund management.

Market Making and Volatility Trading

Invenio's market making and volatility trading business adopts a sell-side approach and provides markets with options on a range of commodities, including futures traded agricultural commodities, livestock, freight and emissions. This business provides two-way markets on exchange-traded options to producers, consumers, traders and asset management companies through a broker/dealer network.

Risk Management Solutions

Invenio provides a range of bespoke and over-the-counter risk management solutions to large producers and end-users of commodities (which include the Group's various business partners on the physical side of the business) to enable them to manage their commodity price risks.

Fund Management

Invenio's fund management business involves the development of macro fundamental strategies, as well as algorithmic strategies. In July 2010, Invenio launched its first relative value commodity fund, the Ektimo Commodity Relative Fund Value LP.

Customers

The Group has a diversified customer base of over 11,600 customers, which include multi-national food companies, textile manufacturers, wood and furniture component industries, importers and distributors of products in the Destination Markets, none of whom account for more than 5 per cent. of its revenue for each of the periods which comprise of FY 2011, FY 2010, FY 2009 and FY 2008. The number of customers increased from approximately 3,300 in FY 2005 to over 11,600 in FY 2011 (23 per cent. compound annual growth rate).

The Group's revenue base is well diversified in terms of customer and geographic markets. As at the Latest Practicable Date, the Group's customers include some of the world's largest packaged food multi-national companies, including Nestlé UK Ltd, Nestlé France S.A., Sara Lee, De Postfach, Kraft Foods North America, Inc., Masterfoods UK, Cadbury International Ltd, Lavazza SPA, Tchibo Frisch-Rost-Kaffee GMBH, ADM USA, Blommer Chocolate, John B. Sanfilipo & Son Inc. and The Nut Group B.V.

The Group's diversified customer base is derived from its global capabilities of a broad selection of agricultural products and food ingredients.

Significant subsidiaries, Jointly Controlled Entities and Associates

The following table sets out the identity, jurisdiction of incorporation and other information about the significant subsidiaries, jointly controlled entities and associated companies of the Issuer as at the dates specified below:

			Percentage of Equity Held by the Group	
Name of Company	**Country of Incorporation**	**Principal Activities**	**As at 30 June 2010**	**As at 30 June 2011**
			%	%
Significant subsidiary companies of **Olam International Limited** as follows:				
Olam Cam Sarl(2)	Cameroon	(a)	100	100
Olam Ghana Limited(2)	Ghana	(a)	100	100
Olam Ivoire Sarl.(2)	Ivory Coast	(a)	100	100
Olam Nigeria Ltd(2)	Nigeria	(a)	100	100
Naarden Agro Products B.V(2)	Netherlands	(a)	100	100
Key Foods Hong Kong Limited(3)	Hong Kong	(b)	100	100
Olam Tanzania Ltd(2)	Tanzania	(a)	100	100
Outspan Ivoire SA(2)	Ivory Coast	(a)	100	100
Olam Gabon Sarl.(2)	Gabon	(a)	100	100
Olam Mocambique, Limitada(2)	Mozambique	(a)	100	100
Olam Vietnam Limited(2)	Vietnam	(a)	100	100
Olam South Africa (Proprietary) Limited(2)	South Africa	(a)	100	100
Olam Brasil Ltda(2)	Brazil	(a)	100	100

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held by the Group As at 30 June 2010	Percentage of Equity Held by the Group As at 30 June 2011
			%	%
Olam Europe Limited[(2)]	United Kingdom	(a)	100	100
PT Olam Indonesia[(2)]	Indonesia	(a)	100	100
Outspan Brasil Importacão e Exportacão Ltda[(2)]	Brazil	(a)	100	100
Olam Shanghai Limited[(2)]	China	(a)	100	100
Olam Argentina S.A.[(2)]	Argentina	(a)	100	100
Panasia International FZCO[(2)]	United Arab Emirates	(a)	100	100
Outspan Colombia S.A[(2)]	Colombia	(a)	100	100
Olam Honduras, S.A., de C.V.[(4)]	Honduras	(a)	100	100
Olam Investments Limited[(2)]	Mauritius	(b)	100	100
Café Outspan Vietnam Limited[(2)]	Vietnam	(a)	100	100
LLC Outspan International[(2)]	Russia	(a)	100	100
Olam Investments Australia Pty Ltd[(2)]	Australia	(b)	100	100
Olam (Thailand) Limited[(2)]	Thailand	(a)	100	100
Outspan Bolovens Limited[(2)]	Laos	(a) & (c)	100	100
Olam Agro India Limited[(2)]	India	(a)	100	100
Crown Flour Mills Limited[(2)]	Nigeria	(a)	100	100
Olam Orchards Australia Pty. Ltd.[(2)]	Australia	(a) & (c)	100	100
Outspan Mexico SA de CV[(3)]	Mexico	(a)	100	100
Invenio Holdings Pte. Ltd.[(1)]	Singapore	(b)	100	88.64
tt Timber International AG[(3)]	Switzerland	(a)	–	100
NZ Farming Systems Uruguay Limited[(2)]	New Zealand	(a)	–	85.93
Britannia Food Ingredients Holdings Limited[(2)]	United Kingdom	(b)	–	100
Gabon Special Economic Zone SA[(2)]	Gabon	(e)	–	60
Olam Palm Gabon SA[(2)]	Gabon	(a) & (c)	–	70
Subsidiary company of **Olam Investments Limited** is as follows:				
Olam Agro India Limited[(2)]	India	(a)	100	100
Subsidiary company of **Olam Investments Australia Pty Ltd** is as follows:				
Olam Australia Pty Ltd[(2)]	Australia	(a)	100	100
Subsidiary company of **Olam Australia Pty Ltd** is as follows:				
Queensland Cotton Holdings Pty Ltd[(2)]	Australia	(b)	100	100
Subsidiary companies of **Queensland Cotton Holdings Pty Ltd** are as follows:				
QC International Pty Ltd[(2)]	Australia	(b)	100	100
Australian Cotton Corporation Pty Ltd[(2)]	Australia	(b)	100	100
Queensland Cotton Corporation Pty Ltd[(2)]	Australia	(a)	100	100
Subsidiary company of **QC International Pty Ltd** is as follows:				
Olam Holdings Partnership[(2)]	United States	(b)	99	99
Subsidiary companies of **Olam Holdings Partnership** are as follows:				
QC (US) International, Inc.[(2)]	United States	(b)	100	100

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held by the Group As at 30 June 2010	Percentage of Equity Held by the Group As at 30 June 2011
			%	%
Olam US Holdings Inc.(2)	United States	(b)	100	100
Subsidiary company of **QC (US) International, Inc.** is as follows:				
QC (US) Inc.(2)	United States	(b)	100	100
Subsidiary companies of **QC (US) Inc.** are as follows:				
Anderson Clayton Corp.(2)	United States	(a)	100	100
QC (US) Marketing, Inc.(2)	United States	(a)	100	100
Subsidiary companies of **Olam US Holdings Inc.** are as follows:				
Universal Blanchers, L.L.C(2)	United States	(a)	100	100
Olam Americas, Inc.(2)	United States	(a)	100	100
Subsidiary companies of **Olam Americas, Inc.** are as follows:				
Olam West Coast, Inc.(2)	United States	(a)	100	100
Olam Tomato Processors, Inc.(2)	United States	(a)	100	100
Olam Farming, Inc.(2)	United States	(a) & (c)	100	100
Subsidiary company of **Invenio Holdings Pte. Ltd.** is as follows:				
Invenio Commodity Financials Pte. Ltd.(1)	Singapore	(d)	100	100
Subsidiary company of **Britannia Food Ingredients Holdings Limited** is as follows:				
Britannia Food Ingredients Limited(2)	United Kingdom	(a)	—	100
Subsidiary companies of **tt Timber International AG** are as follows:				
Congolaise Industrielle des Bois SA(2)	Republic of Congo	(a)	—	100
Commerce et Industrie des Bois SA(2)	Gabon	(a)	—	100
Subsidiary companies of **Commerce et Industrie des Bois SA** are as follows:				
Gabonaise Industrielle des Bois SA(2)	Gabon	(a)	—	100
Compagnie Forestiere des Abeilles SA(2)	Gabon	(a)	—	100

Note:

(a) Sourcing, processing, packaging and merchandising of agricultural products.
(b) Investment holding.
(c) Agricultural operations.
(d) Risk management activities.
(e) Infrastructure development.
(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by associated firms of Ernst & Young LLP, Singapore
(3) Audited by other Certified Public Accountant ("**CPA**") firms.
(4) Not required to be audited by the law of the country of incorporation.

Details of the jointly controlled entities are as follows:

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held As at 30 June 2010	Percentage of Equity Held As at 30 June 2011
			%	%
Held by the Issuer				
Nauvu Investments Pte Ltd(1)	Singapore	(a)/(b)	50	50
Solimar Foods Ingredients S.L.(2)	Spain	(a)	49	49
Usicam S.A.(3)	Cameroon	(a)	50	50
Held by a subsidiary				
Mitrsuphan Rice Co. Ltd(3)	Thailand	(a)	49	49

Note:

(a) Sourcing, processing, packaging and merchandising of agricultural products.
(b) Technical services
(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by associated firm of Ernst & Young LLP, Singapore
(3) Audited by other CPA firms

Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held As at 30 June 2010	Percentage of Equity Held As at 30 June 2011
			%	%
Held by the Issuer				
Open Country Dairy Limited(1)	New Zealand	Processing and trading of agricultural commodities	24.75	24.75
PureCircle Limited(1)	Bermuda	Processing and trading of agricultural commodities	20	20

Note:

(1) Audited by other CPA firms

Trade Licences and Government Regulations

In all normal contracts for supply of agricultural products and food ingredients, there are no material regulations/certifications which need to be complied with. The Group generally enters into contracts in the ordinary course of business, which do not require any certification and are not subject to any regulation by a certifying body.

The Group requires some licences (which are issued by the relevant authorities in the various jurisdictions in which it conducts its business), including export licences and import permits. The Group intends to renew or procure the renewal of all expiring licences which are required for its day-to-day operations and the Group is not aware of any matter that would affect the renewal of such licences.

Intellectual Property

The Group relies on a combination of trademark, service mark and domain name regulation, copyright protection and contractual restrictions to protect its brand names and logos, marketing designs and internet domain names.

Properties and Fixed Assets

The Group owns and operates facilities across numerous countries. As at 30 June 2010 and 30 June 2011, the net carrying value of its property, plant and equipment was S$1,054,166,000 and S$1,576,715,000, respectively.

The rental expenses of the Group (principally for offices, warehouses and employees' residence) were S$38,472,000 for FY 2010 and S$39,713,000 for FY 2011.

Research and Development

The Group has not carried out any research and development activities (other than market research). However, it is constantly looking out for, and using, where applicable, suitable new information technology applications for its businesses and operations.

Insurance

The Issuer's insurances are placed with security rated Lloyd's syndicates, commercial underwriters and Olam Insurance Limited, the captive insurance company and a subsidiary of the Issuer, incorporated in the Isle of Man and managed by Willis. Placement of insurance covers is handled principally by Jardine Lloyd Thompson and Lloyd and Partners Limited who are Lloyd's brokers.

Being a global leading supply chain manager of agricultural products and food ingredients, the Issuer maintains various property and liability insurance policies to protect its assets and exposures in countries where it operates. In addition, employee related types of insurance policies are also purchased to enhance the welfare of staff across the globe.

Competition

The Group competes with diverse players at different stages of the supply chain. The intensity and nature of competition depend on the degree of its supply chain participation for each product. In most cases such competition is fragmented. The number of participants in a supply chain depends on how sophisticated, organised and regulated a particular product market is.

The key types of competition are in the areas of:

- export-oriented competition (origin trade houses, global trade houses and importers); and
- imports and distribution-oriented competition (global trade houses and importers).

Safety, Health and Environment Regulation

The Group is subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations governing its processes and facilities. Such laws and regulations address, among other things, air emissions, waste water discharges, the generation, handling, storage, transportation, treatment and disposal of chemicals, materials and waste, workplace conditions and employee exposure to hazardous substances. The Group has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, the Group has made and expects to continue to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations. While the Group believes it is in compliance in all material respects with all applicable safety, health and environmental laws and regulations, the Group may be required to incur costs to remedy the damage caused by any non-compliance.

Employees and Employee Relations

The Group believes that its employees are key contributors to the success of its business. To achieve this, the Group focuses on hiring and retaining the best talent in the industry. The Group has established human resource processes that are necessary to maximise the performance of its employees. Its work force consists of (i) permanent employees and (ii) consultants who are engaged by the Group on a contractual basis.

The Group conducts periodic reviews of its employees' job performance, and determines salaries and discretionary bonuses based upon those reviews. In addition, the Group offers internal training programs tailored to different job requirements in order to enhance the employees' talent and skills. The Group believes that it maintains a good working relationship with its employees and has not experienced any strikes or lockouts or other significant labour disputes.

Litigation

The Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

DIRECTORS AND MANAGEMENT

Directors and Management

The Directors of Olam are responsible for the overall management of the Group. The day-to-day operations are entrusted to the Group Managing Director and Chief Executive Officer ("**CEO**") of Olam and a team of executive officers who are responsible for the different functions of the Group.

Board of Directors

(a) The name and position of each of the Directors are set out below:

Name	Position
Rangareddy Jayachandran	Non-Executive Chairman
Narain Girdhar Chanrai	Non-Executive Director
Michael Lim Choo San	Non-Executive and Lead Independent Director
Robert Michael Tomlin	Non-Executive and Independent Director
Mark Haynes Daniell	Non-Executive and Independent Director
Tse Po Shing, Andy	Non-Executive and Independent Director
Wong Heng Tew	Non-Executive and Independent Director
Jean-Paul Pinard	Non-Executive and Independent Director
Sunny George Verghese	Group Managing Director and CEO, Executive Director
Sridhar Krishnan	Executive Director
Shekhar Anantharaman	Executive Director

(b) The business experience of the board of directors of the Issuer (the "**Board**") is as follows:

Rangareddy Jayachandran
Non-Executive Chairman

Mr. R. Jayachandran was appointed Non-Executive Chairman of the Issuer in 2006. He has been a Non-Executive Director since 1995 and was the Non-Executive Vice-Chairman from 2004. He has been on the board of directors of Kewalram Singapore Limited since 1979 and a member of the board of directors of the Kewalram Chanrai Group since 1992. Mr. Jayachandran is the Executive Chairman of Aquarius Investment Advisors Pte Ltd, Singapore. He is also a founding shareholder and a Director of the Redington Group of Companies. In 2008, Mr. Jayachandran was appointed as Singapore's High Commissioner to the Republic of Mauritius. He currently sits as a board member of the National Heritage Board.

Mr. Jayachandran is a qualified chartered accountant and has over 35 years' experience in capital raising, strategic planning and business development. He completed the Advanced Management Program (AMP) at Harvard University in 1995. He sits on the Issuer's Governance & Nomination, Human Resource & Compensation and Capital & Investment Committees.

Narain Girdhar Chanrai
Non-Executive Director

Mr. N. G. Chanrai is a Non-Executive Director and was appointed to the Board in 1995. He is the Managing Director of Kewalram Singapore Limited and has been the Group CEO of the KC Group since December 2004. A BSc Economics graduate from the University of London, he has worked in various operations of the KC Group in Africa, the UK and Singapore, and oversaw its global treasury and accounting functions before becoming the KC Group's CEO in 2004. Mr. Chanrai is a member of the Issuer's Audit and Compliance, Governance and Nomination and Capital and Investment Committees.

Michael Lim Choo San
Non-Executive and Lead Independent Director

Mr. Michael Lim is a Non-Executive and Independent Director and was appointed to the Board in September 2004. He was appointed as Lead Independent Director in May 2010. Mr. Lim is currently the Chairman of the Land Transport Authority of Singapore and Nomura Singapore Limited and holds directorships in PSA International Pte Ltd and Nomura Holdings Inc. (Japan).

A chartered accountant by profession, Mr. Lim was PriceWaterhouse Singapore's Managing Partner from 1992 and the Executive Chairman of PricewaterhouseCoopers Singapore from 1999 until his retirement in 2003. In November 2011, Mr. Lim accepted an appointment as Chairman of the Accounting Standards Council. He is also a member of the Public Service Commission and the Legal Service Commission. Mr. Lim was conferred the Meritorious Service Medal by the Government of the Republic of Singapore in 2010. He is the Chairman of the Issuer's Audit and Compliance and Governance and Nomination Committees and is also a member of the Risk Committee.

Robert Michael Tomlin
Non-Executive and Independent Director

Mr. Robert Tomlin is a Non-Executive and Independent Director and was appointed to the Board in 2004. Mr. Tomlin is on the board of trustees of Singapore Management University. Mr. Tomlin retired from UBS Investment Bank in August 2009, having served as Vice-Chairman, Asia and subsequently, Senior Advisor. Prior to this he spent 30 years with the Schroder Group, 12 of which were as CEO, South-East Asia. He currently chairs the Design Singapore Council and the Singapore Repertory Theatre. Mr. Tomlin also sits on the board of directors of Invenio Holdings Pte. Ltd., a subsidiary and the Commodity Financial Services arm of the Issuer. He also holds directorships in both local and overseas companies. Mr. Tomlin holds a BA in Modern Languages from Downing College, Cambridge and is a Business Management graduate from Harvard Business School. He chairs the Issuer's Capital and Investment Committee and is a member of the Issuer's Audit and Compliance, Risk and Corporate Responsibility and Sustainability Committees.

Mark Haynes Daniell
Non-Executive and Independent Director

Mr. Mark Daniell is a Non-Executive and Independent Director and was appointed to the Board in October 2002. He is currently the Chairman of The Raffles Family Wealth Trust Pte Ltd and The Cuscaden Group Pte Ltd, Vice-Chairman of Aquarius Investment Advisors Pte Ltd and a Director of Merlindus Technologies Pte. Ltd. Mr. Daniell has experience in investment banking, strategy, mergers and acquisitions and corporate transformation. He is also the author of a number of books on business strategy. His career with Bain & Company spanned over 20 years and he was formerly Managing Director of Bain & Company (Asia) Inc. He holds a Juris Doctor degree from Harvard Law School, a law degree from University College, Oxford and is a qualified Attorney in the Commonwealth of Massachusetts. He is Chairman of the Issuer's Human Resource and Compensation Committee and is a member of the Corporate Responsibility and Sustainability, Audit and Compliance and Governance and Nomination Committees.

Tse Po Shing, Andy
Non-Executive and Independent Director

Mr. Andy Tse is a Non-Executive and Independent Director and was appointed to the Board in 2002. He is the Managing Director of AIF Capital Limited and has over 14 years of experience in private equity investment in infrastructure and other related sectors in Asia and Australia. Mr. Tse holds directorships in both local and overseas companies. He obtained an MBA from the Chinese University of Hong Kong and is a qualified Chartered Financial Analyst (CFA). He has been conferred an Investment Adviser's license by the Securities and Futures Commission of Hong Kong. He chairs the Issuer's Risk Committee and is a member of the Issuer's Capital and Investment Committee.

Wong Heng Tew
Non-Executive and Independent Director

Mr. Wong Heng Tew is a Non-Executive and Independent Director and was appointed to the Board in 2003. He was the Managing Director, Investments at Temasek Holdings from 2002 to 2008 and was concurrently their Chief Representative in Vietnam from 2005 to 2008. Following his retirement in 2008, Mr. Wong is now the Advisory Director for Temasek Holdings. His experience lies in investments, mergers and acquisitions, restructuring of companies, divestments and corporate stewardship. In 1998, he was appointed to the Pro-Tem committee for the formation of the Singapore Exchange Limited. Mr. Wong holds directorships in local and overseas companies. He holds a Bachelor of Engineering degree from the University of Singapore and completed the Program for Management Development at Harvard Business School. He is a member of the Issuer's Audit and Compliance, Governance and Nomination and Human Resource and Compensation Committees.

Jean-Paul Pinard
Non-Executive and Independent Director

Mr. Jean-Paul Pinard is a Non-Executive and Independent Director and was appointed to the Board in 2008. Mr. Jean-Paul spent 17 years with the International Finance Corporation, Washington, DC ("**IFC**"), becoming the Director of the Agricultural Department, responsible for managing IFC's U.S.$1.5 billion portfolio of loan and equity investments in agribusiness and food industries. Mr. Jean-Paul is currently a board member of several companies. He holds a PhD in Economics from the University of California and a Diplome d'Ingenieur from the Ecole Polytechnique, Paris. He chairs the Issuer's Corporate Responsibility & Sustainability Committee and is a member of the Issuer's Capital and Investment and Human Resource and Compensation Committees.

Sunny George Verghese
Group Managing Director, CEO and Executive Director

Mr. Sunny Verghese is the Group Managing Director and CEO and was appointed to the Board in 1996. He has been with the KC Group for over two decades and in 1989 was mandated to start the Issuer with a view to building an agricultural products business for the KC Group. Before joining the KC Group, he worked for Unilever in India. He is a member of the Issuer's Capital & Investment and Risk Committees. Mr. Verghese is currently the Chairman of International Enterprise, Singapore and serves on the Board of Trustees of the National University of Singapore. He also chairs the Governing Council of the Human Capital Leadership Institute. Mr. Verghese is also a Non-Executive Director on the board of directors of PureCircle Limited. He holds a postgraduate degree in Business Management from the Indian Institute of Management, Ahmedabad and has completed the Advanced Management Programme from the Harvard Business School.

Mr. Verghese has won several awards including Ernst & Young Entrepreneur of the Year for Singapore in 2008 and most recently Best CEO of the Year 2011 at the Singapore Corporate Awards. He was also awarded the Public Service Medal by the Government of the Republic of Singapore in 2010.

Sridhar Krishnan
Executive Director

Mr. Sridhar Krishnan is an Executive Director and was appointed to the Board in 1998. Mr. Krishnan joined the Issuer in 1991 and over the past 20 years, has held many senior positions in the Issuer covering Businesses, Geographies and Functions. He is currently responsible for the Rice and Wood Products businesses and has oversight of the Issuer's Human Resources, Insurance, Corporate Communications and Administration functions. He is a member of the Corporate Executive Team and Strategy Committee as well as a member of the Board Risk and Corporate Responsibility and Sustainability Committees. Mr. Krishnan holds a Bachelor's degree in Commerce, is a postgraduate in Business Management from a leading business school in India and has over 35 years' work experience.

Shekhar Anantharaman
Executive Director

Mr. Shekhar Anantharaman was appointed to the Board in 1998. He currently has oversight responsibility for the Issuer's global Edible Nuts, Spices & Vegetable Ingredients and Packaged Foods businesses. He also has regional oversight for the Issuer's operations in China, Brazil, Argentina and North America, as well as the functional oversight of the Manufacturing and Technical Services (MATS) function. He is a member of the Issuer's Strategy Committee and the Corporate Executive Team. He has over 25 years of work experience, of which almost 20 years have been with the Issuer. Apart from his varied experience as the Global Product Head for many of the Group's businesses, he has also held senior roles in Country Management, as well as in corporate functions like Finance, IT and Treasury. He holds a degree in Aeronautical Engineering and a postgraduate degree in Business Management. Mr. Anantharaman is a member of the Issuer's Capital and Investment and Corporate Responsibility and Sustainability Committees.

Principal Executive Officers

(a) The particulars of the Group's principal executive officers are listed below:

Name	Title
Krishnan Ravikumar	Group Chief Financial Officer
Gerard Anthony Manley	Managing Director, Global Head — Cocoa Division
Jagdish Achleshwar Prasad Parihar	Managing Director, Global Head — Cotton Division
Vivek Verma	Managing Director, Global Head — Coffee and Dairy Products and CFS Divisions
Ashok Krishen	Managing Director, Global Head — Edible Nuts & Spices Divisions
Ashok Chandra Mohan Hegde	Managing Director, Global Head — Risk Management & Information Systems
Venkataramani Srivathsan	Managing Director, Global Head — Agri Inputs
Ranveer Singh Chauhan	Managing Director, Regional Head — West Africa 1 & Global Head — Palm Business

Name	Title
Richard Haire	CEO, Queensland Cotton
Devashish Chaubey	President, Global Head — Sugar & Sesame Divisions
Moochikal Damodran Ramesh	President, Regional Head — East & South Africa
Raj Vardhan	Senior Vice President, Regional Controller, China
Rajeev Pandurang Kadam	President & Global Head — Internal Compliance
Joydeep Bose	President & Global Head, Human Resources
Sundararajan Suresh	President, Finance & Accounts
Jayant Shriniwas Parande	Senior Vice President & Group Treasurer
Neelamani Muthukumar	Senior Vice President, Head — Corporate Affairs

(b) Information on the area of responsibility and working experience of the Executive Officers of the Group is set out below:

Krishnan Ravikumar
Group Chief Financial Officer

Mr. Krishnan Ravikumar joined Olam Nigeria Ltd as Financial Controller in 1992 and he was appointed as the Financial Controller of Chanrai International Ltd in November 1993. When the Issuer was incorporated in 1996, Mr. Ravikumar became the Chief Financial Officer. He is primarily responsible for the entire accounting and financial operations of the Issuer and has oversight of the Strategic Investments (M&A) function. Mr. Ravikumar obtained a Bachelor of Commerce degree from the University of Delhi, India in 1984 and a Degree in Cost Accountancy from The Institute of Cost and Works Accountants of India in 1985. He became a qualified Company Secretary with the Institute of Company Secretaries in India in 1989 and obtained a postgraduate Diploma in Business Management from Xavier Labour Relations Institute, India in 1990.

Gerard Anthony Manley
Managing Director, Global Head — Cocoa Division

Mr. Gerard Anthony Manley joined the Issuer in 1998. Mr. Manley is primarily responsible for the worldwide cocoa business of the Group. Prior to joining the Issuer, Mr. Manley worked for ED & F Man Cocoa Ltd in London as a Director from 1990 to 1998. With ED & F Man Cocoa Ltd he was also a Director of their operations in Malaysia, Poland and Nigeria. Mr. Manley brings more than 20 years of cocoa trading experience. Mr. Manley obtained a Bachelor of Arts (Honours) in Geography from the Newcastle Upon Tyne Polytechnic in 1981 and obtained a Masters of Business Administration from the City University in London in 1988. He is currently the Vice Chairman of the Cocoa Association of Asia.

Jagdish Achleshwar Prasad Parihar
Managing Director, Global Head — Cotton Division

Mr. Jagdish Achleshwar Prasad Parihar joined the KC Group in 1986 and was transferred to Chanrai International Ltd in 1989 in the capacity of General Manager. Mr. Parihar became the Managing Director of the Issuer's Cotton division in 1996. He obtained a BSc. Degree from Gujarat University in India in 1974 and obtained a Masters degree in Management Studies from the Birla Institute of Technology and Science in Pilani, India in 1979. Mr. Parihar is the co author of a book on Agri-business and Commodity Risk and is involved in teaching Risk Management in the U.S. and the UK. He is also the Director of International Cotton Association U.K. and a qualified commodity arbitrator.

Vivek Verma
Managing Director, Global Head — Coffee and Dairy Products and CFS Divisions

Mr. Vivek Verma joined the Group in India in 1992 as a Business Manager and started the Indian operations under Olam Exports (India) Limited. He was transferred to the Issuer in 1996, where he was appointed as the Vice President responsible for the Group's Coffee business. Mr. Verma was subsequently promoted to Managing Director where in addition to the Coffee business, he developed and is currently responsible for the Dairy Products and the Commodity Financial Services businesses. He obtained a Bachelor of Technology degree from the Indian Institute of Technology, New Delhi, India in 1985.

Ashok Krishen
Managing Director, Global Head — Edible Nuts and Spices Divisions

Mr. Ashok Krishen joined Olam Nigeria Ltd in 1992 as a Branch Coordinator. From 1994 to 1996, Mr. Krishen was the country head of Olam Ghana Limited. He was appointed the Global Head for the Rice and Sugar division from 1996 to 2002. Since 2002, he has been the Global Head of the Group's Cashews and Spices division. From 2007, he also assumed additional responsibility for the Edible Nuts and Dehydrates division. Mr. Krishen holds a Bachelor of Science (Physics) degree from the University of Kerala in India and obtained a Post Graduate Diploma in Personnel Management and Industrial Relations from the Xavier Labour Relations Institute in India in 1986.

Ashok Chandra Mohan Hegde
Managing Director, Global Head — Risk Management and Information Systems

Mr. Ashok Chandra Mohan Hegde joined Olam Benin Sarl in 1994 as a Branch Coordinator in charge of procurement and sale of commodities. Mr. Hegde was transferred to the Issuer in 1996 where he has held various positions including Country Head of Indonesia (from 1996 to 1998), Regional Controller of South East Asia (1998 to 2000), Managing Director of the Group's wood products division (from 2000 to 2008) and is currently the Global Head — Risk Management and Information Systems. Mr. Hegde obtained a Bachelor of Engineering in Electrical & Electronics in 1988 from the University of Mysore, India and a Masters in Business Administration in 1991 from the University of Poona, India.

Venkataramani Srivathsan
Global Head — Agri Inputs

Mr. Venkataramani Srivathsan joined Olam Nigeria Ltd in 1994. Mr. Srivathsan has held various positions in the Group including Financial Controller, Nigeria, Country Head, Ghana and subsequently, Managing Director & Regional Head for West Africa 2 (Nigeria, Cameroon and Benin). He is currently the Global Head of the Issuer's Agri Inputs business and is a member of the Issuer's Executive Committee. He obtained a Bachelor of Commerce degree from St. Xavier's college, Tamil Nadu in 1984 and qualified as a member of The Institute of Chartered Accountants in 1998.

Ranveer Singh Chauhan
Managing Director, Regional Head — West Africa 1 and Global Head — Palm Business

Mr. Ranveer Singh Chauhan first joined the Group in April 1993. In October 1997, Mr. Chauhan left the Group to join Melagro Exports Ltd as their General Manager and Head of Exports before returning to the Group in November 1998 to be the Regional Controller of West Africa. Mr. Chauhan is the Managing Director for the Issuer's operations in West Africa and South East Africa. He is concurrently the Global Head for the Issuer's Palm business. He obtained a Bachelor of Science degree in 1985 and a Master of Science degree in 1987 both from Kanpur University, India. Mr. Chauhan also obtained a postgraduate Diploma in Business Management from The Indian Institute of Management, Ahmedabad, India in 1989. In 2003, he completed the Advanced Management Program from Wharton University of Pennsylvania.

Richard Haire
CEO, Queensland Cotton

Mr. Richard Haire is Chief Executive Officer and Executive Director of Brisbane based Queensland Cotton Holdings Pty Ltd, a position he has held since 1990. Mr. Haire is a Fellow of the Australian Institute of Company Directors and the Australia Institute of Management. He has more than 28 years of experience in the international cotton industry, including over 26 years of experience in agricultural commodity trading and banking. Mr. Haire is the Chairman of the Australian Cotton Industry Council and a member of the Rabobank Australia/New Zealand Food and Agribusiness Advisory Board. He also sits on the Issuer's Executive Committee based in Singapore.

Devashish Chaubey
President, Global Head — Sugar and Sesame Divisions

Mr. Devashish Chaubey joined Olam Ivoire Sarl in 1994 where he was appointed as the Regional Controller. Mr. Chaubey was transferred to the Issuer in 2000 where he held the position of Vice President of the Issuer's sugar and sesame divisions and he subsequently became President. Mr. Chaubey is primarily responsible for the entire sugar and sesame business of the Group. Mr. Chaubey obtained a Bachelor of Arts (Honours) in Economics in 1987 from the Shri Ram College of Commerce, University of Delhi, India and a postgraduate Diploma in Management from the Xavier Labour Relations Institute in India in 1989.

Moochikal Damodran Ramesh
President, Regional Head — East and South Africa

Mr. Moochikal Damodran Ramesh joined the Group in 1992. Mr. Ramesh has held various positions including Branch Manager of Olam Nigeria Ltd, Profit Centre Head of Olam Benin Sarl, Country Head of Olam Exports (India) Limited, Country Head of Olam Europe BV and Regional Controller of Olam in Ghana, Benin, Guinea-Conakry and Togo. Mr. Ramesh is now primarily responsible for the Group's operations in South Africa, Tanzania, Mozambique, Uganda, Angola, Democratic Republic of Congo and Zimbabwe. He obtained a Bachelor of Science degree in 1987 from the University of Bombay, India and a Postgraduate Diploma in Management in 1989 from the Xavier Labour Relations Institute, Jamshedpur, India.

Raj Vardhan
Senior Vice President, Regional Controller, China

Mr. Raj Vardhan joined Chanrai International Ltd in 1993, where he has held various positions including Branch Coordinator and Profit Centre Head, Nigeria. Mr. Vardhan joined the Issuer as the Business Manager of cashew processing in India in 1996 before becoming the Country Head of Vietnam from June 1997 to June 2004. In July 2004 he was appointed as the Country Head of China where he is primarily responsible for the Group's business in China. Mr. Vardhan obtained a Bachelor of Arts (Honours) in Economics in 1987 from Punjab University in India and a Master of Business Administration in 1991 from the Birla Institute of Technology in India.

Rajeev Pandurang Kadam
President & Global Head — Internal Compliance

Mr. Rajeev Pandurang Kadam joined Chanrai SL Ltd in Sierra Leone in 1990 where he held the position of Finance Manager until April 1994. Mr. Kadam joined the Issuer as the General Manager of Internal Audit in 1996 before being promoted to the position of Vice President of Risk Management and Internal Audit of the Group. He is now the President & Global Head for Internal Compliance. He obtained a Bachelor of Commerce degree in 1980 from the University of Bombay, India and later passed his Chartered Accountant Final (I) examination of the Institute of Chartered Accountants of India. Mr. Kadam was awarded the certification of Certified Internal Auditor in November 2003 by the Institute of Internal Auditors and the Certification in Control Self-Assessment in June 2004 from the same professional body. He has also completed the Berkeley-NUS Certificate in Financial Engineering Programme in the year 2006.

Joydeep Bose
President & Global Head, Human Resources

Mr. Joydeep Bose joined the Issuer in July 2003. Mr. Bose is primarily responsible for the management and administration of the human resources function of the Group. Prior to joining the Issuer, he was the General Manager — Corporate Human Resources at Wipro Limited, India. Prior to joining Wipro Limited in February 1996, he was the Manager — Human Resources at Comsat Max Limited from July 1995 to January 1996. Before he joined Comsat Max Limited, he was the Manager — Human Resources at SRF Limited from May 1989 to July 1995. Mr. Bose obtained a Bachelor of Engineering degree in 1985 from the Regional Engineering College, India and a postgraduate Honours Diploma in Personnel Management and Industrial Relations in 1989 from the Xavier Labour Relations Institute in India.

Sundararajan Suresh
President, Finance and Accounts

Mr. Sundararajan Suresh joined the Group in March 1996 as the Finance Manager of Olam Cam Sarl. In May 1998, Mr. Suresh was transferred to the Issuer and was appointed as the General Manager, Corporate Affairs, of the Group. Mr. Suresh was subsequently designated Senior Vice President, Finance Functions. He is currently President of the Issuer's Finance and Accounts division. Prior to joining the Group, Mr. Suresh was the Deputy Manager (Accounts) at Tube Investments of India from September 1995 to February 1996 and prior to that, he was the Deputy Manager (Management Accounts) at T I Diamond Chain Limited in India from July 1994 to August 1995. He obtained a Bachelor of Commerce from the University of Madras, India in 1990, a Degree in Cost Accountancy in 1990 from The Institute of Cost and Works Accountants of India, and became a qualified company secretary in 1993 with The Institute of Company Secretaries of India.

Jayant Shriniwas Parande
Senior Vice President & Group Treasurer

Mr. Jayant Shriniwas Parande joined the Group in June 1995 as Financial Controller of Olam Nigeria Ltd. In May 1998, Mr. Parande was transferred to the Issuer as Senior Financial Controller handling Management Accounting for a group of products, and took over as General Manager, Treasury in April 2001. Mr. Parande currently holds the position of Senior Vice President and

Group Treasurer, and heads the Treasury function for the Group. Prior to joining the Group, Mr. Parande was the Assistant Manager (Corporate Accounts and Treasury) at Marico Industries Limited, India from April 1991 to May 1995. Mr. Parande obtained a Bachelor of Commerce degree from the University of Bombay, India in 1987 and qualified as a member of The Institute of Chartered Accountants of India in 1990.

Neelamani Muthukumar
Senior Vice President, Head — Corporate Affairs

Mr. Neelamani Muthukumar joined the Group in July 2007 as Finance Manager of Olam Benin Sarl and was later the Country Financial Controller for Olam Nigeria Ltd for the period July 1998 to August 2000. In September 2000, Mr. Muthukumar was transferred to the Issuer to spearhead the design, development and implementation of the Group's proprietary ERP (eSIP) and subsequently to set up the Global IT development centre and Shared Services Group for Olam International in Chennai, India. Mr. Muthukumar was appointed the Head of IT and Shared Services Group for the Issuer in July 2006 which he held until October 2008. He was recently appointed as Senior Vice President and Head of Corporate Affairs for the Group after serving as the Chief Financial Officer for Africa from November 2008 to April 2009. Prior to joining the Group, he was the "Management Accountant" with Fuller India Limited, a subsidiary of F.L. Smidth Group. Mr Muthukumar obtained a Bachelor of Science degree from Madras University, India and qualified as a member of The Institute of Cost and Works Accountants of India in December 1992.

Board Committees

The Board has six Committees namely the Audit and Compliance Committee, Governance and Nomination Committee, Human Resource and Compensation Committee, Risk Committee, Capital and Investment Committee and Corporate Responsibility and Sustainability Committee.

A brief summary of the responsibilities of each Board Committee is provided below.

Audit and Compliance Committee

The committee meets at least four times a year and oversees the process for evaluating the adequacy of internal controls, financial reporting and compliance and satisfies itself as to the adequacy of such processes. Other functions performed by the committee include the review of financial statements before public announcement, discussion with internal and external auditors on any issues of concern, review of scope, costs and effectiveness of external audit and ensure independence and objectivity of the auditors, review of internal control procedures and review and discussion with external auditors of any suspected fraud or irregularity.

Governance and Nomination Committee

The committee meets at least twice a year. Its responsibilities include recommending the appointment and re-appointment of directors, conducting annual review of the independence of each director, assessing the Board's effectiveness, recommending performance criteria for evaluating Board's performance, evaluating and nominating directors to Board Committees.

Human Resource and Compensation Committee

The committee meets at least twice a year and is responsible for developing the framework of the Issuer's remuneration policy and determining the remuneration packages of the senior executives as well as the fees of Directors. It also designs and approves the employee share participation scheme and reviews succession plans for the Board, CEO and Executive Directors.

Risk Committee

The committee meets at least three times a year to review the adequacy and effectiveness of the Group's risk management policies and systems, major non-compliance with risk policies and political and sovereign risks, and the management and insurance thereon. It also reviews and recommends risk limits and budgets.

Capital and Investment Committee

The committee meets at least four times a year. It has the mandate to review and recommend financial strategies, policies, new business risks and capital structure of the Issuer, recommend equity and debt capital raising plans and significant banking arrangements, review investment policy guidelines and capital expenditure plans, assess adequacy of foreign currency management, recommend on mergers, acquisitions and divestments and recommend on dividend policy and declarations.

Corporate Responsibility and Sustainability Committee

As supply chain managers of agricultural products, the Issuer's sustainability initiatives are inter-woven into its business model and are aimed at making meaningful social impact in the communities within which it operates. The committee's functions include the review and recommendation of the Issuer's policy with respect to corporate responsibility and sustainability issues, review of the Issuer's environmental policies and standards, social impact of business practices in the communities which it operates in and policies and practices on key stakeholders (suppliers, customers and employees) and regulators. The committee meets at least three times a year.

PRINCIPAL SHAREHOLDERS

The following table sets forth details about the interest the substantial shareholders of the Issuer have as at the Latest Practicable Date as shown in the Issuer's register. Deemed interest is determined in accordance with Section 7(4) of the Act.

	No. of Shares		
	Direct	**Deemed**	**Interest**[(1)]
			(%)
Kewalram Singapore Limited[(2)]	480,493,065	—	19.67
Chanrai Investment Corporation Limited[(2)]	—	480,493,065	19.67
Kewalram Chanrai Holdings Limited[(2)]	—	480,493,065	19.67
GKC Trustees Limited as trustee of Girdhar Kewalram Chanrai Settlement ("**GKC Settlement**")[(2)]	—	480,493,065	19.67
MKC Trustees Limited as trustee of Hariom Trust ("**Hariom Trust**")[(2)]	—	480,493,065	19.67
DKC Trustees Limited as trustee of Dayal Damodar Chanrai Settlement ("**DDC Settlement**")[(2)]	—	480,493,065	19.67
Investec Trustees (Jersey) Ltd as trustee of PKC 2008 Settlement ("**PKC 2008 Settlement**")[(2)]	—	480,493,065	19.67
Breedens Investments Pte. Ltd.	311,136,140	—	12.74
Seletar Investments Pte Ltd[(3)]	—	390,398,453	15.98
Temasek Capital (Private) Limited[(4)]	—	390,398,453	15.98
Temasek Holdings (Private) Limited[(5)]	—	390,858,601	16.00
The Capital Group Companies, Inc. ("**CGC**")[(6)]	—	198,066,208	8.11
AllianceBernstein L.P. ("**ABLP**")[(7)]	—	145,967,663	5.98
AXA S.A.[(8)]	—	146,388,946	5.99
1. AXA America Holdings Inc. 2. Oudinot Participations 3. AXA Financial, Inc. 4. AXA Equitable Financial Services, LLC 5. AXA Equitable Life Insurance Company 6. ACMC, Inc. 7. AllianceBernstein Holding L.P. (see Footnote 9)	—	145,967,963	5.98

Notes:

(1) As a percentage of the issued share capital of the Issuer as at 16 February 2012, comprising 2,442,409,869 Shares.

(2) Kewalram Singapore Limited's 480,493,065 Shares are held in the following manner:

i. 372,265,793 Shares under its own name:

ii. 28,227,272 Shares under Citibank Nominees Singapore Pte Ltd: and

iii. 80,000,000 Shares under Raffles Nominees (Pte) Limited.

Kewalram Singapore Limited ("**Kewalram**") is a wholly-owned subsidiary of Chanrai Investment Corporation Limited ("**CICL**"), which in turn is a wholly-owned subsidiary of Kewalram Chanrai Holdings Limited ("**KCH**").

CICL and KCH are therefore deemed to be interested in the 480,493,065 Shares held by Kewalram.

The GKC Settlement, Hariom Trust, the DDC Settlement and the PKC 2008 Settlement are shareholders of KCH, each holding approximately 28%, 28%, 28% and 16% respectively in the issued and paid-up capital of KCH. Pursuant to Section 7(4A) of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), as the GKC Settlement, Hariom Trust and the DDC Settlement are associates of the PKC 2008 Settlement and vice versa, the PKC 2008 Settlement would be deemed to be interested in the Shares held by Kewalram.

The GKC Settlement, Hariom Trust, the DDC Settlement and the PKC 2008 Settlement are therefore deemed to be interested in the 480,493,065 Shares held by Kewalram.

(3) Seletar is the holding company of Breedens and Aranda and is deemed to be interested in the 311,136,140 and 79,262,313 Shares held by Breedens and Aranda respectively.

(4) Temasek Capital is the holding company of Seletar and is deemed to be interested in the 390,398,453 Shares held by Breedens and Aranda collectively.

(5) Temasek is the holding company of Temasek Capital, which in turn is the holding company of Seletar, which in turn holds all issued shares in Breedens and Aranda. Temasek's deemed interest in the 390,858,601 Shares comprises:

   (i) 79,262,313 Shares held by Aranda Investments Pte. Ltd., another indirect wholly-owned subsidiary of Temasek;

   (ii) 311,136,140 Shares held by Breedens; and

   (iii) 460,148 Shares held by subsidiaries of DBS subsidiaries.

(6) CGC is deemed to be interested in the Shares over which its subsidiaries have (i) no voting rights but disposal rights only as well as (ii) both voting and disposal rights.

(7) ABLP is deemed to have an interest in the Shares. The holdings represent the aggregate of interests that (i) ABLP is deemed to have in Shares which are owned by client accounts which are managed by ABLP on a discretionary basis, and (ii) ABLP's subsidiaries deemed to have in Shares which are owned by clients accounts which are managed by these subsidiaries on a discretionary basis.

(8) AXA S.A. is deemed to have an interest in the Shares through its affiliates, ABLP and AXA Rosenberg Investment Management Asia Pacific Ltd ("**ARIMAP**"). ABLP's interests arise out of (i) interests in Shares which are owned by client accounts which are managed by ABLP on a discretionary basis, as ABLP is generally entitled to exercise voting and/or disposal rights to these Shares and (ii) interests that ABLP's subsidiaries, deemed to have in Shares which are owned by clients accounts which are managed by these subsidiaries on a discretionary basis. ARIMAP's interests arise out of (i) interests in Shares which are owned by client accounts which are managed by ARIMAP on a discretionary basis, as ARIMAP is generally entitled to exercise voting and/or disposal rights to these Shares.

(9) The substantial shareholders are deemed to have an interest in the Shares through their deemed interest in the interests of ABLP under either Section 7(4) or Section 7(4A) of the Companies Act. ABLP's interests arise out of (i) interests in Shares which are owned by client accounts which are managed by ABLP on a discretionary basis, as ABLP is generally entitled to exercise voting and/or disposal rights to these Shares and (ii) interests that ABLP's subsidiaries, deemed to have in Shares which are owned by clients accounts which are managed by these subsidiaries on a discretionary basis.

Interested Person Transactions

The Issuer has ongoing contractual arrangements with other companies within the Group in the ordinary course of business. Such transactions are entered into on normal commercial terms.

The Issuer has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Issuer and its minority shareholders.

Directors' Shareholdings

As at the Latest Practicable Date, a total of 139,123,028 Shares (direct and deemed) were held by directors of the Issuer. There were a total of 18,650,000 unissued shares comprised of options granted to directors of the Issuer under the Olam Employee Share Option Scheme.

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Capital Securities, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Capital Securities:

The issue of the S$275,000,000 7 per cent. perpetual capital securities (the "**Capital Securities**", which expression shall include any Further Capital Securities) was (save in respect of any Further Capital Securities) authorised by a resolution of the Board of Directors of Olam International Limited (the "**Issuer**") passed on [INSERT DATE]. The Capital Securities are constituted by a Trust Deed (the "**Trust Deed**") dated 1 March 2012 between the Issuer and DBS Trustee Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Capital Securities. The Capital Securities are issued with the benefit of a Deed of Covenant (the "**Deed of Covenant**") dated 1 March 2012 executed by the Issuer by way of a deed poll. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Capital Securities. Copies of the Trust Deed, the Agency Agreement (the "**Agency Agreement**") dated 1 March 2012 relating to the Capital Securities between the Issuer, the Trustee, the initial principal paying agent, the calculation agent named in it (the "**Calculation Agent**"), the other paying agents and the registrar named in it (the "**Registrar**"), the Master Depository Services Agreement (the "**Depository Services Agreement**") dated 1 March 2012 between the Issuer and The Central Depository (Pte) Limited ("**CDP**") and the Deed of Covenant, are available for inspection during usual business hours at the principal office of the Trustee (presently at 6 Shenton Way, #14-01 DBS Building Tower One, Singapore 068809) and at the specified offices of the principal paying agent for the time being (the "**Principal Paying Agent**") and the other paying agents for the time being (the "**Paying Agents**", which expression shall include the Principal Paying Agent). "**Agents**" means the Principal Paying Agent, the Calculation Agent, the Registrar and any other agent or agents appointed from time to time with respect to the Capital Securities. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Covenant and are deemed to have notice of those provisions applicable to them of the Agency Agreement and the Depository Services Agreement.

1 Form, Denomination, Title and Transfer

(a) **Form and denomination**: The Capital Securities are issued in registered form in the denomination of S$250,000 and in higher integral multiples of S$1,000 in excess thereof (each, an "**Authorised Denomination**"). The Capital Securities are represented by registered certificates ("**Certificates**") and each Certificate shall be numbered serially and represent the entire holding of the Capital Securities by the same holder.

(b) **Title**: Title to the Capital Securities passes by transfer and registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Capital Security will be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it, or the theft or loss of such Certificate and no person will be liable for so treating the holder. In these Conditions "**Holder**" and (in relation to a Capital Security) "**holder**" means the person in whose name a Capital Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof).

For so long as any of the Capital Securities is represented by the Global Certificate and the Global Certificate is registered in the name of CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Capital Securities (in which regard any certificate or other document issued by CDP as to the *principal amount of such Capital Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Registrar and the Trustee as the holder of such principal amount of Capital Securities other than with respect to the payment of principal and Distributions (including Arrears of Distributions and Additional Distribution Amounts) and any other amounts in respect of the Capital Securities, for which purpose the registered holder of the Global Certificate shall be treated by the Issuer, the Paying Agents, the Registrar and the Trustee as the holder of such Capital Securities in accordance with and subject to the terms of the Global Certificate (and the expressions "Holder" and "holder of Capital Securities" and related expressions shall be construed accordingly). Capital Securities which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.*

(c) **Transfer**: One or more Capital Securities may be transferred upon the surrender (at the specified office of the Registrar) of the Certificate representing such Capital Securities to be transferred, together with the form of transfer endorsed on such Certificate (or such other forms of transfer in substantially the same form and containing the same representations and certificates (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence which the Registrar may reasonably require provided that a Capital Security may not be transferred unless the principal amount of Capital Securities transferred and (where not all of the Capital Securities held by a holder are being transferred) the principal amount of the balance of Capital Securities not transferred are Authorised Denominations. No transfer of title to any Capital Security will be valid or effective unless and until entered on the Register. In the case of a transfer of part only of a holding of Capital Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor; provided that, in the case of a transfer of Capital Securities to a person who is already a holder of Capital Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Capital Securities and entries on the Register will be made subject to the detailed regulations concerning transfer of Capital Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar (such approval not to be unreasonably withheld or delayed). A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder upon request.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 1(c) (*Transfer*) shall be available for delivery within five business days of receipt of a duly completed request for exchange or form of transfer or the surrender of the original Certificate for exchange together with satisfaction of any other requirements imposed by these Conditions. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 1(d), "**business day**" means a day, other than a public holiday, Saturday or Sunday, on which banks are open for business in Singapore and the place of the specified office of the Registrar.

(e) **No Charge**: Save as provided in the Agency Agreement, transfer of Capital Securities shall be issued and registered without charge by or on behalf of the Issuer or the Registrar but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

(f) **Closed Periods**: No Holder may require the transfer of a Capital Security to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal or Distribution (including Arrears of Distribution and Additional Distribution Amounts) in respect of the Capital Securities, (ii) during the period of 15 days prior to (and including) any date on which Capital Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b) (*Redemption at the option of the Issuer*) or (iii) after any such Capital Security has been called for redemption.

2 Status

(a) **Status**: The Capital Securities constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and with any Parity Obligations. The rights and claims of the Holders are subordinated in the manner described in Condition 2(b) (*Subordination*).

(b) **Subordination**: The Holder Claims will, in the event that an order is made or an effective resolution is passed for the winding-up of the Issuer (subject to and to the extent permitted by applicable law), rank in such winding-up:

(i) junior to the rights and claims of all Senior Creditors of the Issuer;

(ii) *pari passu* with each other and with the rights and claims of any Parity Creditors or holders of Parity Obligations; and

(iii) senior to the rights and claims of holders of Junior Obligations.

(c) **No set-off**: Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer under, or arising from, the Capital Securities and each Holder will, by virtue of his holding of any Capital Security, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention. Without prejudice to the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Capital Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or judicial management, the liquidator or, as appropriate, judicial manager of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, judicial manager of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

3 Distributions

(a) **Accrual of Distribution**: Subject to Condition 4 (*Distribution Deferral*), the Capital Securities confer a right to receive distribution (each a "**Distribution**") from and including 1 March 2012 at the applicable Distribution Rate, payable semi-annually in arrear on 1 March and 1 September in each year (each, a "**Distribution Payment Date**").

Unless otherwise provided in these Conditions, each Capital Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon surrender of the Certificate representing such Capital Security, payment of principal and accrued Distributions is improperly withheld or refused. In such event, Distributions shall continue to accrue at the applicable Distribution Rate (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Capital Security up to that day are received by or on behalf of the relevant holder, and (ii) the day falling seven days after the Trustee or the Principal Paying Agent has notified Holders of receipt of all sums due in respect of all the Capital Securities up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). Where Distributions are to be calculated in respect of a period which is equal to or shorter than a Distribution Period, the day-count fraction used will be the number of days in the relevant period, from (and including) the date from which Distributions begin to accrue to (but excluding) the date on which it falls due, divided by 365.

Distributions in respect of any Capital Security shall be calculated per S$250,000 in principal amount of each Capital Security denominated in S$250,000 and S$1,000 in principal amount of each Capital Security denominated in S$1,000. The amount of Distributions payable for each Capital Security for any period shall be equal to the product of the applicable Distribution Rate, the denomination of such Capital Security and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

For so long as any of the Capital Securities is represented by the Global Certificate and the Global Certificate is held by CDP, the Distributions (including Arrears of Distribution and Additional Distribution Amounts) payable on such Capital Securities will be determined based on the aggregate holdings of Capital Securities of each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Capital Securities.

(b) **Rate of Distribution**: The rate of distribution (the "**Distribution Rate**") applicable to the Capital Securities shall be:

(i) in respect of the period from, and including, the Issue Date to, but excluding, the Step-up Date, 7 per cent. per annum; and

(ii) in respect of the period from, and including, the Step-up Date and each Reset Date falling thereafter to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate.

(c) **Calculation of Relevant Reset Distribution Rate**: The Calculation Agent will, on the second business day prior to each Reset Date, calculate the applicable Relevant Reset Distribution Rate payable in respect of each Capital Security. The Calculation Agent will cause the applicable Reset Distribution Rate determined by it to be promptly notified to the Paying Agents. Notice thereof shall also promptly be given by the Calculation Agent to the Trustee, the Registrar, the Paying Agents and the Holders in accordance with Condition 14 (*Notices*). All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents and the Holders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(d) **Publication of Relevant Reset Distribution Rate**: The Issuer shall cause notice of the then applicable Relevant Reset Distribution Rate in respect of the Step-up Date and each Reset Date to be promptly notified to the Trustee, the Principal Paying Agent, the Registrar and (in accordance with Condition 14 (*Notices*)) the Holders after determination thereof.

4 Distribution Deferral

(a) **Deferral of Distribution Payments**: The Issuer may, at its sole discretion, elect to defer any Distribution (in whole and not in part) which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice of such election to the Holders in accordance with Condition 14 (*Notices*), the Trustee, the Principal Paying Agent and the Registrar not more than 15 nor less than five business days prior to the relevant Distribution Payment Date unless a Compulsory Distribution Payment Event has occurred in the 12-month period prior to such Distribution Payment Date. Such Distribution will not be due and payable or be paid until the relevant Payment Reference Date (but without prejudice to Condition 4(d) (*Voluntary payment of Arrears of Distribution*)) and will constitute "**Arrears of Distribution**". The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 4(a) and any failure to pay Distributions shall not constitute a default of the Issuer in respect of the Capital Securities. Arrears of Distributions will be payable in accordance with Conditions 4(c) (*Mandatory payment of Arrears of Distribution*) and 4(d) (*Voluntary payment of Arrears of Distribution*).

The Issuer may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the foregoing notice requirements applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distributions can or shall be deferred pursuant to this Condition 4(a).

Each amount of Arrears of Distributions shall bear interest as if it constituted the principal of the Capital Securities at the prevailing Distribution Rate and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distributions shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distributions and otherwise *mutatis mutandis* as provided in the foregoing provisions of Condition 3 (*Distributions*). The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distributions remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distributions.

(b) **Distribution and Capital Stopper**: If, on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made in full by reason of this Condition 4, the Issuer shall not, and shall procure that none of its subsidiaries shall:

(i) declare or pay any dividends or distributions on any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations, or make any other payment (including payments under any guarantee obligations) on, and (in the case of the Issuer) will not enter into any arrangements which will result in any dividend, distribution or other payment (including payments under any guarantee obligations) being made on, any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations; or

(ii) redeem, purchase, cancel, reduce, buy back or otherwise acquire for any consideration any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations,

in each case, other than (A) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group, (B) as a result of the exchange or conversion of Parity Obligations for Junior Obligations, (C) if the Issuer has made payment in whole (and not in part only) of all outstanding Arrears of Distributions and any Additional Distribution Amounts or (D) when so permitted by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders. For the avoidance of doubt, the restrictions in this Condition 4(b) shall only apply to the Issuer's subsidiaries to the extent that such dividends, distributions or payments are made in respect of the Issuer's Junior Obligations or the Issuer's Parity Obligations and nothing in this Condition 4(b) shall restrict the Issuer or any of its subsidiaries from making payment on its guarantees in respect of obligations which are not the Issuer's Junior Obligations or (except on a pro rata basis) the Issuer's Parity Obligations.

(c) **Mandatory payment of Arrears of Distribution**: The Issuer shall satisfy any outstanding Arrears of Distributions and any outstanding Additional Distribution Amounts in whole, but not in part, on the relevant Payment Reference Date.

(d) **Voluntary payment of Arrears of Distribution**: Notwithstanding that a Payment Reference Date has not taken place, the Issuer may, at any time, on giving not more than 20 nor less than 10 business days' irrevocable notice to the Holders in accordance with Condition 14 (*Notices*), the Trustee, the Principal Paying Agent and the Registrar, elect to make payment, in whole or in part, of any Arrears of Distribution and any Additional Distribution Amounts. Any partial payment of outstanding Arrears of Distribution or any Additional Distribution Amount by the Issuer shall be shared by the Holders of all outstanding Capital Securities on a pro rata basis.

(e) **No default**: Notwithstanding any other provision in these Conditions or the Trust Deed, the deferral of any Distribution payment in accordance with this Condition 4 shall not constitute a default for any other purpose (including, without limitation, pursuant to Condition 8 (*Non-payment*) on the part of the Issuer).

5 Redemption and Purchase

(a) **No fixed redemption date**: The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. Subject to the provisions of Condition 2 (*Status*) and without prejudice to Condition 8 (*Non-payment*), the Capital Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition 5.

(b) **Redemption at the option of the Issuer**: The Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date falling on or after the fifth anniversary of the Issue Date, on giving not less than 30 nor more than 60 days' irrevocable notice to the Holders, the Trustee, the Principal Paying Agent and the Registrar at their principal amount, together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable).

(c) **Redemption for taxation reasons**: The Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Holders, the Trustee, the Principal Paying Agent and the Registrar, at their principal amount together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 22 February 2012 and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Capital Securities then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee (x) a certificate signed by two Directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (y) an opinion of independent tax or legal advisers of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such change or amendment is then effective), and the Trustee shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event it shall be conclusive and binding on the Holders.

(d) **Redemption for accounting reasons**: The Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Holders, the Trustee, the Principal Paying Agent and the Registrar, at their principal amount together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that, as a result of any changes or amendments to the Singapore Financial Reporting Standards ("**SFRS**") (or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer) or other internationally generally accepted accounting standards that the Issuer has adopted for the purposes of the preparation of its audited consolidated financial statements (the "**Relevant Accounting Standard**"), the Capital Securities may no longer be recorded as "equity" in the audited consolidated financial statements of the Issuer prepared in accordance with the Relevant Accounting Standard (the "**Accounting Event**"), provided that such date for redemption shall be no earlier than the last day before the date on which the Capital Securities may no longer be recorded as "equity" in the audited consolidated financial statements of the Issuer prepared in accordance with the Relevant Accounting Standard. Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee (x) a certificate signed by two Directors of the Issuer stating that an Accounting Event has occurred and is prevailing and (y) an opinion of independent auditors of recognised standing to the effect that an Accounting Event has occurred and is prevailing, and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event it shall be conclusive and binding on the Holders.

(e) **Redemption for tax deductibility reasons**: The Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Holders, the Trustee, the Principal Paying Agent and the Registrar, at their principal amount together with Distributions accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

(ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(iii) any applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the position advised by the Issuer's tax advisers on or before the Issue Date,

payments by the Issuer would no longer, or within 90 days of the date of the opinion referred to in paragraph (y) below would not be fully deductible by the Issuer for Singapore income tax purposes ("**Tax Deductibility Event**"), provided that no notice of redemption may be given earlier than 90 days prior to the effective date on which payments on the Capital Securities would not be fully tax deductible by the Issuer for Singapore profits tax. Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee (x) a certificate signed by two directors of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances and (y) an opinion of the Issuer's independent auditors or tax advisers of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect, and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event it shall be conclusive and binding on the Holders. For the purposes of determining whether any payments by the Issuer would be fully deductible by the Issuer for Singapore income tax purposes under this Condition 5(e), interest restriction under the total asset method shall be disregarded.

(f) **Redemption in the case of minimum outstanding amount**: The Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time at their principal amount, together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) on the Issuer giving not less than 30 nor more than 60 days' irrevocable notice to the Holders, the Trustee, the Principal Paying Agent and the Registrar if, immediately before giving such notice, the aggregate principal amount of the Capital Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

(g) **Notice of redemption**: All Capital Securities in respect of which any notice of redemption is given under this Condition 5 shall be redeemed on the date specified in such notice in accordance with this Condition 5.

(h) **No other redemption**: The Issuer shall have no obligation to make any payment of principal in respect of the Capital Securities otherwise than as provided in Conditions 5(b) (*Redemption at the option of the Issuer*), 5(c) (*Redemption for taxation reasons*), 5(d) (*Redemption for accounting reasons*), 5(e) (*Redemption for tax deductibility reasons*) and 5(f) (*Redemption in the case of minimum outstanding amount*) above.

(i) **Purchases**: The Issuer and its subsidiaries may at any time and from time to time purchase Capital Securities in the open market or otherwise at any price. The Capital Securities so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 11(a) (*Meetings of Holders*).

(j) **Cancellation**: All Certificates representing Capital Securities purchased by or on behalf of the Issuer may be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Capital Securities shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Capital Securities shall be discharged.

6 Payments

(a) **Method of payment:**

(i) Payment of principal shall be made (subject to surrender of the relevant Certificates at the specified office of the Registrar if no further payment falls to be made in respect of the Capital Securities represented by such Certificates) in the manner provided in paragraph (ii) below.

(ii) Distributions (including any Arrears of Distribution and any Additional Distribution Amount) on each Capital Security shall be paid to the person shown on the Registrar at the close of business on the fifth business day before the due date for payment thereof (the "**Record Date**"). Payments of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) on each Capital Security shall be made in the relevant currency by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Capital Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar before the Record Date, such payment of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) may be made by transfer to an account in the relevant currency maintained by the payee with a bank.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Holder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) being paid is less than the amount then due, the Registrar will annotate the Register with the amount of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) so paid.

(b) **Payments subject to laws**: All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) **Payment initiation**: Where payment is to be made by transfer to an account in the relevant currency, payment instructions (for value the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in case of payments of principal where the relevant Certificate has not been surrendered at the specified office of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Payments on business days**: If any date for payment in respect of any Capital Security is not a business day, the Holder shall not be entitled to payment until the following business day nor to any Distribution or other sum in respect of such postponed payment. In this Condition 6, "**business day**" means a day, other than a public holiday, Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business in Singapore and in the city in which the specified office of the relevant Paying Agent is located and, in the case of the surrender of the Certificate, in the place where the Certificate is surrendered.

(e) **Paying Agents and Registrar**: The initial Paying Agents and the Registrar and their respective initial specified offices are listed below. The Issuer reserves the right at any time with the approval of the Trustee (such approval not to be unreasonably withheld or delayed) to vary or terminate the appointment of any Paying Agent or the Registrar and appoint additional or other Paying Agents, the Calculation Agent or Registrar, provided that it will maintain a Paying Agent with a specified office in Singapore, a Calculation Agent and a Registrar. Notice of any change in the Paying Agents, the Calculation Agent, the Registrar or their specified offices will promptly be given to the Holders.

7 Taxation

All payments of principal and Distributions (including Arrears of Distributions and Additional Distribution Amounts) by or on behalf of the Issuer in respect of the Capital Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Holders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Capital Security presented for payment:

(a) **Other connection**: by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Capital Security by reason of his having some connection with Singapore other than the mere holding of the Capital Security; or

(b) **Presentation more than 30 days after the Relevant Date**: more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Capital Security for payment on the last day of such period of 30 days.

Any reference in these Conditions to principal, Distributions, Arrears of Distributions and/or Additional Distribution Amounts shall be deemed to include any additional amounts which may be payable under this Condition 7 or any undertaking given in addition to or substitution for it under the Trust Deed.

8 Non-payment

(a) **Non-payment when due**: Notwithstanding any of the provisions below in this Condition 8, the right to institute winding-up proceedings is limited to circumstances where payment under the Capital Securities has become due. In the case of any Distribution or Arrears of Distribution, such payment will not be due if the Issuer has elected to defer that payment pursuant to Condition 4 (*Distribution Deferral*), provided that nothing in this Condition 8, including any restriction on commencing proceedings, shall in any way restrict or limit any rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Trust Deed or the Capital Securities.

(b) **Enforcement Events**: If any of the following events occurs (and, in the case of paragraph (ii) below, is continuing) the Trustee at its discretion may, and if so requested by holders of not less than 25 per cent. in principal amount of the Capital Securities then outstanding or if so directed by an Extraordinary Resolution shall (provided that the Trustee shall have been indemnified and/or secured to its satisfaction) institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the

Issuer for payment of the Capital Securities at their principal amount together with any Distributions accrued to such date (including any outstanding Arrears of Distribution and any Additional Distribution Amount, if applicable), as provided in the Trust Deed:

(i) **Non-payment**: the Issuer fails to pay the principal of or any Distribution (including Arrears of Distributions and Additional Distribution Amounts) on any of the Capital Securities when due (save, for the avoidance of doubt, for Distributions (including Arrears of Distribution and Additional Distribution Amounts) which have been deferred in accordance with Condition 4(a) (*Deferral of Distribution Payments*)) and such failure continues for a period of 10 days; or

(ii) **Winding-up**: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer.

(c) **Enforcement**: Without prejudice to Condition 8(b) (*Enforcement Events*) but subject to Condition 8(d) (*Entitlement of Trustee*), the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Capital Securities (other than any payment obligation of the Issuer under or arising from the Capital Securities or the Trust Deed, including, without limitation, payment of any principal or Distribution (including any Arrears of Distribution and Additional Distribution Amount) in respect of the Capital Securities, including any damages awarded for breach of any obligation), provided that in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) **Entitlement of Trustee**: The Trustee will not be bound to take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Holders holding not less than 25 per cent. in principal amount of the Capital Securities outstanding, and (ii) it shall have been indemnified and/or secured to its satisfaction.

(e) **Right of Holders**: No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 8.

(f) **Extent of Holders' remedy**: No remedy against the Issuer, other than as referred to in this Condition 8, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities or under the Trust Deed.

9 Prescription

Claims in respect of principal and Distributions (including Arrears of Distributions and Additional Distribution Amounts) shall be prescribed and will become void unless made as required by Condition 6 (*Payments*) within a period of 10 years (in the case of principal) and five years (in the case of Distributions) from the appropriate Relevant Date.

10 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or the Principal Paying Agent (or any other registrar or paying agent, as the case may be, from time to time) subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11 Meetings of Holders, Modification, Waiver and Substitution

(a) **Meetings of Holders**: The Trust Deed contains provisions for convening meetings of Holders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Holders holding not less than 10 per cent in principal amount of the Capital Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Holders whatever the principal amount of the Capital Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Capital Securities or the dates on which Distributions (including any Arrears of Distribution or any Additional Distribution Amount) are payable in respect of the Capital Securities, (ii) to reduce or cancel the principal amount of, or Distributions (including any Arrears of Distribution or any Additional Distribution Amount) on, the Capital Securities, (iii) to change the currency of payment of the Capital Securities, (iv) to alter the method of calculating the amount of any payment of principal or any Distribution (including Arrears of Distributions and Additional Distribution Amounts) in respect of the Capital Securities or the date for any such payment, (v) to amend the subordination provisions of the Capital Securities or (vi) to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Capital Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all the Holders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Capital Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

(b) **Modification and Waiver**: The Trustee may agree, without the consent of the Holders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the reasonable opinion of the Trustee not materially prejudicial to the interests of the Holders. Any such modification, authorisation or waiver shall be binding on the Holders and, if the Trustee so requires, such modification shall be notified to the Holders as soon as practicable.

(c) **Substitution**: The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Holders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal obligor under the Trust Deed and the Capital Securities. In the case of such a substitution the Trustee may agree, without the consent of the Holders, to a change of the law governing the Capital Securities and/or the Trust Deed provided that such change would not in the reasonable opinion of the Trustee be materially prejudicial to the interests of the Holders.

(d) **Entitlement of the Trustee**: In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Holders as a class and shall not have regard to the consequences of such exercise for individual Holders and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders.

12 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to the Trustee and whether the liability of such accountants, financial advisers, financial institution or any other expert in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Holders.

13 Further Issues

The Issuer may from time to time without the consent of the Holders create and issue further securities either having the same terms and conditions as the Capital Securities in all respects (or in all respects except for the first payment of Distributions on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Capital Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Capital Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13 and forming a single series with the Capital Securities. Any further securities forming a single series with the outstanding securities of any series (including the Capital Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee (such consent not to be unreasonably withheld or delayed)), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of securities of other series where the Trustee so decides.

14 Notices

Notices to Holders will be valid if (i) for so long as the Capital Securities are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the rules of the SGX-ST so require, published on the website of the SGX-ST at http://www.sgx.com and (ii) despatched by prepaid registered post (by airmail if to another country) to Holders at their addresses appearing in the Register (in the case of joint holders to the address of the holder whose name stands first in the Register). Any such notice shall be deemed to have been given on the fourth day after the date of despatch to the Holders.

Until such time as any definitive Certificates are issued, so long as the Global Certificate is issued in the name of CDP, notices to Holders will only be valid if despatched by prepaid registered post (by airmail if to another country) to persons who are for the time being shown in the records of CDP as the holders of the Capital Securities or if the rules of CDP so permit, delivered to CDP for communication by it to the Holders, except that if the Capital Securities are listed on the SGX-ST and the rules of the SGX-ST so require, notice will in any event be published in accordance with the preceding paragraph. Any such notice shall be deemed to have been given to the Holders on the fourth day after the date of despatch to the holders of Capital Securities or, as the case may be, on the fourth day after the date of delivery of the notice to CDP.

Notwithstanding the other provisions of this Condition 14, in any case where the identity and addresses of all the Holders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

15 Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Capital Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

16 Governing Law

The Trust Deed and the Capital Securities are governed by, and shall be construed in accordance with, Singapore law.

17 Definitions

Unless the context otherwise requires, the following terms will have the following meanings in these Conditions:

"**Accounting Event**" has the meaning provided in Condition 5(d) (*Redemption for accounting reasons*).

"**Additional Distribution Amount**" has the meaning provided in Condition 4(a) (*Deferral of Distribution Payments*).

"**Arrears of Distribution**" has the meaning provided in Condition 4(a) (*Deferral of Distribution Payments*).

"**business day**" means, in relation to any place, a day (other than a public holiday, Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in both Singapore and (if not Singapore) the city in which the specified office of the Principal Paying Agent and the Registrar is located.

"**CDP**" means The Central Depository (Pte) Limited.

"**Compulsory Distribution Payment Event**" means that the Issuer or any of its subsidiaries has:

(a) declared or paid any dividends or distributions on any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations, or made any other payment (including payments under any guarantee obligations) on any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations; and/or

(b) redeemed, purchased, cancelled, reduced, bought back or otherwise acquired for any consideration any of the Issuer's Junior Obligations or (except on a pro rata basis) any of the Issuer's Parity Obligations,

Provided Always that any declaration, distribution, payment or other action (A) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group or (B) as a result of the exchange or conversion of Parity Obligations for Junior Obligations, shall not constitute a Compulsory Distribution Payment Event. For the avoidance of doubt, a Compulsory Distribution Payment Event shall not occur merely as a result of any dividends, distributions or payments made by the Issuer or its subsidiaries in respect of obligations which are not the Issuer's Junior Obligations or (except on a pro rata basis) the Issuer's Parity Obligations.

"**Distribution Payment Date**" has the meaning provided in Condition 3(a) (*Accrual of Distribution*).

"**Distribution Period**" means the period from, and including, the Issue Date to, but excluding, the first Distribution Payment Date and each successive period thereafter from, and including each Distribution Payment Date to, but excluding, the next succeeding Distribution Payment Date.

"**Distribution Rate**" has the meaning provided in Condition 3(b) (*Rate of Distribution*).

"**Distributions**" has the meaning provided in Condition 3(a) (*Accrual of Distribution*).

"**Enforcement Event**" means any of the events specified in Condition 8(b) (*Enforcement Events*).

"**Extraordinary Resolution**" has the meaning provided in the Trust Deed.

"**Further Capital Securities**" means any further Capital Securities issued pursuant to Condition 13 (*Further Issues*) and consolidated and forming a single series with the then outstanding Capital Securities.

"**Global Certificate**" means the global certificate representing the Capital Securities, or some of them, substantially in the form set out in the Trust Deed.

"**Holder Claims**" means the rights and claims of the Trustee (in respect of the principal of and Distributions (including Arrears of Distributions and Additional Distribution Amounts) on the Capital Securities) and of the Holders.

"**Holders**" has the meaning provided in Condition 1(b) (*Title*).

"**Initial Spread**" means 4.965 per cent.

"**Issue Date**" means 1 March 2012.

"**Junior Obligations**" means any class of the Issuer's share capital or any other instruments or securities ranking *pari passu* therewith other than (i) any Parity Obligations and (ii) any instruments or securities ranking in priority in payment and in all other respects to the ordinary shares in the capital of the Issuer.

"**outstanding**" has the meaning provided in the Trust Deed.

"**Parity Creditor**" means any creditor of the Issuer whose claim ranks or is expressed to rank *pari passu* with the Issuer's obligations under the Capital Securities.

"**Parity Obligations**" means any instrument or security (including, without limitation, preference shares) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation or law, *pari passu* with the Capital Securities.

"**Payment Reference Date**" means the date which is the earliest of:

(a) the date on which the Capital Securities are redeemed;

(b) the Distribution Payment Date falling immediately after the occurrence of a breach of Condition 4(b) (*Distribution and Capital Stopper*); and

(c) the date on which Distributions (including Arrears of Distribution and Additional Distribution Amounts, if applicable) become due under Condition 8(b)(i) (*Non-payment*) or when a final order is made or effective resolution is passed for the winding-up of the Issuer.

"**Record Date**" has the meaning provided in Condition 6(a)(ii) (*Method of payment*).

"**Relevant Date**" in respect of any Capital Security means whichever is the later of (i) the date on which any payment in respect of it first becomes due and (ii) if the full amount payable in respect of it has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Holders.

"**Relevant Reset Distribution Rate**" means the Swap Offer Rate with respect to the relevant Reset Date plus the Initial Spread plus the Step-Up Margin.

"**Reset Date**" means the Step-up Date and each date falling every 10 years after the Step-up Date.

"**Senior Creditors**" means, with respect to the Issuer, all creditors of the Issuer other than the Trustee (in respect of the principal of and Distributions (including Arrears of Distributions and Additional Distribution Amounts) on and other amounts in respect of the Capital Securities), the Holders, any Parity Creditors of the Issuer and the holders of the Junior Obligations.

"**SGX-ST**" has the meaning provided in Condition 14 (*Notices*).

"**Step-up Date**" means 1 March 2022.

"**Step-Up Margin**" means one per cent.

"**Subsidiaries**" has the meaning provided in the Trust Deed.

"**Swap Offer Rate**" means the rate in per cent. per annum notified by the Calculation Agent to the Issuer and the Holders (in accordance with Condition 14 (*Notices*)) equal to the relevant synthetic rate for deposits in Singapore dollars for a maturity of 10 years which appears on Bloomberg Screen ABSI3 Page published between 11.30am to 12.00 noon (Singapore time) on the day that is two business days preceding the relevant Reset Date. If such rate does not appear on the Bloomberg Screen ABSI3 Page, the rate for that Reset Date will be any substitute rate announced by the Association of Banks in Singapore, provided that, in each case, in the event such rate is zero or negative, the Swap Offer Rate shall be deemed to be zero per cent. per annum.

"**winding-up**" means, in relation to the Issuer, bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer.

SUMMARY OF PROVISIONS RELATING TO THE CAPITAL SECURITIES WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Capital Securities while they are in global form, some of which modify the effect of the terms and conditions of the Capital Securities set out in this Information Memorandum. The following is a summary of certain of those provisions:

Exchange

Subject to the provisions of the Global Certificate, owners of interests in the Capital Securities in respect of which the Global Certificate is issued will be entitled to have title to the Capital Securities registered in their names and to receive individual definitive Certificates if: (i) an Enforcement Event (as defined in the Trust Deed) occurs and is continuing, (ii) the Depository has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (iii) the Depository has announced an intention to permanently cease business and no alternative clearing system is available or (iv) the Depository has notified the Issuer that it is unable or unwilling to act as depository for the Capital Securities and to continue performing its duties set out in the Master Depository Services Agreement (as defined in the Trust Deed) and no alternative clearing system is available.

In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Capital Securities. A person with an interest in the Capital Securities in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Meetings

The holder of the Global Certificate or any proxy or representative appointed by it will be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any meeting of Holders, the holder of the Global Certificate shall be treated as being entitled to one vote in respect of each S$1,000 in principal amount of Capital Securities for which the Global Certificate is issued. The Trustee may allow a person with an interest in Capital Securities in respect of which the Global Certificate has been issued to attend and speak at a meeting of Holders on appropriate proof of his identity and interest.

Cancellation

Cancellation of any Capital Security by the Issuer following its redemption or purchase will be effected by a reduction in the principal amount of the Capital Securities in the register of Holders.

Trustee's Powers

In considering the interests of Holders while the Global Certificate is registered in the name the Depository, the Trustee may, without being obliged to do so, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to Capital Securities and may consider such interests as if such accountholders were the holders of the Capital Securities in respect of which the Global Certificate is issued.

Payment

Payments of principal and Distributions in respect of Capital Securities represented by the Global Certificate will be made without presentation or, if no further payment is to be made in respect of the Capital Securities, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Holders for such purpose.

All payments made in respect of Capital Securities represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth business day before the due date for payment.

Notices

So long as the Capital Securities are represented by the Global Certificate and the Global Certificate is issued in the name of the Depository, notices to Holders will only be valid if despatched by prepaid registered post (by airmail if to another country) to persons who are for the time being shown in the records of the Depository as the holders of the Capital Securities or if the rules of the Depository so permit, delivered to the Depository for communication by it to the Holders, except that if the Capital Securities are listed on the SGX-ST and the rules of the SGX-ST so require, notice will in any event be published on the website of the SGX-ST at http://www.sgx.com. Any such notice shall be deemed to have been given to the Holders on the fourth day after the date of despatch to the holders of Capital Securities or, as the case may be, on the fourth day after the date of delivery of the notice to the Depository.

Transfers

Transfers of interests in the Capital Securities will be effected through the records of the Depository and its participants in accordance with the rules and procedures of the Depository and their respective direct and indirect participants.

CLEARANCE AND SETTLEMENT

Introduction

Clearance of the Capital Securities will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by the Depository.

The Depository, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. The Depository holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with the Depository.

Clearance and Settlement under the Depository System

The entire issue of the Capital Securities is to be held by the Depository in the form of the Global Certificate for persons holding the Capital Securities in securities accounts with the Depository ("**Depositors**"). Delivery and transfer of Capital Securities between Depositors is by electronic book-entries in records of the Depository only, as reflected in the securities accounts of Depositors. Although the Depository encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Capital Securities through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by the Depository under the Companies Act, Chapter 50 of Singapore to maintain securities sub-accounts and to hold the Capital Securities in such securities sub-accounts for themselves and their clients. Accordingly, Capital Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Capital Securities in direct securities accounts with the Depository, and who wish to trade Capital Securities through the Depository System, must transfer the Capital Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

General

The Depository is not involved in money settlement between Depository Agents (or any other persons) as the Depository is not a counterparty in the settlement of trades of debt securities. However, the Depository will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although the Depository has established procedures to facilitate transfer of interests in the Capital Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent, the Registrar or any other agent will have the responsibility for the performance by the Depository of its obligations under the rules and procedures governing its operations.

TAXATION

The discussion herein is not intended to constitute a complete analysis of all tax consequences relating to ownership of the Capital Securities and the tax treatment described herein is subject to the agreement of IRAS. Prospective purchasers of the Capital Securities should consult their own tax advisers concerning the tax consequences of their particular situations as well as any consequences of the purchase, ownership and disposition of the Capital Securities arising under the laws of any other taxing jurisdictions. This description is based on current laws, regulations and interpretations. These laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of the Capital Securities. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

Singapore Taxation

The statements made herein regarding taxation are general in nature and are based on certain aspects of current tax laws in Singapore, and administrative guidelines issued by the Monetary Authority of Singapore ("**MAS**") in force as at the date of this Information Memorandum. They are subject to changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. The following is a summary of the material Singapore tax consequences to a holder of the Capital Securities. Neither these statements nor any other statements in this Information Memorandum are to be regarded as advice on the tax position of any holder of the Capital Securities or of any person acquiring, selling or otherwise dealing with the Capital Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Capital Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Capital Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have granted the relevant Financial Sector Incentive tax incentives) may be subject to special rules or tax rates. It is emphasised that neither the Issuer, any Joint Lead Manager nor any other persons involved in the Issue accepts responsibility for any tax effects or liabilities resulting from the purchase, holding or disposal of the Capital Securities.

Recognition of the Capital Securities for Singapore income tax purposes

The Capital Securities are legally regarded as a debt instrument. The Singapore income tax treatment should be aligned with its legal form and accordingly regarded as a debt instrument for tax purposes. Distributions (including Arrears of Distributions and any Additional Distribution Amounts) made by the Issuer under the Capital Securities (to the extent that it does not include any capital component and is economically akin to interest) shall be regarded as interest for Singapore income tax purposes. This is subject to the agreement of IRAS. The Issuer has been advised by its tax advisers that the Capital Securities should be treated as debt securities for Singapore income tax purposes.

In the event IRAS regards the Capital Securities as an equity instrument, Distributions (including Arrears of Distribution) from the Capital Securities should be regarded as dividend for Singapore income tax purposes. Under such circumstances, no tax deduction shall be allowed to the Issuer on the Distributions (including Arrears of Distribution and Additional Distribution Amounts) arising from the Capital Securities issue. From a Holder's perspective, the Distributions (or Arrears of Distribution where applicable) declared by the Issuer (a tax resident company) should be regarded as a 1-Tier tax exempt dividend and shall be exempted from Singapore income tax in the hands of the investors. Notwithstanding the foregoing, the Additional Distribution Amounts shall still be regarded as interest for Singapore income tax purposes and taxable at the applicable tax rates. In this case Additional Distribution Amounts made to persons not known to be resident in Singapore for tax purposes would be subject withholding tax in Singapore. The withholding tax rate applicable on such payments made to non-resident persons (other than non-resident individuals) is the normal corporate tax rate, which as at the date of this Information Memorandum is 17 per cent. For non-resident individuals, the applicable rate is 20 per cent. The withholding tax rate will be reduced to 15 per cent. if such payment is derived by a person not resident in Singapore from sources other than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and which is not effectively connected with any permanent establishment in Singapore of that person. The rate of 15 per cent. may be reduced by applicable tax treaties concluded by Singapore. In addition, the tax concession/exemption for qualifying debt securities may not be available if the IRAS regards the Capital Securities as an equity instrument for Singapore income tax purposes.

For the purpose of the discussion below, any reference to the term "interest" shall be construed to mean the Distribution (including Arrears of Distributions and any Additional Distribution Amounts) payments from the Capital Securities.

Interest and Other Payments

Under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is:

 (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore, except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore; or

 (ii) deductible against any income accruing in or derived from Singapore; or

(b) income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to persons not known to the paying party to be a resident in Singapore for tax purposes, are subject to withholding tax in Singapore under the provisions of Section 45 or Section 45A of the ITA. The withholding tax rate applicable on such payments to non-resident persons (other than non-resident individuals) is 17.0 per cent. with effect from Year of Assessment 2010. For non-resident individuals, the applicable rate is 20 per cent. The withholding tax rate will be reduced to 15.0 per cent. if such payment is derived by a person not resident in Singapore from sources other than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and which is not effectively connected with any permanent establishment in Singapore of that person. The rate of 15.0 per cent. may be reduced by applicable tax treaties concluded by Singapore.

Notwithstanding the above, the following investment income derived from Singapore by any individual from financial instruments is exempt from tax:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

Qualifying Debt Securities

In addition, subject to certain prescribed conditions being fulfilled, the Capital Securities, which are jointly lead-managed by DBS Bank Ltd., J.P. Morgan (S.E.A.) Limited and UBS AG, Singapore Branch, each of which is a Financial Sector Incentive—Bond Market Company (for the purposes of the ITA) and are issued before 31 December 2013, shall qualify as "qualifying debt securities" for the purposes of the ITA.

On the premise that the IRAS accepts the Capital Securities as a debt instrument for Singapore income tax purposes and the instrument satisfies all requisite conditions (as listed below) to qualify as qualifying debt securities, the following tax treatments will therefore apply:

(a) interest, discount, prepayment fee, redemption premium or break cost (collectively referred to as "**qualifying income**") from such Capital Securities, derived by a holder who is not resident in Singapore and

 (i) who does not have any permanent establishment in Singapore; or

 (ii) who carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire such Capital Securities are not obtained from such person's operation through a permanent establishment in Singapore,

 is exempt from Singapore income tax. Where qualifying income is derived from the Capital Securities by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption will not apply if such person acquires the Capital Securities using funds from its Singapore operations;

(b) qualifying income on such Capital Securities derived by any company or body of persons (as defined in the ITA) in Singapore (other than companies accorded the Financial Sector Incentive—Standard Tier ("**FSI-ST**" award) Company Award is subject to tax at a concessionary rate of 10.0 per cent. Qualifying income derived by companies accorded the FSI-ST award is subject to tax at a concessionary rate of 12.0 per cent.; and

(c) qualifying income derived from the Capital Securities is not subject to Singapore withholding of tax.

The above tax treatments are subject to the following conditions:

(a) the submission by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, a return on debt securities for the Capital Securities within such period as the Comptroller may specify and such other particulars in connection with the Capital Securities as the Comptroller may require, to the Comptroller and the MAS; and

(b) the inclusion by the Issuer, in all offering documents a statement to the effect that:–

 - where qualifying income is derived from any qualifying debt securities by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption will not apply if such person acquires such securities using funds from Singapore operations; and

 - where the qualifying income is not exempt from tax, the person deriving the qualifying income must include such income in his Singapore tax returns.

The term “**offering documents**” means the prospectuses, offering circulars, information memoranda, pricing supplements or other documents issued to investors in connection with an issue of securities.

However, notwithstanding the foregoing:

(a) if during the primary launch of the Capital Securities, the Capital Securities are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Capital Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Capital Securities would not (unless otherwise approved by the Minister of Finance or such person as he may appoint) qualify as qualifying debt securities; and

(b) even though the Capital Securities are qualifying debt securities at the time of issue, if at any time during the tenure of such Capital Securities, 50.0 per cent. or more of the issue of such Capital Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the qualifying income derived by:

    (i) any related party of the Issuer; or

    (ii) any other person where the funds used by such person to acquire the Capital Securities are obtained, directly or indirectly, from any related party of the Issuer,

    shall not be eligible for the tax exemption or the concessionary rate of tax as described above.

The term “related party,” in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in Section 13(16) of the ITA as follows:–

“**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“**prepayment fee**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“**redemption premium**”, in relation to debt securities and qualifying debt securities, means premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

Notwithstanding that the Issuer is permitted to pay the qualifying income in respect of the Capital Securities qualifying as qualifying debt securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose qualifying income derived from such Capital Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

Gains on Disposal of Capital Securities

There is no capital gains tax in Singapore. Accordingly, any gains derived from a sale of the Capital Securities which are in the nature of capital will not be taxable in Singapore. However, any gains derived by any person from the sale of Capital Securities from any trade, business, profession or vocation carried on by that person, and where such gains are accrued in or derived from Singapore, may be taxable as such gains are generally considered to be revenue in nature.

Holders of the Capital Securities who have adopted Financial Reporting Standard 39 ("**FRS 39**"), may for Singapore income tax purposes, be required to recognise any gains or losses (not being gains or losses in the nature of capital) on the Capital Securities, irrespective of disposal, in accordance with FRS 39. Please see section below on "*Adoption of FRS 39 Treatment for Singapore Income Tax Purposes.*"

Adoption of FRS 39—Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore issued a circular entitled "Income Tax Implications arising from the adoption of Financial Reporting Standard 39— Financial Instruments: Recognition and Measurement" (the "**Circular**") on 30 December 2005 and last revised on 22 March 2010. Amendments have been enacted to the ITA to give effect to the Circular (the "**FRS 39 tax treatment**").

The Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Capital Securities who may be subject to the FRS 39 tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax treatment consequences of their acquisition, holding or disposal of the Capital Securities.

Singapore Stamp Duty

Singapore stamp duty may be payable on the instrument of transfer of stocks of Singapore companies at the rate of S$0.20 per S$100 or part thereof computed on the amount or value of consideration. The amount or value of consideration is the actual consideration or market value of the stocks, whichever is higher.

Stamp duty is not payable on the issuance of stock or shares of Singapore companies and for the electronic transfers of securities through the scripless trading system operated by the Depository.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with DBS Bank Ltd., J.P. Morgan (S.E.A.) Limited and UBS AG, Singapore Branch (together, the "**Joint Lead Managers**") dated 22 February 2012 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to sell to the Joint Lead Managers, and the Joint Lead Managers agreed, severally but not jointly, to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Capital Securities. Any subsequent sale of the Capital Securities to investors may be at a price different from the Issue Price.

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Capital Securities. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of their business.

The Joint Lead Managers or certain of their affiliates may purchase the Capital Securities and be allocated the Capital Securities for asset management and/or proprietary purposes but not with a view to distribution.

The Joint Lead Managers or their respective affiliates may purchase the Capital Securities for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Capital Securities and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Capital Securities or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Capital Securities to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be purchasers of the Capital Securities).

The distribution of this Information Memorandum or any offering material and the offering, sale or delivery of the Capital Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Information Memorandum or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Information Memorandum may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been or will be taken in any jurisdiction by the Issuer or any Joint Lead Manager that would, or is intended to, permit a public offering of the Capital Securities, or possession or distribution of this Information Memorandum or any other offering or publicity material relating to the Capital Securities, in any country or jurisdiction where action for that purpose is required.

United States

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Capital Securities are being offered and sold outside the United States in reliance upon Regulation S under the Securities Act ("**Regulation S**"). Each Joint Lead Manager has represented and warranted that it has not offered or sold, and has agreed that it will not offer or sell, any Capital Securities constituting part of its allotment except in offshore transactions (as defined in Regulation S) in accordance with Rule 903 of Regulation S. Accordingly, neither it nor its affiliates or any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Capital Securities.

Until 40 days after the commencement of the offering of the Capital Securities, an offer or sale of the Capital Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Capital Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Capital Securities in, from or otherwise involving the United Kingdom.

Switzerland

Neither this Information Memorandum nor any documents relating to the Capital Securities constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations. The Capital Securities will not be listed on the SIX Swiss Exchange any other stock exchange or regulated trading facility in Switzerland. Consequently, the information presented in this Information Memorandum or any other document relating to the Capital Securities does not necessarily comply with the information standards set in the listing rules of the SIX Swiss Exchange. Accordingly, the Capital Securities have not been and may not be offered to the public in Switzerland, as such term is interpreted under the Swiss Code of Obligations. In addition, the Capital Securities do not constitute a participation in a collective investment scheme in the meaning of the Swiss Federal Act on Collective Investment Schemes and they are subject to neither approval nor supervision by the Swiss Financial Market Supervisory Authority.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Capital Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the

Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Capital Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Capital Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Capital Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Capital Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Joint Lead Manager has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Capital Securities or caused the Capital Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell the Capital Securities or cause the Capital Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Capital Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Capital Securities pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

GENERAL INFORMATION

(1) The Issuer is incorporated in Singapore under the Companies Act, Chapter 50 of Singapore as a public company limited by shares and its registration number is 199504676H. The registered office of the Issuer is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

(2) The terms of the offering and the issue of the Capital Securities will be approved by resolutions of the Directors of the Issuer to be passed on or before the Issue Date.

(3) Approval in-principle has been received from the SGX-ST for the listing and quotation of the Capital Securities on the Official List of the SGX-ST. Approval in-principle for the listing of the Capital Securities is not to be taken as an indication of the merits of the Capital Securities, the Issuer and/or its subsidiaries.

(4) Copies of the Memorandum and Articles of Association of the Issuer and copies of the Trust Deed and the Agency Agreement will be available for inspection during usual business hours on any weekday (except Saturdays, Sundays and public holidays) at the Issuer's registered office for so long as any of the Capital Securities are outstanding.

(5) The International Securities Identification Number for the Capital Securities is SG6T26979516.

(6) The Issuer will on or before the Issue Date obtain all consents, approvals and authorisations in Singapore required in connection with the issue and performance of the Capital Securities.

(7) Except as disclosed in this Information Memorandum up to date hereof, there has been no significant change in the financial position of the Issuer since 30 June 2011 and no material adverse change in the financial position of the Issuer since 30 June 2011.

(8) The Issuer is not involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Capital Securities nor, so far as the Issuer is aware, is any such litigation or arbitration pending or threatened.

(9) Copies of the Agency Agreement and the Trust Deed and the published financial statements of the Issuer will be available at the specified offices of the Trustee and each of the Paying Agents during normal business hours, so long as any of the Capital Securities are outstanding.

(10) Ernst & Young LLP has audited and rendered an unqualified audit report on the Group's consolidated financial statements as at and for the year ended 30 June 2011 and have given and not withdrawn their consent to the issue of this document with the inclusion in it, where relevant, of references to them and their report in the form and context in which they are included.

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INDEX TO FINANCIAL STATEMENTS

OLAM INTERNATIONAL LIMITED

Financial Statements for the Second Quarter and Half Year Ended 31 December 2011

PART I: **Information required for announcements of Quarterly (Q1, Q2, Q3 & Q4), Half-Year and Full Year Results.**

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Profit & Loss Statement – First Half FY2012: Group

(in S$'000)	Group Six Months Ended			Group Three Months Ended		
	31 Dec 11	**31 Dec 10**	**% change**	**31 Dec 11**	**31 Dec 10**	**% change**
Revenue - Sale of goods & services	7,716,428	6,495,958	**18.8%**	4,487,065	4,042,108	**11.0%**
Other income	19,119	61,274		9,285	54,311	
	7,735,547	**6,557,232**	**18.0%**	**4,496,350**	**4,096,419**	**9.8%**
Costs and expenses						
Cost of goods sold	(6,266,577)	(5,302,203)		(3,667,171)	(3,337,308)	
Shipping and logistics	(640,769)	(539,563)		(375,914)	(345,122)	
Commission and claims	(59,723)	(68,505)		(30,021)	(39,915)	
Net gain from changes in fair value of biological assets	34,030	27,187		34,030	27,187	
Employee benefit expenses	(171,480)	(163,144)		(86,139)	(97,501)	
Depreciation	(62,417)	(36,210)		(26,581)	(17,790)	
Net measurement of derivative instruments	3,416	13,360		2,870	12,324	
Other operating expenses	(176,197)	(134,908)		(91,293)	(60,278)	
Finance costs	(194,870)	(161,055)		(96,390)	(78,546)	
	(7,534,587)	(6,365,041)		(4,336,609)	(3,936,949)	
Share of results from jointly controlled entities / associates	2,999	4,396		4,749	1,492	
	(7,531,588)	(6,360,645)	**18.4%**	(4,331,860)	(3,935,457)	**10.1%**
Profit before taxation	203,959	196,587	**3.7%**	164,490	160,962	**2.2%**
Taxation	(17,195)	(21,087)		(11,020)	(15,151)	
Profit for the period	**186,764**	**175,500**	**6.4%**	**153,470**	**145,811**	**5.3%**
Attributable to:						
Equity holders of the Company	162,725	175,168	**-7.1%**	128,503	145,441	**-11.6%**
Non-controlling interests	24,039	332		24,967	370	
	186,764	**175,500**		**153,470**	**145,811**	

1(a)(ii) A statement of comprehensive income for the ("Group") - Olam International Limited ("Company") and its subsidiaries together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income – First Half FY2012: Group

(in S$'000)	Group		Group	
	Six Months Ended		Three Months Ended	
	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10
Profit for the period	**186,764**	**175,500**	**153,470**	**145,811**
Other Comprehensive Income:				
Net gain / (loss) on fair value changes during the period	72,622	(244,267)	(75,896)	(92,342)
Recognised in the profit and loss account on occurrence of hedged transactions	186,995	196,366	101,243	(29,433)
Foreign currency translation adjustment	139,246	(92,511)	(41,003)	(40,532)
Other comprehensive income	**398,863**	**(140,412)**	**(15,656)**	**(162,307)**
Total Comprehensive Income	**585,627**	**35,088**	**137,814**	**(16,496)**
Attributable to:				
Equity holders of the Company	551,306	34,756	103,539	(16,866)
Non-controlling interests	34,321	332	34,275	370
	585,627	**35,088**	**137,814**	**(16,496)**

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

(in S$'000)	Group		Company	
	31 Dec 11	**30 Jun 11**	**31 Dec 11**	**30 Jun 11**
Non-current assets				
Property, plant and equipment	1,825,645	1,576,715	2,720	2,279
Intangible assets	481,555	485,938	27,240	24,050
Biological assets	426,692	453,168	-	-
Investment in subsidiary companies	-	-	987,373	810,805
Interests in jointly controlled entities and associates	438,516	411,819	374,078	353,847
Deferred tax assets	32,084	43,053	-	8,542
Other non-current assets	1,527	10,004	-	-
	3,206,019	**2,980,697**	**1,391,411**	**1,199,523**
Current assets				
Amounts due from subsidiary companies	-	-	1,937,515	1,945,035
Trade receivables	1,450,545	1,595,446	476,169	446,340
Margin accounts with brokers	33,898	457,133	18,297	444,978
Inventories	4,569,519	3,584,144	1,118,320	648,073
Advance payments to suppliers	278,097	222,207	95,684	65,060
Advance payments to subsidiary companies	-	-	1,639,165	1,215,058
Cash and short-term fixed deposits	1,154,607	872,247	610,545	502,050
Derivative financial instruments	1,567,053	2,310,144	1,099,313	1,499,233
Other current assets	775,951	558,118	104,467	65,610
	9,829,670	**9,599,439**	**7,099,475**	**6,831,437**
Current liabilities				
Trade payables and accruals	(853,182)	(1,095,603)	(275,850)	(378,328)
Borrowings	(2,746,483)	(3,610,043)	(933,998)	(1,936,127)
Derivative financial instruments	(1,114,485)	(2,287,250)	(1,058,897)	(2,026,427)
Provision for taxation	(48,661)	(24,762)	(8,885)	(15,608)
Other current liabilities	(102,973)	(112,306)	(52,283)	(56,371)
	(4,865,784)	**(7,129,964)**	**(2,329,913)**	**(4,412,861)**
Net current assets	4,963,886	2,469,475	4,769,562	2,418,576
Non-current liabilities				
Deferred tax liabilities	(160,642)	(177,283)	(4,304)	-
Borrowings	(4,737,693)	(2,970,527)	(3,582,661)	(1,829,569)
	(4,898,335)	**(3,147,810)**	**(3,586,965)**	**(1,829,569)**
Net assets	**3,271,570**	**2,302,362**	**2,574,008**	**1,788,530**
Equity attributable to equity holders of the Company				
Share capital	2,077,038	1,577,110	2,077,038	1,577,110
Reserves	1,103,191	668,232	496,970	211,420
	3,180,229	2,245,342	2,574,008	1,788,530
Non-controlling interests	91,341	57,020	-	-
Total equity	**3,271,570**	**2,302,362**	**2,574,008**	**1,788,530**

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amounts repayable in one year or less or on demand

	31 Dec 11		30 Jun 11	
	Secured (in S$'000)	Unsecured (in S$'000)	Secured (in S$'000)	Unsecured (in S$'000)
Overdrafts	-	264,169	-	437,169
Loans	-	2,331,031	32,932	2,939,074
Medium Term Notes	-	149,999	-	199,443
Finance Lease	-	1,284	-	1,425
Total	**-**	**2,746,483**	**32,932**	**3,577,111**

Amounts repayable after one year

	31 Dec 11		30 Jun 11	
	Secured (in S$'000)	Unsecured (in S$'000)	Secured (in S$'000)	Unsecured (in S$'000)
Medium / Long Term Loans	-	3,138,543	-	1,713,918
Medium Term Notes	-	599,999	-	349,717
Bonds	-	976,900	-	885,336
Finance Lease	-	22,251	-	21,556
Total	**-**	**4,737,693**	**-**	**2,970,527**

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year is as follows:

(in S$'000)	Group Six Months Ended 31 Dec 11	 31 Dec 10	Group Three Months Ended 31 Dec 11	 31 Dec 10
Cash flow from operating activities				
Profit before taxation	**203,959**	**196,587**	**164,490**	**160,962**
Adjustments for:				
Amortisation of intangible assets and depreciation of property, plant and equipment	72,280	38,072	32,812	19,359
Cost of share-based payment	8,834	14,565	4,406	6,085
Fair value of biological assets	(34,030)	(27,186)	(34,030)	(27,186)
Loss on disposal of property, plant and equipment	4,113	2,440	3,847	2,246
Interest income	(7,568)	(11,928)	(1,090)	(8,243)
Interest expense	194,870	161,055	96,390	78,546
Net measurement of derivative instruments	(3,416)	(13,360)	(2,870)	(12,324)
Negative goodwill arising from acquisition of subsidiaries / assets	-	(36,450)	-	(36,450)
Share of results from jointly controlled entities and associates	(2,999)	(4,396)	(4,749)	(1,492)
Operating cash flow before reinvestment in working capital	**436,043**	**319,399**	**259,206**	**181,503**
Increase in inventories	(986,070)	(870,249)	(362,090)	(615,280)
(Increase) / decrease in receivables and other current assets	(151,584)	(189,882)	(319,652)	152,411
Increase in advance payments to suppliers	(68,131)	(188,621)	(48,023)	(105,685)
Decrease / (increase) in margin account with brokers	223,051	(455,982)	197,239	(460,114)
(Decrease) / increase in payables and other current liabilities	(85,366)	(3,219)	24,222	(41,424)
Cash flow used in operations	**(632,057)**	**(1,388,554)**	**(249,098)**	**(888,589)**
Interest income received	7,568	11,928	1,090	8,243
Interest expense paid	(135,339)	(133,949)	(42,410)	(40,200)
Tax paid	(6,703)	(25,414)	(704)	(21,283)
Net cash flow used in operating activities	**(766,531)**	**(1,535,989)**	**(291,122)**	**(941,829)**
Cash flow from investing activities				
Proceeds from disposal of property, plant and equipment	1,957	8,773	434	8,353
Purchase of property, plant and equipment	(242,423)	(259,708)	(141,814)	(82,986)
Purchase of intangibles assets	(4,945)	-	(1,876)	-
Acquisition of subsidiaries / assets, net of cash acquired	(9,585)	(113,996)	(9,585)	(113,996)
Long term investment	-	17,205	-	115,816
Net cash flow used in investing activities	**(254,996)**	**(347,726)**	**(152,841)**	**(72,813)**
Cash flow from financing activities				
Dividends paid on ordinary shares by the Company	(125,181)	(53,139)	(125,181)	(53,139)
Proceeds from borrowings, net	1,078,173	1,581,675	499,054	1,136,048
Proceeds from issuance of shares on exercise of share options	9,708	15,180	408	3,082
Proceeds from issuance of bonds	-	328,750	-	-
Proceeds from issuance of shares for cash	490,220	-	(1,215)	-
Net cash flow from financing activities	**1,452,920**	**1,872,466**	**373,066**	**1,085,991**
Net effect of exchange rate changes on cash and cash equivalents	23,967	42,344	(3,435)	10,469
Net increase / (decrease) in cash and cash equivalents	**455,360**	**31,095**	**(74,332)**	**81,818**
Cash and cash equivalents at the beginning of the period	435,078	503,932	964,770	453,209
Cash and cash equivalents* at the end of the period	**890,438**	**535,027**	**890,438**	**535,027**

*Cash and cash equivalents include cash and bank balances, fixed deposits less overdrafts.

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

6 months Group	Attributable to owners of the Company								Non-Controlling Interests	Total Equity
	Share Capital	Capital Reserves	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	**Total**		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	**$'000**	**$'000**	**$'000**
At 31 December 2011:										
At 1 July 2011	**1,577,110**	**129,586**	**(378,825)**	**(322,749)**	**54,194**	**1,186,026**	**668,232**	**2,245,342**	**57,020**	**2,302,362**
Profit for the period	-	-	-	-	-	162,725	162,725	162,725	24,039	186,764
Other comprehensive income										
Net gain on fair value changes during the financial period	-	-	-	72,622	-	-	72,622	72,622	-	72,622
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	186,995	-	-	186,995	186,995	-	186,995
Foreign currency translation adjustment	-	-	128,964	-	-	-	128,964	128,964	10,282	139,246
Other comprehensive income for the financial period, net of tax	**-**	**-**	**128,964**	**259,617**	**-**	**-**	**388,581**	**388,581**	**10,282**	**398,863**
Total comprehensive income for the period	**-**	**-**	**128,964**	**259,617**	**-**	**162,725**	**551,306**	**551,306**	**34,321**	**585,627**
Contributions by and distributions to owners										
Issue of shares for cash	490,220	-	-	-	-	-	-	490,220	-	490,220
Issue of shares on exercise of share option	9,708	-	-	-	-	-	-	9,708	-	9,708
Share-based expense	-	-	-	-	8,834	-	8,834	8,834	-	8,834
Dividends on ordinary shares	-	-	-	-	-	(125,181)	(125,181)	(125,181)	-	(125,181)
Total contributions by and distributions to owners	**499,928**	**-**	**-**	**-**	**8,834**	**(125,181)**	**(116,347)**	**383,581**	**-**	**383,581**
At 31 December 2011	**2,077,038**	**129,586**	**(249,861)**	**(63,132)**	**63,028**	**1,223,570**	**1,103,191**	**3,180,229**	**91,341**	**3,271,570**

6 months Group	Attributable to owners of the Company								Non-Controlling Interests	Total Equity
	Share Capital	Capital Reserve	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	Total		
	$'000		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2010:										
At 1 July 2010	**1,201,581**	**145,688**	**(166,452)**	**(248,415)**	**30,203**	**809,324**	**570,348**	**1,771,929**	**(1,144)**	**1,770,785**
Profit for the period	-	-	-	-	-	175,168	175,168	175,168	332	175,500
Other comprehensive income										
Net gain on fair value changes during the financial period	-	-	-	(244,267)	-	-	(244,267)	(244,267)	-	(244,267)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	196,366	-	-	196,366	196,366	-	196,366
Foreign currency translation adjustment	-	-	(92,511)	-	-	-	(92,511)	(92,511)	-	(92,511)
Other comprehensive income for the financial period, net of tax	**-**	**-**	**(92,511)**	**(47,901)**	**-**	**-**	**(140,412)**	**(140,412)**	**-**	**(140,412)**
Total comprehensive income for the period	**-**	**-**	**(92,511)**	**(47,901)**	**-**	**175,168**	**34,756**	**34,756**	**332**	**35,088**
Contributions by and distributions to owners										
Issue of shares upon conversion of bonds	94,283	(15,811)	-	-	-	-	(15,811)	78,472	-	78,472
Issue of shares on exercise of share option	15,180	-	-	-	-	-	-	15,180	-	15,180
Share-based expense	-	-	-	-	14,565	-	14,565	14,565	-	14,565
Dividends on ordinary shares	-	-	-	-	-	(53,139)	(53,139)	(53,139)	-	(53,139)
Total contributions by and distributions to owners	**109,463**	**(15,811)**	**-**	**-**	**14,565**	**(53,139)**	**(54,385)**	**55,078**	**-**	**55,078**
Changes in ownership interests in subsidiaries										
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	42,033	42,033
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**42,033**	**42,033**
Total transactions with owners in their capacity as owners	**109,463**	**(15,811)**	**-**	**-**	**14,565**	**(53,139)**	**(54,385)**	**55,078**	**42,033**	**97,111**
At 31 December 2010	**1,311,044**	**129,877**	**(258,963)**	**(296,316)**	**44,768**	**931,353**	**550,719**	**1,861,763**	**41,221**	**1,902,984**

6 months Company	Attributable to owners of the Company							
	Share Capital $'000	Capital Reserves $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total Equity $'000**
At 31 December 2011:								
At 1 July 2011	**1,577,110**	**129,877**	**(290,938)**	**(323,267)**	**54,194**	**641,554**	**211,420**	**1,788,530**
Profit for the period	-	-	-	-	-	15,843	15,843	15,843
Other comprehensive income								
Net gain on fair value changes during the financial period	-	-	-	125,305	-	-	125,305	125,305
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	135,853	-	-	135,853	135,853
Foreign currency translation adjustment	-	-	124,896	-	-	-	124,896	124,896
Other comprehensive income for the financial period, net of tax	**-**	**-**	**124,896**	**261,158**	**-**	**-**	**386,054**	**386,054**
Total comprehensive income for the period	**-**	**-**	**124,896**	**261,158**	**-**	**15,843**	**401,897**	**401,897**
Contributions by and distributions to owners								
Issue of shares for cash	490,220	-	-	-	-	-	-	490,220
Issue of shares on exercise of share option	9,708	-	-	-	-	-	-	9,708
Share-based expense	-	-	-	-	8,834	-	8,834	8,834
Dividends on ordinary shares	-	-	-	-	-	(125,181)	(125,181)	(125,181)
Total contributions by and distributions to owners	**499,928**	**-**	**-**	**-**	**8,834**	**(125,181)**	**(116,347)**	**383,581**
Total transactions with owners in their capacity as owners	**499,928**	**-**	**-**	**-**	**8,834**	**(125,181)**	**(116,347)**	**383,581**
At 31 December 2011	**2,077,038**	**129,877**	**(166,042)**	**(62,109)**	**63,028**	**532,216**	**496,970**	**2,574,008**

6 months Company	Attributable to owners of the Company							
	Share Capital $'000	Capital Reserves $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total Equity $'000**
At 31 December 2010:								
At 1 July 2010	**1,201,581**	**145,688**	**(80,321)**	**(264,403)**	**30,203**	**523,623**	**354,790**	**1,556,371**
Profit for the period	-	-	-	-	-	8,172	8,172	8,172
Other comprehensive income								
Net gain on fair value changes during the financial period	-	-	-	(430,019)	-	-	(430,019)	(430,019)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	391,467	-	-	391,467	391,467
Foreign currency translation adjustment	-	-	(136,176)	-	-	-	(136,176)	(136,176)
Other comprehensive income for the financial period, net of tax	**-**	**-**	**(136,176)**	**(38,552)**	**-**	**-**	**(174,728)**	**(174,728)**
Total comprehensive income for the period	**-**	**-**	**(136,176)**	**(38,552)**	**-**	**8,172**	**(166,556)**	**(166,556)**
Contributions by and distributions to owners								
Issue of shares upon conversion of bonds	94,283	(15,811)	-	-	-	-	(15,811)	78,472
Issue of shares on exercise of share option	15,180	-	-	-	-	-	-	15,180
Share-based expense	-	-	-	-	14,565	-	14,565	14,565
Dividends on ordinary shares	-	-	-	-	-	(53,139)	(53,139)	(53,139)
Total contributions by and distributions to owners	**109,463**	**(15,811)**	**-**	**-**	**14,565**	**(53,139)**	**(54,385)**	**55,078**
Total transactions with owners in their capacity as owners	**109,463**	**(15,811)**	**-**	**-**	**14,565**	**(53,139)**	**(54,385)**	**55,078**
At 31 December 2010	**1,311,044**	**129,877**	**(216,497)**	**(302,955)**	**44,768**	**478,656**	**133,849**	**1,444,893**

3 months Group	Share Capital $'000	Capital Reserves $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total $'000**	**Non-Controlling Interests $'000**	**Total Equity $'000**
	Attributable to owners of the Company									
At 31 December 2011:										
At 1 October 2011	**2,077,845**	**129,586**	**(199,550)**	**(88,479)**	**58,622**	**1,220,248**	**1,120,427**	**3,198,272**	**57,066**	**3,255,338**
Profit for the period						128,503	128,503	128,503	24,967	153,470
Other comprehensive income										
Net gain on fair value changes during the financial period	-	-	-	(75,896)	-	-	(75,896)	(75,896)	-	(75,896)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	101,243	-	-	101,243	101,243	-	101,243
Foreign currency translation adjustment	-	-	(50,311)	-	-	-	(50,311)	(50,311)	9,308	(41,003)
Share of other comprehensive income of jointly controlled entities and associates	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the financial period, net of tax	**-**	**-**	**(50,311)**	**25,347**	**-**	**-**	**(24,964)**	**(24,964)**	**9,308**	**(15,656)**
Total comprehensive income for the period	**-**	**-**	**(50,311)**	**25,347**	**-**	**128,503**	**103,539**	**103,539**	**34,275**	**137,814**
Contributions by and distributions to owners										
Expenses on issue of shares for cash	(1,215)	-	-	-	-	-	-	(1,215)	-	(1,215)
Issue of shares on exercise of share option	408	-	-	-	-	-	-	408	-	408
Share-based expense	-	-	-	-	4,406	-	4,406	4,406	-	4,406
Dividends on ordinary shares	-	-	-	-	-	(125,181)	(125,181)	(125,181)	-	(125,181)
Total contributions by and distributions to owners	**(807)**	**-**	**-**	**-**	**4,406**	**(125,181)**	**(120,775)**	**(121,582)**	**-**	**(121,582)**
Total transactions with owners in their capacity as owners	**(807)**	**-**	**-**	**-**	**4,406**	**(125,181)**	**(120,775)**	**(121,582)**	**-**	**(121,582)**
At 31 December 2011	**2,077,038**	**129,586**	**(249,861)**	**(63,132)**	**63,028**	**1,223,570**	**1,103,191**	**3,180,229**	**91,341**	**3,271,570**

3 months Group	Share Capital $'000	Capital Reserve $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total $'000**	**Non-Controlling Interests $'000**	**Total Equity $'000**
	Attributable to owners of the Company									
At 31 December 2010:										
At 1 October 2010	**1,307,280**	**129,877**	**(218,431)**	**(174,541)**	**38,683**	**839,051**	**614,639**	**1,921,919**	**(1,108)**	**1,920,811**
Profit for the period						145,441	145,441	145,441	370	145,811
Other comprehensive income										
Net gain on fair value changes during the financial period	-	-	-	(92,342)	-	-	(92,342)	(92,342)	-	(92,342)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	(29,433)	-	-	(29,433)	(29,433)	-	(29,433)
Foreign currency translation adjustment	-	-	(40,532)	-	-	-	(40,532)	(40,532)	-	(40,532)
Other comprehensive income for the financial period, net of tax	**-**	**-**	**(40,532)**	**(121,775)**	**-**	**-**	**(162,307)**	**(162,307)**	**-**	**(162,307)**
Total comprehensive income for the period	**-**	**-**	**(40,532)**	**(121,775)**	**-**	**145,441**	**(16,866)**	**(16,866)**	**370**	**(16,496)**
Contributions by and distributions to owners										
Issue of shares upon conversion of bonds	682	-	-	-	-	-	-	682	-	682
Issue of shares on exercise of share option	3,082	-	-	-	-	-	-	3,082	-	3,082
Share-based expense	-	-	-	-	6,085	-	6,085	6,085	-	6,085
Dividends on ordinary shares	-	-	-	-	-	(53,139)	(53,139)	(53,139)	-	(53,139)
Total contributions by and distributions to owners	**3,764**	**-**	**-**	**-**	**6,085**	**(53,139)**	**(47,054)**	**(43,290)**	**-**	**(43,290)**
Changes in ownership interests in subsidiaries										
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	**41,959**	**41,959**
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**41,959**	**41,959**
Total transactions with owners in their capacity as owners	**3,764**	**-**	**-**	**-**	**6,085**	**(53,139)**	**(47,054)**	**(43,290)**	**41,959**	**(1,331)**
At 31 December 2010	**1,311,044**	**129,877**	**(258,963)**	**(296,316)**	**44,768**	**931,353**	**550,719**	**1,861,763**	**41,221**	**1,902,984**

3 months Company	Share Capital $'000	Capital Reserves $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total Equity** **$'000**
	Attributable to owners of the Company							
At 31 December 2011:								
At 1 October 2011	**2,077,845**	**129,877**	**(144,795)**	**(89,109)**	**58,622**	**644,646**	**599,241**	**2,677,086**
Profit for the period						12,751	12,751	12,751
Other comprehensive income								
Net gain on fair value changes during the financial period	-	-	-	(35,506)	-	-	(35,506)	(35,506)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	62,506	-	-	62,506	62,506
Foreign currency translation adjustment	-	-	(21,247)	-	-	-	(21,247)	(21,247)
Other comprehensive income for the financial period, net of tax	**-**	**-**	**(21,247)**	**27,000**	**-**	**-**	**5,753**	**5,753**
Total comprehensive income for the period	**-**	**-**	**(21,247)**	**27,000**	**-**	**12,751**	**18,504**	**18,504**
Contributions by and distributions to owners								
Issue of shares for cash	(1,215)	-	-	-	-	-	-	(1,215)
Issue of shares on exercise of share option	408	-	-	-	-	-	-	408
Share-based expense	-	-	-	-	4,406	-	4,406	4,406
Dividends on ordinary shares	-	-	-	-	-	(125,181)	(125,181)	(125,181)
Total contributions by and distributions to owners	**(807)**	**-**	**-**	**-**	**4,406**	**(125,181)**	**(120,775)**	**(121,582)**
Total transactions with owners in their capacity as owners	**(807)**	**-**	**-**	**-**	**4,406**	**(125,181)**	**(120,775)**	**(121,582)**
At 31 December 2011	**2,077,038**	**129,877**	**(166,042)**	**(62,109)**	**63,028**	**532,216**	**496,970**	**2,574,008**

3 months Company	Share Capital $'000	Capital Reserves $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total Equity** **$'000**
	Attributable to owners of the Company							
At 31 December 2010:								
At 1 October 2010	**1,307,280**	**129,877**	**(180,880)**	**(183,598)**	**38,683**	**517,031**	**321,113**	**1,628,393**
Profit for the period						14,764	14,764	14,764
Other comprehensive income								
Net gain on fair value changes during the financial period	-	-	-	(510,824)	-	-	(510,824)	(510,824)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	391,467	-	-	391,467	391,467
Foreign currency translation adjustment	-	-	(35,617)	-	-	-	(35,617)	(35,617)
Other comprehensive income for the financial period, net of tax	**-**	**-**	**(35,617)**	**(119,357)**	**-**	**-**	**(154,974)**	**(154,974)**
Total comprehensive income for the period	**-**	**-**	**(35,617)**	**(119,357)**	**-**	**14,764**	**(140,210)**	**(140,210)**
Contributions by and distributions to owners								
Issue of shares upon conversion of bonds	682	-	-	-	-	-	-	682
Issue of shares on exercise of share option	3,082	-	-	-	-	-	-	3,082
Share-based expense	-	-	-	-	6,085	-	6,085	6,085
Dividends on ordinary shares	-	-	-	-	-	(53,139)	(53,139)	(53,139)
Total contributions by and distributions to owners	**3,764**	**-**	**-**	**-**	**6,085**	**(53,139)**	**(47,054)**	**(43,290)**
Total transactions with owners in their capacity as owners	**3,764**	**-**	**-**	**-**	**6,085**	**(53,139)**	**(47,054)**	**(43,290)**
At 31 December 2010	**1,311,044**	**129,877**	**(216,497)**	**(302,955)**	**44,768**	**478,656**	**133,849**	**1,444,893**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Oct - Dec 11	Oct - Dec 10
Issue of Shares upon conversion of Bonds	-	180,715
Issue of shares on exercise of share options	125,000	1,846,000

	Dec 11	Dec 10
Shares to be issued upon exercise of:		
Conversion right of convertible bonds	239,002,980	240,123,414
Share options	78,113,000	107,537,930
Total no. of shares	**317,115,980**	**347,661,344**

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Dec 11	Jun 11
Issued, fully paid share capital :		
Balance no. of shares as at the beginning of period / year	2,235,508,918	2,020,759,705
Issue of Shares for cash	191,700,951	94,408,000
Issue of Shares on conversion of Bonds	-	94,959,097
Issue of Shares on exercise of share options	15,200,000	25,382,116
Total no. of shares outstanding as at the end of period / year	**2,442,409,869**	**2,235,508,918**

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

N/A

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial statements presented above have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

N/A

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The adoption of the new and revised accounting standards that became applicable from 1 July 2011 did not result in substantial changes to the Group accounting policies, which are consistent with those used in the audited financial statements as at 30 June 2011.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the changes.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 30 June 2011 except for the adoption of new or revised FRS that are mandatory for financial years beginning on or after 1 July 2011. The adoption of these FRS has no significant impact to the Group.

6. Earnings per ordinary share of the Group for the current financial period reported and for the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Reported earnings per ordinary share#

	Group			
	Six Months Ended		Three Months Ended	
	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10
(a) Based on weighted average no. of shares (cents/share)	6.66	8.34	5.26	6.84
(b) Based on fully diluted basis (cents/share)	6.49	7.68	5.01	6.24
Weighted average no. of shares applicable to basic earnings per share	2,442,280,702	2,099,381,586	2,442,326,536	2,126,570,678
Weighted average no. of shares based on fully diluted basis	2,684,164,196	2,411,167,126	2,682,446,973	2,420,457,363

Operational earnings* per ordinary share#

Operational EPS	Group			
	Six Months Ended		Three Months Ended	
	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10
(a) Based on weighted average no. of shares (cents/share)	6.66	6.74	5.26	5.26
(b) Based on fully diluted basis (cents/share)	6.49	6.29	5.01	4.86

*Reported Earnings net of exceptional items (negative goodwill net of transaction costs)

#For EPS calculations as per FRS 33, outstanding shares have been multiplied using an "Adjustment Factor" calculated by taking the difference in the price at which Preferential Offering was made (S$ 2.61) and the price on the last day of exercise of entitlements (S$ 2.56) and as a result, prior year earnings per share figures have been adjusted.

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
(In cents per share)	As at 31 Dec 11	As at 30 Jun 11	As at 31 Dec 11	As at 30 Jun 11
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	110.50	78.70	104.28	78.93

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles increased from 114.88 cents/share in June 2011 to 132.80 cents/share in December 2011.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Introduction

Today, Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, with operations in 65 countries. As supply chain managers, we are engaged in the sourcing of a wide range of agricultural commodities from the producing countries and processing, warehousing, transporting, shipping, distributing and marketing of these products right up to the factory gate of our customers in the destination markets. We also manage risk at each stage of the supply chain. From our founding in 1989, the Company has evolved from a single country, single product trader to a multi-country, multi-product supply chain manager.

In that process of evolution and development, the Olam business model has grown both in depth as well as breadth, pursuing selected value chain adjacencies which both complement and enhance our core supply chain model.

The evolution of our business model over recent years has led us to develop new competencies as we have pursued our strategic goals, including the capabilities to identify, execute and integrate attractive acquisition opportunities in selected countries and within or adjacent to our core value chain activities. Successfully completed transactions have addressed opportunities in both the upstream (plantation and farming) and midstream (manufacturing/ processing) parts of the value chain.

Building on existing and new capabilities has included careful expansion upstream into plantation ownership and management (perennial crops), farming (annual crops), dairy farming and forest concessions management. These opportunities, both organic and inorganic, have been pursued in countries that have a comparative advantage to produce these commodities relatively better and at relatively lower costs on a sustainable basis. Pursuit of the more interesting opportunities in the upstream segment has led us to complete transactions in palm and rubber plantations in Africa, almond plantations in Australia, coffee plantation in Laos, peanut, soybean and corn farming in Argentina, rice farming in Nigeria and Mozambique, cotton farming in Mozambique, dairy farming in Uruguay and the development of tropical forest concessions in The Republic of Congo (ROC), Gabon and Mozambique.

Similarly, in the midstream part of the value chain, we have pursued initiatives in value added processing and manufacturing activities. We have invested in wheat milling in Nigeria and Ghana, sugar milling and refining in India and Indonesia, cocoa processing in Ivory Coast and Nigeria, tomato paste manufacturing in California, dehydrates manufacturing in USA and China, peanut ingredient manufacturing in USA, palm oil refining in the Ivory Coast, mechanical processing of cashews in Ivory Coast and Nigeria, cashew ingredients manufacturing in Vietnam and the USA, spice grinding in Vietnam and sawmilling in ROC and Gabon amongst others.

Another area covers the proposed manufacturing and distribution of fertiliser in Gabon, which will capitalize further on our extensive grower and supplier base in various producing countries.

In addition, Olam has diversified into two new businesses which build on latent assets and capabilities developed over the last 22 years:

i) The Commodity Financial Services business (CFS), which benefits from our deep understanding of both commodity and financial markets, as well as from our capabilities in and knowledge of leading-edge risk management practices; and

ii) Packaged Foods distribution in West Africa, building our own consumer brands in the food category, which capitalises on our intimate knowledge of African markets and operations, brands, and consumers. This downstream activity also builds on capabilities in the management of food supply chains and on the common distribution pipeline that we have built for related commodity products (including rice, sugar, wheat flour and dairy products) in West Africa.

Business Segmentation and Reporting

We organize the products into 4 reporting segments. In addition to the products, a 5th segment is reported for activities related to CFS. The segmental reporting is described below:

Business Segment	Products
Edible Nuts, Spices & Beans	Cashews Peanuts Almonds Hazelnuts Spices & Vegetable Ingredients Sesame Beans (Pulses, Lentils & Peas)
Confectionery & Beverage Ingredients	Cocoa Coffee Sheanuts
Food Staples & Packaged Foods	Rice Sugar Grains (Wheat, Barley, Corn, Soybean) Palm Products Dairy Products Packaged Foods
Industrial Raw Materials	Cotton Wool Wood Products Rubber Agri Inputs (Fertiliser) Special Economic Zone Project (SEZ)
Commodity Financial Services (CFS)	Market Making Risk Management Solutions Commodity Funds Management

Background to analysing our Financial Statements

Profitability

a. ***Inclusion of results of companies acquired by the Group***: The H1 FY2012 results include the consolidated results of tt Timber International (tt Timber), Britannia Food Ingredients Holdings Limited (BFIHL), Hemarus Industries Limited (HIL), Vallabhdas Kanji Limited (VKL), Trusty Foods Limited (TFL) and United Biscuits Limited (UBL), the acquisitions of which were completed after H1 FY2011. As a result of the financial impact of these acquisitions, the consolidated results for H1 FY2012 are not strictly comparable to the results of H1 FY2011.

b. ***Gross and Net Contribution:*** We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per ton of product supplied. For every transaction, we target a minimum dollar net contribution per ton of product supplied based on the investment, risks, complexities and value added services that we provide to our customers to meet their specific requirements. We are focused on enhancing these margins by providing value added services such as vendor managed inventory solutions (VMI), organic certification, traceability guarantees, fair trade produce certification (FTP), customised grades and quality, processed ingredients supply, proprietary market intelligence and risk management solutions.

   GC is calculated as the revenue from the sale of goods plus other income, less the cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commissions, net gain/ (loss) from changes in fair value of biological assets, net measurement of derivative instruments and share of gain/loss from jointly controlled entities/associates. For the purpose of determining Net Contribution, finance costs excluding interest on debt for fixed capital investments, net of interest income are deducted from the GC. For analysing the performance of the Group, the share of jointly controlled entities/associates has been included in the GC and NC. The proportionate share of volumes has also been included for calculation of GC and NC/ ton.

The computation for GC and NC, together with a comparative statement for the corresponding period of the immediately preceding financial year, is as under:

(in S$'000)	Group			Group		
	Six Months Ended			Three Months Ended		
	31 Dec 11	31 Dec 10	%change	31 Dec 11	31 Dec 10	%change
Total Revenue	**7,735,547**	**6,557,232**		**4,496,350**	**4,096,419**	
Add:						
- Share of results from jointly controlled entities / associates	2,999	4,396		4,749	1,492	
Less:						
- Interest income	(7,568)	(11,928)		(1,090)	(8,243)	
- Cost of goods sold, shipping and logistics, commissions and claims net gain / (loss) from changes in fair value of biological assets	(6,933,039)	(5,883,084)		(4,039,076)	(3,695,158)	
- Net measurement of derivative instruments, gain / (loss) on foreign exchange, bank charges	(25,732)	(6,867)		(1,897)	3,667	
- Negative goodwill on acquisitions, net of transaction costs	-	(33,603)		-	(33,603)	
- Non-controlling Interests	(24,039)	(332)		(24,967)	(370)	
Gross Contribution (GC)	**748,168**	**625,814**	**19.6%**	**434,069**	**364,204**	**19.2%**
GC per Ton	**165**	**160**	**3.2%**	**163**	**157**	**4.1%**
Less:						
- Net interest on working capital	(141,090)	(113,601)		(78,921)	(54,961)	
Net Contribution (NC)	**607,078**	**512,213**	**18.5%**	**355,148**	**309,243**	**14.8%**
NC per Ton	**134**	**131**	**2.3%**	**133**	**133**	**0.3%**

c. ***Volumes:*** Volume is one of the key drivers of our profitability. Given our integration and end-to-end supply chain capabilities, we seek to match the supply of our products with demand from our customers. The volume of agricultural products that we supply is largely within our control, and is a function of the strength of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries). There are no associated volumes for businesses like SEZ and CFSG.

d. ***Seasonality:*** The production of agricultural products is seasonal in nature. The seasonality of the products in our global portfolio depends on the location of the producing country. The harvesting season for most of the agricultural products for countries situated in the northern hemisphere generally falls between October and March. Countries in the southern hemisphere have harvesting seasons between April and September. It is also not unusual to experience both delays as well as early start to the harvesting seasons in these countries based on weather patterns in a particular year. In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmer's selling decisions; these are mainly a function of the farmer's view on prices and inventory holding capacity. The majority of our origins are located in the northern hemisphere. Consequently, our earnings tend to be relatively higher in the Second Half of the Financial Year (January to June) compared to the First Half of the Financial Year (July to December).

Based on this seasonality, we have observed the phasing and range of our earnings to be as follows:

Q1 July - Sept	Q2 Oct - Dec	**1st Half July – Dec**	Q3 Jan - March	Q4 Apr – June	**2nd Half Jan – June**
5 – 10%	25 – 30%	**30 – 40%**	35 – 40%	25 – 30%	**60 – 70%**

Statement of financial position and Cash Flow Statement

Working capital is deployed to fund inventories, trade and other receivables, margin accounts with brokers, advance payments to suppliers, trade payables and accruals. Working capital needs fluctuate constantly due to changes in the volume and prices of agricultural products. This may cause either an increase or decrease in funds allocated to operations. A large part (around 85%) of working capital is used to fund the liquid hedged inventories that meet four qualifying conditions:

1) *non-perishability* (all commodities in Olam's portfolio are non-perishable with a shelf life of minimum 2 years or above);

2) *limited obsolescence risk* (not easily substitutable or not likely to go out of style or fashion),

3) *hedged or sold forward* (no inventory value erosion risk as the inventory is hedged), and

4) *liquid* (can be converted into cash at short notice).

These inventories and secured receivables are therefore liquid assets and are regarded as near cash. Changes in working capital are therefore not permanent deployment of funds as this capital gets converted into cash when goods are delivered to customers or tendered on the Exchange and monies are collected.

Profit and Loss Statement

The Company is pleased to report a Net Profit After Tax of S$186.8 million for the six months ended 31 December 2011 ("H1 FY2012"), a growth of 6.4% compared to S$175.5 million achieved in H1 FY2011. Operational Profit for the period excluding exceptional items (negative goodwill, net of transaction costs) attributable to equity holders grew by 14.9% to S$162.7 million compared to S$141.6 million achieved in the previous corresponding period.

As mentioned during the Q1 FY2012 performance review, the difficult macroeconomic factors stemming from a growing and spreading sovereign debt crisis in Europe and the USA, a looming European banking and financial crisis, political gridlock, stalled growth in G7 countries with worrying prospects of a prolonged period of subpar growth, increased volatility across equity, bond and commodity markets and volatile and unstable currencies continue to have major impact on our industry. Our ability to deliver volume, revenue and earnings growth despite these tough conditions is a testament to the resilience of the Olam Model, including the benefits of being diversified across multiple agricultural commodities and countries and being selectively integrated in the value chain. The Company grew its sales volume by 15.8% in H1 FY2012 compared to H1 FY2011. In H1 FY2012, revenue grew by 18.8% to S$ 7.72 billion and NC grew by 18.5% to S$607.1 million. However, some of our businesses, particularly the Industrial Raw Material segment, have faced tough market conditions with heightened counterparty default risk, basis and currency volatility during H1 FY2012.

NC per ton has grown from S$131 per ton in H1 FY2011 to S$134 in H1 FY2012 (2.4% improvement in NC margin per ton). Margin growth, driven by both increased provision of value added services as well as selective integration across the value chain, accounted for 22% growth in overall NC, Volume growth accounted for the remaining 78% growth in NC.

The food category is made up of three segments including Edible Nuts, Spices and Beans, Confectionery and Beverage Ingredients, and Food Staples and Packaged Foods. These segments accounted for 77.6% of our revenue and 83.2% of our volumes in H1 FY2012. This category is relatively more recession resistant. Sales Volume for the Food category increased by 17.7% in H1 FY2012 compared to H1 FY2011. Net contribution (NC) for this segment increased by 32.1% in H1 FY2012 compared to H1 FY2011. NC per ton also increased by 12.2% to S$144 per ton in H1 FY2012 from S$128 per ton in H1 FY2011.

The Industrial Raw Materials segment includes four agri-commodities, namely Cotton and Wool (together, our Natural Fibres business), Rubber, Wood Products, fertiliser and the Special Economic Zone project in Gabon. This segment accounted for the remaining 22.4% of revenue and 16.8% of our volumes in H1 FY2012. This segment is relatively more recession sensitive and was adversely impacted during this quarter. While Wool, Rubber and the SEZ BUs performed well in this segment, Cotton and Wood Products BUs underperformed during this period due to weakening demand, falling prices, eroding basis and heightened counterparty risk during the quarter. Sales Volume for this segment grew by 7.4% in H1 FY2012 compared to H1 FY2011. Net Contribution for this segment decreased by 24.0% in H1 FY2012 compared to H1 FY2011; NC per ton declined by 29.3% to S$86 per ton from S$122 per ton in H1 FY2011.

Commodity Financial Services Business despite having positive NC of S$3.2 million for the quarter, under-performed compared to corresponding period in the previous year. There were very few quality arbitrage trade opportunities during H1 FY2012 and the CFS team decided to stay on the sidelines and remain on a risk-off mode throughout much of this period.

Business Segmental Analysis

The following table provides the segmental# breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for H1 FY2012:

Cumulative

	Sales Volume (in Metric Tons)		Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Dec 11**	**Dec 10**	**Dec 11**	**Dec 10**	**Dec 11**	**Dec 10**	**Dec 11**	**Dec 10**
Edible Nuts, Spices & Beans	640,690	560,695	1,143,568	1,014,836	174,255	126,785	152,402	111,847
Per ton (S$)					**272**	**226**	**238**	**199**
Confectionery & Beverage Ingredients	729,816	645,698	2,880,713	2,420,386	227,992	171,830	163,327	123,216
Per ton (S$)					**312**	**266**	**224**	**191**
Food Staples & Packaged Foods	2,390,470	1,989,513	1,962,496	1,624,676	250,477	192,216	225,490	174,768
Per ton (S$)					**105**	**97**	**94**	**88**
Industrial Raw Materials*	761,535	708,902	1,728,881	1,434,219	95,673	117,271	65,461	86,160
Per ton (S$)**					**126**	**165**	**86**	**122**
Commodity Financial Services**	-	-	770	1,841	(229)	17,712	398	16,222
Total	**4,522,511**	**3,904,808**	**7,716,428**	**6,495,958**	**748,168**	**625,814**	**607,078**	**512,213**
Per ton (S$)**					**165**	**160**	**134**	**131**

Quarter

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Dec 11**	**Dec 10**	**Dec 11**	**Dec 10**	**Dec 11**	**Dec 10**	**Dec 11**	**Dec 10**
Edible Nuts, Spices & Beans	274,652	232,867	624,344	589,517	85,352	61,631	72,524	56,661
Per ton (S$)					**311**	**265**	**264**	**243**
Confectionery & Beverage Ingredients	443,662	413,965	1,786,963	1,687,340	140,456	105,977	100,094	79,056
Per ton (S$)					**317**	**256**	**226**	**191**
Food Staples & Packaged Foods	1,493,233	1,254,650	1,013,577	903,368	159,158	119,955	144,312	112,301
Per ton (S$)					**107**	**96**	**97**	**90**
Industrial Raw Materials*	448,889	421,196	1,061,789	860,577	46,265	63,752	35,066	49,379
Per ton (S$)**					**103**	**151**	**78**	**117**
Commodity Financial Services**	-	-	392	1,306	2,838	12,889	3,152	11,846
Total	**2,660,436**	**2,322,678**	**4,487,065**	**4,042,108**	**434,069**	**364,204**	**355,148**	**309,243**
Per ton (S$)**					**163**	**157**	**133**	**133**

excluding non controlling interests
*Sales volume for Wood Products is measured in cubic meters.
**Calculated on results including service activities like SEZ, CFSG, which do not have associated volumes.

The **Edible Nuts, Spices & Beans segment** registered volume growth of 14.3%, revenue growth of 12.7%, GC growth of 37.4% and NC growth of 36.3% compared to H1 FY2011. NC per ton in this segment grew 19.3% from S$199 to S$238 . The Edible Nuts and Spices business continued to perform very well in H1 FY2012. In the Edible Nuts segment, the results from the commercial trials of the mechanical cashew processing initiatives in West Africa have been very encouraging. Both the factories in Ivory Coast and Nigeria are performing very well both in terms of productivity improvements and significant cost savings while maintaining the quality of output. The Almond crop development in Australia is progressing well with a record crop expected this season. Our project to build the Almond processing facility in Australia is tracking as per plan. The Hazelnut acquisition in Turkey (Progida) has been successfully completed and the integration of the company is underway. Our Peanut operations in the US, Argentina and South Africa are all doing better than our plans. The VKL spices acquisition was completed during this period and the integration of these operations into our Spices and Vegetable Ingredients (SVI) is progressing according to plan. As mentioned earlier, the Spices business and the tomato processing operations have been reorganized under one leadership structure and the integration is tracking well against our plans. Sesame has had a strong first half with broad based performance across all origins and markets on the back of a bigger crop and strong demand.

The **Confectionery & Beverage Ingredients segment** registered volume growth of 13.0%, 32.7% growth in GC and 32.6% growth in NC compared to H1 FY2011. More importantly, this segment grew its NC per ton by 17.2% from S$191 in H1 FY2011 to S$224 in H1 FY2012. The Cocoa business continues to do well. The procurement operations in West Africa has been on budget while we expect a short crop this year. Cocoa prices have also rallied on the expectation of a short crop this season. For the Coffee business, the Central Andean region has turned around and is expected to generate profits this year as compared to losses in the previous year. The procurement in the West African countries of Ivory Coast and Cameroon are progressing well. The Soluble Coffee factory in Vietnam has performed very well and is expected to be profitable this year. The project for expanding the capacity of the soluble coffee facility is on plan and on budget.

The **Food Staples & Packaged Foods segment** achieved volume growth of 20.2%, GC growth of 30.3% and NC growth of 29.0% compared to H1 FY2011. This strong volume growth was led by the Rice and the Grains businesses, with strong market share growth in the African markets. NC per ton grew by 7.4% from S$88 in H1 FY2011 to S$94 in H1 FY2012. The two key businesses that drove NC growth were Rice and Grains. We have successfully commissioned the wheat mill in Ghana and the same is undergoing trial production. The business continues to perform strongly across all parts of the value chain. As mentioned in the last quarter, the Dairy and Sugar businesses continue to face headwinds and their performance is expected to be below plan this year. The integration of the acquisitions in Ghana; namely, of Trusty Foods Ltd (TFL - a tomato paste canning facility) and United Biscuits Ltd (UBL - a PFB business) is progressing well. While UBL is expected to contribute to this year's earnings, TFL will be undergoing complete refurbishment and is expected to commence production only in Q1 of next financial year.

The **Industrial Raw Materials segment** saw volume growth of 7.4%, GC decline of 18.4% and NC decline of 24.0% compared to H1 FY2011. This segment constituted 16.8% of the Company's volumes, 22.4% of its revenues, 12.8% of its GC and 10.8% of its NC. NC per ton in this segment declined by 29.3% from S$122 in H1 FY2011 to S$86 in H1 FY2012. As mentioned earlier, this segment is sensitive to economic cycles and Cotton and Wood Products businesses continue to face strong headwinds in H1 FY2012. The Cotton businesses particularly our Australian and the US origination and marketing operations continue to underperform with the basis weakening considerably during this period. This has put further pressure on the margins leading to a decline in the NC per ton. The Wool, Rubber and the SEZ businesses in this segment have done well during H1 FY2012 and their prospects for the rest of FY2012 continue to be favourable. The SEZ business in particular has significantly outperformed during this period.

The **Commodity Financial Services (CFS) business** registered a NC of S$0.4 million in H1 FY2012 as compared to a NC of S$ 16.2 million during the first half in the previous year. Given the tough trading conditions in these markets, the CFSG team decided to adopt a "risk-off" stance and preferred to stay on the sidelines by reducing investment and risk capital for much of the period. While the business was profitable in the second quarter, the business team is cautiously scaling up the business as the markets stabilise. We continue to invest in long-term strategic initiatives in this business, including market making, risk management solutions and fund management.

Costs and Expenses

Q2 FY2012: Overhead expenses at S$199.2 million for Q2 FY2012 were 19.4% higher than the corresponding quarter in FY2011, mainly on account of increased overheads for recently acquired businesses in Q2 FY2012 compared to Q2 FY2011.

H1 FY2012: Overhead expenses at S$380.9 million for H1 FY2012 were 21.3% higher than H1 FY2011 for the same reasons as above.

Taxation

Q2 FY2012: Income Tax provisions have decreased to S$11.0 million for Q2 FY2012 as compared to S$15.2 million for Q2 FY2011.

H1 FY2012: Income Tax provisions have decreased to S$17.2 million for H1 FY2012 as compared to S$21.1 million for H1 FY2011 due to reduction of tax incidence in high tax jurisdictions.

Net profit after tax

Q2 FY2012: Net profit after tax increased by 5.3% to S$153.5 million for Q2 FY2012 from S$145.8 million in Q2 FY2011. Operational Profit for the period attributable to equity holders grew by 14.9% to S$128.5 million compared to S$111.8 million achieved in the previous corresponding period.

H1 FY2012: Net profit after tax increased by 6.4% to S$186.8 million for H1 FY2012 from S$175.5 million in H1 FY2011. Operational Profit for the period attributable to equity holders grew by 14.9% to S$162.7 million compared to S$141.6 million achieved in the previous corresponding period.

Statement of financial position & Cash Flow

During H1 FY2012, the industry continued to experience significant volatility in the prices of various commodities. The application of provisions under FRS39 affects equity and fair value of derivative financial instruments in the statement of financial position. Since we participate in this industry as supply chain managers and not as positional / directional traders, market volatility, as in past periods, has had limited impact on the profitability of the Group during the period.

Property, plant and equipment

During H1 FY2012, property, plant and equipment increased from S$1,576.7 million to S$1,825.6 million. The increase of S$248.9 million was mainly on account of capex investments in farming in the USA, wheat mill in Ghana, Palm plantation in Gabon.

Current Assets

Debtors Analysis

Debtor days as at 31 December 2011 increased to 34 days as compared to 27 days as at 31 December 2010.

Stocks

Stock turnover days increased to 119 days as at 31 December 2011, as compared to 101 days as at 31 December 2010. Stock value increased by S$985.4 million to S$4,569.5 million, from S$3,584.1 million as on 30 June 2011 due to increased procurement as the agricultural seasons got under way in origins.

Advance to Suppliers

Advance to suppliers days decreased to 7 days as at 31 December 2011 from 12 days as at 31 December 2010. The advances increased from S$222.2 million as at 30 June 2011 to S$278.1 million as at 31 December 2011.

Cash and Fixed Deposits

Cash and Fixed Deposits increased by 32.4% to S$1,154.6 million as of 31 December 2011 from S$872.2 million as of 30 June 2011 as we drew down on the syndicated loan facilities pending deployment in fixed capital and working capital investments.

Borrowings

Borrowings increased to S$7,484.2 million as of 31 December 2011 from S$6,580.6 million as of 30 June 2011. This increase was mainly on account of drawdown of the long-term facilities pending deployment in working capital / M&A / capex projects. The borrowings, net of cash and cash equivalents, increased by S$621.3 to S$6,329.6 million as compared to S$5,708.3 million as at 30 June 2011.

Equity

Total share capital and reserves (before Fair Value Adjustment Reserves and Non-controlling interest) increased by 26.3% from S$2,568.1 million as of 30 June 2011 to S$3,243.4 million as of 31 December 2011 due to funds received for tranches two and three of the equity raising exercise launched in June 2011 . Fair Value Adjustment Reserves decreased from (S$322.7) million as of 30 June 2011 to (S$63.1) million as of 31 December 2011.

Net Debt to Equity decreased from 2.22x as of 30 June 2011 to 1.95x as of 31 December 2011.

During H1 FY2012, the Company issued 206,900,951 shares for cash and the exercise of share options.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

   There was no forecast made by the Company.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

    The Group constantly reviews corporate development opportunities which are in line with our corporate growth strategy. Some of these are in the nature of acquisitions and joint ventures. The Group is currently in discussions with various parties on such opportunities. If any of these opportunities were to materialize these may have an effect on the financials of the Group. The Group continues to remain positive about its prospects for the remaining part of FY2012.

11. Dividend

    (a) Current Financial Period Reported on 31 December 2011.

    Any dividend recommended for the current financial period reported on?

    NIL

    (b) Corresponding Period of the Immediately Preceding Financial Year.

    Any dividend declared for the corresponding period of the immediately preceding financial year?

    NIL

    (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

    N.A

(d) Date payable

N.A

(e) Books closure date

N.A

12. If no dividend has been declared/recommended, a statement to that effect.

N.A.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii).

N. A.

Confirmation of the Board

We refer to the requirement under Rule 705(5) of the Listing Manual.

We hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for period ended 31 December 2011 to be false or misleading in any material aspects.

On behalf of the Board of Directors

R. Jayachandran Chairman	Sunny George Verghese Group Managing Director & CEO

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & CEO

14 February 2012

Directors' Report and Audited Financial Statements
Olam International Limited and Subsidiary Companies
30 June 2011

Contents

Report of the Directors

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") and the balance sheet, profit and loss account, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 30 June 2011.

Directors

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

R. Jayachandran
Narain Girdhar Chanrai
Michael Lim Choo San
Robert Michael Tomlin
Mark Haynes Daniell
Wong Heng Tew
Tse Po Shing
Jean-Paul Pinard
Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Held in the name of the director or nominee			Deemed interest		
Name of directors	**As at 1.7.2010**	**As at 30.6.2011**	**As at 21.7.2011**	**As at 1.7.2010**	**As at 30.6.2011**	**As at 21.7.2011**
<u>The Company</u>						
Olam International Limited						
(a) Ordinary shares						
Narain Girdhar Chanrai	–	–	–	459,602,064 [1]	–	–
Sunny George Verghese	89,574,893	89,574,893	108,646,477	–	–	–
Sridhar Krishnan	14,429,138 [2]	15,229,138 [2]	15,856,879 [2]	–	–	–
Shekhar Anantharaman	14,602,861 [2]	15,402,861 [2]	16,038,498 [2]	–	–	–
(b) Notes issued [3]						
Michael Lim Choo San	500,000	500,000	500,000	–	–	–
(c) US$250,000,000 Bonds						
R. Jayachandran	–	–	–	–	US$1,500,000 [4]	US$1,500,000 [4]

Directors' interests in shares and debentures (cont'd)

	Held in the name of the director or nominee			Deemed interest		
Name of directors	As at 1.7.2010	As at 30.6.2011	As at 21.7.2011	As at 1.7.2010	As at 30.6.2011	As at 21.7.2011
<u>**The Company**</u>						
Olam International Limited						
(d) Options to subscribe for ordinary shares						
Mark Haynes Daniell	100,000	100,000	100,000	–	–	–
Michael Lim Choo San	100,000	100,000	100,000	–	–	–
Robert Michael Tomlin	100,000	100,000	100,000	–	–	–
Wong Heng Tew	100,000	100,000	100,000	–	–	–
Sunny George Verghese	30,000,000	30,000,000	15,000,000	–	–	–
Sridhar Krishnan	2,300,000	1,500,000	1,500,000	–	–	–
Shekhar Anantharaman	2,550,000	1,750,000	1,750,000	–	–	–

(1) The deemed interest in these shares arose out of Narain Girdhar Chanrai being one of the trustees of the Girdhar Kewalram Chanrai Settlement ("GKC"), Hariom Trust and the Dayal Damodar Chanrai Settlement ("DKC") of whom three of the four are each holding approximately 28 per cent respectively in the issued and paid-up capital of Kewalram Chanrai Holdings Limited ("KCH"). The other shareholder is the PKC 2008 Settlement ("PKC"), holding approximately 16 percent in KCH. Pursuant to section 7(4A) of the Singapore Companies Act, Cap. 50, GKC, Hariom Trust and DKC are associates of PKC and vice versa. Hence, PKC would be deemed to be interested in the shares held by KCH. Kewalram Singapore Limited ("KSL") is a wholly-owned subsidiary of Chanrai Investment Corporation Limited ("CICL"), which in turn is a wholly-owned subsidiary of KCH. KSL has a direct interest in the Company amounting to 459,602,064 ordinary shares as at 1 July 2010. CICL and KCH are therefore deemed to be interested in the 459,602,064 shares held by KSL in the Company.

(2) These shares include shares that were jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose ("the Trustees") and are held in trust for the management (including the directors) and employees of the Group pursuant to the Olam International Limited Employee Share Subscription Scheme 2004 ("ESSS"). Under the ESSS, a total of 1,418,826 (2010: 1,418,826) shares are jointly registered under the Trustees and are held in trust for the management (including the directors) and employees of the Group with the balance being held in the director's own name as at 30 June 2011.

(3) This refers to Notes issued under Series 48 of the S$800,000,000 Multicurrency Medium Term Note Programme established by the Company, comprising S$250,000,000 in principal amount of 4.07% notes due 2013. The number stated should be regarded as S$ currency. The Notes is issued in denominations of S$250,000.

(4) The deemed interest in the US$250,000,000 7.5% Bonds due 2020 ("Bonds") arose out of R. Jayachandran's and his spouse's interest in Eljay Holdings Ltd by virtue of section 7 of the Companies Act. Eljay Holdings is the holder of the US$1,500,000 Bonds.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company 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.

Employee share subscription scheme

The Olam International Limited Employee Share Subscription Scheme 2004 ("the ESSS") was implemented on 26 October 2004. The ESSS comprised 73,913,044 ordinary shares of $0.23 per share, which were fully allotted and issued by the Company.

Olam employee share option scheme

The Olam Employee Share Option Scheme ("the ESOS") was approved by the shareholders on 4 January 2005 at the Extraordinary General Meeting of the Company. The ESOS Rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS and all subsequent options issued to Group's employees and Executive Directors shall have a life of ten years instead of five. For Options granted to the Company's Non-Executive Directors and Independent Directors, the Option Period shall be no longer than five years. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

Olam employee share option scheme (cont'd)

The objectives of the ESOS are to provide an opportunity for employees of the Group, directors (including Non-Executive Directors and Independent Directors) or full-time employees of the Company, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standard of performance, and to give recognition to employees of the Group who have contributed to the success and development of the Company and/or the Group.

Subject to any adjustment as stated in the ESOS, the subscription price for each share in respect of which a Market Price Option is exercisable shall be at a price (the "Market Price") equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or any other publication published by SGX-ST, for the five consecutive Market days immediately preceding the offering date of that option, rounded up to the nearest whole cent.

Each Option shall be exercisable, in whole or in part, during the option period as follows:-

(a) in the case of a Market Price Option, a period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date.

(b) in the case of an Incentive Option, a period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date.

Provided that, in the case of Non-Executive Directors or Independent Directors, such option period shall not extend beyond the fifth anniversary of such offering date or any maximum period that may be prescribed by law.

In the event of an Option being exercised in part, the balance of the Option not exercised shall continue to be exercisable until such time as it lapses in accordance with the ESOS.

As at the date of this report, the ESOS is administered by the Human Resource & Compensation Committee which comprises the following directors:-

Mark Haynes Daniell – Chairman
R. Jayachandran
Wong Heng Tew
Jean-Paul Pinard

During the financial year ended 30 June 2011:-

- There were 25,382,116 ordinary shares issued pursuant to the exercise of options granted under the ESOS.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS outstanding as at 30 June 2011 are as follows:-

Expiry date	Exercise price ($)	Number of options
11 February 2015	0.62	15,000,000
2 January 2012	2.04	200,000
2 July 2012	3.14	1,199,000
5 September 2012	3.03	2,000,000
8 October 2012	3.14	790,000
29 October 2012	3.14	400,000
9 January 2013	2.89	1,426,000
12 June 2013	2.65	1,148,000
21 July 2019	2.28	45,365,000
17 February 2020	2.35	15,000,000
23 July 2020	2.64	5,980,000
17 December 2020	3.10	2,380,000
14 March 2021	2.70	2,425,000
Total		**93,313,000**

Olam employee share option scheme (cont'd)

The details of options granted to the directors of the Group, are as follows:-

Name of Participant	Options granted during financial year under review	Exercise Price for options granted during the financial year under review	Aggregate options granted since the commencement of the scheme to the end of financial year under review	Aggregate options exercised since the commencement of the scheme to the end of financial year under review	Aggregate options outstanding as at the end of financial year under review
Mark Haynes Daniell	–	–	100,000	–	100,000
Michael Lim Choo San	–	–	100,000	–	100,000
Robert Michael Tomlin	–	–	100,000	–	100,000
Wong Heng Tew	–	–	100,000	–	100,000
Sunny George Verghese	–	–	30,000,000	–	30,000,000
Sridhar Krishnan	–	–	2,300,000	800,000	1,500,000
Shekhar Anantharaman	–	–	2,550,000	800,000	1,750,000

The options granted to Mark Haynes Daniell, Michael Lim Choo San, Robert Michael Tomlin and Wong Heng Tew, who are Independent and Non-Executive Directors of the Company were approved by the shareholders of the Company at the Annual General Meeting held on 29 October 2007. These options are exercisable in tranches of 25%, 35% and 40% on or after the first, second and third anniversaries of 29 October 2007. The options will expire five years after the date of the grant.

The 15,000,000 options granted to Sunny George Verghese in 2005 are exercisable in three equal tranches of 5,000,000 each on or after the first, second and third anniversaries respectively of the date of the admission of the Company to the official list of the SGX-ST (11 February 2005) at the exercise price of $0.62 if the vesting conditions are met. The 15,000,000 options granted to Sunny George Verghese in 2010 are exercisable in three equal tranches of 5,000,000 each on or after the first, second and third anniversaries of the grant date (17 February 2010) at the exercise price of $2.35. The options will expire ten years after the date of grant.

The 800,000 options granted to each of Sridhar Krishnan and Shekhar Anantharaman in 2006 are exercisable in tranches of 25%, 35% and 40% on or after the first, second and third anniversaries of the grant date (1 June 2006) at the exercise price of $1.52 if the vesting conditions are met. The options will expire five years after the date of grant. These options were exercised during the year under review. The 1,500,000 options granted to Sridhar Krishnan and 1,750,000 options granted to Shekhar Anantharaman in 2009 are exercisable in tranches of 25% and 75% at the end of the third anniversary and fourth anniversary from the date of grant (21 July 2009) at the exercise price of $2.28 if the vesting conditions are met. The options will expire ten years after the date of grant.

Apart from that which is disclosed above, no directors or employees of the Group received 5% or more of the total number of options available under the ESOS.

The options granted by the Company do not entitle the holder of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

There were no Incentive Options granted from commencement of ESOS to the financial year end under review.

There were no options granted at a discount.

There were no options granted to controlling shareholders of the Company and their associates.

Invenio Equity Participation Scheme

Invenio Holdings Pte. Ltd. ("Invenio"), a subsidiary of the Company, had implemented the Invenio Equity Participation Scheme (the "Invenio Equity Scheme") which was approved and adopted by the shareholders of Invenio at an Extraordinary General Meeting held on 13 January 2011.

The Invenio Equity Scheme was set up to incentivise and reward selected eligible employees and give participants an opportunity to have a personal equity interest in Invenio and amongst other objectives, motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to Invenio and its subsidiaries (the "Invenio Group").

Participation in the Scheme is restricted to directors and employees of the Invenio Group (including associated companies over which Invenio has control), and employees of the Company or its subsidiaries who have been seconded or deputed to Invenio and who hold an executive position in Invenio. Controlling shareholders of Invenio and their associates are not eligible to participate in the Invenio Equity Scheme.

Employees selected to participate receive an initial allotment of Invenio shares for which they will pay a fixed multiple of then-prevailing book value at the relevant time, as specified in the Invenio Equity Scheme. Subsequently, a portion of up to 50% of any cash or other incentive due to them as employees under any performance-based bonus or incentive scheme initiated by the Invenio Group for its employees will be paid to them in the form of Invenio shares allotted to them, valued at a fixed multiple of the then prevailing book value at the relevant time, in accordance with the Invenio Equity Scheme.

The shares will be ordinary shares in Invenio, ranking pari passu with other ordinary shares in Invenio's issued share capital in respect of all entitlements, including dividends or other distributions, save that the Invenio Equity Scheme provides for certain obligations and restrictions on transfer of the shares by Participants.

The details of the awards granted under the Scheme are as follows:

Year of Award	No. of Holders	No. of Shares
2011	18	2,670,000

During the year, the aggregate number of new shares issued pursuant to the Invenio Equity Scheme did not exceed 15% of the issued share capital of Invenio.

Audit and Compliance Committee

The Audit & Compliance Committee (the "ACC") comprises four Independent Directors and a Non-Executive Director. The members of the ACC are Mr. Michael Lim Choo San (Chairman), Mr. Robert Michael Tomlin, Mr. Mark Haynes Daniell, Mr. Wong Heng Tew and Mr. Narain Girdhar Chanrai. The ACC performed the functions specified in Section 201B of the Singapore Companies Act, the Code of Corporate Governance 2005 and the Listing Manual of the Singapore Exchange.

The ACC held five meetings during the year under review. The ACC met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's internal accounting control systems.

The ACC reviewed the following:-

- audit plans of the internal and external auditors of the Company and ensured the adequacy of the Company's system of accounting controls and the cooperation given by the Company's management to the external and internal auditors;
- quarterly and annual financial statements of the Group and the Company prior to their submission to the Board of Directors for adoption;
- the Company's material internal controls, including financial, operational, compliance controls and risk management via reviews carried out by the internal auditors;
- legal and regulatory matters that may have a material impact on the financial statements, related compliance policies & programmes and any reports received from regulators;
- independence and objectivity of the external auditors;
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange); and
- the scope and results of the audit.

Audit and Compliance Committee (cont'd)

Further, the ACC

- held meetings with the external auditors and the management in separate executive sessions to discuss any matters that these groups believed should be discussed privately with the ACC;
- recommended to the Board of Directors that the external auditors be nominated for re-appointment and that their compensation for the renewed period be approved; and
- reported actions and minutes of the ACC meetings to the Board of Directors with such recommendations as the ACC considered appropriate.

The ACC had full access and cooperation of the management and full discretion to invite any director or executive officer to attend its meetings.

The ACC also reviewed the cost effectiveness of the audit conducted by the external auditors and the nature and extent of all non-audit services performed by the external auditors and has confirmed that such services would not affect their independence.

The ACC has nominated Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

Further details regarding the functions of the ACC are disclosed in the Report on Corporate Governance in the Company's Annual Report to shareholders.

Auditors

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

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
28 September 2011

Statement by the Directors

We, R. Jayachandran and Sunny George Verghese, being two of the directors of Olam International Limited, do hereby state that, in the opinion of the directors:-

(i) the accompanying balance sheets, profit and loss accounts, statements 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 30 June 2011 and the results of the business, changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date; and

(ii) 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,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
28 September 2011

Independent Auditors' Report

For the financial year ended 30 June 2011 to the Members of Olam International Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Olam International Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2011, profit and loss accounts, statements of comprehensive income and statements of changes in equity of the Group and the Company and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, profit and loss account, statement of comprehensive income 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 30 June 2011 and the results and changes in equity of the Group and the Company and cash flows of the Group 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
28 September 2011

Profit and Loss Accounts

for the year ended 30 June 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Sale of goods	4	**15,734,945**	10,455,032	**9,769,160**	7,537,972
Sale of services	4	**68,442**	47,354	**19,091**	–
Other income	5	**124,751**	139,897	**81,842**	36,899
		15,928,138	10,642,283	**9,870,093**	7,574,871
Cost of goods sold	6	**(13,126,857)**	(8,465,914)	**(8,772,016)**	(6,673,973)
Shipping and logistics		**(1,230,110)**	(1,012,091)	**(351,120)**	(375,062)
Commission and claims		**(135,361)**	(97,157)	**(88,280)**	(67,876)
Net gain from changes in fair value of biological assets	12	**80,365**	53,989	**–**	–
Employee benefits expenses	30	**(341,106)**	(238,553)	**(103,193)**	(111,179)
Depreciation	10	**(91,471)**	(68,530)	**(1,533)**	(1,682)
Net measurement of derivative instruments	7	**28,117**	77,915	**(734)**	75,950
Other operating expenses	7	**(285,260)**	(257,196)	**(138,039)**	(58,530)
Finance costs	8	**(344,358)**	(227,475)	**(217,348)**	(156,879)
		(15,446,041)	(10,235,012)	**(9,672,263)**	(7,369,231)
Share of results from jointly controlled entities and associates	14	**28,168**	12,924	**–**	–
Profit before taxation		**510,265**	420,195	**197,830**	205,640
Taxation	9	**(65,697)**	(60,446)	**(26,760)**	(12,628)
Profit for the financial year		**444,568**	359,749	**171,070**	193,012
Attributable to:					
Owners of the Company		**429,841**	359,469	**171,070**	193,012
Non-controlling interests		**14,727**	280	**–**	–
		444,568	359,749	**171,070**	193,012
Earnings per share attributable to owners of the Company (cents)					
Basic	25	**20.27**	17.89		
Diluted	25	**18.66**	14.79		

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

Statements of Comprehensive Income

for the year ended 30 June 2011

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Profit for the financial year	**444,568**	359,749	**171,070**	193,012
Other comprehensive income				
Net loss on fair value changes during the financial year	**(444,726)**	(88,352)	**(476,461)**	(98,741)
Recognised in the profit and loss accounts on occurrence of hedged transactions	**370,392**	19,880	**417,597**	54,505
Foreign currency translation adjustments	**(204,793)**	(81,417)	**(210,617)**	(38,759)
Share of other comprehensive income of jointly controlled entities and associates	**(7,580)**	–	**–**	–
Other comprehensive income for the financial year, net of tax	**(286,707)**	(149,889)	**(269,481)**	(82,995)
Total comprehensive income for the financial year	**157,861**	209,860	**(98,411)**	110,017
Attributable to:				
Owners of the Company	**143,134**	209,580	**(98,411)**	110,017
Non-controlling interests	**14,727**	280	**–**	–
	157,861	209,860	**(98,411)**	110,017

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

Balance Sheets

at 30 June 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Non-current assets					
Property, plant and equipment	10	**1,576,715**	1,054,166	**2,279**	4,673
Intangible assets	11	**485,938**	341,586	**24,050**	19,456
Biological assets	12	**453,168**	181,883	**–**	–
Subsidiary companies	13	**–**	–	**810,805**	789,954
Deferred tax assets	9	**43,053**	63,978	**8,542**	9,697
Investments in jointly controlled entities and associates	14	**411,819**	467,237	**353,847**	442,402
Long-term investment	15	**–**	18,752	**–**	18,752
Other non-current assets	21	**10,004**	4,161	**–**	–
		2,980,697	2,131,763	**1,199,523**	1,284,934
Current assets					
Amounts due from subsidiary companies	16	**–**	–	**1,945,035**	1,340,165
Trade receivables	17	**1,595,446**	976,781	**446,340**	275,388
Margin accounts with brokers	18	**457,133**	152,815	**444,978**	165,164
Inventories	19	**3,584,144**	2,584,046	**648,073**	461,731
Advance payments to suppliers	20	**222,207**	237,784	**65,060**	85,824
Advance payments to subsidiary companies	20	**–**	–	**1,215,058**	1,415,482
Cash and short-term fixed deposits	33	**872,247**	671,543	**502,050**	388,657
Derivative financial instruments	35	**2,310,144**	657,270	**1,499,233**	595,022
Other current assets	21	**558,118**	392,656	**65,610**	85,200
		9,599,439	5,672,895	**6,831,437**	4,812,633
Current liabilities					
Trade payables and accruals	22	**(1,095,603)**	(648,391)	**(378,328)**	(330,343)
Borrowings	24	**(3,610,043)**	(2,295,568)	**(1,936,127)**	(1,560,631)
Provision for taxation		**(24,762)**	(34,920)	**(15,608)**	(16,319)
Derivative financial instruments	35	**(2,287,250)**	(608,046)	**(2,026,427)**	(562,004)
Other current liabilities	23	**(112,306)**	(98,651)	**(56,371)**	(56,982)
		(7,129,964)	(3,685,576)	**(4,412,861)**	(2,526,279)
Net current assets		**2,469,475**	1,987,319	**2,418,576**	2,286,354
Non-current liabilities					
Deferred tax liabilities	9	**(177,283)**	(140,861)	**–**	–
Borrowings	24	**(2,970,527)**	(2,207,436)	**(1,829,569)**	(2,014,917)
		(3,147,810)	(2,348,297)	**(1,829,569)**	(2,014,917)
Net assets		**2,302,362**	1,770,785	**1,788,530**	1,556,371
Equity attributable to owners of the Company					
Share capital	26	**1,577,110**	1,201,581	**1,577,110**	1,201,581
Reserves		**668,232**	570,348	**211,420**	354,790
		2,245,342	1,771,929	**1,788,530**	1,556,371
Non-controlling interests		**57,020**	(1,144)	**–**	–
Total equity		**2,302,362**	1,770,785	**1,788,530**	1,556,371

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

Statements of Changes in Equity

for the year ended 30 June 2011

2011 Group	Share capital (Note 26) $'000	Capital reserves[4] $'000	Foreign currency translation reserves[1] $'000	Fair value adjustment reserves[2] $'000	Share-based compensation reserves[3] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000	Total Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company									
At 1 July 2010	1,201,581	145,688	(166,452)	(248,415)	30,203	809,324	570,348	1,771,929	(1,144)	1,770,785
Profit for the financial year	–	–	–	–	–	429,841	429,841	429,841	14,727	444,568
Other comprehensive income										
Net loss on fair value changes during the financial year	–	–	–	(444,726)	–	–	(444,726)	(444,726)	–	(444,726)
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	370,392	–	–	370,392	370,392	–	370,392
Foreign currency translation adjustments	–	–	(204,793)	–	–	–	(204,793)	(204,793)	–	(204,793)
Share of other comprehensive income of jointly controlled entities and associates	–	–	(7,580)	–	–	–	(7,580)	(7,580)	–	(7,580)
Other comprehensive income for the financial year, net of tax	–	–	(212,373)	(74,334)	–	–	(286,707)	(286,707)	–	(286,707)
Total comprehensive income for the year	–	–	(212,373)	(74,334)	–	429,841	143,134	143,134	14,727	157,861
Contributions by and distributions to owners										
Issue of shares for cash	241,779	–	–	–	–	–	–	241,779	–	241,779
Issue of shares upon conversion of bonds	94,283	(15,811)	–	–	–	–	(15,811)	78,472	–	78,472
Issue of shares on exercise of share option	39,467	–	–	–	–	–	–	39,467	–	39,467
Share-based expense	–	–	–	–	23,991	–	23,991	23,991	–	23,991
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(53,139)	(53,139)	(53,139)	–	(53,139)
Total contributions by and distributions to owners	375,529	(15,811)	–	–	23,991	(53,139)	(44,959)	330,570	–	330,570
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Acquisition of subsidiary company	–	–	–	–	–	–	–	–	39,262	39,262
Acquisition of/equity contribution by non-controlling interests	–	(291)	–	–	–	–	(291)	(291)	4,175	3,884
Total changes in ownership interests in subsidiaries	–	(291)	–	–	–	–	(291)	(291)	43,437	43,146
Total transactions with owners in their capacity as owners	375,529	(16,102)	–	–	23,991	(53,139)	(45,250)	330,279	43,437	373,716
At 30 June 2011	1,577,110	129,586	(378,825)	(322,749)	54,194	1,186,026	668,232	2,245,342	57,020	2,302,362

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

2010 Group	Share capital (Note 26) $'000	Capital reserves[4] $'000	Foreign currency translation reserves[1] $'000	Fair value adjustment reserves[2] $'000	Share-based compensation reserves[3] $'000	Revenue reserves $'000	Total reserves $'000	Total Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company							
At 1 July 2009	708,586	24,450	(85,035)	(179,943)	17,765	560,023	337,260	46	1,045,892
Profit for the financial year	–	–	–	–	–	359,469	359,469	280	359,749
Other comprehensive income									
Net loss on fair value changes during the financial year	–	–	–	(88,352)	–	–	(88,352)	–	(88,352)
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	19,880	–	–	19,880	–	19,880
Foreign currency translation adjustments	–	–	(81,417)	–	–	–	(81,417)	–	(81,417)
Other comprehensive income for the financial year, net of tax	–	–	(81,417)	(68,472)	–	–	(149,889)	–	(149,889)
Total comprehensive income for the year	–	–	(81,417)	(68,472)	–	359,469	209,580	280	209,860
Contributions by and distributions to owners									
Issue of shares for cash	437,389	–	–	–	–	–	–	–	437,389
Issue of shares upon conversion of bonds	30,461	(3,149)	–	–	–	–	(3,149)	–	27,312
Issue of shares under the Scrip Dividend Scheme	14,114	–	–	–	–	–	–	–	14,114
Issue of shares on exercise of share option	11,031	–	–	–	–	–	–	–	11,031
Share-based expense	–	–	–	–	12,438	–	12,438	–	12,438
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(110,168)	(110,168)	–	(110,168)
Equity portion of convertible bonds	–	124,387	–	–	–	–	124,387	–	124,387
Total contributions by and distributions to owners	492,995	121,238	–	–	12,438	(110,168)	23,508	–	516,503
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Acquisition of subsidiary company	–	–	–	–	–	–	–	(1,470)	(1,470)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	(1,470)	(1,470)
Total transactions with owners in their capacity as owners	492,995	121,238	–	–	12,438	(110,168)	23,508	(1,470)	515,033
At 30 June 2010	1,201,581	145,688	(166,452)	(248,415)	30,203	809,324	570,348	(1,144)	1,770,785

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

2011 Company	Share capital (Note 26) $'000	Capital reserves[4] $'000	Foreign currency translation reserves[1] $'000	Fair value adjustment reserves[2] $'000	Share-based compensation reserves[3] $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
		Attributable to owners of the Company						
At 1 July 2010	1,201,581	145,688	(80,321)	(264,403)	30,203	523,623	354,790	1,556,371
Profit for the financial year	–	–	–	–	–	171,070	171,070	171,070
Other comprehensive income								
Net loss on fair value changes during the financial year	–	–	–	(476,461)	–	–	(476,461)	(476,461)
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	417,597	–	–	417,597	417,597
Foreign currency translation adjustments	–	–	(210,617)	–	–	–	(210,617)	(210,617)
Other comprehensive income for the financial year, net of tax	–	–	(210,617)	(58,864)	–	–	(269,481)	(269,481)
Total comprehensive income for the year	–	–	(210,617)	(58,864)	–	171,070	(98,411)	(98,411)
Contributions by and distributions to owners								
Issue of shares for cash	241,779	–	–	–	–	–	–	241,779
Issue of shares up on conversion of bonds	94,283	(15,811)	–	–	–	–	(15,811)	78,472
Issue of shares on exercise of share option	39,467	–	–	–	–	–	–	39,467
Share-based expense	–	–	–	–	23,991	–	23,991	23,991
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(53,139)	(53,139)	(53,139)
Total contributions by and distributions to owners	375,529	(15,811)	–	–	23,991	(53,139)	(44,959)	330,570
Total transactions with owners in their capacity as owners	375,529	(15,811)	–	–	23,991	(53,139)	(44,959)	330,570
At 30 June 2011	1,577,110	129,877	(290,938)	(323,267)	54,194	641,554	211,420	1,788,530

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

2010 Company	Share capital (Note 26) $'000	Capital reserves[4] $'000	Foreign currency translation reserves[1] $'000	Fair value adjustment reserves[2] $'000	Share-based compensation reserves[3] $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
		Attributable to owners of the Company						
At 1 July 2009	708,586	24,450	(41,562)	(220,167)	17,765	440,779	221,265	929,851
Profit for the financial year	–	–	–	–	–	193,012	193,012	193,012
Other comprehensive income								
Net loss on fair value changes during the financial year	–	–	–	(98,741)	–	–	(98,741)	(98,741)
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	54,505	–	–	54,505	54,505
Foreign currency translation adjustments	–	–	(38,759)	–	–	–	(38,759)	(38,759)
Other comprehensive income for the financial year, net of tax	–	–	(38,759)	(44,236)	–	–	(82,995)	(82,995)
Total comprehensive income for the year	–	–	(38,759)	(44,236)	–	193,012	110,017	110,017
Contributions by and distributions to owners								
Issue of shares for cash	437,389	–	–	–	–	–	–	437,389
Issue of shares up on conversion of bonds	30,461	(3,149)	–	–	–	–	(3,149)	27,312
Issue of shares under the Scrip Dividend Scheme	14,114	–	–	–	–	–	–	14,114
Issue of shares on exercise of share option	11,031	–	–	–	–	–	–	11,031
Share-based expense	–	–	–	–	12,438	–	12,438	12,438
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(110,168)	(110,168)	(110,168)
Equity portion of convertible bonds	–	124,387	–	–	–	–	124,387	124,387
Total contributions by and distributions to owners	492,995	121,238	–	–	12,438	(110,168)	23,508	516,503
Total transactions with owners in their capacity as owners	492,995	121,238	–	–	12,438	(110,168)	23,508	516,503
At 30 June 2010	1,201,581	145,688	(80,321)	(264,403)	30,203	523,623	354,790	1,556,371

(1) **Foreign currency translation reserves**
The foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company and the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the share of foreign currency translation reserves of jointly controlled entities and associates.

(2) **Fair value adjustment reserves**
Fair value adjustment reserves record the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges.

(3) **Share-based compensation reserves**
Share-based compensation reserves represent the equity-settled shares and 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 shares and share options and is reduced by the expiry of the share options.

(4) **Capital reserves**
Capital reserves represent the premium paid on acquisition of non-controlling interests, residual amount of convertible bonds net of proportionate share of transaction costs, after deducting the fair value of the debt and derivative component on date of issuance.

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

Consolidated Cash Flow Statement

for the year ended 30 June 2011

	2011 $'000	2010 $'000
Cash flows from operating activities		
Profit before taxation	**510,265**	420,195
Adjustments for:-		
Allowance for doubtful debts	**7,420**	10,064
Amortisation of intangible assets and depreciation of property, plant and equipment	**107,568**	71,803
Share-based expense	**23,991**	12,438
Fair value of biological assets	**(80,365)**	(53,989)
Gain on disposal of property, plant and equipment	**(1,038)**	(320)
Impairment of investment in associate	**35,596**	–
Impairment of fixed assets and intangible assets	**–**	4,796
Interest income	**(12,375)**	(21,689)
Interest expense	**344,358**	227,475
Inventories written down/(written back), net	**23,746**	(405)
Net measurement of derivative instruments	**(28,117)**	(77,915)
Negative goodwill arising from acquisition of subsidiary/assets (Note 11)	**(79,794)**	(118,200)
Share of results from jointly controlled entities and associates	**(28,168)**	(12,924)
Gain on remeasurement of investment upon business combination (Note 11)	**(11,994)**	–
Operating cash flows before reinvestment in working capital	**811,093**	461,329
Increase in inventories	**(1,152,830)**	(621,073)
Increase in receivables and other current assets	**(866,612)**	(359,142)
(Increase)/decrease in advance payments to suppliers	**(11,089)**	29,386
Increase in margin account with brokers	**(360,071)**	(90,141)
Increase/(decrease) in payables and other current liabilities	**295,736**	(58,363)
Cash used in operations	**(1,283,773)**	(638,004)
Interest income received	**12,375**	21,741
Interest expense paid	**(306,605)**	(200,766)
Tax paid	**(45,118)**	(36,554)
Net cash flows used in operating activities	**(1,623,121)**	(853,583)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**11,092**	8,091
Purchase of property, plant and equipment	**(333,830)**	(171,223)
Purchase of intangibles	**(26,817)**	(10,882)
Acquisition of subsidiaries/assets, net of cash acquired (Note 11)	**(555,163)**	(533,752)
Investment in associate	**–**	(94,348)
Acquisition of non-controlling interests (Note 11)	**(13,635)**	–
Equity contribution by non-controlling interests	**17,810**	–
Long-term investment	**–**	(18,752)
Net cash flows used in investing activities	**(900,543)**	(820,866)
Cash flows from financing activities		
Dividends paid on ordinary shares by the Company	**(53,139)**	(96,054)
Proceeds from borrowings, net	**1,969,073**	864,642
Proceeds from issuance of shares on exercise of share options	**39,467**	11,031
Proceeds from issuance of bonds	**328,750**	684,780
Proceeds from issuance of shares for cash	**241,779**	437,389
Net cash flows from financing activities	**2,525,930**	1,901,788
Net effect of exchange rate changes on cash and cash equivalents	**(71,120)**	7,916
Net (decrease)/increase in cash and cash equivalents	**(68,854)**	235,255
Cash and cash equivalents at beginning of year	**503,932**	268,677
Cash and cash equivalents at end of year (Note 33)	**435,078**	503,932

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

Notes to the financial statements

30 June 2011

1. Corporate information

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

The principal activities of the Company are those of sourcing, processing, packaging and merchandising of agricultural products. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The registered office of the Company is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The place of business of the Company is at 9 Temasek Boulevard, #11-02 Suntec Tower Two, Singapore 038989.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Singapore Dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 July 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Revised FRS 24 *Related Party Disclosures*	1 January 2011
Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115 *Agreements for the Construction of Real Estate*	1 January 2011
Amendments to FRS 107 *Disclosures – Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12 *Deferred Tax – Recovery of Underlying Assets*	1 January 2012
Improvements to FRSs issued in 2010	
• Amendments to FRS 101 First-time Adoption of Financial Reporting Standards	1 January 2011
• Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2011
• Amendments to FRS 1 Presentation of Financial Statements Disclosures	1 January 2011
• Amendments to FRS 34 Interim Financial Reporting	1 January 2011
• Amendments to INT FRS 113 Customer Loyalty Programmes	1 January 2011

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Except for the revised FRS 24, the directors expect that the adoption of the other 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 revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2012.

2.4 Functional and foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Company's functional currency is the United States Dollar ("USD"), which reflects the economic substance of the underlying events and circumstances of the Company. Although the Company is domiciled in Singapore, most of the Company's transactions are denominated in USD and the selling prices for the Company's products are sensitive to movements in the foreign exchange rate with the USD.

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss 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 profit or loss of the Group on disposal of the foreign operation.

(b) Group companies

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

2. Summary of significant accounting policies (cont'd)

2.4 Functional and foreign currency (cont'd)

(c) Translation to the presentation currency

The financial statements are presented in Singapore Dollar ("SGD") as the Company's principal place of business is in Singapore and it is felt that presenting the financial statements in SGD would be more appropriate.

The financial statements are translated from USD to SGD as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date;
- Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All exchange differences arising on the translation are included in the foreign currency translation reserves.

2.5 Subsidiary companies and principles of consolidation

Subsidiary companies

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

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

A list of the Group's subsidiary companies is shown in Note 13.

Basis of consolidation

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

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

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

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and 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.

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

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

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiary companies and principles of consolidation (cont'd)

Basis of consolidation (cont'd)
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 profit or loss.

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 2.10(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, 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 Company.

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 and attributed to owners of the Company.

2.7 Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The consolidated financial statements include the Group's share of the total recognised gains and losses of its jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported as nil and recognition of losses is discontinued except to the extent of the Group's commitment.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment loss. The carrying amounts of the jointly controlled entities are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated and any impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The impairment loss is charged to profit or loss.

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.8 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 investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the 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.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

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

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

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

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

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part 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 accounting policy for borrowing costs is set out in Note 2.19. 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 property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land and buildings are depreciable over the shorter of the estimated useful life of the asset or the lease period.

2. Summary of significant accounting policies (cont'd)

2.9 Property, plant and equipment (cont'd)

Depreciation of an asset begins when it is available for use and is computed on a straight line basis over the estimated useful life except for ginning assets of Queensland Cotton Holdings which are depreciated using the units of use method. The estimated useful life of the assets is as follows:-

Leasehold land and buildings	–	20 to 50 years
Plant and machinery	–	5 to 10 years; 30 years for ginning assets
Motor vehicles	–	3 to 5 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Computers	–	3 years

Capital work-in-progress are not depreciated as these assets are not yet available for use.

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, and adjusted prospectively, if appropriate.

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 on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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 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.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may by impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit 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 of 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 retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

2. Summary of significant accounting policies (cont'd)

2.10 Intangible assets (cont'd)

(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 value 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 on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. 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 profit or loss 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 not subject to amortisation and they are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from 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 profit or loss when the asset is derecognised.

2.11 Biological assets

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the profit or loss.

2.12 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 post-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 of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of non-financial assets (cont'd)

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. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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 increased amount 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 profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 Financial assets

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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 profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

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 profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies 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 profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

Derecognition

A financial asset is derecognised when 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 profit or loss.

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 marketplace concerned.

2.14 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities 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 liabilities are recognised in profit or loss.

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

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 profit or loss.

2. Summary of significant accounting policies (cont'd)

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits which are subject to an insignificant risk of changes in value. These include bank overdrafts that form an integral part of the Group's cash management.

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

2.16 Receivables

Trade receivables, which are on trade terms, margin accounts with brokers as well as receivables from subsidiary companies, advance payments to suppliers and other current assets (excluding prepayments) and other non-current assets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

An allowance is made for doubtful debts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.17 below.

2.17 Impairment of financial assets

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

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has 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 profit or loss.

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

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

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

2. Summary of significant accounting policies (cont'd)

2.17 Impairment of financial assets (cont'd)

(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.

2.18 Inventories

Inventories principally comprise commodities held for trading and inventories that form part of the Group's normal purchase, sale or usage requirements for its processing activities.

Inventories for commodity trading businesses are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the profit or loss in the period of the change.

Other inventories are stated at the lower of cost and net realisable value. Inventories are valued on first-in-first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damages and slow-moving items.

For agricultural produce that is harvested, cost of inventory is stated at fair value less estimated point-of-sale costs at the time of harvest (the "initial cost"). Thereafter this inventory is carried at the lower of cost and net realisable value.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that 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 incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Financial guarantees

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the profit or loss 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 profit or loss.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2. Summary of significant accounting policies (cont'd)

2.22 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of 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 leave entitlement

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

(c) Employee share subscription/options scheme

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment for services rendered ("equity-settled transactions").

The cost of these equity-settled transactions with employees is measured with reference to the fair value at the date on which the share subscriptions/options are granted. In valuing the share options, no account is taken of any performance conditions.

This cost is recognised in the profit or loss, with a corresponding increase in the share-based compensation 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 profit or loss 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 vested 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 profit or loss 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.

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

Where the terms of an equity-settled award are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for a modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2. Summary of significant accounting policies (cont'd)

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.

Operating lease

Operating lease payments are recognised as an expense in profit or loss 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.

Finance lease

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 profit or loss.

2.24 Revenue recognition

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

Sale of goods

Revenue from the sale of goods is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

Sale of services

Revenue from services rendered is recognised upon services performed.

Interest income

Interest income is recognised using the effective interest method.

2.25 Government grants, export incentives and subsidies

Government grants, export incentives and subsidies are recognised at their fair values where there is reasonable assurance that the grant will be received and all conditions attached to the grant will be complied with. When the grant relates to an expense item, it is recognised in the profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2. Summary of significant accounting policies (cont'd)

2.26 Taxes

(a) Current income tax

Current income 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 income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the 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 the accounting profit nor taxable profit or loss; and

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.26 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

(c) Sales tax

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

- where the sales tax incurred on 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 assets or as part of the expense item as applicable; and

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

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

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issue expenses

Proceeds from issuance of ordinary shares net of directly attributable expenses are recognised as share capital in equity.

2.29 Contingencies

A contingent liability is:

(a) a possible obligation 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.

A contingent asset is a possible 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.

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 for which the fair values can be reliably determined.

2. Summary of significant accounting policies (cont'd)

2.30 Derivative financial instruments and hedging activities

Derivative financial instruments include forward currency contracts, commodity futures, options, over-the-counter ("OTC") structured products, commodity physical forwards and interest rate contracts. These are used to manage the Group's exposure to risks associated with foreign currency, commodity price and interest rate fluctuations. Certain derivatives are also used for trading purposes. 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. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts and interest rate derivatives are calculated by reference to current forward exchange rates and interest rates respectively for contracts with similar maturity profiles. The fair values of commodity futures, options, OTC structured products and physical forwards are determined by reference to available market information and market valuation methodology. Where the quoted market prices are not available, fair values are based on management's best estimates which are arrived at by reference to market prices.

Any gains or losses arising from changes in fair value on derivative financial instruments that are ineffective hedges or are held for trading are taken to the profit and loss account for the year.

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 hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

When the hedge accounting is applied, all hedges are classified as cash flow hedges because they are held for hedging the exposure to variability in cash flows that is attributable to highly probable risk exposure and could affect profit or loss.

For cash flow hedges which meet the criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value adjustment reserves, while the ineffective portion is recognised in the profit and loss account.

Amounts taken to fair value adjustment reserves are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecasted sale occurs, or when financial income or financial expense is recognised.

If the forecast transaction is no longer expected to occur, amounts previously recognised in fair value adjustment reserves are transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in fair value adjustment reserves remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the profit and loss account.

2. Summary of significant accounting policies (cont'd)

2.31 Convertible bonds

When convertible bonds are issued, the total proceeds net of transaction costs are allocated to the debt component, the fair value of derivative financial instruments component and the equity component, which are separately presented on the balance sheet.

The debt 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 debt is extinguished on conversion or redemption of the bonds.

The derivative financial instruments component is determined by the fair value of the embedded derivatives on the date of issue. The fair value is reassessed at every balance sheet date and the difference is recognised in the profit and loss account.

The balance after reducing the debt component and the fair value of the embedded derivatives component from the net proceeds is presented as capital reserve under equity. The carrying amount of the equity component is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amount of the equity component will be transferred to share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.32 Related parties

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

(a) The party, directly or indirectly through one or more intermediaries,

  (i) controls, is controlled by, or is under common control with, the Group;

  (ii) has an interest in the Group that gives it significant influence over the Group; or

  (iii) has joint control over the Group;

(b) The party is an associate;

(c) The party is a jointly-controlled entity;

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

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

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

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

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effects on the amounts recognised in the financial statements:

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of the goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) Fair value of derivative financial instruments and debt components of convertible bonds

The Company assesses the fair value of derivative financial instruments and debt components of the convertible bonds that require judgement in determining the most appropriate valuation models and inputs including share volatility and interest yield rates.

(c) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. A degree of 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 would 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.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty as 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 discussed below.

(a) Impairment of investments in subsidiary companies

The Company assesses at each reporting date whether there is an indication that the investments in subsidiaries may be impaired. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Impairment of goodwill

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 10 years, with the exception of ginning assets where the estimated useful lives of ginning assets, are up to 30 years. These are common life expectancies applied in the agri-commodities industry. 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. The carrying amount of the Group's plant and machinery at the balance sheet date is disclosed in Note 10 to the financial statements.

(d) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date on which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 30.

(e) Biological assets

The Group's biological assets (other than annual crops) are stated at fair value less point-of-sale costs. This is estimated by reference to the fair value of the biological assets assessed by an independent valuer. Changes in the conditions of the biological assets could impact the fair value of the assets.

(f) Impairment loss on investment in associates

Investment in associates mainly relate to dairy processing investment in Open Country Dairy Limited ("OCDL") and high intensity natural sweetener investment in PureCircle Limited ("PCL"). Management undertook an impairment assessment following the underperformance of these 2 investments during the year, which resulted in an impairment of the Group's cost of investment in OCDL amounting to $35,596,000, being the difference in carry amount and the recoverable amount using the value in use method.

The value in use calculations were based on the discounted cash flow model. The cash flows were derived from the budget for the next five years. The recoverable amount is sensitive to estimates and assumptions on expected sales volume and future sale prices, expected future costs and expenses, weighted average cost of capital as well as terminal growth rates. Actual outcomes could differ from these estimates and assumptions. The carrying amount of the Group's investment in OCDL and PCL as at 30 June 2011 was $202,951,000 (2010: $271,279,000).

(g) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset under loans and receivables is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(h) Fair value of financial instruments

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of model inputs regarding forward prices, credit risk and volatility that are not supported by observable market data. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more details in Note 35.

4. Sale of goods

Revenue from sale of goods is stated net of discounts and returns. It excludes interest income, realised gain or loss on derivatives and in respect of the Group, intra-group transactions.

Sale of services

Revenue from sale of services mainly represents processing income.

5. Other income

Other income included the following:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Dividend income from subsidiary	**–**	–	**1,280**	–
Interest income from loans and receivables	**12,375**	21,689	**78,212**	36,313
Miscellaneous income [1]	**18,428**	8	**190**	586
Fair value gain on investment held for trading	**2,160**	–	**2,160**	–
Negative goodwill arising from business combinations (Note 11)	**79,794**	118,200	**–**	–
Gain on remeasurement of investment upon business combination (Note 11)	**11,994**	–	**–**	–
	124,751	139,897	**81,842**	36,899

[1] Miscellaneous income for the Group comprised mainly income from commissions and claims.

6. Cost of goods sold

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
This is stated after (charging)/crediting:				
(Loss)/gain on derivatives net of fair value changes	**(1,018,134)**	38,100	**(502,241)**	43,769
Foreign exchange gain on cost of goods sold [(1)]	**238,993**	39,177	**–**	–
Export incentives and subsidies received [(2)]	**94,491**	95,243	**–**	–
Grant income received [(3)]	**32,654**	–	**–**	–
Inventories (written down)/written back, net (Note 19)	**(23,746)**	406	**3,536**	2,766

(1) Foreign exchange gain arising between the time of receiving payments for purchase of goods and the time of sale of such goods.

(2) Export incentives and subsidies relate to income from government agencies of various countries for export of agricultural products.

(3) Grant income relates to the conceptualisation, marketing and promotion of the special economic zone in Gabon.

7. Other operating expenses/net measurement of derivative instruments

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Other operating expenses are stated after (charging)/crediting:				
Allowance for doubtful debts:				
– Trade receivables (Note 17)	**(5,238)**	(4,806)	**(3,745)**	(615)
– Advance payments to suppliers (Note 20)	**(2,182)**	(5,258)	**(19)**	(3,287)
Amortisation of intangible assets (Note 11)	**(16,097)**	(3,274)	**(1,922)**	–
Bad debts written back/(written off):				
– Trade receivables	**644**	(53)	**655**	–
– Advance payments to suppliers	**(3,919)**	(7,989)	**(3,772)**	–
Bank charges	**(36,163)**	(32,434)	**(22,273)**	(22,461)
Gain on disposal of property, plant and equipment	**1,038**	320	**–**	81
Gain/(loss) on foreign exchange, net	**63,709**	20,655	**(14,631)**	24,435
Impairment loss on:				
– Plant and machinery (Note 10)	**–**	(1,403)	**–**	–
– Intangible assets (Note 11)	**–**	(3,393)	**–**	–
– Investment in subsidiary companies (Note 13)	**–**	–	**(1,784)**	–
– Investment in associate (Note 14b)	**(35,596)**	–	**(35,596)**	–
Rental expenses	**(39,713)**	(38,472)	**(4,037)**	(7,236)
Travelling expenses	**(44,470)**	(32,026)	**(11,210)**	(8,874)
Transaction costs incurred in business combinations (Note 11)	**(8,673)**	(29,160)	**–**	–
Non-audit fees paid to auditors	**(846)**	(538)	**(672)**	(287)
Net measurement of derivative instruments are stated after (charging)/crediting:				
– Convertible bonds	**(833)**	54,057	**(833)**	54,057
– Derivatives held for trading	**28,950**	23,858	**99**	21,893
	28,117	77,915	**(734)**	75,950

8. Finance costs

Finance costs included the following:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest expense:				
– On bank overdrafts	**20,302**	13,515	**–**	1
– On bank loans	**191,508**	120,963	**85,324**	77,997
– On medium-term notes	**13,160**	7,092	**13,160**	7,092
– On bonds	**80,367**	70,291	**80,367**	70,291
– Others	**39,021**	15,614	**38,497**	1,498
	344,358	227,475	**217,348**	156,879

9. Income tax

(a) Major components of income tax expense

Major components of income tax expense are:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Profit and loss accounts				
Current income tax:				
Singapore	**28,534**	11,991	**26,760**	11,991
Foreign	**13,192**	19,181	**–**	–
Under/(Over) provision in respect of prior years	**469**	(707)	**–**	–
	42,195	30,465	**26,760**	11,991
Deferred income tax:				
Singapore	**–**	637	**–**	637
Foreign	**23,502**	29,344	**–**	–
Income tax expense	**65,697**	60,446	**26,760**	12,628

The Company is an approved company under the Global Trader Programme ("GTP") of International Enterprise Singapore and Development and Expansion Incentive ("DEI") under the International Headquarters ("IHQ") award of Singapore Economic Development Board. By virtue of this, the Company is entitled to a concessionary income tax rate of 5% for a period of 5 years from 1 July 2008 to 30 June 2013 on qualifying activities, products and income.

9. Income tax (cont'd)

(a) Major components of income tax expense (cont'd)

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Statement of comprehensive income:				
Deferred income tax related to items credited directly to other comprehensive income:				
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	**6,249**	16,384	**37**	4,226
Deferred tax recorded in other comprehensive income	**6,249**	16,384	**37**	4,226
Statement of changes in equity:				
Deferred tax expenses charged directly to equity:				
Convertible bonds	**–**	(6,561)	**–**	(6,561)

(b) Relationship between tax expense and accounting profit

A reconciliation of the statutory tax rate to the Group's and Company's effective tax rate is as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Statutory tax rate	**17.0**	17.0	**17.0**	17.0
Tax effect of non-deductible expenses	**4.9**	3.5	**11.1**	6.5
Higher statutory tax rates of other countries	**3.3**	3.2	**–**	–
Tax effect of income taxed at concessionary rate	**(5.3)**	(5.0)	**(13.0)**	(10.8)
Tax effect on non-taxable income	**(4.3)**	(3.6)	**(2.7)**	(5.7)
Tax effect of jointly controlled entities/associates	**(1.2)**	(0.5)	**–**	–
Tax effect of others, net	**(1.5)**	(0.3)	**1.1**	(0.9)
	12.9	14.3	**13.5**	6.1

9. Income tax (cont'd)

(c) Deferred income tax

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Deferred tax assets	43,053	63,978	8,542	9,697
Deferred tax liabilities	(177,283)	(140,861)	–	–
Net deferred tax (liabilities)/assets	(134,230)	(76,883)	8,542	9,697

The analysis of deferred income tax is as follows:

	Group				Company	
	Consolidated balance sheet		Consolidated profit and loss account		Balance sheet	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deferred tax liabilities:						
Differences in depreciation	96,106	39,331	46,685	3,514	171	190
Fair value adjustment on business combinations	122,822	91,455	(8,198)	–	–	–
Revaluation of financial instruments to fair value	–	–	–	9,909	–	–
Biological assets	21,968	22,178	(6,078)	22,930	–	–
Convertible bonds	5,746	6,550	–	–	5,746	6,550
Others	4,353	–	4,353	(1,800)	36	45
Gross deferred tax liabilities	250,995	159,514			5,953	6,785
Deferred tax assets:						
Allowance for doubtful debts	1,493	824	(767)	13	–	–
Inventories written-down	171	194	–	(45)	170	194
Revaluation of financial instruments to fair value	17,034	6,383	–	–	14,325	16,288
Unabsorbed losses	98,067	72,730	(14,787)	(2,633)	–	–
Others	–	2,500	2,294	(1,907)	–	–
Gross deferred tax assets	116,765	82,631			14,495	16,482
Net deferred tax (liabilities)/assets	(134,230)	(76,883)			8,542	9,697
Deferred income tax expense/(credit)			23,502	29,981		

The Group has tax losses of $58,843,000 (2010: $35,666,000) and capital allowances of $18,494,000 (2010: $20,942,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset has been recognised. 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.

10. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Other assets[(1)] $'000	Capital work-in-progress $'000	Total $'000
Cost						
As at 1 July 2009	39,721	163,521	240,324	68,602	115,305	627,473
Additions	6,140	2,652	62,646	21,747	78,039	171,224
Acquired through business combinations	38,691	158,507	279,680	3,181	118	480,177
Disposals	(1,089)	(2,108)	(4,318)	(7,744)	(1,587)	(16,846)
Reclassification	(4,227)	36,355	88,548	(519)	(120,157)	–
Foreign currency translation adjustments	(4,166)	(4,139)	(15,119)	(5,771)	(11,575)	(40,770)
As at 30 June 2010 and 1 July 2010	75,070	354,788	651,761	79,496	60,143	1,221,258
Additions	10,495	18,723	38,017	31,349	235,246	333,830
Acquired through business combinations (Note 11)	204,653	73,754	61,712	11,024	11,829	362,972
Disposals	(88)	(3,523)	(23,404)	(8,817)	–	(35,832)
Reclassification	1,167	1,592	32,717	7,214	(42,690)	–
Foreign currency translation adjustments	(8,326)	(23,359)	(38,763)	(3,714)	(5,365)	(79,527)
As at 30 June 2011	282,971	421,975	722,040	116,552	259,163	1,802,701
Accumulated depreciation and impairment loss:						
As at 1 July 2009	–	15,076	61,889	36,174	–	113,139
Charge for the year	–	12,794	43,729	12,007	–	68,530
Impairment of assets	–	–	1,403	–	–	1,403
Disposals	–	(613)	(2,782)	(5,679)	–	(9,074)
Reclassification	–	(7)	(166)	173	–	–
Foreign currency translation adjustments	–	(854)	(3,294)	(2,758)	–	(6,906)
As at 30 June 2010 and 1 July 2010	–	26,396	100,779	39,917	–	167,092
Charge for the year	–	18,788	54,689	17,994	–	91,471
Disposals	–	(1,367)	(18,037)	(6,374)	–	(25,778)
Reclassification	–	(509)	326	183	–	–
Foreign currency translation adjustments	–	(1,314)	(8,700)	3,215	–	(6,799)
As at 30 June 2011	–	41,994	129,057	54,935	–	225,986
Net carrying value						
As at 30 June 2011	282,971	379,981	592,983	61,617	259,163	1,576,715
As at 30 June 2010	75,070	328,392	550,982	39,579	60,143	1,054,166

[(1)] Other assets comprise motor vehicles, furniture and fittings, office equipment and computers.

10. Property, plant and equipment (cont'd)

Company	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost							
As at 1 July 2009	163	–	1,293	2,128	994	3,371	7,949
Additions	–	68	362	3	789	2,624	3,846
Disposals	–	–	(570)	–	–	(5)	(575)
Foreign currency translation adjustments	(5)	–	(42)	(71)	(37)	(117)	(272)
As at 30 June 2010 and 1 July 2010	158	68	1,043	2,060	1,746	5,873	10,948
Additions	–	37	–	5	16	1,176	1,234
Disposals	–	(43)	(35)	–	(716)	(1,284)	(2,078)
Foreign currency translation adjustments	(19)	(8)	(127)	(253)	(189)	(717)	(1,313)
As at 30 June 2011	139	54	881	1,812	857	5,048	8,791
Accumulated depreciation							
As at 1 July 2009	83	–	615	1,579	830	1,868	4,975
Charge for the year	8	2	162	197	108	1,205	1,682
Disposals	–	–	(201)	–	–	–	(201)
Foreign currency translation adjustments	(3)	–	(20)	(53)	(28)	(77)	(181)
As at 30 June 2010 and 1 July 2010	88	2	556	1,723	910	2,996	6,275
Charge for the year	7	10	123	148	44	1,201	1,533
Disposals	–	–	(35)	–	(48)	(407)	(490)
Foreign currency translation adjustments	(11)	(1)	(71)	(217)	(111)	(395)	(806)
As at 30 June 2011	84	11	573	1,654	795	3,395	6,512
Net carrying value							
As at 30 June 2011	55	43	308	158	62	1,653	2,279
As at 30 June 2010	70	66	487	337	836	2,877	4,673

Assets held under finance lease

During the financial year, the Group acquired leasehold land and buildings with an aggregate cost of $34,304,000 (2010: $Nil) by means of finance lease.

The carrying amount of leasehold land and buildings held under finance lease at the end of the reporting period was $33,300,000 (2010: $Nil).

11. Intangible assets

Group	Goodwill $'000	Customer relationships[(1)] $'000	Trademark $'000	Software $'000	Water rights[(2)] $'000	Concession rights[(3)] $'000	Others[(4)] $'000	Total $'000
Cost								
As at 1 July 2009	100,184	18,985	917	4,789	–	–	11,194	136,069
Additions	–	–	–	8	–	–	10,874	10,882
Acquired through business combinations	3,791	–	–	–	216,005	–	–	219,796
Foreign currency translation adjustment	(3,308)	(634)	(31)	9	(6,114)	–	27	(10,051)
As at 30 June 2010 and 1 July 2010	100,667	18,351	886	4,806	209,891	–	22,095	356,696
Additions	–	–	–	21,836	–	1,651	3,330	26,817
Acquired through business combinations	7,528	15,445	–	–	–	100,752	1,273	124,998
Disposals	–	–	–	(40)	–	–	(816)	(856)
Reclassification	–	–	–	(846)	–	–	846	–
Foreign currency translation adjustment	(9,241)	(2,801)	(109)	(75)	25,189	(3,570)	(472)	8,921
As at 30 June 2011	98,954	30,995	777	25,681	235,080	98,833	26,256	516,576
Accumulated amortisation and impairment								
As at 1 July 2009	–	2,530	–	2,046	–	–	3,955	8,531
Amortisation	–	1,225	–	1,891	–	–	158	3,274
Impairment	3,393	–	–	–	–	–	–	3,393
Foreign currency translation adjustment	(6)	(86)	–	(29)	–	–	33	(88)
As at 30 June 2010 and 1 July 2010	3,387	3,669	–	3,908	–	–	4,146	15,110
Amortisation	–	2,152	–	5,933	–	5,935	2,077	16,097
Disposals	–	–	–	(32)	–	–	(816)	(848)
Reclassification	–	–	–	(770)	–	–	770	–
Foreign currency translation adjustment	185	(527)	–	399	–	(211)	433	279
As at 30 June 2011	3,572	5,294	–	9,438	–	5,724	6,610	30,638
Net carrying value								
As at 30 June 2011	95,382	25,701	777	16,243	235,080	93,109	19,646	485,938
As at 30 June 2010	97,280	14,682	886	898	209,891	–	17,949	341,586
Average remaining amortisation period (years) – 2011	–	7 – 15	–	3 –10	–	7 – 25	8 – 36	
Average remaining amortisation period (years) – 2010	–	12	–	0.5	–	–	10 – 37	

11. Intangible assets (cont'd)

Company	Goodwill $'000	Trademark $'000	Software $'000	Others[4] $'000	Total $'000
Cost					
As at 1 July 2009	6,420	917	–	1,603	8,940
Additions	–	–	–	10,874	10,874
Foreign currency translation adjustment	(255)	(31)	–	(72)	(358)
As at 30 June 2010 and 1 July 2010	6,165	886	–	12,405	19,456
Additions	–	–	5,990	3,170	9,160
Foreign currency translation adjustment	(756)	(109)	(213)	(1,635)	(2,713)
As at 30 June 2011	5,409	777	5,777	13,940	25,903
Accumulated amortisation					
As at 1 July 2009, 30 June 2010 and 1 July 2010	–	–	–	–	–
Amortisation	–	–	300	1,622	1,922
Foreign currency translation adjustment	–	–	(11)	(58)	(69)
As at 30 June 2011	–	–	289	1,564	1,853
Net carrying amount					
As at 30 June 2011	5,409	777	5,488	12,376	24,050
As at 30 June 2010	6,165	886	–	12,405	19,456
Average remaining amortisation period (years) – 2011	–	–	3 – 10	8 – 16	
Average remaining amortisation period (years) – 2010	–	–	–	9 – 17	

[1] Customer relationships acquired as part of the business combination were initially recognised at their fair value at the date of acquisition and are subsequently carried at cost less accumulated amortisation.

[2] Water rights relates to perpetual access to share of water from specified consumptive pool.

[3] Concession rights consist of rights to harvest trees in designated areas. Amortisation is charged over the estimated useful life of the concession rights.

[4] Others comprise trade names, marketing agreements and non-compete fees.

Impairment testing of goodwill and other intangible assets

Goodwill and intangible assets with infinite life arising from business combinations have been allocated to the following cash-generating units ("CGU"), which are also the reportable operating segments, for impairment testing:

- Universal Blanchers
- Britannia Food Ingredients Holdings Limited
- Queensland Cotton Holdings
- Olam International – Brazilian Cotton
- Naarden Agro Products B.V.
- Olam Orchards Australia Pty Ltd
- Qingdao Key Foods
- Olam Spices & Vegetables Ingredients

11. Intangible assets (cont'd)

Impairment testing of goodwill and other intangible assets (cont'd)

The carrying amounts allocated to each CGU are as follows:

	Goodwill		Trademark		Water rights	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Universal Blanchers	**60,888**	69,404	**–**	–	**–**	–
Britannia Food Ingredients Holdings Limited	**7,258**	–	**–**	–	**–**	–
Queensland Cotton Holdings						
– Australian Cotton	**6,781**	5,749	**–**	–	**–**	–
– Australian Pulses	**1,818**	1,745	**–**	–	**–**	–
– USA Cotton	**2,725**	2,615	**–**	–	**–**	–
Olam International						
– Brazilian Cotton	**5,409**	6,165	**–**	–	**–**	–
Naarden Agro Products B.V	**2,053**	1,974	**–**	–	**–**	–
Olam Orchards Australia Pty Ltd	**–**	–	**–**	–	**235,080**	209,891
Olam International						
– Qingdao Key Foods [(1)]	**–**	9,628	**–**	886	**–**	–
Olam Spices & Vegetables Ingredients [(1)]	**8,450**	–	**777**	–	**–**	–
	95,382	97,280	**777**	886	**235,080**	209,891

(1) During the year, the Group completed an internal reorganisation to integrate the dehydrated products business in USA following the acquisition of selected assets and liabilities of Gilroy Foods & Flavors from ConAgra Foods, Inc., into the Olam Spices & Vegetables Ingredients ("OSVI") business unit. As a result of the restructuring, the dehydrated garlic business of Qingdao Key Foods was controlled and monitored under the OSVI CGU. Accordingly, the goodwill and the trademark arising from the acquisition of Qingdao Key Foods have been allocated to the OSVI CGU for impairment testing.

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 5-year period. The post-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolated cash flows beyond the 5-year period are as follows:

	Growth rates		Discount rates	
	2011 %	2010 %	2011 %	2010 %
Universal Blanchers	**2.00**	2.00	**10.00**	10.40
Queensland Cotton Holdings [(1)]	**2.00**	2.00	**13.00**	13.00
Olam International – Brazilian Cotton	**2.00**	2.00	**13.00**	13.00
Naarden Agro Products B.V.	**2.00**	2.00	**7.73**	7.73
Qingdao Key Foods	**–**	2.00	**–**	12.00
Olam Spices and Vegetables Ingredients	**2.00**	–	**12.00**	–
Olam Orchards Australia Pty Ltd	**2.00**	2.00	**12.00**	12.00

(1) The growth rates and discount rates used is the same for all CGUs relating to Queensland Cotton Holdings.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved at prevailing market conditions at the start of the budget period.

Growth rates – The growth rates indicated are as estimated by the management based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates reflect management's estimate of risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

11. Intangible assets (cont'd)

Business Combination

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

	Dehydrated and vegetables products' assets $'000	Almond orchards assets $'000	NZ Farming Systems Uruguay Limited $'000	Britannia Food Ingredients Holdings Limited and Britannia Storage and Distribution Limited $'000	tt Timber International AG $'000	Total $'000
Property, plant and equipment (Note 10)	58,322	50,797	208,905	14,181	30,767	362,972
Intangible assets	9,684	–	–	7,034	100,752	117,470
Biological assets (Note 12)	–	44,325	43,304	–	–	87,629
Inventories	243,495	–	3,790	28,369	24,910	300,564
Trade and other receivables	39,554	–	16,984	37,273	5,052	98,863
Advance payments to suppliers	–	–	–	–	2,513	2,513
Other current assets	–	–	9,564	–	–	9,564
Cash and bank balances	–	–	3,393	853	2,726	6,972
	351,055	95,122	285,940	87,710	166,720	986,547
Trade and other payables	(26,517)	–	(30,761)	(54,408)	(7,631)	(119,317)
Accruals and provisions	(7,241)	–	(5,746)	(5,547)	(7,917)	(26,451)
Bank overdrafts	–	–	(1,911)	–	(399)	(2,310)
Borrowings	–	–	(68,077)	(1,622)	–	(69,699)
Deferred tax liabilities	(1,426)	–	(1,141)	(3,957)	(38,548)	(45,072)
	(35,184)	–	(107,636)	(65,534)	(54,495)	(262,849)
Total identifiable net assets at fair value	315,871	95,122	178,304	22,176	112,225	723,698
Non-controlling interest measured based on proportionate share of net identifiable assets	–	–	(39,262)	–	–	(39,262)
Net identifiable assets	315,871	95,122	139,042	22,176	112,225	684,436
Goodwill arising from acquisition	–	–	–	7,528	–	7,528
Negative goodwill arising from acquisitions (Note 5)	(3,310)	(3,309)	(14,807)	–	(58,368)	(79,794)
	312,561	91,813	124,235	29,704	53,857	612,170
Consideration transferred for the acquisition						
Cash paid	312,561	74,263	95,183	23,962	53,857	559,826
Deferred settlement	–	–	–	5,742	–	5,742
Finance leases and loans obtained	–	17,550	–	–	–	17,550
Total consideration	312,561	91,813	95,183	29,704	53,857	583,118
Fair value of equity interest in subsidiary held by Group immediately before the acquisition [(1)]	–	–	29,052	–	–	29,052
	312,561	91,813	124,235	29,704	53,857	612,170
Less: Cash and cash equivalents acquired	–	–	(1,483)	(853)	(2,327)	(4,663)
Less: Non-cash items	–	(17,550)	(29,052)	(5,742)	–	(52,344)
Net cash outflow on acquisition of subsidiaries/assets	312,561	74,263	93,700	23,109	51,530	555,163

[(1)] The Group recognised a gain of $11,994,000 as a result of measuring at fair value its 18.45% equity interest in NZSFU held before the business combination. The gain is included in "Other Income" line item in the Group's profit or loss for the year ended 30 June 2011.

11. Intangible assets (cont'd)

Business Combinations (cont'd)

Acquisition of assets

(i) *Dehydrated and vegetables products' assets*

In line with the spices and vegetables ingredients' business strategy, on 20 July 2010 (the 'acquisition date'), the Group purchased selected assets and liabilities of Gilroy Foods & Flavors ("Gilroy") from ConAgra Foods, Inc. in the USA through its wholly owned subsidiary, Olam West Coast, Inc.

(ii) *Almond orchards assets*

In order to expand the Group's operations in the edible nuts business in the USA, the Group acquired the almond orchards assets in the USA through its wholly owned subsidiary, Olam Farming, Inc on the following dates:

Almond orchards	Name of sellers	Date of acquisition
Chowchilla	Blech Corporations	17 August 2010
Diego	Stanislaus Almond Ranch, LLC	8 December 2010
	Koy Almond Ranch, LLC	30 December 2010
	Lake Road Grizzly	5 January 2011
Nevada	Hostetler Ranches, LLC	3 June 2011

Acquisition of subsidiaries

The Group acquired the following subsidiaries during the financial year:

Name of subsidiaries acquired	Note	Equity interest acquired %	Date of acquisition
NZ Farming Systems Uruguay Limited ("NZFSU")	(iii)	59.53	27 September 2010
tt Timber International AG ("tt Timber")	(iv)	100.00	11 January 2011
Britannia Food Ingredients Holdings Limited ("BFI") and Britannia Storage and Distribution Limited ("BSD")	(v)	100.00	28 January 2011

(iii) *NZ Farming Systems Uruguay Limited*

The acquisition of NZFSU is to integrate the Group's upstream activity into dairy farming in a cost competitive location.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $16,984,000, which approximates fair value. It is expected that full contractual amount of the receivables can be collected.

(iv) *tt Timber International AG*

The acquisition of tt Timber will provide a platform for the Group to build substantial scale and industry leadership in certified tropical hardwood.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $5,052,000, which approximates fair value. It is expected that full contractual amount of the receivables can be collected.

11. Intangible assets (cont'd)

Business Combinations (cont'd)

(v) Britannia Food Ingredients Holdings Limited ("BFI") and Britannia Storage and Distribution Limited ("BSD")

During the year, the Group acquired 100% equity interest in BSD and 85% equity interest in BFI. As part of the acquisition of BFI, the Group also entered into a Call and Put option with a director of BFI, where the Group can exercise its call option or the director of BFI can exercise his put option for the remaining 15% interest in BFI at an agreed valuation.

The combination of the Call and Put option at an agreed valuation gives the Group deemed access to the benefits associated with the ownership of the remaining 15% shares in BFI. As such, the Group is deemed to have acquired 100% equity stake in BFI as at the date of acquisition.

The acquisition of BFI and BSD is to align the Group's continuous expansion of its global strategy to integrate its supply chain into value-added midstream processing and to serve the growing requirements of the global chocolate industry.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $37,273,000, which approximates fair value. It is expected that full contractual amount of the receivables can be collected.

Transaction costs

Total transaction costs related to all acquisitions of $8,673,000 have been recognised in the "Other operating expenses" line item in the Group's profit and loss account for the year ended 30 June 2011.

Goodwill arising from acquisitions

Goodwill of $7,528,000 is mainly due to the synergies expected to achieve from integrating the value added midstream processing business of the subsidiary into the Group's existing supply chain business. The goodwill recognised is not expected to be deductible for income tax purposes.

Negative goodwill arising from acquisitions

The negative goodwill amounting to $79,794,000 arising from the acquisitions are mainly related to purchase of distressed assets and are not expected to be taxable for income tax purposes.

Impact of the acquisitions on profit and loss

The Group has chosen not to disclose the impact of the acquisitions on revenues and profit and loss as this information is considered to be sensitive.

Acquisition of non-controlling interests

As at 30 June 2010, the Group had 18.45% equity interest in NZFSU. On 27 September 2010, the Group acquired an additional 59.53% shareholding in NZFSU for a cash consideration of $95,183,000 via a takeover offer, thus making it a subsidiary.

Subsequent to the acquisition of the 59.53% equity interest, the Group further acquired an additional 7.95% equity stake in NZSFU from the non-controlling interests for a cash consideration of $14,539,000, thus increasing the Group's total equity stake to 85.93% in NZSFU.

The premium on acquisition of the 7.95% equity stake amounting to $904,000 has been recognised in "Capital reserves" within equity.

12. Biological assets

Biological assets consist of plantations, annual crops and livestock.

	Group	
	2011 $'000	2010 $'000
As at 1 July	**181,883**	19,629
Net additions [1]	**95,097**	8,572
Business combinations (Note 11)	**87,629**	108,675
Effect of movement in exchange rate	**8,194**	(8,982)
Net change in fair value less estimated costs to sell	**80,365**	53,989
As at 30 June	**453,168**	181,883

[1] These are mainly net additions to annual crops and livestock.

Analysis of biological assets

Plantations consist of almonds to sell to various domestic and international markets as part of its normal operations. The almond orchards presently consist of trees aged between 3 and 20 years (2010: 3 to 7 years).

During the year ended 30 June 2011, the Group harvested approximately 18,839 metric tonnes (2010: 15,700 metric tonnes) of almonds which had a fair value less estimated point-of-sale costs of approximately $122,587,000 (2010: $91,815,000). The fair value of almonds was determined with reference to the market prices at the date of harvest.

Annual crops consist of seeds for various commodities (onions, tomatoes and other vegetables) which are given to farmers to sow and grow. Farmers take all the harvest risks and bear all the farming costs. On harvesting of the commodities, the Group has the first right to buy the produce from these farms.

At the end of the year, the Group's total planted area of plantations and annual crops is approximately 14,710 (2010: 11,949) hectares and 4,504 (2010: 930) hectares respectively.

Livestock relates mainly to dairy cattle in Uruguay. At the end of the year, the Group held 43,640 cows which are able to produce milk (mature assets) and 14,862 heifers being raised to produce milk in the future (immature assets). The Group produced 7,366,955 kg of milk solids with a fair value less estimated point-of-sale costs of $50,408,000 in the year ended 30 June 2011.

Fair value determination

The fair value of biological assets (other than annual crops and livestock) is estimated with reference to a professional valuation using the present value of expected net cash flows from the biological assets. The valuations are based on following significant assumptions:

(i) The average life of trees for plantations have been taken up to 25 years;
(ii) Rates considered for discounting future cash flows range between 12% and 13% per annum;
(iii) Annual rate of inflation ranging from 2.5% to 4%;
(iv) Location, soil type and infrastructure for determining estimated yield; and
(v) Market price of the biological assets dependent on the prevailing market price of the products after harvest.

The annual crops have been valued using adjusted cost, which is the estimate of the yield and cost of the crop at harvest discounted for the remaining time to harvest, which approximate fair value.

The fair value of livestock is determined based on market prices of livestock of similar age, breed and generic merit.

12. Biological assets (cont'd)

Financial risk management strategies related to agri activities

The Group is exposed to financial risk in respect of agricultural activity. The agricultural activity of the Group consists of the management of biological assets to produce marketable output. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of biological assets and on harvesting and ultimately receiving cash from the sale of the marketable output. The Group plans for cash flow requirements for such activities and manages its debt and equity portfolio actively.

13. Subsidiary companies

	Company	
	2011 $'000	2010 $'000
Quoted shares at cost	122,273	–
Unquoted shares at cost	564,354	389,930
Less: Impairment loss	(11,029)	(9,245)
Currency realignment	(52,942)	(7,168)
	622,656	373,517
Loans to subsidiary companies	188,149	416,437
	810,805	789,954
Market value of quoted shares	148,998	–

The Company has provided impairment loss of $1,784,000 (2010: $Nil) on the investment in the subsidiaries as the carrying amount exceeds the fair value based on the net asset value of the subsidiaries.

Loans to subsidiary companies are non-interest bearing, unsecured and are not repayable within the next 12 months except for amounts of $157,487,000 (2010: $398,398,000) which are unsecured and bear interest ranging from 2.5% to 9% (2010:1% to 5%) per annum.

13. Subsidiary companies (cont'd)

Significant subsidiary companies of Olam International Limited are as follows:

Name of company	Country of incorporation	Principal activities	Effective percentage of equity held by the Group 2011 %	2010 %
Olam Cam Sarl [(2)]	Cameroon	(a)	**100**	100
Olam Ghana Limited [(2)]	Ghana	(a)	**100**	100
Olam Ivoire Sarl. [(2)]	Ivory Coast	(a)	**100**	100
Olam Nigeria Ltd [(2)]	Nigeria	(a)	**100**	100
Naarden Agro Products B.V [(2)]	Netherlands	(a)	**100**	100
Key Foods Hong Kong Limited [(3)]	Hong Kong	(b)	**100**	100
Olam Tanzania Ltd [(2)]	Tanzania	(a)	**100**	100
Outspan Ivoire SA [(2)]	Ivory Coast	(a)	**100**	100
Olam Gabon Sarl. [(2)]	Gabon	(a)	**100**	100
Olam Mocambique, Limitada [(2)]	Mozambique	(a)	**100**	100
Olam Vietnam Limited [(2)]	Vietnam	(a)	**100**	100
Olam South Africa (Proprietary) Limited [(2)]	South Africa	(a)	**100**	100
Olam Brasil Ltda [(2)]	Brazil	(a)	**100**	100
Olam Europe Limited [(2)]	United Kingdom	(a)	**100**	100
PT Olam Indonesia [(2)]	Indonesia	(a)	**100**	100
Outspan Brasil Importacăo e Exportacăo Ltda [(2)]	Brazil	(a)	**100**	100
Olam Shanghai Limited [(2)]	China	(a)	**100**	100
Olam Argentina S.A. [(2)]	Argentina	(a)	**100**	100

13. Subsidiary companies (cont'd)

Significant subsidiary companies of Olam International Limited are as follows:

Name of company	Country of incorporation	Principal activities	Effective percentage of equity held by the Group 2011 %	2010 %
Panasia International FZCO [2]	United Arab Emirates	(a)	**100**	100
Outspan Colombia S.A [2]	Colombia	(a)	**100**	100
Olam Honduras, S.A., de C.V. [4]	Honduras	(a)	**100**	100
Olam Investments Limited [2]	Mauritius	(b)	**100**	100
Café Outspan Vietnam Limited [2]	Vietnam	(a)	**100**	100
LLC Outspan International [2]	Russia	(a)	**100**	100
Olam Investments Australia Pty Ltd [2]	Australia	(b)	**100**	100
Olam (Thailand) Limited [2]	Thailand	(a)	**100**	100
Outspan Bolovens Limited [2]	Laos	(a) & (c)	**100**	100
Olam Agro India Limited [2]	India	(a)	**100**	100
Crown Flour Mills Limited [2]	Nigeria	(a)	**100**	100
Olam Orchards Australia Pty. Ltd. [2]	Australia	(a) & (c)	**100**	100
Outspan Mexico SA de CV [3]	Mexico	(a)	**100**	100
Invenio Holdings Pte. Ltd. [1]	Singapore	(b)	**88.64**	100
tt Timber International AG [3]	Switzerland	(a)	**100**	–
NZ Farming Systems Uruguay Limited [2]	New Zealand	(a)	**85.93**	–
Britannia Food Ingredients Holdings Limited [2]	United Kingdom	(b)	**100**	–
Gabon Special Economic Zone SA [2]	Gabon	(e)	**60**	–
Olam Palm Gabon SA [2]	Gabon	(a) & (c)	**70**	–

13. Subsidiary companies (cont'd)

Significant subsidiary companies of subsidiaries of Olam International Limited are as follows:

Name of company	Principal activities	Effective percentage of equity held by the Group 2011 %	2010 %
Subsidiary company of **Olam Investments Limited** is as follows:			
Olam Agro India Limited [2] (India)	(a)	**100**	100
Subsidiary company of **Olam Investments Australia Pty Ltd** is as follows:			
Olam Australia Pty Ltd [2] (Australia)	(a)	**100**	100
Subsidiary company of **Olam Australia Pty Ltd** is as follows:			
Queensland Cotton Holdings Pty Ltd [2] (Australia)	(b)	**100**	100
Subsidiary companies of **Queensland Cotton Holdings Pty Ltd** are as follows:			
QC International Pty Ltd [2] (Australia)	(b)	**100**	100
Australian Cotton Corporation Pty Ltd [2] (Australia)	(b)	**100**	100
Queensland Cotton Corporation Pty Ltd [2] (Australia)	(a)	**100**	100
Subsidiary company of **QC International Pty Ltd** is as follows:			
Olam Holdings Partnership [2] (USA)	(b)	**99**	99
Subsidiary companies of **Olam Holdings Partnership** are as follows:			
QC (US) International, Inc. [2] (USA)	(b)	**100**	100
Olam US Holdings Inc. [2] (USA)	(b)	**100**	100
Subsidiary company of **QC (US) International, Inc.** is as follows:			
QC (US) Inc. [2] (USA)	(b)	**100**	100
Subsidiary companies of **QC (US) Inc.** are as follows:			
Anderson Clayton Corp. [2] (USA)	(a)	**100**	100
QC (US) Marketing, Inc. [2] (USA)	(a)	**100**	100

13. Subsidiary companies (cont'd)

Significant subsidiary companies of subsidiaries of Olam International Limited are as follows:

Name of company	Principal activities	Effective percentage of equity held by the Group 2011 %	2010 %
Subsidiary companies of **Olam US Holdings Inc.** are as follows:			
Universal Blanchers, L.L.C [2] (USA)	(a)	**100**	100
Olam Americas, Inc. [2] (USA)	(a)	**100**	100
Subsidiary companies of **Olam Americas, Inc.** are as follows:			
Olam West Coast, Inc. [2] (USA)	(a)	**100**	100
Olam Tomato Processors, Inc. [2] (USA)	(a)	**100**	100
Olam Farming, Inc. [2] (USA)	(a) & (c)	**100**	100
Subsidiary company of **Invenio Holdings Pte. Ltd.** is as follows:			
Invenio Commodity Financials Pte. Ltd. [1] (Singapore)	(d)	**100**	100
Subsidiary company of **Britannia Food Ingredients Holdings Limited** is as follows:			
Britannia Food Ingredients Limited [2] (United Kingdom)	(a)	**100**	–
Subsidiary companies of **tt Timber International AG** are as follows:			
Congolaise Industrielle des Bois SA [2] (Republic of Congo)	(a)	**100**	–
Commerce et Industrie des Bois SA [2] (Gabon)	(a)	**100**	–
Subsidiary companies of **Commerce et Industrie des Bois SA** are as follows:			
Gabonaise Industrielle des Bois SA [2] (Gabon)	(a)	**100**	–
Compagnie Forestiere des Abeilles SA [2] (Gabon)	(a)	**100**	–

(a) Sourcing, processing, packaging and merchandising of agricultural products.
(b) Investment holding.
(c) Agricultural operations.
(d) Risk management activities.
(e) Infrastructure development.

[1] Audited by Ernst & Young LLP, Singapore.
[2] Audited by associated firms of Ernst & Young LLP, Singapore.
[3] Audited by other CPA firms.
[4] Not required to be audited by the law of the country of incorporation.

14. Investments in jointly controlled entities and associates

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Jointly controlled entities (Note 14a)	**208,868**	195,958	**150,065**	170,980
Associates (Note 14b)	**202,951**	271,279	**203,782**	271,422
	411,819	467,237	**353,847**	442,402

(a) Investments in jointly controlled entities

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Unquoted shares at cost	**3,015**	3,015	**2,186**	2,186
Loans to jointly controlled entities [1]	**148,306**	168,951	**148,306**	168,951
Share of post-acquisition reserves	**62,341**	25,410	**–**	–
Currency realignment	**(4,794)**	(1,418)	**(427)**	(157)
	208,868	195,958	**150,065**	170,980

[1] Loans to jointly controlled entities include loan to Nauvu Investments Pte Ltd amounting to $147,562,000 (2010: $168,203,000). The loan is unsecured, non-interest bearing and is not expected to be repayable within the next 12 months.

Details of the jointly controlled entities at end of financial year are as follows:

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2011 %	Percentage of equity held 2010 %
Held by the Company				
Nauvu Investments Pte Ltd [1]	Singapore	(a)/(b)	**50**	50
Solimar Foods Ingredients S.L. [2]	Spain	(a)	**49**	49
Usicam S.A. [3]	Cameroon	(a)	**50**	50
Held by a subsidiary				
Mitrsuphan Rice Co. Ltd [3]	Thailand	(a)	**49**	49

(a) Sourcing, processing, packaging and merchandising of agricultural products.

(b) Technical services

[1] Audited by Ernst & Young LLP, Singapore

[2] Audited by associated firm of Ernst & Young LLP, Singapore

[3] Audited by other CPA firms

14. Investments in jointly controlled entities and associates (cont'd)

(a) Investments in jointly controlled entities (cont'd)

The Group's share of the jointly controlled entities' underlying assets and liabilities, and results are as follows:

	Group	
	2011 $'000	2010 $'000
Assets and liabilities:		
Current assets	**18,074**	5,914
Long-term assets	**950,170**	202,816
Total assets	**968,244**	208,730
Current liabilities	**(707,885)**	(1,356)
Long-term liabilities	**(147,646)**	(168,120)
Total liabilities	**(855,531)**	(169,476)
Results:		
Income	**74,181**	20,023
Expenses	**(37,437)**	(4,735)
Profit after tax for the financial year	**36,744**	15,288

(b) Investments in associates

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Quoted shares at cost	**169,031**	169,031	**169,031**	169,031
Unquoted shares at cost	**105,923**	105,923	**105,923**	105,923
Share of post-acquisition reserves	**(874)**	(67)	**–**	–
Currency realignment	**(35,533)**	(3,608)	**(35,576)**	(3,532)
Less: Impairment loss (Note 3.2f)	**(35,596)**	–	**(35,596)**	–
	202,951	271,279	**203,782**	271,422
Market value of quoted shares	**52,335**	158,626	**52,335**	158,626

14. Investments in jointly controlled entities and associates (cont'd)

(b) Investments in associates (cont'd)

Details of the associates at end of financial year are as follows:

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2011 %	2010 %
Held by the Company				
Open Country Dairy Limited [1]	New Zealand	Processing and trading of agricultural commodities	**24.75**	24.75
PureCircle Limited [1]	Bermuda	Processing and trading of agricultural commodities	**20**	20

[1] Audited by other CPA firms

The Group's share of the associates' underlying assets and liabilities, and results are as follows:

	Group 2011 $'000	2010 $'000
Assets and liabilities:		
Current assets	**76,495**	79,332
Long-term assets	**95,416**	96,705
Total assets	**171,911**	176,037
Current liabilities	**(25,957)**	(27,052)
Long-term liabilities	**(61,461)**	(56,334)
Total liabilities	**(87,418)**	(83,386)
Results:		
Income	**167,375**	120,838
Expenses	**(175,951)**	(123,202)
Loss after tax for the financial year	**(8,576)**	(2,364)

15. Long-term investment

Long-term investment in 2010 related to an 18.45% shareholding in NZ Farming Systems Uruguay Limited ("NZFSU"). The market value of the investment as at 30 June 2010 was $18,172,000.

On 27 September 2010, the Company acquired an additional 59.53% shareholding in NZFSU for a cash consideration of $95,183,000 via a takeover offer, thus making it a subsidiary (Note 11).

16. Amounts due from subsidiary companies

	Company	
	2011 $'000	2010 $'000
Trade receivables	**658,493**	583,610
Loans to subsidiaries (1)	**341,466**	616,355
Non-trade receivables (2)	**945,076**	140,200
	1,945,035	1,340,165
Amounts due from subsidiary companies are stated after deducting allowance for doubtful debts of		
– Trade	**1,843**	2,101
– Non-trade	**3,072**	3,502
	4,915	5,603
The movement of the allowance accounts is as follows:		
Movement in allowance accounts:		
At 1 July	**5,603**	5,797
Currency realignment	**(688)**	(194)
At 30 June	**4,915**	5,603

(1) Loans to subsidiaries include amounts totalling $246,404,000 (2010: $400,937,000) which are unsecured and bear interest ranging from 4.73% to 8.00% (2010: 3.50% to 6.31%) per annum, repayable on demand and is to be settled in cash. The remaining amounts are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

(2) The non-trade receivables are interest-free, unsecured, repayable within the next 12 months and are to be settled in cash.

17. Trade receivables

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade receivables	**1,444,556**	857,687	**446,029**	274,816
GST, VAT and other indirect tax receivables	**150,890**	119,094	**311**	572
	1,595,446	976,781	**446,340**	275,388

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
United States Dollar	**278,796**	240,743	**–**	–
Great Britain Pound	**39,061**	3,269	**39,061**	3,269
Euro	**41,066**	62,252	**8,483**	17,378

17. Trade receivables (cont'd)

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

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade receivables – nominal amounts	**1,462,064**	878,018	**454,296**	285,885
Allowance for doubtful debts	**(17,508)**	(20,331)	**(8,267)**	(11,069)
	1,444,556	857,687	**446,029**	274,816
Movement in allowance accounts:				
At 1 July	**20,331**	17,480	**11,069**	10,817
Charge for the year	**5,238**	4,806	**3,745**	615
Written off	**(6,864)**	(1,247)	**(5,242)**	–
Currency realignment	**(1,197)**	(708)	**(1,305)**	(363)
At 30 June	**17,508**	20,331	**8,267**	11,069

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

The analysis of debtors ageing at the balance sheet date is as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade receivables:				
Less than 30 days	**1,046,871**	565,152	**329,978**	185,949
30 to 60 days	**302,462**	207,263	**83,156**	60,120
61 to 90 days	**42,753**	37,113	**19,812**	12,630
91 to 120 days	**25,672**	12,360	**6,850**	3,554
121 to 180 days	**18,885**	11,682	**3,840**	3,089
More than 180 days	**7,913**	24,117	**2,393**	9,474
	1,444,556	857,687	**446,029**	274,816

18. Margin accounts with brokers

Margin accounts are maintained with recognised futures dealers and brokers for trades done on the futures exchanges. These margin accounts move in relation to trades done on futures, variation margins required and prices of the commodities traded.

These amounts reflect the payments made to futures dealers as initial and variation margins depending on the volume of trades done and price movements.

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Margin deposits with brokers	**553,357**	219,208	**537,328**	182,660
Amounts due to brokers	**(96,224)**	(66,393)	**(92,350)**	(17,496)
	457,133	152,815	**444,978**	165,164

19. Inventories

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Balance sheets:				
Commodity inventories at fair value	**822,016**	515,632	**140,311**	43,978
Commodity inventories at the lower of cost and net realisable value	**2,762,128**	2,068,414	**507,762**	417,753
	3,584,144	2,584,046	**648,073**	461,731
Profit and loss accounts:				
Inventories recognised as an expense in cost of goods sold inclusive of the following (charge)/credit	**(11,433,348)**	(8,469,222)	**(8,266,239)**	(6,678,210)
– Inventories written-down	**(29,712)**	(6,254)	**–**	(3,894)
– Reversal of write-down of inventories [1]	**5,966**	6,660	**3,536**	6,660

[1] The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

20. Advance payments to suppliers

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Third parties	**222,207**	237,784	**65,060**	85,824
Subsidiary companies	**–**	–	**1,215,058**	1,415,482
	222,207	237,784	**1,280,118**	1,501,306

These represent advance payments to suppliers and subsidiary companies for procurement of physical commodities.

20. Advance payments to suppliers (cont'd)

Advance payments to suppliers denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
United States Dollar	**20,505**	32,946	**–**	–
Great Britain Pound	**140**	47	**26,577**	83,331
Euro	**21,357**	21,951	**312,769**	190,137

Advance payments to suppliers relating to third parties for the Group and Company are stated after deducting allowance for doubtful debts of $8,143,000 (2010: $9,194,000) and $1,009,000 (2010: $3,282,000) respectively.

The movement in the allowance accounts is as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Movement in allowance accounts:				
As at 1 July	**9,194**	6,573	**3,282**	–
Charge for the year	**2,182**	5,258	**19**	3,287
Written off	**(3,020)**	(1,810)	**(1,958)**	–
Foreign currency translation adjustment	**(213)**	(827)	**(334)**	(5)
At 30 June	**8,143**	9,194	**1,009**	3,282

21. Other current/non-current assets

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current:				
Staff advances [(1)]	**11,952**	9,223	**5,606**	3,831
Deposits	**22,489**	17,751	**2,255**	3,121
Option premium receivable	**–**	47,149	**–**	47,149
Insurance receivables [(2)]	**7,351**	16,705	**4,065**	16,622
Short-term investment [(3)]	**38,950**	–	**38,950**	–
Sundry receivables	**82,119**	64,720	**2,276**	7,020
Export incentives and subsidies receivable [(4)]	**110,902**	133,724	**–**	–
	273,763	289,272	**53,152**	77,743
Development costs [(5)]	**119,467**	–	**–**	–
Prepayments	**164,888**	103,384	**12,458**	7,457
	558,118	392,656	**65,610**	85,200
Non-current:				
Other non-current assets	**10,004**	4,161	**–**	–

(1) Staff advances are interest-free, unsecured, repayable within the next 12 months and are to be settled in cash.

(2) Insurance receivables pertain to pending marine and inventories insurance claims. The outstanding claims are currently being processed by the insurance companies for final settlement.

(3) Short-term investment relates to investment in the Ektimo Commodity Relative Value Fund LP ('Fund'), which invests in a portfolio of commodity markets including agriculture, metals, energy and livestock.

(4) These relate to incentives and subsidies receivable from the Government agencies from various countries.

(5) Development costs relates to external costs incurred in development of a special economic zone in Gabon.

22. Trade payables and accruals

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade payables	**613,112**	396,153	**284,488**	251,528
Accruals	**415,644**	215,236	**73,595**	78,815
Advances received from customers	**61,862**	30,858	**20,245**	–
GST payable and equivalent	**4,985**	6,144	**–**	–
	1,095,603	648,391	**378,328**	330,343

Trade payables are non-interest bearing. Trade payables are normally on 30 to 60 days' terms while other payables have an average term of two months.

Trade payables denominated in foreign currencies at 30 June are as follows:

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
United States Dollar	**26,104**	69,240	**–**	–
Great Britain Pound	**225**	–	**209**	–
Euro	**16,990**	21,933	**14,675**	20,270

Trade payables include an amount of $7,871,064 (2010: $12,104,094) due to an associate.

23. Other current liabilities

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Interest payable on bank loans	**48,086**	25,492	**37,671**	22,594
Sundry payables	**37,950**	34,301	**–**	–
Option premium payable	**18,700**	34,388	**18,700**	34,388
	104,736	94,181	**56,371**	56,982
Provision for withholding tax	**7,570**	4,470	**–**	–
	112,306	98,651	**56,371**	56,982

24. Borrowings

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current:				
Bank overdrafts (Note 33)	**437,169**	167,611	**–**	–
Bank loans	**2,669,858**	1,287,870	**1,434,536**	837,352
Term loans from banks	**302,148**	840,087	**302,148**	723,279
Medium-term notes	**199,443**	–	**199,443**	–
Obligation under finance leases (Note 28c)	**1,425**	–	**–**	–
	3,610,043	2,295,568	**1,936,127**	1,560,631
Non-current:				
Term loans from banks	**1,713,918**	1,228,312	**634,820**	1,035,793
Medium-term notes	**349,717**	249,016	**349,717**	249,016
Obligation under finance leases (Note 28c)	**21,556**	–	**–**	–
Other bonds	**345,428**	–	**305,124**	–
Convertible bonds, unsecured	**539,908**	730,108	**539,908**	730,108
	2,970,527	2,207,436	**1,829,569**	2,014,917
	6,580,570	4,503,004	**3,765,696**	3,575,548

Borrowings denominated in foreign currencies as at 30 June are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Singapore Dollar	**666,898**	290,000	**666,898**	290,000
Great Britain Pound	**190,444**	240,973	**190,444**	240,973

Bank overdrafts and bank loans

The bank loans for the Company are repayable within 12 months and bear interest in the range of 0.85% to 6.38% (2010: 1.11% to 2.59%) per annum.

The bank loans and bank overdrafts for the subsidiary companies are repayable within 12 months and bear interest in the range of 1% to 22% (2010: 1% to 17%) per annum.

Bank loans include an amount of $32,932,000 (2010: $13,307,600) secured by the assets of a subsidiary.

Term loans from banks

Term loans from banks of the Company bear interest at floating interest rates ranging from 1.76% to 4.46% (2010: 1.91% to 4.37%) per annum. Term loans for the Company are unsecured and are repayable between 2 to 4 years.

Term loans from banks for the subsidiary companies bear interest at floating interest rates ranging from 2.79% to 12.00% (2010: 1.42% to 11.00%) per annum. Term loans for the subsidiary companies are unsecured and are repayable between 2 to 7 years.

In 2010, term loans from banks included Industrial Development Bonds of $11,276,000 which were issued by one of the subsidiary companies that bear interest at IRB ("Industrial Revenue Bond") rate + 1.125%. The loan has been fully repaid as of year ended 30 June 2011.

24. Borrowings (cont'd)

Medium-term notes

The Company has multicurrency medium-term notes programme with a maximum aggregate principal amount of $800,000,000 (2010: $800,000,000). These medium-term notes are unsecured, bear interest at a fixed rate, ranging from 2.12% to 4.07% (2010: 4.07%) per annum and are repayable between one and two years.

Obligations under finance leases

Obligations under finance leases amounting to $17,422,000 (2010: $Nil) are guaranteed by holding company of the subsidiary.

Obligations under finance leases bear interest ranging from 7.30% to 9.00% (2010: Nil) per annum and are repayable between 1 and 7 years.

Other bonds

On 7 August 2010, the Company issued a 7.5% interest bearing unsecured senior bonds of US$250,000,000 due in 2020 amounting to $305,124,000.

The remaining $40,304,000 relates to US$30,000,000 long term bonds that were issued by NZ Farming Systems Uruguay Limited via a trust structure in Uruguay prior to acquisition by the Company. The bonds have an initial fixed interest rate of 5% per annum for the period to 30 September 2010, and thereafter an annual variable interest rate of between 5% and 15% per annum calculated annually using a formula based on gross milk revenues and certain key input costs. The bond is expected to have term of approximately 15 years, and the expected average interest rate is 8.9% per annum to the early redemption option in January 2018 with interest being accrued to date on this basis.

Convertible bonds, unsecured

On 3 July 2008, the Company issued 1% interest bearing convertible bonds of US$300,000,000. The bonds will mature in 5 years from the issue date at their redemption value of US$358,140,000 or can be converted any time between 13 August 2008 and 23 May 2013 into fully paid ordinary shares of the Company at an initial conversion price of $3.8464 per share with a fixed exchange rate of $1.3644 to US$1.00. In 2009, bonds aggregating to a principal amount of US$280,800,000 were bought back.

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

	Group and Company	
	2011 $'000	2010 $'000
Balance at the beginning of the period	**27,627**	23,683
Converted to shares during the year	**(682)**	–
	26,945	23,683
Less: Currency realignment	**(3,321)**	(792)
Add: Accretion of interests	**4,630**	4,736
	28,254	27,627

24. Borrowings (cont'd)

Convertible bonds, unsecured (cont'd)

On 4 March 2009, the Company issued 1.281% interest bearing convertible bonds of US$122,616,000 ("New bonds") in exchange for the bonds issued on 3 July 2008 with a nominal value of US$157,200,000. The New bonds will mature on 3 July 2013 at their redemption value of US$185,763,240 or can be converted any time between 12 April 2009 and 23 May 2013 into fully paid ordinary shares of the Company at an initial conversion price of $1.656 per share with a fixed exchange rate of $1.5067 to US$1.00.

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

	Group and Company	
	2011 $'000	2010 $'000
Balance at the beginning of the period	**136,958**	144,551
Less:		
Converted to shares during the year	**(136,958)**	(22,158)
Currency realignment	**–**	(4,828)
Add: Accretion of interests	**–**	19,393
	–	136,958

On 2 September 2009, the Company issued 6.0% interest bearing convertible bonds of US$400,000,000. The bonds will mature in 7 years from the issue date and have an initial conversion price of $3.0853 per share with a fixed exchange rate of $1.4400 to US$1.00. On 1 October 2009, the Company increased the issue size of the bonds by an additional US$100,000,000 bringing the total issue size to be US$500,000,000.

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

	2011 $'000	2010 $'000
Balance at the beginning of the period:	**565,523**	700,400
Less:		
Proportionate share of expenses on issue of convertible bonds	**–**	(12,631)
Equity component net of deferred tax at inception	**–**	(133,997)
Currency realignment	**(69,399)**	–
Add: Accretion of interests	**15,530**	11,751
	511,654	565,523
Total convertible bonds	**539,908**	730,108

25. Earnings per share

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

Diluted earnings per share is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive shares and options).

The following reflects the profit and share data used in the basic and diluted earnings per share computations for the years ended 30 June:

	Group	
	2011 $'000	2010 $'000
Net profit attributable to owners of the Company for basic earnings per share	**429,841**	359,469
Adjustments:		
Interest on convertible bonds	**20,788**	37,682
Net measurement loss / (gain) on convertible bonds	**833**	(54,057)
Net profit attributable to owners of the Company for diluted earnings per share	**451,462**	343,094
	No. of shares	**No. of shares**
Weighted average number of ordinary shares on issue applicable to basic earnings per share [1]	**2,120,460,030**	2,009,002,290
Dilutive effect of convertible bonds	**252,132,946**	276,169,858
Dilutive effect of share options	**46,972,544**	34,656,813
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**2,419,565,520**	2,319,828,961

(1) The weighted average number of ordinary shares has been restated for the effects of the preferential share offering issue on 5 July 2011. Outstanding shares have been multiplied using an "Adjustment Factor" calculated by taking the difference in the price at which Preferential Offering was made ($2.61) and the price on the last day of exercise of entitlements ($2.56).

Subsequent to the financial year end,

a. One of the directors of the Company exercised the options to acquire 15,000,000 (2010: Nil) ordinary shares.
b. 97,292,951 new ordinary shares in the capital of the Company were allotted and issued under a pro rata and non-renounceable preferential offering.
c. 94,408,000 new ordinary shares in the capital of the Company were allotted and issued to Breedens Investments Pte. Ltd. (an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited).

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and the date of these financial statements.

26. Share capital

	Group and Company			
	2011		2010	
	No. of shares	$'000	No. of shares	$'000
Ordinary shares issued and fully paid [(1)]				
Balance at 1 July	**2,020,759,705**	**1,201,581**	1,715,894,324	708,586
Issue of shares for cash	**94,408,000**	**241,779**	273,459,000	437,389
Issue of shares upon conversion of bonds	**94,959,097**	**94,283**	18,911,168	30,461
Issue of shares under scrip dividend scheme	**–**	**–**	5,633,004	14,114
Issue of shares on exercise of share options	**25,382,116**	**39,467**	6,862,209	11,031
Balance at 30 June	**2,235,508,918**	**1,577,110**	2,020,759,705	1,201,581

(1) 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 restriction. The ordinary shares have no par value.

27. Dividends

	Group and Company	
	2011 $'000	2010 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– One tier tax exempted first and final dividend for 2010: $0.025 (2009: $0.035) per share	**53,139**	69,790
– One tier tax exempted interim dividend for 2011: $Nil (2010: $0.02) per share	**–**	40,378
	53,139	110,168
Value of scrip dividends allotted and issued:		
– Issuance of Nil shares (2010: 5,633,004 new shares) at an issue price of $Nil (2010: $2.51) in lieu of first and final dividend, net of expenses	**–**	14,114
Proposed but not recognised as a liability as at 30 June:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– One tier tax exempted first and final dividend for 2011: $0.05 per share	**111,775**	–
– One tier tax exempted second and final dividend for 2010: $0.025 per share	**–**	50,519
	111,175	50,519

28. Commitments

(a) Operating lease commitments

Rental expenses of the Group and Company (principally for offices, warehouses and employees' residences) were $39,713,000 (2010: $38,472,000) and $4,037,000 (2010: $7,236,000), respectively. Most leases contain options for renewing the leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rental payable under non-cancellable operating leases were as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Within one year	**22,877**	18,626	**6,285**	4,456
After one year but not more than five years	**32,216**	15,863	**5,867**	1,595
More than five years	**5,322**	7,341	**–**	–
	60,415	41,830	**12,152**	6,051

(b) Capital commitments

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

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Capital commitments in respect of property, plant and equipment	**76,195**	31,474	**–**	3,957
Commitments in respect of acquisitions	**–**	250,000	**–**	–
	76,195	281,474	**–**	3,957

(c) Finance lease commitments

The Group has finance leases for land and buildings. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group 2011 $'000	
	Minimum lease payments	Present value of payments (Note 24)
Not later than one year	**1,626**	1,425
Later than one year but not later than five years	**6,519**	5,175
Later than five years	**16,594**	16,381
Total minimum lease payments	**24,739**	22,981
Less: Amounts representing finance charges	**(1,758)**	–
Present value of minimum lease payments	**22,981**	22,981

In 2010, there were no finance leases for the Group and the Company.

29. Contingent liabilities

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Contingent liabilities not provided for in the accounts:				
Financial guarantee contracts given to subsidiary companies [1]	**–**	–	**3,685,209**	1,840,642

[1] Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $1,367,241,349 (2010: $547,789,002).

The Company has agreed to provide continuing financial support to certain subsidiary companies.

30. Employee benefits expenses

Employee benefits expenses (including executive directors):

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Salaries and employee benefits	**299,950**	207,548	**85,644**	102,217
Central Provident Fund contributions and equivalents	**16,612**	15,708	**1,824**	1,605
Retrenchment benefits	**553**	600	**–**	–
Share-based expense	**23,991**	14,697	**15,725**	7,357
	341,106	238,553	**103,193**	111,179

(a) Employee share subscription scheme

The Olam International Limited Employee Share Subscription Scheme 2004 (the "ESSS") was implemented on 26 October 2004. The ESSS comprised 73,913,044 ordinary shares of $0.23 per share, which were fully allotted and issued by the Company.

The share-based expense to be recognised by the Group and Company over the three years amounted to $2,457,000 and $1,027,000 respectively. The share-based expense was based on the fair value price of $0.2965 per share which represented a discount from the estimated value of the Company's pre-IPO share price.

(b) Employee share option scheme

The Olam Employee Share Option Scheme (the "ESOS") was approved by shareholders at an Extraordinary General Meeting held on 4 January 2005. The ESOS rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS and all subsequent options issued to Group's employees and Executive Directors shall have a life of 10 years instead of 5. For Options granted to the Company's Non-Executive Directors and Independent Directors, the Option Period shall be no longer than 5 years.

The shares issued upon the options being exercised carry full dividend and voting rights.

Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

30. Employee benefits expenses (cont'd)

(b) Employee share option scheme (cont'd)

On 4 January 2005, 15,000,000 share options were issued to the group managing director and CEO, Sunny George Verghese. These share options are exercisable and hence vested in 3 equal tranches over the three years from the Company's listing date (11 February 2005). The total share-based expense to be recognised over the vesting period with respect to these options amounted to $736,512. The contractual life of the options is 10 years. There are no cash settlement alternatives.

Further, the following options were issued as of 30 June 2011. All these options have a contractual life of 5 to 10 years with no cash settlement alternatives.

Date of issue	No. of share options issued	Total share-based expense $'000	Vesting period	In annual tranches of %
1 June 2006	**42,995,160**	**10,068**	4 years	22, 32, 37, 9
2 January 2007	**900,000**	**285**	4 years	10, 20, 30, 40
2 July 2007	**2,300,000**	**1,531**	3 years	25, 35, 40
5 September 2007	**2,000,000**	**1,231**	3 years	25, 35, 40
8 October 2007	**1,855,000**	**1,197**	3 years	25, 35, 40
29 October 2007	**400,000**	**259**	3 years	25, 35, 40
9 January 2008	**2,250,000**	**1,345**	3 years	25, 35, 40
12 June 2008	**1,780,000**	**1,161**	3 years	25, 35, 40
21 July 2009	**48,625,000**	**38,883**	4 years	0, 0, 25, 75
17 February 2010	**15,000,000**	**18,020**	3 years	33, 33, 34
23 July 2010	**5,980,000**	**5,388**	4 years	0, 0, 25, 75
17 December 2010	**2,380,000**	**2,726**	4 years	0, 0, 25, 75
14 March 2011	**2,425,000**	**2,142**	4 years	0, 0, 25, 75
	128,890,160	**84,236**		

There has been no cancellation or modification to the ESSS and ESOS during both 2011 and 2010.

30. Employee benefits expenses (cont'd)

(b) Employee share option scheme (cont'd)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the financial year:

	2011		2010	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**109,831,116**	**1.94**	56,300,825	1.52
Granted during the year [(1)]	**10,785,000**	**2.74**	63,625,000	2.30
Forfeited during the year	**(1,921,000)**	**2.36**	(3,232,500)	2.59
Exercised during the year [(2)]	**(25,382,116)**	**1.55**	(6,862,209)	1.52
Outstanding at the end of the year [(3)]	**93,313,000**	**2.13**	109,831,116	1.94
Exercisable at end of year	**27,163,000**	**1.55**	44,786,116	1.37

(1) The weighted average fair value of options granted during the financial year ended 30 June 2011 was $0.95 (2010: $0.88).

(2) The weighted average share price when the options were exercised was $2.93 (2010: $2.53).

(3) The range of exercise prices for options outstanding at the end of the year was $0.62 to $3.14 (2010: $0.62 to $3.14). The weighted average remaining contractual life for these options is 7.05 years (2010: 6.18 years).

The fair value of share options as at the date of grant, is estimated by the Company using the Black Scholes Model, taking into account the terms and conditions upon which the options are granted. The expected life of the option is based on the assumption that the options would be exercised within six months of the vesting date. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The inputs to the model used for the share options granted during financial years ended 30 June 2011 and 2010 are shown below:

Grant date	21 July 2009	
Vested in	3 Year	4 Year
Dividend yield (%)	1.92	2.40
Expected volatility (%)	57.10	56.70
Risk free interest rate (%)	0.82	1.09
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	2.28	2.28

30. Employee benefits expenses (cont'd)

(b) Employee share option scheme (cont'd)

Grant date	17 February 2010		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.86	2.33	2.91
Expected volatility (%)	57.05	57.05	57.05
Risk free interest rate (%)	3.13	3.13	3.13
Expected life of the option (years)	10.00	10.00	10.00
Share price of underlying equity ($)	2.35	2.35	2.35

Grant date	23 July 2010	
Vested in	3 Year	4 Year
Dividend yield (%)	2.13	2.66
Expected volatility (%)	56.02	56.62
Risk free interest rate (%)	0.70	1.27
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	2.64	2.64

Grant date	17 December 2010	
Vested in	3 Year	4 Year
Dividend yield (%)	1.81	2.27
Expected volatility (%)	53.02	53.75
Risk free interest rate (%)	2.25	3.63
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	3.10	3.10

Grant date	14 March 2011	
Vested in	3 Year	4 Year
Dividend yield (%)	2.14	2.67
Expected volatility (%)	54.46	55.19
Risk free interest rate (%)	1.11	1.50
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	2.63	2.63

31. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; ii) it is subject to common control or common significant influence.

The following are the significant related party transactions entered into by the Company and Group in the ordinary course of business on terms agreed between the parties:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Subsidiary companies:				
– Sales	**–**	–	**1,913,622**	1,582,931
– Purchases	**–**	–	**3,887,297**	2,990,882
– Insurance premiums paid	**–**	–	**5,004**	5,319
– Commissions paid	**–**	–	**22,504**	13,212
– Interest received on loan	**–**	–	**72,885**	18,752
– Consultancy fee paid	**–**	–	**7,951**	6,505
– Management fee received	**–**	–	**19,091**	5,076
Purchases from associate	**101,522**	96,936	**101,522**	96,936
Shareholder related companies:				
– Purchase of motor vehicles and other assets	**513**	1,374	**–**	–

32. Compensation of directors and key management personnel

The remuneration of directors and key management personnel during the years is as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Directors' fees	**825**	817	**825**	817
Salaries and employee benefits	**22,617**	10,603	**16,971**	10,002
Central Provident Fund contributions and equivalents	**357**	196	**83**	127
Share-based expense	**10,645**	2,998	**10,260**	2,632
	34,444	14,614	**28,139**	13,578
Comprising amounts paid to:				
– Directors of the Company	**19,977**	8,532	**19,977**	8,532
– Key management personnel	**14,467**	6,082	**8,162**	5,046
	34,444	14,614	**28,139**	13,578

32. Compensation of directors and key management personnel (cont'd)

Directors' interest in employee share benefit plans

At the end of the reporting date, the total number of outstanding share options which were issued/allocated to the directors and key management personnel under existing employee benefit schemes is given below:

	2011 Share options	2010 Share options
Employee Share Option Scheme:		
Directors	**33,650,000**	35,250,000
Key management personnel	**10,950,000**	14,515,000

33. Cash and short-term fixed deposits

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash and bank balances	**829,085**	412,426	**465,588**	141,232
Fixed deposits	**43,162**	259,117	**36,462**	247,425
	872,247	671,543	**502,050**	388,657

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.10% to 4.40% (2010: 0.02% to 4.00%) per annum. Short-term deposits are made for varying periods between 1 and 365 days (2010: 1 to 365 days) depending on the immediate cash requirements of the Group, and earn interests at floating rates ranging from 0.08% to 8.75% (2010: 0.06% to 10.00%) per annum.

Cash and short-term fixed deposits denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
United States Dollar	**50,270**	27,244	**–**	–
Great Britain Pound	**23,325**	38,456	**17,334**	38,455
Euro	**29,937**	17,296	**28,659**	17,214
Singapore Dollar	**5,761**	6,682	**5,494**	6,681

33. Cash and short-term fixed deposits (cont'd)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	Group	
	2011 $'000	**2010 $'000**
Cash and bank balances	**829,085**	412,426
Fixed deposits	**43,162**	259,117
Bank overdrafts (Note 24)	**(437,169)**	(167,611)
	435,078	503,932

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

34. Financial risk management policies and objectives

The Group's principal financial instruments, other than derivative financial instruments and investment in security, comprise bank loans, medium-term notes, term loans from banks, bonds, cash and bank balances, fixed deposits and bank overdrafts. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including interest rate swaps, commodity options, swaps and futures contracts and foreign currency forward contracts. The purpose is to manage the commodity price risk, foreign currency risk and interest rate risk arising from the Group's operations and its sources of financing.

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.

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees on the policies for managing each of these risks and they are summarised below:

(a) Commodity price risk

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group purchases and sells various derivative products, primarily exchange traded futures and options with the purpose of managing market exposure to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of unhedged fixed price physical positions in each commodity.

34. Financial risk management policies and objectives (cont'd)

(a) Commodity price risk (cont'd)

The Group also enters into commodity derivatives for trading purposes. The Group's trading market risk appetite is determined by the Board of Directors, with detailed exposure limits recommended by the Executive Risk Committee and approved by the Board Risk Committee.

At balance sheet date, if the commodities price index moved by 1.0% with all other variables held constant, the Group's profit net of tax would have changed by $21,118,000 (2010: $7,039,000) and equity would have changed inversely by $8,140,000 (2010: $9,471,000) arising as a result of fair value on Group's commodity futures, options contracts, physical sales and purchases commitments as well as the inventory held at balance sheet date.

(b) Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amounts of trade and other receivables, advances to suppliers, margin accounts with brokers, cash and short-term deposits payments, including derivatives with positive fair value represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable banks.

The Group has no significant concentration of credit risk with any single customer.

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.

The Group's maximum exposure to credit risk for trade debtors at the balance sheet date is as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
By operating segments:				
Edible nuts, spices and beans	**353,408**	233,992	**136,033**	116,414
Confectionery and beverage ingredients	**389,268**	187,647	**178,002**	23,286
Industrial raw materials	**482,044**	220,577	**97,042**	79,067
Food staples and packaged food business	**218,873**	215,471	**34,952**	56,049
Commodity financial services	**963**	–	**–**	–
	1,444,556	857,687	**446,029**	274,816

34. Financial risk management policies and objectives (cont'd)

(b) Credit risk (cont'd)

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 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 17 (Trade receivables).

(c) Foreign currency risk

The Group trades its products in several countries and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD), Great Britain Pound (GBP), Euro (EUR), Australian Dollar (AUD) and Singapore Dollar (SGD).

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the USD, GBP, EUR, AUD and SGD exchange rates, with all other variables held constant.

	Group			
	2011		2010	
	Profit net of tax $'000 Increase/ (decrease)	**Equity $'000** Increase/ (decrease)	**Profit net of tax $'000** Increase/ (decrease)	**Equity $'000** Increase/ (decrease)
USD – strengthened 0.5%	**(4,364)**	**(443)**	(2,841)	(224)
GBP – strengthened 0.5%	**(1,158)**	**(914)**	(557)	(839)
EUR – strengthened 0.5%	**(1,850)**	**(1,960)**	957	82
AUD – strengthened 0.5%	**(563)**	**(1,097)**	1,681	(2,647)
SGD – strengthened 0.5%	**(10)**	**3,205**	(3,745)	2,237

34. Financial risk management policies and objectives (cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations associated with its financial liabilities or due to shortage of funds.

To ensure continuity of funding, the Group primarily uses short-term bank facilities which are transaction-linked and self-liquidating in nature. The Group also has a multicurrency medium-term notes programme, as well as term loans from banks, to fund its ongoing working capital requirement and growth needs.

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

	2011 $'000				2010 $'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial liabilities:								
Trade payables and accruals (Note 22)	1,095,603	–	–	1,095,603	648,391	–	–	648,391
Other current liabilities (Note 23)	56,650	–	–	56,650	68,689	–	–	68,689
Borrowings	3,810,537	2,425,314	1,128,694	7,364,545	2,313,788	1,649,185	571,641	4,534,614
Derivative financial instruments (Note 35)	2,287,250	–	–	2,287,250	608,046	–	–	608,046
Total undiscounted financial liabilities	7,250,040	2,425,314	1,128,694	10,804,048	3,638,914	1,649,185	571,641	5,859,740
Company								
Financial liabilities:								
Trade payables and accruals (Note 22)	378,328	–	–	378,328	330,343	–	–	330,343
Other current liabilities (Note 23)	18,700	–	–	18,700	34,388	–	–	34,388
Borrowings	2,080,336	1,289,663	1,027,846	4,397,845	1,575,953	1,456,666	565,523	3,598,142
Derivative financial instruments (Note 35)	2,026,427	–	–	2,026,427	562,004	–	–	562,004
Total undiscounted financial liabilities	4,503,791	1,289,663	1,027,846	6,821,300	2,502,688	1,456,666	565,523	4,524,877

34. Financial risk management policies and objectives (cont'd)

(d) Liquidity risk (cont'd)

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 $'000				2010 $'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial guarantees	–	–	–	–	–	–	–	–
Company								
Financial guarantees	1,367,241	–	–	1,367,241	547,789	–	–	547,789

(e) Interest rate risk

The Company's and the Group's exposure to market risk for changes in interest rates relate primarily to its floating rate loans and borrowings. Interest rate risk is managed by management on an on-going basis such as managing the risk through 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. The details of the interest rates relating to the interest-earning financial assets and interest-bearing financial liabilities are disclosed in various notes of the financial statements.

At the balance sheet date, if interest rates had moved by 25 basis points with all other variables held constant, the Group's profit net of tax would have changed inversely by $9,662,000 (2010: $8,216,000).

35. Fair values 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			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets:				
Derivatives financial instruments				
– Foreign exchange contracts	–	234,617	–	234,617
– Commodity contracts	747,233	759,940	568,281	2,075,454
– Convertible bonds	–	73	–	73
	747,233	994,630	568,281	2,310,144
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange contracts	–	40,526	–	40,526
– Commodity contracts	1,141,283	954,610	77,093	2,172,986
– Interest rate swaps	–	73,738	–	73,738
	1,141,283	1,068,874	77,093	2,287,250

35. Fair values of financial instruments

(a) Fair value of financial instruments that are carried at fair value

	Group 2010			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets:				
Derivatives financial instruments				
– Foreign exchange contracts	–	87,830	–	87,830
– Commodity contracts	249,025	260,403	–	509,428
– Convertible bonds	–	60,012	–	60,012
	249,025	408,245	–	657,270
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange contracts	–	65,799	–	65,799
– Commodity contracts	272,964	174,225	–	447,189
– Interest rate swaps	–	95,058	–	95,058
	272,964	335,082	–	608,046

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 has 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).

Financial instruments transferred from Level 2 to Level 3

During the financial year ended 30 June 2011, the Group transferred certain financial instruments from Level 2 to Level 3 of the fair value hierarchy, due to changes in inputs to the valuation models to better represent the fair value of the physical forward contracts. The carrying amount of the total financial assets transferred from FY 2010 was $72,621,000.

35. Fair values of financial instruments (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

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

For certain commodity contracts, the fair value had been determined using a fair value model. The valuation requires management to make certain assumptions about the model inputs, including forward prices, credit risk and volatility that may not be supported by observable market data.

Management has determined that the potential effect of adjusting the assumptions to the model inputs of the valuation model by +/- 1% would have changed the profit or loss for the Group by $3,764,000 (2010: $Nil). The carrying amount of the physical contracts at 30 June 2011 is $491,188,000 (2010: $Nil).

Derivative financial instruments

The fair value of derivative financial instruments is as follows:

	Group		Company	
	Fair value		Fair value	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
2011				
Derivatives held for hedging [(1)]				
Foreign exchange contracts	234,617	40,526	54,823	38,706
Commodity contracts	2,046,972	2,162,784	1,444,337	1,913,983
Interest rate swaps	–	73,738	–	73,738
Total derivatives held for hedging	2,281,589	2,277,048	1,499,160	2,026,427
Derivatives held for trading				
Commodity contracts	28,482	10,202	–	–
Convertible bonds	73	–	73	–
Total derivatives held for trading	28,555	10,202	73	–
Total derivatives	2,310,144	2,287,250	1,499,233	2,026,427

(1) Derivatives held for hedging that were assessed to be ineffective or classified as fair value through profit or loss are recognised in profit and loss accounts.

35. Fair values of financial instruments (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

Derivative financial instruments (cont'd)

	Group Fair value		Company Fair value	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
2010				
Derivatives held for hedging [(1)]				
Foreign exchange contracts	87,830	65,799	53,630	46,443
Commodity contracts	433,168	372,807	405,120	346,121
Interest rate swaps	–	95,058	–	95,058
Total derivatives held for hedging	520,998	533,664	458,750	487,622
Derivatives held for trading				
Commodity derivatives				
Commodity contracts	76,260	74,382	76,260	74,382
Convertible bonds	60,012	–	60,012	–
Total derivatives held for trading	136,272	74,382	136,272	74,382
Total derivatives	657,270	608,046	595,022	562,004

(1) Derivatives held for hedging that were assessed to be ineffective or classified as fair value through profit or loss are recognised in profit and loss accounts.

As at 30 June 2011, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 23 months (2010: 1 and 23 months).

The foreign exchange derivatives held for hedging are used to hedge the foreign currency risk of future purchases or sales. The commodity derivatives held for hedging are used to hedge the commodity price risk related to forecasted transactions. The interest rate derivatives held for hedging are used to hedge the interest rate risk related to the floating rate loans. In addition, a portion of the commodity derivatives are used for trading purposes.

For all the foreign exchange and commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 23 months (2010: 23 months). For all cases where the Group applies hedge accounting, the fair value of the derivative recorded in the fair value adjustment reserves will be recycled through the profit and loss accounts upon occurrence of the forecasted transactions.

Cash flow hedges of expected transactions that were assessed to be highly effective have resulted in a net fair value loss of $322,749,000 and $323,267,000 for the Group and Company respectively (2010: $248,415,000 and $264,403,000 respectively).

No cash flow hedges of expected transactions were assessed to be ineffective under FRS 39 and recognised in the profit and loss accounts for the Group and the Company for the year (2010: $Nil).

35. Fair values of financial instruments (cont'd)

(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

(i) Cash and short-term deposits, trade receivables, advance payments to suppliers, other current assets, margin accounts with brokers, amounts due from subsidiary companies, trade payables and accruals and other current liabilities

The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short-term maturity.

(ii) Borrowings

The carrying amount of the borrowings except for medium term notes and other bonds are approximation of fair values as they are subjected to frequent repricing (floating rates).

The fair value of medium term notes and other bonds are estimated by discounting expected future cash flows at market incremental lending rate at the reporting date.

There are no material differences between carrying amounts and the fair values of medium term notes and other bonds for the current financial year.

36. Capital management

The primary objective of the Group's capital management is to achieve sustainable growth and maximise return to the shareholders.

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors viz., the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long-term capital investments.

The Group calculates the level of debt capital required to finance the working capital requirements using traditional and modified financial metrics including leverage/gearing ratios and asset turnover ratios.

As of balance sheet date, leverage ratios are as follows:

	Group	
	2011	2010
Gross debt to equity:		
– Before fair value adjustment reserve	**2.56x**	2.23x
Net debt to equity:		
– Before fair value adjustment reserve	**2.22x**	1.90x

The Group assesses the level of debt capital used to finance capital investment in respect of the projected risk and returns of these investments using a number of traditional and modified investment and analytical models including discounted cash flows. It also assesses the use of debt capital to fund such investments relative to the impact on the Group's overall debt capital position and capital structure.

In order to manage its capital structure, the Group may issue debt of either a fixed or floating nature, arrange credit facilities, issue medium-term notes, issue new shares or convertible bonds and adjust dividend payments.

37. Classification of financial assets and liabilities

Group	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Fair value through profit or loss/held for trading $'000
	2011			
Financial assets:				
Loans to jointly controlled entities (Note 14)	148,306	–	–	–
Trade receivables (Note 17)	1,595,446	–	–	–
Margin accounts with brokers (Note 18)	457,133	–	–	–
Advance payments to suppliers (Note 20)	222,207	–	–	–
Other current assets (Note 21)	234,813	–	–	38,950
Cash and short-term fixed deposits (Note 33)	872,247	–	–	–
Derivative financial instruments (Note 35)	–	–	2,281,589	28,555
Other non-current assets (Note 21)	10,004	–	–	–
	3,540,156	–	2,281,589	67,505
Financial liabilities:				
Trade payables and accruals (Note 22)	–	1,095,603	–	–
Other current liabilities (Note 23)	–	104,736	–	–
Borrowings (Note 24)	–	6,580,570	–	–
Derivative financial instruments (Note 35)	–	–	2,277,048	10,202
	–	7,780,909	2,277,048	10,202

Group	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale assets $'000	Fair value through profit or loss/held for trading $'000
		2010			
Financial assets:					
Loans to jointly controlled entities (Note 14)	168,951	–	–	–	–
Long-term investment (Note 15)	–	–	–	18,752	–
Trade receivables (Note 17)	976,781	–	–	–	–
Margin accounts with brokers (Note 18)	152,815	–	–	–	–
Advance payments to suppliers (Note 20)	237,784	–	–	–	–
Other current assets (Note 21)	289,272	–	–	–	–
Cash and short-term fixed deposits (Note 33)	671,543	–	–	–	–
Derivative financial instruments (Note 35)	–	–	520,998	–	136,272
Other non-current assets (Note 21)	4,161	–	–	–	–
	2,501,307	–	520,998	18,752	136,272
Financial liabilities:					
Trade payables and accruals (Note 22)	–	648,391	–	–	–
Other current liabilities (Note 23)	–	94,181	–	–	–
Borrowings (Note 24)	–	4,503,004	–	–	–
Derivative financial instruments (Note 35)	–	–	533,664	–	74,382
	–	5,245,576	533,664	–	74,382

37. Classification of financial assets and liabilities (cont'd)

Company	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Fair value through profit or loss/held for trading $'000
	2011			
Financial assets:				
Loans to subsidiary companies (Note 13)	**188,149**	**–**	**–**	**–**
Loans to jointly controlled entities (Note 14)	**148,306**	**–**	**–**	**–**
Amounts due from subsidiary companies (Note 16)	**1,945,035**	**–**	**–**	**–**
Trade receivables (Note 17)	**446,340**	**–**	**–**	**–**
Margin accounts with brokers (Note 18)	**444,978**	**–**	**–**	**–**
Advance payments to suppliers (Note 20)	**1,280,118**	**–**	**–**	**–**
Other current assets (Note 21)	**14,202**	**–**	**–**	**38,950**
Cash and short-term fixed deposits (Note 33)	**502,050**	**–**	**–**	**–**
Derivative financial instruments (Note 35)	**–**	**–**	**1,499,160**	**73**
	4,969,178	**–**	**1,499,160**	**39,023**
Financial liabilities:				
Trade payables and accruals (Note 22)	**–**	**378,328**	**–**	**–**
Other current liabilities (Note 23)	**–**	**56,371**	**–**	**–**
Borrowings (Note 24)	**–**	**3,765,696**	**–**	**–**
Derivative financial instruments (Note 35)	**–**	**–**	**2,026,427**	**–**
	–	**4,200,395**	**2,026,427**	**–**

Company	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale assets $'000	Fair value through profit or loss/held for trading $'000
		2010			
Financial assets:					
Loans to subsidiary companies (Note 13)	416,437	–	–	–	–
Loans to jointly controlled entities (Note 14)	168,951	–	–	–	–
Long-term investment (Note 15)	–	–	–	18,752	–
Amounts due from subsidiary companies (Note 16)	1,340,165	–	–	–	–
Trade receivables (Note 17)	275,388	–	–	–	–
Margin accounts with brokers (Note 18)	165,164	–	–	–	–
Advance payments to suppliers (Note 20)	1,501,306	–	–	–	–
Other current assets (Note 21)	77,743	–	–	–	–
Cash and short-term fixed deposits (Note 33)	388,657	–	–	–	–
Derivative financial instruments (Note 35)	–	–	458,750	–	136,272
	4,333,811	–	458,750	18,752	136,272
Financial liabilities:					
Trade payables and accruals (Note 22)	–	330,343	–	–	–
Other current liabilities (Note 23)	–	56,982	–	–	–
Borrowings (Note 24)	–	3,575,548	–	–	–
Derivative financial instruments (Note 35)	–	–	487,622	–	74,382
	–	3,962,873	487,622	–	74,382

38. Segmental information

The Group's businesses are organised and managed as 5 broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and merchandising span across a broad range of agricultural products.

The segmentation of products has been done in the following manner:

- Edible Nuts, Spices and Beans – cashews, peanuts, almonds, spices and dehydrates, sesame and beans including pulses, lentils and peas.

- Confectionery and Beverage Ingredients – cocoa, coffee and sheanuts.

- Industrial Raw Materials – cotton, wool, wood products, rubber, agri inputs (fertiliser) and special economic zone.

- Food Staples and Packaged Foods – rice, sugar, wheat, barley, palm, dairy products and packaged foods.

- Commodity Financial Services – market making, risk management solutions, commodity fund management

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 mainly comprise corporate cash, fixed deposits, other receivables and corporate liabilities such as taxation, amounts due to bankers and medium-term notes. Assets which are unallocated are common and shared by segments and thus it is not practical to allocate them.

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 financing (including finance cost) which is managed on group basis and income tax which is evaluated on group basis are not allocated to operating segments.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are attributed to the location of those assets.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

38. Segmental information (cont'd)

(a) Business segments

	Edible nuts, spices and beans		Confectionery and beverage ingredients	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Segment revenue :				
Sales to external customers	**2,183,158**	1,489,434	**6,361,459**	4,080,307
Segment result	**163,314**	109,548	**204,409**	132,416
Net finance costs	**–**	–	**–**	–
Finance income	**–**	–	**–**	–
Share of results from jointly controlled entities	**208**	–	**284**	605
Share of results from associate	**–**	–	**–**	–
Impairment of investment in associate	**–**	–	**–**	–
Unallocated income (1)				
Profit before taxation				
Taxation expense				
Profit for the financial year				
Segment assets	**2,651,552**	1,750,612	**2,020,117**	1,964,687
Unallocated assets (2)				
Segment liabilities	**221,983**	79,393	**236,352**	329,288
Unallocated liabilities (3)				
Other segmental information:				
Impairment of property, plant and equipment/intangible assets	**–**	–	**–**	–
Depreciation and amortisation	**26,354**	29,026	**10,782**	8,750
Capital expenditure	**171,440**	355,232	**43,698**	50,433

(b) Geographical segments

	Asia, Middle East and Australia		Africa	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Segment revenue:				
Sales to external customers	**5,144,122**	4,752,291	**2,693,668**	1,717,632
Intersegment sales	**1,820,200**	2,506,689	**2,425,291**	1,296,673
	6,964,322	7,258,980	**5,118,959**	3,014,305
Non-current assets (4)	**1,455,847**	1,364,422	**572,588**	366,201

Industrial raw materials		Food staples and packaged foods		Commodity financial services		Consolidated	
2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
3,730,049	2,295,746	3,460,279	2,589,545	–	–	15,734,945	10,455,032
210,734	151,448	157,656	111,386	20,906	20,622	757,019	525,420
–	–	–	–	–	–	(344,358)	(227,475)
–	–	–	–	–	–	12,375	21,689
(395)	36	36,647	14,647	–	–	36,744	15,288
–	–	(8,576)	(2,364)	–	–	(8,576)	(2,364)
–	–	(35,596)	–	–	–	(35,596)	–
						92,657	87,637
						510,265	420,195
						(65,697)	(60,446)
						444,568	359,749
4,224,826	1,410,996	2,184,514	1,389,748	15,632	147,575	11,096,641	6,663,618
						1,483,495	1,141,040
						12,580,136	7,804,658
2,395,711	291,118	460,016	413,418	13,753	82,550	3,327,815	1,195,767
						6,949,959	4,838,106
						10,277,774	6,033,873
–	4,796	–	–	–	–	–	4,796
53,256	13,970	15,857	20,058	1,319	–	107,568	71,804
78,090	29,196	403,025	216,540	549	–	696,802	651,401

Europe		Americas		Eliminations		Consolidated	
2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
3,709,251	2,400,531	4,187,904	1,584,578	–	–	15,734,945	10,455,032
324,958	211,593	1,443,613	679,497	(6,014,062)	(4,694,452)	–	–
4,034,209	2,612,124	5,631,517	2,264,075	(6,014,062)	(4,694,452)	15,734,945	10,455,032
17,971	8,245	934,291	392,895	–	–	2,980,697	2,131,763

38. Segmental information (cont'd)

(c) Information on major customers

The Group has no major customers accounting for more than 10% of the turnover.

(1) Unallocated income mainly relates to negative goodwill, net of related transaction costs.

(2) The following unallocated assets items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2011 $'000	2010 $'000
Cash and bank balances	**829,085**	412,426
Deferred tax assets	**43,053**	63,978
Fixed deposits	**43,162**	259,117
Other current / non-current assets	**568,122**	345,507
Fair value of derivative assets	**73**	60,012
	1,483,495	1,141,040

(3) The following unallocated liabilities items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2011 $'000	2010 $'000
Borrowings	**6,580,570**	4,503,004
Deferred tax liabilities	**177,283**	140,861
Other liabilities	**93,606**	64,263
Provision for taxation	**24,762**	34,920
Fair value of derivative liabilities	**73,738**	95,058
	6,949,959	4,838,106

(4) Non-current assets mainly relate to property, plant and equipment, intangible assets, biological assets and investments in jointly controlled entities and associates.

39. Events occurring after the reporting period

(a) On 29 July 2011, the Company announced that its fully underwritten US$1.25 billion Syndicated Term Loan Facility which comprised a US$625 million 3-year tranche and a US$625 million 5-year tranche had been successfully closed. Proceeds from the Facility would be applied towards refinancing of existing debts, as well as for working capital and for general corporate funding requirements of the Company, including capital expenditure and expansion of its supply chain management business.

(b) On 31 August 2011, the Company announced its acquisition of 100% shareholding of Hemarus Industries Limited with its 3,500 tons crush per day (TCD) sugar milling facility, a 20 MW co-generation facility and accompanying assets in India for a total purchase consideration of US$73.8 million. Olam would further invest US$6.6 million to enhance the sugar milling capacity to 5,000 TCD.

(c) On 12 September 2011, the Company, Tata Chemicals Limited and the Government of the Republic of Gabon ("RoG'') announced the signing of the Pre Construction Services Agreement for the proposed 1.3 million tons per annum (MTPA) Urea fertiliser plant in Gabon ("Project") between their Joint venture company Gabon Fertiliser Company and Technip S.A.. The Project is based on natural gas as feedstock to be supplied at competitive price by RoG and will produce granular Urea.

40. Comparatives

During the year, the Group re-presented certain line items within the profit and loss accounts and balance sheets as disclosed below. The comparatives have also been re-presented for consistency.

Profit and Loss Accounts

"Sale of services" and "Net gain on changes in fair value of biological assets", which were previously included in "Other income", have been disclosed as separate line items.

Gain/(loss) on foreign exchange which was previously disclosed as a single line item has been included in "Other operating expenses" and separately disclosed in the notes to the financial statements.

Balance Sheets

"Interests in jointly controlled entities" and "Investment in associates", which were previously disclosed separately, have been combined into "Interests in jointly controlled entities and associates", with separate disclosures included in the notes to the financial statements.

"Cash and bank balances" and "Fixed deposits", which were previously disclosed separately, have been combined into "Cash and short-term fixed deposits" with separate disclosures in the notes to the financial statements.

"Amounts due to bankers", "Medium term notes" (both current and non-current) and "Convertible bonds" have been included in "Borrowings", with separate disclosures in the notes to the financial statements.

41. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 28 September 2011.

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