Annual Report 2010

DELIVERING OUR STRATEGY

WHAT WE SAID, WHAT WE DID

OLAM

DELIVERING OUR STRATEGY

what we said

At Olam, we review every three years, our strategic plan for the next two three-year cycles. We carried out this exercise in the beginning of 2009 for the six year period from FY2010 to FY2015. We took stock of our core business and our key strengths; we looked at the agri-business value chain and our competitive position in each of our businesses; we evaluated alternative approaches to growth; we tapped multiple sources to inform our judgement and develop our new corporate strategy.

We identified and developed four key strategic thrusts to pursue. These were: Selectively integrating upstream into plantations and farming; Selectively integrating midstream into value-added processing to enhance our margins; Investing to get the existing core supply chain and value-added services to full potential; Leveraging our latent assets to expand into new adjacent businesses.

what we did

Based on the four strategic thrusts developed and the mapping of the various business units along these strategic thrusts, we developed a prioritisation matrix to screen the 57 growth initiatives submitted by all the business units. We screened the initiatives based on their strategic value and our ability to win in terms of execution and profitability. We de-prioritised 11 initiatives and classified the balance 46 into two categories, based on how they scored in the screening process.

We have invested significantly across these prioritised value chain segments. We have invested S$1,462 million in FY2010 of which 40% is in Upstream Initiatives, 16% in Supply Chain & Value-Added Services and 44% in Midstream Initiatives.

All initiatives executed in FY2010 are 'On Strategy'. 80% of initiatives identified in the 2009 corporate plan are either executed or on track.

Early results have exceeded expectations with strong trajectory towards achieving our FY2015 targets.

CONTENTS

Going upstream

Beyond the farm gate

ACHIEVED

S$110.3

million NC

S$98.8

million EBITDA

45.1%

EBITDA margin in FY2010

what we said

We would identify excess return opportunities in the upstream segment of the value chain and invest in the same on a selective basis. We identified Plantations, Farming, Forestry Concessions and Dairy Farming as possible integration opportunities. We decided to be highly selective in going upstream by only investing in opportunities in countries that had a comparative advantage to produce these commodities cheaper or better in the long run.

This strategy would provide us with a significant competitive advantage as a low cost producer, yielding excess returns regardless of commodity cycles and improving our overall margin profile.

what we did

For each of the products where we are integrating upstream, we have mapped the cost of production and the sustainable comparative advantage a country has to produce that crop cheaper and better.

Based on this, we have invested in:

- Palm plantations in West Africa
- Rubber plantations in West Africa
- Almond plantations in Australia
- Coffee plantations in Laos
- Rice farming in Nigeria and Mozambique
- Peanut & Soybean farming in Argentina
- Timber Concessions in Gabon and Mozambique
- Dairy Farming in Uruguay

Investments of S$585m were made in upstream integration initiatives in FY2010.

Optimising the core

Capturing full value from our existing investments

ACHIEVED

S$635.1

million NC

S$403.8

million EBITDA

4.4%

EBITDA margin in FY2010

what we said

We have developed a strong core as a leading global supply chain manager of agricultural raw materials and food ingredients. The key to our strong core business is a repeatable and scalable formula that has allowed us to reinforce and expand the core in different ways. We would optimise the core and extract the full potential of the investments already made.

what we did

- The Cashew, Spices & Dehydrates and Sesame businesses delivered a very strong and broad based performance.
- The Coffee and Cocoa businesses generated improved margins by providing valued-added services such as organic cocoa and coffee, certified cocoa and coffee and vendor managed inventory solutions.
- The Rice and Dairy businesses recorded strong volume growth as well as improved margins from their distribution operations in West Africa.
- The Cotton business extracted efficiencies in Queensland Cotton's operations, enabling it to achieve a marked turnaround during FY2010 delivering better than expected results.
- The Wood Products business leveraged its investments in Africa and consolidated its position in the global plantation and hardwood sectors.
- We exited some of our underperforming profit centres like Pulses & Beans and downsized and pruned 23 of our original profit centres. This released capital and management bandwidth to grow more profitable businesses.

We invested S$234 million to expand our supply chain & value-added services in FY2010.

Going midstream

Enhancing our value chain

ACHIEVED

S$155.6

million NC

S$105.5

million EBITDA

9.8%

EBITDA margin in FY2010

what we said

We would enhance our portfolio margins by selectively integrating into higher margin midstream segments in the value chain.
We pursued initiatives in value-added processing and manufacturing activities.

what we did

During the year we enhanced our value chain margins by expanding into several midstream opportunities. Many of these investments have contributed to the bottom line in the very first year.

- Grinding of Spices in Vietnam
- Mechanical Processing of Cashew Nuts in Cote d'Ivoire and Nigeria
- Wheat Milling in Nigeria and Ghana
- Processing of Timber in Gabon
- Refining of Sugar in Indonesia
- Sugar Milling in India
- Processing of Paddy Rice in India
- Manufacturing of Dehydrated Garlic, Onions and Vegetables in USA and China
- Tomato Paste manufacturing in California
- Cocoa Processing in Nigeria and Cote d'Ivoire

We invested S$643 million in FY2010 in these midstream initiatives.

Leveraging our latent assets

COMMODITY FINANCIAL SERVICES ACHIEVED

S$25.1

million NC in FY2010

what we said

We would identify and enter new businesses that would leverage and build on the latent assets and capabilities that we had developed over the last 20 years. We had shortlisted three new businesses – Commodity Financial Services, Packaged Foods in Africa and Fertiliser manufacturing and distribution in Africa.

what we did

- We have set up a subsidiary company, Invenio Holdings for the Commodity Financial Services business to undertake three activities:
  1. market making and volatility arbitrage trading;
  2. providing risk management solutions;
  3. commodity fund management.
- The Relative Value Fund 'Ektimo Relative Value Fund' has been launched and has got off to a good start.
- We have grown our market-making and volatility arbitrage trading and risk management solutions activities.
- We have expanded our Packaged Foods business in Africa. Our Tomato Paste brand, Tasty Tom, is today the No.2 brand in West Africa.
- We have started the construction of a factory in Nigeria to produce Tomato Paste in sachets.
- We have commenced the feasibility studies for setting up a Fertiliser manufacturing and distribution operation in West Africa.

Acquiring capabilities to execute strategy

HIRED

14 upstream experts

105 midstream experts

RAISED

US$2 billion of capital in FY2010

what we said

We would build capabilities in respect of achieving Excellence in Execution, Enhancing M&A effectiveness, Ensuring Capital Efficacy and Building both Upstream and Midstream competencies by acquiring new talent.

what we did

- Established a Programme office to oversee and monitor the execution of strategic initiatives.
- Expanded our operational capabilities by acquiring new talent in the upstream, midstream and supply chain & value-added services domain. Hired 14 upstream experts and 105 midstream technical experts.
- Strengthened systems capabilities.
- Set up a Global Manufacturing and Technical Services Function.
- Built a robust pipeline and rigorous deal prioritisation process.
- Strengthened due diligence and post merger integration capabilities.
- Built balance sheet flexibility through innovative equity, equity-linked and medium and long term financing instruments. We raised additional capital of approximately US$2 billion in FY2010.

Building leadership for growth

Grew Global Assignee Talent Pool to

558

Attrition rate

<10%

Ranked

18th

in the Global Top Companies for Leaders

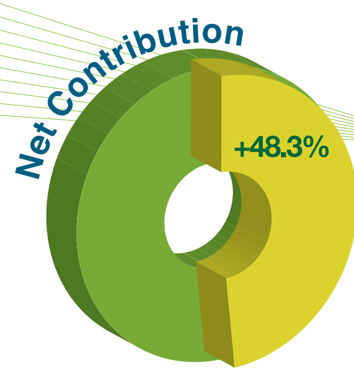
what we said

One of the critical success factors for us to achieve our growth plans will be to make our leadership model scalable and replicable. Our strategy is to train and develop global leaders who are capable of executing our ambitious growth objectives. Our Global Assignee Talent Pool has grown from strength to strength through our acquisitions and our ability to retain talent in a highly competitive market.

what we did

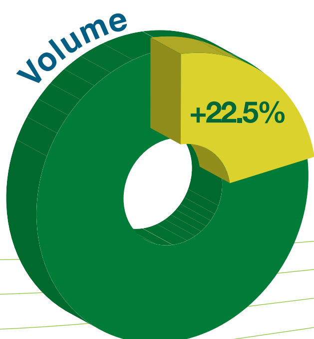
- Our Global Assignee Talent Pool has grown by 135 managers to reach a 558 strong team at the end of FY2010.
- We have a very low overall attrition rate and continue to have high engagement scores.
- We have a very high retention rate from acquisitions.
- We have specialised milestone training programmes and continue to foster an entrepreneurial culture.
- We have been recognised by Hewitt, RBL and Fortune as one of the top 25 Global Companies for Leaders (the only company from Singapore to be included in this list).
- Made it to the Forbes Asia's Fab 50 list for the second year in a row (again the only company in Singapore to make this list) that 'calls attention to great management and entrepreneurial skill'.

Performance overview



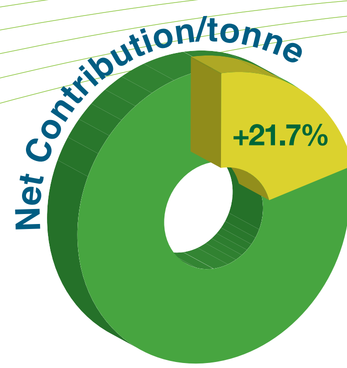
FY2010
S$901.0m

FY2009
S$607.3m



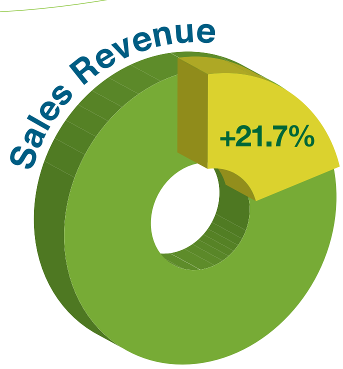
FY2010
7.0m
tonnes

FY2009
5.7m
tonnes



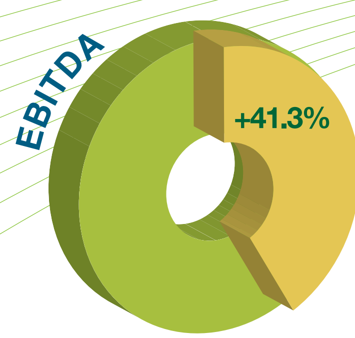
FY2010
S$129

FY2009
S$106



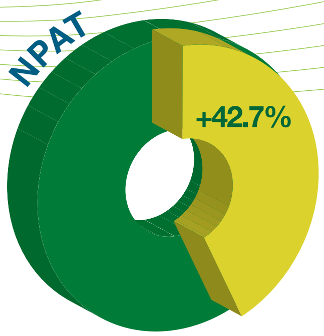
FY2010
S$10.4b

FY2009
S$8.6b



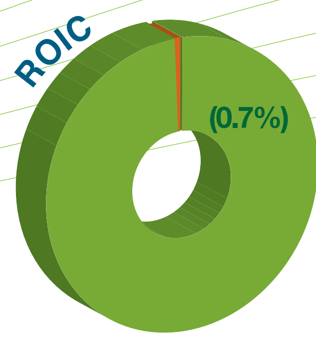
FY2010
S$608.1m

FY2009
S$430.3m



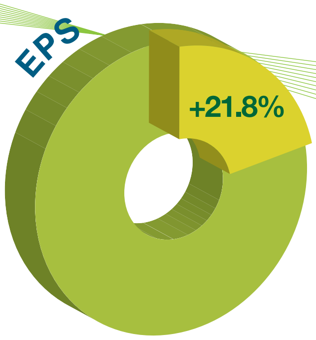
FY2010
S$359.7m

FY2009
S$252.0m



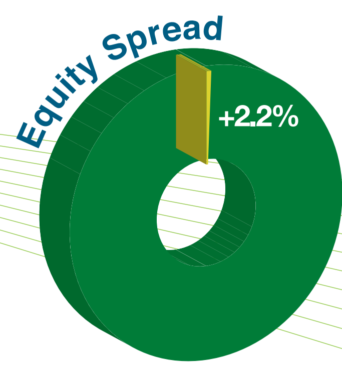
FY2010
14.0%

FY2009
14.7%



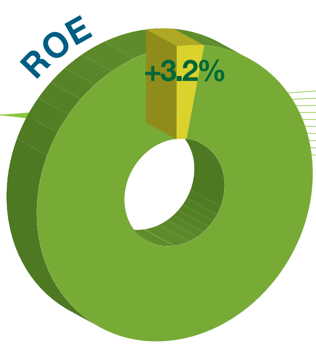
FY2010
17.9¢

FY2009
14.7¢



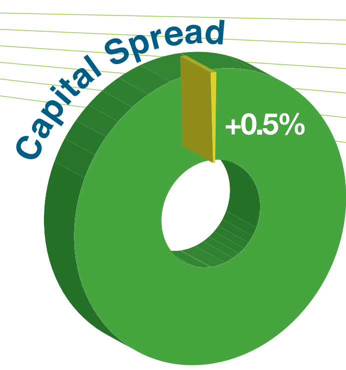
FY2010
19.3%

FY2009
17.1%



FY2010
29.3%

FY2009
26.1%

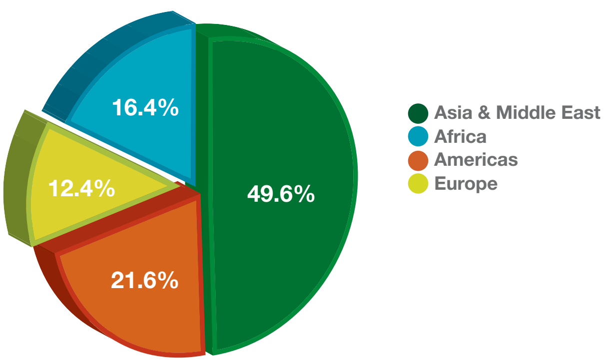


FY2010
6.8%

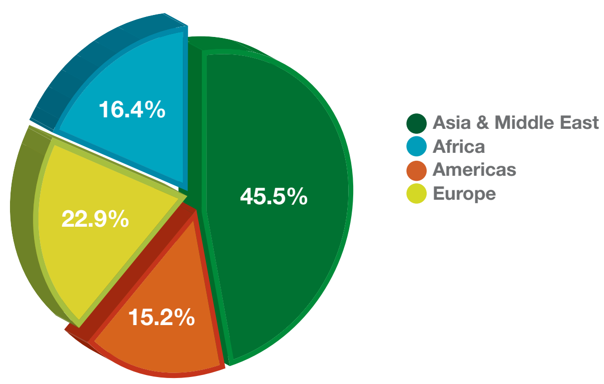
FY2009
6.3%

Financial summary

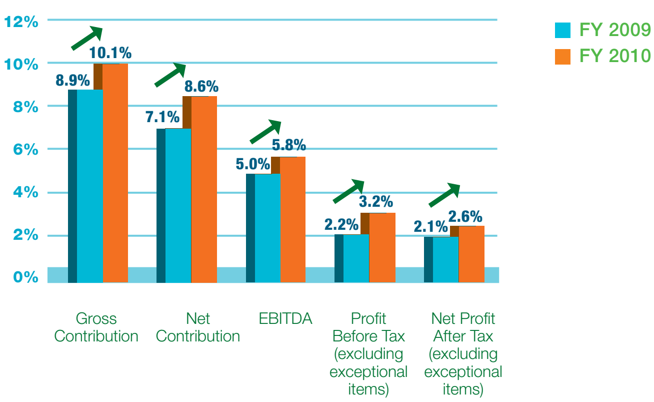
SOURCING VOLUME BY CONTINENT (FY2010)



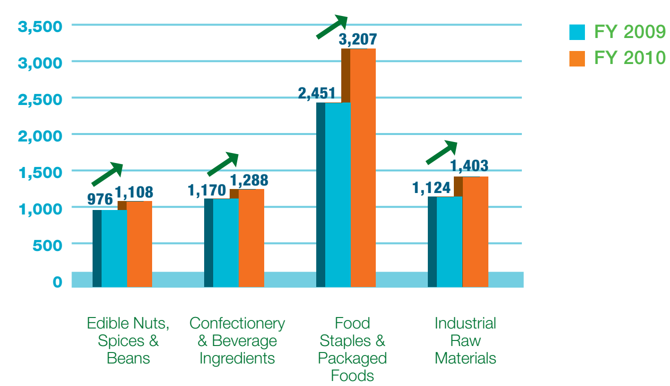
SALES REVENUE BY CONTINENT (FY2010)



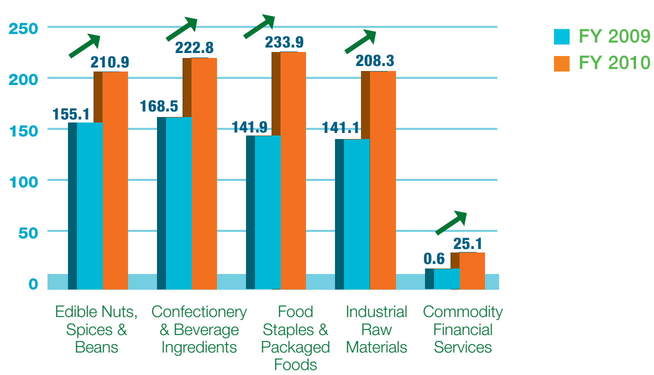
PERFORMANCE METRICS (%)



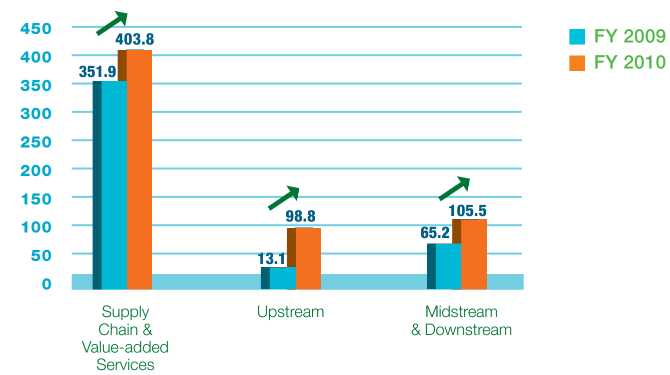
SALES VOLUME BY BUSINESS SEGMENT ('000 METRIC TONNES)



NET CONTRIBUTION BY BUSINESS SEGMENT (S$ MILLION)



EBITDA BY VALUE CHAIN SEGMENT (S$ MILLION)



Financial highlights

For the Year Ended 30 June (S$'000)	FY2010	FY2009	Change %
Consolidated Results			
Sales Volume ('000 Metric Tonnes) *	**7,006**	5,721	22.5
Sales Revenue	**10,455,032**	8,587,932	21.7
Gross Contribution	**1,060,284**	768,494	38.0
Gross Contribution Per Tonne (S$)	**151**	134	12.7
Net Contribution	**900,984**	607,251	48.4
Net Contribution Per Tonne (S$)	**129**	106	21.7
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**608,137**	430,305	41.3
Earnings Before Interest and Tax (EBIT)	**538,344**	388,507	38.6
Profit Before Tax	**420,195**	258,024	62.9
Reported Net Profit After Tax Attributable to Shareholders	**359,469**	252,029	42.6
Net Profit After Tax Attributable to Shareholders (excluding exceptional items)	**272,108**	182,248	49.3
Earnings Per Share basic (cents)	**17.9**	14.7	21.7
Net Dividend Per Share (cents) **	**4.5**	3.5	28.6
Other Financial Information			
Total Debt	**4,503,004**	3,174,191	41.9
Cash & Cash Equivalents	**671,543**	533,818	25.8
Shareholders' Equity	**1,771,929**	1,045,846	69.4
Net Debt to Equity (times) ***	**1.90**	2.15	(0.25)
Net Debt to Equity (times) *** adjusted for liquid assets	**0.43**	0.39	0.04
Return on Beginning-of-period Equity (%)	**29.3**	26.1	3.2
Return on Average Equity (%)	**22.2**	23.0	(0.8)
Return on Average Invested Capital (%)	**14.0**	14.7	(0.7)
Interest Coverage (times)	**3.04**	2.08	0.96
Adjusted Interest Coverage (times) #	**11.8**	8.8	3.0
Cash to Sales (%)	**6.42**	6.22	0.20

* Includes proportionate share of volumes from jointly controlled entities and associates
** Includes second and final dividend of 2.5 cents per share as recommended by the Board for approval at the 16th Annual General Meeting
*** Before Fair Value Adjustment Reserves
# EBITDA less working capital interest /Total interest expense less working capital interest

Chairman's statement

Exceeding expectations

Financial Year 2010 was an outstanding year for Olam and I would like to take this opportunity to congratulate and thank the team for an exceptional effort. The Company's sterling performance is a testament to its robust strategy, diversified businesses and operating fundamentals. While delivering these impressive results, we have continued to invest in our future. Our excellent results of 2010 have established a new performance level and have set a higher base for growth in the coming years.

Sales Revenue grew by 21.7% to S$10.45 billion while Net Income rose 42.6% over the previous financial year to S$359.7 million. The Net Income for the year included an exceptional net gain of S$87.6 million arising mainly from the negative goodwill generated in the purchase of the tomato processing facility in USA and the almond orchards in Australia. Excluding these exceptional gains, Net Income grew by 49.3% over FY2009 to S$272.1 million. These results are a strong endorsement of our excellence in execution backed by the capabilities and cohesiveness of our experienced management team as well as the commitment and dedication of all our employees.

Our earnings per share increased 21.7% from 14.71 cents to 17.91 cents. To reward shareholders for their continued support and confidence in Olam, the Board is pleased to recommend a Second and Final dividend of 2.50 cents per share, subject to the approval of shareholders. This, when added to the interim dividend of 2.00 cents per share, makes the total dividend for the year 4.50 cents per share (FY2009: 3.5 cents per share). This amounts to a total dividend payout of S$90.9 million, compared to the payout of S$69.6 million for FY2009. This also means a dividend payout ratio of 25.3% for FY2010.

A more detailed review of the results of the year and the operating performance of the Group is contained in the CEO's review on pages 24 to 35 of this report.

At Olam, we believe that strong corporate governance is essential to the sustainability of our businesses and performance and hence remain firmly committed to maintain high standards in governance processes as part of our accountability to all our stakeholders. The Board will work closely with Management to manage risks and ensure the Group remains robust to overcome multiple challenges in different businesses and countries where we operate.

Our people are our primary resource. At Olam, we will continue to nurture our employees and provide opportunities for them to maximise their potential, develop their talents and capabilities to enhance the Company's competitiveness and business success. We will continue to upgrade their skill sets to remain productive. We continue to place great emphasis on grooming our people to ensure smooth and effective succession for key management positions.

I would like to take this opportunity to once again congratulate and thank our global team for making this a landmark year for the Company.

Last but not the least, I wish to thank my fellow Directors on the Board, shareholders, investors, business partners and all other stakeholders for their unstinting support. The Company shall spare no effort in charting new growth paths so as to achieve even greater success in the years ahead.

Thank you.

R. Jayachandran
Chairman

Sridhar Krishnan
EXECUTIVE DIRECTOR

Mr. Sridhar Krishnan is an Executive Director and was appointed to the Board in 1998. He is a Non-Executive Director on the Board of The Singapore Commodity Exchange. He is currently responsible for Olam's Rice, Wood Products and Shipping businesses and has functional oversight for the Human Resources, Insurance and Administration functions. He is a member of the Corporate Executive Team and Strategy Committee and is the Head of the Program Office, responsible for driving the implementation of the Group's Corporate Strategy. He has over 36 years' experience, more than half of which have been with Olam. He has held many senior positions in the Company including being Global Product Head for many businesses. He holds a Bachelor's degree in Commerce and is a postgraduate in Business Management from a leading business school in India. He is a member of the Board's Risk and Corporate Responsibility & Sustainability Committees.

Wong Heng Tew
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

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

Board of directors

Robert Michael Tomlin
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Mr. Robert Tomlin is a Non-Executive and Independent Director and was appointed to the Board in 2004. Mr. Tomlin is on the board of trustees of Singapore Management University and a member of the Catalist Advisory Panel of the Singapore Exchange. Mr. Tomlin retired from UBS Investment Bank in August 2009, having served as Vice-Chairman, Asia and subsequently, Senior Advisor. Prior to this he spent 30 years with the Schroder Group, 12 of which were as CEO, SE. Asia. He currently chairs the Design Singapore Council and the Singapore Repertory Theatre and is a director on several boards in the fields of education and the arts. Mr. Tomlin holds a BA in Modern Languages from Downing College, Cambridge and is a Business Management Graduate from Harvard Business School. He chairs our Capital & Investment Committee and is a member of the Audit & Compliance, Risk and Corporate Responsibility & Sustainability Committees.

Jean-Paul Pinard
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

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

Shekhar Anantharaman
EXECUTIVE DIRECTOR

Mr. Shekhar Anantharaman is an Executive Director and was appointed to the Board in 1998. He is currently responsible for our Edible Nuts, Spices & Dehydrates and Packaged Foods businesses. He also has regional oversight for the Company's operations in China, Brazil, Argentina and North America, and at the same time, functional oversight of the Manufacturing and Technical Services function. He is a member of the Strategy Committee and the Corporate Executive Team. He has 24 years of experience, 18 of which have been with Olam. He has held various senior roles in Country Management, Finance and Treasury as well as being the Global Product Head for many businesses. He holds a degree in Aeronautical Engineering and a postgraduate degree in Business Management from a leading business school in India. He is a member of the Board's Capital & Investment and Corporate Responsibility & Sustainability Committees.

Andy Tse Po Shing
NON-EXECUTIVE DIRECTOR

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

R. Jayachandran
NON-EXECUTIVE CHAIRMAN

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

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

Sunny George Verghese
GROUP MANAGING DIRECTOR AND CEO

Mr. Sunny Verghese is the Group Managing Director and CEO and was appointed to the Board in 1996. He has been with the Kewalram Chanrai (KC) Group for over two decades and in 1989 was mandated to build an agricultural products business for the Group. Before joining the KC Group, he worked for Unilever in India. As the CEO of Olam, he provides the leadership to steer Olam through its expansion and growth plans. He is also a member of the Company's Capital & Investment and Risk Committees. Mr Verghese is currently Chairman of International Enterprise, Singapore and was appointed to the Board of Trustees of the National University of Singapore. Earlier this year, he was invited to chair the Governing Council of the Human Capital Leadership Institute. In 2008, Mr. Verghese was appointed as a Non-Executive Director on the Board of PureCircle Limited, which is listed on AIM. He is also one of Singapore's representatives to the ASEAN Business Advisory Council. He holds a postgraduate degree in Business Management from the Indian Institute of Management, Ahmedabad and has completed the Advanced Management Program at Harvard University. Mr. Verghese was awarded the Public Service Medal by the Government of the Republic of Singapore in 2010. In 2008, Mr. Verghese was named the Ernst & Young Entrepreneur for Singapore in 2008 and represented Singapore at the Ernst & Young World Entrepreneur Of The Year Awards in Monte Carlo in 2009. Sunny was voted the Best Executive in Singapore for 2006 in the AsiaMoney Awards and was declared 'Outstanding Chief Executive for 2006' in the 2007 Singapore Business Awards.

Board of directors

Mark Haynes Daniell
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

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

Michael Lim Choo San
NON-EXECUTIVE AND LEAD INDEPENDENT DIRECTOR

Mr. Michael Lim is a Non-Executive and Independent Director since September 2004. He was appointed as Lead Independent Director in May 2010. Mr. Lim is Chairman of the Land Transport Authority of Singapore and Nomura Singapore Limited. He is a Lead Independent Director of Chemoil Energy Limited and is a Director of PSA International Pte Ltd. A chartered accountant by profession, Mr. Lim was PriceWaterhouse Singapore's Managing Partner from 1992 and the Executive Chairman of PricewaterhouseCoopers Singapore, from 1999 until his retirement in 2003. He is also a member of the Public Service Commission and Legal Service Commission. Mr. Lim was conferred the Meritorious Service Medal by the Government of the Republic of Singapore in 2010. He is the Chairman of the Board's Audit & Compliance Committee and the Governance & Nomination Committee and is also a member of the Risk Committee.

Narain Girdhar Chanrai
NON-EXECUTIVE DIRECTOR

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

CEO's review

Delivering strategy

Delivering profitable growth in a tough year – I am delighted to report that Olam has had a record year in FY2010 despite a challenging and uncertain external economic environment and volatile commodity markets. We delivered another year of profitable growth by concurrently growing the top line, bottom line and earning more than our cost of capital. We exceeded our financial, strategic, organisational and operational targets for the year, while at the same time taking action to lay the foundations that will ensure the continuing success of the company over the long term.

Consistent performance across economic and commodity cycles

Building a well balanced and diversified portfolio of 20 agricultural commodities in 64 countries focused mainly on food which is inherently more recession resistant, combined with the nature of our participation in this industry as an 'integrated supply chain manager' rather than a 'directional commodity trader' has enabled us to perform consistently across both economic and commodity cycles. This strategy continues to be at the heart of our plans to continue to deliver consistent financial performance over time.

Delivering our strategy

Background to the development of our Corporate Strategy: FY2010 to FY2015

At Olam, we review every three years, our strategic plan for the next two three-year cycles. In line with this, as part of our corporate strategy development exercise in 2009 for the period FY2010 to FY2015, we conducted a comprehensive review of the key industry trends in the agri-commodity sector. On the **demand side**, there were three key drivers influencing increasing consumption: i) **Rising population** – World population is growing at about 75 million people a year and is expected to reach 8.3 billion by 2030 and 9 billion by 2050. Growing population will increase the demand for food raw materials as more people will need to be fed. Most of the growth in population is happening in the emerging market countries including India, Indonesia, Nigeria, Brazil, etc.; ii) **Shift in dietary habits to a more protein and fats based diet** in the transitioning economies including China, India, Indonesia, Vietnam, Brazil, Russia and Nigeria, etc. The shift to a more protein and fats based diet will have a multiplier effect on the demand for feed raw materials because to produce 1 kg of poultry, you will require 2 kgs of feed grains, to produce 1 kg of pork you will need 4 kgs, while to produce 1 kg of beef you will need 7 to 8 kgs of feed grains. Typically, in low income countries, the per capita calorie consumption is estimated at 2,400 calories, for the mid income countries it is about 3,000 calories while in the high income countries it is estimated to be around 3,400 calories. While the difference in per capita calorie consumption between the low income and high income countries is only about 30%, the difference in value is almost 770% as high income countries consume more proteins, fats and value-added processed foods. For example, as China has prospered, Chinese meat consumption grew from 25 million tonnes in 1970 to an estimated 275 million tonnes in 2009. China's meat consumption per capita has grown from 15 kgs in the mid 1980s to almost 55 kgs in 2008. In comparison, Hong Kong's per capita consumption of meat is 95 kgs and the US consumes 120 kgs per capita; iii) there is a **new source of demand for agricultural raw materials from bio fuels.** Nearly a third of the US's corn crop was diverted for bio ethanol manufacturing in 2009, nearly 50% of Brazil's sugar cane crop went into ethanol production and also nearly 10% of the total world oilseed production went into bio diesel manufacturing in 2009.

On the supply side, the key trends impacting production include: i) **Land constraints** – arable land per inhabitant has come down from nearly 0.5 ha in 1950s to 0.2 ha today. Increasing amount of arable land is being lost every year due to soil erosion, soil degradation, alkalisation, salinisation, etc. For example, China is losing an estimated 1.2% of arable land each year due to these various factors. China has not been able to increase its total acreage estimated at 90 million ha under food production (namely the principal food crops rice, wheat, corn and soybean) in the last 15 years. As a result, it is expected to import nearly 51 million tonnes of soybeans this year. If China is to become self sufficient in soybean production, it will need an additional 30 million ha under cultivation which is nearly one third of its total area under food production currently. In addition, the revolution in urbanisation in emerging markets is also putting pressure on the availability of arable land. Every new car that enters the fleet population requires 0.07 ha to be set aside for parking lots and roads for the cars to drive on. The highest rate of growth of new cars is occurring in China and India; ii) **Water constraints** – China has nearly 22% of the world's population but only 5.8% of its fresh water sources. India too has a severe water constraint. According to the UN nearly 44% of the countries face water stressed situations. In order to meet the irrigation requirements by 2030, irrigation water requirements will grow from around 3.0 trillion cubic metres to 4.5 trillion cubic metres over the next 20 years; iii) **Carbon constraints:** In the past, agricultural productivity growth was partly driven by increased input intensiveness. For example, in the past to increase yields you increased fertiliser application. However going forward, if carbon gets priced we have to increase yields without increasing input intensiveness; iv) **Environmental constraints:** In the past forest land was cleared to plant food crops. Going forward, that will not be possible; v) **Logistics and Storage constraints:** FAO estimates that we will need US$50 billion of investments per year for the next 20 years to build the storage and logistics infrastructure required to support agricultural production and move it from the point of production to the point of consumption. Only 5% of this investment outlay is expected to come from official development assistance while 95% has to come from the private sector; and vi) **Climate Change constraints:** climate change as a result of global warming is disrupting weather patterns resulting in excessive and prolonged periods of flood and drought in different parts of the world.

As a result of these demand and supply side trends, we believe that the agri-commodity complex which we focus on and participate in, will continue to offer very attractive growth opportunities and excess returns.

Our new Corporate Strategy FY2010 to FY2015

In order to take advantage of these trends we took stock of our core supply chain business, key strengths, competitive position in each of our businesses, and mapped the distribution of the profit pool across the agri-business value chain.

We analyzed the distribution of the profit pool with the objective of selectively integrating into higher margin value chain segments to enhance our portfolio

Upstream	Supply Chain	Midstream	Downstream
• Plantations (perennial tree crops)	• Sourcing/origination	• Secondary processing	• Contract manufacturing / private label
• Farming (annual crops)	• Primary processing		• Distribution
• Forestry concessions	• Logistics		
• Dairy farming	• Trading / marketing		
• Agri-inputs: Fertiliser			

Selective Value Chain Intergration

- What is the **distribution of** the **profit pool** within the various segments of the value chain? What is the **size of the prize in each part/segment?**
- What is our **winnability?** Can we **acquire or build competencies** required to **win** in the more **attractive parts of the value chain?**

Based on this analysis we evaluated various alternative approaches to growth and in 2009, we developed and announced a revised growth strategy for the next two three year strategic planning cycles covering the period FY2010-FY2012 and FY2013-2015. The fundamental objective of the revised strategic plan was to develop a clear roadmap and outline a set of pathways to quadruple our intrinsic value over this six-year period by achieving a step order change in our margin profile (doubling after tax margins from 2% to 4% over this period). To this end, the strategy we developed had four key elements:

(i) Selectively integrate upstream into plantations in excess return opportunities targeting specific countries where we believe they have a comparative advantage to produce these commodities cheaper or better sustainably over the long term;

(ii) Selectively integrating midstream in value-added processing initiatives;

(iii) Investing in our core supply chain and value-added services business to take it to full potential, and

(iv) Leveraging the latent assets and capabilities that we have built over the last 21 years to enter into adjacent new business opportunities. Three new business opportunities were identified for expansion: a) Commodity Financial Services business (CFS), leveraging our deep understanding of physical commodity markets, our knowledge of commodity derivative markets and our strong risk management capabilities; b) Packaged Foods business, leveraging our significant distribution infrastructure and capabilities in Africa, and c) Fertiliser manufacturing and distribution, leveraging the privileged relationships that we have built with growers and farmers and our configuration of upstream assets and capabilities.

In order to execute this revised strategy on budget and on time, and in order to reduce the execution risk, we established a Programme Office to oversee and monitor execution of these strategic growth initiatives. In addition, we focused on acquiring two new-to-Olam capabilities in the upstream and midstream parts of the value chain. To this end, we hired 14 upstream plantation and farming experts, 105 midstream manufacturing and processing experts during the course of the year and this has helped us to execute our growth initiatives in these areas more reliably and with less risk.

Key success factors

We have identified and built nine key success factors that are critical to achieving success in our industry and believe that we now have the core elements that we need to win in our industry. These include: i) **Building a differentiated strategy**. At Olam, we have built differentiation in four areas: a) At the **farmer or grower end**, we have developed the capacity to out-origin our competition by buying from the lowest level of aggregation possible, namely the farmer or grower, or village level co-operative. We amortise the cost of setting up a farm gate sourcing infrastructure by cross-sourcing other adjacent agricultural commodities from the same region. By embedding scalable operating systems, control systems, risk systems, IT systems and deploying experienced managerial talent to oversee these operations we have been able to manage the complexity of distributed direct farm gate sourcing; b) At the **customer end**, we differentiate ourselves by offering customised solutions and services including organically certified raw materials, traceability guarantees, customised grades and qualities, vendor managed inventory solutions, risk management solutions, proprietary market intelligence and value-added processed food ingredients; c) Developing a **uniquely shaped portfolio** across 20 agricultural commodities by selectively integrating upstream in nine of them, engaging in supply chain activities in 19 of them, and adding on midstream participation in 14 products;
d) Building an **organisational advantage** by developing the Global Assignee Talent Pool of 558 managers who carry our DNA, understand our business model, our operating

Our Almond orchards in Australia

Our tomato processing plant in the U.S.

systems, our control systems, our risk systems, and above all share our values and culture. We deploy our competencies and capabilities into a new business or new geography by deploying a critical mass of these key Global Assignee Talent. Through this, we have developed a fungible model that allows us to scale our business profitably and reliably; ii) **Building a diversified yet strongly knit and related product portfolio** focused on a single commodity asset class, the agri-complex; iii) **Building a deep, culturally diverse and cross-functional talent base**; iv) **Developing both strong organic and inorganic capability to pursue profitable growth** in line with the strategy; v) **Building sustainability as a competitive advantage.** Develop a unique Olam brand of sustainability; vi) **Developing extensive market research** in determining demand and supply trends in the agricultural product markets that we participate in **and developing exceptional decision support infrastructure**; vii) **Developing superior relative value trading capabilities** across the products in our portfolio; viii) **Building relationships with governments, NGOs and other public intermediaries** who are key stakeholders in this industry; ix) **Building a strong and flexible financial position / balance sheet.**

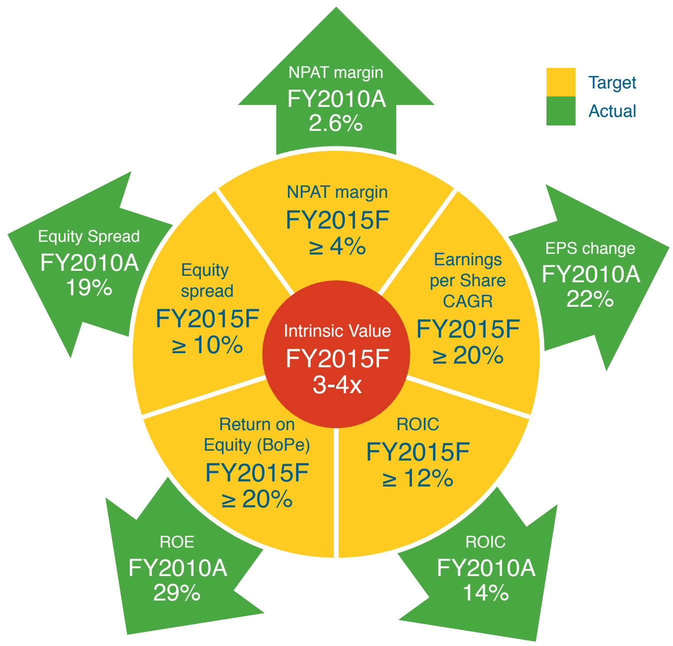
Over the last several years we have built each of these success factors and are now well positioned to take advantage of the growing opportunities in our industry.

A year has passed since we shared this new strategy with shareholders and I am happy to provide a summary progress report on how we have successfully executed this strategy along with a review of our financial performance during the year.

Delivering financial and strategic outcomes ahead of plans

I am pleased to report that Olam has had an exceptional year for the financial period ended 30th June 2010 (FY2010) with record profit growth for the year. We grew underlying volumes by 22.5%, recorded after tax earnings growth of 42.6% and grew core operational after tax earnings (excluding exceptional items in both FY2010 and FY2009) by an even higher 49.3%, the highest recorded year-on-year core profit growth rate we have ever achieved. EPS rose by 21.7% (including exceptional items) and 33.0% (without exceptional items) and we achieved an ROE and ROIC of 29.3% and 14.0% respectively, exceeding our targets of at least 20% for ROE and at least 12% for ROIC. Our net profit margin, excluding exceptional gains, improved from 2.1% in FY2009 to 2.6% in FY2010.

Early results have exceeded expectations with strong trajectory towards achieving FY2015 targets



Our results reflect substantial progress in achieving the objectives of our growth strategy. This strategy has now started to generate targeted returns better and earlier than planned. We are tracking well on our objective of both diversifying our portfolio into selective upstream, core supply chain & value-added services and midstream & downstream assets and through this to change the shape of the portfolio and thereby achieve the targeted step-up in our margin profile.

More importantly, these results are evidence of our execution ability and the inherent merit of the strategic initiatives outlined in our growth plan. It also reflects the fact that the acquisitions done and integrated since 2007 are paying off, with these acquisitions contributing a larger share of our total Net Contribution (NC) and EBITDA than ever before.

By the end of FY2010, we have executed or have initiated execution on 80% of the 46 initiatives identified in our six-year strategic plan. Of the top 20 most profitable initiatives, we have executed 15, with several contributing immediately to the bottom line in FY2010. There are some which are still in their gestation phase and we expect them to become earnings accretive from FY2011 onwards. We are still in the early phases (only the first year of implementation) of executing our revised growth strategy in many areas, with early results tracking ahead of plans and exceeding our expectation.

Value Chain Initiatives		Sales Revenue (in S$'000)		Net Contribution (NC) (in S$'000)		EBITDA (in S$'000)
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Supply Chain & Value-added Services	9,162,602	7,809,296	635,071	469,226	403,768	351,932
Margin (%)			6.9	6.0	4.4	4.5
Upstream	219,084	19,758	110,344	14,747	98,824	13,138
Margin (%)			50.4	74.6	45.1	66.5
Midstream & Downstream	1,073,346	758,878	155,569	123,278	105,541	65,234
Margin (%)			14.5	16.2	9.8	8.6
Total	10,455,032	8,587,932	900,984	607,251	608,137	430,305
Margin (%)			8.6	7.1	5.8	5.0

Selective Upsteam and Midstream value chain integration pays off

To better monitor our results against our strategic growth initiatives, from FY2010 onwards, we are tracking our results across the three key value chain segments, namely: 1) Supply Chain & Value-added Services (inclusive of CFS); 2) Upstream and 3) Midstream & Downstream.

On this value chain basis, Revenues and NC from the Supply Chain & Value-added Services segment increased 17.3% and 35.3% respectively in FY2010 compared to the year before. NC margin improved from 6.0% in FY2009 to 6.9% in FY2010. EBITDA is a less meaningful profit measure for the supply chain segment given that 60% of overhead costs are common and allocation of these costs could create distortions.

Revenues from the Upstream segment rose sharply to S$219.1 million from the prior year as results from new upstream investments were consolidated in FY2010. EBITDA increased from S$13.1 million to S$98.8 million. Contributing to this growth in EBITDA were the almond orchards in Australia, peanut farming in Argentina, palm and rubber plantations in West Africa, rice farming in Nigeria and tropical forestry concessions in Gabon and Mozambique. We have now gone upstream in nine of our business units.

Tomato harvesting in the US

Revenues from the Midstream & Downstream segment also increased significantly by 41.4% to S$1.1 billion. EBITDA for this segment rose 61.8% to S$105.5 million. The key business units which contributed to the growth in EBITDA in the midstream part were Olam Tomato Processors, Universal Blanchers, PT DUS, Crown Flour Mills, Cocoa Processing in Nigeria, Spices Grinding in Vietnam, Key Food Ingredients, Naarden, Rice Milling in India and Packaged Foods distribution in West Africa. 14 of our business units have made midstream investments to integrate into the higher margin part of the value chain.

From a growth contribution perspective, Supply Chain & Value-added Services continues to provide the bulk of the growth in NC close to 56.5%. This is followed by the Upstream segment at 32.5% and Midstream & Downstream at 11.0%. EBITDA wise, it is the Upstream part which contributed the most at 48.2% followed by Supply Chain & Value-added Services at 29.1% and Midstream & Downstream at 22.7%.

Overall, we achieved NC and EBITDA margins of 8.6% and 5.8% respectively, which are well ahead of the milestones and our expectations for Year 1 of our new strategy.

If we were to break the value chain further in terms of its share of PBT (excluding exceptional items) for FY2010, Upstream accounted for 19%, Supply Chain & Value-added Services 60%, Midstream & Downstream 15% and Latent Assets (currently comprising mainly Packaged Foods and CFS) 6% (see page 31).

As shown on the chart on page 30, we have made significant inroads in changing the shape of our portfolio over the past three years with a view to enhancing portfolio margins and returns. In FY2005, we were almost 100% in the supply chain part of the value chain.

- ● Leader (Top 3)
- ● Follower (#4,5)
- ○ Minor (Below #5)
- //// Inorganic

A changed portfolio by FY2015

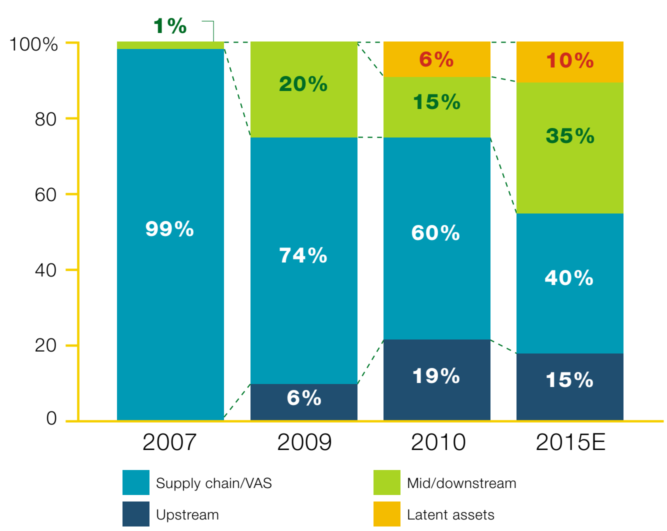
Period	Segment	Product	Upstream (farming, plantations)	Supply Chain & Value-added Services	Midstream (Value-added processing)	Downstream
FY 2005	Integrated value chain global leadership	Cashew		Leader		
		Peanuts		Minor		
		Almonds		Minor		
		Coffee		Leader		
		Palm				
	Selective value chain expansion	Rubber				
		Dairy		Minor		
		Spices & Dehydrates		Minor		
		Grains				
		Sugar		Minor		
		Cocoa		Follower		
		Rice		Leader		
	Core optimisation	Cotton / Wool		Minor		
		Sesame		Leader		
		Pulses		Minor		
		Timber		Minor		
	Latent assets	CFS				
		Packaged Foods				
		Agri Inputs / Fertiliser				
FY 2010	Integrated value chain global leadership	Cashew		Leader	Leader	Minor
		Peanuts	Minor	Leader (Inorganic)	Leader (Inorganic)	
		Almonds	Leader (Inorganic)	Follower		
		Coffee	Minor	Leader	Minor	
		Palm	Leader (Inorganic)	Leader (Inorganic)	Leader (Inorganic)	Leader (Inorganic)
	Selective value chain expansion	Rubber	Leader (Inorganic)	Leader (Inorganic)	Leader (Inorganic)	
		Dairy	Minor	Follower	Minor (Inorganic)	
		Spices & Dehydrates		Leader (Inorganic)	Leader (Inorganic)	Minor (Inorganic)
		Grains		Minor	Minor (Inorganic)	
		Sugar		Minor	Minor (Inorganic)	
		Cocoa		Leader	Minor	
		Rice	Minor	Leader	Minor	
	Core optimisation	Cotton / Wool	Minor	Leader (Inorganic)		
		Sesame		Leader		
		Pulses		Exited	Exited	
		Timber	Minor (Inorganic)	Follower	Minor	
	Latent assets	CFS		Minor		
		Packaged Foods			Minor	Minor
		Agri Inputs / Fertiliser				
FY 2015	Integrated value chain global leadership	Cashew	Minor	Leader	Leader	Follower (Inorganic)
		Peanuts	Minor	Leader	Leader	Follower (Inorganic)
		Almonds	Leader	Leader	Leader	
		Coffee	Follower	Leader	Follower (Inorganic)	
		Palm	Leader	Leader	Leader	Leader
	Selective value chain expansion	Rubber	Leader	Leader	Leader	
		Dairy	Follower (Inorganic)	Follower	Follower (Inorganic)	Minor (Inorganic)
		Spices & Dehydrates	Minor	Leader	Leader (Inorganic)	Follower
		Grains		Follower	Leader (Inorganic)	
		Sugar		Minor	Follower (Inorganic)	
		Cocoa		Leader	Follower (Inorganic)	
		Rice	Follower	Leader	Minor	
	Core optimisation	Cotton / Wool	Minor	Leader		
		Sesame		Leader	Follower	
		Timber	Minor (Inorganic)	Follower	Minor	
	Latent assets	CFS		Follower		
		Packaged Foods			Minor	Minor (Inorganic)
		Agri Inputs / Fertiliser		Follower	Minor (Inorganic)	

But today, 40% of our business is in the more profitable parts of the value chain in select excess-return upstream and midstream opportunities. Our capital investments also reflect these prioritised strategic thrusts. Of the total investments of S$1.40 billion made in organic and inorganic initiatives in FY2010, 40% was allocated to upstream investments, 44% to midstream initiatives and 16% to the supply chain and value-added services segments. We therefore believe that we are on track to achieving our goal of doubling our after tax margins from 2% to 4% by FY2015. We have now also developed a uniquely shaped portfolio with the configuration of upstream, midstream, supply chain core and latent asset businesses that we are building. At the end of the first year (FY2010) of implementing the plan the portfolio has been reshaped as shown in the chart on page 30.

We intend to continue developing a more integrated, balanced and well-diversified uniquely shaped portfolio still focused on the agri-complex by FY2015.

We are therefore on track to achieve the changes in the portfolio shape based on the targeted share of profits from each value chain segment by FY2015.

Profit Before Tax Breakdown by Value Chain




Our cotton operations in Australia

Acquisitions mostly tracking ahead of investment thesis

Our organic growth from existing businesses recorded 18.7% of volume growth and 37.0% growth in NC. In addition, our acquired businesses continued to augment our organic growth and improve our overall profitability. Since 2007, we have made a total of 17 acquisitions, investing close to S$1.4 billion between FY2007 and FY2010 (excluding the acquisition of Gilroy Foods, the dehydrated and vegetable products business from ConAgra that was completed after FY2010). I am pleased to say that these acquisitions are all profitable today and they have contributed to S$262.7 million of NC accretion in FY2010. The ROE and ROIC achieved by the portfolio of acquired businesses were 25% and 14% respectively in FY2010. Out of our total NC, their share increased from 23.3% in FY2009 to 29.2% in FY2010. Their share of EBITDA nearly trebled from 12.5% to 34.0%. This is very encouraging and reflects our capacity to successfully integrate, realise synergies and add significant parenting value to the acquired businesses.

Only three out of the 17 acquisitions are tracking below investment thesis, all of which are minority investments. One of these investments, NZ Farming Systems Uruguay Limited (NZFSU) has now become a subsidiary with the successful completion of our takeover offer. The positive news is that we are seeing improvements in the operational performance of all these three investments and FY2011 and FY2012 would see better returns from these investments.

Both our organic and inorganic growth engines are firing together providing us a strong platform to pursue profitable growth in line with our strategy.

	FY2010		FY2009		% Increase	
(in S$ million)	Existing Businesses	Acquired Businesses	Existing Businesses	Acquired Businesses	Existing Businesses	Acquired Businesses
Volume (Metric Tonnes)	5,676.9	1,329.6	4,784.4	936.2	18.7	42.0
Sales	8,820.7	1,634.3	7,529.4	1,058.5	17.2	54.4
NC	638.3	262.7	465.8	141.4	37.0	85.7
NC Share %	70.8	29.2	76.7	23.3		
NC Margin %	7.2	16.1	6.2	13.4		
EBITDA	401.6	206.5	376.6	53.7	6.4	284.8
EBITDA Share %	66.0	34.0	87.5	12.5		
EBITDA Margin %	4.5	12.6	5.0	5.1		

Operating and Financial Review

Our operating and financial performance was strong across all our key metrics:

Financial Highlights	FY2010	FY2009	Change (%)
SALES VOLUME (METRIC TONNES)	7,006,478	5,720,640	22.5
SALES REVENUE (S$ MILLION)	10,455.0	8,587.9	21.7
NC (S$ MILLION)	901.0	607.3	48.3
NC/TONNE (S$)	129	106	21.7
REPORTED NPAT (S$ MILLION)	359.7	252.0	42.6
EXCEPTIONAL GAINS (S$ MILLION)	87.6	69.8	N.M.
CORE NPAT	272.1	182.2	49.3
EPS (CENTS PER SHARE)	17.91	14.71	21.7
CORE EPS (CENTS PER SHARE)	14.58	10.96	33.0
ROE (BOP_E)	29.3%	26.1%	3.2
ROE (AVERAGE)	22.2%	23.0%	(0.8)
ROIC (AVERAGE)	14.0%	14.7%	(0.7)

Sales Volume growth of 22.5% was ahead of our target range of 16-20%, reaching 7.0 million metric tonnes. This was a result of broad-based growth from all four business segments, led by the Food Staples & Packaged Foods and the Industrial Raw Materials segments.

Sales Volume	FY2010 (MT/'000)	FY2009 (MT/'000)	Change (%)
Edible Nuts, Spices & Beans	1,108	976	13.5
Confectionery & Beverages Ingredients	1,288	1,170	10.1
Food Staples & Packaged Foods	3,207	2,451	30.8
Food Raw Materials & Ingredients	**5,603**	**4,597**	**21.9**
Industrial Raw Materials	**1,403**	**1,124**	**24.9**
Consolidated Total	**7,006**	**5,721**	**22.5**

Revenues grew by 21.7% to S$10.45 billion underpinned mainly by strong volume growth.

NC which is gross profit less working capital interest expense (treated as a variable cost and largely a pass-through cost), rose 48.4% to S$901.0 million. A large part of the increase in NC came from Food Staples & Packaged Foods segment followed by the Industrial Raw Materials segment, while the Edible Nuts, Spices & Beans and the Confectionery & Beverage Ingredients segments contributed equally to the growth in NC.

Cocoa powder from our plant in Nigeria

In addition to these four existing business segments, as guided last year, we are also now reporting for a fifth new business segment, namely, the CFS segment. CFS has been formed as a separate and independent business unit carrying out three principal activities namely: 1) options market-making, 2) risk management solutions, and 3) commodity fund management. As mentioned, we have diversified into this business by leveraging our understanding of the commodity markets, our knowledge of derivative markets and our strong risk management capabilities. The CFS business had a very impressive debut, generating S$25.1 million in NC and contributed to 8% of the company's NC growth in FY2010.

NC or margin per tonne for the portfolio, which is a more important measure for us, grew from S$106 to S$129, a significant 21.7% increase. All the four business segments showed double-digit growth in NC per tonne. Approximately 60% of the improvement in NC came from margin growth and the balance 40% from volume growth, indicating that our value chain integration strategy, either by participating in upstream or midstream activities, is underpinning the growth in margins.


Rice farming in Nigeria

	Net Contribution			Net Contribution / MT		
	FY2010 S$ million	FY2009 S$ million	Change (%)	FY2010 S$	FY2009 S$	Change (%)
Edible Nuts, Spices & Beans	210.9	155.1	36.0	190	159	19.5
Confectionery & Beverages Ingredients	222.8	168.5	32.3	173	144	20.1
Food Staples & Packaged Foods	233.9	141.9	64.8	73	58	25.9
Food Raw Materials & Ingredients	**667.6**	**465.5**	43.4	**119**	**101**	17.6
Industrial Raw Materials	208.3	141.1	47.6	148	126	17.5
Commodity Financial Services	25.1	0.6	4,264.0	-	-	-
Consolidated Total	**901.0**	**607.2**	48.4	**129**	**106**	21.7

Net Profit After Tax (NPAT) increased 49.3% to S$272.1 million excluding net exceptional gains. In FY2010, an aggregate S$87.6 million in exceptional gains were recorded mainly as a result of negative goodwill arising from the completion of the Purchase Price Allocation for the tomato processing assets and almond orchards we acquired in the US and Australia respectively. (This is net of transaction costs and one-off impairment charges of S$1.4 million related to certain ginning assets in the US.) In comparison, FY2009 results also carried net exceptional gains of S$69.8 million due to the buy-back and exchange of convertible bonds and asset impairment losses.

Building financial flexibility

We have also significantly strengthened our balance sheet and further diversified our sources of funding having raised close to US$2 billion of additional capital since July 2009 to support our growth plans.

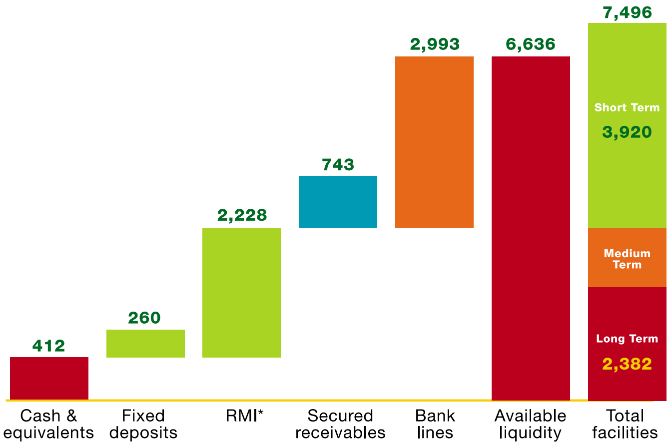
During the year we continued to remain well within our stated net debt to equity targets for working capital and long term capital investments. Our net gearing was reduced from 2.15 times to 1.90 times. (Our gearing would have fallen further to 1.72 times if we considered the impact from the recent mandatory conversion of our 1.28% convertible bonds outstanding into shares which was completed after 30 June 2010.) Adjusted for liquid hedged inventories and secured debtors, our gearing would fall to 0.43 times.

We continued to remain focused on managing our working capital effectively and efficiently. Stock days increased from 92 in FY2009 to 101 days in FY2010 only because of the higher value of inventories triggered by higher cocoa and cotton prices during the year. Advances to suppliers came down from 13 to 10 days while debtor days were slightly up to 34 but these were offset by lower trade creditors days which came down from 31 to 26. Overall, we managed to keep our cash-to-cash cycle within range at 118 days. We also operated with a large margin of safety on working capital to keep utilisation rate at around 60% of available credit lines throughout FY2010.

Checking the quality of Almonds

In order to build more financial flexibility in our balance sheet, we tapped the equity, equity linked, banking and debt markets for funding during the year. I made a mention last year that we successfully placed out 273.46 million of new shares to Temasek Holdings to raise US$300 million (S$437.5 million) of equity capital. Subsequently, new equity linked and debt facilities were put in place to further enhance term structure, improve liquidity and credit availability. These include: i) 7-year no put, US$500 million convertible bond issue with 6% coupon and 25% conversion premium, of which Temasek took up US$100 million; ii) An upsized US$850 million Syndicated Transferable Term Loan Facility that comprises a three-year term loan of US$510 million mainly for working capital uses, and a five-year term loan of US$340 million for capital expenditure and acquisitions; iii) A debut unrated 10-year issue of US$250 million Senior Unsecured Bonds bearing a 7.5% coupon, providing a new source of financing for Olam in the international bond markets; iv) A 3-year amortising Syndicated Term Loan facility of US$350 million for meeting our US expansion needs; and v) US$100 million Islamic Revolving Trade Finance Facility.

Strong liquidity and credit availability (figures in S$ million as of 30 June 2010)



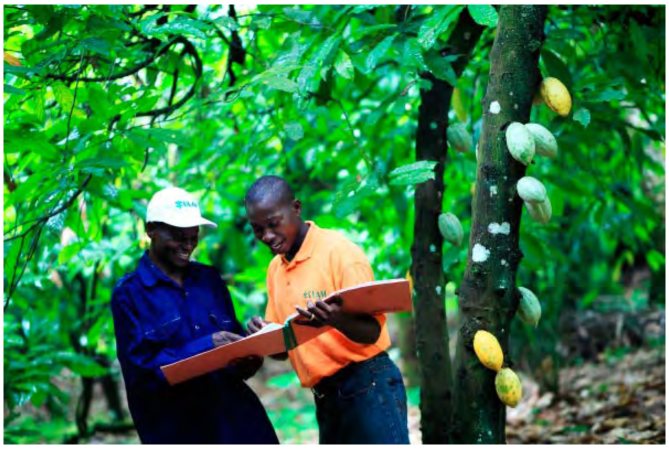
***Readily Marketable Inventories (RMI) that are liquid, hedged, or sold forward**

Developing a unique brand of sustainability

At Olam we believe that we are not just accountable for only our results but also how we achieve them. Our sustainability initiatives are closely aligned with our core business and have been designed to make a meaningful social impact in the communities that we operate in. We have remained committed to the responsible and sustainable management of our supply chain from the farm in the producing countries to the factory gate of our customers in the destination markets. By the end of FY2010, we were running more than 100 sustainability initiatives reaching more than 1.4 million farmers in 27 countries. These initiatives included improving rural livelihoods by moving farmers from subsistence based farming to commercial viability by helping them increase yield,

Training session in Cote d'Ivoire

product quality and efficiency. To achieve this, we offer farmers extension support in terms of agronomic and technical advice and also a guaranteed market price for their produce. Some of our sustainability efforts aim at providing traceability services to leverage our supply chain networks to meet growing customer requirements. Another area where we are actively involved is in providing micro financing to the small scale farming sector in many countries. Many of our farmer improvement initiatives include an input support component either in cash or kind in terms of provision of seeds and fertilisers. We have committed resources to evaluate the impact of our business on the environment including analysis of our carbon footprint, energy consumption and fresh water usage. We also understand our responsibility to biodiversity and encourage development of degraded land and diversification of unproductive farms. In our forestry business, we have committed to the goal of moving all our forest operations to sustainable forestry management certification standards over time. We also take our role to contribute to food security seriously and support this aim by encouraging local production and through productivity enhancement programmes. To this end, we have developed multiple partnerships with governments, reputable national and international organisations and commercial partners to achieve our sustainability objectives. A more detailed description of our programmes is contained in our Corporate Responsibility and Sustainability Report 2010 which is being sent to all shareholders along with our Annual Report.



Transferring farming knowledge at a Cocoa farm

New palm oil refinery in Cote d'Ivoire

Looking ahead

FY2010 was a great year for us and we built considerable momentum that augurs well for our future success. Given the competitive position that we have, strong execution of changes that we have made to our corporate strategy, continuing to build our talent pipeline, developing scalable systems and processes and fostering an even sharper performance culture, I believe we will continue our track record of delivering value creating profitable growth.

In this context we are particularly proud of being named both in the Asia Pacific and Global Top Companies for Leaders lists by Hewitt Associates, the RBL Group and Fortune magazine. Building our leadership pipeline is probably the best predictor for our future success. In addition, we were included in the Forbes Asia's Fab 50 list for the second year in a row based on our five-year record for revenue, operating earnings, return on capital, total return to shareholders, entrepreneurial skill and management. For both these recognitions, namely the Global Top Companies for Leaders and Forbes Asia's Fab 50, Olam was the only company from Singapore to be included in these lists.

Finally I would like to extend my sincere thanks to our 14,600 employees in the 64 countries that we are present in for coping with both a tough external environment and the significant transformation internally in terms of executing our revised strategy. As shareholders, you can all be proud of the ownership mentality that they have demonstrated and the discretionary effort that they have put in to deliver another very successful year while at the same time positioning the company strongly for continued future success.

Once again our success would not have come if it were not for the steadfast support and confidence of our Board and all our shareholders who kept their faith as we made fundamental changes to our strategy. As a management team, we will leave no stone unturned to repay that trust and confidence shown in us.

We believe we are in a very attractive industry with strong growth prospects. The strategic initiatives that we have taken and the configuration of assets that we have built by acting counter cyclically during the crisis, position us well to build market leading positions in the industry.

Sunny George Verghese

Group Managing Director
& Chief Executive Officer

Global Presence

60+ countries


Canada
USA
Honduras
Costa Rica
Panama
Colombia
Brazil
Peru
Uruguay
Argentina
Indonesia
Papua New Guinea
Australia
New Zealand

Business Review

Going upstream

ACHIEVED

S$110.3

million NC

S$98.8

million EBITDA

45.1%

EBITDA margin in FY2010

We identified excess return integration opportunities in the upstream segment of the value chain and invested in the same on a selective basis.

Left from top: • Our natural rubber operations in Cote d'Ivoire • Our rice farming operations in Nigeria • Sustainable forestry operations in Gabon

Right: • Our almond orchards in Australia

The evolution of our business model over the last few years has led us to develop new competencies as we pursued our strategic goals. Building on existing and new capabilities has included careful expansion upstream into plantation ownership and management (perennial crops), farming (annual crops), dairy farming and the management of forest concessions. These opportunities, both organic and inorganic, have been pursued in countries that have a comparative advantage to produce these commodities relatively better and at relatively lower costs on a sustainable basis.

Pursuit of the more interesting opportunities in the upstream segment has led us to complete transactions in palm and rubber plantations in Africa, almond plantations in Australia, coffee plantation in Laos, peanut farming in Argentina, rice farming in Nigeria and Mozambique, dairy farming in Uruguay and the development of tropical forest concessions in Gabon and Mozambique. **During FY2010, we invested a total of S$585m in various upstream initiatives.**

The upstream part of our business performed strongly in FY2010 with NC growing 648.3% to S$110.3 million and EBITDA by 652.2% to S$98.8 million with results reflecting the impact of our targeted initiatives in this part of the value chain. **In FY2010, we pursued nine major upstream initiatives, of which seven are already making visible contributions while two are still in the gestation phase.** The two early stage gestating upstream projects are: Coffee Plantation in Laos and Dairy Farming in Uruguay through New Zealand Faming System Uruguay.

Nauvu, our joint venture with Wilmar for Palm and Rubber in Africa contributed S$15.2 million of Net Profits in FY2010 generating an ROE of 27.1%.

Our selective strategy of investing upstream in plantations or farming in products and countries that have a comparative advantage to produce these commodities more cheaply or relatively better over the long term is allowing us to generate excess returns. We achieved EBITDA margins in FY2010 in the upstream activities of 45.1%.

Business Review

Optimising the core

ACHIEVED

S$635.1

million NC

S$403.8

million EBITDA

4.4%

EBITDA margin in FY2010

Over the 20 years that we have been in business, we have developed a strong core as a leading global supply chain manager of agricultural raw materials and food ingredients.

Left from top: • Taking stock of finished goods at one of our warehouses in Africa • On-line quality checking of coffee • Sawn timber bundles being readied for export

Right: • Cotton picking operations at our farm in Mozambique

Our core business consists of:

Sourcing/Origination: Farm gate sourcing model, built a valuable franchise of over 200,000 grower and supplier relationships.

Primary processing: Converting agri-raw materials into intermediate products.

Logistics: Inland and marine logistics.

Risk Management: Capturing, measuring and managing risk at a transactional level.

Trading/Marketing: Providing customised marketing solutions to over 11,100 customers globally.

The key to our strong core business is a repeatable and scalable formula that has allowed us to reinforce and expand the core in different ways. This kind of repeatability has conditioned us to move quickly, instinctively and reflexively. The power of this repeatable model is its simplicity. Everyone in the organisation knows the business' priorities and has the skills and capabilities to make the core as strong as it can be.

One of the approaches we adopted at the time of looking at our strategy over a six year time frame to FY2015 was to optimise the core and extract the full potential of the investments already made. **The Supply Chain and Value-Added part of the value chain contributed to 87.6%of the Company's sales, 70.5% of its Net Contribution and 66.4% of its EBITDA.** Revenues in FY2010 grew by 17.3% when compared to FY2009. NC grew by 35.3 % and NC per metric tonne grew by 19.1% in FY2010. Cotton, Cocoa, Coffee, Edible Nuts, Spices & Dehydrates, Rice, Sugar, Grains, Sesame and Wood Products, all contributed strongly to this growth. Cotton, in particular, turned in a very strong and broad based performance across all its key countries. The cotton business' upstream initiative in Mozambique and its ginning operations in Australia, USA, India and Africa along with its strong grower and customer relationships in key producing countries and destination markets supported this performance.

The Wood Products business leveraged its sourcing strength in West and East Africa to take full advantage of the improving market conditions, more specifically in China and India. It significantly grew its volumes and earned better margins on the sales of both logs and sawn lumber.

Going midstream & downstream

ACHIEVED

S$155.6
million NC

S$105.5
million EBITDA

9.8%
EBITDA margin in FY2010

In the midstream part of the value chain, we pursued initiatives in value-added processing and manufacturing activities.

Left from top: • Cocoa powder processing at our factory in Akure, Nigeria • Quality control of garlic at our factory in Qingdao • Pearl - our dairy condensed milk being packed for distribution

Right: • Tomatoes being conveyed to the processing section at Olam Tomatoes Processors in California

One of the strategic planks identified was to enhance our portfolio by selectively integrating into the more attractive value chain segments. In the midstream part of the value chain, we pursued initiatives in value-added processing and manufacturing activities. In the integration initiatives aimed at enhancing the midstream part of our model, we have committed investments in wheat milling in Nigeria and Ghana, sugar milling and refining in India and Indonesia respectively, cocoa processing in Cote d'Ivoire and Nigeria, tomato paste manufacturing in California, dehydrates manufacturing in USA and China, palm refining in Cote d'Ivoire, mechanical processing of cashews in Cote d'Ivoire and Nigeria, rice milling in India, cashew ingredients manufacturing in Vietnam and the USA and spice grinding in Vietnam amongst others. **We invested a total of S$643 million in midstream growth initiatives in FY2010.**

The Midstream & Downstream operations have contributed 17.3% of the Group's NC and 17.4% of its EBITDA in FY2010. This part of the value chain has grown NC by 26.2% to S$155.6 million and EBITDA by 61.8%to S$ 105.5 million in FY2010 compared to the prior year. EBITDA margins have improved from 8.6% in FY2009 to 9.8% in FY2010. **A total of nineteen initiatives in the midstream have been executed of which fourteen are contributing and three are still in the gestation phase.** Strong contributors to the FY2010 performance in the midstream and downstream area include Tomato Paste manufacturing in USA, Sugar Refining in Indonesia, Wheat Milling in Nigeria, Cocoa Processing in Nigeria, Spices Grinding in Vietnam, Spices Dehydration in China and USA, Casein Processing in Poland, Rice Milling in India and the Packaged Foods business. The investments that have been executed but are still in the gestation phase include Soluble Coffee manufacturing in Vietnam, Sugar Milling in India and Cashew roast-ready ingredient manufacturing in USA.

Commodity Financial Services

ACHIEVED

S$25.1

million NC in FY2010

We leveraged our deep understanding of both commodity and derivative markets as well as our knowledge of leading edge risk management practices to expand into the commodity financial services space.

Left from top: • Visual sampling of cocoa beans before being shipped for tendering • Analysis of charts and price volatility – an integral part of our risk management activity • Coffee sampling at our facility in Vietnam

Right: • Focused on the screen at our trading desk in Singapore

One of the strategic thrust areas identified was 'Growing into new adjacent businesses by building on the latent assets and capabilities that we have'. At Olam, we have, over the last 21 years, developed a deep understanding of both commodity and derivative markets, as well as capabilities and knowledge in leading-edge risk management practices.

In the Commodity Financial Services (CFS) business, we plan to undertake three activities:
(1) market making and volatility arbitrage trading
(2) providing risk management solutions and
(3) commodity fund management.

In February 2010, the company set up Invenio Holdings to house its activities associated with the CFS business. This business is being developed organically and it currently participates in market making and volatility arbitrage trading in softs. It has achieved a leadership position in LIFFE and is steadily growing its market share in ICE/CBOT. In addition to this, it is currently offering risk management solutions to our customer base across the many products that we handle.

The CFS business launched its first Relative Value Commodity Fund (Ektimo RV Fund) in July 2010. The fund has attracted a total of 30 investors and raised a total of US$57 million. Olam has directly invested US$30 million into this fund. The focus of this fund would be to trade in selected commodity pairs within the commodity asset class.

The CFS business has made a very strong debut and has contributed to 2.8% of the Group's NC and 3.4% of its EBITDA in FY2010. The market making activities contributed strongly to this performance. The CFS business in its first full year of operations has shown that it is a high return business with very low capital intensity both in terms of short term working capital as well as long term fixed capital requirements thereby generating very high returns (in both ROIC and ROE). Since the CFS business does not trade on a directional basis, it uses limited risk capital.

Our People

Our talent management strategy is clearly aligned to our overall business strategy and reflects the capabilities demanded of our various businesses to execute the Group's vision.

Towards Process Maturity

Olam's Talent Management capabilities have helped fuel Olam's growth over the past 21 years. **From the very beginning, investing in talent and leadership capability development has been one of our top priorities.** This has enabled our process capability to mature over the years, positioning us well to support our growth in all areas – core businesses as well as new ventures. **It is a testament to our talent management capability that Olam was ranked among the Top 25 Global Companies for Leaders for 2010 in a study by Fortune Magazine and Hewitt Consultants.**

Our talent management strategy is closely aligned to Olam's overall business strategy, and reflects the capabilities demanded of our various businesses to execute the Group's vision. Our talent management strategy is executed across five key thrust areas:

- Securing the immediate and future talent needs of each business
- Deepening our professional capabilities in upstream and downstream parts of the value chain
- Strengthening our emerging market expertise and origin advantage
- Continuing to build and nurture our 'winning' culture
- Increasing the efficiency, effectiveness and reach of our HR systems and processes

Talent Acquisition

Our ability to grow, attract, retain and engage talent has kept pace with our organisational growth. **Our Global Assignee Talent Pool (GATP) has grown from 250 in 2005 to 558 in 2010, with 135 new managers added in 2010 alone.** Having diverse managerial capabilities and skill sets, this group will continue to be at the forefront of our growth strategy.

In line with organisational growth, our GATP scope is expected to grow to more than 800 by 2013. Correspondingly, we have fine-tuned our talent acquisition strategy to cater to this scope. Our key focus will be on identifying talent in upstream and downstream areas like Plantation Management, Processing, and Sales and Distribution; identifying and hiring National Talent in Africa, the USA and Latin America; and instituting a well-structured Regional Management Trainee program in West Africa, Latin America and North America.

High quality fresh talent is inducted into the system primarily through our presence in business school campus placements. Apart from our Global Management Trainee Program, we have visited campuses in West Africa and Latin America as part of our Regional Management Trainee program. Similar regional programs will also be initiated in Asia and North America.

We also hire experienced managers and specialists where required, especially those that bring in the requisite topical competencies. There are many areas where the traditional Olam skill-sets alone are not sufficient. In cases where we require niche skill sets externally, we work on identifying the relevant talent pool and initiating competency-based recruitment that ensures that we can quickly induct people with the necessary technical skills who also subscribe to Olam values. These efforts have enabled us to assemble a line-up of specialists – constituting more than 10% of our global talent pool – with deep domain knowledge and technical skills to provide us the edge in execution.

Alignment of Talent to Olam's Culture

The rapid expansion of our GATP requires us to ensure that everyone inducted into the system, is aligned to Olam's unique winning culture and carries this forward into the areas they handle. All fresh graduates inducted in the organisation go through a rigorous six-month training process which exposes them to operations in at least two different geographical areas and two different products, to give them an overall feel of Olam's operations.

Apart from a structured induction process, we have also initiated company-wide value workshops, to ensure that core Olam shared values are internalised by all new staff. In addition, everyone must go through a unique Core Process Workshop – a four-day program facilitated by our CEO – which exhaustively covers all aspects of Olam's governing objective, its business model, vision and values.

These unifying mechanisms are ably supported by our performance management system, which takes a top-down approach to defining an individual's business objective and aligning it to the overall Group organisational strategy. At the same time, it also provides enough flexibility and empowerment to keep the entrepreneurial spirit alive, making every Olam employee responsive to the situation on the ground.

Increasing Reach and Effectiveness

The vast geographic spread of Olam's operations make the need for responsiveness, and the reach of our talent management practices, paramount for our staff to be effective. A two-pronged strategy makes this possible:

The use of automation: Dedicated internal systems that help administer processes are currently being augmented using the best-in-class tools available. This includes their interface with financial systems for overall effectiveness.

Mirroring: Processes related to GATP that have evolved over time and have acquired the necessary depth and breadth to address our organisational needs. These processes are being replicated at local levels in all major origins, and complemented with customised local processes to ensure that we have process standardisation across the organisation. Dedicated governance structures at origin level, including HR organisations, are the cornerstones of these efforts.

Risk management

We have put in place proprietary risk measurement and methodology frameworks to help us achieve effective risk management and control.

The key objective for the risk function has been to enhance value by improving the quality of earnings through prudent risk management and control. In delivering its objective, the risk function has placed strategic thrust in four areas – investing in people and systems, selectively deploying the best risk practices, optimising and extracting full value from our core processes, and leveraging our latent assets.

We have significantly increased the managerial bandwidth of the risk team through the hiring of experienced risk managers from the banking and commodity industries. This has been complemented with increases in staff to provide support to the managers. We have invested in the Murex system, one of the leading risk management systems in the world, for the CFSG business. This enables us to provide cutting edge risk management services to the business. The Olam Risk System has been constantly improved during the year with the addition of numerous analytical and trend reports to enable better decision making.

We have seen changes in our traditional farm gate to factory gate model during the course of the year. We have stepped into the farm gate with the acquisition of the almonds orchard in Australia while acquisitions like SK Foods and Gilroy Foods in the US and the commencement of the Instant Coffee plant in Vietnam have led us into mid stream processing. We have selectively deployed the best risk practices to measure and quantify the risks in these businesses. Some of these include yield analysis, scenario analysis on outturns, and exposure forecasting models.

At the same time, we have optimised and extracted the full value of our core risk management expertise in the supply chain business. Credit and counterparty risk management has been strengthened through improvements in the scorecard for rating counterparties as well as rigorous assessment and review of counterparty performance. The focus has been on risk capital safety and productivity, and tighter limits have been put in place with an emphasis on achieving higher volumes with lower risk capital usage.

Through our operations across multiple geographies and various business units, we have over the years built a knowledge base of agricultural commodities which is unique. The risk function has been continuously improving the enterprise risk management framework by drawing upon this vast knowledge base of information. This includes the development of the architecture for an enterprise risk scorecard that would show the key risks and its probable impact across the firm and various geographies.

The vertical integration of the upstream, supply chain and midstream activities enhances our understanding of the risks through better information on demand and supply thereby helping in lowering the risks inherent in our normal business activities.

Corporate responsibility & sustainability

Our vision is: ‘to ensure that sustainable and profitable growth continues, while managing our business in a way that is supportive to communities, ensures a safe and productive workplace and is understanding of the environment’.

Our range of support initiatives has increased and now reaches 1,400,000 farmers across 27 countries.

Over the year, we implemented our Corporate Responsibility and Sustainability Initiatives strongly across businesses and geographies. These were guided by five key principles:

Principle 1 – Improving the livelihoods of farmers and communities through initiatives that enhance productivity and returns

Olam continues to enhance existing farmer support initiatives and introduce new ones to further strengthen and commercialise small-scale producer supply chains. These ensure that farmers increase yields, improve quality, and have direct access to markets, to maximise their incomes.

Pre-financing We continue to assist farmers in organising themselves into working groups and securing finance through reputed commercial institutions. We also secure crop inputs and other productive income-generating assets for them.

Traceability Increasing demand for traceability has placed considerable pressure on small-scale farming systems, underpinning all certification requirements. Olam helps farmers adopt certification systems to ensure traceability, thereby improving their market access.

Food Security Olam is focused on replicating its ‘rice partnership’ success in Nigeria by expanding it to other areas. This involves a greater focus on local investment to meet food requirements within the country of consumption, thereby improving rural livelihoods.

Principle 2 – Ensuring a safe, healthy and productive workplace for our people and those who work in our operations

Olam realises the need for social investments to enhance community development. We contribute by: investing in processing facilities within these communities and creating employment opportunities to help farmers commercialise their practices; focusing on employee well-being through health camps (with a focus on HIV/AIDS); supporting the education of the children of employees and farming communities; and creating economic opportunities for women.

Principle 3 – Forming alliances with partners who bring beneficial skills and knowledge to our business

Partnerships are an excellent way of leveraging the competencies of international, technical developmental organisations and the private sector. Such partnerships have helped us develop solutions to complex challenges, ensuring efficient and effective deployment of scarce resources.

Principle 4 – Participating in professional associations at international and national levels to further develop our key goals

Many of our partnerships and initiatives have evolved through our active participation in industry bodies, helping us identify key supply chain issues and forming collaborations to implement positive solutions for stakeholders.

Principle 5 – Understanding the impact of our operations on the environment through energy, carbon and fresh water footprint analysis

We actively study and assess the overall operating impact of our activities on climate change and bio-diversity. Given the complexities of supply chains, it is therefore important to define and analyse processes to determine all stakeholder responsibilities. Olam is actively determining its direct operational footprint within these categories, and has launched a comprehensive programme to analyse its energy usage, carbon emissions and freshwater consumption.

Principle 6 – Assessing the impact of our programmes on the community, the workplace and the environment

We continue to monitor and evaluate our impact on communities, the workplace and the environment through socio-economic and environmental studies.

Maintaining diversity and managing key natural resources are important, particularly for small-scale farmer-supported production systems and our upstream production activities. Good stakeholder management of natural resources is vital in ensuring sustainable supply chains, and we continue to support and strengthen these for small-scale farmers, optimising their natural resource use. Our upstream production activities are carried out either on land already under agricultural production or by reusing abandoned degraded land.

The sustainability agenda going forward

We will continue our commitment to achieve sustainable production, maintain efficient processing operations and ensure effective delivery of our corporate strategy, through:

1. Strengthening small-scale farmer and supplier supply chains through practical initiatives
2. Understanding the environment in which Olam operates through energy, carbon and freshwater footprinting
3. Increasing representation in product and industry associations to deliver practical solutions across the supply chain

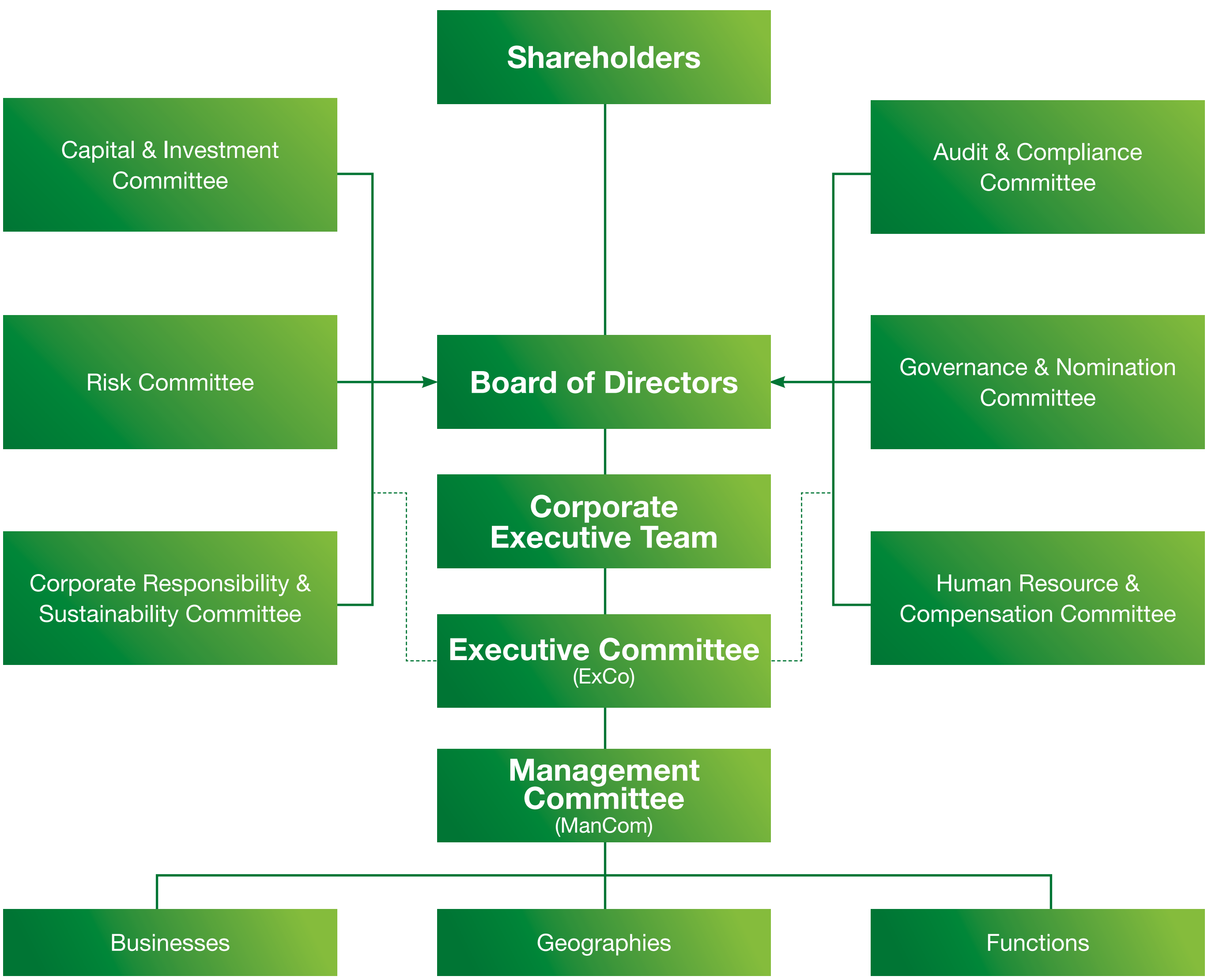
More details of our CRS strategy and initiatives are available in the 2010 Olam Corporate Responsibility & Sustainability Report.

Corporate governance

Olam continues to observe a high standard of corporate governance in keeping with its overarching philosophy of delivering consistent financial performance with integrity. It strongly supports the principles of openness, integrity and accountability as set out in the Code of Corporate Governance 2005 (the "Code"). The Board and Management continue to uphold the highest standards of corporate governance within the Company in accordance with the Code and our own model of good governance. We focus on the substance and spirit of the Code while continuing to deliver on the Company's vision and objectives.

The key aspects of our Company's corporate governance framework and practice are outlined below:

Our Current Corporate Governance Structure



Our History

From the Company's founding in 1995, we have consistently pursued the highest standards of corporate governance. The Board comprises of both Non-executive and Executive Directors and holds regular meetings to review the operations of the Company. There is a clear division of responsibility between the Chairman and the Chief Executive Officer, ensuring a balance of power and authority. The financial statements of the Group are audited by Ernst & Young, one of the top four accounting firms globally.

Effective Board to lead and control the Company (Principle 1)

Olam is led by a dynamic Board which engages actively in the business of the Company. The Board provides effective leadership and support to the Senior Management team of the Company, enabling the Company to scale heights without compromising integrity and internal controls. The Board represents the shareholders of the Company and is accountable to them for value creation through the effective governance of the business. Our Board of Directors is responsible for the overall policies of the Company and for providing direction for corporate action. The foremost roles of the Board are to:

(a) Provide leadership and guidance to management on strategic direction in relation to the Company's activities which are of a significant nature.

(b) Approve and review annual budgets and plans.

(c) Oversee the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and satisfy itself as to the adequacy of such processes.

(d) Approve major acquisitions, divestments and fund raising exercises.

(e) Ensure the Company's compliance with laws and regulations as may be relevant to the business.

(f) Assume responsibility for corporate governance.

(g) Set the Company's value and standards, and ensure that obligation to shareholders and others are understood and met, from time to time.

(h) Review the Company's environmental policies and standards to ensure the Company's contribution to a positive social impact.

In the course of 2009, the Board along with the Senior Management reviewed its business strategy for the next two three-year cycles in order to continually maximize intrinsic shareholder value for its shareholders in an ethical, socially responsible and environmentally sustainable way. The Board is regularly updated on the execution and implementation of the Company's corporate strategy and provide their advice and input to Management to ensure the delivery of the strategy. As part of the corporate strategy, the Board initiated a Sub-Committee of the Board to provide oversight and support to the Management on the proposed launch of the Company's Commodity Financial Services Business ("CFSG Sub-Committee"). The CFSG Sub-Committee comprised of Michael Lim Choo San, Robert Michael Tomlin, Andy Tse and Sunny George Verghese and was supported by the Executive CFSG team. The Board received regular reports from the CFSG Sub-Committee on issues reviewed and follow-up actions taken.

As a Board, the Directors set aside a full day in each quarter to review and evaluate the Company's operations and performance and address key policy matters. However, ad-hoc, non-scheduled physical Board meetings and meetings held via telephone conference are convened to deliberate on urgent and substantive matters. Article 111 of the Company's Articles of Association allows for participation in board meetings via audio and video conferencing. During the year under review, the Board held four full day meetings to discuss and review the Group's business, strategies and plans. A table showing Directors' attendance at Board and Board Committees meetings during the year under review is provided below. Olam believes that the effectiveness, dedication and indelible contribution of its Board toward the continuous growth of the Group cannot be measured solely by the attendance of Directors at meetings. The involvement and engagement of the Board in the business of the Company goes beyond these scheduled meetings.

Name	Board Meeting	Audit & Compliance Committee Meeting	Human Resource & Compensation Committee Meeting	Governance & Nomination Committee Meeting	Capital & Investment Committee Meeting	Corporate Responsibility & Sustainability Committee Meeting	Risk Committee Meeting
R. Jayachandran	5	–	2	2	5	–	–
Narain Girdhar Chanrai	5	5	–	3	8	–	–
Michael Lim Choo San[1]	4	5	–	3	–	–	–
Robert Michael Tomlin	5	5	–	–	9	4	3
Mark Haynes Daniell	3	4	2	2	–	3	–
Wong Heng Tew	5	5	2	3	–	–	–
Tse Po Shing	4	–	–	–	9	–	3
Jean-Paul Pinard	5	–	2	–	9	4	–
Sunny George Verghese	5	–	–	–	9	–	3
Shekhar Anantharaman	5	–	–	–	8	4	–
Sridhar Krishnan	5	–	–	–	–	4	3
No. of meetings held	5	5	2	3	9	4	3

[1] Mr Michael Lim Choo San was appointed as member of the Risk Committee in May 2010.

To keep the Directors abreast of developments in the industry as also in the Company's global operations, country visits and interactions with business and geography teams are amongst the different types of exposure provided to the Directors as a part of their ongoing education. Furthermore the Directors are taken through detailed presentations on the development and progress of the Group's key operations, updates on the changes to the SGX-ST Listing Rules, Companies Act, accounting standards and other relevant laws and regulations and where necessary, programs on Directors' duties and responsibilities etc. Newly appointed directors are issued with formal letters upon their appointment, which outlined their duties and obligations as Directors and are also given a handbook containing relevant information concerning the Group. Orientation Programs, which include visit to the Group's operations, briefing on the various operations of the Group and meeting with various key management personnel are arranged for newly appointed Directors.

A strong and independent element on the Board (Principle 2)

Our Board currently consists of 11 members, three of whom are Executive Directors and the balance eight, Non-Executive Directors. We have five Independent Directors on our Board.

Our Directors bring with them invaluable experience and extensive business networks and expertise in diverse fields. The size, composition and blend of experience of the current Board allow discussions on matters of policy, strategy and performance to be informed, critical and constructive. A brief profile of each Director is given on pages 20 to 23 of this annual report.

The Governance & Nomination Committee (GNC) is of the view that, given the size, nature and scope of the Company's operations, the Board should have between 10 and 12 members, who as a group, possess the required capabilities, skills and experience for the Board to discharge its duties and responsibilities effectively. The GNC determines on an annual basis whether or not a Director is independent, bearing in mind the definition of an Independent Director under the Corporate Governance Code.

The nature of the current Directors' appointments on the Board and details of their membership on Board Committees are set out below:

Name	Board Membership	Audit & Compliance Committee	Governance & Nomination Committee	Human Resource & Compensation Committee	Risk Committee	Capital & Investment Committee	Corporate Responsibility & Sustainability Committee
R. Jayachandran	Non-executive Chairman	–	Member	Member	–	Member	–
Narain Girdhar Chanrai	Non-executive Director	Member	Member	–	–	Member	–
Michael Lim Choo San	Independent Director	Chairman	Chairman	–	Member	–	–
Mark Haynes Daniell	Independent Director	Member	Member	Chairman	–	–	Member
Robert Michael Tomlin	Independent Director	Member	–	–	Member	Chairman	Member
Wong Heng Tew	Independent Director	Member	Member	Member	–	–	–
Tse Po Shing	Non-executive Director	–	–	–	Chairman	Member	–
Jean-Paul Pinard	Independent Director	–	–	Member	–	Member	Chairman
Sunny George Verghese	Executive Director & CEO	–	–	–	Member	Member	–
Shekhar Anantharaman	Executive Director	–	–	–	–	Member	Member
Sridhar Krishnan	Executive Director	–	–	–	Member	–	Member

Chairman and Chief Executive Officer to be separate to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making (Principle 3)

There is a clear division of responsibility between the Chairman and the Chief Executive Officer (CEO) to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct while the CEO has overall responsibility of the Company's operations, organisational effectiveness and implementation of Board policies and decisions. The CEO remains accountable to the Board for the decisions and actions taken as well as for the performance of the Group. The Chairman works closely with the CEO on matters to be tabled at meetings.

The Non-executive, Independent Directors fulfill a pivotal role in corporate accountability. Their role is particularly important as they provide unbiased and independent views, advice and judgment to take care of the interests, not only of the Company but also of shareholders, employees, customers, suppliers and the many communities in which the Company conducts business. This year, the Board at the recommendation of the GNC, appointed a Lead Independent Director as part of the Board succession planning in order to provide continuity of leadership at the Board level in the absence of the Chairman. The Lead Independent Director also acts as a bridge between the Independent Directors and the Chairman as well as represents shareholders' interests.

Board Members to have complete, adequate and timely information (Principle 6)

Board to provide a balanced and understandable assessment of the company's performance, position and prospects (Principle 10)

Meeting agenda and board materials are sent to all Directors prior to all board and board committee meetings. This is sent sufficiently in advance to enable the Directors to obtain further details and explanations where necessary. Managers who can provide additional insight into the matters at hand are invited to be present at the relevant time during the Board and Board Committees meeting. The Directors are also provided with the names and the contact details of the Company's Senior Management and the Company Secretary to facilitate direct access to them. Non-Executive Directors meet with Senior Management independently to be briefed on various issues. An annual off-site meeting is organised for the Board members to interact with Senior Management. Presentations on the Group's business and activities are provided to the Board throughout the year by the Company's Management team. The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively.

The role of the Company Secretary is clearly defined and includes the responsibility of ensuring that the board procedures are followed and that applicable rules and regulations are complied with.

The Board has adopted a policy of openness and transparency in the conduct of the Company's affairs while preserving the commercial interests of the Company. The Company has been reporting its financial results quarterly and holding media and analyst meetings to coincide with the quarterly results announcements.

Financial results and other price sensitive information are disseminated to shareholders via SGXNET, to the SGX-ST, press releases, the Company's website and through media and analyst briefings.

The Company has in place a comprehensive investor relations programme to keep investors informed of material developments in the Company's business and affairs beyond that which is prescribed, but without prejudicing the business interests of the Company.

Board Committees

To assist the Directors in the discharge of their oversight function, Board Committees have been constituted with clear terms of reference, which are reviewed periodically. These are the Audit & Compliance Committee, the Capital & Investment Committee, the Risk Committee, the Governance & Nomination Committee, the Human Resource & Compensation Committee and the Corporate Responsibility & Sustainability Committee. All the committees are actively engaged and play an important role in ensuring good corporate governance in the Company.

During the course of the year, each of the Board Committees undertook a review of its terms of reference to align its role with the business and operational needs of the Company so as to ensure continuous effectiveness of the Board Committees. The revised terms of reference of the Board Committees were reviewed by the Governance & Nomination Committee and were recommended to the Board for approval and adoption. The review of the terms of reference by the Board Committees will be carried out annually taking into consideration the changing needs in the business and operations of the Company, relevant laws and regulations, etc.

Establishment of Audit & Compliance Committee with Terms of Reference (Principle 11)

The Audit & Compliance Committee (ACC) has our four Independent Directors, Mr. Michael Lim (Chairman), Mr. Robert Tomlin, Mr. Mark Daniell and Mr. Wong Heng Tew and our non-executive Director, Mr. Narain Girdhar Chanrai as its members. The Committee met five times during the year and its terms of reference are to:

(a) Assist the Board in discharging its statutory and other responsibilities on internal controls, financial and accounting matters, operational and compliance controls, and business and financial risk management policies and systems, and to ensure that a review of the effectiveness of the same (which may be carried out by the external or internal auditors) is conducted at least annually.

(b) Review with the external auditors their audit plan, their evaluation of the system of internal controls, their audit report, their management letter, the Company management's response and allocation of audit resources according to the key business and financial risk areas as well as the optimum coverage and efforts between the external and internal auditors.

(c) Review the quarterly and annual financial statements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major operating risk areas and overview of all group risk on an integrated basis, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/ regulatory requirements.

(d) Review the internal controls and procedures and ensure co-ordination between the external auditors and the Company management, reviewing the assistance given by the management team to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary).

(e) Review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has, or is likely to have, a material impact on the Group's operating results or financial position, and the management's response to the same.

(f) Review and approve the audit plans of the external and internal auditors.

(g) Consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors.

(h) Review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually.

(i) Review transactions falling within the scope of Chapter 9 of the Listing Manual.

(j) Undertake such other reviews and projects as may be requested by our Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the ACC.

(k) Undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The ACC has full access to and cooperation of the Management and full discretion to invite any Director or executive officer to attend its meetings. The Company has an Internal Audit team and together with the external auditors, report their findings and recommendations independently to the ACC.

On the recommendation of the ACC and the approval of the Board, the Company has formalized a Code of Conduct that provides an introduction to important standards and policies that everyone working for the Company should adhere to. This Code also encourages and provides a channel for employees to report in good faith and confidence without fear of reprisals or concerns about possible improprieties in financial reporting.

During the year, the ACC reviewed the financial statements of the Company before the announcement of the financial results. The Committee met with the internal and external auditors and discussed with them any issues of concern.

In addition, the ACC also reviewed the nature and extent of all non-audit services performed by the external auditors to establish whether their independence has in any way been compromised as a result, and has confirmed that such services would not affect the independence of the external auditors.

Independent Internal Audit Function (Principle 13)

Sound System of Internal Controls (Principle 12)

Internal Audit

The internal audit function is established to support the Governance Process and provide a source of confidence to the ACC that there is sound managerial control over all aspects of the operations of Olam including statutory compliances, accounting, asset management and control systems.

The Internal Audit Head reports directly to the Chairman of the ACC with a dotted line relationship to the CEO of the Company. The Internal Audit team has full, free and unrestricted access at all times to all books, personnel, documents, accounts, property, vouchers, records, correspondence and other data of the Company. The Internal Auditors also have the right, to enter any premises of Olam and to request any officer to furnish all information and such explanations deemed necessary for them to form an opinion on the probity of action, adequacy of systems and/or of controls.

The scope of Internal Audit is reasonably comprehensive to enable the effective and regular review of all operational, financial and related activities. The Internal Audit coverage extends to all areas of the Company and its controlled entities and includes financial, accounting, administrative, computing and other operational activities. An internal compliance monitoring system was developed as a self assessment tool for monitoring the performance of the business units on key control aspects and processes.

The ACC reviews the proposed scope of the Internal Audit function, the performance of the Internal Audit function and the Internal Audit Plan semi-annually. It ensures that no limitation on audit has been interposed. The Internal Audit's summary of findings and recommendations are reviewed and discussed at the ACC meetings.

The ACC is assisted in the discharge of this function by the Executive Audit Committee (EAC). The EAC has Jagdish Parihar, Managing Director of the Cotton Business as its chair and V. Srivathsan, Regional Head West Africa, S. Suresh, Senior Vice President and Rajeev Kadam, Global Head Internal Audit as its members.

Internal Controls and Risk Management

The Company's internal control structure consists of the policies and procedures established to provide reasonable assurance that the organisation's related objectives would be achieved.

At Olam, the internal control extends beyond the accounting and finance function – its scope is Company-wide and touches all activities of the Company.

Our Field Operations Manual (FOM) is the main guidebook which prescribes the process and documentation requirements for all our procurement, grading, sorting, processing, storage, transits and shipment of our products. Strict adherence of this FOM is the key to our control over operational risks. To ensure that this is happening, we have periodical internal and external audit reviews.

To round off the process, we link the Internal Audit findings into the manager's performance evaluation system, to ensure the desired influence on behaviour.

The Company's Enterprise Risk Management (ERM) framework covers Market Risks, Credit & Counter Party Risks, Operational Risks and Information Risks. The Company has a Risk Committee and an independent Risk Control function to measure and monitor Market Risks and Credit & Counter Party Risks. Our risk management system is outlined on pages 52 & 53.

During the year, the ACC assessed the strength of the internal audit team in the Company in respect of its numbers and qualification. Whilst the internal audit system and the internal controls put in place by Management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information), completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations, it is opined that such assurance cannot be absolute in view of the inherent limitations of any internal audit system and internal controls against the occurrence of significant human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

Risk Committee

Our Non-Executive Director, Mr. Tse Po Shing chairs the Risk Committee. Mr. Robert Tomlin, Mr. Michael Lim Choo San, Mr. Sunny Verghese and Mr. Sridhar Krishnan are the other members of this Committee. The Risk Committee met three times during the year under review and it has oversight of the following matters:

(a) To review the adequacy and effectiveness of our Group's external, market and internal risk management policies and systems;

(b) To review and recommend risk limits and budgets;

(c) To review major non-compliances with risk policies; and

(d) To review political and sovereign risk, and the management and insurance thereof.

The committee is assisted by the Executive Risk Committee (ERC), which ensures the day to day tracking, monitoring and control of risks. The Risk Committee Chairman is provided with regular risks reports and updates by the ERC. The ERC is chaired by Mr. Ashok Hegde, Global Head of Risk and has the Managing Directors of our Coffee, Cocoa, Cashew and Cotton businesses as its members, in addition to the Group CFO and the Group Risk Controller.

Capital & Investment Committee

The Capital & Investment Committee (CIC) is chaired by the Independent and Non-Executive Director, Mr. Robert Tomlin. The members of the Committee comprise of Mr. R. Jayachandran, Mr. N.G. Chanrai, Mr. Tse Po Shing, Mr. Jean-Paul Pinard, Mr. Sunny Verghese and Mr. Shekhar Anantharaman.

Apart from the generally scheduled meetings, the CIC held frequent meetings via telephone conference as and when required to discuss any proposed capital projects of the Group. The CIC met nine times during the year and has oversight of the following matters:

(a) To review and recommend financial strategies, policies, gearing and financial risks, new business risks, and capital structure of the Company;

(b) To review and recommend equity capital raising plans;

(c) To review and recommend debt capital raising plans and significant banking arrangements;

(d) To review investment policy guidelines and capital expenditure plans;

(e) To review and assess the adequacy of foreign currency management;

(f) To review and recommend on mergers, acquisitions and divestments; and

(g) To review and recommend on dividend policy and dividend declarations.

The CIC has, as its executive arm, the Executive Investment Committee ("EIC") with Mr. Richard Haire as its Chair, Mr. Jagdish Parihar as its Alternate Chair and Mr. K Ravikumar and Mr. Ashok Hegde as its members.

Formal and transparent process for appointment of new Directors (Principle 4)

Our Governance & Nomination Committee (GNC) is chaired by Mr. Michael Lim Choo San, an Independent and Non-Executive Director. He is not a substantial shareholder nor is he directly associated with a substantial shareholder. Mr. R. Jayachandran, Mr. N. G. Chanrai, Mr. Mark Daniell and Mr. Wong Heng Tew are other members of the GNC. The GNC met three times during the year. The GNC is guided by the following terms of reference:

(a) To review the size, skills and composition of the Board to ensure there is adequate representation in respect of issues and challenges, without compromising Board effectiveness and participation. Identify the critical needs in terms of expertise and skills, as well as knowledge of the jurisdictions in which Olam operates.

(b) To recommend the appointment and re-appointment of Directors.

(c) To conduct an annual review of the independence of each Director.

(d) To assess the effectiveness of the Board and its members.

(e) To recommend performance criteria for evaluating the Board's performance.

(f) To recommend membership for board committees.

(g) To consider and review Company's corporate governance principles.

(h) To consider questions of possible conflicts of interest of board members and senior executives.

Independence of Directors

On an annual basis, the GNC carries out an assessment of the independence of individual Directors following the principles of the Code of Corporate Governance. The GNC also reviews the independence of a Director in specific instances by assessing all of the relationships between the Group and companies in which that Director holds or held positions to ensure that the relationships do not interfere with the Directors' exercise of objective or independent judgement or their ability to act in the best interests of the Group's business.

Re-election of Directors

All Directors submit themselves for re-nomination and re-election at least once in three years. Pursuant to Article 107 of the Articles of Association of the Company, one third of the Directors retire from office at the Company's annual general meeting. In addition, the Company's Articles of Association also provides that a newly appointed Director must submit himself for re-election at the annual general meeting following the appointment.

The details of the retirement and re-election of the Directors are shown below:

Name of Director	**Board Membership**	**Date of First Appointment to the Board**	**Date of Last Re-election as Director**
R. Jayachandran	Non-executive Chairman	4 July 1995	29 October 2007
Narain Girdhar Chanrai	Non-executive Director	4 July 1995	29 October 2008
Michael Lim Choo San	Independent Director	24 September 2004	29 October 2008
Mark Haynes Daniell	Independent Director	31 October 2002	29 October 2009
Robert Michael Tomlin	Independent Director	24 September 2004	29 October 2007
Wong Heng Tew	Independent Director	10 October 2003	29 October 2007
Tse Po Shing	Non-executive Director	12 September 2002	29 October 2009
Jean-Paul Pinard	Independent Director	29 October 2008	–
Sunny George Verghese	Executive Director & CEO	11 July 1996	29 October 2008
Sridhar Krishnan	Executive Director	1 April 1998	29 October 2009
Shekhar Anantharaman	Executive Director	1 April 1998	29 October 2009

All new appointments and re-nomination of Directors are subject to the recommendation of the GNC. Some of the criteria considered by the Committee while evaluating Directors' appointments are:

(a) Independence of mind.

(b) Capability and how it meets the current needs of the Company and simultaneously complements the skill set of the other Board members.

(c) Experience and track record in high-performing companies.

(d) Ability to commit time and effort toward discharging his responsibilities as a Director.

(e) Reputation and integrity.

Formal assessment of the effectiveness of the Board as a whole and the performance of individual Directors (Principle 5)

The Board considers the importance of putting the right people, with the range of skills, knowledge and experience together in order for effective governance of the Group's business. The GNC assists the Board in ensuring that the Board is comprised of individuals whose background, skills, experience and personal characteristics will enhance the present Board and meet its future needs.

Based on the recommendations of the GNC, the Board has laid down a preliminary set of assessment criteria to assess the effectiveness of the Board as a whole and contribution of each director to the effectiveness of the Board. The performance criteria for the Board evaluation covers amongst other criteria, Board performance in relation to discharging its principal functions and Board Committee performance in relation to discharging the responsibilities set out in their respective terms of reference. The individual Directors' performance criteria are in relation to their industry knowledge and/or functional expertise, contribution, sense of independence and participation at Board meetings. During the year, the GNC carried out an evaluation of the effectiveness of the Board, the individual Board Members and the Chairman of the Board. The Chairman of the Board, in consultation with the GNC Chairman, set up review meetings with individual Board Members with a view to sharing this feedback and working out action plans to address specific feedback issues with each individual Board Member.

In the course of the year, the GNC also reviewed the adequacy and relevance of the assessment criteria for the evaluation of individual Directors and the Board as well as the performance evaluation process.

It is expected that this process would help the Board uncover its strengths and challenges so that the Board would be in a position to further improve on the discharge of its oversight duties.

Formal and transparent process for fixing remuneration packages of Directors and senior executives (Principle 7)

Remuneration of Directors should be adequate but not excessive (Principle 8)

Disclosure on remuneration policy, level and mix of remuneration and procedure for setting remuneration (Principle 9)

The Human Resource & Compensation Committee (HRCC) is responsible for developing the Company's remuneration policy and determining the remuneration packages of the senior executives of the Company. The HRCC proposes, subject to the approval of the Board, the remuneration and terms and conditions of service of Senior Management and the remuneration to be paid to each Director for his services as a member of the Board as well as Committees of the Board. The HRCC is chaired by Mr. Mark Daniell, our Independent and Non-Executive Director and has Mr. R. Jayachandran, Mr. Wong Heng Tew and Mr. Jean-Paul Pinard as its other members. Apart from Mr. R. Jayachandran who is a Non-Executive Director, all members of the HRCC are Independent and Non-executive Directors. The HRCC met twice during the year. The terms of reference of the HRCC includes the following:

(a) To recommend a framework of remuneration for the Board members, CEO and senior executives;

(b) To determine the level and mix of remuneration packages for the CEO and the executive Directors;

(c) To review the terms, conditions and remuneration of the senior executives of the Company (ExCo);

(d) To review the succession plans for Board, CEO, Executive Directors and the Senior Executives.

(e) To design and approve employee share participation scheme; and

(f) To review and approve any proposed grant of share options under the Company's employee share option scheme.

The HRCC carries out regular discussion with the CEO and the Board on putting in place processes for succession planning at the most senior levels including the CEO and the Chairman of the Board.

The HRCC, has, as its executive arm, The Executive Human Resources Committee (EHRC] with Mr. Ashok Krishen as its Chair, Mr. Gerry Manley as the Alternate Chair and, Mr. Ranveer Chauhan and Mr. V Srivathsan as its members.

Remuneration Policy for Non-Executive Directors

In reviewing the Non-Executive Director's remuneration for the year under review, the HRCC has adopted a framework which consists of a base fee, fees for membership of board committees, as well as fees for chairing Board Committees, taking into consideration the amount of time and effort that each Board member devoted to the role and the fees paid in comparable companies. To facilitate timely payment of Directors' fees, Directors' fees are paid in advance on a quarterly basis for the current financial year once approval is obtained from shareholders at the annual general meeting. In addition, the HRCC had recommended the extension of Olam's share option scheme to include non-executive directors and independent directors to recognize the invaluable role played by them in furthering the business interests of the Group by their experience and expertise. During the year, the HRCC reviewed the adequacy of the current Directors' fees against the fees paid by the peers of the Company. In their review, the HRCC also took into consideration reports and survey on Directors' fees paid.

Executive Directors are not entitled to either base fees or fees for membership in Board Committees. Remuneration for Executive Directors comprises of a base salary and participation in an incentive and share option plan based on the Company's performance during the period of the plan.

The Directors' fees paid for the financial year ended 30 June 2010 quarterly in advance amounted to S$816,667.00 (FY 2009: S$808,333) and were based on the following rates:

Name	Position	Committee chairmanship/membership	Base Director fee	Committee Chairmanship/ membership fees	Total
R. Jayachandran	Non-executive Chairman	Member, CIC Member, GNC Member, HRCC	$90,000	$40,000	$130,000
Narain Girdhar Chanrai	Non-executive Director	Member, GNC Member, CIC Member, ACC	$45,000	$50,000	$95,000
Michael Lim Choo San [1]	Independent Director	Chairman, ACC Chairman, GNC Member, RC	$45,000	$61,667	$106,667
Mark Haynes Daniell	Independent Director	Member, ACC Member, CRSC Member, GNC Chairman, HRCC	$45,000	$60,000	$105,000
Robert Michael Tomlin	Independent Director	Chairman, CIC Member, ACC Member, CRSC Member, RC	$45,000	$70,000	$115,000
Wong Heng Tew	Independent Director	Member, ACC Member, GNC Member, HRCC	$45,000	$40,000	$85,000
Jean-Paul Pinard	Independent Director	Chairman, CRSC Member, HRCC Member, CIC	$45,000	$50,000	$95,000
Tse Po Shing	Non-executive Director	Chairman, RC Member, CIC	$45,000	$40,000	$85,000
				Total	$816,667

[1] Mr Michael Lim Choo San was appointed as member of the Risk Committee in May 2010.

Proposed Compensation for Non-Executive Directors for the Year Ending 30 June 2011:

Nature of Appointment	S$
Board of Directors	
Base Fee (Member)	45,000
Base Fee (Chairman)	90,000
Audit & Compliance Committee	
Chairman's fee	40,000
Member's fee	20,000
Capital & Investment Committee	
Chairman's fee	30,000
Member's fee	20,000
Governance & Nomination Committee	
Human Resource & Compensation Committee	
Corporate Responsibility & Sustainability Committee	
Risk Committee	
Chairman's fee	20,000
Member's fee	10,000

Remuneration Policy for Executive Directors and Other Key Executives

The Company advocates a performance based remuneration system that is flexible and responsive to the market. The remuneration is linked to the Company and individual executive's performance.

The total remuneration comprises of three components: an annual fixed cash component, an annual performance incentive and a long term incentive. The annual fixed component consists of the annual basic salary and other fixed allowances. The annual performance incentive is tied to the Company's and individual executive's performance, while the long term incentive is granted based on the individual's performance and contribution made.

To remain competitive, it would be our aim to benchmark our executive's compensation with that of similar performing companies and remain in the top 25 percentile. The compensation structure would be so designed that as one moves up the corporate ladder, the percentage of his/her total remuneration at risk increases.

Level and Mix of Remuneration of Directors for the Year Ended 30 June 2010

The level and mix of each of Director's remuneration in bands of S$250,000 are set out below.

Remuneration Band & Name of Director	Base/ fixed salary	Variable or performance related income/ bonuses	Fees	Benefits in kind	Total	Share Option granted under ESOS to date*
$1,000,000 and above						
Sunny George Verghese	14%	84%	–	2%	100%	30,000,000
$500,000 and above						
Sridhar Krishnan	71%	28%	–	1%	100%	2,300,000
Shekhar Anantharaman	62%	37%	–	1%	100%	2,550,000
Below $250,000						
R. Jayachandran	–	–	100%	–	100%	–
Narain Girdhar Chanrai	–	–	100%	–	100%	–
Mark Haynes Daniell	–	–	100%	–	100%	100,000
Michael Lim Choo San	–	–	100%	–	100%	100,000
Robert Michael Tomlin	–	–	100%	–	100%	100,000
Wong Heng Tew	–	–	100%	–	100%	100,000
Tse Po Shing	–	–	100%	–	100%	–
Jean-Paul Pinard	–	–	100%	–	100%	

* The subscription price of the share option is the price equal to the average of the last dealt prices for a share for the five consecutive market days preceding the date of grant.

Level and Mix of Remuneration of Executive Directors for the Year Ended 30 June 2009

Remuneration Band & Name of Director	Base/ fixed salary	Variable or performance related income /bonuses	Fees	Benefits in kind	Total
$1,000,000 and above					
Sunny George Verghese	18%	79%	–	3%	100%
$500,000 and above					
Sridhar Krishnan	40%	56%	–	4%	100%
Shekhar Anantharaman	53%	41%	–	6%	100%

Level and Mix of Remuneration of the Top Five Executives for the Year Ended 30 June 2010

In considering the disclosure of remuneration of the top 5 executives of the Company, the Company regarded the industry conditions in which the Company operates as well as the confidential nature of key executives' remuneration. The Company believes that the disclosure of remuneration of its top 5 executives as recommended by the Code would be prejudicial to the Company's interests and hamper its ability to retain and nurture the Group's talent pool. The Company has instead presented the remuneration band of the top five executives (who are not also directors of the Company) as follows:

Remuneration Band	No. of Executives
$500,000 to below $750,000	5

Remuneration of employees who are immediate family members of a Director or the Non-Executive Chairman

No employee of the Company and its subsidiaries was an immediate family member of a Director or the CEO and whose remuneration exceeded $150,000 during the year under review. Immediate family member means the spouse, child adopted child, step-child, brother, sister and parent.

Corporate Responsibility & Sustainability Committee

As supply chain managers of agricultural products, our sustainability initiatives are inter-woven into our business model and are aimed at making meaningful social impact in the communities within which we are operating. The Corporate Responsibility & Sustainability Committee (CRSC) is chaired by our Non-executive and Independent Director, Mr. Jean-Paul Pinard and has Mr. Mark Haynes Daniell, Mr. Robert Tomlin, Mr. Shekhar Anantharaman and Mr. Sridhar Krishnan as its members. The committee met four times during the year. The terms of reference of this committee includes:

(a) To review and recommend to the Board the CSR vision and strategy for the Group;

(b) To ensure CSR perspectives are fully integrated into the Company's strategy;

(c) To track Global CSR trends and assess their potential impact on the Group;

(d) To monitor implementation, through the Executive CSR committee, the strategy as well as the policies and investments in the CSR area;

(e) To review and approve all corporate publications and website content related to CSR;

(f) To undertake an annual review of progress made on key initiatives;

(g) To support Management's response to crises, where required; and

(h) To review the Company's annual Corporate Responsibility & Sustainability Report.

The CRSC is assisted in the formulation and implementation of various sustainability policies and projects, by the Executive CRS Committee with Mr. Gerry Manley as its Chair and Mr. Chris Brett, Vice President, Corporate Responsibility & Sustainability as one of its members.

Regular, effective and fair communication with shareholders (Principle 14)

Greater Shareholder participation at Annual General Meetings (Principle 15)

Investor communication: A key thrust area

At Olam, we believe it is important for us to communicate our business, strategic developments and financial results to investors and at the same time understand their perspectives. The Investor Relations department has lead responsibility in this regard with the active involvement of the CEO and the CFO. The Board is periodically briefed on our interactions with investors. We also conduct investor perception surveys, the results of which are shared with the Board. We also track shareholder changes on a regular basis to have a good understanding of our investor base. Earning investors' trust and confidence is at the heart of Olam's investor relations efforts. The Company values strengthening shareholder and investor relations through regular dialogues with the investing community. Through these efforts, we continue to embrace strong principles in corporate governance and transparency.

We hold frequent dialogues, meetings and conference calls with analysts, shareholders and investors to facilitate understanding of the Company's business model and growth strategies. Investment roadshows are held on an ongoing basis to meet up with a broad spectrum of shareholders and potential investors across the globe. We also take the initiative to help investors and analysts get a view of our business through field visits.

Delivering quality and timely information in a transparent manner

Besides communicating a clear business strategy with the investor community, we aim to deliver quality and timely information to analysts, shareholders and investors. We hold media and analysts conferences, both face-to-face and telephone conferences depending on the needs of our audiences, to announce our operating and financial results on a quarterly basis, as well as to communicate important corporate developments such as mergers and acquisitions announcements. Since FY2008 we started the practice of having a live video webcast to cater to the needs of global investors, retail and employee shareholders in Olam. In addition, the full financial statements and other presentation materials provided at the conferences are disseminated through the SGXNET onto the SGX-ST website outside trading hours.

We maintain an active electronic database of analysts, shareholders and investors, tracking every investor meeting and measuring the frequency and content of each interaction. Such a system enables us to deliver our company results and announcements to the investment community electronically so that each has access to our information on an equal and timely basis. In addition, the tracking feature of the system helps us ensure that we have regular and meaningful interactions with the investors and are able to address their concerns and needs in a timely and informed manner.

As the internet and other electronic means of communication have become more accessible to investors, we continue to leverage such means in order to achieve a greater reach to investors, especially those who are outside Singapore and in different time zones. Our aim is also to facilitate investors' online information gathering process by providing easy-to-access financial and non-financial information, resources and tools. For instance, we included transcripts of the media and analysts conference held for the announcement of our full year FY2010 results in our investor relations website to facilitate investors' navigation through the various topics discussed at the conference.

Growing and diversifying shareholder base

Our aim is to achieve a geographically diversified shareholder base. We do this by holding frequent dialogues, meetings and conference calls with a broad spectrum of shareholders and potential investors from targeted geographies.

In FY2010, we participated in several customised roadshows and international investment conferences held in Singapore, Hong Kong, Japan, Australia, UK, Canada and the US with support from various brokerage firms. We believe these roadshows enhance the visibility of Olam among diverse groups of investors and provide the investors with access to the Management team, thereby helping them better understand our business environment, business model and growth potential. These roadshows also provide opportunities for us to update our current shareholders on the developments in our business on a regular basis.

During FY2010, we carried out two major equity and equity-linked capital raising exercises to increase and diversify our sources of capital for growth. We successfully raised US$300 million of equity capital from Temasek Holdings after securing the necessary approval from minority shareholders. We then launched a seven-year no-put US$500 million convertible bond issue in September 2009, which was oversubscribed, signalling the trust and confidence that bondholders and investors have in our long term growth prospects.

Our share base and market capitalisation has increased and as of end-FY2010, our shareholder base comprised 337 high quality institutional investors spread across 31 countries, as compared to 304 across 27 countries in the previous year.

While Olam actively pursues an outreach programme to institutional investors, it does not neglect its relations with employee and retail shareholders. We keep our employee shareholders informed of our Investor Relations activities via our employee portal and with retail investors, we participate in the shareholder communication services facilitated by the Securities Investors' Association (SIAS) of Singapore.

Increasing analyst coverage

We continue to engage sell-side analysts with the objective of extending research coverage and thereby our reach to investors. As of end-FY2010, 17 research institutions cover Olam compared to 16 in FY2009. We are actively and continuously involved in discussions with other leading international and local research firms to initiate coverage on our stock.

Encouraging greater shareholder participation at Annual General Meeting

We regard the annual general meeting (AGM) as an opportunity to communicate directly with shareholders. We are committed to efforts to establish more effective ways of communicating with our shareholders around the AGMs. Shareholders are informed of the annual general meetings through notices published in the newspapers or through circulars. To encourage more shareholder participation, our AGMs are held at a central location that is easily accessible by most shareholders. Our 15th AGM was held at the Capital Tower at Robinson Road in Singapore's Central Business District.

All Board members and key executives of the Senior Management team attend the AGM. Our external auditors and legal advisers are also present at the AGM to assist the Directors in addressing shareholders' queries.

We treat shareholder issues, particularly those that require shareholders' approval, such as the re-election of Directors and approval of Directors' fees, as distinct subjects and submit them to the AGM as separate resolutions.

Voting in absentia by mail or electronic means requires careful study and is only feasible if there is no compromise to either the integrity of the information and/or the true identity of the shareholder. Legislative changes would also need to be made to recognise electronic voting.

Accolades

Large cap corporate of the year

Olam has been awarded the Large-Cap Corporate of the Year, Singapore by Asiamoney in its annual Asia's best-managed companies 2009 awards. The awards were determined based on surveys with fund managers and analysts. According to Asiamoney, a clear business strategy, well-communicated business goals and opportunism were some of the traits possessed by Asia's most successful companies during 2009.

No. 1 firm in investor relations

Olam was voted as the No. 1 firm in Investor Relations for the Consumer sector in the 2009 Extel Survey Awards Asian Survey by Thomson Reuters. Thomson Reuters Extel carried out an Asian Survey of the buy-side and sell-side communities, asking their views on the Investor Relations performance of quoted companies and Investor Relations professionals.

Most transparent company

Olam was awarded the "Most Transparent Company" for the Commerce category at the SIAS Investors Choice Awards 2009 in October 2009 for the fourth consecutive year. The awards are based on key criteria such as timeliness, substantiality and clarity of news releases, degree of media access, frequency of corporate results, availability of segmental information and communication channels. Winners are selected from nominations received from investment analysts, heads of research, fund managers and members of the mass media.

Securities Transactions

The Company is committed to transparency, fairness and equity in dealing with all shareholders and in ensuring adherence to all laws and regulations that govern a company listed and trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Employee Share Dealing Committee ("ESDC") was set up to formulate and review the best practices in the dealing of securities by directors, executives and employees. The ESDC is chaired by Mr. Ranveer Singh Chauhan with Mr. V Srivathsan as the co-chair and Mr. Joydeep Bose, Mr. N. Muthukumar, Mr. Sriram Subramanian and Mr. Vikash Sinha as its members. The ESDC reports to both the CEO and the Chairman of the Board's Governance and Nomination Committee.

Through the ESDC, the Company has issued a policy on dealings in securities of the Company in line with the Best Practices Guide issued by the SGX-ST to its Directors, executives and employees setting out the implications of insider trading and guidance on such dealings. The policy provides that the Company, its Directors, executives and employees undertake not to deal in the Company's securities at anytime after a price sensitive development has occurred, or has been the subject of a decision, until the price sensitive decision has been publicly announced. In particular the Company, its Directors and executives will not deal in the Company's securities during the following period:

(a) commencing two weeks prior to making public of the quarterly financial results and ending at the close of trading on the date of the announcement of the relevant results; and

(b) commencing one month prior to making public the half yearly and annual financial results and ending at the close of trading on the date of the announcement of the relevant results.

The ESDC has undertaken review of the policy on dealings in securities in the course of the year to ensure that the policy continues to be in line with existing regulations and requirements. In keeping with the policy, Directors, executives and employees of the Company are notified of close periods for dealing in the Company's securities.

The Company announced on 4 August 2010 that it had appointed The Hongkong and Shanghai Banking Corporation Limited ("HSBC") and J.P. Morgan (S.E.A.) Limited ("JPMorgan") as joint lead managers and joint bookrunners in connection with its proposed issue of United States dollar denominated bonds. On 7 August 2010, the Company announced that it had entered into a subscription agreement on 6 August 2010, pursuant to which the Company had agreed to issue to HSBC and JPMorgan an aggregate of US$250 million in principal amount of 7.5% bonds at an issue price of 100% of their principal amount. The Company made a further announcement on 12 August 2010 in relation to the completion of the bond issue. On 26 August 2010, the Company released its unaudited full year financial results for the financial year ended 30 June 2010.

Material Contracts

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholder.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the ACC and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosure in respect of interested person transactions for the financial year ended 30 June 2010 are as follows:–

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)
Kewalram Nigeria Limited	1,346	Not applicable – the Company does not have a shareholders' mandate under Rule 920
Redington Nigeria Limited	28	
Total	1,374	

Corporate information

Board of Directors

R. Jayachandran
Narain Girdhar Chanrai
Michael Lim Choo San
Mark Haynes Daniell
Robert Michael Tomlin
Wong Heng Tew
Tse Po Shing
Jean-Paul Pinard
Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharama

Executive Committee

Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman
Jagdish Achleshwar Prasad Parihar
Gerard Anthony Manley
Vivek Verma
Ashok Krishen
Krishnan Ravikumar
Ashok Hegde
Venkatramani Srivathsan
Ranveer Singh Chauhan
Richard Haire

Management Committee

Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman
Jagdish Achleshwar Prasad Parihar
Gerard Anthony Manley
Vivek Verma
Ashok Krishen
Krishnan Ravikumar
Ashok Hegde
Venkatramani Srivathsan
Ranveer Singh Chauhan
Richard Haire
Amit Khirbat
Amit Manikchand Agrawal
Amit Suri
Anupam Gupta
Anupam Jindel
Arun Balakrishnan
Arun Sharma
Ashish Govil
Azeez Abdul Syed
Bob Dall'Alba
Charles Davis
Chris Brett
Christoph Rudolph
Cliff White
Damien Houlahan
Darshan Banubhai Raiyani
Dave de Frank
David Watkins
Devashish Chaubey
Gerry Manley
Greg Estep
Jayant Parande
John Gibbons
Joydeep Bose
Juan Antonio Rivas
Kapa Vijayendranadha Prasad
Keshav Chandra Suresh
Mahesh Menon
Manish Dhawan
Manvinder Singh
Moochikal Damodaran Ramesh
Mukul Mathur
N Muthukumar
Pawel Redzisz
Prakash Kanth
Raj Vardhan
Raja Saoud
Rajeev Kadam
Rajeev Raina
Ramanarayanan Mahadevan
Ramesh Sundaresan
Ravi Pokhriyal
Robert Hunink
Sachin Sachdev
Sandeep Hota
Sandeep Kumar Jain
Sanjay Sacheti
Sathyamurthy Mayilswamy
Shankar Subramanian Athreya
Sivaswami Pattamadai Raghavan
Srinivasan Venkita Padmanabhan
Sriram Subramanian
Stephen Driver
Stephen Smith
Suresh Sundararajan
Tejinder Saraon
Thiagaraja Manikandan S
Thomas Gregersen
Vasanth Subramanian
Vibhu Nath
Vinayak Narain
Vipan Kumar

Company Secretary

Wan Tiew Leng, Lynn

Head Office

Olam International Limited
9 Temasek Boulevard
#11-02 Suntec Tower 2
Singapore 038989
Tel : (65) 6339 4100
Fax : (65) 6339 9755

Registered Office / Share Registrar

50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623
Tel : (65) 6536 5355
Fax : (65) 6536 2402

Auditors

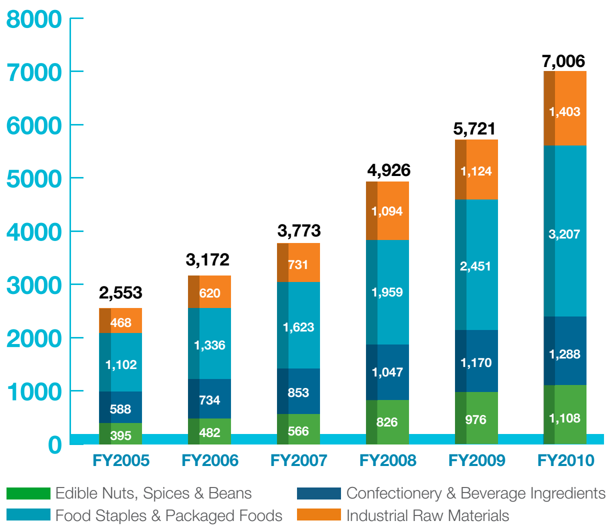
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge (since FY2008) :
Yee Woon Yim

Principal Bankers

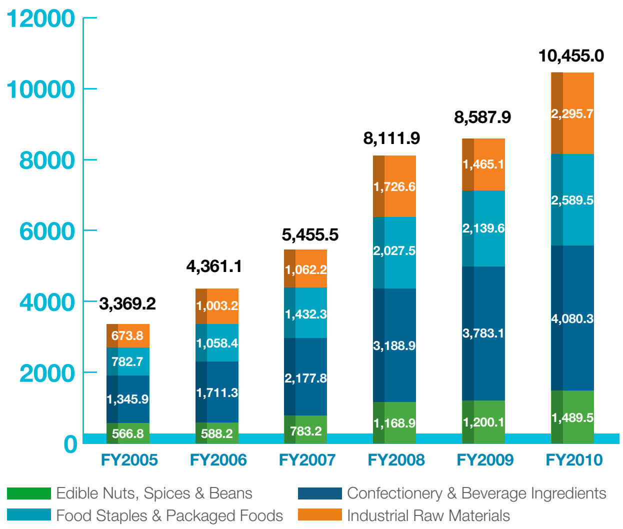
ABN Amro Bank N.V.
Australia and New Zealand Banking Group Limited
BNP Paribas
DBS Bank Ltd
ING Bank N.V.
JPMorgan Chase Bank, N.A.
Natixis, Singapore
Oversea-Chinese Banking Corporation Limited
Rabobank International
Standard Chartered Bank
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Hongkong and Shanghai Banking Corporation Limited
The Islamic Bank of Asia Limited
The Royal Bank of Scotland Plc

Financial analysis

SALES VOLUME ('000 metric tonnes)



SALES REVENUE (S$million)



Sales Volume

('000 metric tonnes)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	6-year CAGR
Edible Nuts, Spices & Beans	395	482	566	826	976	1,108	22.9%
Confectionery & Beverage Ingredients	588	734	853	1,047	1,170	1,288	17.0%
Food Staples & Packaged Foods	1,102	1,336	1,623	1,959	2,451	3,207	23.8%
Industrial Raw Materials	468	620	731	1,094	1,124	1,403	24.6%
Total	**2,553**	**3,172**	**3,773**	**4,926**	**5,721**	**7,006**	**22.5%**

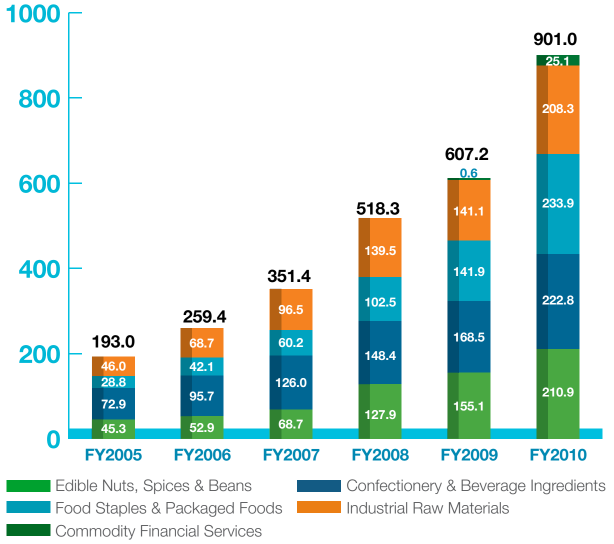
Sales Revenue

(S$million)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	6-year CAGR
Edible Nuts, Spices & Beans	566.8	588.2	783.2	1,168.9	1,200.1	1,489.5	21.3%
Confectionery & Beverage Ingredients	1,345.9	1,711.3	2,177.8	3,188.9	3,783.1	4,080.3	24.8%
Food Staples & Packaged Foods	782.7	1,058.4	1,432.3	2,027.5	2,139.6	2,589.5	27.0%
Industrial Raw Materials	673.8	1,003.2	1,062.2	1,726.6	1,465.1	2,295.7	27.8%
Total	**3,369.2**	**4,361.1**	**5,455.5**	**8,111.9**	**8,587.9**	**10,455.0**	**25.4%**

Total sales volume grew at CAGR of 22.4% over last six years, from 2.55 million tonnes in FY2005 to 7.0 million tonnes in FY2010. All the four segments contributed to the growth in volume in FY2010.

Total sales revenue grew at CAGR of 25.4% over last six years from S$3.37 billion in FY2005 to S$10.45 billion in FY2010. The growth was mainly due to the rising sales volume throughout the six-year period.

NET CONTRIBUTION (S$million)

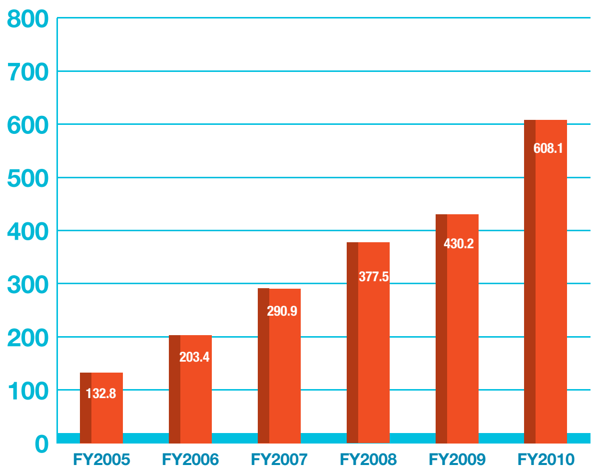


Net Contribution

(S$million)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	6-year CAGR
Edible Nuts, Spices & Beans	45.3	52.9	68.7	127.9	155.1	210.9	36.0%
Confectionery & Beverage Ingredients	72.9	95.7	126.0	148.4	168.5	222.8	25.0%
Food Staples & Packaged Foods	28.8	42.1	60.2	102.5	141.9	233.9	52.0%
Industrial Raw Materials	46.0	68.7	96.5	139.5	141.1	208.3	35.3%
Commodity Financial Services	-	-	-	-	0.6	25.1	-
Total	**193.0**	**259.4**	**351.4**	**518.3**	**607.2**	**901.0**	**36.1%**

The first four business segments recorded growth in NC over the six years from FY2005 to FY2010. The fifth segment, which is the new Commodity Financial Services segment, saw a large increase in NC in FY2010 compared to FY2009. Total NC grew at CAGR of 36.1% during this period with net contribution per tonne rising from S$76 to S$129.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION (S$million)

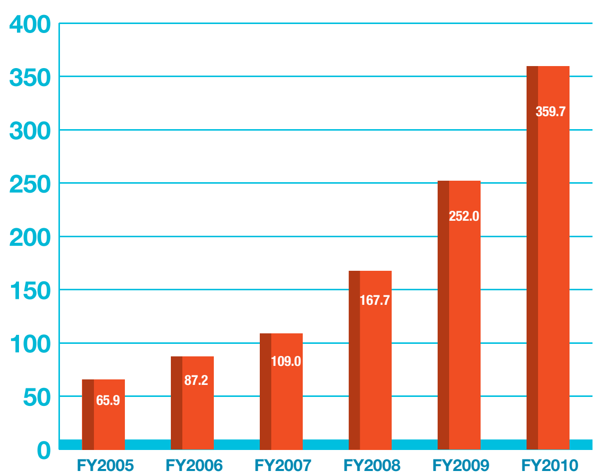


Earnings Before Interest, Tax, Depreciation & Amortisation

(S$million)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	6-year CAGR
	132.8	203.4	290.9	377.5	430.2	608.1	**35.6%**

EBITDA grew from S$132.8 million in FY2005 to S$608.1 million in FY2010, a CAGR growth of 35.6% over the six-year period.

NET PROFIT AFTER TAX (S$million)

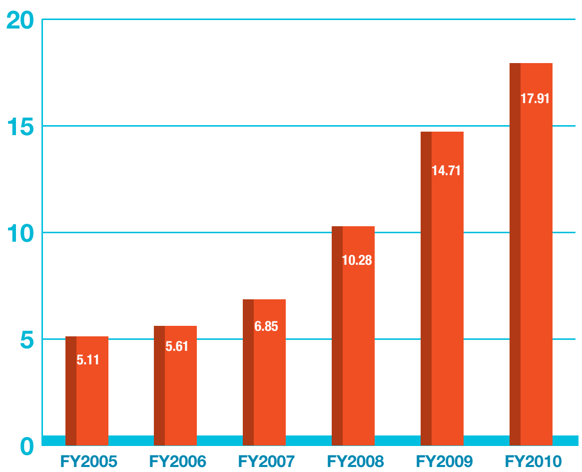


Net Profit After Tax

(S$million)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	6-year CAGR
	65.9	87.2	109.0	167.7	252.0	359.7	**40.4%**

Net Profit After Tax increased from S$65.9 million in FY2005 to S$359.7 million in FY2010 at CAGR of 40.4%. Excluding exceptional gains, Net Profit After Tax increased at a CAGR of 32.8% to reach S$272.1 million in FY2010.

EARNINGS PER SHARE (cents)

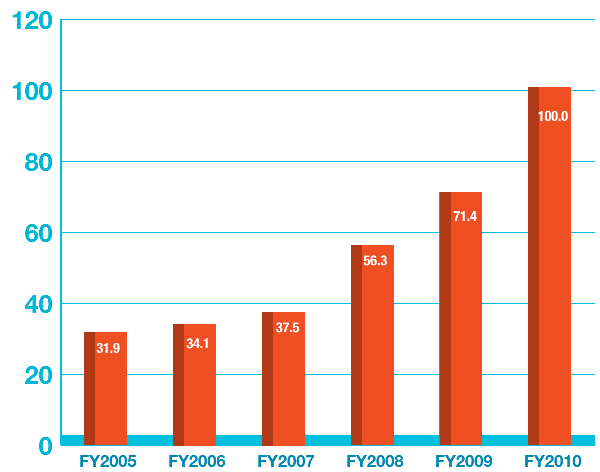


Earnings Per Share

(cents)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	6-year CAGR
	5.11	5.61	6.85	10.28	14.71	17.91	**28.5%**

EPS grew from 5.11 cents per share in FY2005 to 17.91 cents per share in FY2010 at a CAGR of 28.5%.

NET TANGIBLE ASSET PER SHARE (cents)

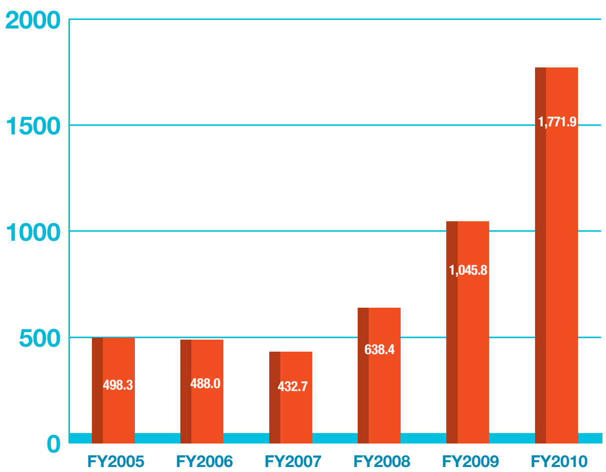


Net Tangible Asset Per Share

(cents)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	6-year CAGR
	31.9	34.1	37.5	56.3	71.4	100.0	**25.7%**

Net Tangible Asset Per Share rose from 31.9 cents in FY2005 to 100.0 cents in FY2010, implying a CAGR growth of 25.7% during this period.

SHAREHOLDERS' EQUITY (S$million)

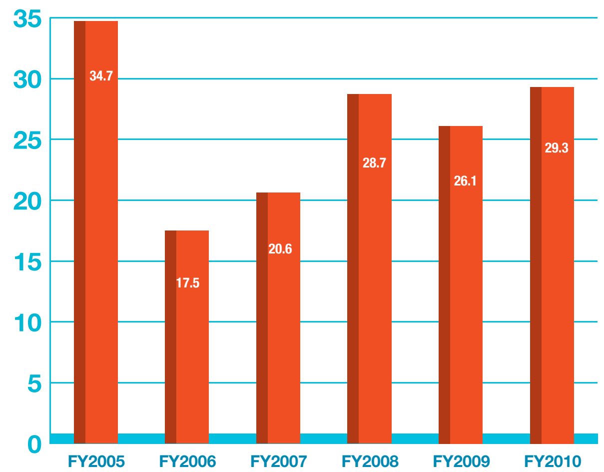


Shareholders' Equity

(S$million)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	6-year CAGR
	498.3	488.0	432.7	638.4	1,045.8	1,771.9	**28.9%**

Our equity base increased from S$498.3 million in FY2005 to S$1,771.9 million in FY2010. During this period, Olam raised net proceeds of S$217.4 million during its initial public offering in FY2005, launched a preferential share offering in FY2008 to raise S$307 million. In FY2010, Olam raised a further S$437.5 million of equity capital from Temasek Holdings.

RETURN ON EQUITY (%)

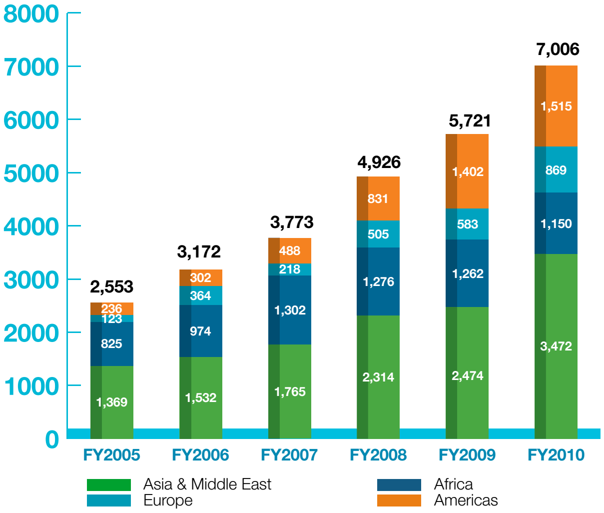


Return on Equity

(%)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
	34.7	17.5	20.6	28.7	26.1	29.3

Based on beginning-of-period equity, ROE for FY2010 was 29.3% compared to 26.1% in FY2009. The spread over cost of equity of 10% was therefore 19.3% in FY2010 as against 17.1% in FY2009 when cost of equity was 9%.

SOURCING VOLUME BY CONTINENT ('000 Metric Tonnes)

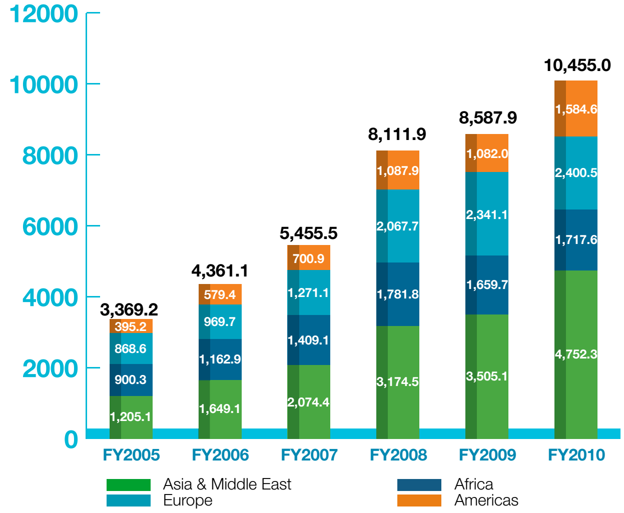


Sourcing Volume By Continent

('000 metric tonnes)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Asia & Middle East	1,369	1,532	1,765	2,314	2,474	3,472
Africa	825	974	1,302	1,276	1,262	1,150
Europe	123	364	218	505	583	869
Americas	236	302	488	831	1,402	1,515
Total	**2,553**	**3,172**	**3,773**	**4,926**	**5,721**	**7,006**

The Asia & Middle East sourcing region continues to be our top sourcing continent, accounting for 49.6% of total volume in FY2010. The Americas region has in the recent two years grown to become the second largest sourcing region, accounting for 21.6% in FY2010. Africa and Europe made up the the balance 28.8%.

SALES REVENUE BY CONTINENT (S$million)

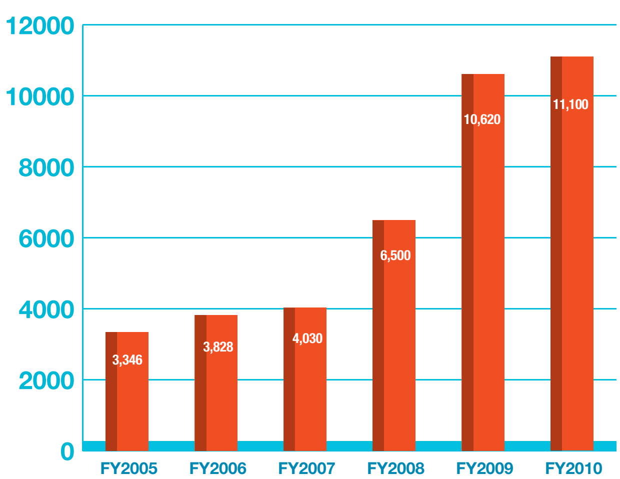


Sales Revenue By Continent

(S$million)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Asia & Middle East	1,205.1	1,649.1	2,074.4	3,174.5	3,505.1	4,752.3
Africa	900.3	1,162.9	1,409.1	1,781.8	1,659.7	1,717.6
Europe	868.6	969.7	1,271.1	2,067.7	2,341.1	2,400.5
Americas	395.2	579.4	700.9	1,087.9	1,082.0	1,584.6
Total	**3,369.2**	**4,361.1**	**5,455.5**	**8,111.9**	**8,587.9**	**10,455.0**

Asia & Middle East and Europe were the top two regional markets and accounted for 45.5% and 22.9% of sales revenue respectively in FY2010. This was followed by Africa and Americas at 16.4% and 15.2% respectively.

NUMBER OF CUSTOMERS

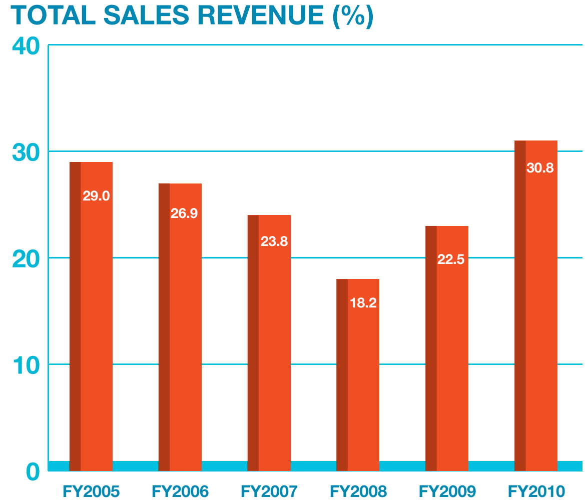


Number of Customers

FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	6-year CAGR
3,346	3,828	4,030	6,500	10,620	11,100	**27.1%**

The number of customers increased from 3,346 in FY2005 to 11,100 in FY2010, a CAGR of 27.1%. The increase is a result of our objective to diversify our customer base by growing the number of customers by 10% each year as well as our acquisition-led growth strategy since FY2007.

TOP 25 CUSTOMERS' SHARE OF TOTAL SALES REVENUE (%)



Top 25 Customers' Share of Total Sales Revenue

(%)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
	29.0	26.9	23.8	18.2	22.5	30.8

Our share of revenues from top 25 customers has remained stable over the six-year period.

General information

General Information on Olam International Limited Annual Report 2010 for the Financial Year Ended 30 June 2010 (FY2010)

Introduction

Our Annual Report and Accounts for FY2010 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 FY2010, 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 FY2010.

Business Segmentation and Reporting

We organise the 20 products which we supply into four reporting segments – Edible Nuts, Spices & Beans, Confectionery & Beverage Ingredients, Food Staples & Packaged Foods and Industrial Raw Materials. The table below shows the mix of products within each segment. In addition to these four product segments, a fifth segment related to the services provided by the Commodity Financial Services business unit has been added to show its results separately from the 20 products. Due to the changes in segmental reporting, the FY2009 financial figures have been reclassified to facilitate like-to-like comparison of segmental results.

Business Segment	Products
Edible Nuts, Spices & Beans	Cashews Peanuts Almonds Spices & Dehydrates Sesame Beans (Pulses, Lentils & Peas)
Confectionery & Beverage Ingredients	Cocoa Coffee Sheanuts
Food Staples & Packaged Foods	Rice Sugar Grains (Wheat, Barley, Corn) Palm Products Dairy Products Packaged Foods
Industrial Raw Materials	Cotton Wool Wood Products Rubber
Commodity Financial Services	Market Making Risk Management Solutions Commodity Funds Management

Basis of discussion and analysis

A key driver 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.

We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per tonne of product supplied.

GC is calculated as sale of goods and other income (excluding exceptional items and interest income), less cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, commission and claims, bank charges, net measurement of derivative instruments (other than relating to Convertible Bonds), gains or losses on foreign exchange and share of gains or losses from jointly controlled entities and associates.

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

For analysing the performance of the Group, share of profits from jointly controlled entities and associates is included in the GC and NC along with the proportionate share of volumes.

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 reporting profit measures of GC and NC provide valuable additional information on our underlying earnings trends to our shareholders. The terms GC and NC are not defined terms under the Financial Reporting Standards (FRS) of Singapore and may not, therefore, be comparable to similarly-titled profit measurements reported by other companies. These measures are not intended to be substitutes for, or superior to, FRS measurements of profit. GC and NC are key metrics used by management to measure the progress of Olam in the execution of its strategic plan. We believe that the communication and explanation of the GC and NC profit measures are essential in order for readers of Olam's financial statements to understand fully the performance of the Company and the Group.

Disclaimer

Certain sections of our Annual Report and Accounts for FY2010 have been audited. The sections that have been audited are set out on pages XX to XX. 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 described in the Group's prospectus dated 31 January 2005 and filings 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 2010

Contents

Report of the Directors

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") and the balance sheet, profit and loss account, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 30 June 2010.

Directors

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

R. Jayachandran
Narain Girdhar Chanrai
Michael Lim Choo San
Robert Michael Tomlin
Mark Haynes Daniell
Wong Heng Tew
Tse Po Shing
Jean-Paul Pinard
Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Held in the name of the director or nominee			Deemed interest		
Name of directors	**As at 1.7.2009**	**As at 30.6.2010**	**As at 21.7.2010**	**As at 1.7.2009**	**As at 30.6.2010**	**As at 21.7.2010**
The Company						
Olam International Limited						
(a) Ordinary shares						
Narain Girdhar Chanrai	–	–	–	459,602,064+	459,602,064+	459,602,064+
Sunny George Verghese	89,574,893	89,574,893	89,574,893	–	–	–
Sridhar Krishnan	14,429,138*	14,429,138*	14,429,138*	–	–	–
Shekhar Anantharaman	14,602,861*	14,602,861*	14,602,861*	–	–	–
(b) Notes issued						
Michael Lim Choo San	–	500,000~	500,000~	–	–	–

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

Name of directors	Held in the name of the director or nominee As at 1.7.2009	As at 30.6.2010	As at 21.7.2010	Deemed interest As at 1.7.2009	As at 30.6.2010	As at 21.7.2010
The Company						
Olam International Limited						
(c) Options to subscribe for ordinary shares						
Mark Haynes Daniell	100,000	100,000	100,000	–	–	–
Michael Lim Choo San	100,000	100,000	100,000	–	–	–
Robert Michael Tomlin	100,000	100,000	100,000	–	–	–
Wong Heng Tew	100,000	100,000	100,000	–	–	–
Sunny George Verghese	15,000,000	30,000,000	30,000,000	–	–	–
Sridhar Krishnan	800,000	2,300,000	2,300,000	–	–	–
Shekhar Anantharaman	800,000	2,550,000	2,550,000	–	–	–

+ The deemed interest in these shares arose out of Narain Girdhar Chanrai being one of the trustees of the Girdhar Kewalram Chanrai Settlement ("GKC"), Hariom Trust and the Dayal Damodar Chanrai Settlement ("DKC") of whom three of the four are each holding approximately 28 per cent respectively in the issued and paid-up capital of Kewalram Chanrai Holdings Limited ("KCH"). The other shareholder is the PKC 2008 Settlement ("PKC"), holding approximately 16 percent in KCH. Pursuant to section 7(4A) of the Singapore Companies Act, Cap. 50, GKC, Hariom Trust and DKC are associates of PKC and vice versa. Hence, PKC would be deemed to be interested in the shares held by KCH. Kewalram Singapore Limited ("KSL") is a wholly-owned subsidiary of Chanrai Investment Corporation Limited ("CICL"), which in turn is a wholly-owned subsidiary of KCH. KSL has a direct interest in the Company amounting to 459,602,064 ordinary shares as at 30 June 2010 (2009: 459,602,064 shares). CICL and KCH are therefore deemed to be interested in the 459,602,064 shares held by KSL in the Company.

* These shares include shares that were jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose ("the Trustees") and are held in trust for the management (including the directors) and employees of the Group pursuant to the Olam International Limited Employee Share Subscription Scheme 2004 ("ESSS"). Under the ESSS, a total of 1,418,826 (2009: 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 2010.

~ This refers to Notes issued under Series 48 of the S$800,000,000 Multicurrency Medium Term Note Programme established by the Company, comprising S$250,000,000 in principal amount of 4.07% notes due 2013. The number stated should be regarded as S$ currency. The Notes is issued in denominations of S$250,000.

Directors' contractual benefits

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

Employee share subscription scheme

The Olam International Limited Employee Share Subscription Scheme 2004 ("the ESSS") was implemented on 26 October 2004. The ESSS comprised 73,913,044 ordinary shares of $0.23 per share, which were fully allotted and issued by the Company.

Olam employee share option scheme

The Olam Employee Share Option Scheme ("the ESOS") was approved by the shareholders on 4 January 2005 at the Extraordinary General Meeting of the Company. The ESOS Rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS and all subsequent options issued to Group's employees and Executive Directors shall have a life of 10 years instead of 5. For Options granted to the Company's Non-Executive Directors and Independent directors, the Option Period shall be no longer than 5 years.

Olam employee share option scheme (cont'd)

The objectives of the ESOS are to provide an opportunity for employees of the Group, directors (including Non-Executive Directors and Independent Directors) or full-time employees of the Company, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standard of performance, and to give recognition to employees of the Group who have contributed to the success and development of the Company and/or the Group.

Subject to any adjustment as stated in the ESOS, the subscription price for each share in respect of which a Market Price Option is exercisable shall be at a price (the "Market Price") equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or any other publication published by SGX-ST, for the 5 consecutive Market days immediately preceding the offering date of that option, rounded up to the nearest whole cent.

Each Option shall be exercisable, in whole or in part, during the option period as follows:-

(a) in the case of a Market Price Option, a period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date.

(b) in the case of an Incentive Option, a period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date.

Provided that, in the case of non-executive directors or independent directors, such option period shall not extend beyond the fifth anniversary of such offering date or any maximum period that may be prescribed by law.

In the event of an Option being exercised in part, the balance of the Option not exercised shall continue to be exercisable until such time as it lapses in accordance with the ESOS.

Under the rules of the ESOS, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in 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 2010:-

- There were 6,862,209 ordinary shares issued pursuant to the exercise of options granted under the ESOS.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS outstanding as at 30 June 2010 are as follows:-

Expiry date	Exercise price ($)	Number of options
11 February 2015	0.62	15,000,000
1 June 2011	1.52	24,756,116
2 January 2012	2.04	425,000
2 July 2012	3.14	1,370,000
5 September 2012	3.03	2,000,000
8 October 2012	3.14	820,000
29 October 2012	3.14	400,000
9 January 2013	2.89	1,495,000
12 June 2013	2.65	1,590,000
21 July 2019	2.28	46,975,000
17 February 2020	2.35	15,000,000
Total		**109,831,116**

Olam employee share option scheme (cont'd)

The details of options granted to the directors and employees of the Group, are as follows:-

Name of Participant	Options granted during financial year under review	Exercise Price for options granted during the financial year under review	Aggregate options granted since the commencement of the scheme to the end of financial year under review	Aggregate options exercised since the commencement of the scheme to the end of financial year under review	Aggregate options outstanding as at the end of financial year under review
Mark Haynes Daniell	–	–	100,000	–	100,000
Michael Lim Choo San	–	–	100,000	–	100,000
Robert Michael Tomlin	–	–	100,000	–	100,000
Wong Heng Tew	–	–	100,000	–	100,000
Sunny George Verghese	15,000,000	$2.35	30,000,000	–	30,000,000
Sridhar Krishnan	1,500,000	$2.28	2,300,000	–	2,300,000
Shekhar Anantharaman	1,750,000	$2.28	2,550,000	–	2,550,000

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 25%, 35% and 40% tranches on or after the first, second and third anniversaries of 29 October 2007. The options will expire 5 years after the date of the grant.

The 15,000,000 options granted to Sunny George Verghese in 2005 are exercisable in three equal tranches of 5,000,000 each on or after the first, second and third anniversaries respectively of the date of the admission of the Company to the official list of the SGX-ST (11 February 2005) at the exercise price of $0.62 if the vesting conditions are met. The 15,000,000 options granted to Sunny George Verghese in 2010 are exercisable in three equal tranches of 5,000,000 each on or after the third, sixth and ninth anniversaries of the grant date (17 February 2010) at the exercise price of $2.35. The options will expire 10 years after the date of grant.

The 800,000 options granted to Sridhar Krishnan and Shekhar Anantharaman in 2006 are exercisable in 25%, 35% and 40% tranches on or after the first, second and third anniversaries of the grant date (1 June 2006) at the exercise price of $1.52 if the vesting conditions are met. The options will expire 5 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 2009 are exercisable in 25% and 75% tranches at the end of the 3rd anniversary and 4th anniversary from the Date of Grant (21 July 2009) at the exercise price of $2.28 if the vesting conditions are met. The options will expire 10 years after the date of grant.

Except as disclosed above, no directors or employees of the Group received 5% or more of the total number of options available under the ESOS during the financial year under review.

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.

Audit and Compliance Committee

The Audit & Compliance Committee (the "ACC") comprises four independent directors and a non-executive director. The members of the ACC are 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 Singapore Companies Act, the Code of Corporate Governance 2005 and the Listing Manual of the Singapore Exchange.

The ACC held 6 meetings during the year. 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 co-operation given by the Company's management to the external and internal auditors;
- quarterly and annual financial statements of the Group and the Company prior to their submission to the Board of Directors for adoption;
- the Company's material internal controls, including financial, operational, compliance controls and risk management via reviews carried out by the internal auditors;
- legal and regulatory matters that may have a material impact on the financial statements, related compliance policies & programmes and any reports received from regulators;
- independence and objectivity of the external auditors;
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange); and
- the scope and results of the audit.

Further, the ACC

- held meetings with the external auditors and the management in separate executive sessions to discuss any matters that these groups believed should be discussed privately with the ACC;
- recommended to the Board of Directors that the external auditors be nominated for reappointment and that their compensation for the renewed period be approved; and
- reported actions and minutes of the ACC meetings to the Board of Directors with such recommendations as the ACC considered appropriate.

The ACC had full access and cooperation of the management and full discretion to invite any director or executive officer to attend its meetings.

The ACC also reviewed the cost effectiveness of the audit conducted by the external auditors and the nature and extent of all non-audit services performed by the external auditors and has confirmed that such services would not affect their independence.

The ACC has nominated Ernst & Young LLP for reappointment as auditors of the Company at the forthcoming Annual General Meeting.

Further details regarding the functions of the ACC are disclosed in the Report on Corporate Governance in the Company's Annual Report to shareholders.

Auditors

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

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
4 October 2010

Statement by the Directors

We, R. Jayachandran and Sunny George Verghese, being two of the directors of Olam International Limited, do hereby state that, in the opinion of the directors:-

(i) the accompanying balance sheets, profit and loss accounts, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 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
4 October 2010

Independent Auditors' Report

To the Members of Olam International Limited

We have audited the accompanying financial statements of Olam International Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2010, 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 notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes 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 account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 judgment, 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 and fair presentation of the financial statements 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,

(a) 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 2010 and the results, changes in equity of the Group and the Company and cash flows of the Group for the financial year ended on that date; and

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

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
4 October 2010

Profit and Loss Accounts

for the year ended 30 June 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Revenue – Sale of goods	4	**10,455,032**	8,587,932	**7,537,972**	6,332,124
Other income	5	**241,240**	157,404	**36,899**	130,095
		10,696,272	8,745,336	**7,574,871**	6,462,219
Costs and expenses					
Cost of goods sold	6	**(8,465,914)**	(6,998,984)	**(6,673,973)**	(5,523,237)
Shipping and logistics		**(1,012,091)**	(825,720)	**(375,062)**	(382,822)
Commission and claims		**(97,157)**	(74,812)	**(67,876)**	(71,663)
Employee benefits expenses	32	**(238,553)**	(184,603)	**(111,179)**	(57,106)
Depreciation	10	**(68,530)**	(40,532)	**(1,682)**	(1,312)
Net measurement of derivative instruments	7	**77,915**	61,114	**75,950**	67,138
Gain/(loss) on foreign exchange		**20,655**	(39,423)	**24,435**	(7,044)
Other operating expenses	7	**(277,851)**	(186,287)	**(82,965)**	(74,406)
Finance costs	8	**(227,475)**	(239,179)	**(156,879)**	(179,138)
		(10,289,001)	(8,528,426)	**(7,369,231)**	(6,229,590)
Share of results from jointly controlled entities	14	**15,288**	40,411	**–**	–
Share of results from associates	15	**(2,364)**	703	**–**	–
Profit before taxation		**420,195**	258,024	**205,640**	232,629
Taxation	9	**(60,446)**	(5,995)	**(12,628)**	(11,600)
Profit for the financial year		**359,749**	252,029	**193,012**	221,029
Attributable to:					
Equity holders of the Company		**359,469**	252,029	**193,012**	221,029
Non-controlling interests		**280**	–	**–**	–
		359,749	252,029	**193,012**	221,029
Earnings per share attributable to equity holders of the Company (cents)					
Basic	40	**17.91**	14.71		
Diluted	40	**14.80**	12.38		

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

Statement of Comprehensive Income

for the year ended 30 June 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Profit for the financial year		**359,749**	252,029	**193,012**	221,029
Other comprehensive income					
Net (loss)/gain on fair value changes during the financial year		**(88,352)**	32,669	**(98,741)**	(99,094)
Recognised in the profit and loss account on occurrence of hedged transactions		**19,880**	113,266	**54,505**	170,656
Foreign currency translation adjustment		**(81,417)**	(601)	**(38,759)**	42,668
Other comprehensive income for the financial year, net of tax		**(149,889)**	145,334	**(82,995)**	114,230
Total comprehensive income for the financial year		**209,860**	397,363	**110,017**	335,259
Attributable to:					
Equity holders of the Company		**209,580**	397,363	**110,017**	335,259
Non-controlling interests		**280**	–	**–**	–
		209,860	397,363	**110,017**	335,259

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

Balance Sheets
at 30 June 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Non-current assets					
Property, plant and equipment	10	**1,054,166**	514,334	**4,673**	2,974
Intangible assets	11	**341,586**	127,538	**19,456**	8,940
Biological assets	12	**181,883**	19,629	**–**	–
Subsidiary companies	13	**–**	–	**789,954**	314,556
Deferred tax assets	9	**63,978**	74,704	**9,697**	13,096
Interests in jointly controlled entities	14	**195,958**	294,407	**170,980**	254,586
Investment in associates	15	**271,279**	106,520	**271,422**	105,817
Long term investment	16	**18,752**	–	**18,752**	–
Other non-current assets	22	**4,161**	11,154	**–**	10,922
		2,131,763	1,148,286	**1,284,934**	710,891
Current assets					
Amounts due from subsidiary companies	17	**–**	–	**1,340,165**	747,613
Trade receivables	18	**976,781**	732,500	**275,388**	237,296
Margin accounts with brokers	19	**152,815**	64,839	**165,164**	55,521
Inventories	20	**2,584,046**	1,966,419	**461,731**	550,729
Advance payments to suppliers	21	**237,784**	277,683	**1,501,306**	1,020,863
Other current assets	22	**392,656**	342,075	**85,200**	85,651
Fixed deposits	35	**259,117**	239,688	**247,425**	228,009
Cash and bank balances	35	**412,426**	294,130	**141,232**	59,628
Fair value of derivative financial instruments	37	**657,270**	349,796	**595,022**	279,242
		5,672,895	4,267,130	**4,812,633**	3,264,552
Current liabilities					
Trade payables and accruals	23	**(648,391)**	(658,988)	**(330,343)**	(420,115)
Other current liabilities	24	**(98,651)**	(58,595)	**(56,982)**	(35,871)
Amounts due to bankers	25	**(2,295,568)**	(1,869,640)	**(1,560,631)**	(1,166,700)
Medium term notes	26	**–**	(128,005)	**–**	(128,005)
Provision for taxation		**(34,920)**	(11,410)	**(16,319)**	(14,732)
Fair value of derivative financial instruments	37	**(608,046)**	(403,528)	**(562,004)**	(347,333)
		(3,685,576)	(3,130,166)	**(2,526,279)**	(2,112,756)
Net current assets		**1,987,319**	1,136,964	**2,286,354**	1,151,796
Non-current liabilities					
Deferred tax liabilities	9	**(140,861)**	(62,812)	**–**	–
Amounts due to bankers	25	**(1,228,312)**	(1,008,312)	**(1,035,793)**	(764,602)
Medium term notes	26	**(249,016)**	–	**(249,016)**	–
Convertible bonds	27	**(730,108)**	(168,234)	**(730,108)**	(168,234)
		(2,348,297)	(1,239,358)	**(2,014,917)**	(932,836)
Net assets		**1,770,785**	1,045,892	**1,556,371**	929,851
Equity attributable to equity holders of the Company					
Share capital	28	**1,201,581**	708,586	**1,201,581**	708,586
Reserves		**570,348**	337,260	**354,790**	221,265
		1,771,929	1,045,846	**1,556,371**	929,851
Non-controlling interests		**(1,144)**	46	**–**	–
Total equity		**1,770,785**	1,045,892	**1,556,371**	929,851

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 2010

2010 Group	Attributable to equity holders of the Company Share capital (Note 28) $'000	Capital reserves[4] $'000	Foreign currency translation reserves[1] $'000	Fair value adjustment reserves[2] $'000	Share-based compensation reserves[3] $'000	Revenue reserves $'000	Total reserves $'000	Non-controlling interests $'000	Total equity $'000
At 1 July 2009	708,586	24,450	(85,035)	(179,943)	17,765	560,023	337,260	46	1,045,892
Profit for the financial year	–	–	–	–	–	359,469	359,469	280	359,749
Other comprehensive income	–	–	(81,417)	(68,472)	–	–	(149,889)	–	(149,889)
Total comprehensive income for the year	–	–	(81,417)	(68,472)	–	359,469	209,580	280	209,860
Issue of shares for cash	437,389	–	–	–	–	–	–	–	437,389
Issue of shares upon conversion of bonds	30,461	(3,149)	–	–	–	–	(3,149)	–	27,312
Issue of shares under the Scrip Dividend Scheme	14,114	–	–	–	–	–	–	–	14,114
Issue of shares on exercise of share option	11,031	–	–	–	–	–	–	–	11,031
Share-based expense	–	–	–	–	12,438	–	12,438	–	12,438
Dividends on ordinary shares (Note 29)	–	–	–	–	–	(110,168)	(110,168)	–	(110,168)
Equity portion of convertible bonds	–	124,387	–	–	–	–	124,387	–	124,387
Acquisition of subsidiary company	–	–	–	–	–	–	–	(1,470)	(1,470)
At 30 June 2010	1,201,581	145,688	(166,452)	(248,415)	30,203	809,324	570,348	(1,144)	1,770,785
At 1 July 2008	704,870	–	(84,434)	(325,878)	13,474	330,382	(66,456)	–	638,414
Profit for the financial year	–	–	–	–	–	252,029	252,029	–	252,029
Other comprehensive income for the year	–	–	(601)	145,935	–	–	145,334	–	145,334
Total comprehensive income for the year	–	–	(601)	145,935	–	252,029	397,363	–	397,363
Gain on buy back of convertible bonds	–	(20,445)	–	–	–	20,445	–	–	–
Issue of shares on exercise of share options	3,716	–	–	–	–	–	–	–	3,716
Share-based expense	–	–	–	–	4,291	–	4,291	–	4,291
Dividends on ordinary shares (Note 29)	–	–	–	–	–	(42,833)	(42,833)	–	(42,833)
Equity portion of convertible bonds	–	44,895	–	–	–	–	44,895	–	44,895
Acquisition of subsidiary company	–	–	–	–	–	–	–	46	46
At 30 June 2009	708,586	24,450	(85,035)	(179,943)	17,765	560,023	337,260	46	1,045,892

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

2010 Company	Share capital (Note 28) $'000	Capital reserves(4) $'000	Foreign currency translation reserves(1) $'000	Fair value adjustment reserves(2) $'000	Share -based compensation reserves(3) $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
	Attributable to equity holders of the Company							
At 1 July 2009	**708,586**	**24,450**	**(41,562)**	**(220,167)**	**17,765**	**440,779**	**221,265**	**929,851**
Profit for the financial year	**–**	**–**	**–**	**–**	**–**	**193,012**	**193,012**	**193,012**
Other comprehensive income	**–**	**–**	**(38,759)**	**(44,236)**	**–**	**–**	**(82,995)**	**(82,995)**
Total comprehensive income for the year	**–**	**–**	**(38,759)**	**(44,236)**	**–**	**193,012**	**110,017**	**110,017**
Issue of shares for cash	**437,389**	**–**	**–**	**–**	**–**	**–**	**–**	**437,389**
Issue of shares up on conversion of bonds	**30,461**	**(3,149)**	**–**	**–**	**–**	**–**	**(3,149)**	**27,312**
Issue of shares under the Scrip Dividend Scheme	**14,114**	**–**	**–**	**–**	**–**	**–**	**–**	**14,114**
Issue of shares on exercise of share option	**11,031**	**–**	**–**	**–**	**–**	**–**	**–**	**11,031**
Share-based expense	**–**	**–**	**–**	**–**	**12,438**	**–**	**12,438**	**12,438**
Dividends on ordinary shares (Note 29)	**–**	**–**	**–**	**–**	**–**	**(110,168)**	**(110,168)**	**(110,168)**
Equity portion of convertible bonds	**–**	**124,387**	**–**	**–**	**–**	**–**	**124,387**	**124,387**
At 30 June 2010	**1,201,581**	**145,688**	**(80,321)**	**(264,403)**	**30,203**	**523,623**	**354,790**	**1,556,371**
At 1 July 2008	704,870	–	(84,230)	(291,729)	13,474	242,138	(120,347)	584,523
Profit for the financial year	–	–	–	–	–	221,029	221,029	221,029
Other comprehensive income for the year	–	–	42,668	71,562	–	–	114,230	114,230
Total comprehensive income for the year	–	–	42,668	71,562	–	221,029	335,259	335,259
Gain on buy back of convertible bonds	–	(20,445)	–	–	–	20,445	–	–
Issue of shares on exercise of share options	3,716	–	–	–	–	–	–	3,716
Share-based expense	–	–	–	–	4,291	–	4,291	4,291
Dividends on ordinary shares (Note 29)	–	–	–	–	–	(42,833)	(42,833)	(42,833)
Equity portion of convertible bonds	–	44,895	–	–	–	–	44,895	44,895
At 30 June 2009	708,586	24,450	(41,562)	(220,167)	17,765	440,779	221,265	929,851

(1) **Foreign currency translation reserves**
The foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency.

(2) **Fair value adjustment reserves**
Fair value adjustment reserves record the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges.

(3) **Share-based compensation reserves**
Share-based compensation reserves represent the equity-settled shares and share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled shares and share options and is reduced by the expiry of the share options.

(4) **Capital reserves**
Capital reserves represent the residual amount of convertible bonds net of proportionate share of transaction costs, after deducting the fair value of the debt and derivative component on date of issuance.

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

Consolidated Cash Flow Statement

for the year ended 30 June 2010

	2010 $'000	2009 $'000
Cash flows from operating activities		
Profit before taxation	**420,195**	258,024
Adjustments for:-		
Share of results from jointly controlled entities	**(15,288)**	(40,411)
Share of results from associate	**2,364**	(703)
Fair value of biological assets	**(53,989)**	(18,952)
Inventories (written back)/written-down (Note 6)	**(405)**	11,248
Allowance for doubtful debts (written back)/written down	**10,064**	19,425
Depreciation of property, plant and equipment	**68,530**	40,532
(Gain)/loss on disposal of property, plant and equipment	**(320)**	909
Gain on convertible bonds buy back	**–**	(100,674)
Net measurement of derivative instruments	**(77,915)**	(61,114)
Negative goodwill arising from acquisition of subsidiary/assets (Note 11)	**(118,200)**	(3,748)
Impairment of fixed assets and intangible assets	**4,796**	14,176
Cost of share-based payment	**12,438**	4,291
Interest income	**(21,689)**	(18,872)
Interest expense	**227,475**	239,179
Amortisation of intangible assets	**3,273**	2,738
Operating cash flows before reinvestment in working capital	**461,329**	346,048
Increase in inventories	**(621,073)**	(187,431)
(Increase)/decrease in receivables	**(449,283)**	217,569
Decrease in advance payments to suppliers	**29,386**	94,556
(Decrease)/increase in payables	**(58,363)**	141,951
Cash (used in)/generated from operations	**(638,004)**	612,693
Interest income received	**21,741**	22,020
Interest expense paid	**(200,766)**	(217,360)
Tax paid	**(36,554)**	(5,357)
Net cash flows (used in)/from operating activities	**(853,583)**	411,996
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**8,091**	7,222
Purchase of property, plant and equipment	**(171,223)**	(188,051)
Purchase of intangibles	**(10,882)**	(1,080)
Acquisition of subsidiary/assets, net of cash acquired (Note 11)	**(533,752)**	(15,911)
Loan to jointly controlled entities	**–**	(251,774)
Investment in associate	**(94,348)**	(75,737)
Long term investment	**(18,752)**	–
Investment in jointly controlled entities	**–**	165
Net cash flows used in investing activities	**(820,866)**	(525,166)
Cash flows from financing activities		
Proceeds from loans from banks	**739,356**	62,966
Proceeds from issuance of shares on exercise of share options	**11,031**	3,716
Proceeds from issuance of convertible bonds	**684,780**	417,374
Payment on convertible bonds buy back	**–**	(110,570)
Proceeds from issuance of shares for cash	**437,389**	–
Dividends paid on ordinary shares by the Company	**(96,054)**	(42,833)
Proceeds from/(repayment of) medium term notes	**125,286**	(131,852)
Net cash flows from financing activities	**1,901,788**	198,801
Net effect of exchange rate changes on cash and cash equivalents	**7,916**	18,784
Net increase in cash and cash equivalents	**235,255**	104,415
Cash and cash equivalents at beginning of year	**268,677**	164,262
Cash and cash equivalents at end of year (Note 35)	**503,932**	268,677

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

Notes to the Financial Statements
30 June 2010

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 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 as follows:

On 1 July 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

- FRS 1 *Presentation of Financial Statements (Revised)*
- Amendments to FRS 18 *Revenue*
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements* – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 *Share-based Payment* – Vesting Conditions and Cancellations
- Amendments to FRS 107 *Financial Instruments: Disclosures*
- FRS 108 *Operating Segments*
- Improvements to FRSs issued in 2008
- Improvements to FRSs issued in 2009

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

2.2 Changes in accounting policies (cont'd)

- Revision to FRS 103 *Business Combinations* and Amendments to FRS 27 *Consolidated and Separate Financial Statements*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement* – Eligible Hedged Item
- Amendments to FRS 105 *Non-current Assets Held to Sale and Discontinued Operations*
- Amendments to INT FRS 109 *Reassessment of Embedded Derivatives* and FRS 39 *Financial Instruments: Recognition and Measurement* – Embedded Derivatives
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*
- INT FRS 117 *Distributions of Non-cash Assets to Owners*
- INT FRS 118 *Transfers of Assets from Customers*

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

The principal effects of these changes are as follows:

FRS 1 Presentation of Financial Statements – Revised Presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 37 and Note 36 to the financial statements respectively.

FRS 108 Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 *Segment Reporting*, except as disclosed in Note 41. Additional disclosures about each of the segments are shown in Note 41, including revised comparative information.

FRS 103 Business Combinations (revised) and FRS 27 Consolidated and Separate Financial Statements (revised)

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

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

2.2 Changes in accounting policies (cont'd)

FRS 103 Business Combinations (revised)

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

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

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition date are before 1 July 2009 are not adjusted.

FRS 27 Consolidated and Separate Financial Statements (revised)

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

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 July 2009. The changes will affect future transactions with non-controlling interests.

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

2.2 Changes in accounting policies (cont'd)

Improvements to FRSs issued in 2008

The improvements to FRSs issued in 2008 comprise of amendments to the following FRSs that are effective for annual periods beginning on or after 1 January 2009:

- FRS 1 *Presentation of Financial Statements*
- FRS 16 *Property, Plant and Equipment*
- FRS 19 *Employee Benefits*
- FRS 20 *Accounting for Government Grants and Disclosures of Government Assistance*
- FRS 23 *Borrowing Costs*
- FRS 27 *Consolidated and Separate Financial Statements*
- FRS 28 *Investments in Associates* and FRS 31 *Interests in Joint Ventures*
- FRS 36 *Impairment of Assets*
- FRS 38 *Intangible Assets*
- FRS 39 *Financial Instruments: Recognition and Measurement*
- FRS 41 *Agriculture*

Improvements to FRSs issued in 2009

The improvements to FRSs issued in 2009 comprise of amendments to the following FRSs that are effective for annual periods beginning on or after 1 July 2009:

- FRS 38 *Intangible Assets*
- FRS 102 *Share-based Payments*
- FRS 108 *Operating Segments*
- INT FRS 109 *Reassessment of Embedded Derivatives*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*

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 annual periods beginning on or after
Improvements to FRSs issued in 2009:	
– Amendments to FRS 1 *Presentation of Financial Statements*	1 January 2010
– Amendments to FRS 7 *Statement of Cash Flows*	1 January 2010
– Amendments to FRS 17 *Leases*	1 January 2010
– Amendments to FRS 36 *Impairment of Assets*	1 January 2010
– FRS 39 Financial Instruments: *Recognition and Measurement*	1 January 2010
– Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2010
– Amendments to FRS 108 *Operating Segments*	1 January 2010
– Amendments to FRS 102 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*	1 January 2010
– Amendment to FRS 32 *Financial Instruments: Presentation – Classification of Rights Issues*	1 February 2010
– INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
– Revised FRS 24 *Related Party Disclosures*	1 January 2011
– INT FRS 114 FRS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendments relating to Prepayments of a Minimum Funding Requirements*	1 January 2011
– INT FRS 115 *Agreement for the Construction of Real Estate*	1 January 2011

Except for the revised FRS 24, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

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

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

2.4 Functional and foreign 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.

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.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

The financial statements are presented in Singapore Dollar ("SGD") as the Company's principal place of business is in Singapore and it is felt that presenting the financial statements in SGD would be more appropriate.

The financial statements are translated from USD to SGD as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date;

- Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All exchange differences arising on the translation are included in the foreign currency translation reserves.

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

2.5 Subsidiary companies and principles of consolidation

Subsidiary companies

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

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

A list of the Group's subsidiary companies is shown in Note 13.

Basis of consolidation

Business combinations from 1 July 2009

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

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

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

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

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

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.

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

2.5 Subsidiary companies and principles of consolidation (cont'd)

Basis of consolidation (cont'd)

Business combinations from 1 July 2009 (cont'd)

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's (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

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

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to equity holders 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 equity holders of the Company.

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

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

2.7 Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The consolidated financial statements included the Group's share of the total recognised gains and losses of its jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported as nil and recognition of losses is discontinued except to the extent of the Group's commitment.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment loss. The carrying amounts of the jointly controlled entities are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated and any impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The impairment loss is charged to profit or loss.

2.8 Associates

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

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

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.

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

2.9 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, all property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land and buildings is 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 10 years; 30 years for ginning assets
Motor vehicles	-	3 to 5 years
Furniture and fittings	-	5 years
Office equipment	-	5 years
Computers	-	3 years

Capital work-in-progress are not depreciated as these assets are not yet available for use.

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

The residual values, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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

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

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.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may by impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. 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 period.

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.

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

Intangible assets with indefinite useful lives or not yet available for use are 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. Summary of significant accounting policies (cont'd)

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 statement.

Agricultural produce harvested from the Group's biological assets are measured at fair value less estimated point-of-costs at the point of harvest.

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 groups of assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That 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

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

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

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

2.13 Financial assets (cont'd)

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

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the 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.

Financial assets designated under the fair value option include those that contain an embedded derivatives that would otherwise need to be separated.

(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. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or inability to collect. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. For investments carried at amortised cost, gains and losses are recognised in the profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(d) Available-for-sale financial assets

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

The fair value of investments in equity instruments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of the business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment losses.

The Group's long term investments are designated as available-for-sale investments.

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

2.14 Financial liabilities

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

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

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits which are subject to an insignificant risk of changes in value. These include bank overdrafts that form an integral part of the Group's cash management.

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

2.16 Receivables

Trade receivables, which are on trade terms, margin accounts with brokers as well as receivables from subsidiary companies, advance payments to suppliers and other current assets (excluding prepayments and deferred M&A expenses) and other non-current assets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

An allowance is made for doubtful debts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.17 below.

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

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) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

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

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

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

(b) Assets carried at cost

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

(c) Available-for-sale financial assets

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

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from equity to the profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in the profit or loss. Reversals of impairment losses on debt instruments are recognised in the profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss.

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

2.18 Inventories

Inventories principally comprise commodities held for trading and inventories that form part of the Group's normal purchase, sale or usage requirements for its processing activities.

Inventories for commodity trading businesses are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the profit or loss in the period of the change.

Other inventories are stated at the lower of cost and net realisable value. Inventories are valued on first-in-first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damages, obsolete and slow-moving items.

For agricultural produce that are 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.

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.

2.20 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

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

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.22 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 contribution 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.

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

2.22 Employee benefits (cont'd)

(c) Employee share subscription/options scheme

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment for services rendered ("equity-settled transactions").

The cost of these equity-settled transactions with employees is measured with reference to the fair value at the date on which the share subscriptions / options are granted. In valuing the share options, no account is taken of any performance conditions.

This cost is recognised in the profit or loss, with a corresponding increase in the share-based compensation reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

Where the terms of an equity-settled award are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for a modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.23 Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the 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.

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. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must be met before revenue is recognised:-

Physical commodities

Revenue from the sale of physical goods is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

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 Income taxes

(a) Current tax

Current tax assets and liabilities 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 at the balance sheet date.

Current 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.

(b) Deferred tax

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

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

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

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

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

2.26 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

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

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

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

(c) Sales tax

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

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

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

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

2. 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 review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issue expenses

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

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2.30 Derivative financial instruments and hedging activities

Derivative financial instruments such as forward currency contracts, commodity futures and options, and interest rate contracts are used to hedge 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 are determined by reference to market values for similar instruments.

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.

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

2.30 Derivative financial instruments and hedging activities (cont'd)

For cash flow hedges which meet the criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value adjustment reserves, while the ineffective portion is recognised in the profit and loss account.

Amounts taken to fair value adjustment reserves are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecasted sale occurs, or when financial income or financial expense is recognised.

If the forecast transaction is no longer expected to occur, amounts previously recognised in fair value adjustment reserves are transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in fair value adjustment reserves remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the profit and loss account.

2.31 Convertible bonds

When convertible bonds are issued, the total proceeds net of transaction costs are allocated to the debt component, the fair value of derivative financial instruments component and the equity component, which are separately presented on the balance sheet.

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

The derivative financial instruments component is determined by the fair value of the embedded derivatives on the date of issue. The fair value is reassessed at every balance sheet date and the difference is recognised in the profit and loss account.

The balance after reducing the debt component and the fair value of the embedded derivatives component from the net proceeds is presented as capital reserve under equity. The carrying amount of the equity component is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amount of the equity component will be transferred to share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

3. Significant accounting judgments and estimates

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

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:

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

Judgements made in applying accounting policies (cont'd)

(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) 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 32.

(c) Fair value of derivative financial instruments and debt components of convertible bonds

The Company assesses the fair value of derivative financial instruments and debt components of the convertible bonds that require judgment in determining the most appropriate valuation models and inputs including share volatility and interest yield rates.

(d) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. A degree of judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes would be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables at the balance sheet date was $34,920,000 (2009: $11,410,000). Deferred tax assets and liabilities at the balance sheet date were $63,978,000 (2009: $74,704,000) and $140,861,000 (2009: $62,812,000) respectively.

Key sources of estimation uncertainty

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

(a) Impairment of investments in subsidiary companies

The Company assesses at each reporting date whether there is an indication that the investments in subsidiaries may be impaired. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiary companies and long term loans to subsidiaries as at 30 June 2010 is $789,954,000 (2009: $314,556,000)

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

Key sources of estimation uncertainty (cont'd)

(b) Impairment of goodwill

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 30 June 2010 is $97,280,000 (2009: $100,184,000). More details are given in Note 11.

(c) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 10 years with the exception of ginning assets where the estimated useful lives of ginning assets are up to 30 years. These are common life expectancies applied in the agri-commodities industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the balance sheet date is disclosed in Note 10 to the financial statements.

(d) Biological assets

The Group's biological assets (other than annual crops) are stated at fair value less point-of-sale costs. This is estimated by reference to the fair value of the biological assets assessed by independent valuer. Changes in the conditions of the biological assets could impact the fair value of the assets. The carrying amount of the Group's biological assets at 30 June 2010 was approximately $181,883,000 (2009: $19,629,000).

(e) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or the cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

(f) 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.

4. Sale of goods

Sale of goods represents sale of physical commodities, net of discounts and returns. It excludes interest income, realised gain or loss on derivatives and in respect of the Group, intra-group transactions.

5. Other income

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Other income included the following:-				
Interest income from loans and receivables	**21,689**	18,872	**36,313**	8,319
Gain on convertible bonds buy back [1]	**–**	100,674	**–**	100,674
Miscellaneous income [2]	**47,362**	15,158	**586**	21,102
Fair value changes of biological assets (Note 12)	**53,989**	18,952	**–**	–
Negative goodwill arising from business combination (Note 11)	**118,200**	3,748	**–**	–
	241,240	**157,404**	**36,899**	**130,095**

[1] In 2009, net gain on convertible bonds buy back after adjusting for finance cost (Note 8) of $20,043,000, is $80,631,000. Refer to Note 27 for details of convertible bonds buy back.

[2] Miscellaneous income for the Group comprised mainly of sales of export licences, scrap and by-products from processing operations.

6. Cost of goods sold

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
This is stated after (charging)/crediting:-				
Gain/(loss) on derivatives net of fair value changes	**38,100**	(113,266)	**43,769**	(170,656)
Foreign exchange gain on cost of goods sold [1]	**39,177**	25,461	**–**	–
Export incentives and subsidies received [2]	**95,243**	104,541	**–**	–
Inventories (written down)/written back (Note 20)	**406**	(11,248)	**2,766**	(5,094)

[1] Foreign exchange gain arising between the time of receiving payments for purchase of goods and the time of sale of such goods.

[2] Export incentives and subsidies relate to income from government agencies of various countries for export of agricultural products.

7. Other operating expenses/net measurement of derivative instruments

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Other operating expenses are stated after (charging)/crediting:-				
Rental expenses	**(38,472)**	(41,120)	**(7,236)**	(6,467)
Bank charges	**(32,434)**	(20,586)	**(22,461)**	(12,957)
Travelling expenses	**(32,026)**	(26,090)	**(8,874)**	(7,020)
(Allowance for doubtful debts)/write back:-				
– Amounts due from subsidiary companies (Note 17)	**–**	–	**–**	711
– Trade receivables (Note 18)	**(4,806)**	(11,618)	**(615)**	(6,366)
– Advance payments to suppliers (Note 21)	**(5,258)**	(7,807)	**(3,287)**	–
Impairment:-				
– Plant and machinery (Note 10)	**(1,403)**	(10,849)	**–**	–
– Intangible assets (Note 11)	**(3,393)**	(3,327)	**–**	–
– Investment in subsidiary companies	**–**	–	**–**	(8,898)
Amortisation of intangible assets (Note 11)	**(3,274)**	(2,738)	**–**	–
Bad debts written off:-				
– Trade receivables	**(53)**	(368)	**–**	–
– Advance payments to suppliers	**(7,989)**	(12)	**–**	–
Non-audit fees paid to auditors	**(538)**	(125)	**(287)**	(98)
Gain/(Loss) on disposal of property, plant and equipment	**320**	(909)	**81**	–
Net measurement of derivative instruments are stated after crediting:-				
– Convertible bonds (Note 27)	**54,057**	34,683	**54,057**	34,683
– Derivatives held for trading	**23,858**	26,431	**21,893**	32,455
	77,915	61,114	**75,950**	67,138

8. Finance costs

Finance costs included the following:-

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Interest expense:-				
– On bank overdrafts	**13,515**	18,025	**1**	6
– On bank loans	**120,963**	176,128	**77,997**	141,973
– On medium term notes	**7,092**	4,647	**7,092**	4,647
– On convertible bonds [(1)]	**70,291**	32,306	**70,291**	32,306
– Others	**15,614**	8,073	**1,498**	206
	227,475	239,179	**156,879**	179,138

[(1)] Includes interest of $NIL (2009: $20,043,000) relating to convertible bonds that were bought back during the previous year.

9. Income tax

(a) Various components of income tax expense

Various components of income tax expense are:-

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Profit and loss account				
Current income tax:-				
Singapore	11,991	11,600	11,991	11,600
Foreign	19,181	(1,036)	–	–
Over provision in respect of prior years	(707)	–	–	–
	30,465	10,564	11,991	11,600
Deferred income tax:-				
Singapore	637	–	637	–
Foreign	29,344	(4,569)	–	–
Income tax expense	60,446	5,995	12,628	11,600

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.

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Statement of comprehensive income				
Deferred income tax related to items credited/(charged) directly to other comprehensive income:-				
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	16,384	(22,544)	4,226	(2,864)
Deferred tax recorded in other comprehensive income	16,384	(22,544)	4,226	(2,864)
Deferred tax expenses charged directly to equity:				
Convertible bonds	(6,561)	–	(6,561)	–

9. Income tax (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	
	2010 %	2009 %	2010 %	2009 %
Statutory tax rate	**17.0**	17.0	**17.0**	17.0
Tax effect of non-deductible expenses	**3.5**	2.7	**6.5**	2.2
Higher statutory tax rates of other countries	**3.2**	1.0	**–**	–
Tax effect of income taxed at concessionary rate	**(5.0)**	(10.5)	**(10.8)**	(6.7)
Tax effect on non-taxable income	**(3.6)**	(5.2)	**(5.7)**	(6.7)
Tax effect of jointly controlled entities	**(0.5)**	(2.7)	**–**	–
Tax effect of others, net	**(0.3)**	–	**(0.9)**	(0.8)
	14.3	2.3	**6.1**	5.0

(c) Deferred income tax

	Group				Company	
	Consolidated balance sheet		Consolidated profit and loss account		Balance sheet	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred tax liabilities:						
Differences in depreciation	**39,331**	36,492	**3,514**	3,481	**190**	8
Fair value adjustment on business combinations	**91,455**	2,018	**–**	–	**–**	–
Revaluation of financial instruments to fair value	**–**	4,232	**9,909**	–	**–**	–
Biological assets	**22,178**	–	**22,930**	–	**–**	–
Convertible bonds	**6,550**	–	**–**	–	**6,550**	–
Others	**–**	1,853	**(1,800)**	1,051	**45**	–
Gross deferred tax liabilities	**159,514**	44,595			**6,785**	8
Deferred tax assets:						
Allowance for doubtful debts	**824**	1,045	**13**	(370)	**–**	471
Inventories written-down	**194**	–	**(45)**	–	**194**	153
Revaluation of financial instruments to fair value	**6,383**	–	**–**	–	**16,288**	12,480
Unabsorbed losses	**72,730**	55,442	**(2,633)**	(9,068)	**–**	–
Others	**2,500**	–	**(1,907)**	337	**–**	–
Gross deferred tax assets	**82,631**	56,487			**16,482**	13,104
Net deferred tax assets	**(76,883)**	11,892			**9,697**	13,096
Deferred income tax expense/(credit)			**29,981**	(4,569)		

The Group has tax losses of $35,666,000 (2009: $24,957,000) and capital allowances of $20,942,000 (2009: $12,758,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset has been recognised. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

10. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
Cost									
As at 1 July 2008	28,303	161,546	208,787	36,277	9,148	11,818	6,141	12,807	474,827
Additions	14,094	18,539	30,322	5,735	596	6,018	2,767	109,959	188,030
Acquired through business combination	–	–	15,911	–	–	–	–	–	15,911
Disposals	–	(5,860)	(1,956)	(3,568)	(378)	(587)	(309)	(2)	(12,660)
Reclassification	–	3,196	4,962	(542)	(44)	41	31	(7,644)	–
Foreign currency translation adjustment	(2,676)	(13,900)	(17,702)	(3,300)	(467)	(522)	(253)	185	(38,635)
As at 30 June 2009 and 1 July 2009	39,721	163,521	240,324	34,602	8,855	16,768	8,377	115,305	627,473
Additions	6,140	2,652	62,646	8,952	1,885	6,916	3,994	78,039	171,224
Acquired through business combinations	38,691	158,507	279,680	1,882	793	89	417	118	480,177
Disposals	(1,089)	(2,108)	(4,318)	(6,081)	(517)	(799)	(347)	(1,587)	(16,846)
Reclassification	(4,227)	36,355	88,548	(355)	1,292	(2,884)	1,428	(120,157)	–
Foreign currency translation adjustment	(4,166)	(4,139)	(15,119)	(2,842)	(733)	(1,849)	(347)	(11,575)	(40,770)
As at 30 June 2010	75,070	354,788	651,761	36,158	11,575	18,241	13,522	60,143	1,221,258
Accumulated depreciation and impairment									
As at 1 July 2008	–	10,045	30,361	17,709	4,458	5,432	3,431	–	71,436
Charge for the year	–	6,950	23,344	5,697	1,062	1,787	1,692	–	40,532
Impairment of assets	–	–	10,849	–	–	–	–	–	10,849
Disposals	–	(1,497)	(363)	(2,339)	(157)	(37)	(136)	–	(4,529)
Reclassification	–	3	101	(87)	(18)	(10)	11	–	–
Foreign currency translation adjustment	–	(425)	(2,403)	(1,676)	(181)	(344)	(120)	–	(5,149)
As at 30 June 2009 and 1 July 2009	–	15,076	61,889	19,304	5,164	6,828	4,878	–	113,139
Charge for the year	–	12,794	43,729	6,422	1,223	1,846	2,516	–	68,530
Impairment of assets	–	–	1,403	–	–	–	–	–	1,403
Disposals	–	(613)	(2,782)	(4,880)	(369)	(135)	(295)	–	(9,074)
Reclassification	–	(7)	(166)	9	11	172	(19)	–	–
Foreign currency translation adjustment	–	(854)	(3,294)	(1,567)	(338)	(632)	(221)	–	(6,906)
As at 30 June 2010	–	26,396	100,779	19,288	5,691	8,079	6,859	–	167,092
Net carrying value									
As at 30 June 2010	75,070	328,392	550,982	16,870	5,884	10,162	6,663	60,143	1,054,166
As at 30 June 2009	39,721	148,445	178,435	15,298	3,691	9,940	3,499	115,305	514,334

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 2008	153	–	874	1,983	866	1,489	5,365
Additions	–	–	362	14	71	1,784	2,231
Foreign currency translation adjustment	10	–	57	131	57	98	353
As at 30 June 2009 and 1 July 2009	163	–	1,293	2,128	994	3,371	7,949
Additions	–	68	362	3	789	2,624	3,846
Disposals	–	–	(570)	–	–	(5)	(575)
Foreign currency translation adjustment	(5)	–	(42)	(71)	(37)	(117)	(272)
As at 30 June 2010	158	68	1,043	2,060	1,746	5,873	10,948
Accumulated depreciation							
As at 1 July 2008	71	–	398	1,282	708	978	3,437
Charge for the year	8	–	191	213	75	825	1,312
Foreign currency translation adjustment	4	–	26	84	47	65	226
As at 30 June 2009 and 1 July 2009	83	–	615	1,579	830	1,868	4,975
Charge for the year	8	2	162	197	108	1,205	1,682
Disposals	–	–	(201)	–	–	–	(201)
Foreign currency translation adjustment	(3)	–	(20)	(53)	(28)	(77)	(181)
As at 30 June 2010	88	2	556	1,723	910	2,996	6,275
Net carrying value							
As at 30 June 2010	70	66	487	337	836	2,877	4,673
As at 30 June 2009	80	–	678	549	164	1,503	2,974

11. Intangible assets

Group	Goodwill $'000	Customer relationships* $'000	Trademark $'000	Trade name $'000	Software $'000	Marketing agreement $'000	Non-compete fees $'000	Water rights $'000	Total $'000
Cost									
As at 1 July 2008	97,075	17,810	861	8,518	4,134	3,992	–	–	132,390
Additions	–	–	–	–	1,080	–	–	–	1,080
Foreign currency translation adjustment	3,109	1,175	56	(897)	(425)	(419)	–	–	2,599
As at 30 June 2009 and 1 July 2009	100,184	18,985	917	7,621	4,789	3,573	–	–	136,069
Additions	–	–	–	–	8	–	10,874	–	10,882
Acquired through business combinations	3,791	–	–	–	–	–	–	216,005	219,796
Foreign currency translation adjustment	(3,308)	(634)	(31)	8	9	37	(18)	(6,114)	(10,051)
As at 30 June 2010	100,667	18,351	886	7,629	4,806	3,610	10,856	209,891	356,696
Accumulated amortisation and impairment									
As at 1 July 2008	–	1,186	–	213	732	–	–	–	2,131
Amortisation	–	1,266	–	177	1,295	–	–	–	2,738
Impairment	–	–	–	–	–	3,327	–	–	3,327
Foreign currency translation adjustment	–	78	–	(8)	19	246	–	–	335
As at 30 June 2009 and 1 July 2009	–	2,530	–	382	2,046	3,573	–	–	8,531
Amortisation	–	1,225	–	158	1,891	–	–	–	3,274
Impairment	3,393	–	–	–	–	–	–	–	3,393
Foreign currency translation adjustment	(6)	(86)	–	(4)	(29)	37	–	–	(88)
As at 30 June 2010	3,387	3,669	–	536	3,908	3,610	–	–	15,110
Net carrying value									
As at 30 June 2010	97,280	14,682	886	7,093	898	–	10,856	209,891	341,586
As at 30 June 2009	100,184	16,455	917	7,239	2,743	–	–	–	127,538
Average remaining amortisation period (years) – 2010	***	12 **	***	37 **	0.5 **	–	10 **	***	
Average remaining amortisation period (years) – 2009	***	13 **	***	38 **	1.5 **	–	–	–	

* Customer relationships acquired as part of the Universal Blancher's business combination were initially recognised at their fair value at the date of acquisition and are subsequently carried at cost less accumulated amortisation.

** The intangible assets are amortised on a straight-line basis over the estimated useful life.

*** These intangible assets are not subject to amortisation.

11. Intangible assets (cont'd)

Company	Goodwill $'000	Trademark $'000	Trade name $'000	Non-compete fee $'000	Total $'000
Cost					
As at 1 July 2007, 30 June 2008 and 1 July 2008	–	861	–	–	861
Transfer – Brazilian Cotton from Queensland Cotton Holdings	7,174	–	1,790	–	8,964
Foreign currency translation adjustment	(754)	56	(187)	–	(885)
As at 30 June 2009 and 1 July 2009	6,420	917	1,603	–	8,940
Additions	–	–	–	10,874	10,874
Foreign currency translation adjustment	(255)	(31)	(54)	(18)	(358)
As at 30 June 2010	6,165	886	1,549	10,856	19,456
Net carrying amount					
As at 30 June 2010	6,165	886	1,549	10,856	19,456
As at 30 June 2009	6,420	917	1,603	–	8,940

(b) Impairment testing of goodwill and other intangible assets

Goodwill and intangible assets with infinite life arising from business combinations have been allocated to the following cash-generating units ("CGU") for impairment testing:

- Universal Blanchers
- Queensland Cotton Holdings
- Olam International – Brazilian Cotton
- Naarden Agro Products B.V.
- Qingdao Key Foods
- Olam Orchards Australia

The carrying amounts allocated to each CGU are as follows:

	Goodwill		Trademark		Water rights	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Universal Blanchers	69,404	71,802	–	–	–	–
Queensland Cotton Holdings						
– Australian Cotton	5,749	5,618	–	–	–	–
– USA Cotton	2,615	2,407	–	–	–	–
– Australian Pulses	1,745	1,606	–	–	–	–
Olam International						
– Brazilian Cotton	6,165	6,420	–	–	–	–
Naarden Agro Products B.V	1,974	2,340	–	–	–	–
Olam Orchards Australia Pty Ltd	–	–	–	–	209,891	–
Olam International						
– Qingdao Key Foods	9,628	9,991	886	917	–	–
	97,280	100,184	886	917	209,891	–

11. Intangible assets (cont'd)

(b) 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 5-year period. The post-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the 5-year period are as follows:

	Growth rates		Discount rates	
	2010 %	2009 %	2010 %	2009 %
Universal Blanchers	**2.00**	2.00	**10.40**	10.40
Queensland Cotton Holdings [(1)]	**2.00**	4.00	**13.00**	13.00
Olam International – Brazilian Cotton	**2.00**	4.00	**13.00**	13.00
Naarden Agro Products B.V.	**2.00**	2.00	**7.73**	7.73
Qingdao Key Foods	**2.00**	2.00	**12.00**	12.00
Olam Orchards Australia	**2.00**	–	**12.00**	–

[(1)] The growth rates and discount rates used is the same for all CGUs relating to Queensland Cotton Holdings.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved at prevailing market conditions at the start of the budget period.

Growth rates – The growth rates indicated are as estimated by the management based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates reflect management's estimate of risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

11. Intangible assets (cont'd)

(c) Business combinations

The Group acquired the following assets and subsidiaries during the financial year:-

	Tomato processing assets [(i)] $'000	Almond orchards assets [(ii)] $'000	Crown Flour Mills Limited [(iii)] $'000	Dunavant Mozambique and Algodao du Vale du Zambigi [(iv)] $'000	Total $'000
Property, plant and equipment	189,911	115,185	168,582	6,499	480,177
Intangible assets	–	216,005	–	–	216,005
Biological assets	–	108,675	–	–	108,675
Inventories	11,770	–	48,339	1,714	61,823
Trade and other receivables	–	–	45,668	219	45,887
Cash and bank balances	–	–	820	–	820
	201,681	439,865	263,409	8,432	913,387
Trade and other payables	–	–	(80,904)	(8,148)	(89,052)
Accruals and provisions	–	–	(5,355)	–	(5,355)
Bank overdrafts	–	–	(16,784)	–	(16,784)
Bank loans	–	–	(80,286)	(2,105)	(82,391)
Deferred tax liabilities	(52,497)	(26,554)	(10,026)	–	(89,077)
	(52,497)	(26,554)	(193,355)	(10,253)	(282,659)
Total identifiable net assets/(liabilities) at fair value	149,184	413,311	70,054	(1,821)	630,728
Non-controlling interest measured based on proportionate share of net identifiable liabilities	–	–	–	1,470	1,470
Net identifiable assets/(liabilities)	149,184	413,311	70,054	(351)	632,198
Goodwill arising on acquisition	–	–	–	3,791	3,791
Negative goodwill arising on acquisitions	(94,463)	(23,737)	–	–	(118,200)
Purchase consideration satisfied by cash	54,721	389,574	70,054	3,440	517,789
Cash and cash equivalents of subsidiary acquired	–	–	15,964	–	15,964
Net cash outflow on acquisitions	54,721	389,574	86,018	3,440	533,753

11. Intangible assets (cont'd)

(c) Business combinations (cont'd)

All acquisitions are in line with the Group's strategy to vertically integrate supply chain.

Acquisition of assets

(i) Tomato processing assets

On 6 July, 2009 (the 'acquisition date'), the Group purchased selected assets and liabilities of a major U.S. tomato processor, SK Foods, L.P. ("SK Foods") and its wholly owned subsidiary RHM Industrial/Specialty Foods, Inc. ("RHM") in California through its wholly owned subsidiary Olam Tomato Processors Inc.

(ii) Almond orchards assets

On 1 December 2009 and 31 January 2010 (the 'acquisition dates'), the Group purchased planted almond orchards and permanent water rights from Timbercorp Limited and its associated companies in Australia through its wholly owned subsidiary, Olam Orchards Australia Pty Ltd.

Acquisition of subsidiaries

The Group acquired the following subsidiaries during the financial year:-

Name of subsidiaries acquired	Note	Equity interest acquired %	Date of acquisition
Crown Flour Mills Limited	(iii)	100	12 January 2010
Dunavant Mozambique Limitada	(iv)	100	30 December 2009
Algodao du Vale du Zambigi	(iv)	70	12 October 2009

(iii) Crown Flour Mills Limited ("CFM")

The Group has acquired CFM in order to strengthen its presence in West Africa and to build a regional leadership in import dependent countries with growing wheat flour consumption.

Trade and other receivables acquired

Trade and other receivables acquired comprise of trade receivables stated at fair values. At the date of acquisition, $3,493,000 of the contractual cash flows pertaining to trade receivables which are not expected to be collected are impaired.

(iv) Dunavant Mozambique Limitada ("DML") and Algodao du Vale du Zambigi ("AVZ")

Trade and other receivables acquired

Trade and other receivables acquired comprise of trade receivables with fair values of $219,000. The gross amounts are $219,000. It is expected that full contractual amount of the receivables can be collected.

11. Intangible assets (cont'd)

(c) Business combinations (cont'd)

Acquisition of subsidiaries (cont'd)

Transaction costs

Total transaction costs related to all acquisitions of $29,160,000 have been recognised in the "Other operating expenses" line item in the Group's profit and loss for the year ended 30 June 2010.

Negative goodwill arising from acquisition

The negative goodwill arising from the acquisition are mainly related to purchase of distressed assets and are not expected to be taxable for income tax purposes.

Impact of the acquisition on profit and loss

The Group has chosen not to disclose the impact of the acquisition on revenues and profit and loss as this information is considered to be sensitive.

12. Biological assets

Biological assets consist of plantations, concessions and annual crops.

	Group	
	2010 $'000	**2009 $'000**
As at 1 July	**19,629**	–
Additions	**8,572**	–
Business combinations (Note 11)	**108,675**	–
Effect of movement in exchange rate	**(8,982)**	677
Net change in fair value less estimated costs to sell (Note 5)	**53,989**	18,952
As at 30 June	**181,883**	19,629

12. Biological assets (cont'd)

Analysis of biological assets

Plantations consist of almonds to sell to various domestic and international markets as a part of its normal operations. The almonds orchards presently consist of semi mature trees aged between 3 and 7 years.

Concessions include forest concessions consisting of the ownership of mature and semi mature trees where the Group harvests trees for timber logs to sell in various domestic and international markets. The Group adopts Sustainable Forestry Management (SFM) practices to harvest only mature and marketable species. The harvests of the trees are carried out in such a manner as to ensure environmental protection and the sustainable management of the natural resources.

Annual crops consist of onion seeds which are given to farmers to sow and grow onions. Farmers take all the harvest risks and bear all the farming costs. On harvesting of the onions, the Group has the first right to buy the produce from these farms.

During the year ended 30 June 2010, the Group harvested approximately 15,700 metric tonnes (2009: NIL) of almonds which had a fair value less estimated point-of-sale costs of approximately $91,815,000 (2009: $NIL). The fair value of almonds was determined with reference to the market prices at the date of harvest.

At the end of the year, the Group's total planted area of mature and immature plantations, concessions and annual crops is approximately 11,949 (2009: NIL) hectares, 149,562 (2009: 149,562) hectares and 930 (2009: NIL) hectares respectively.

Fair value determination

The fair value of biological assets (other than annual crops) is estimated with reference to a professional valuation using the present value of expected net cash flows from the biological assets. The valuations are based on following significant assumptions:

(i) The average life of trees for plantations have been taken up to 25 years and for concessions of harvestable age after 25 years;
(ii) Rates considered for discounting future cash flows range between 12% & 13% per annum;
(iii) Annual rate of inflation ranging from 2.5% to 4%;
(iv) Location, soil type and infrastructure for determining estimated yield; and
(v) Market price of the biological assets dependent on the prevailing market price of the products after harvest.

The annual crops have been valued using adjusted cost, which is the estimate of the yield and cost of the crop at harvest discounted for the remaining time to harvest, which approximate fair value.

Financial risk management strategies related to agri activities

The Group is exposed to financial risk in respect of agricultural activity. The agricultural activity of the Group consists of the management of biological assets to produce marketable output. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of biological assets and on harvesting and ultimately receiving cash from the sale of the marketable output. The Group plans for cash flow requirement for such activity and manages its debt and equity portfolio actively.

13. Subsidiary companies

	Company 2010 $'000	Company 2009 $'000
Unquoted shares at cost	**382,762**	214,625
Loans to subsidiary companies	**416,437**	109,495
Provision for impairment loss [(1)]	**(9,245)**	(9,564)
	789,954	314,556

(1) Movement in provision for impairment loss is due to translation movement during the year.

Loans to subsidiary companies are non-interest bearing, unsecured and repayable on demand.

Subsidiary companies of Olam International Limited are:-

Name of company	Country of incorporation	Principal activities	Cost of investment 2010 $'000	Cost of investment 2009 $'000	Effective percentage of equity held by the Group 2010 %	Effective percentage of equity held by the Group 2009 %
Caraway Pte Ltd [1]	Singapore	(a)	**171**	177	**100**	100
Olam Burkina Sarl [2]	Burkina Faso	(a)	**268**	277	**100**	100
Olam Cam Sarl [2]	Cameroon	(a)	**459**	475	**100**	100
Olam Europe B.V. [2]	Netherlands	(a)	**28**	28	**100**	100
Olam Ghana Limited [2]	Ghana	(a)	**4,118**	4,262	**100**	100
Olam Ivoire Sarl. [2]	Ivory Coast	(a)	**437**	452	**100**	100
Olam Nigeria Ltd [2]	Nigeria	(a)	**4,232**	4,380	**100**	100
Outspan Nigeria Ltd [2]	Nigeria	(a)	**389**	402	**100**	100
Olam Tanzania Ltd [2]	Tanzania	(a)	**3,379**	3,497	**100**	100
Outspan Ivoire SA [3]	Ivory Coast	(a)	**8,199**	8,483	**100**	100
Olam Gabon Sarl. [2]	Gabon	(a)	**9,485**	9,812	**100**	100
Olam Mozambique Limitada [4]	Mozambique	(a)	**1,475**	1,526	**100**	100
Olam Madagascar Sarl [4]	Madagascar	(a)	**14**	14	**100**	100
Olam Polska Sp Z.o.o. [2]	Poland	(a)	**2,236**	2,314	**100**	100
Outspan Ghana Limited [2]	Ghana	(a)	**141**	146	**100**	100
Olam Vietnam Limited [2]	Vietnam	(a)	**1,401**	1,449	**100**	100
Olam South Africa (Proprietary) Limited [2]	South Africa	(a)	**2,788**	2,884	**100**	100

13. Subsidiary companies (cont'd)

Name of company	Country of incorporation	Principal activities	Cost of investment 2010 $'000	Cost of investment 2009 $'000	Effective percentage of equity held by the Group 2010 %	Effective percentage of equity held by the Group 2009 %
Olam Congo (R.D.C) [2]	Democratic Republic of Congo	(a)	**35**	36	**100**	100
Outspan PNG Limited [4]	Papua New Guinea	(a)	**140**	145	**100**	100
Olam France Sarl. [3]	France	(a)	**10**	10	**100**	100
Olam Guinee Sarl. [2]	Guinee Conakry	(a)	**4**	4	**100**	100
Olam Brasil Ltda [3]	Brazil	(a)	**5,334**	2,620	**100**	100
Olam Kazakhstan Ltd [4]	Kazakhstan	(a)	**714**	739	**100**	100
Olam Middle East L.L.C [2]	United Arab Emirates	(a)	**114**	118	**100**	100
Olam Europe Limited [2]	United Kingdom	(a)	**552**	572	**100**	100
Olam (Uganda) Ltd [2]	Uganda	(a)	**136**	140	**100**	100
PT Olam Indonesia [2]	Indonesia	(a)	**1,541**	1,594	**100**	100
Olam Zimbabwe (Private) Limited [4]	Zimbabwe	(a)	**2,254**	2,332	**100**	100
Outspan Brasil Importacão e Exportacão Ltda [3]	Brazil	(a)	**4,035**	4,174	**100**	100
Olam Dairy B.V. [4]	Netherlands	(a)	**181**	188	**100**	100
Olam Ukraine LLC [4]	Ukraine	(a)	**2,241**	2,319	**100**	100
Olam Shanghai Limited [2]	China	(a)	**1,401**	1,449	**100**	100
Olam Shandong Limited [2]	China	(a)	**1,960**	2,029	**100**	100
Outspan Peru S.A.C. [2]	Peru	(a)	**700**	725	**100**	100
LLC Caraway Foods [2]	Russian Federation	(a)	**9,321**	9,643	**100**	100
Olam Argentina S.A. [4]	Argentina	(a)	**13,071**	13,522	**100**	100
Panasia International FZCO [2]	United Arab Emirates	(a)	**213**	217	**100**	100
PT Agronesia Bumi Persada** [3]	Indonesia	(a)	**–**	74	**–**	51
Caraway Foods International (Nigeria) Limited [2]	Nigeria	(a)	**26**	27	**100**	100

13. Subsidiary companies (cont'd)

Name of company	Country of incorporation	Principal activities	Cost of investment 2010 $'000	Cost of investment 2009 $'000	Effective percentage of equity held by the Group 2010 %	Effective percentage of equity held by the Group 2009 %
Caraway Foods International South Africa (Pty) Ltd [4]	South Africa	(a)	**1,653**	1,710	**100**	100
Olam Liberia Limited [4]	Liberia	(a)	**7**	7	**100**	100
Mantra Ivoire S.A [3]	Ivory Coast	(a)	**558**	577	**100**	100
Outspan Colombia S.A [2]	Colombia	(a)	**1,884**	1,949	**100**	100
Olam Armazen Gerais Ltda [3]	Brazil	(a)	**67**	70	**100**	100
Olam R.O.C. S.A.R.L. [4]	Democratic Republic of Congo	(a)	**^**	^	**100**	100
Olam Honduras S.A [3]	Honduras	(a)	**911**	145	**100**	100
Olam Egypt L.L.C [2]	Egypt	(a)	**5,659**	5,147	**100**	100
Olam Zambia Limited [4]	Republic of Zambia	(a)	**^**	^	**100**	100
Rudra International Ltd [4]	United Arab Emirates	(a)	**3,152**	3,406	**100**	100
Multipro Gambia Limited [2]	Gambia	(a)	**67**	70	**100**	100
Café Outspan Vietnam Limited [3]	Vietnam	(a)	**21,012**	5,797	**100**	100
Naarden Agro Products B.V. [4]	Netherlands	(a)	**7,399**	7,654	**100**	100
LLC Outspan International [2]	Russian Federation	(a)	**12,399**	12,827	**100**	100
EURL Agri Commodities [2]	Algeria	(a)	**376**	389	**100**	100
Olam Investments Limited [2]	Mauritius	(b)	**14**	14	**100**	100
Olam Investments Australia Pty Ltd [2]	Australia	(b)	**67,468**	69,098	**100**	100
Key Foods Hong Kong Limited [3]	Hong Kong	(b)	**12,262**	12,685	**100**	100
Far East Agri Pte Ltd [1]	Singapore	(b)	*****	*	**100**	100
Olam Information Services Pvt Ltd [2]	India	(c)	**4**	4	**100**	100
Olam Insurance Limited [2]	Isle of Man	(d)	**700**	725	**100**	100
Olam Benin Sarl. [2]	Benin	(e)	**470**	486	**100**	100

13. Subsidiary companies (cont'd)

Name of company	Country of incorporation	Principal activities	Cost of investment 2010 $'000	Cost of investment 2009 $'000	Effective percentage of equity held by the Group 2010 %	Effective percentage of equity held by the Group 2009 %
Olam Togo Sarl. [2]	Togo	(e)	**439**	454	**100**	100
Olam Bissau Limitada [2]	Guinea Bissau	(e)	**5**	5	**100**	100
Olam Online Ltd [1]	Singapore	(e)	*****	*	**100**	100
Olam (Thailand) Ltd [5]	Thailand	(a)	**203**	211	**100**	100
Outspan Bolovens Limited [4]	Laos	(a)	**159**	164	**100**	100
Outspan Angola Ltda [2]	Republic of Angola	(a)	**139**	143	**100**	100
Olam Tarim Ürünleri Yem Maddeleri Sanayi Ve Ticaret Limited Sirketi [5]	Turkey	(a)	**47**	12	**100**	100
Lamco SRL [3]	Italy	(f)	**1,392**	375	**100**	100
Olam Agro India Limited [2] (formerly known as Olam Exports (India) Limited	India	(a)	**7,075**	7,246	**100**	100
Qingdao Key Foods Co. Ltd [2]	China	(a)	**843**	–	**100**	100
Crown Flour Mills Limited [2]	Nigeria	(a)	**69,939**	–	**100**	–
Olam Murumbala Ltda [3] (formerly known as Dunavant Mocambique Limitada)	Mozambique	(a)	**2,746**	–	**100**	–
Olam Burundi SA [5]	Burundi	(a)	**1**	–	**100**	–
Olam Orchards Australia Pty. Ltd. [5]	Australia	(g)	**65,137**	–	**100**	–
Outspan Costa Rica SA [5] (formerly known as Kensinton Enterprises DOS SA)	Costa Rica	(a)	**75**	–	**100**	–
Outspan Mexico SA de CV [5]	Mexico	(a)	**117**	–	**100**	–
Invenio Holdings Pte. Ltd. [5]	Singapore	(b) & (h)	**15,180**	–	**100**	–
			382,762	214,625		

13. Subsidiary companies (cont'd)

Name of company		Effective percentage of equity held by the Group 2010 %	2009 %
Subsidiary companies of **Olam Investments Limited** are as follows:-			
Olam Agro India Limited [2] (formerly known as Olam Exports (India) Limited) (India)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Outspan (India) Private Limited [3] (India)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary company of **Olam (Uganda) Limited** is as follows:-			
Victoria Commodities Limited [2] (Uganda)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary company of **Olam Nigeria Limited** is as follows:-			
Novus Nigeria Limited [4] (Nigeria)	Dormant	**100**	100
Subsidiary company of **Olam Egypt L.L.C** is as follows:-			
Agri Commodities L.L.C [3] (Egypt)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary company of **Olam Investments Australia Pty Ltd** is as follows:-			
Olam Australia Pty Ltd [4] (Australia)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary company of **Olam Australia Pty Ltd** is as follows:-			
Queensland Cotton Holdings Pty Ltd [4] (Australia)	Investment holding	**100**	100
Subsidiary companies of **Queensland Cotton Holdings Pty Ltd** are as follows:-			
QC International Pty Ltd [4] (Australia)	Investment holding	**100**	100
Australian Cotton Corporation Pty Ltd [4] (Australia)	Investment holding	**100**	100
Queensland Cotton Corporation Pty Ltd [4] (Australia)	Commodity trading, cotton ginning	**100**	100

13. Subsidiary companies (cont'd)

Name of company		Effective percentage of equity held by the Group 2010 %	2009 %
Subsidiary companies of **Queensland Cotton Corporation Pty Ltd** are as follows:-			
QC Management Pty Ltd [4] (Australia)	Leasing services	**100**	100
QC Brazil Pty Ltd [4] (Australia)	Procurement, processing, warehousing, sale and distribution of cotton	**100**	99.9
Subsidiary company of **QC Brazil Pty Ltd** is as follows:-			
Queensland Cotton Exportacao de Algodao Brasil Ltda [4] (Brazil)	Marketing and exporting of cotton	**99.9**	99.9
Subsidiary company of **Queensland Cotton Exportacao de Algodao Brasil Ltd** is as follows:-			
QC Import e Export Logistica Brasil Ltda [4] (Brazil)	Warehousing of cotton	**70**	70
Subsidiary company of **QC International Pty Ltd** is as follows:-			
Olam Holdings Partnership [2] (formerly known as QC Holdings Partnership) (USA)	Investment holding	**99**	99
Subsidiary companies of **Olam Holdings Partnership** [2] (formerly QC Holdings Partnership) are as follows:-			
Olam US Holdings Inc. [2] (USA)	Investment holding	**100**	100
QC (US) International Inc. [2] (USA)	Investment holding	**100**	100
Subsidiary company of **QC (US) International Inc.** is as follows:-			
QC (US) Inc. [2] (USA)	Investment holding	**100**	100
Subsidiary companies of **QC (US) Inc.** are as follows:-			
Anderson Clayton Corp. [2] (USA)	Procurement, processing, warehousing, sale and distribution of cotton	**100**	100
QC (US) Marketing Inc. [2] (USA)	Trading of cotton	**100**	100

13. Subsidiary companies (cont'd)

Name of company		Effective percentage of equity held by the Group 2010 %	2009 %
Subsidiary company of **Anderson Clayton Corp.** is as follows:-			
ACCO Finance Co. [2] (USA)	Financing services	**100**	100
Jointly controlled company of **Anderson Clayton Corp.** is as follows:-			
CRIT/ACCO Joint Venture [2] (USA)	Processing of commodities	**50**	50
Subsidiary companies of **Olam US Holdings Inc.** are as follows:-			
Universal Blanchers, L.L.C [2] (USA)	Peanut blancher and ingredient processor	**100**	100
Olam Americas, Inc. [2] (USA)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary companies of **Olam Americas, Inc.** are as follows:-			
Olam West Coast, Inc. (USA) [2]	Dehydration of vegetables	**100**	100
Olam Canada Holdings, Inc. [2] (USA)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Olam Tomato Processors Inc. [2] (USA)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Olam Farming Inc [2] (USA)	Agricultural operations	**100**	–
Subsidiary company of **Universal Blanchers, L.L.C** is as follows:-			
Seabrook Enterprises, Inc. [2] (USA)	Peanut blancher and ingredient processor	**100**	100
Subsidiary company of **Rudra International Limited** is as follows:-			
Graton Investments Pvt Ltd [3] (Zimbabwe)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100

13. Subsidiary companies (cont'd)

Name of company		Effective percentage of equity held by the Group 2010 %	2009 %
Subsidiary company of **Key Foods Hong Kong Limited** is as follows:-			
Qingdao Key Foods Co Ltd [2] (China)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary company of **Far East Agri Pte Ltd** is as follows:-			
PT Dharmapala Usaha Sukses [3] (Indonesia)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary company of **Olam Argentina S.A.** is as follows:-			
Olam Alimentos S.A. [3] (Argentina)	Peanut shelling and blanching company	**100**	100
Subsidiary companies of **Panasia International FZCO** are as follows:-			
SOSEMA Sari [4] (Senegal)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
SOGUIMA Sarl [4] (Conakry, Guinea)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Crest SA [3] (Douala)	Provision of stevedore services	**90**	90
Pan Africa Agri Ltd [5]	Manufacturing	**96**	–
Subsidiary company of **Outspan Ivoire S.A.** is as follows:-			
Société d'exploitation cotonnière de Ouangolo (SECO) [2] (Ivory Coast)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary company of **Olam Mocambique Limitada** is as follows:-			
Algodao du Vale du Zambigi [3]	Sourcing, processing, packaging and merchandising of agricultural products	**70**	–

13. Subsidiary companies (cont'd)

Name of company		Effective percentage of equity held by the Group 2010 %	2009 %
Subsidiary company of **Invenio Holdings Pte. Ltd.** is as follows:-			
Invenio Commodity Financials Pte Ltd [5] (Singapore)	Fund management activity	**100**	–
Subsidiary company of **Invenio Commodity Financials Pte Ltd**. is as follows:-			
Ektimo Commodity Relative Value Fund LLP [5] (Singapore)	Fund management activity [+]	**100**	–

\+ Ektimo Commodity Relative Value Fund LLP is a limited partnership with Invenio Commodity Financials Pte Ltd and Olam International Limited as General Partner and Limited Partner.
* These costs of investment were less than a thousand dollars each.
^ No payments were made for these subsidiaries.
** Disposed in July 2009.

(a) Sourcing, processing, packaging and merchandising of agricultural products.
(b) Investment holding.
(c) Provision of information technology services.
(d) Provision of insurance related services.
(e) Dormant.
(f) Trading of agricultural commodities.
(g) Agricultural operations.
(h) Risk management activities.

1 Audited by Ernst & Young LLP, Singapore.
2 Audited by associated firms of Ernst & Young LLP, Singapore.
3 Audited by other CPA firms.
4 Not required to be audited by the law of the country of incorporation.
5 First year of incorporation.

14. Interests in jointly controlled entities

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Unquoted shares at cost	**3,015**	2,186	**2,186**	2,186
Loans to jointly controlled entities	**168,951**	252,512	**168,951**	252,512
Share of post-acquisition reserves	**25,410**	39,915	**–**	–
Currency realignment	**(1,418)**	(206)	**(157)**	(112)
	195,958	294,407	**170,980**	254,586

Loans to jointly controlled entities include loans to Nauvu Investments Pte Ltd and Olam Wilmar Investment Holdings Pte Ltd amounting to $ 168,203,000 (2009: $173,979,000) and $Nil (2009: $77,422,000) respectively. These loans are unsecured, non-interest bearing and are not expected to be repayable within the next year.

The remaining loans to jointly controlled entities are unsecured and bear interest of 4% (2009: 4%) per annum and at 3 months Euribor + 4% (2009: 4%) per annum. These are repayable in quarterly instalments until October 2011.

14. Interests in jointly controlled entities (cont'd)

Details of the jointly controlled entities at end of financial years are as follows:-

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2010 %	2009 %
Held by the Company				
Nauvu Investments Pte Ltd [1]	Singapore	(a)	**50**	50
Olam Wilmar Investment Holdings Pte Ltd [1] (In liquidation)	Singapore	(a)	**50**	50
Solimar Foods Ingredients S.L. [2]	Spain	(b)	**49**	49
Usicam S.A. [3]	Cameroon	(b)	**50**	50
Held by subsidiary company				
Mitrsuphan Rice Co. Ltd [4]	Thailand	(b)	**49**	–

(a) Investment holding
(b) Trading of agricultural commodities

[1] Audited by Ernst & Young LLP, Singapore
[2] Audited by associated firm of Ernst & Young LLP, Singapore
[3] Audited by other CPA firm
[4] First year of incorporation.

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

	Group 2010 $'000	Group 2009 $'000
Assets and liabilities:-		
Current assets	**5,914**	1,158
Long term assets	**202,816**	292,005
Total assets	**208,730**	293,163
Current liabilities	**(1,356)**	(1,617)
Long term liabilities	**(168,120)**	(249,949)
Total liabilities	**(169,476)**	(251,566)
Results:-		
Income	**20,023**	43,629
Expenses	**(4,735)**	(3,218)
Profit after tax for the financial year	**15,288**	40,411

15. Investment in associates

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Unquoted shares at cost	**274,954**	105,817	**274,954**	105,817
Share of post-acquisition reserves	**(67)**	703	**–**	–
Currency realignment	**(3,608)**	–	**(3,532)**	–
	271,279	106,520	**271,422**	105,817

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

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2010 %	Percentage of equity held 2009 %
Held by the Company				
Open Country Dairy Limited [1]	New Zealand	Processing and trading of agricultural commodities	**24.75**	24.75
PureCircle Limited [1]	Bermuda	Processing and trading of agricultural commodities	**20**	10[#]

[1] Audited by other CPA firm

[#] In 2009, the Group through Olam Wilmar Investment Holding Private Limited, a jointly controlled entity, had effective interest of 10% in PureCircle Limited. During the year, the Group acquired a direct stake of 20% in PureCircle Limited.

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

	Group	
	2010 $'000	2009 $'000
Assets and liabilities:-		
Current assets	**79,332**	10,218
Long term assets	**96,705**	62,997
Total assets	**176,037**	73,215
Current liabilities	**(27,052)**	(11,636)
Long term liabilities	**(56,334)**	(16,437)
Total liabilities	**(83,386)**	(28,073)
Results:-		
Income	**120,838**	64,708
Expenses	**(123,202)**	(64,005)
(Loss)/profit after tax for the financial year	**(2,364)**	703

16. Long term investment

Long term investment in 2010 relates to an 18.45% shareholding in NZ Farming Systems Uruguay Limited ("NZFSU"). The market value of the investment as at 30 June 2010 is $18,172,000 (2009: $NIL).

17. Amounts due from subsidiary companies

	Company	
	2010 $'000	2009 $'000
Trade receivables	583,610	480,534
Loan to subsidiaries [1]	616,355	159,054
Non-trade receivables [2]	140,200	108,025
	1,340,165	747,613
Amounts due from subsidiary companies are stated after deducting allowance for doubtful debts of		
– Trade	2,101	2,174
– Non-trade	3,502	3,623
	5,603	5,797
The movement of the allowance accounts is as follows:-		
Movement in allowance accounts:		
At 1 July	5,797	6,104
Charge for the year	-	3,851
Reversal for the year	-	(4,562)
Foreign exchange translation adjustment	(194)	404
At 30 June	5,603	5,797

(1) Loan to subsidiaries includes an amount $400,937,000 (2009: $93,468,000) which is unsecured and bears interest ranging from 3.50% to 6.31% (2009: 7%) per annum and is repayable on demand. The remaining amounts are non-interest bearing, unsecured and repayable on demand.

(2) The non-trade receivables are interest-free, unsecured and are repayable within the next 12 months.

18. Trade receivables

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade receivables	**857,687**	630,873	**274,816**	237,023
GST, VAT and other indirect tax receivables	**119,094**	101,627	**572**	273
	976,781	732,500	**275,388**	237,296

Trade receivables are non-interest bearing and are generally on 30 to 60 day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade receivables – nominal amounts	**878,018**	648,353	**285,885**	247,840
Allowance for doubtful debts	**(20,331)**	(17,480)	**(11,069)**	(10,817)
	857,687	630,873	**274,816**	237,023
Movement in allowance accounts:				
At 1 July	**17,480**	6,724	**10,817**	4,179
Charge for the year	**4,806**	11,618	**615**	6,366
Written off	**(1,247)**	(237)	**–**	–
Foreign currency translation adjustment	**(708)**	(625)	**(363)**	272
At 30 June	**20,331**	17,480	**11,069**	10,817

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

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade receivables:				
Less than 30 days	**565,152**	404,208	**185,949**	149,953
30 to 60 days	**207,263**	176,271	**60,120**	61,768
61 to 90 days	**37,113**	31,204	**12,630**	21,008
91 to 120 days	**12,360**	7,367	**3,554**	358
121 to 180 days	**11,682**	8,493	**3,089**	3,492
More than 180 days	**24,117**	3,330	**9,474**	444
	857,687	630,873	**274,816**	237,023

19. 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.

The amounts reflect the payments made to futures dealers as initial and variation margins and depends on the volume of trades done and price movements.

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Margin deposits with brokers	219,208	84,198	182,660	71,165
Amounts due to brokers	(66,393)	(19,359)	(17,496)	(15,644)
	152,815	64,839	165,164	55,521

20. Inventories

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Balance sheet:				
Total inventories (1)	**2,584,046**	1,966,419	**461,731**	550,729
Profit and loss account:				
Inventories recognised as an expense in cost of goods sold	**(8,469,222)**	(6,907,329)	**(6,678,210)**	(5,355,701)
Inclusive of the following (charge)/credit				
– Inventories written-down	**(6,254)**	(13,037)	**(3,894)**	(6,883)
– Reversal of write-down of inventories (2)	**6,660**	1,789	**6,660**	1,789

(1) Inventories are stated at lower of cost and net realisable value, other than inventories amounting to $515,632,000 and $43,978,000 for the Group and the Company respectively which are stated at fair value.
(2) The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

21. Advance payments to suppliers

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Third parties	**237,784**	277,683	**85,825**	85,527
Subsidiary companies	**–**	–	**1,415,481**	935,336
	237,784	277,683	**1,501,306**	1,020,863

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

21. Advance payments to suppliers (cont'd)

Advance payments to suppliers relating to third parties for the Group and Company are stated after deducting allowance for doubtful debts of $9,194,000 (2009: $6,573,000) and $3,282,000 (2009: $NIL) respectively.

The movement in the allowance accounts is as follows:-

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Movement in allowance accounts:				
As at 1 July	**6,573**	1,523	**–**	–
Charge for the year	**5,258**	7,807	**3,287**	–
Written off	**(1,810)**	(2,765)	**–**	–
Foreign currency translation adjustment	**(827)**	8	**(5)**	–
At 30 June	**9,194**	6,573	**3,282**	–

22. Other current/non-current assets

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current:-				
Staff advances (1)	**9,223**	4,810	**3,831**	418
Deposits	**17,751**	14,056	**3,121**	3,238
Option premium receivable	**47,149**	19,112	**47,149**	19,112
Insurance receivables (2)	**16,705**	28,165	**16,622**	27,719
Interest receivables	**–**	52	**–**	52
Export incentives and subsidies receivable (3)	**133,724**	96,365	**–**	–
Sundry receivables	**64,720**	61,348	**7,020**	389
	289,272	223,908	**77,743**	50,928
Deferred M&A expenses	**–**	1,236	**–**	1,236
Prepayments	**103,384**	116,931	**7,457**	33,487
	392,656	342,075	**85,200**	85,651
Non-current:-				
Other non-current assets	**4,161**	232	**–**	–
Fair value purchase contracts (4)	**–**	10,922	**–**	10,922
	4,161	11,154	**–**	10,922

(1) Staff advances are interest-free, unsecured and are repayable within the next 12 months.

(2) Insurance receivables pertain to pending marine, political and inventories insurance claims. The outstanding claims are currently being processed by the insurance companies for final settlement.

(3) These relate to incentives and subsidies receivable from the Government agencies from various countries.

(4) This relates to the fair value of purchase contracts arising from the acquisition of Queensland Cotton Holdings – Brazilian operations.

23. Trade payables and accruals

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade payables	**396,153**	439,175	**251,528**	377,324
Accruals	**215,236**	151,997	**78,815**	42,791
Advances received from customers	**30,858**	59,199	**–**	–
GST payable and equivalent	**6,144**	8,617	**–**	–
	648,391	658,988	**330,343**	420,115

Trade payables are non-interest bearing. Trade payables are normally settled on demand while other payables have an average term of two months.

Trade payables include an amount of $12,104,094 (2009: $2,090,000) due to an associate.

24. Other current liabilities

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Interest payable on bank loans	**25,492**	14,328	**22,594**	12,384
Sundry payables	**34,301**	17,105	**–**	–
Option premium payable	**34,388**	23,479	**34,388**	23,479
	94,181	54,912	**56,982**	35,863
Provision for withholding tax	**4,470**	3,683	**–**	8
	98,651	58,595	**56,982**	35,871

25. Amounts due to bankers

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Current:-				
Bank overdrafts (Note 35)	**167,611**	265,141	**–**	–
Bank loans	**1,287,870**	1,238,546	**837,352**	831,425
Term loans from banks	**840,087**	365,953	**723,279**	335,275
	2,295,568	1,869,640	**1,560,631**	1,166,700
Non-current:-				
Term loans from banks	**1,228,312**	1,008,312	**1,035,793**	764,602
	3,523,880	2,877,952	**2,596,424**	1,931,302

The bank loans for the Company are repayable within 12 months and bear interest in the range of 1.11% to 2.59% (2009: 1.07% to 7.25%) per annum.

The bank loans and bank overdrafts for the subsidiary companies are repayable within 12 months and bear interest in the range of 1% to 17% (2009: 2% to 29%) per annum.

Bank loans include an amount of $13,307,600 (2009: $4,348,000) secured by the assets of a subsidiary.

Term loans from banks

Term loans from banks of the Company bear interest at floating interest rates ranging from 1.91% to 4.37% (2009: 4.62% to 5.11%) per annum. Term loans for the Company are unsecured and are repayable between 2 to 4 years.

Term loans from banks for the subsidiary companies bear interest at floating interest rates ranging from 1.42% to 11.00% (2009: 1.00% to 10.00%) per annum. Term loans for the subsidiary companies are unsecured and are repayable between 2 to 7 years.

Term loans from banks include Industrial Development Bonds of $11,276,000 (2009: $11,956,000) which were issued by one of the subsidiary companies that bear interest at IRB ("Industrial Revenue Bond") rate + 1.125% and matures in annual instalments ranging from $200,000 to $4,200,000 through 1 August 2023. These debts are secured by the assets of the subsidiary and are backed by a letter of credit from a bank. In 2010, this amount has been classified as current and has been repaid subsequent to year end.

26. Medium term notes

The Company has a multicurrency medium term notes programme with a maximum aggregate principal amount of $800,000,000 (2009: $800,000,000). These medium term notes are unsecured, bear interest at a fixed rate at 4.07% (2009: floating rate ranging from 2.16% to 3.64%) per annum. The repayment schedule is as follows:-

	Group and Company	
	2010 $'000	2009 $'000
Less than one year	–	128,005
Between one and three years	249,016	–
	249,016	128,005

27. Convertible bonds

On 3 July 2008, the Company issued 1% interest bearing convertible bonds of USD300,000,000. The bonds will mature in 5 years from the issue date at their redemption value of USD358,140,000 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 USD1.00. In 2009, bonds aggregating to principal amount of USD280,800,000 were bought back. Refer to Note 5 for the gain on buy back.

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

	Group and Company	
	2010 $'000	2009 $'000
Balance at the beginning of the period	23,683	–
Principal amount of convertible bonds issued on 3 July 2008	–	434,760
Principal amount of convertible bonds bought back in December 2008	–	(179,121)
Principal amount of convertible bonds bought back in March 2009	–	(227,814)
	23,683	27,825
Less:		
Proportionate share of expenses on issue of convertible bonds	–	(697)
Fair value of embedded derivatives	–	(1,205)
Equity component	–	(5,490)
Exchange realignment	(792)	–
Add: Accretion of interest	4,736	3,250
	27,627	23,683

27. Convertible bonds (cont'd)

On 4 March 2009, the Company issued 1.281% interest bearing convertible bonds of USD122,616,000 in exchange for the existing bonds issued on 3 July 2008 with a nominal value of USD157,200,000. The new bonds will mature on 3 July 2013 at their redemption value of USD185,763,240 or can be converted any time between 12 April 2009 and 23 May 2013 into fully paid ordinary shares of the Company at an initial conversion price of $1.656 per share with a fixed exchange rate of $1.5067 to USD1.00.

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

	Group and Company	
	2010 $'000	2009 $'000
Balance at the beginning of the period	**144,551**	–
Principal amount of convertible bonds net of transaction costs issued in March 2009	**–**	177,695
Less: Converted to shares during the year	**(22,158)**	–
Fair value of embedded derivatives	**–**	(20,985)
Equity component	**–**	(18,960)
Exchange realignment	**(4,828)**	–
Add: Accretion of interest	**19,393**	6,801
	136,958	144,551

On 1 October 2009, the Company issued 6.0% interest bearing convertible bonds of US$500,000,000. The bonds will mature 7 years from the issue date at their redemption value of US$500,000,000.

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

Principal amount of convertible bonds issued in November 2010	**700,400**	–
Less:		
Proportionate share of expenses on issue of convertible bonds	**(12,631)**	–
Equity component net of deferred tax at inception	**(133,997)**	–
Add: Accretion of interest	**11,751**	–
	565,523	–
Total convertible bonds	**730,108**	168,234

28. Share capital

	Group and Company			
	2010		2009	
	No. of shares	$'000	No. of shares	$'000
Ordinary shares issued and fully paid [1]				
Balance at the beginning	**1,715,894,324**	**708,586**	1,713,212,824	704,870
Issue of shares for cash	**273,459,000**	**437,389**	–	–
Issue of shares upon conversion of bonds	**18,911,168**	**30,461**	–	–
Issue of shares under scrip dividend scheme	**5,633,004**	**14,114**	–	–
Issues of shares on exercise of share options	**6,862,209**	**11,031**	2,681,500	3,716
Balance at end	**2,020,759,705**	**1,201,581**	1,715,894,324	708,586

[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.

29. Dividends

	Group and Company	
	2010 $'000	2009 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– One tier tax exempted first and final dividend for 2009: $0.035 (2008: $0.025)	**69,790**	42,833
– One tier tax exempted interim dividend for 2010: $0.02 (2009: $NIL)	**40,378**	–
	110,168	42,833
Value of scrip dividends allotted and issued:		
– Issuance of 5,633,004 new shares (2009: NIL) at an issue price of $2.51 (2009: $NIL) in lieu of first and final dividend, net of expenses	**14,114**	–

30. Commitments

(a) Operating lease commitments

Rental expenses of the Group and Company (principally for offices, warehouses and employees' residences) were $38,472,000 (2009: $41,120,000) and $7,236,000 (2009: $6,467,000), respectively. Most leases contain options for renewing the leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rentals under non-cancellable leases were as follows:-

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Within one year	**18,626**	11,503	**4,456**	5,131
After one year but not more than five years	**15,863**	11,497	**1,595**	2,327
More than five years	**7,341**	3,412	**–**	–
	41,830	26,412	**6,051**	7,458

30. Commitments (cont'd)

(b) Capital commitments

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Capital commitments in respect of property, plant and equipment	**31,474**	–	**3,957**	–
Commitments in respect of acquisitions (Note 42b)	**250,000**	–	**–**	–
	281,474	–	**3,957**	–

31. Contingent liabilities

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Contingent liabilities not provided for in the accounts:-				
Financial guarantee contracts given to subsidiary companies (1)	**–**	–	**1,840,642**	1,196,863

(1) Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $547,789,002 (2009: $602,983,400).

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

32. Employee benefits expenses

Employee benefits expenses (including executive directors):-

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Salaries and employee benefits	**207,548**	168,301	**102,217**	54,763
Central Provident Fund contributions and equivalents	**15,708**	11,610	**1,605**	1,399
Retrenchment benefits	**600**	459	**–**	–
Share-based expense	**14,697**	4,233	**7,357**	944
	238,553	184,603	**111,179**	57,106

(a) Employee share subscription scheme

The Olam International Limited Employee Share Subscription Scheme 2004 was implemented on 26 October 2004. The ESSS comprised 73,913,044 ordinary shares of $0.23 per share, which were fully allotted and issued by the Company.

The share-based expense to be recognised by the Group and Company over the three years amounted to $2,457,000 and $1,027,000 respectively. The share-based expense was based on the fair value price of $0.2965 per share which represented a discount from the estimated value of the Company's pre-IPO share price.

32. Employee benefits expenses (cont'd)

(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. Under the amended rules, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS and all subsequent options issued to Group's employees and Executive Directors shall have a life of 10 years instead of 5. For Options granted to the Company's Non-Executive Directors and Independent directors, the Option Period shall be no longer than 5 years

The shares issued upon the options being exercised carry full dividend and voting rights.

Under the amended rules of the ESOS, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

On 4 January 2005, 15,000,000 share options were issued to the group managing director and CEO, Mr Sunny George Verghese. These share options are exercisable and hence vested in 3 equal tranches over the three years from the Company's listing date (11 February 2005). The total share-based expense to be recognised over the vesting period with respect to these options amounted to $736,512. The contractual life of the options is 10 years. There are no cash settlement alternatives.

Further, the following options were issued as of 30 June 2010. All these options have a contractual life of 5 to 10 years with no cash settlement alternatives.

Date of issue	No. of share options issued	Total share-based expense $'000	Vesting period	In annual tranches of %
1 June 2006	**42,995,160**	**10,068**	4 years	22, 32, 37, 9
2 January 2007	**900,000**	**285**	4 years	10, 20, 30, 40
2 July 2007	**2,300,000**	**1,531**	3 years	25, 35, 40
5 September 2007	**2,000,000**	**1,231**	3 years	25, 35, 40
8 October 2007	**1,855,000**	**1,197**	3 years	25, 35, 40
29 October 2007	**400,000**	**259**	3 years	25, 35, 40
9 January 2008	**2,250,000**	**1,345**	3 years	25, 35, 40
12 June 2008	**1,780,000**	**1,161**	3 years	25, 35, 40
21 July 2009	**48,625,000**	**38,883**	4 years	0, 0, 25, 75
17 February 2010	**15,000,000**	**16,883**	9 years	0, 0, 33, 0, 0, 33, 0, 0, 34
	118,105,160	72,843		

32. Employee benefits expenses (cont'd)

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

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the financial year:-

	2010		2009	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**56,300,825**	**1.52**	61,259,425	1.54
Granted during the year [(1)]	**63,625,000**	**2.30**	–	–
Forfeited during the year	**(3,232,500)**	**2.59**	(2,277,100)	2.20
Exercised during the year [(2)]	**(6,862,209)**	**1.52**	(2,681,500)	1.53
Outstanding at the end of the year [(3)]	**109,831,116**	**1.94**	56,300,825	1.52
Exercisable at end of year	**44,786,116**	**1.37**	48,028,211	1.37

(1) The weighted average fair value of options granted during 2010 was $0.88 (2009: NIL).
(2) The weighted average share price when the options were exercised was $2.53 (2009: $1.63).
(3) The range of exercise prices for options outstanding at the end of the year was $0.62 to $3.14 (2009: $0.62 to $3.14). The weighted average remaining contractual life for these options is 6.18 years (2009: 3.26 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 each scheme are shown below:-

Grant date		1 June 2006	
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.78	2.22	2.78
Expected volatility (%)	40.00	27.00	28.00
Risk free interest rate (%)	3.01	2.86	3.04
Expected life of the option (years)	1.10	2.10	3.10
Share price of underlying equity ($)	1.52	1.52	1.52

Grant date		2 January 2007	
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.47	1.84	2.30
Expected volatility (%)	47.00	42.00	29.00
Risk free interest rate (%)	2.75	2.64	2.76
Expected life of the option (years)	1.10	2.10	3.10
Share price of underlying equity ($)	2.04	2.04	2.04

Grant date		2 July 2007	
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.11	1.39	1.74
Expected volatility (%)	44.00	45.00	30.00
Risk free interest rate (%)	2.28	2.37	2.42
Expected life of the option (years)	1.50	2.50	3.50
Share price of underlying equity ($)	3.14	3.14	3.14

32. Employee benefits expenses (cont'd)

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

Grant date	5 September 2007		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.16	1.44	1.80
Expected volatility (%)	44.00	45.00	30.00
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.50	2.50	3.50
Share price of underlying equity ($)	3.03	3.03	3.03

Grant date	8 October 2007		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.11	1.39	1.74
Expected volatility (%)	45.00	45.00	30.00
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.50	2.50	3.50
Share price of underlying equity ($)	3.14	3.14	3.14

Grant date	29 October 2007		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.11	1.39	1.74
Expected volatility (%)	45.00	45.00	30.00
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.50	2.50	3.50
Share price of underlying equity ($)	3.14	3.14	3.14

Grant date	9 January 2008		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.21	1.51	1.89
Expected volatility (%)	45.00	46.00	31.00
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.50	2.50	3.50
Share price of underlying equity ($)	2.89	2.89	2.89

Grant date	12 June 2008		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.65	2.06	2.58
Expected volatility (%)	49.00	49.00	48.00
Risk free interest rate (%)	0.70	1.04	1.54
Expected life of the option (years)	1.50	2.50	3.50
Share price of underlying equity ($)	2.65	2.65	2.65

Grant date	21 July 2009	
Vested in	3 Year	4 Year
Dividend yield (%)	1.92	2.40
Expected volatility (%)	57.10	56.70
Risk free interest rate (%)	0.82	1.09
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	2.28	2.28

Grant date	17 February 2010		
Vested in	3 Year	6 Year	9 Year
Dividend yield (%)	1.86	2.33	2.91
Expected volatility (%)	56.21	57.05	58.21
Risk free interest rate (%)	1.63	3.63	4.65
Expected life of the option (years)	10.00	10.00	10.00
Share price of underlying equity ($)	2.35	2.35	2.35

33. 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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Subsidiary companies:-				
– Sales	**–**	–	**1,582,931**	1,179,756
– Purchases	**–**	–	**2,990,882**	2,692,216
– Insurance premiums paid	**–**	–	**5,319**	200
– Commissions paid	**–**	–	**13,212**	18,285
– Interest received on loan	**–**	–	**18,752**	4,558
– Consultancy fee paid	**–**	–	**6,505**	4,657
– Corporate charge received	**–**	–	**5,076**	–
Transfer of goodwill	**–**	–	**–**	7,174
Transfer of trade name	**–**	–	**–**	1,790
Purchases from associate	**96,936**	7,391	**96,936**	7,391
Shareholder related companies:-				
– Purchase of motor vehicles and other assets	**1,374**	541	**–**	–

34. Compensation of directors and key management personnel

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

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Directors fees	**817**	808	**817**	808
Salaries and employee benefits	**10,603**	10,361	**10,002**	8,163
Central Provident Fund contributions and equivalents	**196**	178	**127**	62
Share-based expense	**2,998**	405	**2,632**	174
	14,614	11,752	**13,578**	9,207
Comprising amounts paid to:				
– Directors of the Company	**8,532**	6,043	**8,532**	6,043
– Key management personnel	**6,082**	5,709	**5,046**	3,164
	14,614	11,752	**13,578**	9,207

34. Compensation of directors and key management personnel (cont'd)

Directors' interest in employee share benefit plans

The number of share options which were issued/allocated to the directors and key management personnel under existing employee benefit schemes is given below:-

	2010 Share options	2009 Share options
Employee Share Option Scheme:-		
Directors	18,250,000	–
Key management personnel	14,515,000	–

35. Cash and short term fixed deposits

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Cash and bank balances	412,426	294,130	141,232	59,628
Fixed deposits	259,117	239,688	247,425	228,009
	671,543	533,818	388,657	287,637

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.02% to 4.00% (2009: 0.01% to 4.00%) per annum. Short term deposits are made for varying periods between 1 and 365 days (2009: 1 to 365 days) depending on the immediate cash requirements of the Group, and earn interests at floating rate ranging from 0.06% to 10.00% (2009: 1.00% to 10.00%) per annum.

Cash and cash equivalents

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

	Group	
	2010 $'000	2009 $'000
Cash and bank balances	412,426	294,130
Fixed deposits	259,117	239,688
Bank overdrafts (Note 25)	(167,611)	(265,141)
	503,932	268,677

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

36. 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, 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.

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 commodities price index moved by 1.0% with all other variables held constant, the Group's profit net of tax would have changed by $7,039,000 (2009: $4,030,000) and equity would have changed inversely by $9,471,000 (2009: $8,359,000) arising as a result of fair value on Group's commodity futures and options contracts. This effect would have been mitigated by the Group's 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, fixed deposits and cash and bank balances, 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.

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

(b) Credit risk (cont'd)

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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
By operating segments:				
Edible nuts, spices and beans	**233,992**	162,024	**116,414**	77,203
Confectionery and beverage ingredients	**187,647**	189,121	**23,286**	95,961
Industrial raw materials	**220,577**	134,168	**79,067**	51,125
Food staples and packaged food business	**215,471**	145,560	**56,049**	12,734
	857,687	630,873	**274,816**	237,023

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 18 (Trade receivables).

(c) Foreign currency risk

The Group trades its products in several countries and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD), Great Britain Pound (GBP), Euro (EUR), Australia Dollar (AUD) and Singapore Dollar (SGD).

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

(c) Foreign currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the USD, GBP, EUR, AUD and SGD exchange rates, with all other variables held constant, the Group's profit net of tax and equity.

	Group			
	2010		2009	
	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%	(2,841)	(224)	(2,166)	(882)
GBP – strengthened 0.5%	(557)	(839)	(371)	(655)
EUR – strengthened 0.5%	957	82	(116)	(20)
AUD – strengthened 0.5%	1,681	(2,647)	(16)	200
SGD – strengthened 0.5%	(3,745)	2,237	(51)	3,384

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

To ensure continuity of funding, the Group primarily uses short-term bank facilities which are transaction-linked and self-liquidating in nature. The Group also has a multicurrency medium term notes programme, as well as term loans from banks, to fund its ongoing working capital requirement and growth needs.

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

	2010 $'000				2009 $'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 assets:								
Loans to jointly controlled entities (Note 14)	**–**	**168,951**	**–**	**168,951**	–	252,512	–	252,512
Trade receivables (Note 18)	**976,781**	**–**	**–**	**976,781**	732,500	–	–	732,500
Margin accounts with brokers (Note 19)	**152,815**	**–**	**–**	**152,815**	64,839	–	–	64,839
Advance payments to suppliers (Note 21)	**237,784**	**–**	**–**	**237,784**	277,683	–	–	277,683
Other current/non-current assets (Note 22)	**289,272**	**4,161**	**–**	**293,433**	223,908	11,154	–	235,062
Fixed deposits, cash and bank balances (Note 35)	**671,543**	**–**	**–**	**671,543**	533,818	–	–	533,818
Fair value of derivatives financial instruments (Note 37)	**657,270**	**–**	**–**	**657,270**	349,796	–	–	349,796
Total undiscounted financial assets	**2,985,465**	**173,112**	**–**	**3,158,577**	2,182,544	263,666	–	2,446,210

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

(d) Liquidity risk (cont'd)

	2010 $'000				2009 $'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 23)	**648,391**	**–**	**–**	**648,391**	658,988	–	–	658,988
Other current liabilities (Note 24)	**68,689**	**–**	**–**	**68,689**	40,584	–	–	40,584
Amounts due to bankers (Note 25)	**2,302,595**	**1,233,019**	**6,118**	**3,541,732**	1,869,640	1,013,115	–	2,882,755
Medium term notes (Note 26)	**1,282**	**251,581**	**–**	**252,863**	128,625	–	–	128,625
Convertible bonds (Note 27)	**9,911**	**164,585**	**565,523**	**740,019**	884	168,234	–	169,118
Fair value of derivative financial instruments (Note 37)	**608,046**	**–**	**–**	**608,046**	403,528	–	–	403,528
Total undiscounted financial liabilities	**3,638,914**	**1,649,185**	**571,641**	**5,859,740**	3,102,249	1,181,349	–	4,283,598
Total net undiscounted financial liabilities	**(653,449)**	**(1,476,073)**	**(571,641)**	**(2,701,163)**	(919,705)	(917,683)	–	(1,837,388)

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

(d) Liquidity risk (cont'd)

	2010 $'000 One year or less	2010 $'000 One to five years	2010 $'000 Over five years	2010 $'000 Total	2009 $'000 One year or less	2009 $'000 One to five years	2009 $'000 Over five years	2009 $'000 Total
Company								
Financial assets:								
Loans to jointly controlled entities (Note 14)	**–**	**168,951**	**–**	**168,951**	–	252,512	–	252,512
Trade receivables (Note 18)	**275,388**	**–**	**–**	**275,388**	237,296	–	–	237,296
Margin accounts with brokers (Note 19)	**165,164**	**–**	**–**	**165,164**	55,521	–	–	55,521
Advance payments to suppliers (Note 21)	**1,501,306**	**–**	**–**	**1,501,306**	1,020,863	–	–	1,020,863
Other current/non-current assets (Note 22)	**77,743**	**–**	**–**	**77,743**	50,928	10,922	–	61,850
Fixed deposits, cash and bank balances (Note 35)	**388,657**	**–**	**–**	**388,657**	287,637	–	–	287,637
Fair value of derivative financial instruments (Note 37)	**595,022**	**–**	**–**	**595,022**	279,242	–	–	279,242
Total undiscounted financial assets	**3,003,280**	**168,951**	**–**	**3,172,231**	1,931,487	263,434	–	2,194,921
Financial liabilities:								
Trade payables and accruals (Note 23)	**330,343**	**–**	**–**	**330,343**	420,115	–	–	420,115
Other current liabilities (Note 24)	**34,388**	**–**	**–**	**34,388**	23,479	–	–	23,479
Amounts due to bankers (Note 25)	**1,564,760**	**1,040,500**	**–**	**2,605,260**	1,172,808	769,374	–	1,942,182
Medium term notes (Note 26)	**1,282**	**251,581**	**–**	**252,863**	128,625	–	–	128,625
Convertible bonds (Note 27)	**9,911**	**164,585**	**565,523**	**740,019**	884	168,234	–	169,118
Fair value of derivative financial instruments (Note 37)	**562,004**	**–**	**–**	**562,004**	347,333	–	–	347,333
Total undiscounted financial liabilities	**2,502,688**	**1,456,666**	**565,523**	**4,524,877**	2,093,244	937,608	–	3,030,852
Total net undiscounted financial assets/(liabilities)	**500,592**	**(1,287,715)**	**(565,523)**	**(1,352,646)**	(161,757)	(674,174)	–	(835,931)

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

(d) Liquidity risk (cont'd)

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

	2010 $'000				2009 $'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	547,789	–	–	547,789	602,983	–	–	602,983

(e) Interest rate risk

The Company's and the Group's exposure to market risk for changes in interest rates relate primarily to its term loan from banks as well as the medium term notes. Interest rate risk is managed by management on an on-going basis such as managing the risk through interest rate derivatives with the primary objective of limiting the extent to which net interest exposure could be affected by adverse movements in interest rates. The details of the interest rates relating to the interest-earning financial assets and interest-bearing financial liabilities are disclosed in various notes of the financial statements.

At the balance sheet date, if interest rates had moved by 25 basis points with all other variables held constant, the Group's profit net of tax would have changed inversely by $8,216,000 (2009: $8,363,000).

37. 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 2010			
	Quoted prices in active markets for identical instruments (Level 1) S$'000	Significant other observable inputs (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000	Total S$'000
Financial assets:				
Derivatives financial instruments				
– Foreign exchange forwards	–	87,251	–	87,251
– Foreign exchange options	–	579	–	579
– Commodity forwards and futures	249,025	166,591	–	415,616
– Commodity options	–	93,812	–	93,812
– Convertible bonds	–	60,012	–	60,012
	249,025	408,245	–	657,270

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

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

	Group 2010			
	Quoted prices in active markets for identical instruments (Level 1) S$'000	Significant other observable inputs (Level 2) S$'000	Significant unobservable inputs (Level 3) S$'000	Total S$'000
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange forwards	–	60,010	–	60,010
– Foreign exchange options	–	5,789	–	5,789
– Commodity forwards and futures	272,964	49,261	–	322,225
– Commodity options	–	124,964	–	124,964
– Interest rate swap	–	95,058	–	95,058
	272,964	335,082	–	608,046

Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

37. 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 Fair value		Company Fair value	
	Gain $'000	Loss $'000	Gain $'000	Loss $'000
2010				
Derivatives held for hedging [1]				
Foreign exchange derivatives				
Foreign exchange forwards	87,251	60,010	53,051	40,839
Foreign exchange options	579	5,789	579	5,604
Commodity derivatives				
Commodity forwards and futures	398,656	317,129	372,336	291,970
Commodity options	34,512	55,678	32,784	54,151
Interest rate derivatives				
Swaps	–	95,058	–	95,058
Total derivatives held for hedging	520,998	533,664	458,750	487,622
Derivatives held for trading				
Commodity derivatives				
Commodity futures	16,960	5,096	16,960	5,096
Commodity options	59,300	69,286	59,300	69,286
Convertible bonds	60,012	–	60,012	–
Total derivatives held for trading	136,272	74,382	136,272	74,382
Total derivatives	657,270	608,046	595,022	562,004
2009				
Derivatives held for hedging [1]				
Foreign exchange derivatives				
Foreign exchange forwards	107,472	68,477	71,071	46,945
Foreign exchange options	2,178	951	832	943
Commodity derivatives				
Commodity forwards and futures	121,723	167,963	92,334	136,947
Commodity options	29,607	21,235	26,189	17,596
Interest rate derivatives				
Swaps	–	68,892	–	68,892
Total derivatives held for hedging	260,980	327,518	190,426	271,323
Derivatives held for trading				
Commodity derivatives				
Commodity futures	4,702	24,676	4,702	24,676
Commodity options	70,396	50,089	70,396	50,089
Convertible bonds	13,718	1,245	13,718	1,245
Total derivatives held for trading	88,816	76,010	88,816	76,010
Total derivatives	349,796	403,528	279,242	347,333

[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.

37. 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)

As at 30 June 2010, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 23 months (2009: 1 and 35 months).

The foreign exchange derivatives held for hedging are being used to hedge the foreign currency risk of future purchases or sales whilst the commodity derivatives held for hedging are being used to hedge the commodity price risk related to these forecasted transactions. The interest rate derivatives held for hedging are used to hedge the interest rate risk related to the floating rate loans. In addition, a portion of the commodity derivatives are used for trading purposes.

For all the foreign exchange and commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 23 months (2009: 35 months). In all cases, the fair value of the derivative recorded in the fair value adjustment reserve will be recycled through the profit and loss accounts upon completion 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 $248,415,000 and $264,403,000 for the Group and Company respectively (2009: $179,943,000 and $220,167,000 respectively).

Cash flow hedges of expected transactions that were assessed to be ineffective under FRS 39 and derivatives that are held for trading purposes amounting to a net fair value gain of $23,858,000 (2009: gain of $26,431,000) for the Group and a net fair value gain of $21,893,000 (2009: loss of $32,455,000) for the Company, were recognised in the profit and loss accounts for the year.

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

(a) Cash and bank balances, fixed deposits, trade receivables, advance payments to suppliers, other current assets, margin accounts with brokers, trade payables and accruals and other current liabilities

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

(b) Amount due to bankers and medium term notes

The carrying amount of these loans approximate their fair value at the balance sheet date as they are subjected to frequent repricing (floating rates).

(c) Available-for-sale investment

The fair value of available-for-sale investment is determined based on the accounting policy described in Note 2.13(d).

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

(a) Medium term notes (Note 26)

The fair value of medium term notes are estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending or leasing arrangements at the reporting date.

There are no material differences between carrying amounts and the fair values of medium term notes for the current financial year.

38. Capital management

The primary objective of the Group's capital management is to achieve sustainable growth and maximise return to the shareholders.

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors viz., the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long term capital investments.

The Group calculates the level of debt capital required to finance the working capital requirements using traditional and modified financial metrics including leverage/gearing ratios and asset turnover ratios.

As of balance sheet date, leverage ratios are as follows:-

	Group	
	2010	2009
Gross debt to equity:		
– Before fair value adjustment reserve	**2.23x**	2.59x
Net debt to equity:		
– Before fair value adjustment reserve	**1.90x**	2.15x

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.

39. Classification of financial assets and liabilities

Group	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale assets $'000	Fair value through profit or loss/held for trading $'000
			2010		
Financial assets:					
Loans to jointly controlled entities (Note 14)	**168,951**	**–**	**–**	**–**	**–**
Long term investment (Note 16)	**–**	**–**	**–**	**18,752**	**–**
Other non-current assets (Note 22)	**4,161**	**–**	**–**	**–**	**–**
Trade receivables (Note 18)	**976,781**	**–**	**–**	**–**	**–**
Margin accounts with brokers (Note 19)	**152,815**	**–**	**–**	**–**	**–**
Advance payments to suppliers (Note 21)	**237,784**	**–**	**–**	**–**	**–**
Other current assets (Note 22)	**289,272**	**–**	**–**	**–**	**–**
Fixed deposits, cash and bank balances (Note 35)	**671,543**	**–**	**–**	**–**	**–**
Fair value of derivative financial instruments (Note 37)	**–**	**–**	**520,998**	**–**	**136,272**
	2,501,307	**–**	**520,998**	**18,752**	**136,272**
Financial liabilities:					
Trade payables and accruals (Note 23)	**–**	**648,391**	**–**	**–**	**–**
Other current liabilities (Note 24)	**–**	**94,181**	**–**	**–**	**–**
Amounts due to bankers (Note 25)	**–**	**3,523,880**	**–**	**–**	**–**
Medium term notes (Note 26)	**–**	**249,016**	**–**	**–**	**–**
Convertible bonds (Note 27)	**–**	**730,108**	**–**	**–**	**–**
Fair value of derivative financial instruments (Note 37)	**–**	**–**	**533,664**	**–**	**74,382**
	–	**5,245,576**	**533,664**	**–**	**74,382**

Group	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale assets $'000	Fair value through profit or loss/held for trading $'000
			2009		
Financial assets:					
Loans to jointly controlled entities (Note 14)	252,512	–	–	–	–
Other non-current assets (Note 22)	232	–	–	–	10,922
Trade receivables (Note 18)	732,500	–	–	–	–
Margin accounts with brokers (Note 19)	64,839	–	–	–	–
Advance payments to suppliers (Note 21)	277,683	–	–	–	–
Other current assets (Note 22)	223,908	–	–	–	–
Fixed deposits, cash and bank balances (Note 35)	533,818	–	–	–	–
Fair value of derivative financial instruments (Note 37)	–	–	260,980	–	88,816
	2,085,492	–	260,980	–	99,738
Financial liabilities:					
Trade payables and accruals (Note 23)	–	658,988	–	–	–
Other current liabilities (Note 24)	–	54,912	–	–	–
Amounts due to bankers (Note 25)	–	2,877,952	–	–	–
Medium term notes (Note 26)	–	128,005	–	–	–
Convertible bonds (Note 27)	–	168,234	–	–	–
Fair value of derivative financial instruments (Note 37)	–	–	327,518	–	76,010
	–	3,888,091	327,518	–	76,010

39. Classification of financial assets and liabilities (cont'd)

Company	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale assets $'000	Fair value through profit or loss/held for trading $'000
			2010		
Financial assets:					
Loans to subsidiary companies (Note 13)	**416,437**	**–**	**–**	**–**	**–**
Loans to jointly controlled entities (Note 14)	**168,951**	**–**	**–**	**–**	**–**
Long term investment (Note 16)	**–**	**–**	**–**	**18,752**	**–**
Amounts due from subsidiary companies (Note 17)	**1,340,165**	**–**	**–**	**–**	**–**
Trade receivables (Note 18)	**275,388**	**–**	**–**	**–**	**–**
Margin accounts with brokers (Note 19)	**165,164**	**–**	**–**	**–**	**–**
Advance payments to suppliers (Note 21)	**1,501,306**	**–**	**–**	**–**	**–**
Other current assets (Note 22)	**77,743**	**–**	**–**	**–**	**–**
Fixed deposits, cash and bank balances (Note 35)	**388,657**	**–**	**–**	**–**	**–**
Fair value of derivative financial instruments (Note 37)	**–**	**–**	**458,750**	**–**	**136,272**
	4,333,811	**–**	**458,750**	**18,752**	**136,272**
Financial liabilities:					
Trade payables and accruals (Note 23)	**–**	**330,343**	**–**	**–**	**–**
Other current liabilities (Note 24)	**–**	**56,982**	**–**	**–**	**–**
Amounts due to bankers (Note 25)	**–**	**2,596,424**	**–**	**–**	**–**
Medium term notes (Note 26)	**–**	**249,016**	**–**	**–**	**–**
Convertible bonds (Note 27)	**–**	**730,108**	**–**	**–**	**–**
Fair value of derivative financial instruments (Note 37)	**–**	**–**	**487,622**	**–**	**74,382**
	–	**3,962,873**	**487,622**	**–**	**74,382**

Company	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale assets $'000	Fair value through profit or loss/held for trading $'000
			2009		
Financial assets:					
Loans to subsidiary companies (Note 13)	109,495	–	–	–	–
Loans to jointly controlled entities (Note 14)	252,512	–	–	–	–
Other non-current assets (Note 22)	–	–	–	–	10,922
Amounts due from subsidiary companies (Note 17)	747,613	–	–	–	–
Trade receivables (Note 18)	237,296	–	–	–	–
Margin accounts with brokers (Note 19)	55,521	–	–	–	–
Advance payments to suppliers (Note 21)	1,020,863	–	–	–	–
Other current assets (Note 22)	50,928	–	–	–	–
Fixed deposits, cash and bank balances (Note 35)	287,637	–	–	–	–
Fair value of derivative financial instruments (Note 37)	–	–	190,426	–	88,816
	2,761,865	–	190,426	–	99,738
Financial liabilities:					
Trade payables and accruals (Note 23)	–	420,115	–	–	–
Other current liabilities (Note 24)	–	35,863	–	–	–
Amounts due to bankers (Note 25)	–	1,931,302	–	–	–
Medium term notes (Note 26)	–	128,005	–	–	–
Convertible bonds (Note 27)	–	168,234	–	–	–
Fair value of derivative financial instruments (Note 37)	–	–	271,323	–	76,010
	–	2,683,519	271,323	–	76,010

40. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive shares and options).

The following reflects the income and share data used in the basic and diluted earnings per share computations for the years ended 30 June:-

	2010	2009
Net profit attributable to ordinary shareholders for basic earnings per share ($'000)	**359,469**	252,029
Add back:		
Interest expense on convertible bonds	**37,682**	8,706
Net measurement gain on convertible bonds	**(54,057)**	(34,683)
Net profit attributable to ordinary shareholders for diluted earnings per share ($'000)	**343,094**	226,052
Weighted average number of ordinary shares on issue applicable to basic earnings per share	**2,007,397,130**	1,713,478,345
Dilutive effect of convertible bonds	**276,169,858**	100,287,842
Dilutive effect of share options	**34,656,813**	12,159,727
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**2,318,223,801**	1,825,925,914

Subsequent to the financial year end, the Company issued 94,778,384 ordinary shares for the conversion of the outstanding US$102,220,000 Convertible Bonds in respect of the US$106,080,000 1.2821% Convertible Bonds. The Company also issued 7,848,186 ordinary shares for an equivalent number of Options exercised.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and the date of these financial statements.

41. Segmental information

The Group's businesses are organised and managed as 5 broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and merchandising span across a broad range of agricultural products.

The segmentation of products has been done in the following manner:-

- Edible Nuts, Spices and Beans – cashews, peanuts, almonds, spices and dehydrates, sesame and beans including pulses, lentils and peas.
- Confectionery and Beverage Ingredients – cocoa, coffee and sheanuts.
- Industrial Raw Materials – cotton wool, wood products and rubber.
- Food Staples and Packaged Foods – rice, sugar, wheat, barley, palm, dairy products and packaged foods.
- Commodity Financial Services* – market making, risk management solutions, commodity fund management

* *New reportable operating segment in current financial year*

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 table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance cost) which are managed on group basis and income tax which are evaluated on group basis are not allocated to operating segments.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are attributed to the location of those assets.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

41. Segmental information (cont'd)

(a) Business segments

	Edible nuts, spices and beans 2010 $'000	Edible nuts, spices and beans 2009 $'000	Confectionery and beverage ingredients 2010 $'000	Confectionery and beverage ingredients 2009 $'000
Segment revenue :				
Sales to external customers	**1,489,434**	1,200,076	**4,080,307**	3,783,126
Segment result	**109,548**	82,243	**132,416**	117,514
Net finance costs	**–**	–	**–**	–
Finance income	**–**	–	**–**	–
Share of results from jointly controlled entities	**–**	–	**605**	1,332
Share of results from associates	**–**	–	**–**	–
Unallocated income [1]				
Profit before taxation				
Taxation expense				
Profit for the financial year				
Segment assets	**1,750,612**	940,664	**1,964,687**	1,411,208
Unallocated assets [2]				
Segment liabilities	**79,393**	102,441	**329,288**	144,962
Unallocated liabilities [3]				
Other segmental information:				
Impairment of property, plant and equipment/intangible assets	**–**	–	**–**	–
Depreciation and amortisation	**29,026**	10,087	**8,750**	6,448
Capital expenditure	**355,232**	46,097	**50,433**	40,851

(b) Geographical segments

	Asia, Middle East and Australia 2010 $'000	Asia, Middle East and Australia 2009 $'000	Africa 2010 $'000	Africa 2009 $'000
Segment revenue:				
Sales to external customers	**4,752,291**	3,505,193	**1,717,632**	1,659,678
Intersegment sales	**2,506,689**	1,096,997	**1,296,673**	1,733,043
	7,258,980	4,602,190	**3,014,305**	3,392,721
Non-current assets	**1,364,422**	860,456	**366,201**	99,783

(c) Information on major customers

The Group has no major customers accounting for more than 10% of the turnover.

	Industrial raw materials		Food staples and packaged foods		Commodity financial services		Consolidated	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
	2,295,746	1,465,109	**2,589,545**	2,139,621	**–**	–	**10,455,032**	8,587,932
	151,448	100,061	**111,386**	47,011	**20,622**	564	**525,420**	347,393
	–	–	**–**	–	**–**	–	**(227,475)**	(239,179)
	–	–	**–**	–	**–**	–	**21,689**	18,872
	36	23,053	**14,647**	16,026	**–**	–	**15,288**	40,411
	–	–	**(2,364)**	703	**–**	–	**(2,364)**	703
							87,637	89,824
							420,195	258,024
							(60,446)	(5,995)
							359,749	252,029
	1,410,996	928,007	**1,389,748**	1,190,334	**147,575**	–	**6,663,618**	4,470,213
							1,141,040	945,203
							7,804,658	5,415,416
	291,118	253,430	**413,418**	515,025	**82,550**	–	**1,195,767**	1,015,858
							4,838,106	3,353,666
							6,033,873	4,369,524
	4,796	14,176	**–**	–	**–**	–	**4,796**	14,176
	13,970	15,373	**20,058**	11,362	**–**	–	**71,804**	43,270
	29,196	38,169	**216,540**	97,796	**–**	–	**651,401**	222,913

	Europe		Americas		Eliminations		Consolidated	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
	2,400,531	2,341,073	**1,584,578**	1,081,988	**–**	–	**10,455,032**	8,587,932
	211,593	224,036	**679,497**	817,894	**(4,694,452)**	(3,871,970)	**–**	–
	2,612,124	2,565,109	**2,264,075**	1,899,882	**(4,694,452)**	(3,871,970)	**10,455,032**	8,587,932
	8,245	9,465	**392,895**	178,582	**–**	–	**2,131,763**	1,148,286

41. Segmental information (cont'd)

(1) Unallocated income mainly relates to negative goodwill, net of related transaction costs.

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

	Group	
	2010 $'000	2009 $'000
Cash and bank balances	412,426	294,130
Deferred tax assets	63,978	74,704
Fixed deposits	259,117	239,688
Other current/non-current assets	345,507	322,963
Fair value of derivative assets	60,012	13,718
	1,141,040	945,203

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

	Group	
	2010 $'000	2009 $'000
Amount due to bankers	3,523,880	2,877,952
Convertible bonds	730,108	168,234
Medium term notes	249,016	128,005
Deferred tax liabilities	140,861	62,812
Other liabilities	64,263	35,116
Provision for taxation	34,920	11,410
Fair value of derivative liabilities	95,058	70,137
	4,838,106	3,353,666

42. Subsequent events

(a) Subsequent to financial year end, the directors have proposed a second and final ordinary dividend of $0.025 per ordinary share in respect of the financial year ended 30 June 2010, subject to approval of shareholders at the Annual General Meeting to be held on 28 October 2010.

(b) On 20 July 2010, the Company announced that it has successfully completed the acquisition of the dehydrated and vegetable products business and operating assets of Gilroy Foods & Flavors from ConAgra Foods, Inc., including its dehydrated onion, garlic, capsicum, Controlled Moisture™ vegetables, GardenFrost® purees, RediMadeTM shelf-stable purees, and fresh vegetable operations for a total cash consideration of approximately US$ 250 million, subject to customary working capital adjustments on completion. Following the completion of the acquisition, the acquired business will operate as part of Olam's Spices and Dehydrates business unit.

Disclosures required by the revised FRS 103 have not been made as this acquisition occurred close to the date of this report.

(c) On 7 August 2010, the Company announced that it had launched and priced an issue of Senior Unsecured Bonds to raise US$250 million.

(d) On 10 August 2010, the Company announced the completion of mandatory conversion of all the US$106,080,000 1.2821 percent. Convertible Bonds due 2013 into ordinary shares in the capital of the Company, pursuant to the terms and conditions of the Bonds.

(e) On 17 August 2010, the Company announced that it would invest US$43.5 million in Cote d'Ivoire to set up a greenfield cocoa processing facility in Abidjan as well as a primary processing and warehousing facility in San Pedro.

(f) On 20 August 2010, the Company announced that it had entered into a strategic partnership agreement with the government of Gabon to jointly develop a Special Economic Zone at Nkok for timber processing in Gabon.

(g) On 27 August 2010, the Company announced that syndication for the US$300 million Term Loan Facility (the "Facility"), launched as a 3-year amortising term loan, for its US subsidiary Olam Holdings Partnership has been oversubscribed with commitments received from a group of 13 international banks. Given the positive response and oversubscription, the Company decided to upsize the Facility to US$350 million.

(h) On 27 September 2010, the Company announced that it had successfully acquired additional 59.53% shareholding NZ Farming Systems Uruguay ("NZFSU") for a consideration of NZ$101.8 million. Following the completion of the takeover offer, the Company owned 77.98% shareholding in NZFSU and NZFSU became a subsidiary of the Company.

Disclosures required by the revised FRS 103 have not been made as this acquisition occurred close to the date of this report.

43. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2010 were authorised for issue in accordance with a resolution of the directors on 4 October 2010.

Use of Proceeds

The following are the capital raising exercises completed by the Company during the year:

	Net Proceeds	Utilisation Status
Share Placement on 15 July 2009 273,459,000 Shares to Breedens Investments Pte. Ltd. and Aranda Investments Pte. Ltd., indirect wholly-owned subsidiaries of Temasek Holdings (Private) Limited	S$437 million	The proceeds were fully drawn down to finance new capital expenditures and acquisition of assets for the Group and for general corporate purposes of the Group.
Bonds Issuance on 15 October and 5 November 2009 US$500,000,000 in principal amount of 6.00 per cent. Convertible Bonds due 2016	S$490.75 million	The proceeds were fully drawn down to finance new capital expenditures and acquisition of assets for the Group and for general corporate purposes of the Group.
MTN Programme on 12 February 2010 S$250 million 4.07% Notes due 2013 under its Multicurrency Medium Term Note Programme	S$250 million	The proceeds were fully drawn down to refinance the existing borrowings, working capital requirements and for general corporate purposes of the Group.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders as at 16 September 2010)

Name of Shareholder		Direct	Deemed
1.	Kewalram Singapore Limited [2]	459,602,064	–
2.	Chanrai Investment Corporation Limited [3]	–	459,602,064
3.	Kewalram Chanrai Holdings Limited [3]	–	459,602,064
4.	Investec Trustees (Jersey) Ltd, Murli Kewalram Chanrai and Narain Girdhar Chanrai as trustees of Girdhar Kewalram Chanrai Settlement ("GKC Trustees") [3]	–	459,602,064
5.	Investec Trustees (Jersey) Ltd, Narain Girdhar Chanrai and Koshu Murli Chanrai as trustees of Hariom Trust ("Hariom Trustees") [3]	–	459,602,064
6.	Investec Trustees (Jersey) Ltd, Narain Girdhar Chanrai and Murli Kewalram Chanrai as trustees of Dayal Damodar Chanrai Settlement ("DKC Trustee") [3]	–	459,602,064
7.	Investec Trustees (Jersey) Ltd as trustee of The PKC 2008 Settlement (formerly known as Pitamber Kewalram Chanrai Settlement) ("PKC Trustees") [3]	–	459,602,064
8.	Narain Girdhar Chanrai [3]	–	459,602,064
9.	UBG AG [4]	–	158,832,623
10.	Wellington Management Company LLP ("Wellington Management") [5]	–	120,508,767
11.	Breedens Investments Pte. Ltd. ("Breedens")	201,456,047	–
12.	Seletar Investments Pte Ltd ("Seletar") [6]	–	277,272,173
13.	Temasek Capital (Private) Limited ("Temasek Capital") [7]	–	277,272,173
14.	Temasek Holdings (Private) Limited ("Temasek Holding") [8]	–	281,487,904
15.	The Capital Group Companies, Inc. ("The Capital Group") [9]	–	111,636,678

Notes:

[1] Based on 2,119,586,543 shares (excluding treasury shares) as at 16 September 2010.

[2] Kewalram Singapore Limited's 459,602,064 shares are held in the following manner:
i. 352,602,064 shares under its own name
ii. 27,000,000 shares under Citibank Nominees Singapore Pte Ltd
iii. 80,000,000 shares under Raffles Nominees (Pte) Limited

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

CICL and KCH are therefore deemed to be interested in the 459,602,064 shares held by Kewalram.

GKC Trustees, Hariom Trustees, DKC Trustee and PKC Trustees are shareholders of KCH, each holding approximately 28%, 28%, 28% and 16% respectively in the issued and paid-up capital of KCH. Pursuant to Section 7(4A) of the Companies Act, Cap. 50, as GKC Trustees, Hariom Trustees, DKC Trustees are associates of PKC Trustees and vice versa, PKC Trustee would be deemed to be interested in the shares held by Kewalram.

GKC Trustees, Hariom Trustees, DKC Trustee and PKC Trustees are therefore deemed to be interested in the 459,602,064 shares held by Kewalram in the Company.

Narain Girdhar Chanrai is a non-executive Director of the Company.

[4] UBS AG's deemed interests comprised of 131,169,434 shares representing interests aggregating voting shares and 27,663,189 shares representing interests aggregating non-voting shares. Non-Voting Shares are shares which the UBS Group has authority to acquire and dispose of the shares but does not exercise any discretion over the voting rights.

[5] Wellington Management is registered as an investment adviser with the United States Securities and Exchange Commission and acts as a discretionary investment manager on behalf of various separate accounts (the "Accounts") that hold 120,508,767 shares in the Company. The Accounts do not act as a group nor do they act in concert with respect to the interest in shares. Wellington Management acquired the interests in shares for the Accounts in its capacity as discretionary investment manager to, and solely for the benefit of, the Accounts, and the interests were acquired solely for investment purposes. The shares are registered in the name of the Accounts or the Accounts' custodians or nominees according to their respective holdings.

[6] Seletar is the holding company of Breedens and Aranda Investments Pte. Ltd. ("Aranda") and is deemed to be interested in the shares held by Breedens and Aranda.

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

[8] 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. In addition, DBS Group Holdings Limited ("DBSH"), an associated company of Temasek Holdings has a deemed interest in 4,215,731 shares in the Company by virtue of Section 7 of the Companies Act (Cap. 50). Accordingly, Temasek Holdings has a deemed interest in an aggregate of 281,487,904 shares (being all shares held by Breedens, Aranda and DBSH).

[9] The Capital Group is deemed to be interested in 111,636,678 shares in the Company over which its subsidiaries have (a) no voting rights but disposal rights only as well as (b) both voting and disposal rights. These shares are registered in the names of BBH Dublin, Bank Of Tokyo (Singapore), DBS Nominees Pte. Ltd., HSBC (Singapore) Nominees Pte. Ltd., Raffles Nominees Pte. Ltd., Standard Chartered Bank (Hong Kong) and United Overseas Bank Nominees Ltd.

Statistics of Shareholdings

as at 16 September 2010

Issued and fully Paid-up Capital	:	S$1,365,240,087
Number of Ordinary Shares in Issue (excluding treasury shares)	:	2,119,586,543
Number of Treasury Shares held	:	Nil
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	236	3.06	37,612	0.00
1,000 – 10,000	6,437	83.59	25,494,869	1.20
10,001 – 1,000,000	1,001	13.00	38,918,413	1.84
1,000,001 AND ABOVE	27	0.35	2,055,135,649	96.96
TOTAL	**7,701**	**100.00**	**2,119,586,543**	**100.00**

Twenty Largest Shareholders

	Name	No. of Shares	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	570,702,449	26.93
2.	KEWALRAM SINGAPORE LIMITED	352,602,064	16.64
3.	DBSN SERVICES PTE LTD	237,783,015	11.22
4.	BREEDENS INVESTMENTS PTE LTD	201,456,047	9.50
5.	DBS NOMINEES PTE LTD	195,953,992	9.24
6.	RAFFLES NOMINEES (PTE) LTD	167,210,293	7.89
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	109,555,821	5.17
8.	ARANDA INVESTMENTS PTE LTD	75,816,126	3.58
9.	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	50,722,458	2.39
10.	SUNNY GEORGE VERGHESE	28,574,893	1.35
11.	MERRILL LYNCH (SINGAPORE) PTE LTD	18,110,499	0.85
12.	UOB KAY HIAN PTE LTD	12,688,891	0.60
13.	DB NOMINEES (SINGAPORE) PTE LTD	4,661,190	0.22
14.	BNP PARIBAS SECURITIES SERVICES SINGAPORE	4,588,070	0.22
15.	DEVASHISH CHAUBEY	3,117,486	0.15
16.	CITIBANK CONSUMER NOMINEES PTE LTD	3,054,641	0.14
17.	KRISHNAN RAVI KUMAR	2,489,604	0.12
18.	JAGDISH ACHLESHWAR PRASAD PARIHAR	2,439,444	0.12
19.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,382,542	0.11
20.	SOCIETE GENERALE SPORE BRANCH	2,028,524	0.10
TOTAL		**2,045,938,049**	**96.54**

Bond Holder of 1% Convertible Bonds Due 2013

Due date: 3 July 2013

Conversion Price	:	S$3.775 per share*
Conversion Premium	:	30% above reference share price i.e S$2.9588
Redemption Price	:	119.38% of principal amount on maturity date
Conversion Period	:	At any time on or after 13 August 2008 to 23 May 2013

The US$300 million 1% convertible bond due 2013 issued by Olam International Limited on 3 July 2008 (the "2008 CBs") are represented by a Global Certificate registered in 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$19,200,000 2008 CBs. The identity of the holders of the beneficial interests in the 2008 CBs is not currently known.

* The conversion price of the bonds was adjusted to S$3.775 per share with effect from 15 July 2009 due to the placement of 273,459,000 new shares.

Bond Holder of 6% Convertible Bonds Due 2016

Due date: 15 October 2016

Conversion Price	:	S$3.0853 per share
Conversion Premium	:	25% above reference share price i.e S$2.4682
Redemption Price	:	100.00% of principal amount on maturity date

The US$500 million 6% convertible bond 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 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.

Public Float

Based on information available to the Company, approximately 41.10% 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.

Notice of Annual General Meeting

Olam International Limited

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

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of Olam International Limited ("the Company") will be held at 2 Shenton Way, SGX Centre 1, SGX Auditorium Level 2, Singapore 068804 on Thursday, 28 October 2010 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 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a second and final dividend of 2.5 cents per share tax exempt (one-tier) for the year ended 30 June 2010 (FY2009: 3.5 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. Jean-Paul Pinard	(Retiring under Article 103)	**(Resolution 4**)
Mr. Wong Heng Tew	(Retiring under Article 103)	**(Resolution 5)**
Mr. Robert Michael Tomlin	(Retiring under Article 103)	**(Resolution 6)**

[See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$990,000 for the year ending 30 June 2011. (2010: S$978,000.00)

   [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 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:

(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 issued ordinary share capital of the Company 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, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time). Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit;

"Relevant Period" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; 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, 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

Wan Tiew Leng, Lynn
Company Secretary
Singapore

Date: 13 October 2010

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, Governance & Nomination Committee and Capital & Investment Committee. He will be considered non-executive and non-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, remain as Chairman of the Corporate Responsibility & Sustainability Committee and a member of the Human Resource & Compensation Committee and Capital & Investment Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Wong Heng Tew will, upon re-election as a Director of the Company, remain as a member of the Audit & Compliance Committee, Human Resource & Compensation Committee and Governance & Nomination Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Robert Michael Tomlin will, upon re-election as a Director of the Company, remain as Chairman of the Capital & Investment Committee and a member of the Audit & Compliance Committee, Corporate Responsibility & Sustainability Committee and Risk Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Ordinary Resolution 7, if passed, will facilitate the payment of Directors' fees during the financial year ending 30 June 2011 in which the fees are incurred. The amount of the Directors' fees is computed based on the current fees structure reported in the Corporate Governance statement in this 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 Director and/or the formation of additional Board Committees) and for the review of the fee structure of the Directors.

(iii) Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective 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 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 Annual General Meeting, or the date by which the next Annual General Meeting 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 relates to the renewal of the Share Buyback Mandate which was approved by the shareholders of the Company on 29 October 2009, and, if passed, will empower the Directors of the Company to purchase or otherwise acquire ordinary shares of the Company by way of market or off-market purchases or acquisitions of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price (as defined in Ordinary Resolution 11 above). Unless varied or revoked by the Company in a general meeting, such authority shall remain effective 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, or 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. The rationale for, the authority and limitation on, the sources of funds to be used for such purchases and/or acquisitions by the Company pursuant to the Share Buyback Mandate, the amount of financing and the illustrative financial effects of such purchases and/or acquisitions on the audited consolidated financial accounts of the Group for the financial year ended 30 June 2010, are set out in greater detail in the letter to shareholders of the Company in the Appendix to this Notice of Annual General Meeting.

(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 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 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 not more than two proxies 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 Sixteenth Annual General Meeting (the "Meeting") of the Company to be held on 28 October 2010 at 2 Shenton Way, SGX Centre 1, SGX Auditorium Level 2, Singapore 068804 at 2.00 p.m. 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 [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 30 June 2010		
2	Payment of proposed second and final dividend of 2.5 cents per share tax exempt (one-tier) for the year ended 30 June 2010		
3	Re-election of Mr. R. Jayachandran as a Director		
4	Re-election of Mr. Jean-Paul Pinard as a Director		
5	Re-election of Mr. Wong Heng Tew as a Director		
6	Re-election of Mr. Robert Michael Tomlin as a Director		
7	Approval of Directors' fees amounting to S$990,000.00 for the year ending 30 June 2011		
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 ______________ 2010

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

* Delete where inapplicable

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

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 may 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.

OUR IDENTITY

Olam is a Hebrew word meaning ‘transcending boundaries’, which epitomises the spirit of our company. Our distinctive corporate symbol and logotype represents many of our core values such as growth, outward focus, vigour and imagination. Our corporate colours are green, representing our vibrancy and orange, representing the earth from which all our products are derived.

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

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