General Information

General Information on Olam International Limited Annual Report 2013 for the Financial Year Ended 30 June 2013 (FY2013)

Introduction

Our Annual Report and Accounts for FY2013 present an overview of the Company (Olam International Limited) and the Group (Olam International Limited and its subsidiaries) management's discussion of the Company's financial performance in FY2013, compared to that in prior years and our plans and strategies for the future. This guide is intended to walk you through the basics of how to read our Annual Report and Accounts for FY2013.

Business Segmentation and Reporting

We organise the products and services which we supply into five reporting segments – Edible Nuts, Spices & Beans; Confectionery & Beverage Ingredients; Food Staples & Packaged Foods; Industrial Raw Materials and Commodity Financial Services. The table below shows the mix of platforms within each segment.

Business Segment	Platforms
Edible Nuts, Spices & Beans	Edible Nuts Spices & Vegetable Ingredients
Confectionery & Beverage Ingredients	Cocoa Coffee
Food Staples & Packaged Foods	Dairy Grains & Oilseeds Rice Sugar & Natural Sweeteners Palm Packaged Foods
Industrial Raw Materials	Natural Fibres Wood Products Rubber Fertiliser Special Economic Zone (SEZ)
Commodity Financial Services	Commodity Financial Services

Additional information is provided on the progress we made on the various value chain initiatives across three value chain segments as follows:

Value Chain Segment	Value Chain Activity
Supply Chain & Value Added Services (VAS)	This segment includes all activities relating to Origination, Sourcing, Primary Processing, Logistics, Trading and Marketing (including VAS) and Risk Management of agricultural products and the CFS business.
Upstream	This segment includes all activities relating to Farming (annual row crops), Plantations (perennial tree crops), Dairy Farming and Forest Concessions.
Midstream & Downstream	This segment includes all activities relating to Secondary Processing, Contract Manufacturing, Branded Distribution, Private Label activities and SEZ.

Background to Analysing Financial Statements

One of the key drivers of our profitability is the volume of products supplied. 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 we supply is largely within our control and is a function of the extent of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries). Volumes include proportionate share of volumes from jointly controlled entities and associates.

Up till FY2013, we measured and tracked our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per tonne of product supplied.

GC is calculated as the total revenue from the sale of goods and services plus other income and share of gains or losses from jointly controlled entities and associates, less interest income, cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commissions, net gains or losses from changes in fair value of biological assets, net measurement of derivative instruments, gain or loss on foreign exchange, bank charges, non-controlling interests and non-recurring exceptional items which are recorded for the year.

For the purposes of determining NC, finance costs excluding interest on debt for fixed capital investments, net of interest income are reduced from the GC.

For analysing the performance of the Group, our share of profits from jointly controlled entities and associates has been included in the GC and NC. The proportionate share of volumes has also been included for the calculation of GC and NC per tonne.

For every transaction, we target a minimum NC per tonne 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, organic certification, traceability guarantees, fair trade produce certification, customised grades and quality, processed ingredients supply, proprietary market intelligence and risk management solutions.

We believe that GC and NC provide valuable additional information on our underlying earnings trends, particularly on the profitability of the Supply Chain & Value Added Services segment.

To provide more information on investment performance, particularly on the profitability of the Upstream and Mid/Downstream value chain segments, two new performance metrics were introduced in FY2013, namely Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and EBITDA on average invested capital (EBITDA/IC) across business and value chain segments, as these provide a fair indication of operating cash flow and return on invested capital respectively.

Disclaimer

Certain sections of our Annual Report and Accounts for FY2013 have been audited. The sections that have been audited are set out on pages 94 to 194. Readers should note that legislation in Singapore governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

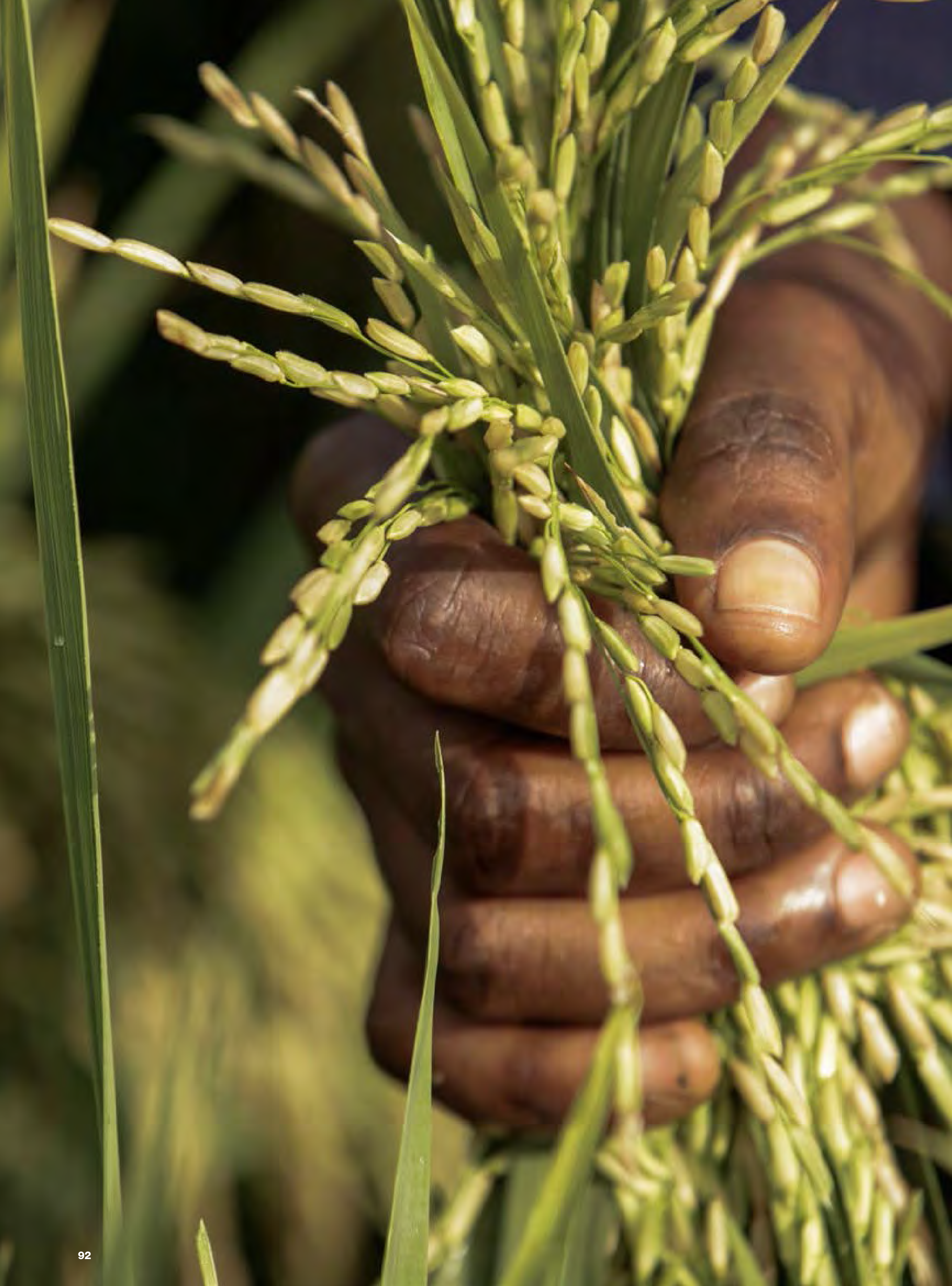
Except where you are a shareholder, this material is provided for information purposes only and is not, in particular, intended to confer any legal rights on you. This Annual Report and Accounts do not constitute an invitation to invest in the Company's shares. Any decision you make by relying on this information is solely your responsibility. The information given is as of the dates specified, is not updated and any forward-looking statement is made subject to the reservation specified in the following paragraph.

Cautionary Statement

This document may contain forward-looking statements. Words such as 'expects', 'anticipate', 'intends' or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual reports to differ materially from those expressed or implied by these forward-looking statements, including among others, competitive pricing and activity, demand levels for the products that we supply, cost variances, the ability to maintain and manage key supplier and customer relationships, supply chain sources, currency values, interest rate, the ability to integrate acquisitions and complete planned divestitures, physical risks, environmental risk, the ability to manage regulatory, tax and legal matters and resolve pending matters within current estimates, legislative, fiscal and regulatory development, political, economic and social conditions in the geographic markets where the Group operates and new or changed priority of the Company's or its subsidiaries' Boards. Further details of potential risks and uncertainties affecting the Group are updated in the Group's Offer Information Statement dated 2 January 2013 and filings of information memorandums and circulars with the Singapore Exchange (SGX).

These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.



Olam International Limited and Subsidiary Companies

Annual Financial Statements 30 June 2013

Contents

Report of the Directors

The directors present their report to the shareholders together with the audited financial statements of Olam International Limited (the "Company") and its subsidiary companies (the "Group") for the financial year ended 30 June 2013.

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 Andy
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 objects 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

According to the register kept by the Company for the purposes of section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year in shares, debentures and share options of the Company and related corporations (other than subsidiary companies) are as follows:-

	Held in the name of the director or nominee			Deemed interest		
Name of directors	**As at 1.7.2012**	**As at 30.6.2013**	**As at 21.7.2013**	**As at 1.7.2012**	**As at 30.6.2013**	**As at 21.7.2013**
The Company						
Olam International Limited						
(a) Ordinary shares						
Narain Girdhar Chanrai	–	–	–	483,493,065 [1]	483,493,065 [1]	483,493,065 [1]
Tse Po Shing Andy	200,000	200,000	200,000	–	–	–
Sunny George Verghese	110,646,477	111,646,477	111,646,477	–	–	–
Sridhar Krishnan	15,856,879 [2]	15,856,879 [2]	15,856,879 [2]	–	–	–
Shekhar Anantharaman	16,038,498 [2]	16,038,498 [2]	16,038,498 [2]	–	–	–
Robert Michael Tomlin	–	200,000	200,000	–	–	–
Michael Lim Choo San	–	200,000	200,000	–	–	–
(b) Notes issued						
Michael Lim Choo San [3]	$500,000	–	–	–	–	–
R. Jayachandran [4]	–	–	–	$6,000,000	$6,000,000	$6,000,000
Narain Girdhar Chanrai [5]	$250,000	$250,000	$250,000	–	–	–
(c) US$250,000,000 7.5% Bonds due 2020 ("Bonds") issued in denominations of US$100,000						
R. Jayachandran [6]	–	–	–	US$1,500,000	US$1,500,000	US$1,500,000
Robert Michael Tomlin [7]	US$500,000	–	–	–	–	–

Directors' interests in shares and debentures (cont'd)

Name of directors	Held in the name of the director or nominee As at 1.7.2012	Held in the name of the director or nominee As at 30.6.2013	Held in the name of the director or nominee As at 21.7.2013	Deemed interest As at 1.7.2012	Deemed interest As at 30.6.2013	Deemed interest As at 21.7.2013
The Company						
Olam International Limited						
(d) $275,000,000 7.0% Perpetual Capital Securities ("Capital Securities") issued in denominations of $250,000 and in higher integral multiples of $1,000 in excess thereof						
R. Jayachandran [8]	–	–	–	$1,000,000	$1,000,000	$1,000,000
Robert Michael Tomlin [9]	$365,000	–	–	–	–	–
(e) US$500,000,000 6.0% Convertible Bonds due 2016 ("Convertible Bonds") issued in denominations of US$100,000						
Robert Michael Tomlin [10]	–	US$500,000	US$500,000	–	–	–
(f) Euro Medium Term Note Programme						
Narain Girdhar Chanrai [11]	–	US$500,000	US$500,000	–	–	–
(g) US$750,000,000 6.75% Bonds due 2018 ("Bonds") issued in denominations of US$1.00 each						
Tse Po Shing Andy	–	US$163,000	US$163,000	–	–	–
Sunny George Verghese	–	US$34,945,346	US$34,945,346	–	–	–
Sridhar Krishnan	–	US$1,264,059	US$1,264,059	–	–	–
Shekhar Anantharaman	–	US$4,600,000	US$4,600,000	–	–	–
Robert Michael Tomlin [12]	–	US$183,000	US$183,000	–	–	–
Narain Girdhar Chanrai	–	–	–	–	US$151,334,000[1]	US$151,334,000[1]
Michael Lim Choo San	–	US$563,000	US$563,000	–	–	–
(h) 387,365,079 Warrants issued at an exercise price of US$1.291 for each new share						
Tse Po Shing Andy	–	84,364	84,364	–	–	–
Sunny George Verghese	–	18,086,727	18,086,727	–	–	–
Sridhar Krishnan	–	654,241	654,241	–	–	–
Shekhar Anantharaman	–	2,500,000	2,500,000	–	–	–
Robert Michael Tomlin [12]	–	500,000	500,000	–	–	–
Narain Girdhar Chanrai	–	–	–	–	78,326,000[1]	78,326,000[1]
Michael Lim Choo San	–	292,000	292,000	–	–	–
Jean-Paul Pinard	–	500,000	500,000	–	–	–
(i) Options to subscribe for ordinary shares						
Mark Haynes Daniell	100,000	–	–	–	–	–
Michael Lim Choo San	100,000	–	–	–	–	–
Robert Michael Tomlin	100,000	–	–	–	–	–
Wong Heng Tew	100,000	–	–	–	–	–
Sunny George Verghese	15,000,000	15,000,000	15,000,000	–	–	–
Sridhar Krishnan	3,100,000	3,100,000	3,100,000	–	–	–
Shekhar Anantharaman	5,000,000	5,000,000	5,000,000	–	–	–

(1) The interests in shares and debentures held by Kewalram Singapore Limited ("Kewalram"). Narain Girdhar Chanrai ("NGC") is the Managing Director of Kewalram and has been mandated by the Board of Directors of Kewalram to take all decisions pertaining to the shares and debentures in the Company held by Kewalram. By virture of section 7(6)(d) of the Act and section 4(1) of the Securities and Futures Act 2001, NGC is therefore deemed to be interested in the shares and debentures held by Kewalram.

Directors' interests in shares and debentures (cont'd)

(2) These shares include shares that were jointly registered under 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 (2012: 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 2013.

(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 $250,000,000 in principal amount of 4.07% notes due 2013 issued in denominations of $250,000. The Notes matured on 12 February 2013.

(4) This refers to Notes issued under Series 52 of the S$800,000,000 Multicurrency Medium Term Note Programme established by the Company, comprising $250,000,000 in principal amount of 6.0% notes due 2018. The Notes are issued in denominations of $250,000. R. Jayachandran is deemed to be interested in the $6,000,000 Notes registered in the name of Eljay Holdings Ltd. by virtue of section 7 of the Act in shares over which he and his spouse have an interest.

(5) This refers to Notes issued under Series 52 of the S$800,000,000 Multicurrency Medium Term Note Programme established by the Company, comprising $250,000,000 in principal amount of 6.0% notes due 2018. The Notes are issued in denominations of $250,000.

(6) R. Jayachandran is deemed to be interested in the US$1,500,000 Bonds registered in the name of Eljay Holdings Ltd. by virtue of section 7 of the Companies Act in shares over which he and his spouse have an interest.

(7) The interest in the US$500,000 Bonds was registered in the name of Robert Michael Tomlin and in his spouse's name.

(8) R. Jayachandran is deemed to be interested in the $1,000,000 Capital Securities registered in the name of Eljay Holdings Ltd. by virtue of section 7 of the Act in shares over which he and his spouse have an interest.

(9) The interest in the $365,000 Capital Securities was registered in the name of Robert Michael Tomlin and in his spouse's name.

(10) The interest in the US$500,000 Convertible Bonds was registered in the name of Robert Michael Tomlin and in his spouse's name.

(11) This refers to Notes issued under Series 3 of the US$2,000,000,000 Euro Medium Term Note Programme ("EMTN") established by the Company, comprising US$500,000,000 in principal amount of 5.75% fixed rate notes due 2017. The Notes are issued in denominations of US$200,000.

(12) The interest in the US$183,000 Bonds and 500,000 warrants were registered in the name of Robert Michael Tomlin and in his spouse's name.

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

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company 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 the 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.

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 a 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.

It is 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 2013, there were no ordinary shares issued pursuant to the exercise of options granted under the ESOS.

Olam employee share option scheme (cont'd)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS outstanding as at 30 June 2013 are as follows:-

Expiry date	Exercise price ($)	Number of options
21 July 2019	2.28	41,260,000
17 February 2020	2.35	15,000,000
23 July 2020	2.64	4,450,000
17 December 2020	3.10	1,880,000
14 March 2021	2.70	1,655,000
30 December 2021	2.16	5,220,000
15 June 2022	1.76	63,400,000
10 April 2023	1.67	1,175,000
Total		**134,040,000**

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	–	–
Michael Lim Choo San	–	–	100,000	–	–
Robert Michael Tomlin	–	–	100,000	–	–
Wong Heng Tew	–	–	100,000	–	–
Sunny George Verghese	–	–	30,000,000	15,000,000	15,000,000
Sridhar Krishnan	–	–	3,900,000	800,000	3,100,000
Shekhar Anantharaman	–	–	5,800,000	800,000	5,000,000

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 expired on 29 October 2012 (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. These options were exercised in financial year 2012. The 15,000,000 options granted to Sunny George Verghese in financial year 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 1,500,000 options granted to Sridhar Krishnan and 1,750,000 options granted to Shekhar Anantharaman in financial year 2010 are exercisable in tranches of 25% and 75% at the end of the third and fourth anniversary respectively from the date of grant (21 July 2009) at the exercise price of $2.28 if the vesting conditions are met. The 1,600,000 options granted to Sridhar Krishnan and 3,250,000 options granted to Shekhar Anantharaman in financial year 2012 are exercisable in tranches of 25% and 75% at the end of the third and fourth anniversary respectively from the date of grant (15 June 2012) at the exercise price of $1.76 if the vesting conditions are met. The options will expire ten years after the date of grant.

Olam employee share option scheme (cont'd)

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 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 the Company 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 current financial year, Invenio purchased 65,000 shares from one (1) employee under the Scheme and held them as treasury shares. There were no new shares granted during the financial year under review.

Audit and Compliance Committee

The Audit and Compliance Committee (the "ACC") comprises four Independent Directors and a Non-Executive Director. The members of the ACC are Michael Lim Choo San (Chairman), Robert Michael Tomlin, Mark Haynes Daniell, Wong Heng Tew and Narain Girdhar Chanrai. The ACC performed the functions specified in section 201B of the Act, the Singapore Code of Corporate Governance and the Listing Manual of the Singapore Exchange.

The ACC held six 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 and 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.

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;
- made their recommendations to the Board of Directors in relation to the external auditors re-appointment and 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 recommended to the Board that Ernst & Young LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting. In appointing the auditors of the Company and its subsidiaries, the Company has complied with Rule 712 and Rule 715 of the Listing Manual of the Singapore Exchange.

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 has expressed their willingness to accept re-appointment as independent auditors.

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
30 September 2013

Statement by the Directors

We, R. Jayachandran and Sunny George Verghese, being two of the directors of Olam International Limited ("the Company"), 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 2013 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
30 September 2013

Independent Auditor's Report

For the financial year ended 30 June 2013
To the Members of Olam International Limited

Report on the financial statements

We have audited the accompanying financial statements of Olam International Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 104 to 194, which comprise the balance sheets of the Group and the Company as at 30 June 2013, 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 financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 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 2013 and of 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

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
30 September 2013

Profit and Loss Accounts

for the year ended 30 June 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Sale of goods and services	4	**20,801,798**	17,093,751	**13,415,672**	10,910,670
Other income	5	**106,853**	51,473	**92,371**	99,412
		20,908,651	17,145,224	**13,508,043**	11,010,082
Cost of goods sold	6	**(17,053,837)**	(13,866,578)	**(11,914,548)**	(9,821,832)
Shipping and logistics		**(1,689,818)**	(1,439,984)	**(675,880)**	(426,200)
Commission and claims		**(163,710)**	(127,287)	**(124,487)**	(96,611)
Net gain from changes in fair value of biological assets	12	**96,286**	110,874	**–**	–
Employee benefits expenses	29	**(466,181)**	(426,170)	**(123,702)**	(126,965)
Depreciation	10	**(175,878)**	(128,691)	**(1,656)**	(1,519)
Net measurement of derivative instruments	7	**(5,699)**	21,163	**610**	(75)
Other operating expenses	7	**(455,294)**	(450,557)	**(147,167)**	(134,917)
Finance costs	8	**(518,353)**	(437,550)	**(357,421)**	(250,074)
		(20,432,484)	(16,744,780)	**(13,344,251)**	(10,858,193)
Share of results from jointly controlled entities and associates	14	**20,484**	37,466	**–**	–
Profit before taxation		**496,651**	437,910	**163,792**	151,889
Income tax expense	9	**(105,134)**	(34,085)	**(29,734)**	(28,873)
Profit for the financial year		**391,517**	403,825	**134,058**	123,016
Attributable to:					
Owners of the Company		**362,618**	370,908	**134,058**	123,016
Non-controlling interests		**28,899**	32,917	**–**	–
		391,517	403,825	**134,058**	123,016
Earnings per share attributable to owners of the Company (cents)					
Basic	24	**14.36**	14.96		
Diluted	24	**14.27**	14.95		

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 2013

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Profit for the financial year	**391,517**	403,825	**134,058**	123,016
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Net gain on fair value changes during the financial year	**131,458**	480,258	**164,010**	470,719
Recognised in the profit and loss accounts on occurrence of hedged transactions	**(79,442)**	(282,699)	**(110,043)**	(276,237)
Foreign currency translation adjustments	**(37,298)**	24,526	**(4,574)**	80,717
Share of other comprehensive income of jointly controlled entities and associates	**4,174**	2,838	**–**	–
Other comprehensive income for the financial year, net of tax	**18,892**	224,923	**49,393**	275,199
Total comprehensive income for the financial year	**410,409**	628,748	**183,451**	398,215
Attributable to:				
Owners of the Company	**378,983**	593,018	**183,451**	398,215
Non-controlling interests	**31,426**	35,730	**–**	–
	410,409	628,748	**183,451**	398,215

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

Balance Sheets

at 30 June 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Property, plant and equipment	10	**3,427,775**	2,620,995	**2,557**	2,724
Intangible assets	11	**686,516**	660,157	**33,393**	24,411
Biological assets	12	**781,742**	631,339	**–**	–
Subsidiary companies	13	**–**	–	**2,007,203**	1,567,661
Deferred tax assets	9	**34,832**	37,735	**–**	–
Investments in jointly controlled entities and associates	14	**557,693**	482,864	**413,026**	378,566
Other non-current assets	20	**20,256**	9,163	**–**	–
		5,508,814	4,442,253	**2,456,179**	1,973,362
Current assets					
Amounts due from subsidiary companies	15	**–**	–	**2,258,023**	2,092,954
Trade receivables	16	**2,372,900**	1,596,796	**984,391**	394,663
Inventories	18	**4,154,271**	4,410,014	**459,060**	738,291
Advance payments to suppliers	19	**598,470**	320,556	**215,033**	98,153
Advance payments to subsidiary companies	19	**–**	–	**2,079,753**	1,750,052
Cash and short-term deposits	32	**1,591,009**	1,110,856	**1,126,575**	703,960
Derivative financial instruments	34	**606,062**	1,302,200	**353,326**	867,718
Other current assets	20	**552,658**	645,307	**87,971**	105,607
		9,875,370	9,385,729	**7,564,132**	6,751,398
Current liabilities					
Trade payables and accruals	21	**(1,747,963)**	(1,133,893)	**(927,715)**	(494,101)
Borrowings	23	**(2,965,559)**	(3,148,333)	**(748,503)**	(1,207,680)
Provision for taxation		**(49,728)**	(33,493)	**(21,976)**	(18,184)
Derivative financial instruments	34	**(395,295)**	(1,115,711)	**(180,764)**	(981,232)
Other current liabilities	22	**(269,241)**	(193,101)	**(98,794)**	(77,247)
Margin accounts with brokers	17	**(9,114)**	(140,567)	**(35,683)**	(77,011)
		(5,436,900)	(5,765,098)	**(2,013,435)**	(2,855,455)
Net current assets		**4,438,470**	3,620,631	**5,550,697**	3,895,943
Non-current liabilities					
Deferred tax liabilities	9	**(240,877)**	(194,071)	**(4,843)**	(1,496)
Borrowings	23	**(5,882,679)**	(4,341,051)	**(5,153,194)**	(3,113,814)
		(6,123,556)	(4,535,122)	**(5,158,037)**	(3,115,310)
Net assets		**3,823,728**	3,527,762	**2,848,839**	2,753,995
Equity attributable to owners of the Company					
Share capital	25	**2,077,038**	2,077,038	**2,077,038**	2,077,038
Treasury shares	25	**(96,081)**	(96,081)	**(96,081)**	(96,081)
Perpetual capital securities	25	**276,939**	276,886	**276,939**	276,886
Reserves		**1,433,964**	1,147,767	**590,943**	496,152
		3,691,860	3,405,610	**2,848,839**	2,753,995
Non-controlling interests		**131,868**	122,152	**–**	–
Total equity		**3,823,728**	3,527,762	**2,848,839**	2,753,995

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 2013

2013 Group	Share capital (Note 25) $'000	Treasury shares (Note 25) $'000	Perpetual capital securities (Note 25) $'000	Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'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 2012	2,077,038	(96,081)	276,886	120,093	(344,781)	(125,190)	72,327	1,425,318	1,147,767	3,405,610	122,152	3,527,762
Profit for the financial year	–	–	–	–	–	–	–	362,618	362,618	362,618	28,899	391,517
Other comprehensive income												
Net gain on fair value changes during the financial year	–	–	–	–	–	131,458	–	–	131,458	131,458	–	131,458
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	–	–	(79,442)	–	–	(79,442)	(79,442)	–	(79,442)
Foreign currency translation adjustments	–	–	–	–	(39,825)	–	–	–	(39,825)	(39,825)	2,527	(37,298)
Share of other comprehensive income of jointly controlled entities and associates	–	–	–	(1,900)	6,074	–	–	–	4,174	4,174	–	4,174
Other comprehensive income for the financial year, net of tax	–	–	–	(1,900)	(33,751)	52,016	–	–	16,365	16,365	2,527	18,892
Total comprehensive income for the year	–	–	–	(1,900)	(33,751)	52,016	–	362,618	378,983	378,983	31,426	410,409
Contributions by and distributions to owners												
Issuance of warrants (Note 25)	–	–	–	8,268	–	–	–	–	8,268	8,268	–	8,268
Share-based expense	–	–	–	–	–	–	17,984	–	17,984	17,984	–	17,984
Dividends on ordinary shares (Note 26)	–	–	–	–	–	–	–	(95,609)	(95,609)	(95,609)	–	(95,609)
Accrued capital securities distribution	–	–	19,303	–	–	–	–	(19,303)	(19,303)	–	–	–
Payment of capital securities distribution	–	–	(19,250)	–	–	–	–	–	–	(19,250)	–	(19,250)
Total contributions by and distributions to owners	–	–	53	8,268	–	–	17,984	(114,912)	(88,660)	(88,607)	–	(88,607)
Changes in ownership interests in subsidiaries												
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	7,012	7,012
Acquisition of non-controlling interests	–	–	–	(4,126)	–	–	–	–	(4,126)	(4,126)	(28,722)	(32,848)
Total changes in ownership interests in subsidiaries	–	–	–	(4,126)	–	–	–	–	(4,126)	(4,126)	(21,710)	(25,836)
Total transactions with owners in their capacity as owners	–	–	53	4,142	–	–	17,984	(114,912)	(92,786)	(92,733)	(21,710)	(114,443)
At 30 June 2013	2,077,038	(96,081)	276,939	122,335	(378,532)	(73,174)	90,311	1,673,024	1,433,964	3,691,860	131,868	3,823,728

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

2012 Group	Share capital (Note 25) $'000	Treasury shares (Note 25) $'000	Perpetual capital securities (Note 25) $'000	Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'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 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 financial year	–	–	–	–	–	–	–	370,908	370,908	370,908	32,917	403,825
Other comprehensive income												
Net gain on fair value changes during the financial year	–	–	–	–	–	480,258	–	–	480,258	480,258	–	480,258
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	–	–	(282,699)	–	–	(282,699)	(282,699)	–	(282,699)
Foreign currency translation adjustments	–	–	–	–	21,713	–	–	–	21,713	21,713	2,813	24,526
Share of other comprehensive income of jointly controlled entities and associates	–	–	–	(9,493)	12,331	–	–	–	2,838	2,838	–	2,838
Other comprehensive income for the financial year, net of tax	–	–	–	(9,493)	34,044	197,559	–	–	222,110	222,110	2,813	224,923
Total comprehensive income for the year	–	–	–	(9,493)	34,044	197,559	–	370,908	593,018	593,018	35,730	628,748
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
Issue of perpetual capital securities	–	–	270,451	–	–	–	–	–	–	270,451	–	270,451
Purchase of treasury shares	–	(96,081)	–	–	–	–	–	–	–	(96,081)	–	(96,081)
Share-based expense	–	–	–	–	–	–	18,133	–	18,133	18,133	–	18,133
Dividends on ordinary shares (Note 26)	–	–	–	–	–	–	–	(125,181)	(125,181)	(125,181)	–	(125,181)
Accrued capital securities distribution	–	–	6,435	–	–	–	–	(6,435)	(6,435)	–	–	–
Total contributions by and distributions to owners	499,928	(96,081)	276,886	–	–	–	18,133	(131,616)	(113,483)	567,250	–	567,250
Changes in ownership interests in subsidiaries												
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	29,402	29,402
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	29,402	29,402
Total transactions with owners in their capacity as owners	499,928	(96,081)	276,886	–	–	–	18,133	(131,616)	(113,483)	567,250	29,402	596,652
At 30 June 2012	2,077,038	(96,081)	276,886	120,093	(344,781)	(125,190)	72,327	1,425,318	1,147,767	3,405,610	122,152	3,527,762

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

2013 Company	Attributable to owners of the Company									
	Share capital (Note 25) $'000	Treasury shares (Note 25) $'000	Perpetual capital securities (Note 25) $'000	Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
At 1 July 2012	2,077,038	(96,081)	276,886	129,877	(210,221)	(128,785)	72,327	632,954	496,152	2,753,995
Profit for the financial year	–	–	–	–	–	–	–	134,058	134,058	134,058
Other comprehensive income										
Net loss on fair value changes during the financial year	–	–	–	–	–	164,010	–	–	164,010	164,010
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	–	–	(110,043)	–	–	(110,043)	(110,043)
Foreign currency translation adjustments	–	–	–	–	(4,574)	–	–	–	(4,574)	(4,574)
Other comprehensive income for the financial year, net of tax	–	–	–	–	(4,574)	53,967	–	–	49,393	49,393
Total comprehensive income for the year	–	–	–	–	(4,574)	53,967	–	134,058	183,451	183,451
Contributions by and distributions to owners										
Issuance of warrants (Note 25)	–	–	–	8,268	–	–	–	–	8,268	8,268
Share-based expense	–	–	–	–	–	–	17,984	–	17,984	17,984
Dividends on ordinary shares (Note 26)	–	–	–	–	–	–	–	(95,609)	(95,609)	(95,609)
Accrued capital securities distribution	–	–	19,303	–	–	–	–	(19,303)	(19,303)	–
Payment of capital securities distribution	–	–	(19,250)	–	–	–	–	–	–	(19,250)
Total contributions by and distributions to owners	–	–	53	8,268	–	–	17,984	(114,912)	(88,660)	(88,607)
Total transactions with owners in their capacity as owners	–	–	53	8,268	–	–	17,984	(114,912)	(88,660)	(88,607)
At 30 June 2013	2,077,038	(96,081)	276,939	138,145	(214,795)	(74,818)	90,311	652,100	590,943	2,848,839

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

2012 Company	Share capital (Note 25) $'000	Treasury shares (Note 25) $'000	Perpetual capital securities (Note 25) $'000	Attributable to owners of the Company Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
At 1 July 2012	1,577,110	–	–	129,877	(290,938)	(323,267)	54,194	641,554	211,420	1,788,530
Profit for the financial year	–	–	–	–	–	–	–	123,016	123,016	123,016
Other comprehensive income										
Net loss on fair value changes during the financial year	–	–	–	–	–	470,719	–	–	470,719	470,719
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	–	–	(276,237)	–	–	(276,237)	(276,237)
Foreign currency translation adjustments	–	–	–	–	80,717	–	–	–	80,717	80,717
Other comprehensive income for the financial year, net of tax	–	–	–	–	80,717	194,482	–	–	275,199	275,199
Total comprehensive income for the year	–	–	–	–	80,717	194,482	–	123,016	398,215	398,215
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
Issue of perpetual capital securities	–	–	270,451	–	–	–	–	–	–	270,451
Purchase of treasury shares	–	(96,081)	–	–	–	–	–	–	–	(96,081)
Share-based expense	–	–	–	–	–	–	18,133	–	18,133	18,133
Dividends on ordinary shares (Note 26)	–	–	–	–	–	–	–	(125,181)	(125,181)	(125,181)
Accrued capital securities distribution	–	–	6,435	–	–	–	–	(6,435)	(6,435)	–
Total contributions by and distributions to owners	499,928	(96,081)	276,886	–	–	–	18,133	(131,616)	(113,483)	567,250
Total transactions with owners in their capacity as owners	499,928	(96,081)	276,886	–	–	–	18,133	(131,616)	(113,483)	567,250
At 30 June 2012	2,077,038	(96,081)	276,886	129,877	(210,221)	(128,785)	72,327	632,954	496,152	2,753,995

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

(1) **Capital reserves**
Capital reserves represent the premium paid and discounts 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 the date of issuance, the share of capital reserve of a jointly controlled entity and warrants arising from the Rights Issue (Note 25).

(2) **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.

(3) **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.

(4) **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.

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 2013

	2013 $'000	2012 $'000
Cash flows from operating activities		
Profit before taxation	**496,651**	437,910
Adjustments for:-		
Allowance for doubtful debts	**9,578**	22,560
Amortisation of intangible assets and depreciation of property, plant and equipment	**199,312**	150,614
Share-based expense	**17,984**	18,133
Fair value of biological assets (Note 12)	**(96,286)**	(110,874)
(Gain)/loss on disposal of property, plant and equipment	**(36,367)**	5,090
Impairment of goodwill and intangible assets	**1,916**	–
Interest income	**(16,674)**	(20,037)
Interest expense	**518,353**	437,550
Inventories written down, net	**115**	15,041
Net measurement of derivative instruments	**5,699**	(21,163)
Negative goodwill arising from acquisition of subsidiary/assets	**–**	(3,191)
Share of results from jointly controlled entities and associates	**(20,484)**	(37,466)
Gain on bond buy back (Note 5)	**(6,020)**	–
Operating cash flows before reinvestment in working capital	**1,073,777**	894,167
Decrease/ (increase) in inventories	**320,658**	(609,890)
Increase in receivables and other current assets	**(679,187)**	(12,073)
Increase in advance payments to suppliers	**(280,865)**	(105,527)
(Decrease)/ increase in margin account with brokers	**(132,233)**	602,099
Increase/(decrease) in payables and other current liabilities	**432,156**	(181,537)
Cash flows from operations	**734,306**	587,239
Interest income received	**16,674**	20,037
Interest expense paid	**(461,313)**	(371,505)
Tax paid	**(39,495)**	(48,308)
Net cash flows from operating activities	**250,172**	187,463
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**109,355**	10,277
Purchase of property, plant and equipment (Note 10)	**(940,255)**	(874,931)
Purchase of intangibles (Note 11)	**(14,903)**	(18,019)
Acquisition of subsidiaries, net of cash acquired (Note 11)	**(129,185)**	(342,796)
Investment in associates and jointly controlled entities	**(44,266)**	(22,883)
Acquisition of non-controlling interests (Note 13)	**(31,298)**	–
Net cash flows used in investing activities	**(1,050,552)**	(1,248,352)
Cash flows from financing activities		
Dividends paid on ordinary shares by the Company	**(95,609)**	(125,181)
Proceeds from borrowings, net	**780,636**	662,567
Proceeds from issuance of shares on exercise of share options	**–**	9,708
Proceeds from rights issue of bonds and warrants (Note 23)	**860,752**	–
Payment of capital securities distribution	**(19,250)**	–
Proceeds from issuance of shares for cash	**–**	490,220
Proceeds from issuance of perpetual capital securities	**–**	270,451
Payment for bond buy back	**(34,030)**	–
Purchase of treasury shares	**–**	(96,081)
Net cash flows from financing activities	**1,492,499**	1,211,684
Net effect of exchange rate changes on cash and cash equivalents	**(8,349)**	15,889
Net increase in cash and cash equivalents	**683,770**	166,684
Cash and cash equivalents at beginning of year	**601,762**	435,078
Cash and cash equivalents at end of year (Note 32)	**1,285,532**	601,762

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

Notes to the Financial Statements

30 June 2013

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 2012. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

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

Description	Effective for financial year beginning on
Improvements to FRSs 2012:	
– Amendments to FRS 1 Presentation of Financial Statements	1 July 2013
– Amendments to FRS 16 Property, Plant and Equipment	1 July 2013
– Amendments to FRS 32 Financial Instruments: Presentation	1 July 2013
Revised FRS 19 Employee Benefits	1 July 2013
FRS 113 Fair Value Measurements	1 July 2013
Amendments to FRS 101 Government Loans	1 July 2013
Amendment to FRS 107 Offsetting of Financial Assets and Financial Liabilities	1 July 2013
INT FRS 120 Stripping Costs in the Production Phase of a Surface Mine	1 July 2013
Revised FRS 27 Separate Financial Statements	1 July 2014
Revised FRS 28 Investments in Associates and Joint Ventures	1 July 2014
FRS 110 Consolidated Financial Statements	1 July 2014
FRS 111 Joint Arrangements	1 July 2014
FRS 112 Disclosures of Interest in Other Entities	1 July 2014
Amendment to FRS 32 Offsetting of Financial Assets and Financial Liabilities	1 July 2014
Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets	1 July 2014
Amendments to FRS 110, 111 and 112 Transition guidance to FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 111 Joint Arrangements	1 July 2014
Amendments to FRS 110, 111 and 27 Investment Entities	1 July 2014
INT FRS 121 Levies	1 July 2014

Except for the Amendments to FRS 111 and revised FRS 28, FRS 112, FRS 113 and Amendment to FRS 107, the directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 111 and revised FRS 28, FRS 112, FRS 113 and Amendment to FRS 107 are described below.

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 and the revised FRS 28 are effective for financial year beginning on 1 July 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

Currently, the Group's investments in jointly controlled entities are accounted for using the equity method. Upon adoption of FRS 111, the Group does not expect any impact to the Group's financial statements presentation.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial year beginning on 1 July 2014.

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

FRS 113 Fair Value Measurement

FRS 113 is effective for financial year beginning on 1 July 2013.

FRS 113 Fair Value Measurement provides a single source of guidance for all fair value measurements. FRS 113 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted by FRS. The adoption of FRS 113 does not have any impact to the financial position and financial performance of the Group

Amendment to FRS 107 Offsetting of Financial Assets and Financial Liabilities

Amendment to FRS 107 Offsetting of Financial Assets and Financial Liabilities is effective for financial year beginning on 1 July 2013.

The Amendments to FRS 107 provides disclosure requirements that are intended to help investors and other financial statement users better assess the effect or potential effect of offsetting arrangements on a company's financial position. The new disclosures require information about the gross amount of financial assets and liabilities before offsetting and the amounts set off in accordance with offsetting model in FRS 32. As the Amendments only affect disclosures, it will not have any impact to the financial position or financial performance of the Group upon adoption.

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.

2. Summary of significant accounting policies (cont'd)

2.4 Functional and foreign currency (cont'd)

(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) Consolidated financial statements

For consolidation purpose, 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 recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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

(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.

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. Summary of significant accounting policies (cont'd)

2.5 Subsidiary companies, basis of consolidation and business combinations

(a) 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 significant subsidiary companies is shown in Note 13.

(b) 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 and dividends 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.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiary companies, basis of consolidation and business combinations (cont'd)

(c) Business combinations

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 a change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in 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. 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. The accounting policy for goodwill is set out in Note 2.10(a).

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's interest in a subsidiary that does 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 that 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.

2. Summary of significant accounting policies (cont'd)

2.7 Jointly controlled entities (cont'd)

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 and recognises 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.

2.8 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 the 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 included as income in the determination 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 and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

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 items of 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.

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 20 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 is 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 be 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.

2. Summary of significant accounting policies (cont'd)

2.10 Intangible assets (cont'd)

(a) Goodwill (cont'd)

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.

(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 that are 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. Summary of significant accounting policies (cont'd)

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

Impairment losses 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.

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 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.

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

Subsequent measurement (cont'd)

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

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.

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 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 plus, in the case of financial liabilities not at fair value through profit or loss, 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 at fair value through profit or loss. 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.

2. Summary of significant accounting policies (cont'd)

2.14 Financial liabilities (cont'd)

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 are recognised in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits that 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 and advances

Receivables and advances include trade receivables, which are on trade terms, margin accounts with brokers, receivables from subsidiary companies, advance payments to suppliers and subsidiary companies and other current assets (excluding prepayments and short term investment) 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 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.

2. Summary of significant accounting policies (cont'd)

2.17 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

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.

(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 a 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. Summary of significant accounting policies (cont'd)

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 in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the 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 resources embodying economic benefits 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. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 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 which takes into account market conditions and non-vesting 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.

2. Summary of significant accounting policies (cont'd)

2.22 Employee benefits (cont'd)

(c) Employee share subscription/options scheme (cont'd)

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.

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.

2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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.

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

2. Summary of significant accounting policies (cont'd)

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, regardless of when the payment is made. 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.

2.26 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 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 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.

2. Summary of significant accounting policies (cont'd)

2.26 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

(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. Summary of significant accounting policies (cont'd)

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 reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issue expenses

Proceeds from issuance of ordinary shares net of directly attributable expenses are recognised as share capital in equity.

2.29 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost (including directly attributable expenses) and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.30 Perpetual capital securities

The perpetual capital securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the term and conditions of the securities issue. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual capital securities issue and the perpetual capital securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual capital securities are deducted against the proceeds from the issue.

2.31 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)

2.32 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 that 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)

2.33 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 the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.34 Related parties

A related party is defined as follows:-

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

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting 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 future periods.

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 the Rights Issue

The Company assesses the fair value of derivative financial instruments and debt components of the Rights Issue that require judgement in determining the most appropriate valuation models and inputs including bond price, interest rate volatility and credit spread.

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. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's income tax payables, deferred tax assets and deferred tax liabilities as at 30 June 2013 were $49,728,000 (2012: $33,493,000), $34,832,000 (2012: $37,735,000) and $240,877,000 (2012: $194,071,000) respectively.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(b) 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. The carrying amount of the Company's investment in subsidiary companies at the balance sheet date is disclosed in Note 13 to the financial statements.

(c) Impairment of goodwill and intangible assets with indefinite useful life

Goodwill and intangible assets with indefinite useful life are tested for impairment annually and whenever there is an indication of impairment. The Group estimates the value in use of the cash generating units to which the goodwill and intangible asset with indefinite useful life 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.

The impairment tests are sensitive to growth rates and discount rates. Changes in these assumptions may result in changes in recoverable values.

For goodwill and intangible assets with indefinite useful life of $186,492,000, under the Food Staples and Packaged Foods segment, the recoverable value is sensitive to revenue growth rates and discount rates. If management's estimate of revenue growth rate decreased by a compound annual growth rate of 1.5% or management's estimate of discount rate was raised by 1.5%, the recoverable value will be reduced to the carrying amount of the goodwill and intangible assets.

(d) Impairment of property, plant and equipment

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model and 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. The carrying amount of the Group's property, plant and equipment at the balance sheet date is disclosed in Note 10 to the financial statements.

(e) 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 20 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.

(f) 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 29.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(g) Biological assets

The fair value of biological assets (other than annual crops and livestock) is estimated using the discounted cash flow model, which requires the Group to make an estimate of the expected future cash flows from the biological assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows, which is referenced to professional valuations. The valuation of these biological assets is particularly sensitive to discount rates.

If management's estimated discount rate that had been applied to the discounted cash flows was raised/reduced by 0.5%, the fair value of the biological assets (other than annual crops and livestock) would have decreased/increased by $27,191,000 and $28,645,000 respectively.

The other significant assumptions are disclosed in Note 12.

(h) 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. The carrying amount of the Group's loans and receivable at the end of the reporting period is disclosed in Note 36 to the financial statements.

(i) 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 detail in Note 34.

4. Sale of goods and services

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Sale of goods	**20,520,214**	16,949,096	**13,286,149**	10,884,341
Sale of services	**281,584**	144,655	**129,523**	26,329
	20,801,798	17,093,751	**13,415,672**	10,910,670

Revenue from sale of goods is stated net of discounts and returns. It excludes interest income, realised gains or losses on derivatives and in respect of the Group, intra-group transactions.

Revenue from sale of services mainly represents processing income and freight charter income.

5. Other income

Other income included the following:-

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Dividend income from subsidiary	–	–	1,383	–
Miscellaneous income [1]	47,175	28,245	279	281
Gain on sale of fixed assets [2]	36,262	–	–	–
Interest income from loans and receivables	16,674	20,037	89,987	99,131
Gain on bond buy back (Note 23)	6,020	–	–	–
Fair value gain on investment held for trading	722	–	722	–
Negative goodwill arising from business combinations	–	3,191	–	–
	106,853	51,473	92,371	99,412

[1] Miscellaneous income for the Group comprised mainly income from commissions and claims.

[2] Gain on sale of fixed assets includes a gain on sale and leaseback of freehold land of the USA almond orchard plantations totalling 1,940 hectares. The initial term of the lease is for a period of 6.5 years with initial rental expense of $3,453,000 per annum subject to annual increases based on the consumer price index ("CPI") of the United States of America ("USA").

The lease includes three options to extend for additional five year periods each, followed by one option to extend for an additional three year period. The annual rental expense for the extended periods will be the higher of the rental expense of the immediate preceding year subjected to CPI adjustments or 5% of the market value of the almond orchard plantations of the immediate preceding year.

6. Cost of goods sold

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
This is stated after (charging)/ crediting:				
Gains/(losses) on derivatives net of fair value changes	36,667	116,864	(47,158)	133,238
Foreign exchange gains on cost of goods sold [1]	26,247	10,450	–	–
Export incentives and subsidies received [2]	82,296	113,683	–	–
Grant income received [3]	18,838	25,903	–	–
Inventories (written down)/ written back, net (Note 18)	(115)	(15,041)	393	(1,689)

[1] Foreign exchange gains on cost of goods sold relate to foreign exchange movement arising between the time of 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 the 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		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Other operating expenses are stated after (charging)/crediting:				
Fair value loss on investment held for trading	–	(1,221)	–	(1,221)
Allowance for doubtful debts:				
– Amounts due from subsidiary companies (Note 15)	–	–	(10)	–
– Trade receivables (Note 16)	(8,002)	(17,709)	(4,938)	(2,159)
– Advance payments to suppliers (Note 19)	(1,576)	(4,851)	(89)	(4,293)
– Advance payments to subsidiary companies	–	–	(4,159)	–
Amortisation of intangible assets (Note 11)	(23,434)	(21,923)	(2,770)	(1,723)
Bad debts written back:				
– Trade receivables	1,922	3,591	437	1,490
– Advance payments to suppliers	342	1,556	332	19
Bank charges	(60,208)	(52,732)	(40,570)	(36,355)
Gain/(loss) on disposal of property, plant and equipment	105	(5,090)	–	(1)
Loss on foreign exchange, net	(55,279)	(93,057)	(6,056)	(4,392)
Write off of investment in subsidiary companies	–	–	–	(5,341)
Impairment loss on:				
– Investment in subsidiary companies (Note 13)	–	–	(6,544)	–
Travelling expenses	(51,253)	(51,679)	(12,385)	(14,693)
Costs incurred for terminated projects	(19,209)	–	–	–
Transaction costs incurred in business combinations (Note 11)	(2,905)	(5,499)	(923)	–
Impairment of goodwill and intangible assets (Note 11)	(1,916)	–	–	–
Audit fees:				
– Auditor of the Company	(1,563)	(1,285)	(1,507)	(1,229)
– Other auditors	(4,253)	(3,248)	–	–
Non-audit fees:				
– Auditor of the Company	(304)	(713)	(294)	(683)
– Other auditors	(330)	(1,133)	–	–
Net measurement of derivative instruments is stated after (charging)/crediting:				
– Convertible and other bonds	610	(75)	610	(75)
– Derivatives held for trading	(6,309)	21,238	–	–
	(5,699)	21,163	610	(75)

8. Finance costs

Finance costs included the following:-

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Interest expense:				
– On bank overdrafts	**17,695**	12,693	**55**	20
– On bank loans	**272,203**	277,991	**111,004**	109,350
– On medium-term notes	**98,545**	29,762	**98,545**	29,762
– On bonds	**120,576**	82,072	**118,381**	76,617
– Others	**38,535**	40,208	**29,436**	34,325
	547,554	442,726	**357,421**	250,074
Less: interest expense capitalised to:				
– Property, plant and equipment	**(29,201)**	(5,176)	**–**	–
	518,353	437,550	**357,421**	250,074

Interest that is appropriate to be included as cost of property, plant and equipment is capitalised to capital work-in-progress and plant and machinery by various subsidiaries of the Group at rates ranging from 1.22% to 15.00% (2012: 4.50 % to 14.00%) per annum.

9. Income tax expense

(a) Major components of income tax expense

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Profit and loss accounts				
Current income tax:				
Singapore	**29,728**	28,503	**29,533**	28,293
Foreign	**44,715**	22,083	**–**	–
Over provision in respect of prior years	**(11,705)**	(4,587)	**–**	–
	62,738	45,999	**29,533**	28,293
Deferred income tax:				
Singapore	**(1,105)**	564	**201**	580
Foreign	**43,501**	(12,478)	**–**	–
Income tax expense	**105,134**	34,085	**29,734**	28,873

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'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	**(3,144)**	(12,529)	**(3,144)**	(9,731)
Deferred tax recorded in other comprehensive income	**(3,144)**	(12,529)	**(3,144)**	(9,731)

9. Income tax expense (cont'd)

(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	
	2013 %	2012 %	2013 %	2012 %
Statutory tax rate	**17.0**	17.0	**17.0**	17.0
Tax effect of non-deductible expenses	**6.4**	8.2	**18.4**	20.6
Higher statutory tax rates of other countries (1)	**8.2**	1.5	**–**	–
Tax effect on over provision in respect of prior years	**(2.4)**	(1.0)	**–**	–
Tax effect of income taxed at concessionary rate (2)	**(6.4)**	(6.1)	**(18.5)**	(17.4)
Tax effect on non-taxable/ exempt income (3)	**(4.4)**	(10.3)	**(0.3)**	(1.0)
Tax effect of jointly controlled entities/ associates	**(0.7)**	(1.3)	**–**	–
Tax effect of deferred tax assets not recognised	**2.5**	1.0	**–**	–
Tax effect of others, net	**1.0**	(1.2)	**1.6**	(0.2)
	21.2	7.8	**18.2**	19.0

(1) The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

(2) 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. Subsequent to year end, the Company's GTP status has been extended for a further 5 years from 1 July 2013 to 30 June 2018.

(3) There are three (2012: three) subsidiaries within the Group that are taxed at the preferential tax rate of 0% (as opposed to the local headline/ statutory tax rates ranging from 20% to 35%) by the local tax authorities for periods ranging from 2.5 to 8 years.

(c) Deferred income tax

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax assets	**34,832**	37,735	**–**	–
Deferred tax liabilities	**(240,877)**	(194,071)	**(4,843)**	(1,496)
Net deferred tax liabilities	**(206,045)**	(156,336)	**(4,843)**	(1,496)

9. Income tax expense (cont'd)

(c) Deferred income tax (cont')

The analysis of deferred income tax is as follows:-

	Group				Company	
	Consolidated balance sheet		Consolidated profit and loss account		Balance sheet	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Deferred tax liabilities:						
Differences in depreciation	**193,601**	141,192	**47,851**	34,802	**847**	619
Fair value adjustment on business combinations	**108,922**	107,502	**(5,708)**	(28,496)	**–**	–
Biological assets	**40,025**	28,878	**10,027**	7,766	**–**	–
Convertible bonds	**5,922**	5,932	**–**	–	**5,922**	5,932
Others	**9,627**	7,016	**4,230**	3,713	**–**	–
Gross deferred tax liabilities	**358,097**	290,520			**6,769**	6,551
Deferred tax assets:						
Allowance for doubtful debts	**2,390**	5,251	**2,813**	(3,889)	**–**	–
Inventories written-down	**–**	–	**–**	174	**23**	–
Revaluation of financial instruments to fair value	**1,903**	5,055	**–**	–	**1,903**	5,055
Unabsorbed losses	**147,759**	123,878	**(16,817)**	(25,984)	**–**	–
Gross deferred tax assets	**152,052**	134,184			**1,926**	5,055
Net deferred tax liabilities	**(206,045)**	(156,336)			**(4,843)**	(1,496)
Deferred income tax expense/(credit)			**42,396**	(11,914)		

Unrecognised tax losses and capital allowances

The Group has tax losses of $130,044,000 (2012: $80,495,000) and capital allowances of $69,034,000 (2012: $17,118,000) 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 and there is no expiry date on the utilisation of such tax losses and capital allowances for offset against future taxable profits.

Unrecognised temporary differences relating to investments in subsidiaries and jointly controlled entities

At the end of the financial years ended 30 June 2013 and 30 June 2012, there is no deferred tax liability that needs to be recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries and jointly controlled entities as the Group has determined that if any undistributed earnings of its subsidiaries and jointly controlled entities are distributed in the foreseeable future, there will be no material tax impact.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements in respect the current and previous financial year (Note 26).

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 2011	282,971	421,975	722,040	116,552	259,163	1,802,701
Additions	8,352	29,479	132,896	39,074	665,130	874,931
Acquired through business combinations	99,372	141,774	122,580	2,983	19,451	386,160
Disposals	(506)	(632)	(15,091)	(10,938)	(190)	(27,357)
Reclassification	38,349	30,601	99,460	2,998	(171,408)	–
Foreign currency translation adjustments	(1,081)	(14,251)	(648)	(17,023)	(24,618)	(57,621)
As at 30 June 2012 and 1 July 2012	427,457	608,946	1,061,237	133,646	747,528	2,978,814
Additions	5,017	86,159	168,616	52,795	627,668	940,255
Acquired through business combinations (Note 11)	5,552	56,327	96,457	1,932	730	160,998
Disposals	(46,516)	(8,085)	(22,593)	(9,440)	(4,040)	(90,674)
Reclassification	42,965	185,644	175,856	36,387	(440,852)	–
Foreign currency translation adjustments	(5,012)	(9,215)	(35,859)	(939)	(5,543)	(56,568)
As at 30 June 2013	429,463	919,776	1,443,714	214,381	925,491	3,932,825
Accumulated depreciation and impairment loss:						
As at 1 July 2011	–	41,994	129,057	54,935	–	225,986
Charge for the year	–	29,347	77,302	22,042	–	128,691
Disposals	–	(408)	(5,373)	(6,209)	–	(11,990)
Reclassification	–	8,184	(7,768)	(416)	–	–
Foreign currency translation adjustments	–	(1,311)	23,809	(7,366)	–	15,132
As at 30 June 2012 and 1 July 2012	–	77,806	217,027	62,986	–	357,819
Charge for the year	–	40,400	110,759	24,719	–	175,878
Disposals	–	(2,486)	(8,463)	(6,737)	–	(17,686)
Reclassification	–	1,251	(486)	(765)	–	–
Foreign currency translation adjustments	–	(2,983)	(7,509)	(469)	–	(10,961)
As at 30 June 2013	–	113,988	311,328	79,734	–	505,050
Net carrying value						
As at 30 June 2013	429,463	805,788	1,132,386	134,647	925,491	3,427,775
As at 30 June 2012	427,457	531,140	844,210	70,660	747,528	2,620,995

[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 2011	139	54	881	1,812	857	5,048	8,791
Additions	379	74	163	5	35	1,232	1,888
Disposals	–	–	–	(9)	(46)	–	(55)
Foreign currency translation adjustments	5	3	29	59	27	168	291
As at 30 June 2012 and 1 July 2012	523	131	1,073	1,867	873	6,448	10,915
Additions	–	340	28	19	–	1,110	1,497
Foreign currency translation adjustments	(1)	7	(1)	(3)	(1)	15	16
As at 30 June 2013	522	478	1,100	1,883	872	7,573	12,428
Accumulated depreciation							
As at 1 July 2011	84	11	573	1,654	795	3,395	6,512
Charge for the year	20	17	135	111	43	1,193	1,519
Disposals	–	–	–	(9)	(46)	–	(55)
Foreign currency translation adjustments	3	1	18	54	24	115	215
As at 30 June 2012 and 1 July 2012	107	29	726	1,810	816	4,703	8,191
Charge for the year	44	66	135	50	24	1,337	1,656
Foreign currency translation adjustments	1	1	2	(2)	(1)	23	24
As at 30 June 2013	152	96	863	1,858	839	6,063	9,871
Net carrying value							
As at 30 June 2013	370	382	237	25	33	1,510	2,557
As at 30 June 2012	416	102	347	57	57	1,745	2,724

In the previous financial year, the Group acquired leasehold land and buildings with an aggregate cost of $7,505,000 by means of financial lease. There were no such acquisitions under financial leases this financial year. The carrying amount of leasehold land and buildings held under financial lease at the end of the reporting period was $25,170,000 (2012: $28,403,000).

The Group's freehold land, buildings, plant and machinery with a carrying amount of $349,858,000 (2012: $191,650,000) have been pledged to secure the Group's borrowings as set out in Note 23 to the financial statements.

11. Intangible assets

Group	Goodwill $'000	Customer relationships $'000	Brands and trademark[1] $'000	Software $'000	Water Rights[2] $'000	Concession Rights[3] $'000	Others[4] $'000	Total $'000
Cost								
As at 1 July 2011	98,954	30,995	3,836	25,681	235,080	98,833	23,197	516,576
Additions	–	–	–	10,376	–	–	7,643	18,019
Acquired through business combinations	51,820	14,918	110,579	–	–	–	4,373	181,690
Foreign currency translation adjustments	2,420	1,080	710	228	(4,910)	(2,668)	(22)	(3,162)
As at 30 June 2012 and 1 July 2012	153,194	46,993	115,125	36,285	230,170	96,165	35,191	713,123
Additions	–	–	–	14,668	–	–	235	14,903
Acquired through business combinations (Note 11)	44,944	2,939	–	–	–	–	3,349	51,232
Foreign currency translation adjustments	(1,220)	(8)	(181)	(719)	(24,022)	11,651	(1,186)	(15,685)
As at 30 June 2013	196,918	49,924	114,944	50,234	206,148	107,816	37,589	763,573
Accumulated amortisation and impairment								
As at 1 July 20110	3,572	5,294	–	9,438	–	5,724	6,610	30,638
Amortisation	–	4,479	–	4,396	–	11,573	1,475	21,923
Foreign currency translation adjustments	266	195	–	(262)	–	240	(34)	405
As at 30 June 2012 and 1 July 2012	3,838	9,968	–	13,572	–	17,537	8,051	52,966
Amortisation	–	4,197	–	4,529	–	11,589	3,119	23,434
Impairment	1,859	–	–	57	–	–	–	1,916
Foreign currency translation adjustments	(310)	78	–	(893)	–	357	(491)	(1,259)
As at 30 June 2013	5,387	14,243	–	17,265	–	29,483	10,679	77,057
Net carrying value								
As at 30 June 2013	191,531	35,681	114,944	32,969	206,148	78,333	26,910	686,516
As at 30 June 2012	149,356	37,025	115,125	22,713	230,170	78,628	27,140	660,157
Average remaining amortisation period (years) – 2013	–	5 – 14	–	1 - 10	–	13 -23	6 - 34	
Average remaining amortisation period (years) – 2012	–	6 – 15	–	2 -10	–	6 -24	7 - 35	

11. Intangible assets (cont'd)

Company	Goodwill $'000	Brands and trademark[1] $'000	Software $'000	Others[4] $'000	Total $'000
Cost					
As at 1 July 2011	5,409	3,836	5,777	10,881	25,903
Additions	–	–	1,387	35	1,422
Foreign currency translation adjustments	175	123	182	210	690
As at 30 June 2012 and 1 July 2012	5,584	3,959	7,346	11,126	28,015
Additions	–	–	11,564	–	11,564
Foreign currency translation adjustments	(9)	(6)	277	(18)	244
As at 30 June 2013	5,575	3,953	19,187	11,108	39,823
Accumulated amortisation					
As at 1 July 2011	–	–	289	1,564	1,853
Amortisation	–	–	745	978	1,723
Foreign currency translation adjustments	–	–	(28)	56	28
As at 30 June 2012 and 1 July 2012	–	–	1,006	2,598	3,604
Amortisation	–	–	1,666	1,104	2,770
Foreign currency translation adjustments	–	–	36	20	56
As at 30 June 2013	–	–	2,708	3,722	6,430
Net carrying amount					
As at 30 June 2013	5,575	3,953	16,479	7,386	33,393
As at 30 June 2012	5,584	3,959	6,340	8,528	24,411
Average remaining amortisation period (years) – 2013	–	–	1 - 10	6 -14	
Average remaining amortisation period (years) – 2012	–	–	2 -10	7 -15	

(1) Brands and trade marks mainly include the brand names of "OK Foods" and "OK Sweets". The useful lives of the brands are estimated to be indefinite as management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash flows for the Group.

(2) Water rights relates to perpetual access to share of water from a 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 land use rights, tradenames, marketing agreements and non-compete fees. Land use rights relate to rights to land where the Group has acquired plantations. Amortisation is charged over the estimated useful lives of the land use rights.

11. Intangible assets (cont'd)

Impairment testing of goodwill and other intangible assets

Goodwill and intangible assets with indefinite lives arising from business combinations have been allocated to the following cash-generating units ("CGU"), which are also the reportable operating segments, for impairment testing:

	Goodwill		Brands and trademark		Water rights	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Universal Blanchers	**62,755**	62,854	**–**	–	**–**	–
Olam Food Ingredients Holdings UK Limited (formerly known as "Britannia Food Ingredients Holdings Limited")	**7,463**	7,514	**–**	–	**–**	–
Queensland Cotton Holdings						
– Australian Cotton	**5,943**	6,637	**–**	–	**–**	–
– Australian Pulses	**1,594**	1,780	**–**	–	**–**	–
– USA Cotton	**2,390**	2,572	**–**	–	**–**	–
– Australian Wool	**2,200**	2,462	**–**	–	**–**	–
Olam International – Brazilian Cotton	**5,574**	5,583	**–**	–	**–**	–
Naarden Agro Products B.V	**–**	1,847	**–**	–	**–**	–
Olam Orchards Australia Pty Ltd	**–**	–	**–**	–	**206,148**	230,170
Olam Spices & Vegetables Ingredients	**8,723**	8,749	**802**	837	**–**	–
Packaged foods brands	**29,858**	29,747	**114,142**	114,288	**–**	–
Olam Food Ingredients Spain, S.L. (formerly known as "Olam Macao Spain, S.L.")	**5,535**	5,515	**–**	–	**–**	–
Progida Group	**11,850**	11,806	**–**	–	**–**	–
Hemarus Industries Limited	**1,696**	2,290	**–**	–	**–**	–
Kayass Enterprise S.A. (Ranona Limited)	**40,796**	–	**–**	–	**–**	–
Dehydro Foods S.A.E.	**4,453**	–	**–**	–	**–**	–
Usicam S.A.	**701**	–	**–**	–	**–**	–
	191,531	149,356	**114,944**	115,125	**206,148**	230,170

11. Intangible assets (cont'd)

Impairment testing of goodwill and other intangible assets (cont'd)

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five year period. The discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five year period are as follows:

	Growth rates		Discount rates	
	2013 %	2012 %	2013 %	2012 %
Universal Blanchers	**2.00**	2.00	**10.00**	10.00
Olam Food Ingredients Holdings UK Limited (formerly known as "Britannia Food Ingredients Holdings Limited")	**–**	–	**12.50**	12.50
Queensland Cotton Holdings [1]	**–**	–	**13.00**	13.00
Olam International – Brazilian Cotton	**2.00**	2.00	**13.00**	13.00
Naarden Agro Products B.V.	**–**	2.00	**–**	7.73
Olam Orchards Australia Pty Ltd	**–**	–	**13.00**	13.00
Olam Spices and Vegetables Ingredients	**2.00**	2.00	**12.00**	12.00
Packaged foods brands	**3.00**	3.00	**12.50**	12.50
Olam Food Ingredients Spain, S.L. (formerly known as "Olam Macao Spain, S.L.")	**–**	–	**12.00**	12.50
Progida Group	**2.00**	3.00	**12.50**	12.50
Hemarus Industries Limited	**–**	–	**11.50**	11.50
Kayass Enterprises S.A. (Ranona Limited)	**3.00**	–	**12.50**	–
Dehydro Foods S.A.E.	**2.00**	–	**12.90**	–
Usicam S.A.	**2.00**	–	**12.00**	–

[1] The growth rates and discount rates used are 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.

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of Naarden Agro Products B.V.'s goodwill. The Company has consolidated this business activity under another CGU for that region to drive cost efficiencies. The impairment loss of $1,859,000 has been recognised in profit or loss under the line item "other operating expenses". There was no impairment loss in respect of the previous financial year.

11. Intangible assets (cont'd)

Business combination

During the financial year, the Group entered into the following business combination:-

	Kayass Enterprises S.A. (Ranona Limited) $'000	Dehydro Foods S.A.E. $'000	SEDA Solubles S.L. $'000	Other acquisitions $'000	Total $'000
Fair value of assets and liabilities					
Property, plant and equipment (Note 10)	47,619	29,614	83,426	339	160,998
Intangible assets	–	2,939	–	3,349	6,288
Inventories	3,315	2,290	2,788	–	8,393
Trade and other receivables	650	5,377	4,419	1,519	11,965
Other non-current assets	–	–	96	–	96
Cash and bank balances	38	832	357	803	2,030
	51,622	41,052	91,086	6,010	189,770
Trade and other creditors	(2,297)	(1,125)	(18,308)	(718)	(22,448)
Accruals and provisions	(4,886)	–	(342)	(486)	(5,714)
Bank overdraft	(15,890)	–	–	–	(15,890)
Borrowings	(55,346)	–	(5,118)	–	(60,464)
Deferred tax liabilities	(582)	(3,615)	(2,931)	–	(7,128)
	(79,001)	(4,740)	(26,699)	(1,204)	(111,644)
Total identifiable net (liabilities)/assets at fair value	(27,379)	36,312	64,387	4,806	78,126
Non-controlling interest measured based on proportionate share of net identifiable assets	–	–	(7,012)	–	(7,012)
Net identifiable (liabilities)/assets	(27,379)	36,312	57,375	4,806	71,114
Goodwill arising from acquisitions	39,904	4,355	–	685	44,944
	12,525	40,667	57,375	5,491	116,058
Consideration transferred for the acquisitions					
Cash paid	12,525	40,667	57,375	4,758	115,325
Fair value of previously held equity	–	–	–	733	733
Total consideration	12,525	40,667	57,375	5,491	116,058
Less: Cash and cash equivalents acquired	15,852	(832)	(357)	(803)	13,860
Less: Non-cash items	–	–	–	(733)	(733)
Net cash outflow on acquisition of subsidiaries	28,377	39,835	57,018	3,955	129,185

11. Intangible assets (cont'd)

Business combination (cont'd)

Details of business combinations are as follows:

(i) Kayass Industries S.A. (Ranona Limited)

On 2 July 2012, the Group acquired a 100% equity stake in Kayass Industries S.A. (Ranona Limited).

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $650,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

(ii) Dehydro Foods S.A.E. ("Dehydro")

On 30 November 2012, the Group completed its acquisition of 100% of the equity share capital of Dehydro.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $5,377,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

(iii) Seda Solubles S.L. ("Seda")

On 21 December 2012, Seda Outspan Iberia S.A., a wholly owned subsidiary of Olam acquired assets of the coffee production unit and certain subsidiaries of Seda.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $4,419,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

Fair value of non-controlling interests

The Group has elected to measure non-controlling interest arising from the acquisition of certain subsidiaries of Seda at the non-controlling interest's proportionate share of these subsidiaries' identifiable net assets, respectively.

Other acquisitions

(a) Usicam S.A.

On 8 April 2013, the Group completed its acquisition of the remaining 50% equity stake in Usicam S.A..

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $1,205,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

(b) PT Sumber Daya Wahana

On 30 April 2013, the Group acquired a 95% equity stake in PT Sumber Daya Wahana.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $314,000, which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

11. Intangible assets (cont'd)

Business combination (cont'd)

Transaction costs

Total transaction costs related to all acquisitions of $2,905,000 (2012: $5,499,000) have been recognised in the "Other operating expenses" line item in the Group's profit and loss account for the financial year ended 30 June 2013.

Goodwill arising from acquisitions

Goodwill of $44,944,000 represents the synergies expected to be achieved from integrating the value-added midstream processing business of the subsidiaries into the Group's existing supply chain business.

Impact of the acquisitions on profit and loss

From acquisition date, subsidiaries acquired during the financial year have contributed less than 1% to the Group's sales of goods and services and increased the Group's profits by more than 1% for the financial year. Had the acquisitions taken place at the beginning of the financial year, the sales of goods and services for the financial year would have increased by more than 1% and the Group's profit for the financial year, net of tax would have increased by more than 1%.

12. Biological assets

Biological assets consist of plantations, annual crops and livestock.

	Group	
	2013 $'000	2012 $'000
As at 1 July	631,339	453,168
Net additions [1]	97,057	46,754
Business combinations (Note 11)	–	22,630
Foreign currency translation adjustments	(42,940)	(2,087)
Net change in fair value less estimated costs to sell	96,286	110,874
As at 30 June	781,742	631,339

[1] These are mainly net additions to annual crops and livestock.

Analysis of biological assets

Plantations consist of almonds, coffee and cocoa. The almond orchards and coffee plantations presently consist of trees aged between 1 to 24 years and 1 to 12 years respectively (2012: 1 to 24 years and 1 to 3 years respectively). The net additions include cocoa plantations that presently consist of trees aged between 10 to 12 years.

During the financial year, the Group harvested approximately 40,152 metric tonnes (2012: 33,252 metric tonnes) of almonds, which had a fair value less estimated point-of-sale costs of approximately $353,483,000 (2012: $212,700,000). 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 (cotton, onions, tomatoes and other vegetables) that 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 financial year, the Group's total planted area of plantations and annual crops that is yielding is approximately 27,774 (2012: 15,374) hectares and Nil (2012: 2,522) hectares respectively, excluding hectares for those commodities whose plantations are not managed by the Group.

12. Biological assets (cont'd)

Analysis of biological assets (cont'd)

Livestock relates mainly to dairy cattle in Uruguay and Russia. At the end of the financial year, the Group held 48,988 (2012: 44,931) cows, which are able to produce milk (mature assets) and 38,394 (2012: 31,920) heifers and calves, being raised to produce milk in the future (immature assets). The Group produced 216.4 million litres (2012: 160.0 million litres) of milk with a fair value less estimated point-of-sale costs of $109,647,000 (2012: $78,701,000) during the financial year.

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 has been taken up to 15 to 24 years (2012: 15 to 25 years);
(ii) Rates considered for discounting future cash flows range between 11% to 13% (2012: 12% and 13%) per annum;
(iii) Annual rate of inflation ranging from 0% to 6% (2012: 0% to 4%) per annum;
(iv) Location, soil type and infrastructure for determining estimated yield; and
(v) Market prices of the biological assets which are dependent on the prevailing market prices 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 valuations by an independent professional valuer using market prices of livestock of similar age, breed and generic merit.

Financial risk management strategies related to agricultural 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	
	2013 $'000	2012 $'000
Quoted equity shares at cost [1]	**–**	122,273
Unquoted equity shares at cost	**1,497,240**	1,069,442
Less: Impairment loss	**(13,283)**	(6,739)
Foreign currency translation adjustments	**(27,203)**	(32,070)
	1,456,754	1,152,906
Loans to subsidiary companies	**550,449**	414,755
	2,007,203	1,567,661
Market value of quoted shares [1]	**–**	117,309

[1] The quoted equity shares at cost relates to investment in subsidiary, New Zealand Farming Systems Uruguay Limited ("NZFSU"). During the year, the Company acquired the remaining 14.07% equity stake of NZFSU and it became a wholly owned subsidiary of the Company. As a result of the acquisition, NZFSU has been delisted and accounted for as unquoted equity shares at cost.

13. Subsidiary companies (cont'd)

Loans to subsidiary companies denominated in currencies other than functional currency of the Company at 30 June are as follows:-

	Company	
	2013 $'000	2012 $'000
Australian Dollar	**153,450**	117,888
Euro	**117,740**	62,429

The Company has provided impairment loss during the financial year of $6,544,000 (2012: $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 unsecured and are not repayable within the next 12 months. The loans are non-interest bearing, except for amounts of $440,543,000 (2012: $310,485,000) which bear interest ranging from 2.5% to 9.0% (2012: 2.0% to 9.0%) per annum.

Acquisition of non-controlling interests

(i) On 2 October 2012, the Company acquired the remaining 14.07% equity stake in NZFSU from its non-controlling interests by way of a cash consideration. As a result of the acquisition, NZSFU became a wholly owned subsidiary.

(ii) On 31 May 2013, the Group's subsidiary company, Seda Outspan Iberia S.L., acquired the remaining 50% equity stake from its non-controlling interests, Seda Congeneracion, S.A. by way of a cash consideration and Seda Congeneracion, S.A. became a wholly owned subsidiary.

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 2013 %	2012 %
Olam Cam S.A. (2)	Cameroon	(a)	**100**	100
Olam Ghana Limited (2)	Ghana	(a)	**100**	100
Olam Ivoire SA (2)	Ivory Coast	(a)	**100**	100
Olam Nigeria Limited (2)	Nigeria	(a)	**100**	100
Olam Tanzania Limited (2)	Tanzania	(a)	**100**	100
Outspan Ivoire SA (2)	Ivory Coast	(a)	**100**	100
Olam Gab SA (2)	Gabon	(a)	**100**	100
Olam Moçambique, 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
Far East Agri Pte Ltd (1)	Singapore	(b)	**100**	100
PT Olam Indonesia (2)	Indonesia	(a)	**100**	100
Outspan Brasil Importação e Exportação 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.S. C.I. (2)	Colombia	(a)	**100**	100
Olam Investments Limited (2)	Mauritius	(b)	**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 2013 %	2012 %
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 México, S.A. de C.V. [3]	Mexico	(a)	**100**	100
Invenio Holdings Pte. Ltd. [1]	Singapore	(b) & (d)	**89.29**	89.04
tt Timber International AG [3]	Switzerland	(a) & (b)	**100**	100
NZ Farming Systems Uruguay Limited [2]	New Zealand	(a) & (b)	**100**	85.93
Olam Food Ingredients Holdings UK Limited (formerly known as "Britannia Food Ingredients Holdings Limited") [2]	United Kingdom	(b)	**100**	100
Gabon Special Economic Zone SA [2]	Gabon	(e)	**60**	60
Olam Palm Gabon SA [2]	Gabon	(a) & (c)	**70**	70
OK Foods Limited [2]	Nigeria	(a) & (b)	**100**	100
Olam Tarim Ürünleri Yem Maddeleri Sanayi ve Ticaret Limited Şirketi [2]	Turkey	(a) & (b)	**100**	100
Olam Food Ingredients Spain, S.L. (formerly known as "Olam Macao Spain, S.L.") [3]	Spain	(a)	**100**	100
Outspan Cyprus Limited [3]	Cyprus	(b)	**100**	100
Olea Investment Holdings Pte. Ltd. [1]	Singapore	(b)	**80**	80
Olam Cocoa Processing Cote d'Ivoire [3]	Ivory Coast	(a)	**100**	100
Olam (Uganda) Limited [3]	Uganda	(a)	**100**	100
Outspan Malaysia Sdn Bhd [3]	Malaysia	(a)	**100**	100
Carmel Investment Holdings Pte Ltd [1]	Singapore	(b)	**80**	80
Seda Outspan Iberia S.L. [2]	Spain	(a)	**100**	100
Ranona Limited [2]	Nigeria	(a)	**100**	–
Dehydro Foods S.A.E. [2]	Egypt	(a)	**100**	–
Usicam S.A. [3]	Cameroon	(a)	**100**	50
PT Sumber Daya Wahana [3]	Indonesia	(c)	**95**	–

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 2013 %	2012 %
Subsidiary company of **Far East Agri Pte Ltd:**			
PT Dharmapala Usaha Sukses (2) (Indonesia)	(a)	**100**	100
Subsidiary company of **Panasia International FZCO:**			
Olam Senegal S.A. (3) (Senegal)	(a)	**100**	100
Subsidiary company of **Olam Investments Limited:**			
Olam Agro India Limited (2) (India)	(a)	**100**	100
Subsidiary company of **Olam Investments Australia Pty Ltd:**			
Olam Australia Pty Ltd (2) (Australia)	(b)	**100**	100
Subsidiary company of **Olam Australia Pty Ltd:**			
Queensland Cotton Holdings Pty Ltd (2) (Australia)	(b)	**100**	100
Subsidiary companies of **Queensland Cotton Holdings Pty Ltd:**			
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:**			
Olam Holdings Partnership (2) (The United States of America)	(b)	**100**	100
Subsidiary companies **of Olam Holdings Partnership:**			
QC (US) International, Inc. (2) (The United States of America)	(b)	**100**	100
Olam US Holdings, Inc. (2) (The United States of America)	(b)	**100**	100
Subsidiary company of **QC (US) International, Inc.:**			
Olam Cotton (2) (The United States of America)	(b)	**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 2013 %	2012 %
Subsidiary companies of **Olam US Holdings Inc.:**			
Universal Blanchers, L.L.C. [2] (The United States of America)	(a)	**100**	100
Olam Americas, Inc. [2] (The United States of America)	(a)	**100**	100
Subsidiary company of **Olam Americas, Inc.:**			
Olam West Coast, Inc. [2] (The United States of America)	(a)	**100**	100
Olam Tomato Processors, Inc. [2] (The United States of America)	(a)	**100**	100
Olam Farming, Inc. [2] (The United States of America)	(a) & (c)	**100**	100
Subsidiary companies of **Invenio Holdings Pte. Ltd.:**			
Invenio Commodity Financials Pte. Ltd. [1] (Singapore)	(d)	**100**	100
Subsidiary company of **Olam Food Ingredients Holdings UK Limited (formerly known as "Britannia Food Ingredients Holdings Limited"):**			
Olam Food Ingredients Limited (formerly known as "Britannia Food Ingredients Limited") [2] (United Kingdom)	(a)	**100**	100
Subsidiary companies of **tt Timber International AG:**			
Congolaise Industrielle des Bois SA [2] (Republic of Congo)	(a)	**100**	100
Commerce et Industrie du Bois SA [2] (Gabon)	(a)	**100**	100
Subsidiary company of **Commerce et Industrie du Bois SA:**			
Gabonaise Industrielle des Bois SA [2] (Gabon)	(a)	**100**	100
Compagnie Forestière des Abeilles SA [2] (Gabon)	(a)	**100**	100
Subsidiary companies of Olam Tarim Ürünleri Yem Maddeleri Sanayi Ve Ticaret Limited Şirketi:			
Progıda Fındık Sanayi ve Ticaret A.Ş. [2] (Turkey)	(a)	**100**	100
Progıda Pazarlama A.Ş. [2] (Turkey)	(a)	**100**	100
Progıda Tarım Ürünleri Sanayi ve Ticaret A.Ş. [2] (Turkey)	(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 2013 %	2012 %
Subsidiary company of **Olam Food Ingredients Spain, S.L. (formerly known as "Olam Macao Spain, S.L.")**			
Solimar Food Ingredients, S.L. (3) (Spain)	(a)	**100**	100
Subsidiary company of **Outspan Cyprus Limited:**			
Milky Projects Limited (3) (Cyprus)	(b)	**75**	75
Subsidiary company of **Milky Projects Limited:**			
LLC Russian Dairy Company (2) (Russia)	(c)	**100**	100
Subsidiary company of **Gabon Special Economic Zone SA:**			
Société de la Zone Economique Spéciale de Port-Gentil (2) (Gabon)	(e)	**60**	60
Subsidiary company of **Olam Agro India Limited:**			
Hemarus Industries Limited (2) (India)	(a)	**100**	100
Subsidiary company of **Olea Investment Holdings Pte. Ltd.:**			
Gabon Fertilizer Company SA (2) (Gabon)	(a)	**80**	80
Subsidiary company of **Carmel Investment Holdings Pte. Ltd.:**			
Olam Rubber Gabon SA (2) (Gabon)	(a)	**100**	–
Subsidiary company of **Seda Outspan Iberia S.L.:**			
Alliance Coffee Company Liofilizados, S.L.(2) (Spain)	(a)	**100**	–
Seda Internacional (2) (Russia)	(a)	**100**	–
Seda Congeneracion, S.A (2) (Spain)	(a)	**50**	–

(a) Sourcing, processing, packaging and merchandising of agricultural products and inputs.
(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 Global Limited.
(3) Audited by other CPA firms.

14. Investments in jointly controlled entities and associates

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Jointly controlled entities (Note 14(a))	**317,084**	255,772	**188,483**	153,654
Associates (Note 14(b))	**240,609**	227,092	**224,543**	224,912
	557,693	482,864	**413,026**	378,566

(a) Investments in jointly controlled entities

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Unquoted equity shares at cost	**60,019**	901	**50,807**	904
Loans to jointly controlled entities [1]	**136,540**	152,903	**136,540**	152,903
Share of post-acquisition reserves	**122,735**	104,300	**–**	–
Foreign currency translation adjustments	**(2,210)**	(2,332)	**1,136**	(153)
	317,084	255,772	**188,483**	153,654

[1] Loans to jointly controlled entities include a loan to Nauvu Investments Pte Ltd amounting to $136,540,000 (2012: $152,329,000). The loans are unsecured, non-interest bearing and not expected to be repayable within the next 12 months.

Details of significant jointly controlled entities at end of financial year are as follows:-

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2013 %	Percentage of equity held 2012 %
Held by the Company				
Nauvu Investments Pte Ltd [1]	Singapore	(a)/(b)	**50**	50
Acacia Investment Limited [2]	United Arab Emirates	(a)/(b)	**50**	–
Usicam S.A. [3]	Cameroon	(a)	**–**	50

(a) Sourcing, processing, packaging and merchandising of agricultural products.

(b) Technical services.

[1] Audited by Ernst & Young LLP, Singapore

[2] Audited by other CPA firm. However, the principal operating subsidiary in Mozambique is audited by associated firms of Ernst & Young Global Limited

[3] Audited by other CPA firms

14. Investments in jointly controlled entities and associates (cont'd)

(a) Investments in jointly controlled entities (cont'd)

Acacia Investment Limited ("Acacia")

During the year, the Company acquired a 50% equity stake in Acacia. The purchase consideration of $53,331,000 has been derived by adding the carrying value of certain liabilities assumed to the cash paid of $44,613,000.

Usicam S.A. ("Usicam")

During the year, the Company acquired the remaining 50% equity stake in Usicam (Note 11). Upon the acquisition, Usicam became a wholly owned subsidiary of the Group.

The Group's share of the jointly controlled entities' underlying assets and liabilities, and results are as follows:-

	Group	
	2013 $'000	2012 $'000
Assets and liabilities:		
Current assets	72,222	17,426
Long-term assets	272,025	242,643
Total assets	344,247	260,069
Current liabilities	(35,282)	(3,360)
Long-term liabilities	(159,830)	(152,093)
Total liabilities	(195,112)	(155,453)
Results:		
Income	46,230	44,743
Expenses	(27,925)	(3,913)
Profit after tax for the financial year	18,305	40,830

(b) Investments in associates

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Quoted equity shares at cost	169,031	169,031	169,031	169,031
Unquoted equity shares at cost	137,940	129,922	120,470	120,470
Share of post-acquisition reserves	343	(5,492)	–	–
Foreign currency translation adjustments	(31,109)	(30,773)	(29,362)	(28,993)
Less: Impairment loss	(35,596)	(35,596)	(35,596)	(35,596)
	240,609	227,092	224,543	224,912
Market value of quoted shares	220,637	87,030	220,637	87,030

14. Investments in jointly controlled entities and associates (cont'd)

(b) Investments in associates (cont'd)

Details of significant associates at end of financial year are as follows:-

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2013 %	2012 %
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	**18.56**	19.76
Held by Subsidiary				
Newcastle Agri Terminal Pty Ltd [1]	Australia	Infrastructure development	**27.16**	29.50

[1] Audited by other CPA firms

During the year, PureCircle Limited issued further equity which diluted the Company's interest from 19.76% to 18.56%. Management has assessed and is satisfied that the Group retains significant influence over PureCircle.

The Group's share of the associates' underlying assets and liabilities, and results are as follows:-

	Group 2013 $'000	2012 $'000
Assets and liabilities:		
Current assets	**68,451**	61,148
Long-term assets	**104,766**	98,444
Total assets	**173,217**	159,592
Current liabilities	**(27,892)**	(14,458)
Long-term liabilities	**(35,227)**	(47,998)
Total liabilities	**(63,119)**	(62,456)
Results:		
Income	**170,725**	177,332
Expenses	**(168,546)**	(180,696)
Profit/(loss) after tax for the financial year	**2,179**	(3,364)

15. Amounts due from subsidiary companies

	Company 2013 $'000	2012 $'000
Trade receivables	**741,688**	729,572
Loans to subsidiaries	**1,460,885**	991,994
Non-trade receivables	**55,450**	371,388
	2,258,023	2,092,954

15. Amounts due from subsidiary companies (cont'd)

Loans to subsidiaries include amounts totalling $741,991,000 (2012: $517,973,000) which are unsecured and bear interest ranging from 4.94% to 7.47% (2012: 5.97% to 8.09%) per annum, repayable on demand and are to be settled in cash. The remaining amounts are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

In the previous financial year, non-trade receivables included amounts totalling $318,508,000 which were unsecured and bore interest ranging from 5.97% to 6.34% per annum, was repayable on demand and to be settled in cash. There were no such non-trade receivables in the current financial year.

The remaining amounts are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

Amounts due from subsidiary companies denominated in currencies other than functional currency of the Company at 30 June are as follows:-

	Company	
	2013 $'000	2012 $'000
Euro	**450,237**	595,616
Australian Dollar	**269,783**	252,165
Amounts due from subsidiary companies are stated after deducting allowance for doubtful debts of		
– Trade	**1,900**	1,903
– Non-trade	**3,176**	3,171
	5,076	5,074
The movement of the allowance accounts is as follows:-		
Movement in allowance accounts:-		
At 1 July	**5,074**	4,915
Charge for the year	**10**	–
Foreign currency translation adjustments	**(8)**	159
At 30 June	**5,076**	5,074

16. Trade receivables

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade receivables	**2,190,808**	1,417,418	**984,098**	394,604
GST, VAT and other indirect tax receivables	**182,092**	179,378	**293**	59
	2,372,900	1,596,796	**984,391**	394,663

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.

16. Trade receivables (cont'd)

Trade receivables denominated in currencies other than functional currencies of Group companies at 30 June are as follows:-:-

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
United States Dollar	**194,850**	293,028	**–**	–
Great Britain Pound	**25,493**	38,694	**25,493**	38,694
Euro	**48,255**	46,903	**32,825**	37,539

Trade receivables include an amount of $443,167 and $12,469,677 due from an associate and a jointly controlled entity respectively. There were no amounts due from associates or jointly controlled entities in the previous financial year.

The Group's and the Company's trade receivables at the balance sheet date and the allowance accounts used to record the impairment are as follows:-

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade receivables – nominal amounts	**2,218,778**	1,448,210	**997,892**	403,811
Allowance for doubtful debts	**(27,970)**	(30,792)	**(13,794)**	(9,207)
	2,190,808	1,417,418	**984,098**	394,604
Movement in allowance accounts:-				
At 1 July	**30,792**	17,508	**9,207**	8,267
Charge for the year	**8,002**	17,709	**4,938**	2,159
Written off	**(8,330)**	(431)	**–**	–
Written back	**(2,184)**	(3,643)	**(437)**	(1,490)
Foreign currency translation adjustments	**(310)**	(351)	**86**	271
At 30 June	**27,970**	30,792	**13,794**	9,207

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

The analysis of debtors ageing at the balance sheet date is as follows:-

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade receivables:-				
Less than 30 days	**1,563,367**	945,051	**773,852**	238,390
30 to 60 days	**392,262**	249,760	**124,069**	90,450
61 to 90 days	**111,405**	71,260	**46,101**	39,398
91 to 120 days	**46,890**	30,769	**9,191**	13,937
121 to 180 days	**46,489**	109,071	**10,910**	6,915
More than 180 days	**30,395**	11,507	**19,975**	5,514

17. 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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Margin deposits with brokers	**82,515**	97,414	**47,494**	175,417
Amounts due to brokers	**(91,629)**	(237,981)	**(83,177)**	(252,428)
	(9,114)	(140,567)	**(35,683)**	(77,011)

18. Inventories

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Balance sheets:				
Commodity inventories at fair value	**1,650,197**	1,345,549	**282,147**	297,364
Commodity inventories at the lower of cost and net realisable value	**2,504,074**	3,064,465	**176,913**	440,927
	4,154,271	4,410,014	**459,060**	738,291
Profit and loss accounts:				
Inventories recognised as an expense in cost of goods sold inclusive of the following (charge)/credit	**(17,113,260)**	(14,034,810)	**(11,866,997)**	(9,955,070)
– Inventories written down/off	**(7,720)**	(19,096)	**(1,265)**	(1,689)
– Reversal of write-down of inventories [1]	**7,605**	4,055	**1,658**	–

[1] The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

19. Advance payments to suppliers/subsidiary companies

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Third parties	**598,470**	320,556	**215,033**	98,153
Subsidiary companies	**–**	–	**2,079,753**	1,750,052
	598,470	320,556	**2,294,786**	1,848,205

These represent advance payments to suppliers and subsidiary companies for procurement of physical commodities.

19. Advance payments to suppliers/subsidiary companies (cont'd)

Advance payments to suppliers and subsidiary companies denominated in currencies other than functional currencies of Group companies at 30 June are as follows:-

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
United States Dollar	**33,302**	24,020	**–**	–
Euro	**22,773**	16,695	**430,146**	306,605
Great Britain Pound	**91**	39	**3,538**	2,193

Advance payments to subsidiary companies is stated after deducting allowance for doubtful debts of $10,584,000 (2012: $6,343,000).

Advance payments to suppliers for the Group and Company are stated after deducting allowance for doubtful debts of $12,149,000 (2012: $10,988,000) and $5,082,000 (2012: $5,339,000) respectively.

The movement in the allowance accounts for advance payment to suppliers is as follows:-

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Movement in allowance accounts:-				
As at 1 July	**10,988**	8,143	**5,339**	1,009
Charge for the year	**1,576**	4,851	**89**	4,293
Written off	**(153)**	(81)	**–**	–
Written back	**(342)**	(1,594)	**(332)**	(18)
Foreign currency translation adjustments	**80**	(331)	**(14)**	55
At 30 June	**12,149**	10,988	**5,082**	5,339

20. Other current/non-current assets

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current:				
Staff advances (1)	**10,582**	8,598	**928**	493
Deposits	**30,969**	25,469	**1,878**	2,249
Option premium receivable	**7,069**	9,551	**6,431**	16,018
Insurance receivables (2)	**25,650**	13,623	**18,759**	6,209
Short-term investment	**39,657(3)**	46,837	**39,657(3)**	38,980(3)
Sundry receivables	**91,354**	81,827	**3,299**	3,041
Export incentives and subsidies receivable (4)	**103,725**	111,029	**–**	–
	309,006	296,934	**70,952**	66,990
Development costs (5)	**–**	49,548	**–**	–
Prepayments (6)	**243,652**	298,825	**17,019**	38,617
	552,658	645,307	**87,971**	105,607
Non-current:				
Other non-current assets (7)	**20,256**	9,163	**–**	–

20. Other current/non-current assets (cont'd)

(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 for export of agricultural products. There are no unfulfilled conditions or contingencies attached to these incentives and subsidies.

(5) Development costs relates to external costs incurred in development of a special economic zone in Gabon.

(6) Prepayments mainly pertain to prepaid expenses incurred for sourcing, processing, packaging and merchandising of agricultural products and inputs.

(7) Other non-current assets include an investment in a dairy co-operative in Uruguay, which is accounted at cost.

21. Trade payables and accruals

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade payables	**1,188,242**	678,331	**766,982**	307,696
Accruals	**475,254**	337,584	**131,499**	103,684
Advances received from customers	**59,517**	113,226	**29,234**	82,721
GST payable and equivalent	**24,950**	4,752	**–**	–
	1,747,963	1,133,893	**927,715**	494,101

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 currencies other than functional currencies of Group companies at 30 June are as follows:-

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Euro	**107,377**	60,543	**103,004**	53,637
United States Dollar	**27,357**	17,715	**–**	–
Great Britain Pound	**285**	877	**–**	877

Trade payables include an amount of $3,032,288 (2012: $121,730) and $6,275,352 (2012: $Nil) due to an associate and a jointly controlled entity respectively.

Accruals mainly relate to provisions for operating costs such as logistics, insurance premiums and employee benefits.

22. Other current liabilities

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Interest payable on bank loans	**95,924**	71,159	**92,181**	60,196
Sundry payables	**156,023**	94,974	**3,385**	1,253
Option premium payable	**3,228**	13,405	**3,228**	15,798
	255,175	179,538	**98,794**	77,247
Withholding tax payable	**14,066**	13,563	**–**	–
	269,241	193,101	**98,794**	77,247

23. Borrowings

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Current:				
Bank overdrafts (Note 32)	**261,147**	445,664	**–**	–
Bank loans	**2,115,877**	2,070,730	**164,371**	577,063
Term loans from banks	**308,522**	281,125	**308,522**	281,125
Medium-term notes	**248,055**	349,492	**248,055**	349,492
Obligation under finance leases (Note 27(c))	**4,403**	1,322	**–**	–
Convertible bonds, unsecured	**27,555**	–	**27,555**	–
	2,965,559	3,148,333	**748,503**	1,207,680
Non-current:				
Term loans from banks	**2,354,192**	3,106,499	**1,670,762**	1,982,333
Medium-term notes	**1,724,505**	248,850	**1,724,505**	248,850
Obligation under finance leases (Note 27(c))	**21,563**	29,729	**–**	–
Convertible bonds, unsecured	**564,601**	567,412	**564,601**	567,412
Other bonds	**1,217,818**	388,561	**1,193,326**	315,219
	5,882,679	4,341,051	**5,153,194**	3,113,814
	8,848,238	7,489,384	**5,901,697**	4,321,494

Borrowings denominated in currencies other than functional currencies of Group companies as at 30 June are as follows:-

Singapore Dollar	**1,392,990**	647,825	**1,392,990**	647,825
United States Dollar	**321,882**	297,902	**–**	–
Great Britain Pound	**–**	192,058	**–**	192,058
Euro	**51,845**	66,952	**–**	35,762
Australian Dollar	**–**	59,268	**–**	59,268

Bank overdrafts and bank loans

The bank loans to the Company are repayable within 12 months and bear interest in a range from 0.63% to 2.14% (2012: 0.98% to 4.36%) per annum.

The bank loans and bank overdrafts to the subsidiary companies are repayable within 12 months and bear interest in a range from 0.95% to 23.25% (2012: 0.92% to 22.00%) per annum.

23. Borrowings (cont'd)

Bank overdrafts and bank loans (cont'd)

Bank loans include an amount of $88,305,000 (2012: $288,289,000) secured by the assets of subsidiaries, with the remaining amounts of bank loans being unsecured.

Term loans from banks

Term loans from banks to the Company bear interest at floating interest rates ranging from 1.65% to 4.19% (2012: 1.76% to 4.81%) per annum. Term loans to the Company are unsecured and are repayable within four years.

Term loans from banks to the subsidiary companies bear interest at floating interest rates ranging from 1.22% to 12.50% (2012: 1.04% to 19.00%) per annum. Term loans to the subsidiary companies are unsecured and are repayable between two to ten years.

Term loans from banks include an amount of $143,087,000 (2012: $126,915,000) secured by the assets of subsidiaries, with the remaining amounts of term loans from banks being unsecured.

Medium-term notes

The Company has established a $800,000,000 multicurrency medium-term notes ("MTN") programme and a US$2,000,000,000 Euro medium-term notes ("EMTN") programme. The drawdowns from the MTN and EMTN are unsecured.

The MTN and EMTN as at 30 June are as follows:-

		Group and Company	
	Maturity	2013 $'000	2012 $'000
Current:			
Multicurrency medium term note programme:			
– 4.07% fixed rate notes [(1)]	2012	–	249,542
– 3.00% fixed rate notes [(1)]	2012	–	99,950
Euro medium term note programme:			
– 2.50% fixed rate notes	2013	248,055	–
		248,055	349,492
Non-current:			
Multicurrency medium term note programme:			
– 6.00% fixed rate notes	2018	249,075	248,850
Euro medium term note programme:			
– 5.75% fixed rate notes	2017	633,300	–
– 5.80% fixed rate notes	2019	348,107	–
– 6.00% fixed rate notes	2022	494,023	–
		1,724,505	248,850
		1,972,560	598,342

[(1)] These notes were fully repaid during the financial year.

23. Borrowings (cont'd)

Obligations under finance leases

Obligations under finance leases amounting to $11,509,000 (2012: $16,994,000) are guaranteed by the holding company of the subsidiary.

Obligations under finance leases bear interest ranging from 1.56% to 9.20% (2012: 2.22% to 9.22%) per annum and are repayable between one and five years.

Convertible bonds, unsecured

The liability portion of the convertible bonds at 30 June are as follows:-

	Group and Company	
	2013 $'000	2012 $'000
Current:		
– 1.0% convertible bonds [1]	**27,555**	–
Non-current:		
– 1.0% convertible bonds [1]	**–**	21,465
– 6.0% convertible bonds [2]	**564,601**	545,947
	592,156	567,412

[1] On 3 July 2008, the Company issued 1.0% interest bearing convertible bonds of US$300,000,000. The bonds will mature in five 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. These bonds were fully redeemed subsequent to the current financial year.

[2] On 2 September 2009, the Company issued 6.0% interest bearing convertible bonds of US$400,000,000. The bonds will mature in seven 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 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:-

	Group and Company	
	2013 $'000	2012 $'000
Balance at the beginning of the period	**567,412**	539,908
Less: Foreign currency translation adjustments	**(893)**	13,073
Add: Accretion of interests	**25,637**	14,431
	592,156	567,412

23. Borrowings (cont'd)

Other bonds

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Non-current:				
– 7.5% unsecured senior bonds [1]	**314,960**	315,219	**314,960**	315,219
– NZFSU bonds [2]	**–**	41,606	**–**	–
– Outspan Ivoire SA bonds [3]	**24,492**	31,736	**–**	–
– 6.75% bonds [4]	**878,366**	–	**878,366**	–
	1,217,818	388,561	**1,193,326**	315,219

[1] On 7 August 2010, the Company issued a 7.5% interest bearing unsecured senior bonds of US$250,000,000 due in 2020. The interest is payable semi-annually.

[2] Long term unsecured bonds of US$30,000,000 were issued by NZ Farming Systems Uruguay Limited ("NZFSU") via a trust structure in Uruguay. The bonds had 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 was expected to have a 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. All the bonds were bought back during the year (Note 5).

[3] Outspan Ivoire SA issued unsecured bonds of XOF 13 billion with a fixed annual interest rate of 7% per annum on the reducing principal. The interest is payable annually on 1 July each year. The principal is payable in four equal installments of XOF 3.25 billion starting from 1 July 2013 annually. The first installment of XOF 3.25 billion (equivalent to $7,195,000) has been repaid as of year end.

[4] On 29 January 2013, the Company undertook a renounceable underwritten rights issue (the "Rights Issue") of US$750,000,000 6.75% Bonds due 2018 (the "Bonds"), with 387,365,079 free detachable warrants (the "Warrants"). Each Warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company (the "New Share") at an exercise price of US$1.291 for each New Share. The issue price of the Right Issue was 95% of the principal amount of the Bonds.

Upon completion of the Rights Issue, the total proceeds net of transaction costs are allocated to the Bond, fair value of derivative financial instruments component and the Warrants, which are separately presented on the balance sheet.

The Bond 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 redemption of the Bond.

The derivative financial instrument 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 carrying amount of the Warrants is determined after reducing the fair values of the Bonds and the derivative financial instruments component from the net proceeds of the Rights Issue and is presented as capital reserve under equity. The carrying amount of the Warrants is not adjusted in subsequent periods. When the Warrants are exercised, the carrying amount of the Warrants will be transferred to the share capital account. When the Warrants expires, its carrying amount will be transferred to retained earnings (Note 25(d)).

24. 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 (excluding treasury shares) 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 (excluding treasury shares) 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 financial years ended 30 June:-

	Group	
	2013 $'000	2012 $'000
Net profit attributable to owners of the Company	**362,618**	370,908
Less: Distribution on perpetual capital securities	**(19,303)**	(6,435)
Net profit attributable to owners of the Company for basic earnings per share	**343,315**	364,473
Adjustments:		
Interest on convertible bonds [1]	**–**	–
Net measurement loss/(gain) on convertible bonds [1]	**–**	–
Net profit attributable to owners of the Company for diluted earnings per share	**343,315**	364,473
	No. of shares	**No. of shares**
Weighted average number of ordinary shares on issue applicable to basic earnings per share	**2,390,213,869**	2,436,958,799
Dilutive effect of convertible bonds [1]	**–**	–
Dilutive effect of share options	**–**	368,154
Dilutive effect of warrants	**15,772,954**	–
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**2,405,986,823**	2,437,326,953

On 26 July 2013, the Company granted 750,000 options pursuant to the Olam Employee Share Option Scheme ("ESOS"). The exercise price of the options is $1.70 with validity period of 10 years from the date of grant. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and the date of these financial statements.

[1] The incremental shares from assumed conversions have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

25. Share capital, treasury shares, perpetual capital securities and warrants

(a) Share capital

	Group and Company			
	2013		2012	
	No. of shares	$'000	No. of shares	$'000
Ordinary shares issued and fully paid [1]				
Balance at 1 July	**2,442,409,869**	**2,077,038**	2,235,508,918	1,577,110
Issue of shares for cash [2]	**–**	**–**	191,700,951	490,220
Issue of shares on exercise of share options	**–**	**–**	15,200,000	9,708
Balance at 30 June	**2,442,409,869**	**2,077,038**	2,442,409,869	2,077,038

[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.

[2] The issuance of shares for cash in the previous financial year was net of transaction costs of $1,215,000.

(b) Treasury shares

	Group and Company			
	2013		2012	
	No. of shares	$'000	No. of shares	$'000
Balance at 1 July	**52,196,000**	**96,081**	–	–
Acquired during the financial year	**–**	**–**	52,196,000	96,081
Balance at 30 June	**52,196,000**	**96,081**	52,196,000	96,081

(c) Perpetual capital securities

On 1 March 2012, the Company issued perpetual capital securities (the "perpetual securities") with an aggregate principal amount of S$275,000,000. Issuance costs incurred amounting to $4,549,000 was recognised in equity as a deduction from proceeds.

Such perpetual securities bear distributions at a rate of 7% per annum, payable semi-annually. Subject to the relevant terms and conditions in the offering circular, the Company may elect to defer making distribution on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred.

As a result, the Company is considered to have no contractual obligations to repay its principal or to pay any distributions, and the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 Financial Instruments: Disclosure and Presentation. The whole instrument is presented within equity, and distributions are treated as dividends.

(d) Warrants

On 29 January 2013, 387,365,079 Warrants were listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited. Each Warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company (the "New Share") at an original exercise price of US$1.291 for each New Share. These Warrants are exercisable from 29 January 2015 to 28 January 2018.

The Warrants have been presented as capital reserves under equity.

26. Dividends

	Group and Company	
	2013 $'000	2012 $'000
Declared and paid during the financial year:-		
Dividends on ordinary shares:		
– One tier tax exempted first and final dividend for 2012: $0.04 (2011: $0.05) per share	**95,609**	125,181
Proposed but not recognised as a liability as at 30 June:-		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– One tier tax exempted first and final dividend for 2013: $0.04 per share (2012: $0.04 per share)	**95,609**	95,609

27. Commitments

(a) Operating lease commitments

Operating lease expenses of the Group and Company (principally for land, offices, warehouses, employees' residences and vessels) were $50,766,000 (2012: $72,836,000) and $10,999,000 (2012: $33,070,000), respectively. These leases have an average tenure of between 1.0 to 6.5 years with no renewal option or contingent rent provision included in the contracts. 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 are as follows:-

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Within one year	**54,018**	62,222	**19,956**	38,388
After one year but not more than five years	**65,224**	55,489	**4,421**	9,275
More than five years	**5,925**	8,612	**–**	–
	125,167	126,323	**24,377**	47,663

(b) Capital commitments

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

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Capital commitments in respect of property, plant and equipment	**43,889**	89,393	**–**	–

27. Commitments (cont'd)

(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			
	2013 $'000	2013 $'000	2012 $'000	2012 $'000
	Minimum lease payments	Present value of payments (Note 23)	Minimum lease payments	Present value of payments (Note 23)
Not later than one year	5,783	4,403	1,363	1,322
Later than one year but not later than five years	27,343	21,563	13,356	12,735
Later than five years	–	–	18,161	16,994
Total minimum lease payments	33,126	25,966	32,880	31,051
Less: Amounts representing finance charges	(7,160)	–	(1,829)	–
Present value of minimum lease payments	25,966	25,966	31,051	31,051

28. Contingent liabilities

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Contingent liabilities not provided for in the accounts:				
Financial guarantee contracts given on behalf of subsidiary companies [1]	–	–	4,504,544	4,301,881

[1] Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $1,486,035,863 (2012: $1,548,475,135).

The Company has agreed to provide continuing financial support to certain subsidiary companies.

29. Employee benefits expenses

Employee benefits expenses (including executive directors):

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Salaries and employee benefits	417,150	385,499	112,586	114,643
Central Provident Fund contributions and equivalents	29,276	21,000	2,297	2,110
Retrenchment benefits	1,771	1,538	–	–
Share-based expense	17,984	18,133	8,819	10,212
	466,181	426,170	123,702	126,965

29. Employee benefits expenses (cont'd)

(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 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 the Group's employees and Executive Directors shall have a life of 10 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.

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.

All these options have a contractual life of 10 years with no cash settlement alternatives.

Details of all the options granted to subscribe for ordinary shares of the Company pursuant to the ESOS which have not fully vested as at 30 June 2013 are as follows:-

Date of issue	No. of share options issued [1]	Vesting period	In annual tranches of %
21 July 2009	**48,625,000**	4 years	0, 0, 25, 75
23 July 2010	**5,980,000**	4 years	0, 0, 25, 75
17 December 2010	**2,380,000**	4 years	0, 0, 25, 75
14 March 2011	**2,425,000**	4 years	0, 0, 25, 75
30 December 2011	**6,390,000**	4 years	0, 0, 25, 75
15 June 2012	**65,000,000**	4 years	0, 0, 25, 75
10 April 2013	**1,175,000**	4 years	0, 0, 25, 75
	131,975,000		

[1] These share options exclude those that are fully vested but are outstanding as at 30 June 2013.

There has been no cancellation or modification to the ESSS and ESOS during both current and previous financial years.

29. 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 of, and movements in, share options during the financial year:-

	2013		2012	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**145,737,000**	**2.11**	93,313,000	2.13
Granted during the year [1]	**1,175,000**	**1.67**	71,390,000	1.80
Forfeited during the year	**(12,872,000)**	**2.60**	(3,766,000)	2.54
Exercised during the year [2]	**–**	**–**	(15,200,000)	0.64
Outstanding at the end of the year [3]	**134,040,000**	**2.06**	145,737,000	2.11
Exercisable at end of year	**25,315,000**	**2.32**	16,497,000	2.60

[1] The weighted average fair value of options granted during the financial year ended 30 June 2013 was $0.30 (2012: $0.37).

[2] The weighted average share price when the options were exercised in the previous financial year was $2.72. There were no options exercised during the year.

[3] The range of exercise prices for options outstanding at the end of the financial year was $1.67 to $3.14 (2012: $1.76 to $3.14). The weighted average remaining contractual life for these options is 7.70 years (2012: 8.30 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 2013 and 2012 are shown below:-

Grant date	30 December 2011	
Vested in	3 year	4 year
Dividend yield (%)	2.89	3.62
Expected volatility (%)	45.96	51.88
Risk free interest rate (%)	0.42	0.51
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	2.16	2.16

Grant date	15 June 2012	
Vested in	3 year	4 year
Dividend yield (%)	3.55	4.44
Expected volatility (%)	38.76	49.92
Risk free interest rate (%)	0.25	0.30
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	1.76	1.76

29. Employee benefits expenses (cont'd)

(b) Employee share option scheme (cont'd)

Grant date	10 April 2013	
Vested in	3 year	4 year
Dividend yield (%)	2.99	3.74
Expected volatility (%)	33.60	36.50
Risk free interest rate (%)	0.25	0.37
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	1.67	1.67

30. 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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Subsidiary companies:				
– Sales of goods	–	–	2,199,473	2,086,967
– Sales of services, net	–	–	38,485	–
– Purchases	–	–	5,797,238	5,210,272
– Insurance premiums paid	–	–	5,517	5,177
– Commissions paid	–	–	36,554	33,703
– Interest received on loan	–	–	83,526	87,027
– Interest paid on loan	–	–	–	825
– Consultancy fee paid	–	–	13,780	9,366
– Management fee received	–	–	25,141	26,330
– Director's fee received	–	–	279	281
– Dividend received	–	–	1,383	–
Jointly controlled entity:				
– Sales of goods	12,197	–	12,197	–
– Purchases	27,190	–	–	–
Associate:				
– Sales of goods	13,843	–	13,843	–
– Purchases	128,516	62,829	128,516	62,829
Shareholder related companies:				
– Purchase of motor vehicles and other assets	945	1,315	–	–

31. Compensation of directors and key management personnel

The remuneration of directors and key management personnel during the years is as follows:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Directors' fees	**1,375**	1,180	**1,215**	1,180
Salaries and employee benefits	**16,814**	20,845	**13,962**	17,796
Central Provident Fund contributions and equivalents	**538**	228	**95**	99
Share-based expense	**4,289**	7,179	**3,999**	6,837
	23,016	29,432	**19,271**	25,912
Comprising amounts paid to:-				
Directors of the Company	**12,931**	17,114	**12,771**	17,114
Key management personnel	**10,085**	12,318	**6,500**	8,798
	23,016	29,432	**19,271**	25,912

Directors' interest in employee share benefit plans

At the end of the reporting date, the total number of outstanding share options that were issued/allocated to the directors and key management personnel under existing employee benefit schemes is given below:-

	2013 Share options	2012 Share options
Employee Share Option Scheme:		
Directors	**23,100,000**	23,500,000
Key management personnel	**17,700,000**	21,600,000

32. Cash and short-term deposits

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash and bank balances	**1,522,777**	1,001,962	**1,065,290**	612,420
Deposits	**68,232**	108,894	**61,285**	91,540
	1,591,009	1,110,856	**1,126,575**	703,960

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.02% to 9.00% (2012: 0.01% to 4.50%) per annum.

Deposits include short-term and capital guaranteed deposits.

Short-term deposits are made for varying periods between 1 and 365 days (2012: 1 to 365 days) depending on the immediate cash requirements of the Group, and earned interest at floating rates ranging from 0.04% to 9.50% (2012: 0.40% to 10.00%) per annum.

Deposits include capital guaranteed, non-interest bearing, index-linked structured deposits of $44,330,000 (2012: $63,430,000) with remaining maturity period ranging from three to four years and may be withdrawn on demand.

32. Cash and short-term deposits (cont'd)

Cash at banks and deposits denominated in currencies other than functional currencies of Group companies at 30 June are as follows:-

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
United States Dollar	**46,972**	39,273	**–**	–
Great Britain Pound	**52,163**	72,137	**52,154**	72,109
Euro	**46,927**	99,813	**43,298**	99,191
Singapore Dollar	**5,983**	5,171	**5,724**	5,058

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	Group	
	2013 $'000	2012 $'000
Cash and bank balances	**1,522,777**	1,001,962
Deposits	**68,232**	108,894
Structured deposits	**(44,330)**	(63,430)
Bank overdrafts (Note 23)	**(261,147)**	(445,664)
	1,285,532	601,762

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

33. 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.

33. Financial risk management policies and objectives (cont'd)

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.

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 $5,861,000 (2012: $17,967,000) and equity would have changed inversely by $2,021,000 (2012: $6,494,000) 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	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
By operating segments:				
Edible nuts, spices and beans	**531,374**	277,960	**201,338**	83,073
Confectionery and beverage ingredients	**463,487**	318,839	**251,605**	111,760
Industrial raw materials	**613,724**	440,702	**230,537**	86,401
Food staples and packaged food business	**581,827**	379,510	**300,618**	113,370
Commodity financial services	**396**	407	**–**	–
	2,190,808	1,417,418	**984,098**	394,604

33. 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 16 (Trade receivables).

(c) Foreign currency risk

The Group trades its products globally 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 net of 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			
	2013		2012	
	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%	**(477)**	**(584)**	172	108
GBP – strengthened 0.5%	**(1,200)**	**(2,162)**	(571)	(3,940)
EUR – strengthened 0.5%	**(4,892)**	**(3,749)**	(234)	(976)
AUD – strengthened 0.5%	**(1,966)**	**(2,202)**	(12)	(1,817)
SGD – strengthened 0.5%	**(61)**	**8,410**	(26)	4,367

(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 that 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.

33. Financial risk management policies and objectives (cont'd)

(d) Liquidity risk (cont'd)

	2013 $'000				2012 $'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 21)	**1,747,963**	**–**	**–**	**1,747,963**	1,133,893	–	–	1,133,893
Other current liabilities (Note 22)	**159,251**	**–**	**–**	**159,251**	108,379	–	–	108,379
Borrowings	**3,420,630**	**4,635,980**	**1,926,482**	**9,983,092**	3,183,757	4,508,804	722,884	8,415,445
Derivative financial instruments (Note 34)	**395,295**	**–**	**–**	**395,295**	1,115,711	–	–	1,115,711
Margin accounts with brokers (Note 17)	**9,114**	**–**	**–**	**9,114**	140,567	–	–	140,567
Total undiscounted financial liabilities	**5,732,253**	**4,635,980**	**1,926,482**	**12,294,715**	5,682,307	4,508,804	722,884	10,913,995
Company								
Financial liabilities:								
Trade payables and accruals (Note 21)	**927,715**	**–**	**–**	**927,715**	494,101	–	–	494,101
Other current liabilities (Note 22)	**6,613**	**–**	**–**	**6,613**	17,051	–	–	17,051
Borrowings	**1,074,118**	**4,024,284**	**1,620,339**	**6,718,741**	1,535,521	3,127,866	658,100	5,321,487
Derivative financial instruments (Note 34)	**180,764**	**–**	**–**	**180,764**	981,232	–	–	981,232
Margin accounts with brokers (Note 17)	**35,683**	**–**	**–**	**35,683**	77,011	–	–	77,011
Total undiscounted financial liabilities	**2,224,893**	**4,024,284**	**1,620,339**	**7,869,516**	3,104,916	3,127,866	658,100	6,890,882

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.

	2013 $'000				2012 $'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	**1,486,036**	**–**	**–**	**1,486,036**	1,548,475	–	–	1,548,475

33. Financial risk management policies and objectives (cont'd)

(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 on an ongoing basis such as hedging 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 $13,852,000 (2012: $13,586,000).

34. 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 2013			
	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:				
Short term investment	–	39,657	–	39,657
Derivatives financial instruments				
– Foreign exchange contracts	–	67,245	–	67,245
– Commodity contracts	128,437	393,287	15,840	537,564
– Convertible and other bonds	–	1,253	–	1,253
	128,437	501,442	15,840	645,719
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange contracts	–	154,386	–	154,386
– Commodity contracts	50,373	170,897	3,087	224,357
– Interest rate swaps	–	16,552	–	16,552
	50,373	341,835	3,087	395,295

34. Fair values of financial instruments (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

	Group 2012			
	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:				
Short term investment	–	46,837	–	46,837
Derivatives financial instruments				
– Foreign exchange contracts	–	47,617	–	47,617
– Commodity contracts	639,354	171,890	443,339	1,254,583
– Convertible bonds	–	*	–	–
	639,354	266,344	443,339	1,349,037
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange contracts	–	54,948	–	54,948
– Commodity contracts	446,794	448,170	121,203	1,016,167
– Interest rate swaps	–	44,596	–	44,596
	446,794	547,714	121,203	1,115,711

* Amount is less than $1,000.

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).

34. Fair values of financial instruments (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

Movements in Level 3 Financial instruments measured at fair value

During the current financial year, the Group transferred certain financial instruments amounting to $24,621,000 to Level 2 from Level 3 of the fair value hierarchy (2012: Nil). The residual amount of the opening balance of Level 3 fair value hierarchy was realised into the profit and loss account for the current financial year. The reason for the transfer is due to changes in the inputs to the valuation model to observable market prices which represent the fair value of certain physical forward contracts.

Determination of fair value

Short term investment relate to an investment fund which is not quoted in an active market and is valued based on Net Asset Value ("NAV") per share, which reflects the fair value of underlying assets and liabilities of the fund (subject to adjustments), published by the administrator of the fund. The fund is redeemable at its NAV at the reporting date.

Foreign exchange contracts and interest rate swaps are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Commodity contracts are valued based on the following:-

- Level 1 – Based on quoted closing prices at the balance sheet date;
- Level 2 – Valued using valuation techniques with market observable inputs. The models incorporate various inputs including the broker quotes for similar transactions, credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodities; and
- Level 3 – Valued using inputs that are not based on observable inputs such as internal historical transacted prices and estimates.

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 $647,000 (2012: $12,182,000). The carrying amount of the physical contracts at 30 June 2013 is $12,753,000 (2012: $322,136,000).

34. Fair values of financial instruments (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

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
2013				
Derivatives held for hedging [1]				
Foreign exchange contracts	67,245	154,386	33,920	28,983
Commodity contracts	515,407	198,808	318,153	135,229
Interest rate swaps	–	16,552	–	16,552
Total derivatives held for hedging	582,652	369,746	352,073	180,764
Derivatives held for trading				
Commodity contracts	22,157	25,549	–	–
Convertible and other bonds	1,253	–	1,253	–
Total derivatives held for trading	23,410	25,549	1,253	–
Total derivatives	606,062	395,295	353,326	180,764

[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.

34. 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		Company	
	Fair value		Fair value	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
2012				
Derivatives held for hedging [1]				
Foreign exchange contracts	47,617	54,948	14,282	38,044
Commodity contracts	1,187,952	1,005,787	853,436	898,592
Interest rate swaps	–	44,596	–	44,596
Total derivatives held for hedging	1,235,569	1,105,331	867,718	981,232
Derivatives held for trading				
Commodity contracts	66,631	10,380	–	–
Convertible bonds	*	–	*	–
Total derivatives held for trading	66,631	10,380	–	–
Total derivatives	1,302,200	1,115,711	867,718	981,232

* Amount is less than $1,000.

(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 2013, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 21 months (2012: 1 and 21 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 21 months (2012: 21 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 $73,174,000 and $74,818,000 for the Group and Company as at 30 June 2013 respectively (2012: $125,190,000 and $128,785,000 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 (2012: $Nil).

34. 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 and subsidiary companies, other current assets, margin accounts with brokers, amounts due from subsidiary companies, trade payables and accruals, other current liabilities and bank overdrafts

The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short-term maturity.

(ii) Loans to subsidiary companies and loans to jointly controlled entities

Loans to subsidiary companies and loans to jointly controlled entities have no fixed terms of repayment and are repayable only when the cash flow of the entities permits. Accordingly, the fair value of these amounts is not determinable as the timing of the future cash flow arising from these balances cannot be estimated reliably.

(iii) Bank loans and term loans from banks

The carrying amount of the bank loans and term loans from banks are an approximation of fair values as they are subjected to frequent repricing (floating rates).

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

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

	Group		Company	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
2013				
Financial liabilities:				
Convertible bonds	**592,156**	649,260	**592,156**	649,260
Medium-term notes	**1,972,560**	1,842,615	**1,972,560**	1,842,615
Other bonds	**1,217,818**	1,212,185	**1,193,326**	1,187,694
2012				
Financial liabilities:				
Convertible bonds	**567,412**	680,005	**567,412**	680,005
Medium-term notes	**598,342**	605,184	**598,342**	605,184
Other bonds	**388,561**	375,234	**315,219**	301,891

The fair value of medium term notes and all bonds is determined directly by reference to their published market bid price at the end of the respective financial years.

35. Capital management

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-a-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. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013 and 30 June 2012.

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	
	2013	**2012**
Gross debt to equity:		
– Before fair value adjustment reserve	**2.35x**	2.12x
Net debt to equity:		
– Before fair value adjustment reserve	**1.93x**	1.81x

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.

36. 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
2013				
Financial assets:				
Loans to jointly controlled entities (Note 14)	**136,540**	**–**	**–**	**–**
Trade receivables (Note 16)	**2,372,900**	**–**	**–**	**–**
Advance payments to suppliers (Note 19)	**598,470**	**–**	**–**	**–**
Other current assets (Note 20)	**269,349**	**–**	**–**	**39,657**
Cash and short-term deposits (Note 32)	**1,546,679**	**–**	**–**	**44,330**
Derivative financial instruments (Note 34)	**–**	**–**	**582,652**	**23,410**
Other non-current assets (Note 20)	**12,919**	**–**	**–**	**7,337**
	4,936,857	**–**	**582,652**	**114,734**
Financial liabilities:				
Margin accounts with brokers (Note 17)	**–**	**9,114**	**–**	**–**
Trade payables and accruals (Note 21)	**–**	**1,747,963**	**–**	**–**
Other current liabilities (Note 22)	**–**	**255,175**	**–**	**–**
Borrowings (Note 23)	**–**	**8,848,238**	**–**	**–**
Derivative financial instruments (Note 34)	**–**	**–**	**369,746**	**25,549**
	–	**10,860,490**	**369,746**	**25,549**
2012				
Financial assets:				
Loans to jointly controlled entities (Note 14)	152,903	–	–	–
Trade receivables (Note 16)	1,596,796	–	–	–
Advance payments to suppliers (Note 19)	320,556	–	–	–
Other current assets (Note 20)	250,097	–	–	46,837
Cash and short-term deposits (Note 32)	1,047,426	–	–	63,430
Derivative financial instruments (Note 34)	–	–	1,235,569	66,631
Other non-current assets (Note 20)	9,163	–	–	–
	3,376,941	–	1,235,569	176,898
Financial liabilities:				
Margin accounts with brokers (Note 17)	–	140,567	–	–
Trade payables and accruals (Note 21)	–	1,133,893	–	–
Other current liabilities (Note 22)	–	179,538	–	–
Borrowings (Note 23)	–	7,489,384	–	–
Derivative financial instruments (Note 34)	–	–	1,105,331	10,380
	–	8,943,382	1,105,331	10,380

36. 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
2013				
Financial assets:				
Loans to subsidiary companies (Note 13)	550,449	–	–	–
Loans to jointly controlled entities (Note 14)	136,540	–	–	–
Amounts due from subsidiary companies (Note 15)	2,258,023	–	–	–
Trade receivables (Note 16)	984,391	–	–	–
Advance payments to suppliers (Note 19)	2,294,786	–	–	–
Other current assets (Note 20)	31,295	–		39,657
Cash and short-term deposits (Note 32)	1,082,245	–	–	44,330
Derivative financial instruments (Note 34)	–	–	352,073	1,253
	7,337,729	–	352,073	85,240
Financial liabilities:				
Margin accounts with brokers (Note 17)	–	35,683	–	–
Trade payables and accruals (Note 21)	–	927,715	–	–
Other current liabilities (Note 22)	–	98,794	–	–
Borrowings (Note 23)	–	5,901,697	–	–
Derivative financial instruments (Note 34)	–	–	180,764	–
	–	6,963,889	180,764	–
2012				
Financial assets:				
Loans to subsidiary companies (Note 13)	414,755			
Loans to jointly controlled entities (Note 14)	152,903	–	–	–
Amounts due from subsidiary companies (Note 15)	2,092,954	–	–	–
Trade receivables (Note 16)	394,663	–	–	–
Advance payments to suppliers (Note 19)	1,848,205	–	–	–
Other current assets (Note 20)	28,010	–	–	38,980
Cash and short-term deposits (Note 32)	703,960	–	–	–
Derivative financial instruments (Note 34)	–	–	867,718	–
	5,635,450	–	867,718	38,980
Financial liabilities:				
Margin accounts with brokers (Note 17)	–	77,011	–	–
Trade payables and accruals (Note 21)	–	494,101	–	–
Other current liabilities (Note 22)	–	77,247	–	–
Borrowings (Note 23)	–	4,321,494	–	–
Derivative financial instruments (Note 34)	–	–	981,232	*
	–	4,969,853	981,232	–

* Amount is less than $1,000.

37. Segmental information

The Group's businesses are organised and managed as five 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, hazelnuts, spices and vegetable ingredients, 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 project.
- Food Staples and Packaged Foods – rice, sugar and natural sweeteners, grains such as wheat, barley, corn, palm products, dairy products and packaged foods.
- Commodity Financial Services – market making, risk management solutions, commodity funds 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-geographical segment sales and transfers as if the sales or transfers were to third parties at current market prices.

37. Segmental information (cont'd)

(a) Business segments

	Edible nuts, spices and beans		Confectionery and beverage ingredients	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Segment revenue:				
Sales to external customers	**3,205,127**	2,562,755	**5,273,235**	5,902,203
Segment result	**252,644**	217,626	**234,793**	269,421
Finance costs	**–**	–	**–**	–
Finance income	**–**	–	**–**	–
Share of results from jointly controlled entities	**–**	1,129	**(80)**	111
Share of results from associate	**–**	–	**90**	55
Net unallocated income [(1)]				
Profit before taxation				
Taxation expense				
Profit for the financial year				
Segment assets	**3,644,484**	3,034,893	**2,407,134**	2,069,411
Unallocated assets [(2)]				
Segment liabilities	**268,687**	225,435	**266,043**	351,773
Unallocated liabilities [(3)]				
Other segmental information:				
Investments in jointly-controlled entities and associates	**1,068**	1,087	**979**	2,684
Depreciation and amortisation	**56,746**	46,714	**24,558**	19,118
Capital expenditure	**181,158**	216,088	**186,973**	104,789

	Industrial raw materials		Food staples and packaged foods		Commodity financial services		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
	4,601,099	4,040,810	7,720,913	4,586,435	1,424	1,548	20,801,798	17,093,751
	156,989	97,521	327,083	217,973	(20,502)	53	951,007	802,594
	–	–	–	–	–	–	(518,353)	(437,550)
	–	–	–	–	–	–	16,674	20,037
	2,402	12,866	15,983	26,724	–	–	18,305	40,830
	–	–	2,089	(3,419)	–	–	2,179	(3,364)
							26,839	15,363
							496,651	437,910
							(105,134)	(34,085)
							391,517	403,825
	2,809,851	3,217,128	4,312,684	3,645,354	17,092	67,686	13,191,245	12,034,472
							2,192,939	1,793,510
							15,384,184	13,827,982
	600,652	1,199,748	1,004,677	559,615	15,541	22,409	2,155,600	2,358,980
							9,404,856	7,941,240
							11,560,456	10,300,220
	75,063	80,998	480,583	398,095	–	–	557,693	482,864
	47,736	47,422	70,125	37,133	147	227	199,312	150,614
	210,598	274,220	522,459	665,857	65	137	1,101,253	1,261,091

37. Segmental information (cont'd)

(b) Geographical segments

	Asia, Middle East and Australia		Africa	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Segment revenue:				
Sales to external customers	**8,486,467**	6,612,470	**4,756,856**	3,226,427
Intersegment sales	**2,804,860**	3,966,558	**2,251,246**	1,291,019
	11,291,327	10,579,028	**7,008,102**	4,517,446
Non-current assets [4]	**2,199,640**	1,975,454	**1,662,049**	1,056,719

(c) Information on major customers

The Group has no single customer accounting for more than 10% of the turnover.

Europe		Americas		Eliminations		Consolidated	
2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
4,368,827	3,937,374	**3,189,648**	3,317,480	**–**	–	**20,801,798**	17,093,751
945,816	435,248	**2,222,563**	1,749,277	**(8,224,485)**	(7,442,102)	**–**	–
5,314,643	4,372,622	**5,412,211**	5,066,757	**(8,224,485)**	(7,442,102)	**20,801,798**	17,093,751
503,769	306,626	**1,143,356**	1,103,454	**–**	–	**5,508,814**	4,442,253

37. Segmental information (cont'd)

(1) Unallocated income mainly relates to net gains from changes in fair value of biological assets not arising from yield improvements. It also includes gain on sale of fixed assets, gain on bond buy back and costs incurred for terminated projects.

(2) The following unallocated assets items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2013 $'000	2012 $'000
Cash and bank balances	**1,522,777**	1,001,962
Deferred tax assets	**34,832**	37,735
Fixed deposits	**68,232**	108,894
Other current / non-current assets	**565,845**	644,919
Fair value of derivative assets	**1,253**	*
	2,192,939	1,793,510

* Amount is less than $1,000.

(3) The following unallocated liabilities items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2013 $'000	2012 $'000
Borrowings	**8,848,238**	7,489,384
Deferred tax liabilities	**240,877**	194,071
Other liabilities	**266,013**	179,696
Provision for taxation	**49,728**	33,493
Fair value of derivative liabilities	**–**	44,596
	9,404,856	7,941,240

(4) Non-current assets mainly relate to property, plant and equipment, intangible assets, biological assets and investments in jointly controlled entities and associates.

38. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 30 September 2013.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders as at 17 September 2013) [1]

	Name of Shareholder	Direct	Deemed
1.	Kewalram Singapore Limited ("**Kewalram**") [2]	483,493,065	-
2.	Chanrai Investment Corporation Limited ("**CICL**") [2]	-	483,493,065
3.	Kewalram Chanrai Holdings Limited ("**KCH**") [2]	-	483,493,065
4.	GKC Trustees as trustees of Girdhar Kewalram Chanrai Settlement ("**GKC Settlement**") [2]	-	483,493,065
5.	MKC Trustees as trustees of Hariom Trust ("**Hariom Trust**") [2]	-	483,493,065
6.	DKC Trustees as trustees of Dayal Damodar Chanrai Settlement ("**DDC Settlement**") [2]	-	483,493,065
7.	Investec Trustees (Jersey) Ltd as trustee of The PKC 2008 Settlement ("**PKC 2008 Settlement**") [2]	-	483,493,065
8.	Narain Girdhar Chanrai [2]	-	483,493,065
9.	Aranda Investments Pte. Ltd. ("**Aranda**")	215,119,313	-
10.	Breedens Investments Pte. Ltd. ("**Breedens**")	358,959,140	-
11.	Seletar Investments Pte Ltd ("**Seletar**") [3]	-	574,078,453
12.	Temasek Capital (Private) Limited ("**Temasek Capital**") [3]	-	574,078,453
13.	Temasek Holdings (Private) Limited ("**Temasek Holdings**") [3]	-	575,346,283
14.	Orbis Group [4]	-	191,722,000

Notes:

(1) Based on 2,390,213,869 shares (excluding treasury shares) as at 17 September 2013 and as recorded in the Register of Substantial Shareholders as at 17 September 2013 *(save for the interests of Breedens, Seletar, Temasek Capital and Temasek Holdings which are derived solely from the information provided in the Substantial Shareholders' notifications filed by Aranda, Seletar, Temasek Capital and Temasek Holdings on 11 April 2013).*

(2) Kewalram is a wholly-owned subsidiary of CICL, which in turn is a wholly-owned subsidiary of KCH. CICL and KCH are therefore deemed to be interested in the 483,493,065 ordinary shares held by Kewalram.

The GKC Settlement, Hariom Trust, DDC Settlement and the PKC 2008 Settlement are shareholders of KCH, each holding approximately 29%, 28%, 28% and 15% respectively in the issued and paid-up capital of KCH. Pursuant to section 7(4A) of the Companies Act, as the GKC Settlement, Hariom Trust and 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, DDC Settlement and the PKC 2008 Settlement are therefore deemed to be interested in the 483,493,065 Shares held by Kewalram in the Company.

Narain Girdhar Chanrai is deemed interested in the shares held by Kewalram by virtue of section 7(d) of the Companies Act and section 4(1) of the Securities and Futures Act.

(3) Seletar is the holding company of Breedens and Aranda and is deemed to be interested in the Shares held by Breedens and Aranda.

Temasek Capital is the holding company of Seletar and is deemed to be interested in Shares held by Breedens and Aranda collectively.

Temasek Holdings 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 Holdings' deemed interest in the 575,346,283 Shares comprises:

(a) 215,119,313 Shares held by Aranda;

(b) 358,959,140 Shares held by Breedens; and

(c) 1,267,830 Shares which its subsidiaries and associated companies have interest in.

(4) Orbis Group of Companies comprised of the following Notifying Companies and shares were held through nominees:

(a) Orbis Holdings Limited ("OHL")

(b) Orbis World Limited ("OWL")

(c) Orbis Trust ("OT")

(d) Orbis Holding Trust ("OHT")

(e) Orbis Asset Management Limited ("OAML")

(f) Rhone Trustees (Switzerland) SA ("RTS")

(g) Rhone Trustees (Bahamas) Ltd ("RTB")

Each of OHL, OWL, RTS and RTB as co-trustee of the OHT is a substantial shareholder of the Company by virtue of its deemed interest in the shares managed by its subsidiaries, Orbis Investment Management Limited ("**OIML**") and Orbis Investment Management B.V.I. Limited, as fund managers of the Orbis funds. Each such fund manager has the ability to vote and acquire/dispose of the Company's shares for and on behalf of the Orbis funds.

In addition, RTS as trustee of the OT is also a substantial shareholder of the Company by virtue of being entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of OHL.

Separately, OAML as fund manager for another Orbis fund holds a deemed interest of less than 0.001% in the Company's shares by having the ability to vote and acquire/dispose of the Company's shares for and on behalf of this Orbis fund.
OIML is part of the Orbis Group of Companies. OIML is a substantial shareholder of the Company as it has deemed interests in the shares of the Company as fund manager of the following Orbis funds:

- Orbis Global Equity Fund Limited
- Orbis Global Equity Fund (Australia Registered)
- Orbis Optimal SA Limited
- Orbis SICAV Global Equity Fund

Each of the above Orbis funds does not individually hold 5% or more of the Company's shares.

The parent entities of OIML (being OHL, OWL, RTS and RTB as co-trustee of OT and OHT) and an entity affiliated with OIML (being OAML) has deemed interest in the Company. Therefore, the deemed interests of OIML had been taken into account in the aggregation of interests of the foregoing entities.

Statistics of Shareholdings

as at 17 September 2013

Issued and fully Paid-up Capital	:	S$2,148,690,224.065
Number of Ordinary Shares in Issue (excluding treasury shares)	:	2,390,213,869
Number of Treasury Shares held	:	52,196,000
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	413	2.30	52,122	0.00
1,000 – 10,000	13,173	73.31	63,424,819	2.66
10,001 – 1,000,000	4,349	24.21	152,093,767	6.36
1,000,001 and above	33	0.18	2,174,643,161	90.98
TOTAL	**17,968**	**100.00**	**2,390,213,869**	**100.00**

Twenty Largest Shareholders

	Name	No. of Shares	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	618,883,864	25.89
2.	BREEDENS INVESTMENTS PTE LTD	358,959,140	15.02
3.	ARANDA INVESTMENTS PTE LTD	228,331,313	9.55
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	177,009,127	7.41
5.	DBS NOMINEES PTE LTD	166,963,929	6.99
6.	RAFFLES NOMINEES (PTE) LTD	161,190,821	6.74
7.	KEWALRAM SINGAPORE LIMITED	132,493,065	5.54
8.	DB NOMINEES (S) PTE LTD	126,624,196	5.30
9.	DBSN SERVICES PTE LTD	83,880,214	3.51
10.	UNITED OVERSEAS BANK NOMINEES PTE LTD	48,240,762	2.02
11.	UOB KAY HIAN PTE LTD	16,323,645	0.68
12.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	7,842,017	0.33
13.	PHILLIP SECURITIES PTE LTD	4,669,480	0.20
14.	BANK OF SINGAPORE NOMINEES PTE LTD	4,458,536	0.19
15.	CITIBANK CONSUMER NOMINEES PTE LTD	4,323,631	0.18
16.	BNP PARIBAS SECURITIES SERVICES	4,145,412	0.17
17.	OCBC NOMINEES SINGAPORE PTE LTD	3,426,633	0.14
18.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,322,391	0.14
19.	OCBC SECURITIES PRIVATE LTD	3,149,488	0.13
20.	MAYBANK KIM ENG SECURITIES PTE LTD	2,374,764	0.10
	TOTAL	**2,156,612,428**	**90.23**

Bondholder of 6% Convertible Bonds Due 2016

Due Date	:	15 October 2016
Conversion Price	:	S$2.98 per share#
Conversion Premium	:	25% above reference share price
Redemption Price	:	Principal amount together with unpaid accrued interest thereon on the maturity Date i.e 15 October 2016
Conversion Period	:	At any time from 25 November 2009 until the date falling 10 days prior to maturity date, subject to customary closed periods

The US$500 million 6% convertible bonds due 2016 issued by Olam International Limited on 15 October 2009 and 5 November 2009 (the "2009 CBs") are represented by a Global Certificate registered in the name of The Bank of New York Depository (Nominees) Limited, which is a nominee of a common depository and holding the bonds on behalf for, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme.

As at the latest practicable date, The Bank of New York Depository (Nominees) Limited, is entered in the register of holders as the holder of the balance US$500 million 2009 CBs. The identity of the holders of the beneficial interests in the 2009 CBs is not currently known.

The conversion price of the 2009 CBs was adjusted to S$2.98 per share with effect from 29 January 2013.

PUBLIC FLOAT

Approximately 41.70% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Statistics of Warrantholdings

as at 17 September 2013

Distribution of Warrantholdings

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 999	1,600	22.46	788,275	0.20
1,000 – 10,000	4,786	67.17	13,959,665	3.60
10,001 – 1,000,000	723	10.15	34,428,964	8.89
1,000,001 and above	16	0.22	338,188,175	87.31
TOTAL	**7,125**	**100.00**	**387,365,079**	**100.00**

Twenty Largest Warrantholders

	Name	No. of Warrants	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	80,982,082	20.91
2.	ARANDA INVESTMENTS PTE LTD	73,303,614	18.92
3.	KEWALRAM SINGAPORE LIMITED	51,110,000	13.19
4.	RAFFLES NOMINEES (PTE) LTD	34,156,007	8.82
5.	DB NOMINEES (S) PTE LTD	31,386,639	8.10
6.	HSBC (SINGAPORE) NOMINEES PTE LTD	22,766,575	5.88
7.	SWORDFISH INVESTMENTS PTE LTD	10,022,437	2.59
8.	DBS NOMINEES PTE LTD	8,227,791	2.12
9.	DBSN SERVICES PTE LTD	8,169,226	2.11
10.	UOB KAY HIAN PTE LTD	4,455,782	1.15
11.	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,875,528	0.74
12.	BANK OF SINGAPORE NOMINEES PTE LTD	2,780,233	0.72
13.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,689,964	0.69
14.	CIMB SECURITIES (SINGAPORE) PTE LTD	2,018,388	0.52
15.	G K GOH STRATEGIC HOLDINGS PTE LTD	1,700,000	0.44
16.	MERRILL LYNCH (SINGAPORE) PTE LTD	1,543,909	0.40
17.	OCBC SECURITIES PRIVATE LTD	866,129	0.22
18.	LIEW CHEE KONG	830,000	0.21
19.	PHILLIP SECURITIES PTE LTD	824,736	0.21
20.	MAYBANK NOMINEES (S) PTE LTD	809,558	0.21
	TOTAL	**341,518,598**	**88.15**

Exercise Price : US$1.291 for each New Share on the exercise of a Warrant

Exercise Period : Commencing on and including the date falling 36 months after 29 January 2013 and expiring at 5.00 p.m. on a date falling 60 months after 29 January 2013, excluding such period(s) during which the register of Warrantholders may be closed pursuant to the Deed Poll.

Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623

Notice of Annual General Meeting

OLAM INTERNATIONAL LIMITED

(Company Registration No. 199504676H)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of Olam International Limited ("the **Company**") will be held at Nicoll 1 Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Wednesday, 30 October 2013 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 4 cents per share tax exempt (one-tier) for the year ended 30 June 2013. (FY2012: 4 cents) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 103 of the Articles of Association of the Company: -

Mr. R. Jayachandran	(Retiring under Article 103)	**(Resolution 3)**
Mr. Robert Michael Tomlin	(Retiring under Article 103)	**(Resolution 4)**
Mr. Jean-Paul Pinard	(Retiring under Article 103)	**(Resolution 5)**
Mr. Sunny George Verghese	(Retiring under Article 103)	**(Resolution 6)**

[See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$1,440,000 for the year ending 30 June 2014. (2013: S$1,440,000)

[See Explanatory Note (ii)] **(Resolution 7)**

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

6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

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

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

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

   (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 9)**

8. **Authority to issue shares under the Olam Employee Share Option Scheme**

That the Directors of the Company be authorised and empowered to offer and grant options under the Olam Employee Share Option Scheme (the "**Scheme**") and to issue shares in the Company to all the holders of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme and any other share schemes which are in place shall not exceed fifteen per centum (15%) of the issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 10)**

9. **Renewal of the Share Buyback Mandate**

That:

(1) for the purposes of the Companies Act, Cap. 50 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

9. **Renewal of the Share Buyback Mandate (cont'd)**

(a) market purchase(s) (each a "**Market Purchase**") on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to this Ordinary Resolution 11 may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution 11 and expiring on the earlier of:

(a) the date on which the next annual general meeting of the Company ("**AGM**") is held or required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earlier; and

(3) in this Ordinary Resolution 11:

"**Maximum Limit**" means that number of issued Shares representing not more than 10% of the total number of issued Shares (excluding treasury shares) as at the date of the passing of this Ordinary Resolution 11, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined below), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time).

"**Relevant Period**" means the period commencing from the date of passing of this Ordinary Resolution 11 and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution 11.

[See Explanatory Note (v)] **(Resolution 11)**

10. **Authority to issue shares under the Olam Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to allot and issue such number of ordinary shares in the capital of the Company as may be required to be allotted and issued from time to time pursuant to the Olam Scrip Dividend Scheme.

[See Explanatory Note (vi)] **(Resolution 12)**

By Order of the Board

Tan San-Ju
Yoo Loo Ping
Company Secretaries
Singapore

Date: 14 October 2013

Explanatory Notes:

(i) Mr. R. Jayachandran will, upon re-election as a Director of the Company, continue his office as Non-Executive Chairman and will remain as a member of the Human Resource & Compensation Committee ("**HRCC**"), Governance & Nomination Committee ("**GNC**") and Capital & Investment Committee ("**CIC**").

Mr. Robert Michael Tomlin will, upon re-election as a Director of the Company, continue his office as Non-Executive and Independent Director and will remain as the Chairman of the CIC and a member of the Audit & Compliance Committee ("**ACC**"), Corporate Responsibility & Sustainability Committee ("**CRSC**") and Risk Committee ("**RC**"). He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Jean-Paul Pinard will, upon re-election as a Director of the Company, continue his office as Non-Executive and Independent Director and will remain as Chairman of the CRSC and a member of HRCC and CIC. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Sunny George Verghese will, upon re-election as a Director of the Company, continue his office as Executive Director and will remain as a member of the CIC and RC. He is concurrently the Group Managing Director and Chief Executive Officer of the Company.

(ii) Ordinary Resolution 7 should be read in conjunction with the proposed compensation for non-executive directors for the year ending 30 June 2014 reported in the Corporate Governance Statement on page 60 of the Annual Report. Ordinary Resolution 7, if passed, will facilitate the payment of Directors' fees during the financial year ending 30 June 2014 in which the fees are incurred. The amount of the Directors' fees is computed based on the fees structure as reported in the Corporate Governance statement on page 68 of this Annual Report. The Directors' fees proposed for payment also includes an additional 20 per centum (20%) to provide for unforeseen circumstances (such as the appointment of additional Directors and/or the formation of additional Board Committees).

(iii) Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) Ordinary Resolution 10, if passed, will empower the Directors of the Company, from the date of this Meeting until the next AGM, or the date by which the next AGM is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued shares in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

(v) Ordinary Resolution 11, if passed, will empower the Directors of the Company from the date of the passing of this Ordinary Resolution until the earlier of the date of the next AGM, or the date by which the next AGM is required by law to be held, to purchase or otherwise acquire, by way of Market Purchases or Off-Market Purchases, up to 10% of the total number of issued Shares (excluding treasury shares) as at the date of the passing of this Ordinary Resolution 11 on the terms of the Share Buyback Mandate as set out in the letter to shareholders dated 14 October 2013 accompanying this Notice of AGM (the "**Letter**"), unless such authority is earlier revoked or varied by the shareholders of the Company in a general meeting.

The Company may use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, inter alia, the aggregate number of Shares purchased, whether the purchase is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares. For illustrative purposes only, the financial effects of an assumed purchase or acquisition of 192,044,986 Shares, at a purchase price equivalent to the Maximum Price per Share, in the case of a Market Purchase and an Off-Market Purchase respectively, based on the audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2013 and certain assumptions, are set out in paragraph 2.4.6 of the Letter.

(vi) Ordinary Resolution 12, if passed, will empower the Directors of the Company to issue shares in the Company from time to time pursuant to the Olam Scrip Dividend Scheme to shareholders who, in respect of a qualifying dividend, have elected to receive shares in lieu of the cash amount of that qualifying dividend. Unless varied or revoked by the Company in a general meeting, such authority shall remain effective until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier. Please refer to the circular to shareholders of the Company dated 7 October 2009 for the terms and conditions of the Olam Scrip Dividend Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Meeting.

OLAM INTERNATIONAL LIMITED
(Company Registration No. 199504676H)
(Incorporated In The Republic of Singapore with limited liability)

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Olam International Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

*I/We, ____________________

of ____________________

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

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Nineteenth Annual General Meeting (the "Meeting") of the Company to be held on Wednesday, 30 October 2013 at 2.00 p.m. at Nicoll 1 Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] or in number of shares within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Report and Audited Accounts for the year ended 30 June 2013		
2	Payment of proposed first and final dividend of 4 cents per share tax exempt (one-tier) for the year ended 30 June 2013		
3	Re-election of Mr. R. Jayachandran as a Director		
4	Re-election of Mr. Robert Michael Tomlin as a Director		
5	Re-election of Mr. Jean-Paul Pinard as a Director		
6	Re-election of Mr. Sunny George Verghese as a Director		
7	Approval of Directors' fees amounting to S$1,440,000 for the year ending 30 June 2014		
8	Re-appointment of Messrs Ernst & Young LLP as Auditors		
9	Authority to issue new shares		
10	Authority to issue shares under the Olam Employee Share Option Scheme		
11	Renewal of Share Buyback Mandate		
12	Authority to issue shares under the Olam Scrip Dividend Scheme		

Dated this ____________________ day of ____________________ 2013

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

* *Delete where inapplicable*

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the second named proxy shall be an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Annual General Meeting.
5. (i) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing.

   (ii) Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

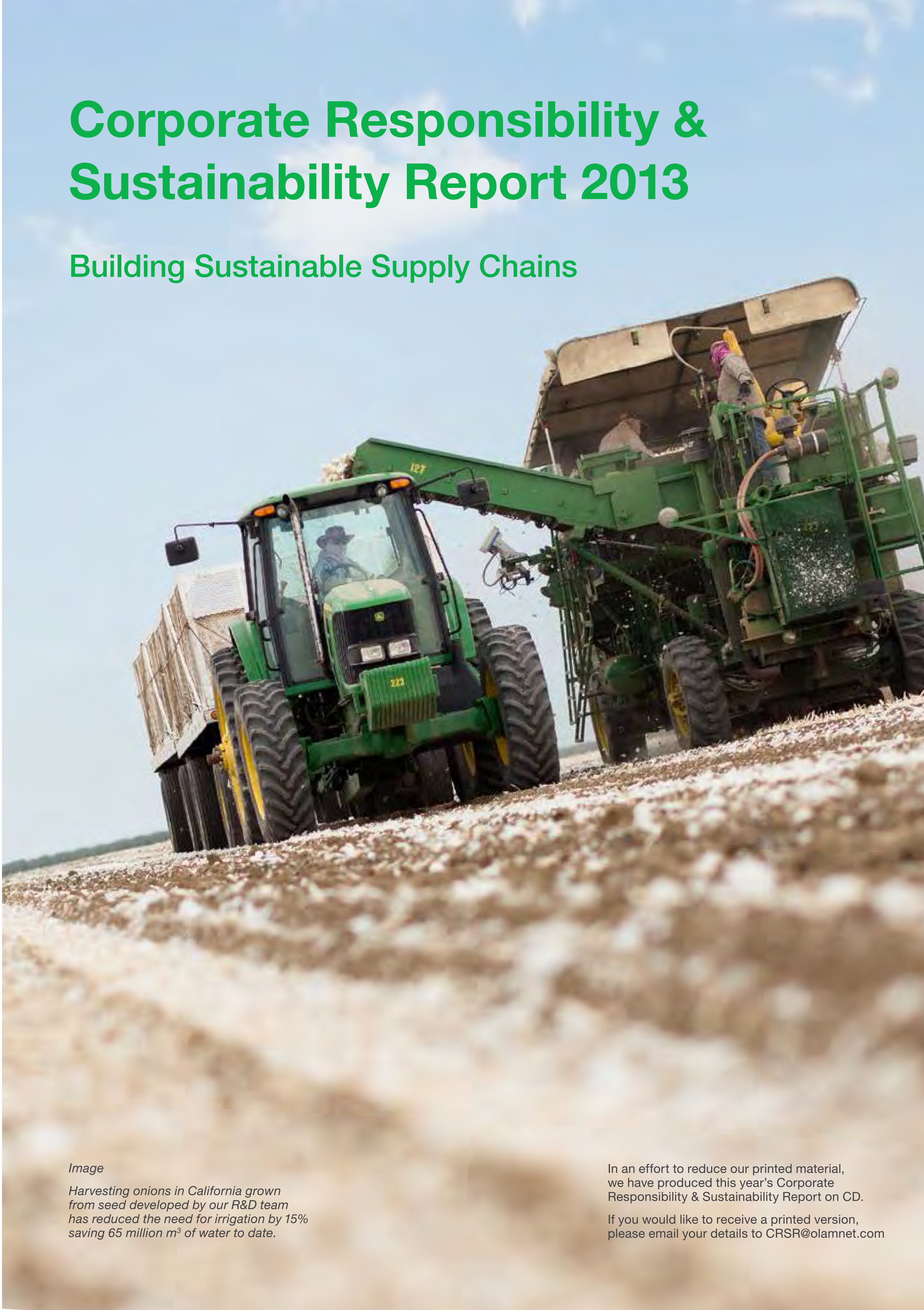
   (iii) Where the instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified true copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Registered Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company shall reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Responsibility & Sustainability Report 2013

Building Sustainable Supply Chains



Image

Harvesting onions in California grown from seed developed by our R&D team has reduced the need for irrigation by 15% saving 65 million m³ of water to date.

In an effort to reduce our printed material, we have produced this year's Corporate Responsibility & Sustainability Report on CD.

If you would like to receive a printed version, please email your details to CRSR@olamnet.com

DESIGNED AND PRODUCED BY DIA BRANDS

Olam International Limited
9 Temasek Boulevard
11-02 Suntec Tower Two
Singapore 038989

Telephone (65) 6339 4100
Facsimile (65) 6339 9755
www.olamonline.com

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC™ C074416