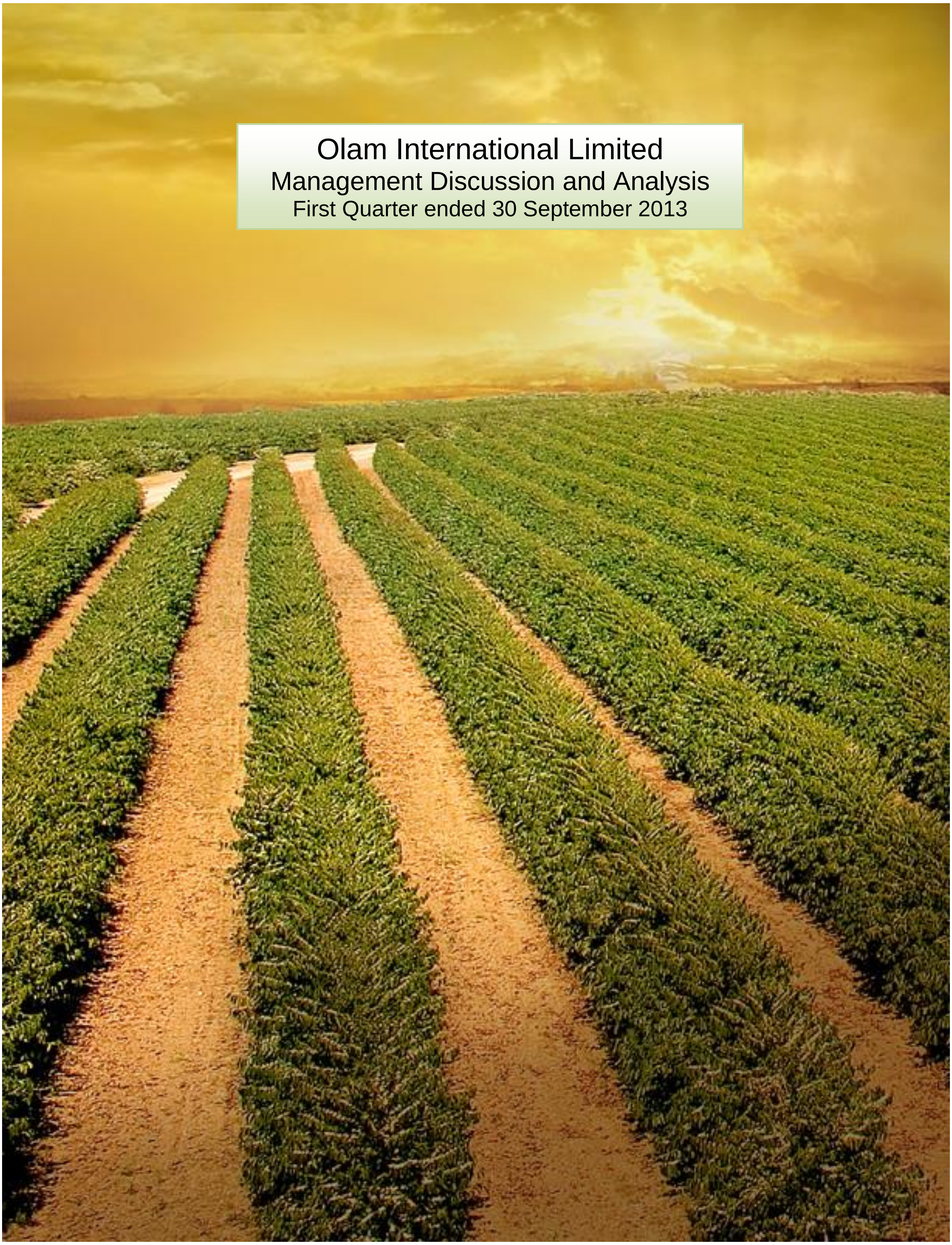


Olam International Limited
Management Discussion and Analysis
First Quarter ended 30 September 2013

This MD&A should be read and understood only in conjunction with the full text of Olam International Limited's Q1 FY2014 Financial Statements lodged on SGXNET on November 14, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

First Quarter ended 30 September 2013 (Q1 FY2014)

Contents

Key Highlights

- We are delivering against our twin objectives of pursuing profitable growth and accelerating free cash flow generation.
- Volumes maintained at 3.67 million metric tonnes compared to an exceptionally high prior corresponding quarter (Q1 FY2013) driven by strong Grains volumes.
- Sales Revenue was 7.9% lower primarily on account of softer commodity prices.
- Improved operating efficiency reflected in reduction of overhead growth due to sustained cost management initiatives.
- EBITDA up 11.7% to S$248.9 million on margin expansion from upstream and midstream initiatives as well as organic growth from core supply chain activities.
- PATMI grew by 5.7% to S$45.6 million.
- Capital expenditure (Capex) reduced by 24.5% compared to Q1 FY2013.
- Improved cash flow generation driven by higher operating cash flows, optimised working capital, reduced Capex outflows and release of cash by unlocking value from previous investments.
- Net gearing maintained at 1.93 times, under the 2.0 times ceiling.
- Announced initiatives to release cash of A$220.0 million and generate capital gain of approximately A$50.0 million from the sale-and-leaseback of our almond plantation assets and the sale of a cotton gin in Australia.

"We are pleased with the trajectory of the EBITDA and PATMI growth in Q1 FY2014, especially when seen in comparison to a relatively strong Q1 FY2013. This gives us further confidence that we are on course to meet our strategic plan targets and annual budget for FY2014.

"We are making steady progress against the four priorities and six pathways that we announced as a part of our strategic plan. Several initiatives for unlocking value from our investments within various platforms are underway, and we expect to make specific announcements as and when we conclude binding arrangements.

"The focus for the year will continue to be on extracting full value from investments already made, completing the revised fixed capital investment programme, and sustaining the momentum on our cost-saving and working capital optimisation initiatives. Based on the results and trajectory achieved in the first quarter, we believe we are well placed to deliver on the twin goals of pursuing profitable growth and generating positive free cash flow for FY2014."

A. Shekhar
Executive Director - Finance and Business Development

Strategic Plan Update

Post our Strategy Review in April 2013, we announced a new strategic plan for the period FY2014-2016. The Review was particularly broad in its considerations as we actively consulted and considered feedback from both internal and external sources and various stakeholders. This exercise also reviewed past strategies and their impact on the business as well as changes in the macroeconomic landscape.

The review reaffirmed the value of our existing strategy of building a core global supply chain business while selectively integrating into high value upstream and mid/downstream segments. It further reinforced the belief in the attractive prospects for the agri-commodity sector and in the long-term value of our differentiated business model and strategy. At the same time, the review also established that we would benefit from rebalancing growth objectives with an increased focus on accelerating the generation of positive free cash flow on a sustained basis.

The key change envisaged in the 2013 Strategy Review was “Rebalancing profitable growth and cash flow” with the specific objective of generating positive free cash flow to firm by the end of FY2014 and to sustain this going forward. To this end, four key priorities were established and six pathways identified to achieve these priorities:

Key priorities:

1. Accelerate free cash flow generation
2. Reduce gearing
3. Reduce complexity
4. Facilitate better understanding of Olam’s business

Six pathways:

1. Recalibrate pace of investments
2. Optimise balance sheet
3. Pursue opportunities for unlocking intrinsic value
4. Optimise shape of portfolio and reduce complexity
5. Improve operating efficiencies
6. Enhance stakeholder communication

We have made steady progress on each of the six pathways:

1. **Recalibrate pace of investments**
   In line with the plan, cash capex was reduced by 24.5% from S$211.2 million in Q1 FY2013 to S$159.5 million in Q1 FY2014.

2. **Optimise balance sheet**
   We announced the sale-and-leaseback of our Australian almond assets which will release cash of A$200.0 million.

3. **Pursue opportunities for unlocking intrinsic value**
   During Q1 FY2014, we received S$25.1 million from the sale of 25.5% interest in our instant noodles business in Nigeria to Sanyo Foods of Japan. We also announced the sale of our cotton gin in Dirranbandi, Australia for A$20.0 million. Together these transactions are expected to generate a capital gain of approximately S$20.1 million.

4. **Optimise shape of portfolio and reduce complexity**
   Since the announcement of the strategic plan in April 2013, we have restructured 27 profit centres and 4 business platforms - Wood Products, Dairy, Sugar and CFS. This has helped us bring a sharper focus to these businesses and reduce operating costs.

5. **Improve operating efficiencies**
   We launched a Sustained Cost Management initiative which helped in reducing the rate of overhead growth despite costs from newly acquired companies. Overhead Expenses grew only 2.8% to S$171.1 million in Q1 FY2014 from S$166.4 million in Q1 FY2013.

6. **Enhance stakeholder communication**
   In order to facilitate a better understanding of Olam's business, we launched several initiatives including investor days for our Edible Nuts, Spices & Vegetable Ingredients, Grains and Packaged Foods businesses. We also organised a field visit to our operations in Nigeria and Gabon.

   The introduction of this MD&A is one more step in the journey towards aiding the interpretation and analysis of our financial statements.

Summary of Financial and Operating Results

Profit and Loss Statement

SGD Mn

	Q1 FY2014	Q1 FY2013	% Change
Volume ('000 MT)	3,668.7	3,680.6	(0.3)
Revenue	4,321.0	4,689.1	(7.9)
EBITDA	**248.9**	**222.7**	**11.7**
PAT	43.2	41.8	3.4
PATMI	**45.6**	**43.2**	**5.7**

Q1 FY2014 marked a good start to the year and we are well positioned as we move into our major operating seasons in the next two quarters. Sales Volume in Q1 FY2014 was maintained at 3.67 million metric tonnes with all business segments recording volume growth compared to the previous corresponding period with the exception of Food Staples & Packaged Foods, which was affected by lower volumes from the Grains and Rice businesses.

Lower commodity prices brought the Group's revenue down by 7.9% to S$4.3 billion compared to Q1 FY2013. Volume and profit results are compared to a particularly strong Q1 FY2013, when a year-on-year 97.7% volume growth and 26.2% PATMI growth were recorded.

Despite the 7.9% revenue decline, Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA), Olam's key metric for operating performance, grew 11.7% to $248.9 million. This growth reflected margin improvement from our expansion into upstream and midstream activities, as well as the organic growth from the core supply chain business. PATMI increased 5.7% as EBITDA growth was partly offset by higher funding and depreciation and amortisation costs.

Balance Sheet Analysis

SGD Mn

	Q1 FY2014	FY2013	Change
Uses of Capital			
Fixed Capital	5,568.1	5,453.7	114.4
Working Capital	5,725.6	5,652.0	73.6
Cash	1,190.8	1,591.0	(400.2)
Others	(48.5)	(24.7)	(23.8)
Total	**12,436.0**	**12,672.0**	**(236.0)**
Sources of Capital			
Equity & Reserves	3,798.9	3,765.0	33.9
Non-controlling interests	143.8	131.9	11.9
Short term debt	3,004.1	2,965.6	38.5
Long term debt	5,524.4	5,882.7	(358.3)
Fair value reserve	(35.2)	(73.2)	38.0
Total	**12,436.0**	**12,672.0**	**(236.0)**

Our total assets of S$12.4 billion were comprised of cash of S$1.2 billion, working capital of S$5.7 billion and long term fixed assets of S$5.6 billion. These were funded by S$3.8 billion of equity, S$3.0 billion of short term debt and S$5.5 billion of long term debt.

In May 2013, we announced the sale of a 25.5% interest in our instant noodles business in Nigeria to Sanyo Foods of Japan, who became our strategic partner for the Packaged Foods' noodles business. The completion of this transaction generated net cash of S$25.1 million and capital gain of S$14.2 million during the quarter. We are working on a number of other opportunities to release the intrinsic value inherent in many of our platforms.

Our net gearing (net debt to equity) remained unchanged at 1.93 times, remaining below the 2.0 times ceiling set in our strategic plan in April 2013.

Cash Flow Analysis

SGD Mn

Annual Cash Flow Summary	Q1 FY2014	Q1 FY2013	FY2013	Y-o-Y
Operating Cash flow (before Interest & Tax)	252.8	208.9	1,073.8	43.9
Changes in Working Capital	(44.5)	(702.9)	(339.5)	658.4
Tax paid	(2.8)	(1.6)	(39.5)	(1.2)
Net Operating Cash flow	**205.5**	**(495.6)**	**694.8**	**701.1**
Capex / Investments	(159.5)	(211.2)	(1,050.6)	51.7
Free cash flow to firm (FCFF)	**46.0**	**(706.8)**	**(355.8)**	**752.8**
Net interest paid	(163.2)	(137.5)	(444.6)	(25.7)
Free cash flow to equity (FCFE)	**(117.2)**	**(844.3)**	**(800.4)**	**727.1**

Olam generated positive free cash flow to firm (FCFF) of S$46.0 million in Q1 FY2014 versus a negative FCFF of S$706.8 million in Q1 FY2013. While free cash flow to equity (FCFE) was negative at S$117.2 million, we registered a strong improvement of S$727.1 million against the negative S$844.3 million in Q1 FY2013.

These changes were driven by higher operating cash flow (before changes in working capital) of S$252.8 million in Q1 FY2014 compared to S$208.9 million in Q1 FY2013. The increase in operating cash flow resulted from growth in operating earnings as reflected in our EBITDA growth.

Softer commodity prices combined with a mix of various working capital optimisation initiatives, led to a nominal increase in working capital of S$44.5 million during Q1 FY2014 compared to a working capital increase of S$702.9 million in Q1 FY2013.

In line with our strategic plan, we reduced the pace of fixed capital investments to S$159.5 million in Q1 FY2014 compared to S$211.2 million in Q1 FY2013.

We remain on track to generate positive FCFF for FY2014, based on continued efforts to drive higher operating cash flow generation from existing businesses, selectively unlocking value from past investments, revised pace of fixed capital investments and expected changes in working capital on projected organic growth at current prices.

Detailed Financial Analysis

SGD Mn

	Q1 FY2014	Q1 FY2013	% Change
Volume ('000 MT)	**3,668.7**	**3,680.6**	**(0.3)**
Revenue	**4,321.0**	**4,689.1**	**(7.9)**
Other Income	1.2	5.0	(77.1)
Cost of sales	(3,886.9)	(4,301.0)	(9.6)
Overhead expenses	(171.1)	(166.4)	2.8
Other operating expenses	(20.0)	(16.4)	22.0
Net gain from changes in fair value of biological assets	3.3	10.1	(67.1)
Share of results from jointly controlled entities and associates	1.4	2.3	(38.1)
EBITDA	**248.9**	**222.7**	**11.7**
EBITDA %	5.8%	4.7%	
Depreciation & Amortisation	(60.8)	(43.9)	38.6
EBIT	188.1	178.8	5.2
Net Finance costs	(137.1)	(131.0)	4.7
PBT	51.0	47.8	6.6
Taxation	(7.8)	(6.0)	28.9
PAT	**43.2**	**41.8**	**3.4**
PAT %	1.0%	0.9%	
Non-controlling interests	(2.4)	(1.3)	76.7
PATMI	**45.6**	**43.2**	**5.7**
PATMI %	1.1%	0.9%	

The Q1 FY2014 results included the consolidation/share of results from Northern Coffee Corporation Limited (NCCL), Dehydro Foods, Acacia, Seda Solubles, PT Sumber and our joint venture with Sanyo Foods, as the acquisition or formation of these companies were completed after Q1 FY2013.

Other Income

Other Income was reduced by S$3.8 million due to lower commissions and claims income recorded for the quarter.

Cost of Sales

Cost of Sales was lower in line with reduced revenue for the period.

Overhead Expenses

Despite the consolidation of overheads from newly acquired businesses, our Sustained Cost Management (SCM) initiatives are beginning to show results as Overhead Expenses grew only 2.8% to S$171.1 million in Q1 FY2014 from S$166.4 million in Q1 FY2013. We continue to extract operating leverage within and across our businesses and reduce costs as outlined in our strategic plan.

Other Operating Expenses

Other Operating Expenses increased by S$3.6 million, primarily on account of larger unrealised foreign exchange losses[1] during the period.

Net Gain from Changes in Fair Value of Biological Assets

There was a reduction in net gain from changes in fair value of biological assets from S$10.1 million in Q1 FY2013 to S$3.3 million in Q1 FY2014. There were no non-operational gains in these periods. Based on the current maturity profile of our biological assets, we expect a reduction in the net gain from fair value of biological assets for FY2014 compared to FY2013.

Share of Results from Jointly Controlled Entities and Associates

Share of results from jointly controlled entities and associates declined from S$2.3 million to S$1.4 million, mainly due to lower contribution from Nauvu Investments (in SIFCA) as CPO and Rubber prices weakened. Nauvu's results are usually concentrated in the second half of the financial year with a larger portion booked in Q4 of the year. Open Country Dairy reported better results than in Q1 FY2013.

Depreciation & Amortisation

Depreciation & Amortisation rose from S$43.9 million in Q1 FY2013 to S$60.8 million in Q1 FY2014, as invested fixed capital increased by approximately S$1.1 billion between the two periods.

Finance Costs

Finance costs increased from S$131.0 million to S$137.1 million, due to higher borrowings to support incremental Capex. Net debt increased from S$7.0 billion in Q1 FY2013 to S$7.3 billion in Q1 FY2014.

Taxation

Tax expenses increased to S$7.8 million in Q1 FY2014 versus S$6.0 million in Q1 FY2013. Excluding any exceptional items, we anticipate a lower effective tax rate in FY2014 compared to FY2013.

Non-controlling Interest

Non-controlling Interest consists mainly of the minority share of results from SEZ, Rusmolco and the Sanyo Foods joint venture. Q1 FY2014 recorded a S$2.4 million loss, compared to a S$1.3 million loss in Q1 FY2013 as Rusmolco in particular was impacted by unseasonal rain during the peak harvest period.

Exceptional Items

There were no exceptional items recorded in Q1 FY2014 and Q1 FY2013.

[1] Unrealised foreign exchange losses or gains arose due to changes in fair value of the underlying transactional forward currency contracts that are entered into for hedging against volatility in foreign currency exchange rates. No contract is used for trading purposes. When a forecasted sale occurs, the resultant foreign exchange gain or loss related to the change in foreign exchange rate between the time of purchase of goods and the time of sale of such goods will be booked in Cost of Sales. The fair value gain or loss booked in Other Operating Expenses in the prior period will be reversed.

Working Capital

SGD Mn

	Q1 FY2014	FY2013	Change
Stock	4,271.0	4,154.3	116.7
Advance to suppliers	585.2	598.5	(13.3)
Receivables	2,201.4	2,372.9	(171.5)
Trade creditors	(1,765.9)	(1,748.0)	(17.9)
Others	433.9	274.3	159.6
Working Capital	**5,725.6**	**5,652.0**	**73.6**

Others: Includes other current assets, changes to margin accounts with brokers and other current liabilities

Overall working capital increased by S$73.6 million during the quarter, mainly on account of higher inventories as we enter the peak procurement season (in Q2 and Q3). The increase was offset by a reduction in advances to suppliers and trade recievables, and an increase in trade creditors.

# of days

	Q1 FY2014	Q1 FY2013	FY2013	Y-o-Y
Stock	99	94	80	5
Advance to suppliers	13	6	11	7
Receivables	46	32	41	14
Trade creditors	(41)	(18)	(33)	(23)
Total cash cycle	**117**	**114**	**99**	**3**

Our overall working capital cycle increased marginally from 114 days in Q1 FY2013 to 117 days in Q1 FY2014. The change was driven by an increase in our receivable cycle which reflects a larger share of bulk/tender business. However, this was more than offset by our ability to increase our creditor days by securing better supply terms. Stock days increased as we built our inventory position during the procurement season for shipments to be made in subsequent quarters.

Debt, Liquidity and Gearing

SGD Mn

	Q1 FY2014	FY2013	Change
Gross debt	8,528.4	8,848.2	(319.8)
Less: Cash	1,190.8	1,591.0	(400.2)
Net debt	7,337.6	7,257.2	80.4
Less: Readily marketable inventories (RMI)	3,485.2	3,373.3	111.9
Less: Secured receivables	1,697.3	1,822.4	(125.1)
Adjusted net debt	2,155.1	2,061.5	93.6
Equity (before FV adj reserves)	3,798.9	3,765.0	33.9
Net debt / Equity (Basic)	**1.93**	**1.93**	**-**
Net debt / Equity (Adjusted)	**0.57**	**0.55**	**0.02**

Note: 81.6% of inventories were liquid, hedged and/or sold forward

We continued to proactively manage our debt portfolio by securing a five-year term loan of US$120.0 million from the International Finance Corporation (IFC), as well as a three-year revolving credit facility of US$400.0 million for Olam Holdings Partnership (USA). These issuances have provided for a majority of our re-financing requirements for FY2014.

Gross debt reduced by S$319.8 million as we utilised fewer working capital lines and repaid our S$250.0 million MTN during the quarter. Net debt increased marginally by S$80.4 million during the quarter. Net gearing at 1.93 times as of Q1 FY2014 remained unchanged from FY2013, and stayed below the new 2.0 times target as set out in our strategic plan.

Of the S$4.3 billion inventory position, approximately 81.6%, or S$3.5 billion were RMI – readily marketable inventories that were liquid, hedged and/or sold forward, operating as near-cash assets on our balance sheet. In addition, of the S$2.2 billion in trade receivables, approximately 77.1% were secured. Typically, at any given point, about 80-90% of inventory is hedged and/or sold forward and 60-70% of receivables are supported by letters of credit or documents through banks. Adjusting for RMI and secured receivables, our net gearing would be 0.57 times, reflecting the true indebtedness of our Company.

We maintained sufficient liquidity to meet our working capital and capital expenditure requirements with a total of S$12.0 billion in available liquidity as of end-Q1 FY2014, including unutilised bank lines of S$5.7 billion.

Segmental Review and Analysis

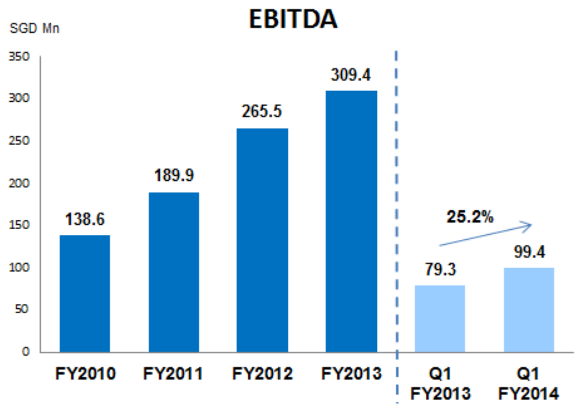
SGD Mn

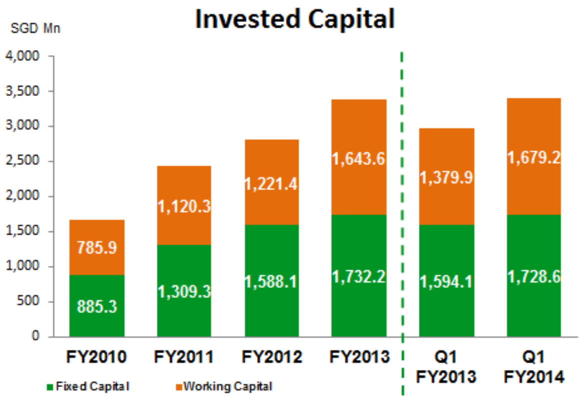
	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)	
	Q1 FY2014	**Q1 FY2013**	**Q1 FY2014**	**Q1 FY2013**	**Q1 FY2014**	**Q1 FY2013**	**Q1 FY2014**	**FY2013**
Edible Nuts, Spices & Vegetable Ingredients	456.3	419.9	760.5	585.4	99.4	79.4	3,407.8	3,375.8
Confectionery & Beverage Ingredients	314.9	309.8	921.5	1,262.0	53.4	46.4	2,015.0	2,141.1
Food Staples & Packaged Foods	2,527.0	2,597.3	1,710.7	1,914.7	87.6	82.3	3,613.5	3,308.0
Food Category	**3,298.2**	**3,327.0**	**3,392.7**	**3,762.1**	**240.4**	**208.1**	**9,036.3**	**8,824.9**
Industrial Raw Materials (IRM)	370.5	353.6	927.9	926.6	16.8	12.7	1,948.0	2,103.2
Commodity Financial Services (CFS)	N.A.	N.A.	0.4	0.4	(8.3)	1.9	5.6	1.5
Non-Food Category	**370.5**	**353.6**	**928.3**	**927.0**	**8.5**	**14.6**	**1,953.6**	**2,104.7**
Total	**3,668.7**	**3,680.6**	**4,321.0**	**4,689.1**	**248.9**	**222.7**	**10,989.9**	**10,929.6**

Q1 FY2014 IC excludes Gabon Fertiliser Project's fixed capital of S$141.2 million (FY2013: S$106.0 million)

Edible Nuts, Spices & Vegetable Ingredients

The Edible Nuts, Spices & Vegetable Ingredients segment registered a year-on-year volume growth of 8.7%, revenue growth of 29.9% and EBITDA growth of 25.2% in Q1 FY2014.



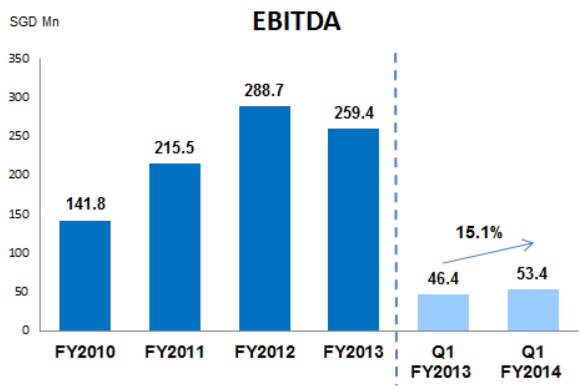


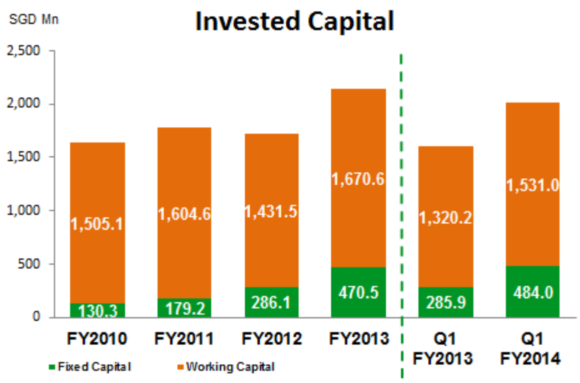
The almond business was a key driver of growth in segment volumes, revenues and EBITDA as the business benefitted from higher upstream volumes and favourable trading conditions. Compared to the previous year, we also recorded an improvement in the performance of the US tomato processing business through the normalisation of inventory levels and an improvement in selling prices as the market moved out of a global oversupply situation. The US vegetable ingredients business also started the year better than expected.

Invested capital in the segment increased by S$32.0 million mainly on account of higher working capital deployed in the business compared to Q4 FY2013. We carried a larger volume of almond inventories at higher prices; this quarter also marked the main procurement season for our vegetable ingredients business in the US and the hazelnut business in Turkey.

Confectionery & Beverage Ingredients

The Confectionery & Beverage Ingredients segment recorded marginal growth in volume of 1.6%, although revenue declined by 27.0% because of a steep decline in coffee prices compared to the previous corresponding quarter.





The Cocoa business had a good start to the year, although the main procurement season in the major origins has yet to start. Coffee seasons will come in Q2 and Q3. The unusually low coffee prices are likely to place some margin pressure on our Coffee business, particularly in the Arabica origins.

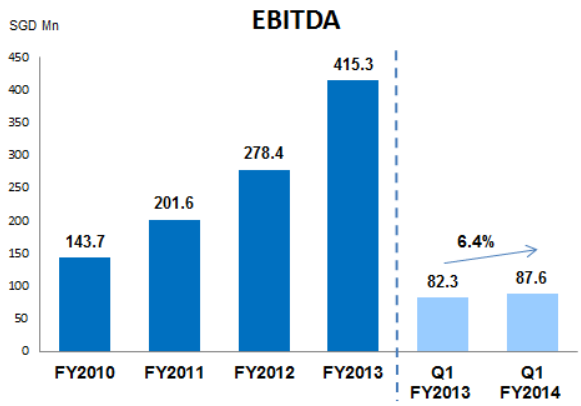
Despite flat volumes, EBITDA grew by 15.1%, led by higher contribution from our upstream and midstream investments, notably from the organic soluble Coffee plant in Vietnam. The integration of Seda Solubles also progressed well. Our Cocoa processing plant in Cote d'Ivoire is expected to be completed in December 2013 and commence trial production in Q3 FY2014.

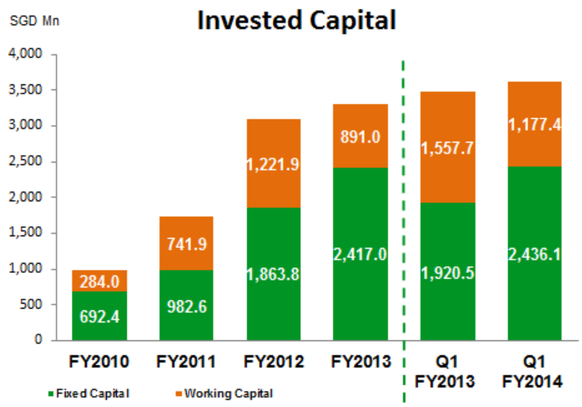
Invested capital in the segment was reduced by S$126.1 million, driven mainly by softer coffee prices.

We will continue to invest in upstream Cocoa and Coffee plantations as well as midstream Cocoa processing and soluble Coffee manufacturing, which are expected to be the main drivers of EBITDA growth in the segment over the plan period.

Food Staples & Packaged Foods

Food Staples & Packaged Foods segment volumes declined marginally by 2.7% mainly due to lower Grains and Rice volumes, although these were partially offset by higher volumes from Palm trading and Packaged Foods in West Africa.





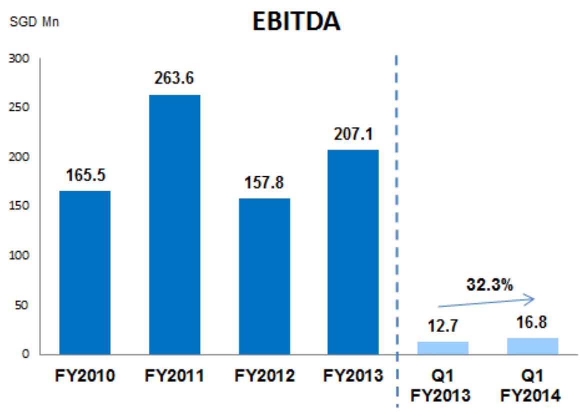
EBITDA grew by 6.4% largely due to better performance from our flour mills, the Nigerian Packaged Foods business and the Indonesian Sugar refinery. Rice margins were lower versus Q1 FY2013 when we had recorded a one-time favourable impact of a change in import duty in Nigeria. Although dairy prices improved, the upstream Dairy business continued to face operational challenges leading to lower than expected milk production in both Rusmolco and NZFSU. The agricultural harvest in Russia is underway and is expected to deliver higher yields, but lower quality of grains and dairy feed, due to unseasonal rain during the harvest period.

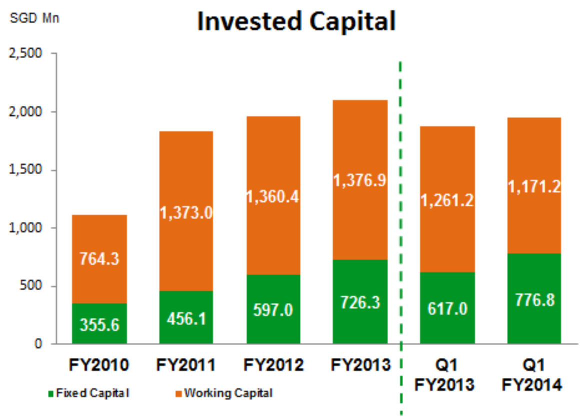
Invested capital increased by S$305.5 million during the quarter, mainly due to higher working capital deployed for Grains procurement in Russia and Ukraine, Rice inventories in Nigeria, Packaged Foods business in Ghana and Nigeria and the Dairy supply chain business, which saw a marked increase in volume and higher selling prices.

During the quarter we received S$25.1 million from Sanyo Foods for the completion of the sale of the minority stake in our Packaged Foods' noodle business as announced earlier.

Industrial Raw Materials

The Industrial Raw Materials segment saw a volume growth of 4.8% while turnover remained flat. The Cotton business registered good volume growth, while Wood Products and Fertiliser volumes were lower than the previous corresponding quarter.





EBITDA grew by 32.3%, driven mainly by improvements in both volume and margins in the Cotton business. We were successful in reducing our overheads, particularly in Wood Products, by restructuring parts of the business in view of sluggish demand for hardwoods in our key destination markets.

Overall invested capital was reduced by S$155.2 million. Lower Cotton inventories led to a reduction in working capital, while fixed capital investments increased mainly in our projects in Gabon (SEZ and Rubber) and Republic of Congo (Wood Products).

Commodity Financial Services

The CFS business registered an EBITDA loss of S$8.3 million. While the fund management business got off to a steady start, the market-making and volatility trading division incurred an operating loss. Both the fund management and marketing-making/volatility trading parts of the business have been restructured after the strategic review.

Recent Developments

In line with our strategy to unlock value and redeploy capital in higher growth areas, we recently announced the sale of our Dirranbandi cotton gin in Queensland to Cubbie Ginnery Pty Ltd for A$20.0 million.

We also announced the sale-and-leaseback of our almond plantation assets in Australia for A$200.0 million. Together, these transactions are expected to release incremental cash of A$220.0 million and generate a net capital gain of approximately A$50.0 million. Besides generating incremental cash flow, the transactions are also expected to enhance returns, particularly in the Australian almond operations.

Both the above transactions are expected to be completed by Q3 FY2014, subject to customary closing conditions.

Outlook

The Company's diversified portfolio with leadership positions in many of its segments provides a resilient platform to navigate the uncertainties in the global markets. Given the momentum seen in Q1 FY2014 on executing the Company's strategy, we remain confident about delivering both earnings growth and generating positive FCFF for the full year FY2014.

. . . .

Annexure: Business Description

Business Model and Strategy

Olam's business is built on a strong foundation as a fully integrated supply chain manager and processor of agricultural products and food ingredients, with operations across 16 platforms in 65 countries. As a supply chain manager, Olam is engaged in the sourcing of a wide range of agricultural commodities from the producing countries and the processing, warehousing, transporting, shipping, distributing and marketing of these products right up to the factory gate of our customers in the destination markets. We also manage risk at each stage of the supply chain. From our inception in 1989, we have evolved from a single country, single product trader to a multi-country, multi-product supply chain manager.

In that process of evolution and development, the Olam business model has grown both in depth as well as breadth, pursuing selected value chain adjacencies which both complement and enhance our core supply chain model.

Business model evolution

The evolution of our business model over recent years has led us to develop new competencies as we pursued our strategic goals, including the capabilities to identify, execute and integrate attractive acquisition opportunities in selected countries, and within or adjacent to our core value chain activities. Successfully completed transactions have addressed opportunities in the upstream (plantation and farming), midstream (manufacturing/ processing) and downstream parts of the value chain.

Building on existing and new capabilities, we have expanded upstream selectively into plantation ownership and management (perennial crops), farming (annual crops), dairy farming and forest concessions management. These opportunities, both organic and inorganic, have been pursued in countries that have a comparative advantage to produce these commodities relatively better and at relatively lower costs on a sustainable basis.

Selective investments across the value chain

Pursuit of this strategy has led us to invest selectively in almond orchards in Australia and California, peanut farming in Argentina, Coffee plantation in Laos, Ethiopia, Tanzania, Zambia and Brazil, Rice farming in Nigeria and Mozambique, Palm and Rubber plantations in Africa, Dairy farming in Uruguay and Russia, and the development of tropical hard wood forest concessions in The Republic of Congo (ROC), Gabon and Mozambique.

Similarly, in the midstream part of the value chain, we have pursued initiatives in value-added processing and manufacturing activities, such as mechanical processing of cashews in Cote d'Ivoire and Nigeria, hazelnut processing in Turkey, spice grinding in Vietnam, soluble Coffee manufacturing in Vietnam and Spain, Cocoa processing in Cote d'Ivoire and Nigeria and wheat milling in Nigeria and Ghana.

Downstream progress has been reflected in the initiatives completed in Packaged Foods distribution in West Africa and building our own consumer brands in the food category, which capitalises on our intimate knowledge of African markets, operations, brands, and consumers. This downstream activity also builds on capabilities in the management of food supply chains and on the common distribution pipeline that we have built for related commodity products (including Rice, Sugar, wheat flour and Dairy products) in West Africa. Initiatives in this segment include biscuits and candy manufacturing and downstream distribution in Nigeria and Ghana, juice and dairy beverages in Nigeria, instant noodles, seasonings, tomato paste distribution in Nigeria and selective West African markets.

In addition, Olam has diversified into new businesses which build on latent assets and capabilities developed over the last 24 years. The Commodity Financial Services business (CFS) benefits from our deep understanding of both commodity and financial markets, as well as from our capabilities in and knowledge of leading-edge risk management practices. We entered into a joint venture with the government of Gabon to develop a Special Economic Zone (SEZ) which entailed the creation of an integrated industrial park with a focus on the timber processing industry. One significant new growth initiative is the proposed manufacturing of fertiliser in Gabon, which will capitalise on our extensive grower and supplier base in various producing countries around the West Africa region for distribution.

A responsible approach to business

Corporate responsibility and sustainability has always been an essential part of our way of doing business. In addition to our longstanding adherence to documented standards, we have also recently established an Olam Livelihood Charter, and continue to work both on our own and with selected expert partners to advance our objectives in this area.

A unique and entrepreneurial culture

One of the major factors that sets Olam apart is our unique culture: we think and act as owner-managers, focused both on the realisation of short-term results and the creation of long-term value for our stakeholders. A fully aligned organisational structure, culture and long-term compensation system fully support these objectives.

Business Segmentation and Reporting

We organise Olam's operations into five business segments and three value chain segments for reporting purposes. The distribution of the 16 platforms across the business segments and the activities across the value chain segments are given below:

5 Business Segments	16 Platforms
Edible Nuts, Spices & Vegetable Ingredients (formerly known as Edible Nuts, Spices & Beans)	1) Edible Nuts (cashew, peanuts, almonds, hazelnuts and sesame) 2) Spices & Vegetable Ingredients (including onion, garlic, and tomato)
Confectionery & Beverage Ingredients	3) Cocoa 4) Coffee
Food Staples & Packaged Foods	5) Rice 6) Sugar and Natural Sweeteners 7) Grains (including wheat, corn and barley) 8) Palm 9) Dairy 10) Packaged Foods
Industrial Raw Materials (IRM)	11) Natural Fibres (cotton and wool) 12) Wood Products 13) Rubber 14) Fertiliser supply chain 15) Special Economic Zone (SEZ)
Commodity Financial Services (CFS)	16) Commodity Financial Services (Market-making, risk management solutions and commodity funds management)

3 Value Chain Segments	Value Chain Activity
Supply Chain (including value added services)	Includes all activities connected with origination, sourcing, primary processing, logistics, trading, marketing (including VAS) and risk management of agricultural products and the CFS business
Upstream	Includes all activities relating to farming (annual row crops), plantations (perennial tree crops), Dairy farming and forest concessions
Midstream & Downstream	Includes all activities relating to secondary processing, contract manufacturing, branded distribution, private label activities and SEZ

The production of agricultural products is seasonal in nature. The seasonality of the products in our global portfolio depends on the location of the producing country. The harvesting season for most of the agricultural products for countries situated in the northern hemisphere generally falls between October and March. Countries in the southern hemisphere have harvesting seasons between April and September. It is also not unusual to experience both delays, as well as early starts, to the harvesting seasons in these countries in a particular year, based on weather patterns. In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmers' selling decisions; these are mainly a function of the farmers' view on prices and inventory holding capacity. The majority of our origins are located in the northern hemisphere. Consequently, our earnings tend to be relatively higher in the Second Half of the Financial Year (January to June) compared to the First Half of the Financial Year (July to December). Based on this seasonality, we have observed the distribution of our earnings in prior periods follow the schedule below:

Q1 July - Sept	Q2 Oct - Dec	**1St Half July – Dec**	Q3 Jan - March	Q4 Apr – June	**2nd Half Jan – June**
5 – 10%	25 – 30%	**30 – 40%**	35 – 40%	25 – 30%	**60 – 70%**

Key Definitions

The definitions for the financial terms used in the MD&A are as follows:

Sales Volume: Includes proportionate share of volumes from jointly controlled entities and associates and there are no associated volumes for CFS and SEZ platforms

Revenue: Sale of goods and services

Other Income: Includes sale of scrap materials, gain on sale of assets, commissions and claims income, fair value gain on investment held for trading, negative goodwill and other non-recurring, exceptional items

Cost of Sales: Cost of goods sold, shipping and logistics, commissions and claims expenses, net measurement of derivative assets

Overhead Expenses: Employee benefit costs, manufacturing overheads, travel expenses and other direct expenses

Other Operating Expenses: Unrealised foreign exchange gain/loss and other expenses

Net gain from changes in fair value of biological assets: Includes both operational and non-operational (due to changes in the fair value model) changes in the fair value of biological assets

Exceptional Items: One-off, non-recurring items, including negative goodwill and related transaction costs, gain/loss on sale of assets/business and associated tax impact, gain/loss on buyback of bonds, impairment loss, non-operational gain/loss from changes in fair value of biological assets, business restructuring expenses. These items may fall within Other Income, Cost of Sales, Overhead Expenses or Other Operating Expenses lines.

Operational PATMI: Profit After Tax and Minority Interest (PATMI) excluding exceptional items

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) which includes minority interest and excludes exceptional items

Invested Capital (IC): Excludes cash and bank balances, deferred tax assets, fixed deposits, other current/non-current assets (other than option premiums payable/receivable) and fair value of derivative assets on bonds.

EBITDA/IC: EBITDA on average invested capital based on beginning and end of period invested capital

Free Cash Flow to Firm (FCFF): Operating cash flow less changes in working capital, cash taxes, capital expenditures and investments

Free Cash Flow to Equity (FCFE): FCFF less net interest paid
