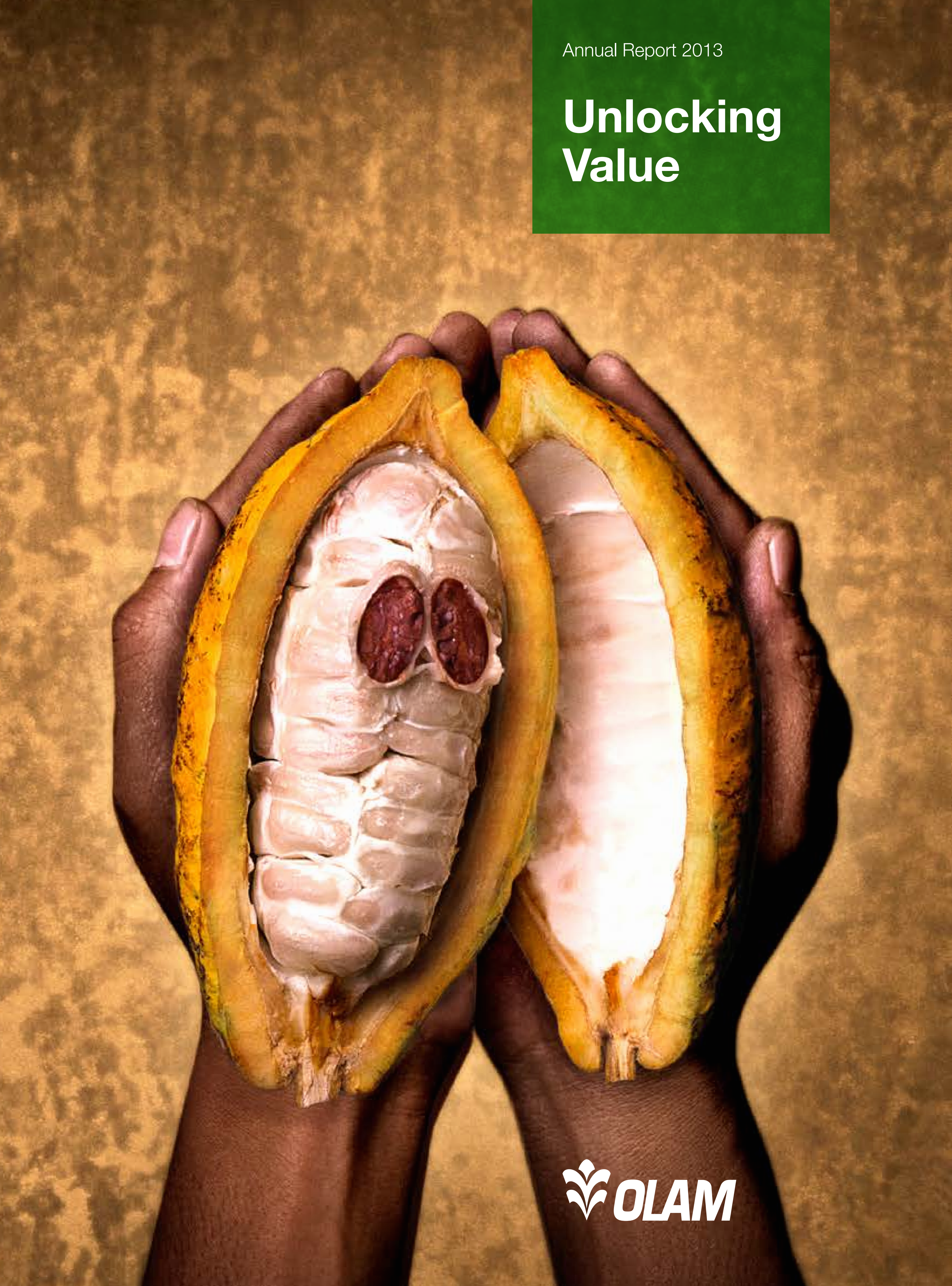
Annual Report 2013

Unlocking Value



OLAM

OUR VISION

To be a leading, global, selectively integrated supply chain manager of agri-commodities and food ingredients.

OUR GOVERNING OBJECTIVE

Maximising intrinsic shareholder value over time for our continuing shareholders, in an ethical, socially responsible and environmentally sustainable manner.

Cover Image

The image on this year's cover represents the intrinsic value within Olam and our intent to progressively unlock this value for all our stakeholders at the corporate, regional and product level. This photograph was taken in Indonesia and features a freshly harvested cocoa pod from our plantation in Lampung, Sumatra.

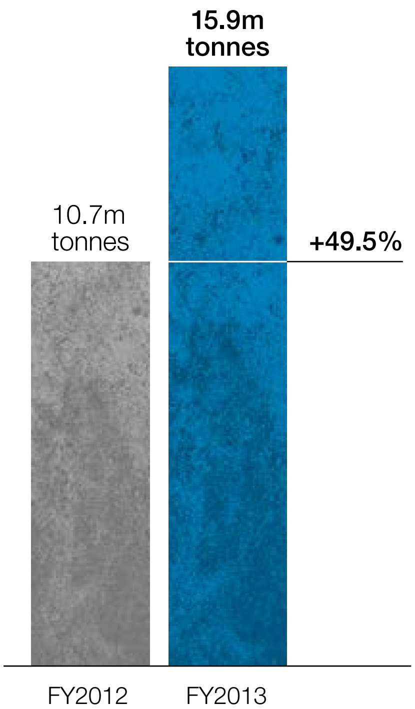
Unlocking Value

Olam is in a strong position to leverage positive global trends in the agri-commodity sector. This year our strategy review has established the dual objectives of re-balancing growth with an increased focus on generating positive free cash flows in our businesses. We have set four key priorities and six specific pathways to achieve these objectives. We believe this refreshed strategy will unlock significant value and will considerably strengthen our Company, resulting in continued growth in profits and returns, a stronger balance sheet, improved operating performance and sustained positive free cash flows. At the same time we will promote a better understanding of Olam's business with our key stakeholders.

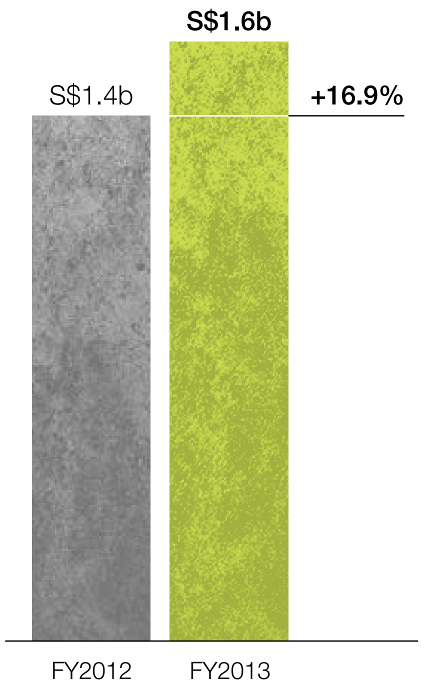
Contents

Performance Overview

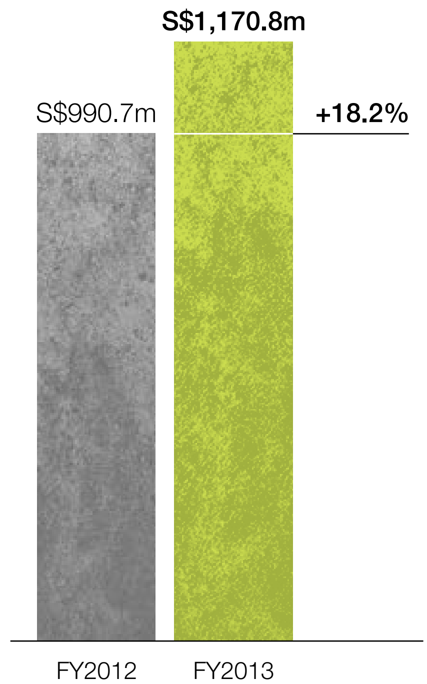
Volume



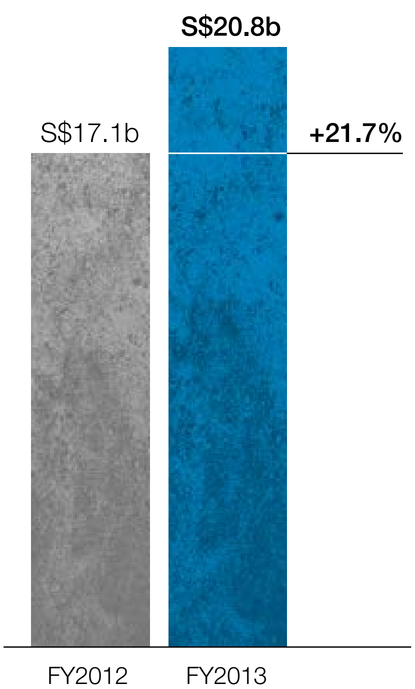
Net Contribution



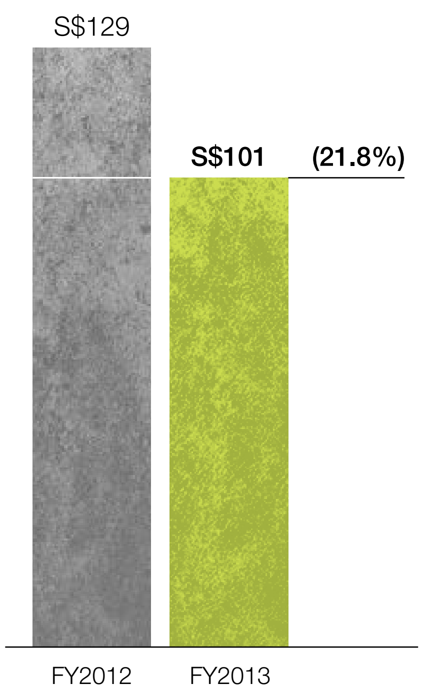
EBITDA



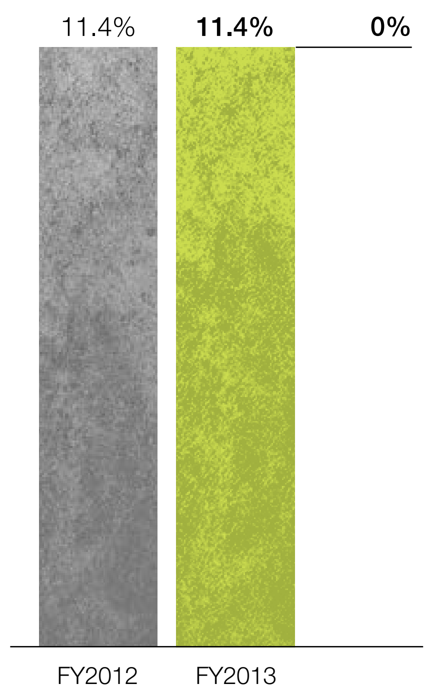
Sales Revenue



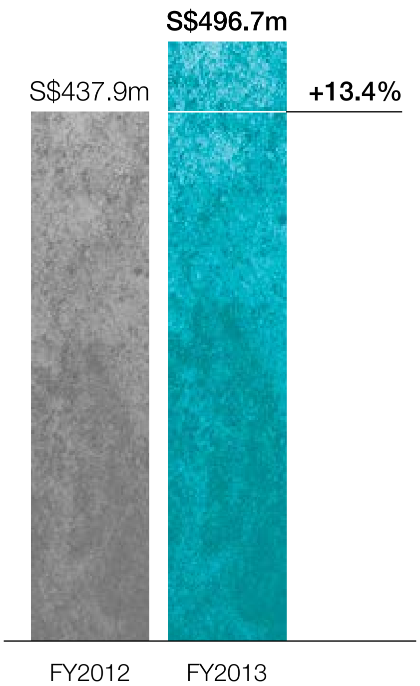
Net Contribution/Tonne



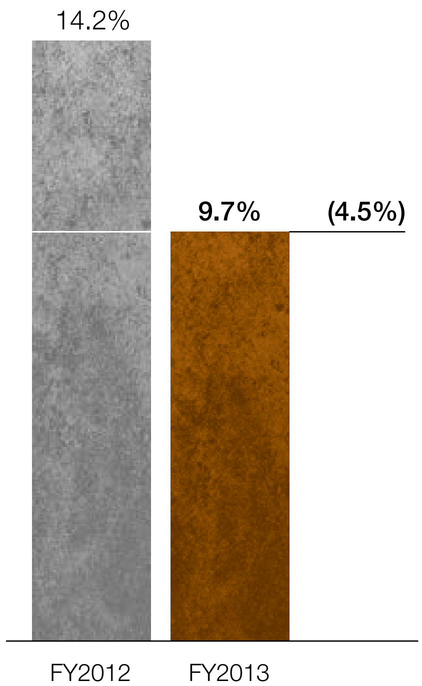
EBITDA/ Average Invested Capital



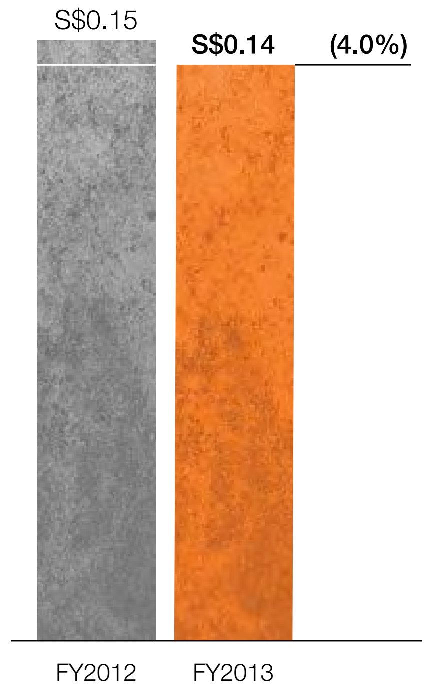
Profit Before Tax



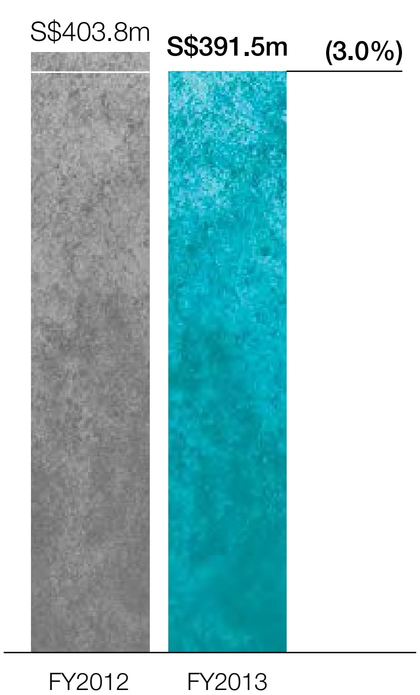
ROE



EPS

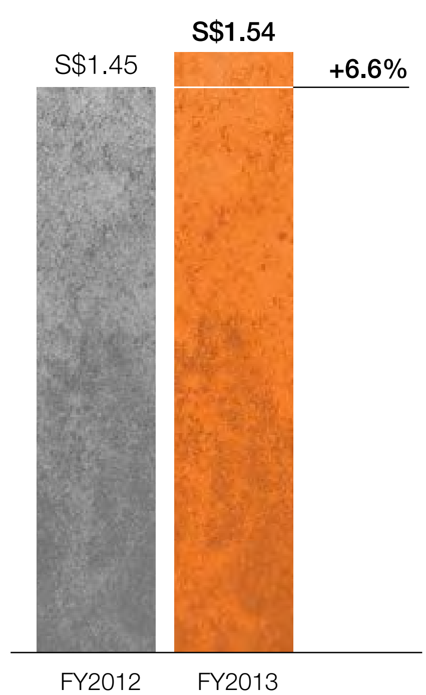


Net Profit After Tax



ROIC

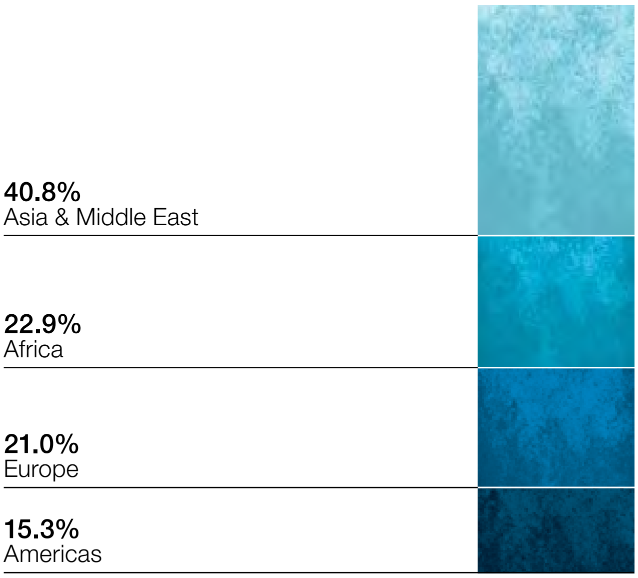
Net Asset Value Per Share*



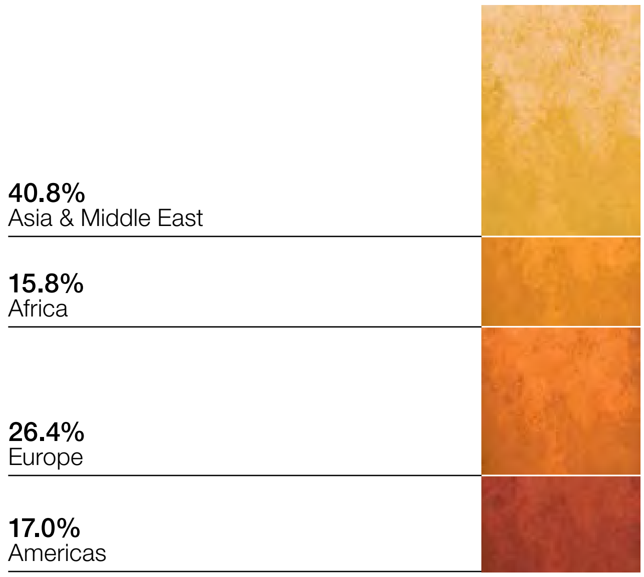
* Before Fair Value Adjustment Reserves

Financial Summary

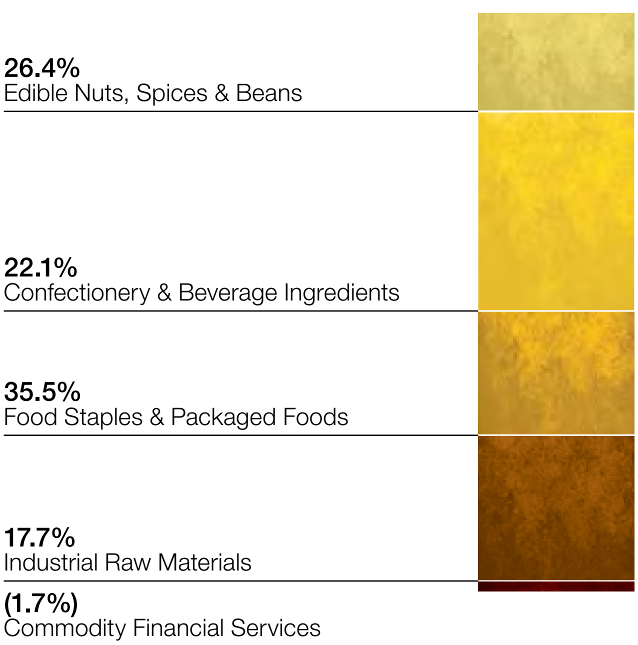
Sales Revenue by Region



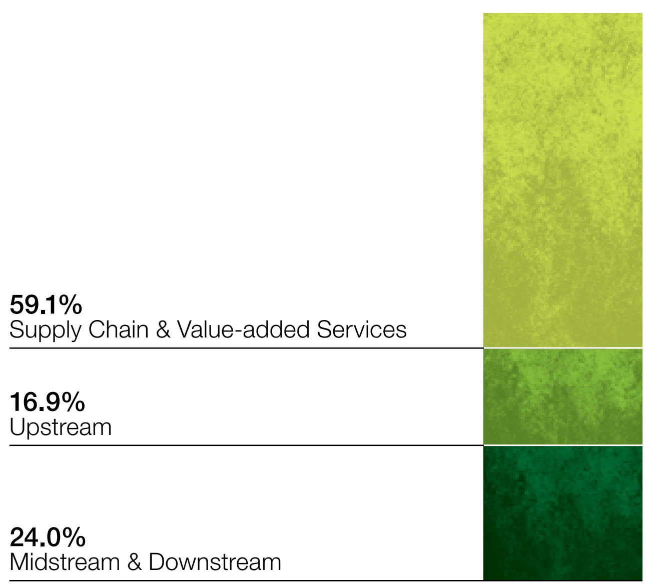
Sourcing Volume by Region



EBITDA by Business Segment



EBITDA by Value Chain Segment



Financial Highlights

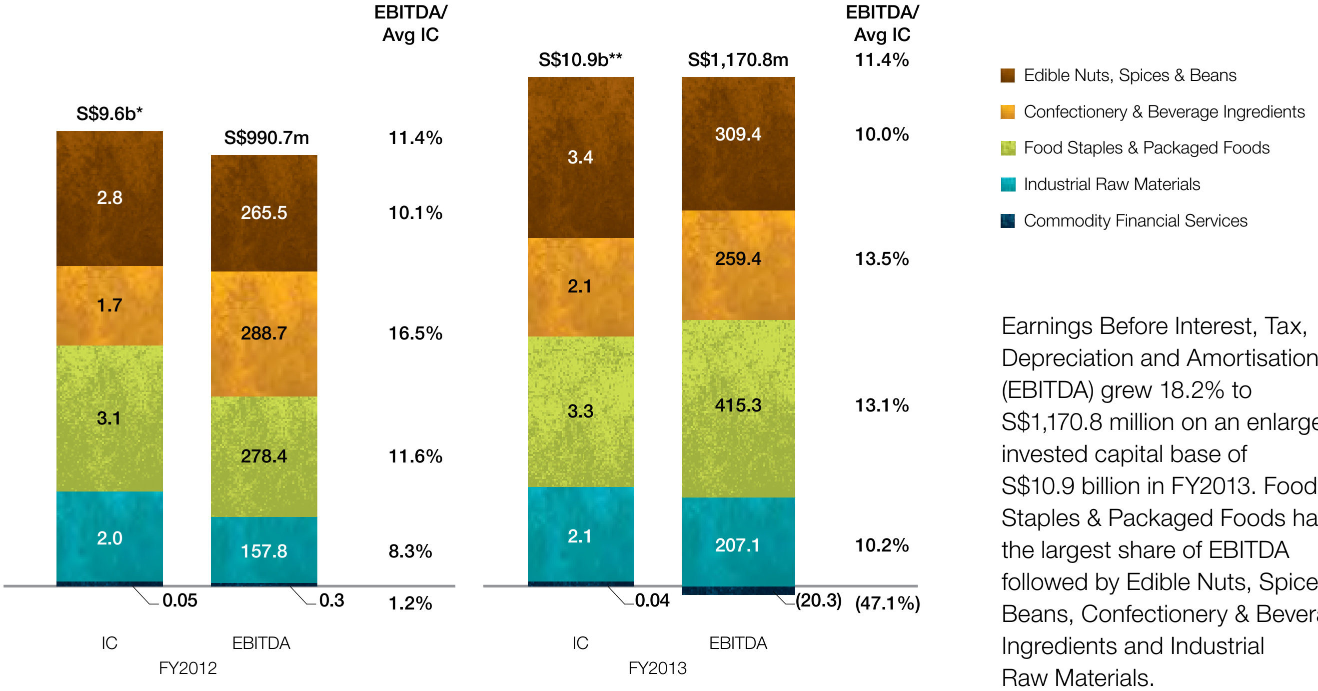
For the Year Ended 30 June (S$'000)

	FY2013	FY2012	Change
Consolidated Results			
Sales Volume ('000 metric tonnes)*	**15,953**	10,675	49.5%
Sales Revenue	**20,801,798**	17,093,751	21.7%
Gross Contribution	**1,905,250**	1,666,115	14.4%
Gross Contribution Per Tonne (S$)	**119**	156	(23.7%)
Net Contribution	**1,615,845**	1,381,810	16.9%
Net Contribution Per Tonne (S$)	**101**	129	(21.8%)
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)**	**1,170,805**	990,674	18.2%
Earnings Before Interest and Tax (EBIT)**	**971,493**	840,060	15.6%
Profit Before Tax	**496,651**	437,910	13.4%
Reported Net Profit After Tax Attributable to Shareholders	**362,618**	370,908	(2.2%)
Net Profit After Tax Attributable to Shareholders (excluding exceptional items)	**348,575**	355,545	(2.0%)
Earnings Per Share basic (cents)	**14.4**	15.0	(4.0%)
Net Dividend Per Share (cents)	**4.0**	4.0	–
Other Financial Information			
Total Debt	**8,848,238**	7,489,384	18.1%
Cash & Cash Equivalents	**1,591,009**	1,110,856	43.2%
Shareholders' Equity	**3,691,860**	3,405,610	8.4%
Net Debt to Equity (times)#	**1.93**	1.81	0.12
Net Debt to Equity (times) adjusted for liquid assets#	**0.55**	0.37	0.18
Return on Beginning-of-period Equity (%)	**9.7**	14.2	(4.5)
Return on Average Equity (%)	**9.4**	12.0	(2.6)
EBITDA on Average Invested Capital (%)	**11.4**	11.4	–
Interest Coverage (times)	**2.0**	2.0	–
Adjusted Interest Coverage (times)^	**4.1**	5.1	(1.0)
Cash to Sales (%)	**7.7**	6.5	1.2

* Includes proportionate share of volumes from jointly controlled entities and associates
** Includes non-controlling interest and excludes exceptional items
# Before Fair Value Adjustment Reserves
^ EBITDA less working capital interest/Total interest expense less working capital interest

Performance Analysis

Invested Capital (IC) and EBITDA by Business Segment

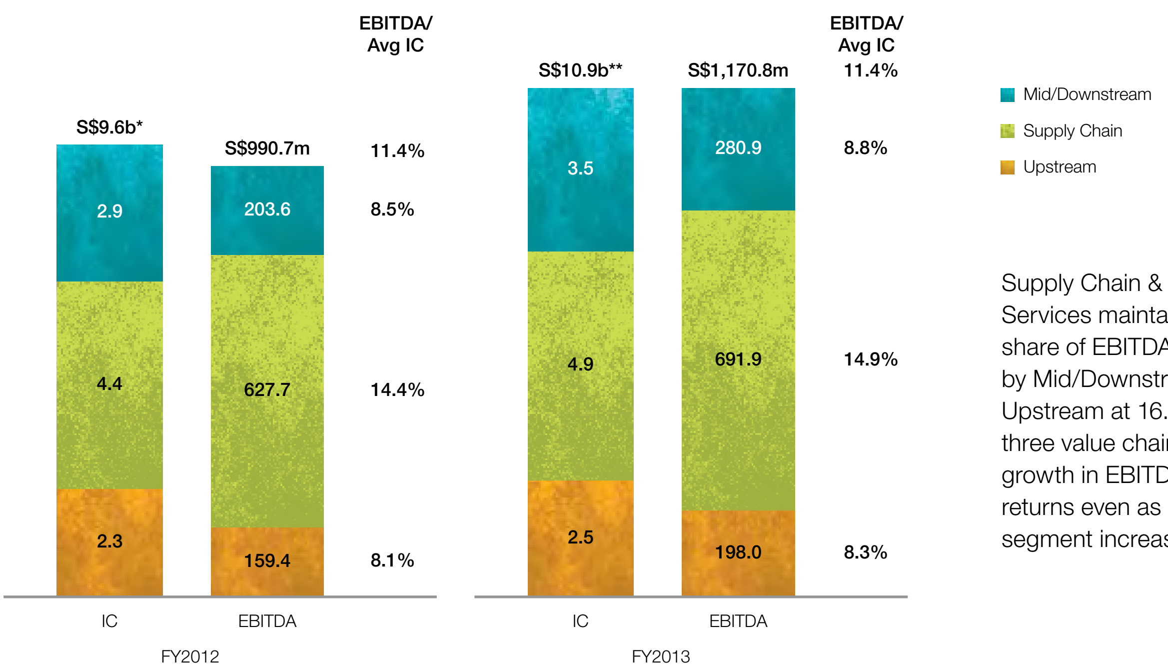


* Excluding Fertiliser IC of S$59.9 million

** Excluding Fertiliser IC of S$106.0 million

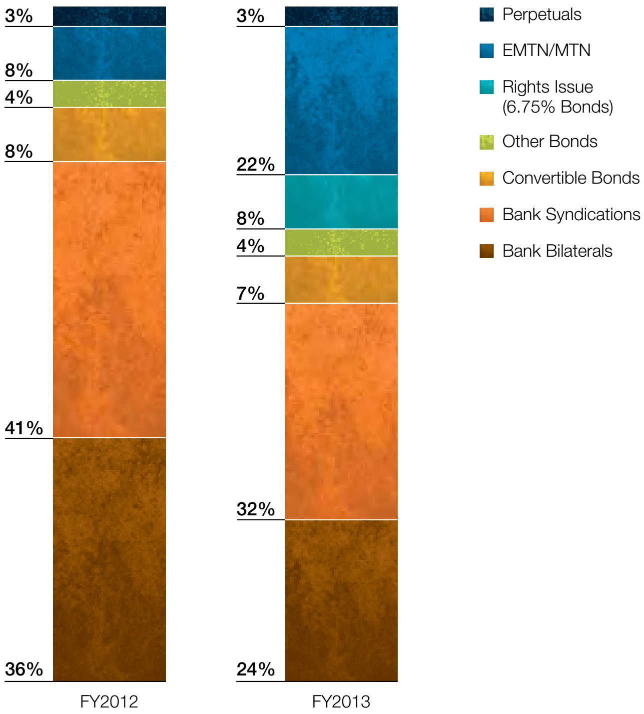
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) grew 18.2% to S$1,170.8 million on an enlarged invested capital base of S$10.9 billion in FY2013. Food Staples & Packaged Foods had the largest share of EBITDA followed by Edible Nuts, Spices & Beans, Confectionery & Beverage Ingredients and Industrial Raw Materials.

Invested Capital (IC) and EBITDA by Value Chain Segment



Supply Chain & Value-Added Services maintained its dominant share of EBITDA at 59.1%, followed by Mid/Downstream at 24.0% and Upstream at 16.9% in FY2013. All three value chain segments saw growth in EBITDA to average IC returns even as IC across each segment increased during the year.

Borrowing Mix



Issuances in FY2013

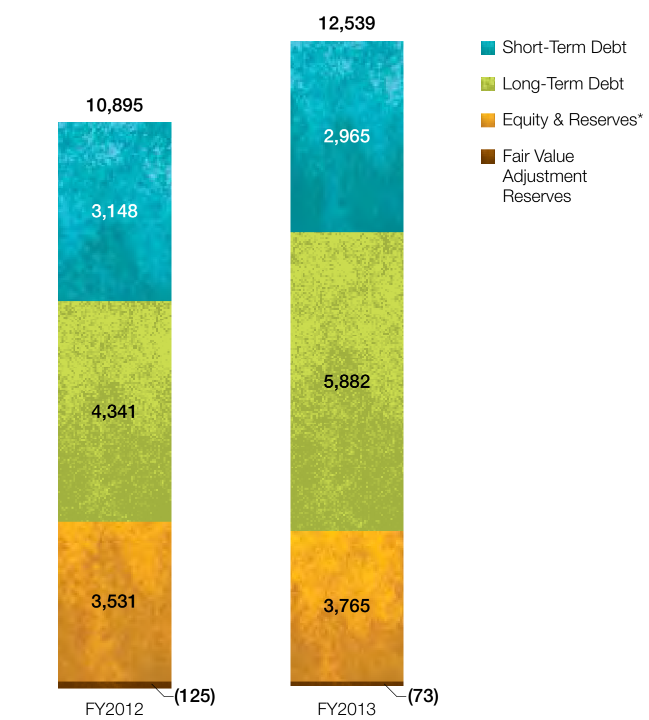
- 1-year S$250 million 2.5% fixed rate notes due 2013
- 5-year US$500 million 5.75% fixed rate notes due 2017
- 7-year S$350 million 5.80% fixed rate notes due 2019
- 10-year S$500 million 6.00% fixed rate notes due 2022
- Rights issue of 5-year US$750 million 6.75% bonds due 2018 at 95% of their principal amount

New Issuances post 30 June 2013

- 5-year Term Loan of US$120 million by IFC
- 3-year Revolving Credit Facility of US$400 million for Olam Holdings Partnership (USA)

Our sources of debt are well diversified across bank borrowings, both bilateral and syndicated facilities, and a variety of bond instruments of different tenors to match our working capital and fixed capital requirements.

Balance Sheet Analysis (S$ million)



* Before Fair Value Adjustment Reserves

The balance sheet remained strong and resilient with increase in equity from S$3.5 billion to S$3.8 billion and sufficient liquidity to support our short-term and long-term capital requirements and deal with any liquidity constraints arising from macroeconomic factors. A third of our borrowings was from short-term debt and the balance two-thirds from long-term borrowings as we continued to term out and diversify our sources of debt.

SALES REVENUE
INCREASED 21.7% TO

S$20.8b

PROFIT AFTER TAX AND
MINORITY INTEREST

S$362.6m

Refreshing our Strategy

Our FY2013 results were achieved under challenging market conditions of increased volatility in the agri-commodity sector and overall macroeconomic uncertainties. Global growth has slowed significantly and the outlook remains mixed, particularly in developed markets. In April this year we announced our Strategy Review for the period 2014–16, with the twin objectives of sustaining profitable growth and escalating cash flow generation. The actions we took in this year were designed to ensure that your company is well positioned for continued long-term growth while delivering strong and consistent financial results.

Sales revenue increased 21.7% to S$20.8 billion while Profit after Tax and Minority Interest, at S$362.6 million was 2.2% lower than our FY2012 performance.

While Profit after Tax for the Company was marginally lower than FY2102 on account of the higher incidence of taxes, the underlying performance in most business segments was robust, an endorsement of the strength of our business model. We have refocused the company to ensure timely execution of our plans and achieve positive cash flow as envisaged in our revised strategy. Some of our investments are undergoing fine tuning to compress the time-lines in achieving the projected profits and positive cash flows.

I would like to thank our shareholders for their continued support and confidence in Olam. The Board of Directors is pleased to recommend a First and Final dividend of 4 cents per share. This amounts to a total dividend pay-out of S$95.6 million and a dividend pay-out ratio of 26.4%.

A more detailed review of the results of the year is contained in the CEO's review on pages 14 to 27 of this report.

We are committed to maintaining high standards in corporate governance and continue our efforts to improve our governance processes as part of our accountability to all our stakeholders. Members of the Board are engaged with the management team in addressing a wide range of strategic, compliance, risk and sustainability issues.

"We have refocused the company to ensure timely execution of our plans and achieve positive cash flow as envisaged in our revised strategy."

We continue to invest in our people and in the development of their potential. Their passion, resilience and talent have been the foundation of our growth over the past two decades. I would like to take this opportunity to thank our global team of around 23,000 employees for their dedication and commitment to delivering a strong performance under trying market conditions.

Last but not the least, I would like to thank my fellow Directors on the Board, our shareholders, investors, business partners and all other stakeholders for their continued support to Olam. We are proud of what we have achieved in the last several years and reaffirm our commitment to achieve outstanding results in the coming years.

R. Jayachandran
Chairman

A Guiding Hand

Olam is led by a proficient Board with diverse international business backgrounds. The Board oversees the affairs of the Company and provides leadership and support to the Senior Management team. Directors are expected to exercise independent and objective judgement in the best interests of the Company. In the annual Board and peer performance evaluation exercise, the ability to objectively discharge their duties and responsibilities at all times is an important assessment criteria.

R. Jayachandran
Non-Executive Chairman

R. Jayachandran was Non-Executive Vice-Chairman of Olam from 2004 before being appointed as Chairman in 2006. He is one of the founding shareholders and a Director of the Redington Group of Companies and a Director of Kewalram Singapore Limited and Kewalram Chanrai Holdings. Jaya has been Singapore's High Commissioner to the Republic of Mauritius since 2008. He has over 36 years' experience in capital raising, strategic planning and business development. He is a qualified Chartered Accountant and has completed the Advanced Management Program from Harvard Business School.

Sunny Verghese
Group Managing Director & CEO

Sunny Verghese is currently the Chairman of International Enterprise, Singapore and the Human Capital Leadership Institute, Singapore. He also sits on the Board of PureCircle Limited. He is a postgraduate in Business Management from the Indian Institute of Management, Ahmedabad and has completed the Advanced Management Program from Harvard Business School. Sunny was awarded the Best Chief Executive for large cap companies in the Singapore Corporate Awards in 2011 and was named 'Outstanding Chief Executive for 2006' in the 2007 Singapore Business Awards (SBA). He was named Singapore's Ernst & Young Entrepreneur of the Year in 2008. Sunny was conferred The Public Service Medal by the Government of Singapore in 2010.

Michael Lim Choo San
Non-Executive and
Lead Independent Director

Michael Lim is Chairman of the Land Transport Authority of Singapore and Nomura Singapore Limited and a Director of Nomura Holdings Inc, Japan. A Chartered Accountant by profession, Michael was PriceWaterhouse Singapore's Managing Partner from 1992 and the Executive Chairman of PriceWaterhouseCoopers Singapore, from 1999 until his retirement in 2003. He was appointed as Chairman of the Singapore Accountancy Commission in April 2013 and is a member of the Public Service Commission and Legal Service Commission. Michael was conferred the Meritorious Service Medal by the Government of Singapore in 2010.

Narain Girdhar Chanrai
Non-Executive Director

N. G. Chanrai 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 United Kingdom and Singapore and oversaw its global treasury and accounting functions before becoming Kewalram's Group CEO in 2004.

Mark Haynes Daniell
Non-Executive and
Independent Director

Mark Daniell is Executive Chairman of Raffles Family Wealth Trust and The Cuscaden Group, a Non-Executive Chairman of Sacoven Plc, listed in the UK and a Vice Chairman of Aquarius Investment Advisors. He holds Directorships in several other companies. Mark has experience in investment banking, corporate strategy, mergers and acquisitions and corporate organisation and is the author of a number of books on business strategy and investment. Mark holds a Juris Doctor degree from Harvard Law School, a BA and MA in jurisprudence from University College, Oxford, a BA from Amherst College in the USA, among other academic qualifications. He is a qualified Attorney in the Commonwealth of Massachusetts.

Sridhar Krishnan
Executive Director

Sridhar Krishnan is a member of Olam's Executive Committee and as a Regional Head is responsible for the Company's operations in Australia, Asia, and North, South and Central America, as well as Russia. He also oversees the Corporate Communications, Insurance and Administration functions. Sridhar has held several senior positions in Olam including being the Global Product Head for several businesses in his career spanning two decades for the Company. He holds a Bachelor's degree in Commerce and is a postgraduate in Business Management from a leading business school in India.

Jean-Paul Pinard
Non-Executive and Independent Director

Jean-Paul spent 17 years with the International Finance Corporation, Washington DC (IFC), becoming their Director of the Agribusiness Department, responsible for managing IFC's US$1.5 billion portfolio of loan and equity investments in agri-business and food industries. He is currently a Board Member of several overseas companies. Jean-Paul has a PhD in Economics from the University of California and a Diplome d'Ingenieur from the Ecole Polytechnique, Paris.

Wong Heng Tew
Non-Executive and Independent Director

Wong Heng Tew was Managing Director, Investments at Temasek Holdings and concurrently their Chief Representative in Vietnam from 2005 to 2008. Following his retirement in 2008, Heng Tew is now Advisory Director for Temasek Holdings and sits on the Board of several companies. His experience lies in investments, mergers and acquisitions, restructuring of companies and divestments. In 1998, he was appointed to the Pro Tem Committee for the formation of the Singapore Exchange. He holds a Bachelor's degree in Engineering from the University of Singapore and has completed the Program for Management Development at Harvard Business School.

Andy Tse Po Shing
Non-Executive and
Independent Director

Andy Tse is the Managing Director of AIF Capital Limited and has over 19 years of experience in private equity investment in infrastructure and other related sectors in Asia and Australia. Andy also sits on the Board of Tat Hong Holdings Ltd and holds Directorships in 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.

Robert Michael Tomlin
Non-Executive and
Independent Director

Robert Tomlin (Robin) is Vice Chairman of Lepercq de Neuflize Asia, a Family Office. He is a Trustee of Singapore Management University and currently chairs the Design Singapore Council and the Singapore, Repertory Theatre. His banking career included being the Vice Chairman of UBS Investment Bank in Singapore, and holding several positions in a career spanning 30 years with the Schroder Group in Singapore, New York and London. Robin holds a BA in Modern Languages from Downing College, Cambridge and is a Business Management Graduate from Harvard Business School.

Shekhar Anantharaman
Executive Director

Shekhar Anatharaman is the Executive Director - Finance & Business Development with oversight responsibility for Corporate Finance & Accounts, Shared Services, Banking & Treasury, Audit & Corporate Affairs, Strategic Investments, Investor Relations and the Manufacturing and Technical Services functions. He has over 27 years of working experience, of which the last 21 years has been with Olam. Within Olam, Shekhar has held senior roles in Country Management and has also been the Global Product Head for many of its current businesses. He holds a degree in Aeronautical Engineering and a postgraduate degree in Business Management, and has completed the Advanced Management Program from Harvard Business School.

EBITDA INCREASED 18.2% TO

S$1.2b

EBITDA / AVERAGE INVESTED CAPITAL OF

11.4%

Unlocking Intrinsic Value to Generate Growth

Each year, as part of our Annual Report, I write the CEO's review to share with you our financial performance for the year, strategies for creating shareholder value, how we evaluate our performance, and provide you an update on the various growth and sustainability initiatives that we are undertaking in our pursuit of growing profitably and responsibly.

This year, I write this review in the context of a challenging and eventful year for the Company and would therefore like to focus on some of the key changes that we are undertaking in Olam which I believe will considerably strengthen the Company and will result in continued growth in profits, a stronger balance sheet, improved operating performance, sustained positive free cash flows and promote a better understanding of Olam's business by its key stakeholders.

Sourcing cotton in Mozambique

Key elements of our business model:

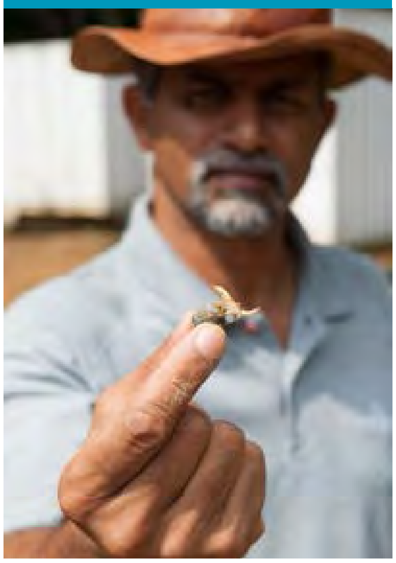
Olam's business today involves supplying various agricultural raw materials and food ingredients across 16 platforms to over 13,600 customers across the globe. The Company has a direct presence in 65 countries, employing around 23,000 full-time employees and creating real impact for 3.9 million farmers who form part of our supply chain network.

Our business model is predicated on a point of view that we have about the key secular trends that underpin our industry and which has informed our judgement about the strategic choices we have made. We believe that the Company operates in an attractive sector with strong growth prospects. Major secular trends favour the continuing growth and attractive characteristics of the agri-sector, including growth in population, growth in per capita food consumption, change in dietary habits in the transitioning economies from a carbohydrate/cereal-based diet to a more resource-intensive protein and fat-based diet, growth of the middle class in emerging markets and a new emerging demand for food and feed raw materials from the bio-fuels complex. These demand side trends are exacerbated by supply side constraints including decreasing arable land, declining agricultural productivity, impact of rapid urbanisation, severe water constraints, stricter carbon and environmental emission standards, impact of climate change and agricultural infrastructure bottlenecks.

The business model of the Company is built on a strong supply chain trading business, the original Olam business platform that we started with, which is still relatively asset-light. Today we provide an end-to-end sustainable supply chain solution for a variety of agricultural raw materials and food ingredients to our customers worldwide. This core business has been the engine of our growth over the past 24 years and is still at the heart of our new growth strategy, with the selective upstream and mid/downstream expansion of the recent past being natural adjacent steps in the value chain to enhance margins and returns and make the business model more resilient and sustainable.

Olam Business Model: Starting with core supply chain capabilities built over 24 years

3.9m Farmers



Supply Chain

Global Origination & Sourcing

Primary Processing

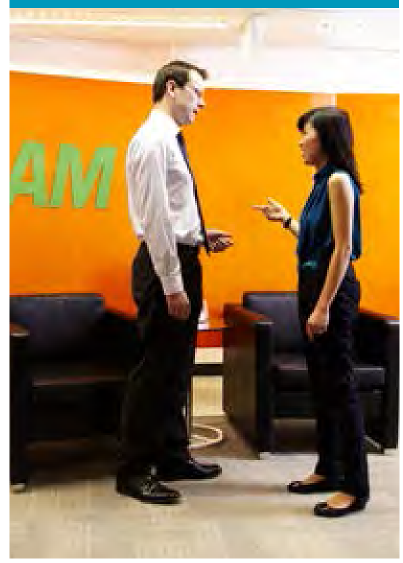
Inland & Marine Logistics

Trading

Value Added Services

Risk Management

13,600 Customers



Supply Chain

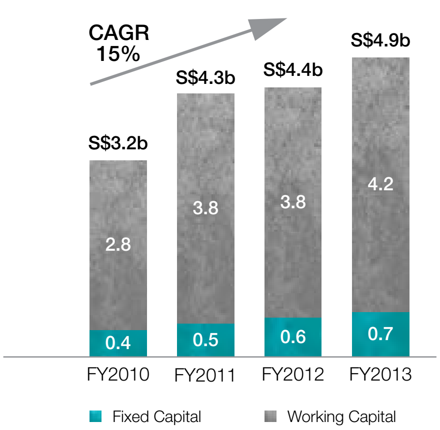
Our core supply chain trading business involves buying, storing, shipping and delivering a variety of agricultural commodities from the farm gate in the producing countries to the factory gate of our customers in the destination markets.

The strength of the supply chain business is evidenced by the fact that it delivered an EBITDA of S$691.9 million in FY2013, 59.1% share of the Company's EBITDA, while total invested capital in this segment grew to S$4.9 billion in FY2013 with 85.3% of the invested capital being working capital and the balance 14.7% being in the form of fixed capital. This segment generated a Net Contribution (NC) margin of 5.8% and an EBITDA margin of 4.1% in FY2013. It also generated an EBITDA to average Invested Capital (IC) return of 14.9%.

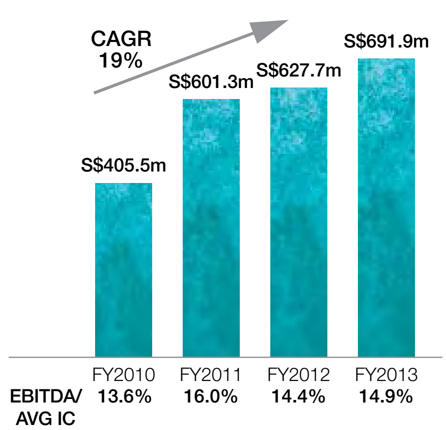
The evolution of our strategy and the future of our Company can be best understood as a series of inter-related steps of adjacent product, geographic and value chain expansion, with each step building on prior initiatives without losing focus on the core platform that underpins all of our strategic initiatives. This led to our strategy of selectively integrating into high value upstream and mid/downstream segments of the value chain.

Supply Chain Segment: EBIDTA & Invested Captial

Invested Capital (IC)



EBITDA



Strong **EBITDA growth** with **stable returns**

Low market prices contributed to **lower average IC** in FY2012 and FY2013

Olam Business Model: Selective expansion into higher return upstream and mid/downstream opportunities

Selective Upstream

Farming & plantations

- Perennial tree crops
- Annual crops
- Dairy farming
- Forest concessions

Supply Chain

- Global Origination and Sourcing
- Primary Processing
- Inland & Marine Logistics
- Trading
- Value Added Services
- Risk Management

Selective Mid/ Downstream

Value added processing

- Secondary manufacturing
- Branding and distribution in Africa

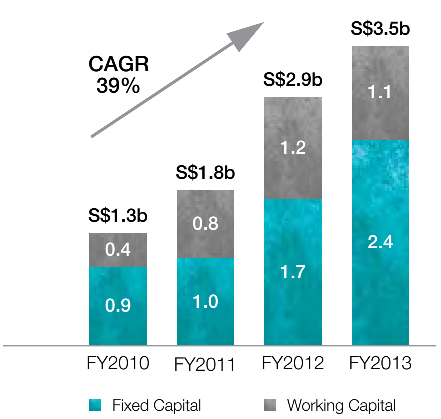
Midstream

In line with the strategy, we have in the recent past selectively expanded into the midstream part of the value chain, processing some of our raw materials. We have executed a programme of building new food processing plants including soluble coffee manufacturing, cocoa grinding, sugar milling and refining, peanut paste manufacturing, tomato paste manufacturing, all of which have the potential to generate higher profit margins than our core supply chain trading business. While some of these investments are already showing results and are earnings accretive, a large part of the investments are still gestating and will deliver results in the future as they get commissioned.

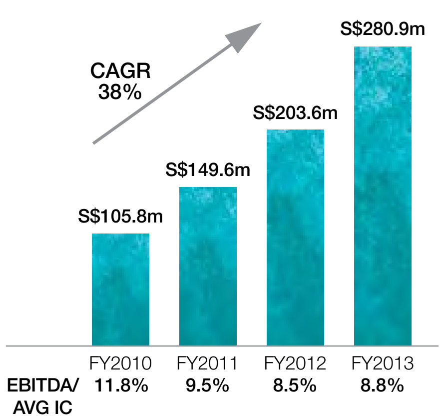
The mid/downstream segment generated an EBITDA of S$280.9 million in FY2013, a growth of 38.0% over the previous year, and contributed to 24.0% of the Company's FY2013 EBITDA. NC margin for this segment was 11.3%, and EBITDA margin was 9.0% in FY2013. Total IC was S$3.5 billion with 31.4% of this investment in the form of working capital and 68.6% as fixed capital. EBITDA to average IC return for this segment was 8.8% in FY2013. The strong EBITDA growth in this segment was derived from the earlier investments made in cashew, peanuts and hazelnuts processing, onion and garlic dehydration, wheat milling, sugar refining and Gabon Special Economic Zone (SEZ). Packaged Foods Business (PFB) manufacturing, dairy processing, palm refining and soluble coffee manufacturing were partially contributing as they are still to reach full capacity utilisation. Tomato processing (OTP) in California, timber saw milling in Gabon, and sugar milling in India under-performed during FY2013. Additional manufacturing investments in wheat milling in Senegal and Cameroon and cocoa processing in Côte d'Ivoire are still gestating and expected to contribute partially from Q4 FY2014 onwards.

Mid/Downstream Segment: EBIDTA & Invested Captial

Invested Capital (IC)



EBITDA



Strong performance from midstream investments in Edible Nuts, SVI, wheat milling, SEZ, sugar refinery

Partially yielding Investments in dairy, PFB, palm, soluble coffee

Underperforming assets – OTP, Gabon timber, and sugar milling

PureCircle – still not contributing to earnings

New investments – grains, cocoa

Upstream

We are also building an evolving upstream business, growing the raw materials ourselves, which is an area we initially entered through an almond orchard acquisition in Australia in FY2010. We expand upstream where we see the grower, rather than the trader, or buyer, having an increasing share of the profit pool in the product value chain. These are also areas where we believe we can build a significant cost advantage that could result in attractive returns. We now own and operate almond orchards in Australia and the US; coffee, palm and rubber plantations in Africa; peanuts and rice farming in Africa; coffee and cocoa plantations in Asia; peanuts and grain farming in Argentina and Russia; coffee plantations in Brazil and dairy farms in Uruguay and Russia. These assets take time to reach maturity, but operating at full potential, would deliver higher margins than our core supply chain trading or midstream businesses.

The upstream business generated an EBITDA of S$198.0 million (EBITDA share of 16.9%) on a total invested capital of S$2.5 billion in FY2013 (11.0% of this IC was working capital, while 89.0% was in the form of fixed capital). The upstream business generated an EBITDA to averaged IC return of 8.3% with an NC margin of 44.2% and EBITDA margin of 32.0% in FY2013. A number of our upstream investments such as rubber, most of our coffee investments in Brazil, Laos, Zambia, Tanzania and Ethiopia

Palm nursery in Gabon

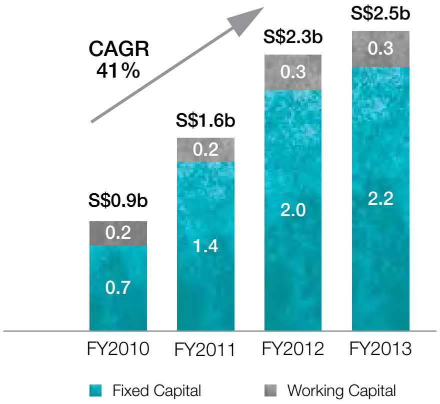
and palm investments (excluding our partial ownership of SIFCA's assets) are still gestating and not contributing to the bottom line. Almonds in both Australia and the US, as well as dairy in Uruguay and Russia were partially contributing. Peanut farming in Argentina and SIFCA's palm and rubber assets, while fully contributing, under-performed during the year.

Only 15.0% of the upstream investments are currently fully contributing, while 85.0% are partially contributing or gestating as at the end of FY2013.

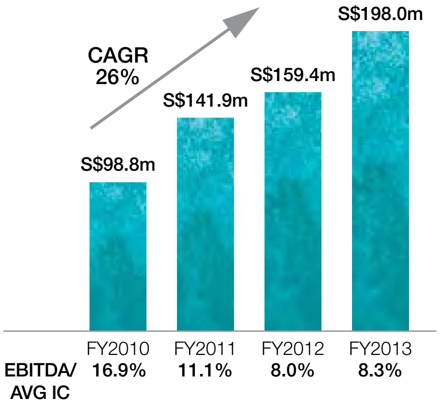
Similarly, in the mid/downstream segment, 55.8% of the investments are fully contributing, while 44.2% are partially contributing or gestating. As these gestating and partially contributing investments in the upstream and mid/downstream transition to fully contributing investments, we should see a material pickup in EBITDA generation, as well as enhancement of EBITDA/IC return ratios. These investments, when fully yielding, will give us a uniquely shaped portfolio that is expected to be a clear source of competitive advantage.

Upstream Segment: EBIDTA & Invested Captial

Invested Capital (IC)



EBITDA



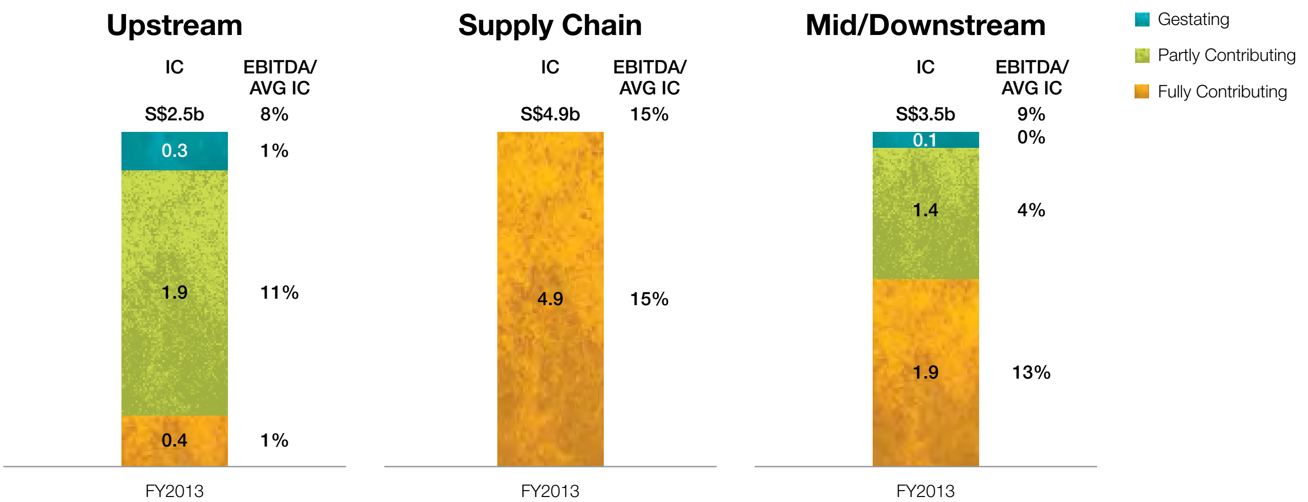
Significant investments in **coffee, dairy, palm** and **rubber**

Gestating investments - **palm, rubber** are not yielding at all; **coffee** partially yielding and **almond plantations** are near maturity

Under-performance in **dairy** (Uruguay & Russia) and **Argentina peanuts** in FY2013

SIFCA while profitable was below previous years

Significant growth potential from existing Upstream & Mid/Downstream investments when the assets start yielding fully



Expected EBITDA/AVG IC in plan period: 15-18%

Expected EBITDA/AVG IC in plan period: 10-13%

Expected EBITDA/AVG IC in plan period: 13-16%

Balanced Portfolio

In our current estimates, the overall portfolio is likely to be roughly balanced between the three value chain segments described above, with the upstream segment contributing approximately 30% of earnings, while the mid/downstream segment and the core supply chain trading segment are likely to contribute 35% each to our earnings by FY2016. Taken together, this diversified and selectively integrated strategy is expected to contribute substantially to growth, enhance our profit margins and improve returns by the end of this plan period to FY2016. However, it should be noted that the demands of growth and the nature of the timing of return on

New product development in the Packaged Foods Business upstream and midstream assets means that the portfolio will remain in a growth and investment mode over the next few years.

We have taken a conscious decision and communicated that decision to our shareholders, to invest in areas which will create the greatest long-term sustainable value, even if those investments, organic and inorganic alike, do not yield immediate or short-term positive returns.

We are also sensitive to the need for the portfolio to be well-balanced across product, as well as the value chain segments as another part of our growth and risk management strategies. The current portfolio has 75% to 80% of revenues coming from the more recession-resistant food categories, while 20% to 25% of revenue is derived from the more recession-sensitive industrial raw materials categories, notably cotton, wool, rubber and wood.

Despite our balanced and diversified portfolio, there will be difficult years in which some segments trade in more adverse market conditions, such as the recessionary conditions that we saw in FY2012 and FY2013. These had a substantially negative impact on our cotton and wood businesses, as global consumer demand and property market build rates slid to exceptional lows. Despite cyclical variations in performance in some segments and sectors, we believe in the long-term value of the balanced and diversified portfolio we have built across product platforms, geographies, value chain segments and customer groups.

As part of our objective of creating a competitive advantage, Olam has developed three points of differentiation compared to the other market participants: i) at the grower/supplier end, we 'out-origin' our competition by buying directly at the farm gate in the producing country rather than second hand at the port city; ii) at the customer end, we provide various value added solutions and services including traceability guarantees, certified raw materials, customised grades and qualities, risk management solutions, proprietary market intelligence, vendor managed inventory solutions and customised ingredients, and iii) we have developed a uniquely shaped portfolio that is differentially integrated across the value chain. All of this contributes to providing a meaningful differentiation which enables the Company to scale well.

While there are many competitors in every sector and geography in which Olam competes, our understanding is that none of the top 10 major competitors in the agricultural complex compete with Olam in six of our 16 platforms, while only one of the top 10 competes with the Company in three other platforms. This competitive advantage and differentiation from these major players has helped Olam to build global leadership positions in selected niches in six platforms - cocoa, coffee, edible nuts, spices & vegetable ingredients, rice and cotton, and regional leadership positions in five other platforms - grains, packaged foods, palm, rubber and wood products.

Olam Business Model: Leadership positions across diverse platforms

Edible Nuts, Spices & Beans

Cashew
#1 globally

Almond
#2 grower globally

Peanut
Largest independent US blancher and ingredient manufacturer

Hazelnut
Top 3 global supplier

Dehydrated onion & garlic
#1 globally

Sesame
#1 globally

Confectionery & Beverage Ingredients

Coffee
Top 3 globally

Cocoa
Leading originator and trader

Food Staples & Packaged Foods

Grains
#2 grains exporter from Russia

Palm
Developing one of the largest sustainable palm businesses in Africa

Dairy
Top 3 dairy farming operations globally

Rice
Top 2 global trader

PFB
Strong market positions in West Africa in seasonings, biscuits, candies, noodles, paste

Industrial Raw Materials

Cotton
#1 private ginner

#2 merchant globally

Rubber
Developing one of the largest sustainable African rubber businesses

Wood products
Top 3 teak & hard wood supplier globally

Another key factor in the differentiated performance of the Company is Olam's culture and capacity to attract and retain highly capable and entrepreneurially-minded managers with a long-term interest in pursuing challenging international careers in emerging markets.

We believe that strategy is about planning for the future, making clear choices and building competitive advantage. At Olam, we have built this sequentially by taking multiple and logical steps for expansion around our core business and by assembling critical capabilities and competencies required to execute our strategy.

Strategy Review 2013

At Olam, we believe that the Company must continuously improve and evolve to stay relevant and build a sustainable business. It is therefore part of our culture to listen and get better, year after year. Our history has been one of continual and gradual change, adjusting to changes in competitive circumstances or shifts in our operating environment.

This enables us to build relevant capabilities and remain fit to win in a more challenging environment.

To this end, one of the key processes at Olam is to conduct an annual Strategy Review based on a clear understanding of our evolving market context and its resulting impact on the Company's strategic options and performance targets. This year's review was particularly broad in its considerations as the Company actively consulted and considered feedback from both internal and external sources and various stakeholders. This exercise also reviewed our past strategies and their impact. We asked ourselves key questions including: i) what are the challenges and opportunities in the agri-sector; ii) are we pursuing the right strategy; iii) is our business model too complex; iv) is the execution of our strategy effective; v) how can we further reduce and mitigate our execution risk; vi) is our pace of growth too aggressive; vii) are we striking the right balance between earnings and cash flow; viii) are our gearing norms appropriate, and ix) is our communication to the market effective?

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

Unlocking value

The key change envisaged in the 2013 Strategy Review was 'Re-balancing profitable growth and cash flow', with the specific objective of becoming free cash flow positive by the end of FY2014 and to sustain this going forward. To this end, four key priorities were established:

2013 Strategy Review: Four Key Priorities

1 Accelerate free cash flow generation

- Become free cash flow positive by FY2014
- Reduce planned capex by ~ S$1b
- Target to release cash of ~ S$1.5b through balance sheet optimisation and unlocking intrinsic value

2 Reduce gearing

- Reduce gearing boundary condition from <2.5x to <2.0x by end of plan period

3 Reduce complexity

- Optimise portfolio and rationalise sub-scale profit centres and countries
- Realise overhead savings of S$80-100m annually

4 Promote better understanding of Olam

- Enhance stakeholder communication

2013 Strategy Review: Six pathways established

Four Key Priorities

- Accelerate free cash flow generation
- Reduce gearing
- Reduce complexity
- Promote better understanding of Olam

Six Pathways

1. Reshape portfolio and reduce complexity
2. Recalibrate pace of investments
3. Optimise Balance Sheet
4. Pursue opportunities for unlocking Intrinsic Value
5. Improve operating efficiencies
6. Enhance stakeholder communication

The Company has identified six specific pathways to achieve these priorities:

1. Reshape portfolio and reduce complexity

In this strategic plan, Olam will continue to invest for growth in select businesses including edible nuts, Spices & Vegetable Ingredients, cocoa, coffee and grains, while it seeks to prioritise cash flow generation in certain other businesses like natural fibres and rice. The plan also envisages that the Company will seek to grow certain platforms through alliances with strategic partners including Packaged Foods, palm, rubber, fertiliser and Special Economic Zone (SEZ). In the wood and dairy businesses, the Company will right-size these through a targeted restructuring of select aspects of these two platforms. In this plan, Olam also intends to grow the sugar business in a more asset-light manner.

The re-focused priorities for each of the businesses in the FY2014-FY2016 period are expected to deliver an optimal mix of growth and cash generation, reduce overall portfolio complexity and enhance the intrinsic value of the overall portfolio.

2. Recalibrate pace of investments

The 2009 and 2011 strategic plans involved front-loading investments in the earlier part of the plan cycle and reducing capital investments towards the later years of FY2015 and FY2016.

The Company will now take steps to re-balance investments between long gestation projects and faster high-yielding projects in the FY2014-FY2016 period while continuing to extract full value from existing investments.

This will reduce capital expenditure (capex) by more than S$1 billion to between S$1.2 billion and S$1.6 billion from the earlier capex plan of S$2.2 billion to S$2.6 billion over the same period.

3. Optimise balance sheet

During the first three years (FY2010-2012) of the 2009 strategic plan, the Company had made multiple investments in select higher return upstream and midstream projects. We now intend to monetise some of these to reduce our fixed asset intensity, generate positive cash flows, improve returns, while still capturing the economic value generated by these assets. The Company has already established proof of concept with the successful sale-and-lease-back of the US almond orchard land, providing an effective template to execute similar structures for other related assets.

In addition, Olam will scale down operations in select sub-scale profit centres and countries and release working capital from these businesses that can be deployed in other parts of the Company to improve working capital efficiency.

Together, these actions are expected to release cash of approximately S$500 million over the plan period.

4. Pursue opportunities for unlocking intrinsic value

Olam has built several valuable businesses such as the Packaged Foods, palm and rubber businesses, where there is significant potential to release cash and unlock value, and to enable the business to grow further to its full potential. This will be achieved through selective joint ventures, strategic alliances, equity carve-outs and de-consolidations. In addition, we will continue to review our portfolio and divest any non-core assets, as we did recently with the sale of the basmati rice milling facility in India.

Through these measures, the Company is targeting to release around S$1 billion in cash by FY2016.

5. Improve operating efficiencies

As part of our 2009 and 2011 strategic growth plans, Olam invested significantly in people, processes and capabilities, resulting in an increase in the fixed cost base of the Company ahead of the returns expected from these investments. The Company continues to view these investments as critical for the long-term sustained growth of the Company.

Under the FY2014-FY2016 strategic plan, the Company will extract operating leverage arising from economies of scale over the plan period. In addition, the plan envisages specific steps to reduce existing overhead costs, such as seeking efficiencies through offshore shared services. We will also streamline and extract greater leverage from manufacturing overheads.

This is expected to provide annual cost savings of between S$80 million and S$100 million by FY2016.

6. Enhance stakeholder communication

The Company has always committed to the highest standards of corporate disclosure and transparency. We will now enhance our efforts by: i) supplementing existing disclosure with additional details on investment performance; ii) setting up a calendar of field visits to various Olam operations globally; iii) organising Investor Days for platform-wise presentations; and iv) evaluating the structure and content of our results announcements for easier interpretation and analysis. I am pleased to report that we have taken action on all these four areas.

Olam quality control laboratory in the US

Financial and operational review

In FY2013, Olam achieved Profit Before Tax (PBT) growth of 13.4% over FY2012. Profit After Tax and Minority Interest (PATMI) dipped slightly from S$370.9 million to S$362.6 million. Operational Profit or PATMI, excluding exceptional items, was 2.0% lower at S$348.6 million in FY2013.

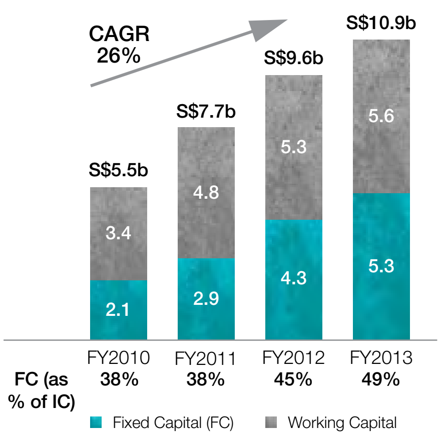
Our headline results were dampened somewhat by the increased tax charges when compared last year and challenging market conditions which emerged towards the end of the year and affected some parts of our business. Tax charges were up from S$34.1 million in FY2012 to S$105.1 million, primarily due to an increase in business and PBT contribution from higher tax jurisdictions, one-off and non-recurring tax charges of S$12.8 million from the sale of the basmati rice mill and the sale-and-lease-back of US almond orchards, tax credit received in FY2012, and a higher effective corporate tax rate.

Net of the higher tax incidence, underlying performance in most segments was robust despite the macroeconomic uncertainty, as well as increased volatility in the agri-commodity sector. Sales Volume was up 49.5% with contribution from all segments. Net Contribution rose 16.9% to reach S$1,615.8 million.

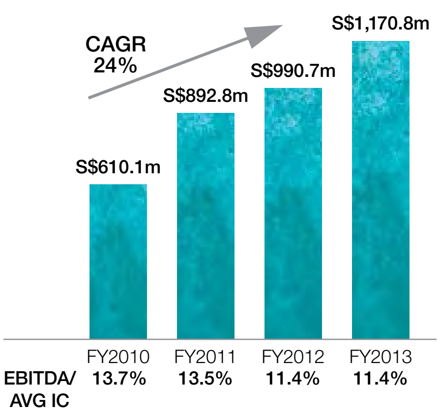
(S$ million)	FY2013	FY2012	Change
Sales Volume ('000 metric tonnes)	**15,953**	10,675	49.5%
Sales Revenue	**20,801.8**	17,093.8	21.7%
Net Contribution (NC)	**1,615.8**	1,381.8	16.9%
EBITDA	**1,170.8**	990.7	18.2%
Profit Before Tax	**496.7**	437.9	13.4%
(-) Tax	**105.1**	34.1	208.4%
Profit for the Period	**391.5**	403.8	(3.0%)
(-) Minority Interest	**28.9**	32.9	(12.2%)
Profit After Tax and Minority Interest (PATMI)	**362.6**	370.9	(2.2%)
(-) Net Exceptional Items	**14.0**	15.4	n.m.
Operational Profit for the Period	**348.6**	355.5	(2.0%)

FY2013: Strong EBITDA growth with moderate growth in IC

Invested Capital (IC)



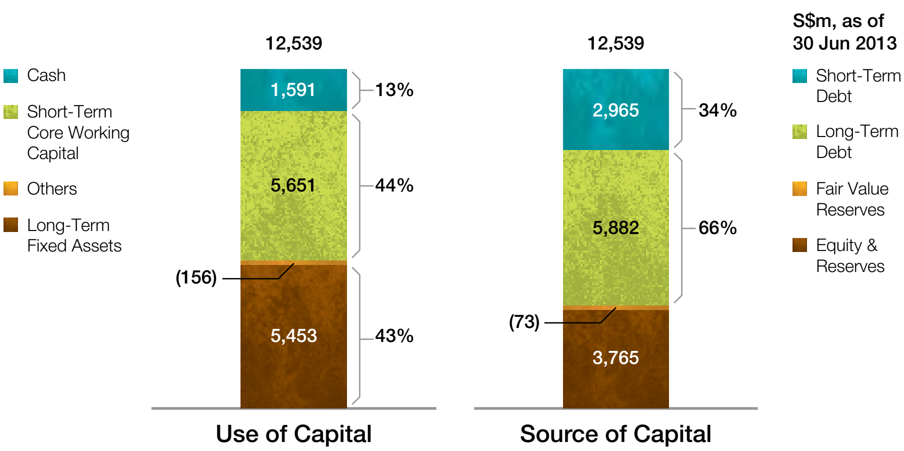
EBITDA



*Excluding Gabon fertiliser project IC of S$106.0m in FY2013 and S$59.9m in FY2012

EBITDA for the year grew 18.2% to S$1,170.8 million compared to S$990.7 million in the previous year. Invested capital rose from S$9.6 billion a year ago to S$10.9 billion and comprised of an almost equal share of working capital and fixed capital. We made incremental fixed capital investment of S$1.0 billion during the year while working capital increased by a lower magnitude on account of lower commodity prices. EBITDA/Average IC remained constant at 11.4%. The investments we made have contributed to the EBITDA growth and we are now focused on achieving our targeted EBITDA/Average IC returns and free cash flow.

Balance Sheet Summary: Strong and resilient Balance Sheet



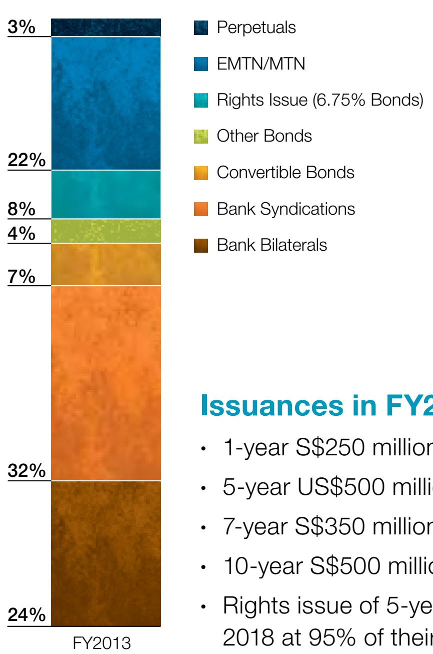
Investment in fixed term assets funded through equity capital and long-term debt
Investment in working capital funded through a combination of long-term and short-term debt

Balance Sheet analysis

The Company's total assets of S$12.6 billion comprised of cash of S$1.6 billion, current assets of S$5.7 billion and long-term fixed assets of S$5.5 billion. This was funded by S$3.8 billion of equity, S$3.0 billion of short-term debt and S$5.9 billion of long-term debt. On working capital efficiency, we are pleased to report that our cycle time improved from 119 days in FY2012 to 99 days in FY2013, as we reduced stock days on account of a lower year-end inventory position and increased trade creditor days by securing larger suppliers' credit for bulk products as we grow these businesses.

Since the end of FY2012, we issued total debt of S$3.3 billion in short, medium and long-term tenors and re-financed about 60% of the short-term and medium-term debt due in FY2013 and FY2014. Our net gearing at 1.93 times, as of 30 June 2013, remained below our new 2 times norm (as against 1.81 times in FY2012).

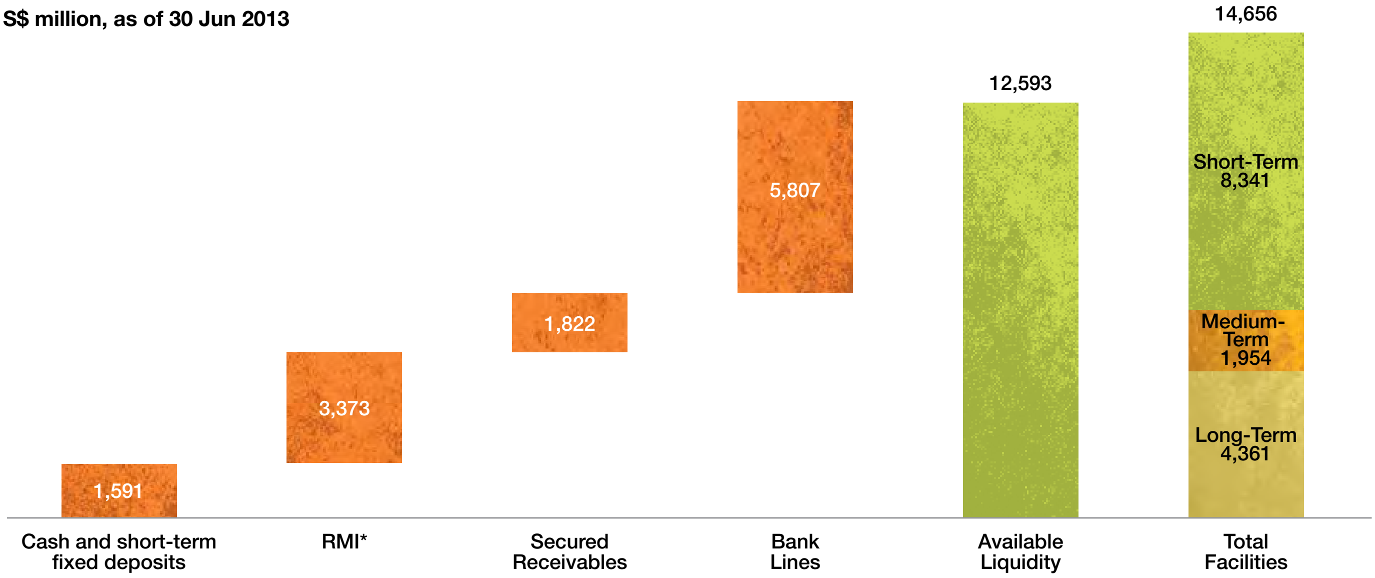
Borrowing Mix as of 30 June 2013



Issuances in FY2013

- 1-year S$250 million 2.5% fixed rate notes due 2013
- 5-year US$500 million 5.75% fixed rate notes due 2017
- 7-year S$350 million 5.80% fixed rate notes due 2019
- 10-year S$500 million 6.00% fixed rate notes due 2022
- Rights issue of 5-year US$750 million 6.75% bonds due 2018 at 95% of their principal amount

Strong liquidity profile



*RMI: inventories that are liquid, hedged or sold forward

We have sufficient unutilised bank lines of S$5.8 billion available to us for meeting working capital requirements as we release some of the long-term debt currently used for working capital to finance our capital expenditures. The Company had a total of S$12.6 billion in available liquidity at the end of FY2013.

Cash Flow

We generated operating cash flow (before changes in working capital) of S$1.1 billion in FY2013 compared to S$331.0 million in FY2009, after which we selectively integrated into higher value upsteam and mid/downstream segments. This increase in operating cash flow is driven by growth in EBITDA.

We invested S$1.1 billion in FY2013 which included acquisitions and investments of S$204.7 million and organic capital expenditure of S$845.8 billion. Free Cash Flow to Firm (FCFF) before RMI adjustment in FY2013 while still negative, improved by S$353.7 million from FY2012. Similarly, Free Cash Flow to Equity (FCFE) before RMI adjustments improved by S$260.5 million in FY2013, compared to the previous year.

Based on expected changes in working capital (on lower commodity prices) and the revised pace of investment in FY2014 and beyond, we believe we will be on target to turn free cash flow positive from FY2014 onwards.

We see our FY2013 financial results as those of a transition year in a new 3-year plan period (FY2014-2016), we will continue to focus on the twin goals of pursuing profitable growth and sustained cash flow generation.

Improving operating cash flows

Annual Cash Flow Summary (S$ million)	FY2013	FY2012	FY2011	FY2010	FY2009
Operating Cash Flow (before Interest & Tax)	**1,073.8**	**894.2**	**811.1**	**461.3**	**331.0**
Changes in Working Capital	(339.5)	(306.9)	(2,094.9)	(1,099.3)	297.3
Tax Paid	(39.5)	(48.3)	(45.1)	(36.6)	(5.4)
Net Operating Cash flow	**694.8**	**538.9**	**(1,328.9)**	**(674.6)**	**623.0**
Capex/Investments	(1,050.6)	(1,248.4)	(900.5)	(820.9)	(544.1)
Free cash flow to firm (FCFF)	**(355.7)**	**(709.4)**	**(2,229.4)**	**(1,495.4)**	**78.8**
Net interest paid	(444.6)	(351.5)	(294.2)	(179.0)	(195.3)
Free cash flow to equity (FCFE)	**(800.4)**	**(1,060.9)**	**(2,523.7)**	**(1,674.4)**	**(116.5)**
Net changes in RMI/secured receivables	130.6	743.3	1,359.4	813.1	117.6
FCFF (After RMI)	**(225.1)**	**33.9**	**(870.0)**	**(682.3)**	**196.5**
FCFE (After RMI)	**(669.8)**	**(317.6)**	**(1,164.3)**	**(861.3)**	**1.1**

Conclusion

We are now executing on this revised strategy and our commitments under this plan. Some of the initiatives that we have taken in this regard are already delivering results. Other initiatives outlined in the six pathways will however take time to execute given that the restructuring, taxation, due diligence lead times and other related issues will need to be first resolved before these can be completed.

As a Board and Management Team, we remain focused on delivering these outcomes. We are committed to allocating capital in a balanced and disciplined way. We believe that these re-balanced performance priorities and investing at a more moderate pace, will allow us to achieve sustainable profitability going forward and will give us the opportunity to profit from leadership positions in an attractive and growing industry.

I would like to take this opportunity to express my gratitude to the Board for their support and tireless commitment during a very trying period for the Company. Their wise counsel and direction helped us steer the Company through some of the challenges which we faced during the year. I would also like to express our Board's and my own gratitude to the nearly 23,000 hard working Olam employees worldwide who have continued to devote their energies and resourcefulness to make sure that our Company performs to the highest levels and standards, despite the year under review being characterised by significant difficulties and challenges.

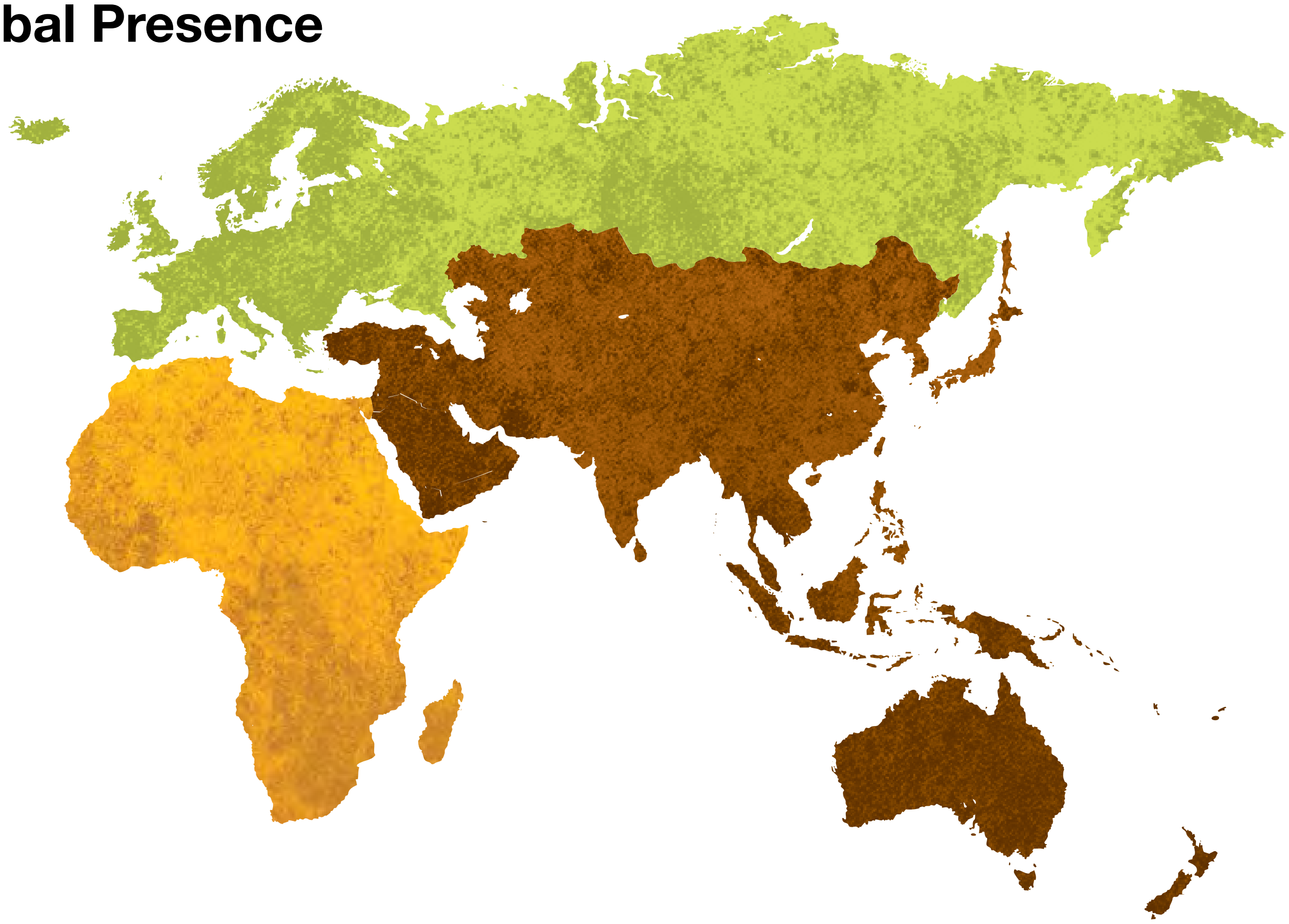
I would also like to express our gratitude to our continuing shareholders who stood steadfastly by us during the year. We will continue to work very hard to repay their confidence and trust in us.

We have built a strong franchise and a valuable configuration of assets over the years. I believe that this, combined with a dedicated and high calibre team, will provide us opportunities to leverage our business model and our competitive advantage to deliver value to all our continuing stakeholders going forward.

Sunny G. Verghese

Sunny George Verghese
Group Managing Director
& Chief Executive Officer

Global Presence



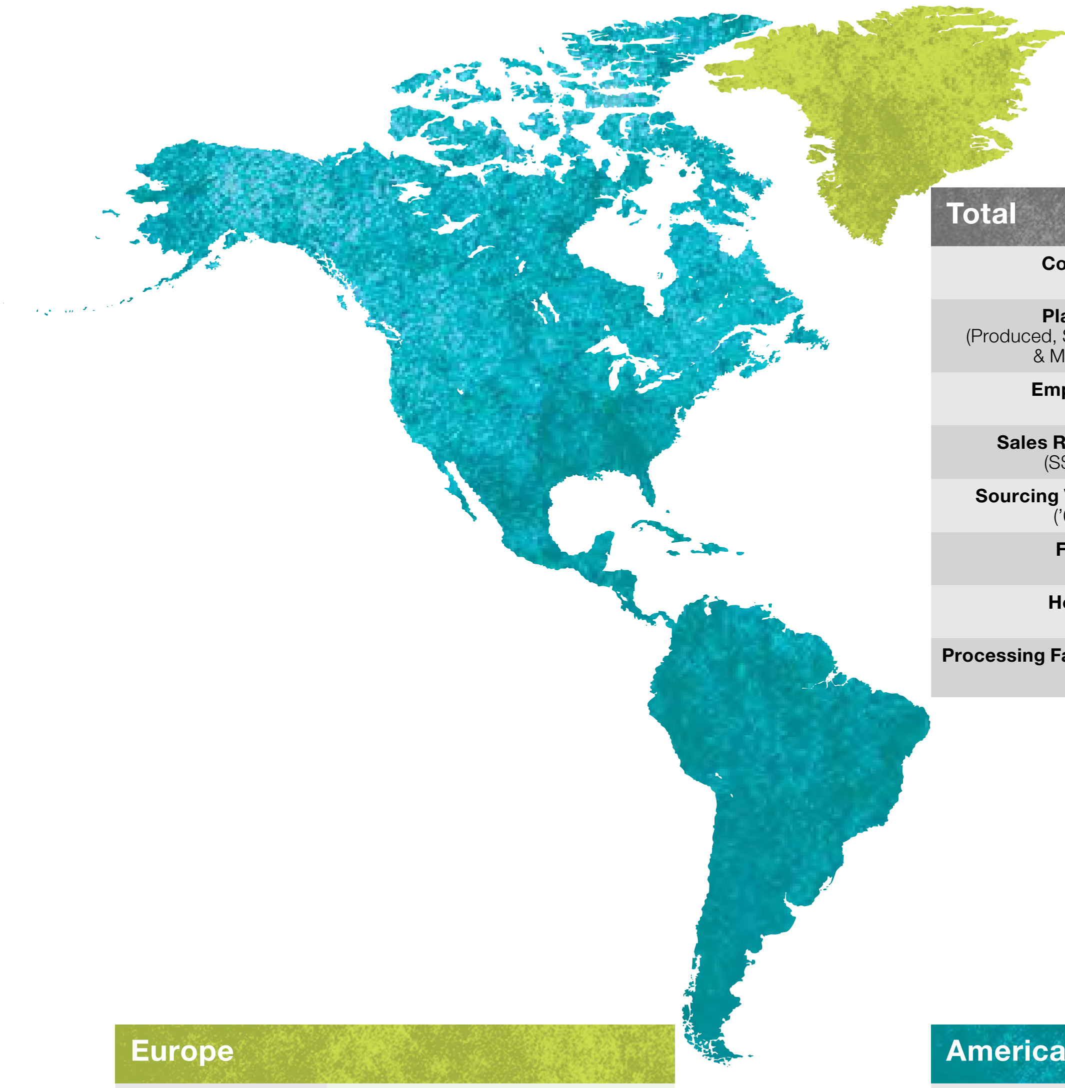
Asia & Middle East

Countries	• Australia • Cambodia • China • Egypt • India • Indonesia • Japan • Laos • Malaysia • New Zealand • Papua New Guinea • Singapore • Thailand • United Arab Emirates • Vietnam
Platforms (Produced, Sourced & Marketed)	Edible Nuts, Spices & Vegetable Ingredients, Coffee, Cocoa, Dairy, Grains & Oil Seeds, Rice, Sugar & Sweeteners, Palm, Natural Fibres, Wood Products, Rubber, Fertiliser, CFS
Employees	**9,089** M 4,772 F 4,317
Sales Revenue (S$ million)	**8,486.5**
Sourcing Volume ('000 MT)	**6,509**
Farmers	**936,200**
Hectares	**1,200,000**
Processing Facilities (Tier 1)*	**14**

Africa

Countries	• Algeria • Burkina Faso • Burundi • Cameroon • Côte d'Ivoire • Ethiopia • Gabon • Gambia • Ghana • Guinea • Guinea Bissau • Liberia • Madagascar • Mauritius • Mozambique • Nigeria • Republic of Congo • Senegal • Tanzania • Togo • Uganda • South Africa • Sudan • Zambia • Zimbabwe
Platforms (Produced, Sourced & Marketed)	Edible Nuts, Spices & Vegetable Ingredients, Coffee, Cocoa, Dairy, Grains & Oil Seeds, Rice, Sugar & Sweeteners, Packaged Foods, Palm, Natural Fibres, Wood Products, Rubber, Fertiliser
Employees	**9,268** M 6,469 F 2,799
Sales Revenue (S$ million)	**4,756.9**
Sourcing Volume ('000 MT)	**2,520**
Farmers	**2,760,630**
Hectares	**2,950,000**
Processing Facilities (Tier 1)*	**25**

* Excludes cotton gins and primary processing.



Total

Countries	**65 Countries**
Platforms (Produced, Sourced & Marketed)	**16 Platforms**
Employees	**22,638** M 13,705 F 8,933
Sales Revenue (S$ million)	**20,801.8**
Sourcing Volume ('000 MT)	**15,953**
Farmers	**3,900,000**
Hectares	**5,762,000**
Processing Facilities (Tier 1)*	**55**

Europe

Countries	• Italy • Kazakhstan • Netherlands • Poland • Russia • Spain • Switzerland • Turkey • Turkmenistan • Ukraine • United Kingdom
Platforms (Produced, Sourced & Marketed)	Edible Nuts, Spices & Vegetable Ingredients, Coffee, Cocoa, Dairy, Grains & Oil Seeds, Sugar & Sweeteners, Natural Fibres, Wood Products
Employees	**1,806** M 937 F 869
Sales Revenue (S$ million)	**4,368.8**
Sourcing Volume ('000 MT)	**4,212**
Farmers	**Olam managed farm**
Hectares	**62,000**
Processing Facilities (Tier 1)*	**3**

Americas

Countries	• Argentina • Brazil • Canada • Colombia • Costa Rica • Ecuador • Guatemala • Honduras • Mexico • Panama • Paraguay • Peru • United States of America • Uruguay
Platforms (Produced, Sourced & Marketed)	Edible Nuts, Spices & Vegetable Ingredients, Coffee, Cocoa, Dairy, Grains & Oil Seeds, Rice, Sugar & Sweeteners, Natural Fibres, Wood Products
Employees	**2,475** M 1,527 F 948
Sales Revenue (S$ million)	**3,189.6**
Sourcing Volume ('000 MT)	**2,712**
Farmers	**203,170**
Hectares	**1,550,000**
Processing Facilities (Tier 1)*	**13**

Unlocking Intrinsic Value to Generate Growth

Our focus remains on a single commodity asset class in the agri-sector. We make careful choices on 'where to participate' and 'how to participate' in this sector and have developed a strong, differentiated and sustainable business model that can deliver profitable growth and cash flows.

We are placing a greater emphasis on generating cash in the short-term, while targeting growth in earnings and returns in the medium to long-term. Our aim is to invest differentially across our 16 platforms based on each platform's level of growth potential and capital intensity. As we continue to invest for growth, our priority is to unlock the value that we have been building over the past several years.

In this section, we will discuss the operating performance of each segment and how each platform is poised to grow earnings and generate cash concurrently for the Group.

In this section **Page**

Delivering value from our dairy processing facility in Côte d'Ivoire.

TOTAL INVESTED CAPITAL IN FY2013 OF

S$3.4b

EBITDA GREW AT A 4-YEAR CAGR OF

31%

We are one of the three largest global suppliers of hazelnuts.

Edible Nuts, Spices & Beans

We continue to grow and realise the potential in this segment while focusing on optimising the balance sheet and achieving cost savings and efficiencies in production. We have made significant progress this year in all of these areas.

These almonds are grown at our own orchards and processed at our new facility in Australia.

FY2013

Volume
1,641,135MT

Revenue
S$3,205.1m

EBITDA
S$309.4m

Invested Capital
S$3.4b

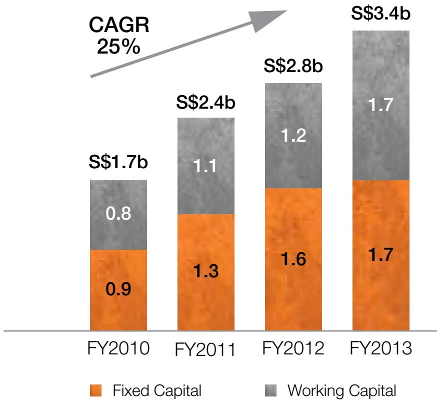
EBITDA/IC
10.0%

The Edible Nuts, Spices & Beans segment registered a volume growth of 4.5%, revenue growth of 25.1% and EBITDA growth of 16.5% in FY2013 compared to FY2012.

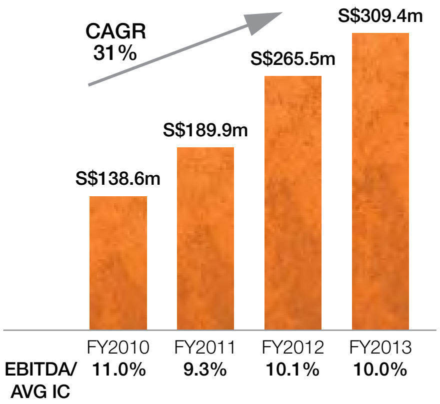
Our higher revenue growth rate during the period was mainly driven by increases in the prices of cashew, almonds and sesame, as well as the full year consolidation of the hazelnut business, which was completed in late FY2012. EBITDA grew on account of strong performances from the almonds and hazelnut businesses, together with the dehydrated vegetable business.

We have invested significant capital over the last four years, which grew at a CAGR of 25% while EBITDA grew faster at 31% as investments in almonds, hazelnuts and dehydrated vegetables businesses paid off, while there was some drag from tomato processing and upstream peanuts in FY2013.

Invested Capital (IC)



EBITDA



Edible Nuts

Our Edible Nuts business unit continued to register growth in volume and revenues during FY2013 even as the drive to unlock value and improve operating efficiencies across the Edible Nuts portfolio took centre stage from the latter half of the year. We are continuing to leverage synergies across the entire portfolio and seek strategic tie-ups with major customers for the ready off-take of supply that is embedded with differentiating value additions including traceability and food safety solutions. The business also focused on reducing asset intensity in the upstream plantation part of the value chain by the sale and lease back of its almond orchards in California. Our continued focus on improving our operational controls enabled us to shorten our cycle time and enhance working capital productivity.

Cashew

In response to growing labour cost and increased market attention on food safety, our cashew business focused on building and driving cost efficiency and economies of scale through the mechanisation of our cashew processing operations in Côte d'Ivoire and Nigeria, which are key African origins. To diversify our product offering and to cater to new market segments, we are developing value added ingredient solutions, as well as differentiated offerings linked to food safety, sustainability and poverty alleviation. This will involve product application developments for which we have set up cashew pasteurisation and sterilisation facilities in India and Vietnam. As part of our efforts to promote the cashew crop among smallholder farmers, as well as ensure the sustainability of supply, new partnerships with developmental organisations and NGOs are being forged to support more outgrower programmes.

"We are developing value added ingredient solutions, as well as differentiated offerings linked to food safety, sustainability and poverty alleviation."

Amit Khirbat
Senior Vice President, Cashews

Olam's all-women cashew processing facility in Côte d'Ivoire.

We have focused on improving peanut processing efficiency to achieve cost reductions in Argentina.

Peanuts

In peanuts, the overarching theme is to consolidate our global footprint and position ourselves for growth in emerging markets through our operations in the USA, Argentina, India and South Africa. Our focus on enhancing productivity in our processing operations in Argentina has led to a reduction in manpower and processing costs in FY2013. At the same time, we harnessed the opportunities presented by the large crop in the US, by maximising capacity utilisation, achieving record ingredient volumes and significantly higher blanching volumes. Going forward, our focus will be on expanding our blanching and ingredient manufacturing in India to cater to the growth in exports, as well as demand from the large domestic snack and confectionery manufacturers. At the same time we will continue our drive to enhance farm yields in Argentina and grow our acreage in South Africa.

Almonds

Our almond business continued to be underpinned by ongoing global growth in demand. The favourable weather conditions in Australia led to strong yields, while adverse weather conditions in California led to a reduction in global supply. As California is a dominant producer of almonds at 80% of global supply, the reduction in yields there resulted in prices moving to seven-year highs. This had a positive impact on our almond farming business in Australia and the USA and also helped us in our supply chain business out of the USA. Innovative models for supporting the growers in California have helped us get close to them and increase our volumes. Our strong marketing presence in all the major consuming countries, coupled with our ability to leverage our existing customer relationships for other Edible Nuts, enabled us to increase our market share significantly.

Given our presence in both Australia and the USA with counter cyclical crops, we were also able to capitalise on near-term market opportunities presented by a rising market. Operationally, the internalisation of farm management and the opening of our US$55 million state-of-the-art processing facility in Australia helped drive an improvement in our margins during the year. As the second largest grower in the world with year-round supply from both Australia and the USA, we are well positioned to participate in and support the ongoing growth in almond consumption.

"Innovative models for supporting the growers in California have helped us get close to them and increase our volumes."

Dave DeFrank
Senior Vice President, Almonds, USA

Olam is the second largest grower of almonds in the world, seen here at our orchard in Australia.

Hazelnuts

Our hazelnut business made significant strides in its first full year of operations. The business achieved strong growth in volumes and firmly established Olam amongst the three largest global suppliers of hazelnuts. In FY2014 we will be focusing on growing the value added ingredient hazelnut business and developing customised products for our customers who are largely confectionery manufacturers, as well as leading the way in developing sustainable supply chains. We will leverage our learning from developing traceable and sustainable supply chains in Africa to replicate a similar supply chain in Turkey to support our customers' needs. As one of the main implementing partners for sustainability for some of our key customers, we are actively involved in building sustainability as the key differentiator in our sourcing strategy. To support this approach, we are also looking to grow our supply of hazelnuts from new regions such as Australia and Chile, where we can directly impact yields and traceability by transferring the cutting edge farming practices in Australia and the USA to other countries.

> **"We are actively involved in building sustainability as the key differentiator in our sourcing strategy."**
>
> **Brijesh Krishnaswamy**
> Vice President, Edible Nuts

Sesame

The year was characterised by a shortage of supply. Our presence across all major producing countries enabled us to correctly forecast the shortage and take advantage of this opportunity. The supply shortage in India resulted in the country becoming an importer as opposed to its traditional role as an exporter of sesame.

Participation in the value added segment was increased, with a new facility that we started in Tanzania. A bigger and more modern facility for hulled sesame is in the final stages of construction in Lagos, Nigeria, which will enable us to further penetrate and strengthen our position in the US and European markets.

With a continued focus on unlocking value while maximising the returns from our existing business, we leveraged our synergies within the Edible Nuts portfolio, both in the origins and on the marketing side, resulting in significant cost savings. The business also took various initiatives to improve working capital productivity, by aligning our systems and processes to support a shorter cycle time.

Our strong origin presence, together with a wider and deeper reach in all the major destination markets, act as our competitive advantage and position the business to continue on its path of profitable growth.

In Turkey, we are applying our learnings from Africa to develop traceable and sustainable hazelnut supply chains.

We are replicating our US seed and agricultural production expertise to all global operations.

Spices & Vegetable Ingredients (SVI)

Our spices, dehydrated onion/garlic and vegetable ingredients businesses fared well in FY2013. Sales volume increased, particularly from Vietnam, where we saw significant growth from our investment in expanded processing capacity along with gains in new customers from our acquisition of Vallabhdas Kanji Limited, India, in FY2012. Sales volume of bulk and private label spices from India also contributed to increased volumes for the same reason.

Margins in the dehydrated onion and garlic business improved on higher solid content of raw materials and improved facility performance, which led to lower costs. Margins in tomato processing continued to negatively impact segment results. Sales volumes improved but pricing remained under pressure due to global tomato supply surpluses and higher costs associated with reduced industrial production. However, the situation is improving with global production declining and California becoming the most cost competitive producer of tomatoes. We have made changes to product mix, focusing on exports and value added products along with canned products to capitalise on global conditions.

During the year, we acquired Dehydro Foods, Egypt's largest exporter of dehydrated onions. In Peru, we invested in a new plant for grinding paprika and packaging capsicum pods for the Mexican and US markets.

With most investments completed, our priority is to integrate our operations to extract efficiencies and reduce manufacturing costs. We plan to increase our share of sourced raw materials from in-house contract farming and replicate our US seed and agricultural production expertise to all global operations. Within our existing asset base, there remains further opportunities for us to expand our product portfolio and capabilities. With recent investments and improved global capabilities, we will seek to grow sales volumes across all product categories with a greater focus on cross-selling products into developed markets, developing downstream products with innovation and growing along with existing and new customers who are expanding into emerging markets.

> **"With most investments completed, our priority is to integrate our operations to extract efficiencies towards lowering manufacturing costs."**
>
> **Greg Estep**
> President and Global Head, SVI

TOTAL INVESTED CAPITAL IN FY2013 OF

S$2.1b

EBITDA GREW AT A 4-YEAR CAGR OF

22%

Our diversified presence across Brazil, Asia and Africa helped offset low coffee production in other regions.

Confectionery & Beverage Ingredients

The Confectionery & Beverage Ingredients segment recorded similar sales volumes to those in FY2012. Sales volume was flat on account of the onset of La Roya (coffee rust disease), which impacted most of the Central and South American output and affected margins. Revenue, however, declined 10.7% due to a more benign pricing environment for both coffee and cocoa. EBITDA was S$259.4 million compared to S$288.7 million a year ago.

Sustainability is the core driving force behind cocoa growth.

FY2013

Volume
1,612,418MT

Revenue
S$5,273.2m

EBITDA
S$259.4m

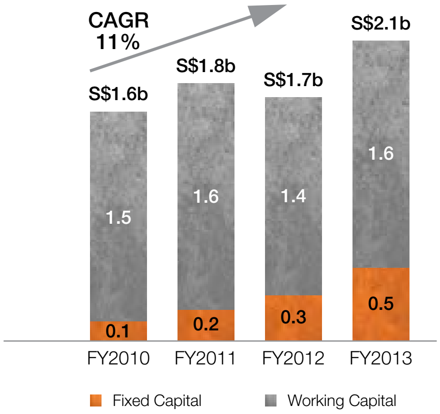
Invested Capital
S$2.1b

EBITDA/IC
13.5%

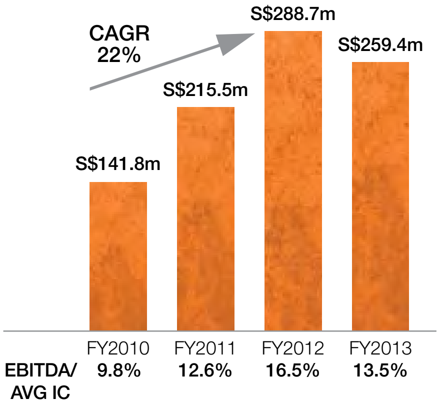
We have committed a total invested capital of S$2.1 billion in this segment. Predominantly, the investments were working capital in nature, which had remained largely stable over the past four years, including FY2013 which saw low coffee and cocoa prices. On the other hand, fixed capital increased from S$0.1 billion to S$0.5 billion over the same period as we invested in upstream coffee plantations in Laos, Tanzania, Zambia, Ethiopia and Brazil and in midstream soluble coffee facilities in Vietnam and Spain, while in the cocoa business, we are building a cocoa processing plant in Côte d'Ivoire.

We achieved an EBITDA CAGR growth of 22% as we continued to enjoy strong earnings growth from mature businesses, despite a relatively weaker FY2013 compared to an exceptional year in FY2012. As most of the investments made were not fully yielding as yet, our

Invested Capital (IC)



EBITDA



return on average invested capital (EBITDA/IC) was lower at 13.5%.

To improve returns on working capital and cash flow generation, both coffee and cocoa will evaluate and participate in certain available financing structures, including non-recourse factoring of receivables from tier one customers.

Coffee

As the Central American and Andean regions account for roughly 25% of our volumes, La Roya disease, which affected output from multiple countries in these regions, had a negative impact on our volumes. Our diversified spread of origins in both Robusta and Arabicas, including Brazil, Asia and Africa, helped offset the impact. However, margins were affected due to the narrowing differential between Arabicas and Robustas and the lack of price adjustment in Arabicas. Even as the impact from the epidemic continues into FY2014, our business model remains sound in adjusting and recovering from this non-structural market condition.

Meanwhile, we continued to execute our integrated strategy for coffee in FY2013 by expanding our participation in the upstream and midstream parts of the value chain through a number of initiatives.

We acquired Northern Coffee Corporation, Zambia's largest coffee estate for US$6.2 million and will commit a further US$40.0 million over the next five years to fully develop 2,000 hectares of Arabica coffee plantation. By the end of FY2013, we successfully planted the first 300 hectares. In South America, we entered into a rural partnership agreement for contract farming of 1,600 hectares of coffee plantation. Elsewhere in Asia and East Africa, we continued to make good progress on our other upstream initiatives in Laos, Tanzania and Ethiopia, where the total planted area stood at 2,002 hectares at the end of FY2013.

In the midstream area, we completed the setting up of phase two of our integrated soluble coffee facility in Vietnam, trebling our production capacity to cater to the larger orders for various types of coffees. In less than a year we shipped volumes of nearly 85% of our expanded capacity. To further expand our soluble coffee franchise, we acquired the assets and business of Seda Solubles in Spain for US$52.0 million at a cost significantly lower than its replacement value. A further US$7.0 million will be committed over the next two years for asset overhaul and maintenance.

We have focused on building up domain-specific competencies in areas that are important to developing our coffee business.

"We completed the setting up of phase two of our integrated soluble coffee facility in Vietnam, trebling our production capacity to cater to the larger orders for various types of coffees."

Arun Sharma
Senior Vice President, Coffee

Cocoa

Sustainability was the core driving force behind the continued growth across our global supply chain operations in FY2013. The new cocoa marketing system in Côte d'Ivoire provided an opportunity to demonstrate the effectiveness of our up-country infrastructure and sustainability initiatives at the farmer level, leading to higher volumes under this system. We originated 115,000MT of sustainable cocoa globally, enough to make six billion bars of sustainable chocolate, as our market positioning within the chocolate industry improved on increased sustainability programmes and partnerships during the year. Our market share of the Asian traded beans improved from a year ago, supported by higher sourcing volumes of certified cocoa beans from the Asian origins.

As for our investments, the greenfield cocoa processing plant in Côte d'Ivoire remains on track for commissioning towards the end of 2013, with commercial operations beginning early in 2014. During the year, we bought out our partner's 50% share in USICAM, our primary processing joint venture in Cameroon, where we will look to expand capacity and capitalise on synergies with our existing infrastructure to lower overheads. Post the acquisition of Macao Commodities Trading (now known as Olam Macao Spain, or OMS) the company was renamed, along with Britannia Food Ingredients, as Olam Food Ingredients (OFI) and we have been able to consolidate our book and optimise our overall midstream operation. While OFI in the UK will concentrate on the domestic market with new certified and segregated cocoa products, OFI Spain will embark on an upgrading programme to double its capacity in line with our stated strategy of integrating into higher value added products.

To further integrate our cocoa value chain, we made our first foray into upstream operations by purchasing a 95.0% stake in Indonesian plantation company PT Sumber Daya Wahana (Sumber Daya) for US$2.9 million, with further investments planned. Sumber Daya has an existing plantation and infrastructure with rights on 3,420 hectares of land in Seram Island, Malukku province. Our upstream presence in Indonesia will provide an opportunity for us to market sustainable, certified and traceable Asian fermented beans, enhancing our position as an integrated, sustainable cocoa industry player.

"We originated 115,000MT of sustainable cocoa globally, enough to make six billion bars of sustainable chocolate."

Tejinder Saraon
Senior Vice President, Cocoa

Our processing plant, scheduled for an early 2014 commissioning, will help produce value added products from Ivorian cocoa beans.

TOTAL INVESTED CAPITAL IN FY2013 OF

S$3.2b

EBITDA GREW AT A 4-YEAR CAGR OF

42%

Olam is adding value for Africa's growing urban middle class, supplying new products and unlocking value in our emerging markets.

Food Staples & Packaged Foods

The Food Staples & Packaged Foods segment achieved a volume and revenue growth of 84.0% and 68.3% respectively in FY2013 compared to FY2012. Our strong growth in volume and revenue was driven mainly by our grains, rice and palm platforms. The segment also unlocked significant value by some select divestments.

1,000 hectares of rice have been planted in Nasarawa, Nigeria.

FY2013

Volume
10,753,605MT

Revenue
S$7,720.9m

EBITDA
S$415.3m

Invested Capital
S$3.2b

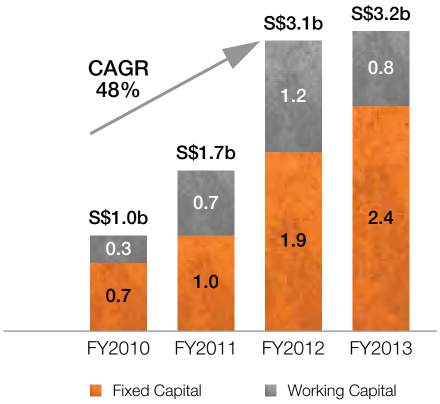
EBITDA/IC
13.1%

EBITDA rose 49.2% from S$278.4 million in FY2012 to S$415.3 million in FY2013 largely due to better margins from the rice platform, as well as packaged foods as we consolidated the full year results of OK Foods, acquired in FY2012. This was partially offset by lower origination margins from grains in Australia and Ukraine and from palm trading.

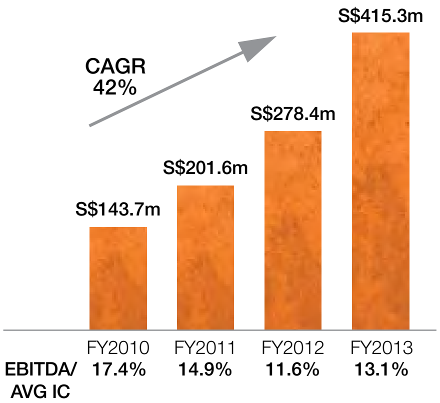
Our total invested capital in the segment trebled between FY2010 and FY2013 to S$3.2 billion with significant investments in upstream dairy and packaged foods businesses being made in FY2012. EBITDA grew at a CAGR of 42% as some of these investments were gestating and were yet to produce full returns.

Even as we invest and seek higher earnings, we unlocked significant value for the Group during the year through the sale of a minority stake in the Packaged Foods' noodle business to a strategic partner and the disposal of the non-core basmati rice milling operation in India.

Invested Capital (IC)



EBITDA



Grains

Our grains business continued to execute on its strategy of building a configuration of milling assets in Sub-Saharan Africa and consolidating its origination footprint in the Black Sea region. During the year, we completed the expansion of Crown Flour Mills in Nigeria where our installed capacity increased from 1,630 to 2,380 tonnes per day and silo storage space across Lagos and Warri was enlarged to carry an additional 18,000 metric tonnes of wheat. The capacity expansion helped support the increase in milling volumes this year. We also started greenfield milling projects in Senegal and Cameroon which we expect to come into production by June and December 2014 respectively.

Olam was the second largest exporter of wheat from Russia as our market share grew in this emerging wheat exporting country. Our investment in a grain storage and port elevation facility in the Azov seaport last year served us well in this financial year, with significantly bigger origination volumes compared to the previous year.

To capture growth in new markets, Olam partnered US-based Lansing Trade Group in a 50/50 joint venture to establish a foothold in the liberalised Western Canadian Grains market. The joint venture combines Lansing's merchandising experience in the North American market and Olam's captive demand from its mills.

In Ghana we continued to increase volumes and gain market share even in the first full year of our wheat mill operation.

In Australia the port elevator project in Newcastle where we have a stake, continues to make progress and is on plan to be commissioned for the coming 2013-2014 Australian wheat season.

Olam was the second largest exporter of wheat from Russia in FY2013.

Our rice operations span the value chain from origination to wholesale distribution.

Rice

In FY2013, we delivered significantly higher volumes and increased our market share, maintaining our global position in the world rice trade. We continued to grow our import and distribution operations in Africa on the back of a strong demand from the continent, especially in the first half of the year before the increase in the import duties took effect in Nigeria.

Our upstream operations are gaining traction. A total of 1,000 hectares of rice were planted by the end of FY2013, in Nasarawa, Nigeria. We harvested our first crop and the yields that we realised were far in excess of our forecast, as well as the average yields achieved by farmers in Nigeria. We were on plan both in respect of increasing the hectarage of our rice farm and the commissioning of a state-of-the-art parboiling and rice milling facility which will secure its supply from our own rice farms. Our

> **"Our rice farming project has been well-received by international agencies and was chosen by The Rockefeller Foundation from amongst 150 case studies for generating agricultural growth."**
>
> **Devashish Chaubey**
> President and Global Head, Rice

rice farming project has been well-received by international agencies and was chosen by The Rockefeller Foundation from amongst 150 case

Our sugar business is focused on extracting maximum value from our existing assets.

studies to feature in its centennial series and recent Summit "Realising the Potential of African Agriculture: Catalytic Innovations for Growth". Our model involves an outgrower scheme whereby advancements in agronomic practices adopted from the nucleus farm will be shared with other farmers participating in the outgrower programme. We have committed to buying the paddy from all participating farmers at prevailing market prices. With these encouraging results and positive feedback, we will be accelerating planting in FY2014.

To unlock value for the Group, we exited the Indian basmati rice business through the sale of our rice mill to Ebro Foods, monetising more than the book value of fixed investments and releasing working capital to concentrate on our core supply chain business from Asia to Africa. In addition, we freed up working capital by entering into a supplier credit arrangement and reduced overheads by closing down less attractive profit centres.

Sugar and Natural Sweeteners

A global sugar surplus, moderate consumption growth, weak Brazilian ethanol demand and a depreciating Brazilian real and Indian rupee formed the backdrop of a weak sugar market in FY2013. While our sugar refinery PT DUS in Indonesia fared well with lower input prices, our Indian mills faced pressures from high input costs as the Indian cane prices did not move in tandem with world prices.

During the course of the year, we shifted our focus from an asset ownership strategy in milling and refining, back to an asset-light growth strategy for the sugar business. Our earlier plans for setting up refining capacity in Nigeria and a milling facility in Brazil were dropped to focus on extracting maximum value from our existing assets, increasing capacity utilisation of our mills and reducing overheads through a restructuring of all profit centres.

In Natural Sweeteners, PureCircle's strategy of developing a fully integrated supply chain and globally marketing new proprietary natural sweeteners and flavours, particularly in the Carbonated Soft Drinks (CSD) brands, is beginning to yield results. This year saw encouraging growth in usage of our high purity stevia solutions in all major markets and the first tangible market indicators that stevia is developing into a mainstream ingredient.

PureCircle recorded sales growth across all regions in Europe, the Middle East, Africa, Latin America, Asia Pacific and the USA as market adoption of its high purity stevia ingredients accelerated across all food and beverage categories. This was particularly so with the increased take-up in the CSD category and in major brand reformulations. During the year PureCircle also announced a joint development agreement and a five-year supply agreement with The Coca-Cola Company. Prospects for growth remain positive with the continued opening of new markets, growth in customer base and improved product visibility with recent product launches in the CSD category.

"We shifted our focus from an asset ownership strategy in milling and refining, back to an asset-light growth strategy for the sugar business."

Joe Kenny
President and Global Head, Sugar

Dairy

Poor global production output, coupled with increasing demand for dairy products, resulted in supply constraints and this in turn led to a higher price environment in FY2013. Although strong milk prices were favourable to the upstream dairy business, the positive impact was offset by lower milk production at our dairy farming operations in Uruguay (NZFSU) as a result of poor weather conditions persisting through the year. Since our 100% acquisition of all the shares in NZFSU was completed in December 2012, we have embarked on a restructuring programme to focus our management team on improving the operational metrics. In Russia, our dairy farming also faced operating challenges which impacted margins for the upstream business. While our upstream business remains attractive in the long-term, we are undertaking a review of the asset intensity of the overall dairy portfolio and expect to implement a restructuring plan over time.

Outside of the upstream business, our dairy processing in New Zealand through Open Country Dairy generated positive returns in FY2013. Given the global shifts in international trade with reduced intervention buying and the withdrawal of export quotas, we concentrated on building a stronger origination platform in the USA and EU markets, while extracting maximum value from our downstream dairy processing investments in Malaysia and Côte d'Ivoire.

> **"We embarked on a restructuring programme to focus our management team on improving the operational metrics."**
>
> **Sandeep Jain**
> Senior Vice President, Diary

Palm

During the year, we made significant headway in growing our supply chain trading volumes from Asia into Africa and in selected markets in Southeast Asia and the Indian sub-continent. We recorded higher volumes with entry into new markets, such as Ghana, Cameroon, DRC, Myanmar and Pakistan.

On the processing end, Olam acquired a 50% share in Acacia Investments, a platform on which we will build a

We are focused on extracting maximum value from our dairy processing investments.

"Olam acquired a 50% share in Acacia Investments, a platform on which we will build a leadership position in palm oil refining and distribution in Africa."

Vasanth Subramaniam
Senior Vice President, Palm

leadership position in palm oil refining and distribution in Africa. Over the last 12 months, we set up our first greenfield refinery in Beira, Mozambique to complement our existing capacities and establish a meaningful market position in the country.

In the upstream part of the business, with our commitment to develop RSPO certified oil palm plantations in Gabon, we completed the Environmental and Social Impact Assessment (ESIA) and the High Conservation Value (HCV) assessment, which included social mapping, community engagement programmes and the use of innovative technology, for 25,000 hectares of our Phase 1 development plan. We successfully planted 4,448 hectares during the year, taking the total planted area to 5,818 hectares. Going forward, we will be seeking capital investment from strategic partners to support our commitment so as to reduce our overall capital outlay.

Over 4,000 hectares of palm were planted in Gabon in FY2013.

Packaged Foods

With most of the key investments completed, the main focus for the Packaged Foods business was to consolidate, grow and extract full returns from these investments. We continued to grow our consumer franchise and distribution infrastructure across Sub-Saharan Africa organically and maximised capacity utilisation in our production facilities.

We had several successful product launches in the biscuits, candies and noodles categories. Our new R&D centre was set up in Bangalore, India and will be instrumental in developing new products for the business. Our sales and market position in tomato paste was

"The formation of a joint venture with Sanyo Foods of Japan to manufacture and distribute instant noodles in Nigeria and across Sub-Saharan Africa was a key highlight for the business."

M. Ramanarayanan
President and Global Head, Packaged Foods

strengthened considerably with our canning facility in Ghana and sachet facility in Nigeria achieving high utilisation rates in their first year of operation.

The formation of a joint venture with Sanyo Foods of Japan to manufacture and distribute instant noodles in Nigeria and across Sub-Saharan Africa was a key highlight for the business. Sanyo Foods acquired a 25.5% stake in our instant noodles business for US$20.0 million, which we carved out of Crown Flour Mills, valuing the business at US$78.4 million. The joint venture will draw on Sanyo Foods' world class and innovative technology in the development and manufacturing of instant noodle products and new market development experience to provide greater avenues for growth.

TOTAL INVESTED CAPITAL IN FY2013 OF

S$2.1b

EBITDA GREW AT A 4-YEAR CAGR OF

8%

Our cotton business is globally diversified across origins and markets, giving Olam a strong leadership platform.

Industrial Raw Materials

The Industrial Raw Materials segment saw its volume and revenue grow 17.9% and 13.9% respectively over the previous year. This was a recovery year for the segment as the cotton business registered volume growth with relatively good margins for the most part. The year also recorded additional volumes from fertiliser and rubber trading, which both had a good start. The Gabon Special Economic Zone (SEZ) continued to grow its earnings during the year.

We source some of the best quality cotton from established suppliers in the US.

FY2013

Volume
1,946,307MT

Revenue
S$4,601.1m

EBITDA
S$207.1m

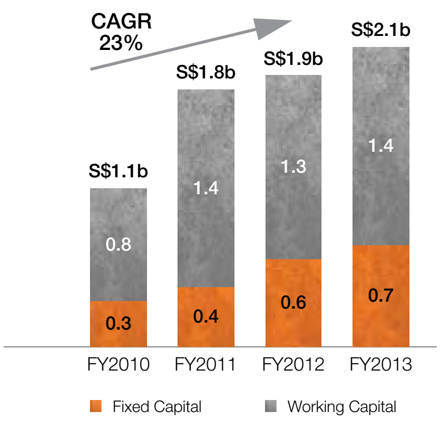
Invested Capital
S$2.1b

EBITDA/IC
10.2%

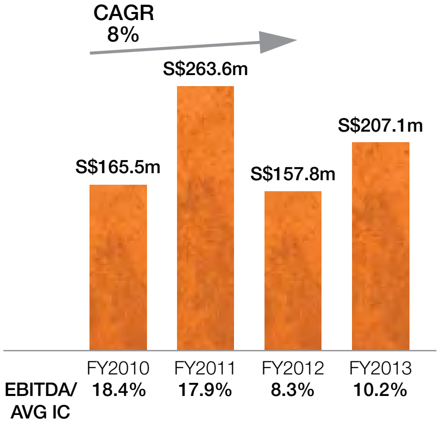
EBITDA increased from S$157.8 million in FY2012 to S$207.1 million in FY2013. Total invested capital for this segment stood at S$2.1 billion as of end FY2013. The segment has experienced a volatile performance over the past three years, resulting in EBITDA growing at a moderate CAGR of 8%.

Slower global growth will continue to impact the Industrial Raw Materials segment given its relative sensitivity to global economic conditions, compared to the food-related segments. Our focus is therefore on the more efficient use of working capital and reducing operating overheads across all business units in this segment.

Invested Capital (IC)



EBITDA



Cotton

Cotton volumes rebounded strongly from the previous year's low to register a year-on-year growth of 45%, with our Australia, US and Africa operations taking the lead. Our origination and ginning volumes in Australia registered a strong increase in spite of a crop decline of 25% from a year ago. Our share of Africa's exports reached a new high of 35%, while we continue to increase our market share in the US.

Our strong performance in Africa was largely because of a successful execution of our cotton outgrower programmes in Côte d'Ivoire and Mozambique. We significantly increased farmer registrations in our outgrower programmes resulting in doubling the area under cultivation. Our farmer partners reported strong growth in incomes on account of input cost efficiencies and yield improvements achieved. The commissioning of our state-of-the-art cotton roller gin in Mozambique, the construction of which started during the year, is expected to increase cotton production and strengthen supply chain efficiency across our partner network of over 67,000 farmers. This is part of the Better Cotton Initiative programme that has been running in the country since 2012.

In keeping with our drive to re-balance growth and cash flow generation, the cotton business restructured its East Africa operations by combining the supervisory and procurement structures in Tanzania, Uganda, Zimbabwe and Zambia to streamline operations and reduce overheads, without affecting our supply chain efficiency. Our overall cycle time improved substantially as our sales volumes improved and we operated with significantly reduced inventory levels.


Our cotton outgrower programme was successfully executed in Africa.


FSC® certification continues to be a competitive advantage for Olam's wood products business.

> **"Our outlook towards FY2014 remains cautiously optimistic, given the continued weakness in global economic growth."**
>
> **Mahesh Menon**
> President, Cotton

While we have witnessed a good recovery in FY2013 in terms of both earnings and revenue growth, our outlook towards FY2014 remains cautiously optimistic, given the continued weakness in global economic growth. Our experience of navigating market volatilities in the previous years and our continuing strong focus on working capital efficiencies and risk management will ensure delivery against our overall objectives of margin growth and cash flow generation.

Wood Products

Our wood products business continued to face significant headwinds and depressed demand in key markets in Asia, India and Europe. The economic downturn and financial instability in the EU has led to a contraction in the overall economy and consequently a significant reduction in construction activities. Asian markets, such as China and India, also experienced a slowdown in growth and consequently in the construction and real estate sectors. The significant devaluation of the Indian rupee, coupled with this market volatility, had its impact on the Indian imports of teak and hardwoods.

The wood products business has been restructured over the last two years to bring costs down considerably. We continue to focus on selected trade flows where our physical presence and


We grew our fertiliser trading volumes in FY2013.


We completed planting rubber on 1,500 hectares in Gabon this year.

deep insights into the markets, as well as our FSC® certification in respect of our forestry concessions in the Republic of Congo, continue to enable us secure premiums for our products.

Rubber

We successfully on-boarded an experienced trading and plantations team to kick start our trading operations and to ensure our plantation plans were well executed. We also set up our sourcing operations in Malaysia and Indonesia and a marketing office in China with an aim to secure long-term purchase and supply agreements with major tyre manufacturers.

We continue to make good progress in our rubber plantation joint venture with the Government of Gabon. We completed the Environmental and Social Impact Assessment (ESIA) and the Free, Prior and Informed Consent (FPIC) process on 30,000 hectares of the land allocated and completed planting on 1,500 hectares during the year.

Fertiliser

FY2013 was a year of further growth for our fertiliser trading business, in addition to progressing on various development and construction-related activities in our Urea project in the Republic of Gabon. We grew our trading volumes in some select markets, more specifically in West Africa, where we were able to leverage our relationships with our outgrower farmer partners.

The land development work for our 1.3 million tonne Urea plant in Gabon was initiated in FY2013. We have completed the dredging and site preparation for further civil works to commence as per plan. The EPC project cost bidding was re-opened during the year to additional contractors to secure a more competitive pricing.

In line with our new strategic plan for FY2014-2016, we will continue to focus on our de-consolidation initiatives by engaging with strategic partners for joint management control.

> **"The land development work for our 1.3 million tonne Urea plant in Gabon was initiated in FY2013."**
>
> **V R Aravind**
> President and Global Head, Fertiliser

Special Economic Zone

FY2013 was a year of continued growth. Over the past two years, we have developed close to 1,400 hectares of land in the SEZ and over 80% of this developed land had been sold to various industrial customers. Post the sale of the remaining land parcels, we will continue to participate in the SEZ project by taking on the operation and management of this joint venture with the Republic of Gabon.

Commodity Financial Services

Our Commodity Financial Services business helps our customers manage risk and balance volatilities in the market.

The Risk Management Solutions made some important breakthroughs, both on the producer and consumer side, during this year.

The business was impacted by unfavourable trading conditions for most of the year. These conditions were characterised by a combination of low historical volatilities across the sector and unanticipated price movements in some commodities. The fall in implied volatility across the portfolio led to a significant reduction in market-making volumes and also impacted some of our 'long' volatility positions.

Our relative value fund performance picked up in FY2013, offsetting some of the underperformance in the market-making and volatility trading business lines.

The Risk Management Solutions made some important breakthroughs, both on the producer and consumer side during this year.

To bring greater focus to the two parts of the Commodity Financial Services segment and to address the increasingly challenging landscape in the commodity financial services industry, we have divided the business into two parts - Market Making/Volatility Trading & Risk Management Solutions and Fund Management.

Risk Management

Risk is intrinsic to Olam's businesses and we have therefore instituted robust governance processes and risk management systems. Our risk infrastructure is complemented by a strong risk culture and the synergy between the two unlocks value for the company. This mix of governance, systems and culture allows us to actively manage the volatility we see in today's environment.

How does a strong risk culture benefit Olam?

We have a transparent matrix approach to risk management and a culture of sharing information. Visibility of positions and activities across our 16 platforms and 65 countries is combined with strong analytics to effectively measure and analyse risk in a timely manner. Our risk culture drives continuous improvement in our trading practices in areas ranging from the management of futures rolls, to one-off tail risk management solutions such as protecting ourselves against the outbreak of the coffee leaf rust disease over the past year.

The risk management function is the company's independent assessor of risk. It actively challenges traders, highlighting areas of concern within portfolios and offering potential mitigations.

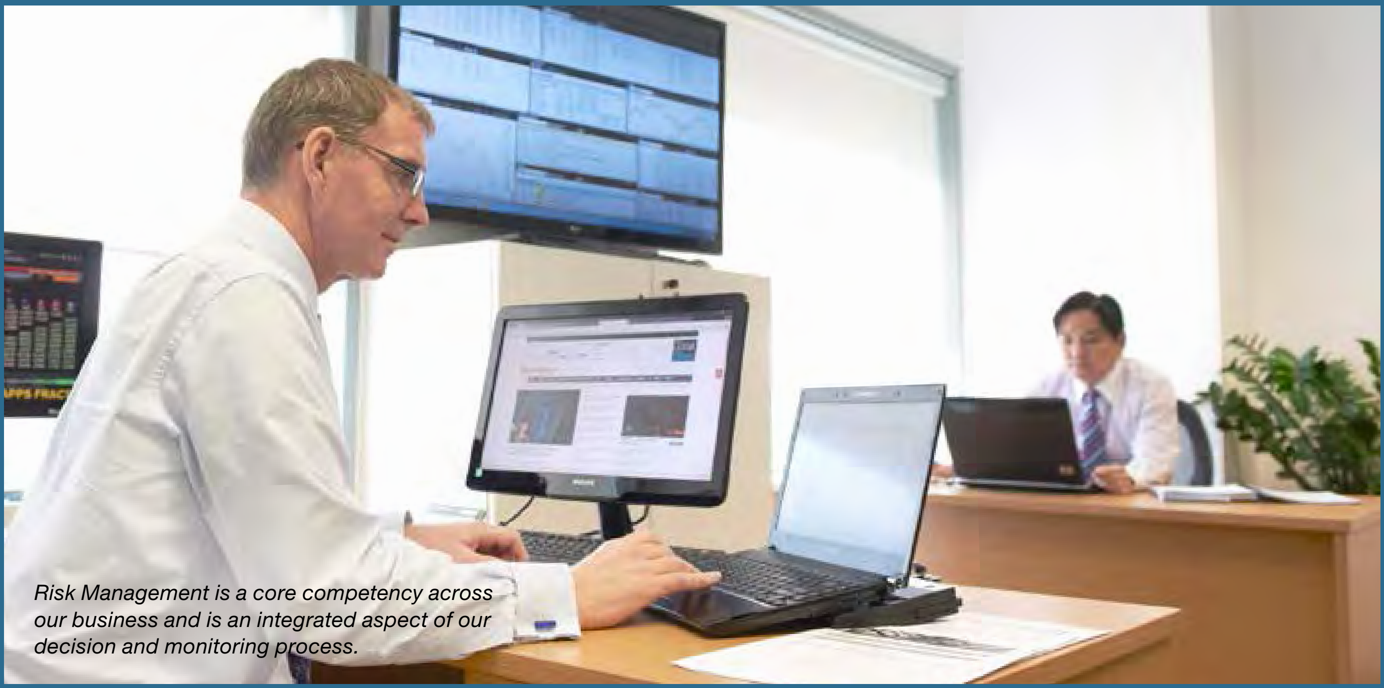
How does the risk function enable business?

The risk function takes a multi-pronged approach to risk management using both quantitative and qualitative tools. Our enterprise risk scorecard highlights operational and non-trading risks across the organisation and identifies areas for business improvement. Regular reviews with senior traders and origin-level managers are supplemented with independent analysis to highlight risks and drive risk-mitigating actions.

The risk function drives the conservation of value through risk mitigation recommendations to protect traders' profitability. At fortnightly conference calls with the trading teams, the risk function provides a perspective and outlook on macroeconomic developments and their impact on our various businesses.

The risk function has identified many areas in which it offers risk-optimising solutions to the trading teams. It actively applies risk management learnings from one business unit to another and has helped to unlock working capital through enforcing reduced credit cycle times. It endeavours to constantly improve the quality of credit and counterparty risks by implementing risk mitigation measures. Going beyond its traditional role of overseeing the trading books, it engages with the businesses to offer value added products to customers.

The risk function's mandate begins with identifying risk and bringing it to the attention of both the business units and senior management in a time-sensitive manner. It ends with offering economically viable risk mitigations that are appropriate to each business.



Risk Management is a core competency across our business and is an integrated aspect of our decision and monitoring process.

FARMERS IN OLAM SUPPLY CHAINS

3.9 million

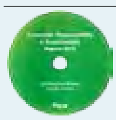
FEMALE FARMERS IN THE OLAM LIVELIHOOD CHARTER

19.2%

The Olam Livelihood Charter supports UN Millennium Development Goals, including the empowerment of women as an economic driver in developing communities.

Sustainability Vision

Olam endeavours to generate economic prosperity, contribute positively to social wellbeing and manage its stewardship of the environment by providing sustainable agricultural products and food throughout our global supply chain.



This year's Corporate Responsibility & Sustainability Report can be found on the CD in the inside back cover of this Annual Report.

Advancing education is a key driver of our sustainability programme as it helps lift our farmers, their families, and future generations out of poverty.

73%
of Olam Livelihood Charter farmers own mobile phones enabling direct payment, market pricing and information

17
Environmental and Social Impact Assessments completed to date

234,000 people
reached through our HIV/AIDS efforts (up 27% from 2012)

US$9.3 million
invested in Growing Responsibly last year by employing our sustainability staff, including 672 outreach workers

2013 HIGHLIGHTS

The impact of Olam's sustainability actions has once again multiplied across a broad set of regions, products and people. The business case for building enduring agricultural supply chains is clear, meaning our people working as trainers at farm gate, social advisors on community affairs and our experts focusing on biodiversity are essential members of the Olam team.

The focus has been on all areas of our operations that are covered by the Olam Sustainability Standard, developing the practical policies that underline this work, and engaging our colleagues through training and workshops.

External commitments

- ✓ UN CEO Water Mandate
- ✓ UN Guidelines on Responsible Land Tenure
- ✓ UN Global Nutrition for Growth Compact
- ✓ Fair Labor Association membership

180 global initiatives

From supporting rural electrification and water facilities to building schools and health clinics.

Recognition

- ✓ Guardian Sustainable Business – Society Category Award
- ✓ Rainforest Alliance – Sustainable Standard Setter Award

Reporting

- ✓ 3rd year of Carbon Disclosure Project
- ✓ 2nd year of CR&S GRI report
- ✓ 1st year completing Carbon Disclosure Project water programme
- ✓ 1st year completing Forest Footprint Disclosure

Investment in rural growth

The IFC reviewed a range of our policies, procedures and management initiatives applying their performance standards throughout our supply chain. The resulting finance of US$120 million will benefit local communities by generating rural employment and creating new market opportunities for smallholder farmers to sell their crops.

Our Focus Areas for Sustainability

We have identified the six core themes we consider the priority material areas based on the nature of our business and its long-term value and impacts. These focus areas were prioritised due to the opportunities and risks they present - not only from our own farming and processing activities, but also from those of our suppliers. Our multiple interactions with stakeholders also fed into this process.

Employment and training for women, where none existed previously, has planted seeds for long-term community benefit.

Labour

Providing a safe workplace where everyone's rights are respected

This focus area encompasses our duty of care to our staff and contractors - their health & safety, remuneration and rights, with special attention on child labour and gender equality. Our extensive value chain necessitates industry-level standards (such as International Labour Organization) which we embed in our emerging origins.

The newly launched Olam Plantations Code, in conjunction with our Quality, Environment, Health & Safety (QEHS) programme at our processing facilities, form the systemic framework by which we ensure the wellbeing of our people.

In 2013 we were the first agricultural supply chain company to join the Fair Labor Association, committing to their transparent practices of operation. This partnership will help Olam implement scalable solutions to the recognised labour issues such as child labour and gender equality within agri-supply chains.

Land

Selecting and managing land responsibly

Many of our plantation and farm sites are in the developing world, making governance and reputational risk a material concern. NGO and external experts have assisted us in developing a responsible approach to land selection and management, with an emphasis on key environmental and social issues.

Site selection is critical to sustainable land development. Although land allocation for agriculture is normally the government's prerogative, we conduct additional due diligence to ensure we only develop appropriate land options as part of our commitment to growing responsibly.

We have carried out 17 Environmental and Social Impact Assessments for our upstream developments to date. In addition we publicly endorsed the UN Guidelines on Responsible Land Tenure adopted by the recent G8 summit.

Water

Establishing landscape level water management

This material area is a must for all agri-businesses, given that 70% of available fresh water is used for irrigation. Although the majority of our own and suppliers' crops are rain-fed, we recognise that some of our origins experience seasonal water availability rises further exacerbated by the impacts of climate change. Our water consumption this year was 4.6 million m^3 in our processing facilities; 350 million m^3 on company plantations and farms; and 26.3 billion m^3 by our farmer suppliers.

As a part of our ongoing commitment to effective water management and stewardship at a watershed level, our CEO has recently endorsed the UN Global Compact's CEO Water Mandate. This commitment includes the target in our direct operations to reduce our per tonne usage of fresh water by 10% in both our processing and farming by 2015 and 2020 respectively.

Climate Change

Adapting to risks and opportunities for Olam and communities

The effects of extreme weather patterns and temperature variability create uncertainty for farmers worldwide, presenting risk to all companies in the value chain, but also opportunities to those with forward-thinking adaptation strategies.

This year we again reported on our Green House Gas (GHG) emissions, strategies and actions to CDP. The measurements cover 90% of our business operations.

Direct Scope 1* = 2.3 million tonnes CO_2e

Indirect Scope 2* = 0.2 million tonnes of CO_2e

Indirect Scope 3* = approximately 20 million tonnes of CO_2e

We have set targets to improve our GHG emissions per tonne of product by 5% in our processing and 10% in our company plantations and farms by 2020.

* Scope 1 Direct GHG emissions from sources owned or controlled by Olam.

Scope 2 Indirect GHG emissions from the generation of purchased electricity consumed by Olam

Scope 3 All other indirect GHG emissions that occur in Olam's value chain

Livelihoods

Supporting thriving communities

Focusing on the 3.9 million smallholder farmers in our supply network, this is an area where Olam pioneers sustainability at the farm gate. We work with farmers to increase their revenues by maximising yield and quality. Our direct relationship with these small-scale farmers forms the backbone of our direct sourcing operations.

The eight principles from Olam's Livelihood Charter cement our commitment to transform rural farmers into commercially viable partners.

Within the Charter we now have 313,476 farmers (19.2% female) who brought 200,000 tonnes of product to market. We provided US$117 million of interest-free short-term finance; 5,583 training days; and GPS mapped 10.6% of farms.

Our depth of partnerships with donors, customers and technical NGOs opens up shared learnings to guarantee resilience of our supply through inclusive business models.

Food Security and Safety

Improving access to affordable and safe food

Our activities in basic foods support growing and processing in many developing countries, providing cash generation and access to affordable food. We need the communities in our supply chains to thrive in order to build resilience into our supply chains.

For example, our large-scale 10,000 hectare rice farm in Nigeria was established with the objective of producing good quality rice for the local market, supporting the government's policy of moving to rice self-sufficiency. We are initiating an outgrower programme there reaching 16,000 smallholders by the end of 2016.

On safety, Olam's expansion into more finished product brings with it the responsibility to apply the highest food safety standards.

Supporting small-scale farmers through seed and fertiliser programmes has improved yields across the world.

Farmer training in Good Agriculture Practices in Cameroon.

Unlocking Value in Our People

Olam is driven by a culture of ownership and discretionary effort that is nurtured across all our businesses.

Our people initiatives are driven by Olam's strategic priorities to expand upstream and downstream in the supply chain. Our growth strategy has included 24 acquisitions between 2008 and 2012. The combination of these acquisitions and our organic growth means today we have a primary workforce strength of 22,638.

Our shared values

Our greatest strength as a company is our culture, which is shaped by and captured in our shared values. These are characterised by high engagement, our entrepreneurial nature, individual discretionary effort and the empowerment of our people. We have re-defined our shared values so these behaviours can be embedded across our growing organisation including our newly acquired entities.

The Values & Culture Standing Committee plays a key role in promoting a common culture across our newly acquired entities, as well as our existing long-term workforce. We have conducted multiple value forums to not only communicate our shared values, but also held sessions where people have debated and discussed the issues raised by these values in practice. These forums have been designed to raise awareness and achieve a deeper understanding of our shared values.

Developing existing and new capabilities

We have identified the need to deepen existing capabilities while also supporting the development of new capabilities that we require. We have therefore focused on drawing up 'domain-specific competencies' in these areas. The competencies include:

Origination and supply chain: product knowledge, origin insight, procurement operations, processing operations, marketing and distribution.

Trading: trading insights, position management, hedging derivatives and customer engagement.

Midstream processing: cross-functional orientation, engineering services, technical services, planning, distribution and procurement.

Downstream distribution: customer understanding, cross-functional orientation, brand building, trade understanding, sales effectiveness and supply chain perspective.

Identifying and building global leaders

Amongst our top priorities is to set in place an accelerated process of identifying and building global leaders internally with the right mindset. An average 20% of the people we hire are recruited through our graduate trainee programme each year, which is coordinated across the best universities and business schools worldwide. Management recruits go through a rigorous 18-month training programme before starting their roles and this management trainee programme is linked to our Global Assignment Talent Pool (GATP) that consists of 750 managers in critical positions across the 65 countries in which we operate.

Building leadership capability

As we have expanded our business scope significantly, this has increased the breadth of leadership roles and the need for leaders to focus on their ability to get things done through robust organisational structures, systems and high calibre sustainable teams. In FY2013 we have re-designed and formalised our leadership lifecycle programmes across four main areas:

1. **'Leadership through Coaching'** for our senior managers in global or regional roles with large leadership teams, to strengthen their ability to better engage their leadership pipeline.
2. **'Strategic Leaders Programme' (SLP)** for our senior managers in regional and country strategic leadership roles, aimed to provide the learning required to deliver sustained performance.
3. **'Mastering Your Leadership Skills' (MYLS)** for our mid-level managers who lead and execute through collaborations, to hone their ability to know how to move from strategy into action.
4. **'Emerging Leaders Programme' (ELP)** targeting front line operational and execution roles with the critical skills required for building loyalty and trust in one's team and holding one's authority with peers and managers.

Cultivate (on-boarding programme)

Cultivate, our employee on-boarding programme, provides structured assimilation for new recruits from a pre-joining stage through the initial six months in our organisation. This creates a seamless on-boarding experience for a new recruit by providing:

- Comprehensive resources available to the new joiner
- Orientation on Olam's culture, shared values and expectations
- Development of a strong internal and external network
- Direction, feedback and requisite knowledge on the specific role

Core Process

Every quarter our CEO hosts a four-day 'core process' session for new managers. This is an intense and interactive programme covering a wide range of topics from the rationale for our business strategy, to our culture and values, and how we live them.

Momentum (internal job posting)

We provide our employees with the opportunity for internal role changes, taking responsibility for their own careers within the company and improving their ability to grow skill sets. 'Momentum', our internal talent mobility programme, provides visibility on the organisation-wide roles employees can apply for. This talent mobility programme has been effective in encouraging our people to respond to our business needs. The programme makes opportunities available to a wider group within the company and acts as an effective recruiting channel of good quality, well-trained candidates, improving chances of success in each defined role.

We aim to ensure that our competitive advantage continues to be our organisation, delivered through the skills, knowledge and commitment of our people. This will continue to be the key driver of our success in the future.

Strong leadership skills are valued and cultivated throughout all levels.

Corporate Governance Report

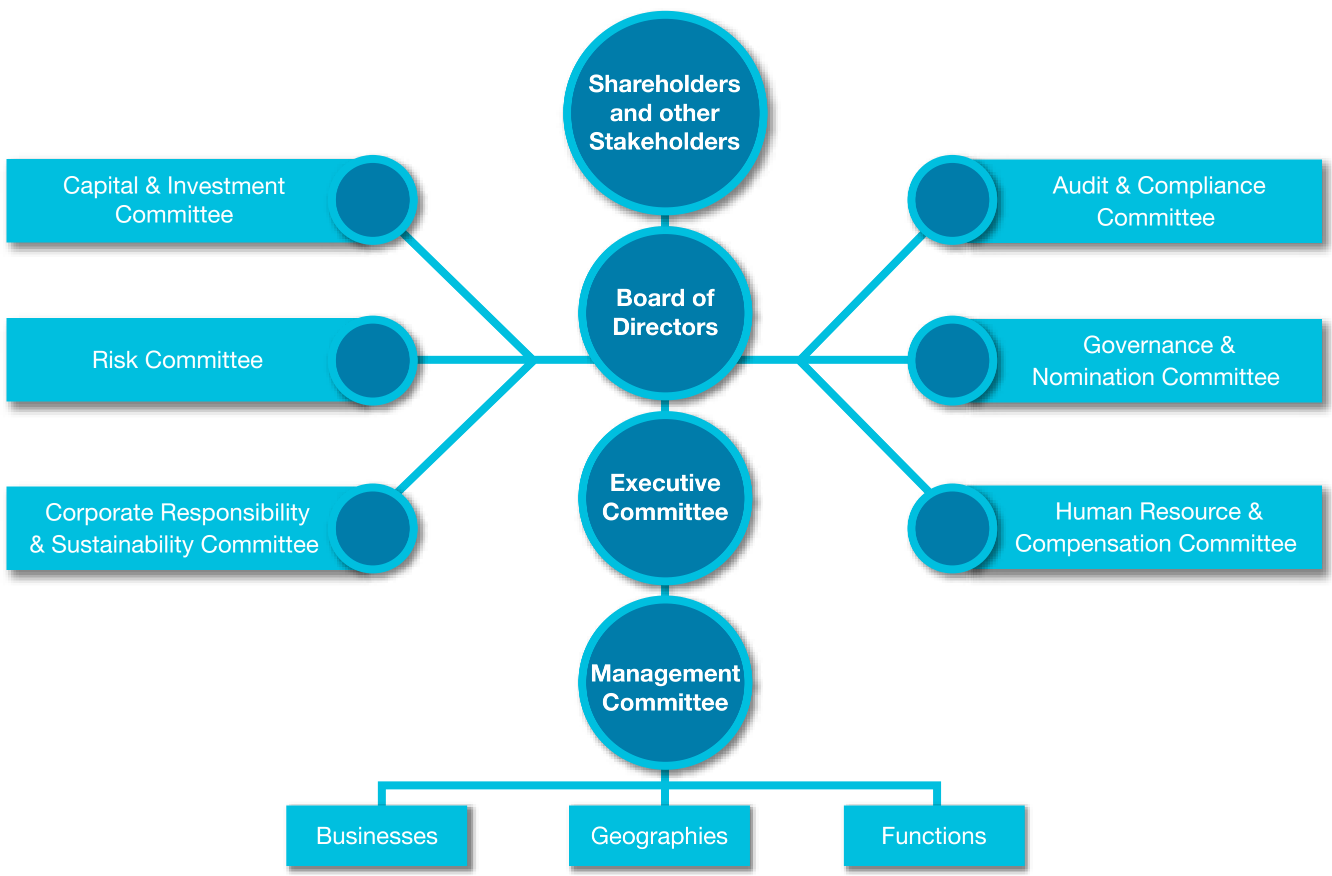
Olam International Limited ("*Olam*" or the "*Company*") is committed to observing a high standard of corporate governance in keeping with its overarching philosophy of delivering sustainable profitable growth and building capabilities with integrity. The Board constantly reviews the Company's corporate governance practices and seeks to align its practices with the developments and changes in the Code of Corporate Governance (the "*2005 Code*").

In keeping with its commitment, the Board has considered the revised Code of Corporate Governance issued on 2 May 2012 ("2012 Code") which takes effect from financial year commencing 1 November 2012 and is therefore only applicable to the Company for its Annual Report in 2014. Today, Olam already complies with certain key revised guidelines in the 2012 Code such as the appointment of a lead independent director, the proportion of independent directors on the board, engagement of key stakeholders, poll voting at shareholder meetings and having in place a Board Corporate Responsibility & Sustainability Committee, as well as a Board Risk Committee. The Board is pleased to report additional steps taken to comply with the 2012 Code, which includes the review of existing Independent Directors who have served on the Board beyond nine years with a view to refreshing the Board, organised investor days, as well as extensive engagement with stakeholders. The Company continues to focus on the substance and spirit of the Code of Corporate Governance while continuing to deliver on the Company's vision and objectives.

In this report we have set out a description of Olam's corporate governance practices with specific reference to the 2005 Code including the 2012 Code (collectively, the "*Code*").

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

Our Current Corporate Governance Structure



BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Olam is led by a proficient Board with representatives from varied nationalities and diverse international business backgrounds. The Board oversees the affairs of the Company and provides leadership and support to the Senior Management team. Collectively, the Board and the Senior Management team ensure the long-term success of the Company. Apart from discharging their statutory and fiduciary responsibilities both individually and collectively, the key functions of the Board are:

a. To provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives, as well as to regularly review the execution and the implementation of the corporate strategy;

b. To oversee the process and framework for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and satisfy itself as to the adequacy and effectiveness of such processes and framework;

c. To review the performance of the Senior Management and the compensation framework of the Board, Executive Directors and Senior Management;

d. To oversee the succession plans for the Board and Senior Management;

e. To ensure the Company's compliance with laws and regulations as may be relevant to the business;

f. To assume responsibility for corporate governance;

g. To set the Company's values and standards, and ensure that obligation to shareholders and others are understood and met, from time to time;

h. To oversee and consider corporate responsibility and sustainability issues, policies, standards and strategy in the context of the Company's activities that may have an impact on environmental and social issues; and

i. To identify the key stakeholder groups and consider their perceptions.

As an established practice, the matters that require the specific review and approval of the Board are:

- Acquisitions, divestments and capital expenditure exceeding the authority limits established under an internal policy adopted by the Board, while delegating authority for transactions below those limits to Board Committees and the Executive Committee;
- Capital planning and raising, annual budgets and update to strategy plan;
- Credit and loan facilities; and
- Share issuances, dividend distribution, share buyback and other returns to shareholders.

The Board is assisted by various Board Committees for the effective discharge of their responsibilities. The Board Committees established to date are the Audit & Compliance Committee, Governance & Nomination Committee, Human Resource and Compensation Committee, Risk Committee, Capital & Investment Committee and Corporate Responsibility & Sustainability Committee. Each of these Board Committees has clear written Terms of Reference which set out the role, authority, qualifications for committee membership and process of each committee. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company. The detailed involvement of each Board Committee is set out in this report.

The Terms of Reference of the Board Committees may be reviewed annually by each committee taking into consideration the changing needs in the business and operations of the Company, relevant laws and regulations, etc.

Ad hoc sub-committees of the Board may from time to time be formed as part of the Board's commitment to engage and provide leadership to Management in areas concerning the business and operations of the Company. The Commodity Financial Services Business sub-committee and the Project Financing sub-committee which comprises Independent Directors and are supported by the Executive team, were two such sub-committees constituted previously.

Directors are expected to exercise independent and objective judgement in the best interests of the Company. In the annual Board and peer performance evaluation exercise, the ability to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company, as well as the ability to objectively listen and discuss issues with one another, are important assessment criteria.

Leadership and effectiveness of the Board

Attesting to the effectiveness and strength of the Company's governance practices was the collaboration, approach and response of the Board and Management to the assertions widely reported in the media from November 19, 2012. The Board took into consideration the interests and perspectives of the various stakeholders of the Company and together with Management worked diligently to review and evaluate the issues objectively, including taking appropriate measures to stay focused on protecting and building value for all its continuing shareholders and communicating effectively with all its key stakeholder groups. A sub-committee of the Board was constituted to conduct a detailed internal review into the assertions made and submit their findings to the Board. The sub-committee comprised the Non-Executive Chairman, Mr. R. Jayachandran, the Lead Independent Director and Chairman of the Audit & Compliance Committee and Governance & Nomination Committee, Mr. Michael Lim Choo San and Independent Directors, Mr. Robert Michael Tomlin, Chairman of the Capital & Investment Committee and Mr. Mark Haynes Daniell, Chairman of the Human Resource & Compensation Committee.

Board and Board Committee Meetings

The regular meetings of the Board and Board Committees including the Annual General meeting are scheduled one year in advance. The Board sets aside a full day in each quarter to review and evaluate the Company's business, operations and performance and address key policy matters. These quarterly Board meetings include presentations by senior management team members and the executive team from the business units and functions and, on occasions, external consultants, on strategic issues relating to specific business areas or legal issues, thus providing the Board with important updates and an understanding of the Group's businesses, as well as the platform to engage with the key executives and managers. The Board also sets aside time at each regular Board meeting to meet without the presence of Management and the Executive Directors. In addition to the regular meetings, ad hoc meetings of the Board and Board Committees are held as and when required, with Board members participating in person and via telephone conference and video conference. An Annual Board Offsite visit is also organised in locations where the Company operates for Directors to gain an in-depth understanding of the activities and business on the ground. Ad hoc visits by the Board Committees are organised wherever required to better facilitate the review of issues delegated by the Board. The Company's Articles of Association and the Terms of Reference of the Board Committees provide for Board meetings and meetings of the Board Committees to be conducted via telephone conference and video conference or other similar modes of communication. Besides meetings of the Board, the Board pursuant to the Company's Articles of Association and the Board Committees under their Terms of Reference may also make decisions by way of resolution by circulation. The nature of the current Directors' appointments on the Board and details of their membership on Board Committees are set out in page 79.

Tables showing the number of Board, Board Committees and Non-Executive Directors' meetings held during the year under review along with the attendance of Directors are provided on page 80. The contribution of each Director to the Board and growth of the Company cannot be quantified simply by their attendance. Their input and engagement in the affairs of the Company far outweighs their attendance at Board and Board Committee meetings. Attendance of the Directors should not be the sole yardstick used to measure the effectiveness of a Director.

Induction and Orientation of Directors

Newly appointed Directors are issued with formal letters upon their appointment, which outline their duties and obligations as Directors. They are also given a handbook containing relevant information and have direct access to the Board Secretariat Office to enable them to appropriately discharge their statutory and fiduciary duties. The orientation programme for newly appointed directors includes briefings by the Board Chairman and CEO, business and operations briefing by the Senior Management team, visits to the Group's key operations, etc. The Governance & Nomination Committee reviews the induction schedule.

Directors' Training

To keep the Directors abreast of developments in the industry and also in the Company's global operations, country visits and interactions with business and geography teams are amongst the different types of exposures provided to the Directors as part of their ongoing education. Directors are also invited to participate in sessions and talks conducted by specialists and experts on trends, developments and issues concerning the sectors in which the Company operates. Furthermore, Directors are taken through detailed presentations on the development and progress of the Group's key operations. Regular updates on directors' duties and responsibilities and changes to the relevant laws and regulations such as the Singapore Exchange Listing Rules, Code of Corporate Governance, Companies Act, etc. are also provided to the Board.

During the year under review, the following briefings and updates were provided to the Board:

- Briefing by external legal counsels to the Board on the revised Code of Corporate Governance 2012;
- Updates and briefings on the coffee, dairy, wheat and grains businesses and industry developments were given to the Board by the Global Heads;
- External auditors briefed the Audit Committee on the changes and developments in the financial reporting standards;
- Briefing by a capital markets intelligence agency to the Board on investors' feedback; and
- The Board Risk Committee was briefed on the Dodd Frank Act issued in the US by the Head of Market Compliance.

Principle 2: Board Composition and Guidance

To align with the extensive geographical spread and complexity of the business, the existing Board comprises directors with diverse skills and expertise. Our Directors bring with them wide-ranging experience in finance and accounting, banking, investment, management and strategic planning. 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 and the key information of each Director is given on pages 10 to 13 and 81 to 84 of this annual report.

Board Size

Our Board currently consists of 11 members with more than 50% being independent directors. The Governance & Nomination Committee ("GNC") carries out a yearly examination of the Board size to ensure that it is appropriate for effective decision-making. The Board reviewed and opined that, given the magnitude, nature and complexity of the Group's business and 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 as well as to make objective decisions.

Independence

The GNC determines on an annual basis a Director's independence bearing in mind the definition of an Independent Director under the Code and guidance as to relationships that may exist of which would deem a director to be non-independent. A Director who has no relationship with the Group or its officers and 10% shareholders of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company, is considered to be independent. The 2012 Code further requires the independence of any director who has served on the Board beyond nine years to be rigorously reviewed. The basis of determination by the GNC takes into account the annual confirmation of independence (the "Confirmation") completed by each independent director. Each independent director is required under the Confirmation to critically assess his independence and to confirm in the checklist whether he considers himself independent. In line with the 2012 Code, the GNC introduced the peer assessment of independence of each director who has served on the Board beyond nine years. The peer assessment considers, amongst others, the contribution by the director, the uniqueness of his skills and his participation at meetings. The Board having carried out their review for FY2013 and taking into account the views of the GNC, determines that with the exception of the five Non-Executive Directors and Executive Directors, the remaining six Non-Executive and Independent Directors are considered independent.

The Board has determined that Mr. Mark Haynes Daniell, Mr. Tse Po Shing Andy and Mr. Wong Heng Tew be considered independent notwithstanding that they have served on the Board beyond nine years. Mr. Mark Haynes Daniell, Mr. Tse Po Shing Andy and Mr. Wong Heng Tew have contributed effectively by providing impartial and autonomous views, advice and judgment. They have continued to demonstrate strong independence in character and mind.

Renewal of the Board

In line with the Board succession plan and bearing in mind the guidelines of the 2012 Code on the tenure limits of independent directors, the GNC undertook an annual review of the renewal of the Board during the year. The Board, taking into account the GNC's recommendation, seeks to renew the Board progressively to ensure continuity. The Board believes that the nature and complexity of the businesses and operations of the Company merits the continuity of executive directors on the Board. The executive directors with deep insights into the business will provide independent directors with the requisite background and knowledge to enable them to make independent judgment and decisions on issues. The Board has however decided to reduce the number of executive directors from 3 to 2 to have more independent representation on the Board. In refreshing the Board, GNC felt that the retirement of longer serving directors should be paced over a period of time so that their knowledge and experience can continue to be drawn upon. At the same time, the need to inject fresh thinking into the debates and discussions, bringing broader and deeper perspectives through the appointment of new directors are important for the Board to stay ahead. In this regard, Mr. Tse Po Shing Andy, an Independent Director and Mr. Sridhar Krishnan, an Executive Director, who have served on the Board for 10 years and 9 months, and 15 years and 2 months, respectively as at the financial year ended 30 June 2013, will be stepping down as Directors of the Company immediately after the close of the forthcoming Annual General Meeting ("AGM"). The Board will be replacing them with new independent directors who meet the criteria established by the Board and who bring with them the requisite skills and capabilities. The remaining long serving Independent Directors will retire progressively with new independent directors to be appointed in their place.

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 judgement 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. During the year under review, the Non-Executive Directors met quarterly, without the presence of Management, to review, amongst others, the performance of Management and the reporting of the Company's performance by Management. An annual offsite meeting of the Non-Executive Directors, without the presence of Management, was also held to discuss the strategic objectives of the Company, Board succession plans, senior management succession plans and leadership development, etc.

Principle 3: Chairman and Chief Executive Officer

The Chairman, Mr. R. Jayachandran is a Non-Executive Director and is not related to the Chief Executive Officer ("CEO"), Mr. Sunny Verghese or other members of the Senior Management team. There is a clear division of responsibility between the Chairman and CEO to ensure a balance of power and authority. The Chairman is responsible for ensuring the effectiveness of the Board and Board Committees as well as the governance process. The CEO is at the helm of the Management team and has overall responsibility of the Company's operations and organisational effectiveness. 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, as well as in ensuring that Board members receive accurate, timely and clear information. Under the leadership of the Chairman, the Board held robust, open and constructive discussions at its meetings with adequate time allocated to sufficiently review the issues tabled. Along with the CEO, the Chairman monitors the translation of the Board's decisions, requests and recommendations into executive action. As part of the Chairman's oversight, he ensures that constructive communication and engagement with shareholders take place at every general meeting. The Chairman may direct any members of the Board to participate in briefings and meetings with other stakeholders to explain publicly available material information. At the analysts and media briefings held in April 2013, the Senior Management team and the Chairman were present to explain the outcome of the strategy review and addressed the queries from the stakeholders.

Lead Independent Director

Mr. Michael Lim Choo San, Chairman of the GNC has been the Lead Independent Director since 2010. The appointment of a Lead Independent Director is 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 and is also available to shareholders if they have concerns relating to matters which contact through the normal channels of the Chairman, CEO or Executive Directors has failed to resolve, or where such contact is inappropriate.

Principle 4: Board Membership

The Governance & Nomination Committee ("GNC") established by the Board is chaired by Mr. Michael Lim Choo San, the Lead Independent Director. The GNC is comprised entirely of Non-Executive Directors, the majority of whom including the GNC Chairman, are independent Directors. Its members are:

– Mr. R. Jayachandran, Non-Executive

– Mr. N. G. Chanrai, Non-Executive

– Mr. Mark Daniell, Independent

– Mr. Wong Heng Tew, Independent

The GNC met twice during the year under review. The GNC is guided by its written Terms of Reference with principal functions as follows:

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. In addition, the GNC seeks to 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 with a view to refreshing the Board;

c. To conduct an annual review of the independence of each Director bearing in mind the relationships and the tenure limits under the Code;

d. To assess the effectiveness of the Board and its members;

e. To review and recommend performance criteria for evaluating the Board's performance;

f. To recommend membership for Board committees;

g. To consider and review the Company's corporate governance principles;

h. To consider questions of possible conflicts of interest of Board members and senior executives; and

i. To review and recommend to the Board the induction programme for new directors and on-going training and development needs of the directors and the Board as a whole.

Succession Planning

In a joint review of the Terms of Reference of the Board Committees by the Board along with the recommendations of the GNC, review of the Board succession plans including the Chairman remain as a principal role of the GNC while review of the succession plans for key positions in the Group including the CEO is delegated to the Human Resource & Compensation Committee ("HRCC"). The GNC actively reviews the present Board composition and the necessity of refreshing the Board. The GNC is of the view that any renewal and refreshment of the Board must be carried out progressively and in an orderly manner to ensure continuity. A formal plan for the renewal of the Board and the process for selection of new directors were put in place after having been recommended to and approved by the Board. The key recommendations approved by the Board for implementation commencing from 1 July 2013, are as follows:

i. Longest serving Independent Director will be retired gradually at each AGM over the next three years starting from the 2013 AGM;

ii. New independent directors who possess the required skills and capabilities will be appointed to fill the vacancies of the outgoing Independent Directors after such appointment is reviewed by the GNC and in concurrence with the Board;

iii. All newly appointed independent directors will be subject to a term of office comprising two terms of three years each, with an additional term of three years at the sole discretion of the Board subject to a maximum tenure of no more than nine years; and

iv. All directors whether executive, non-executive or independent remain subject to an annual performance evaluation notwithstanding the term of office. Independent directors may be retired prior to completion of the term of office if so determined by the Board taking into consideration the recommendation of the GNC.

Retirement and Re-election

All Directors submit themselves for retirement and re-election at least once every three years. Pursuant to the Articles of Association of the Company, one third of the Directors shall retire from office at the Company's AGM. A retiring Director is eligible for re-election at the AGM. The Group Managing Director/CEO, as a Director, is subject to the same retirement by rotation provision as the other Directors. In addition, the Company's Articles of Association also provides that a newly appointed Director must submit himself for re-election at the AGM following the appointment. At the 2013 AGM, Mr. R. Jayachandran, Mr. Robert Michael Tomlin, Mr. Jean-Paul Pinard and Mr. Sunny Verghese will retire and will be eligible for re-election by the shareholders at the meeting.

In addition, Mr. Tse Po Shing Andy, an Independent Director and Mr. Sridhar Krishnan, an Executive Director, will be stepping down as Directors of the Company immediately after the close of the 2013 AGM.

New Appointments, Selection and Re-nomination of Directors

All new appointments, selection and re-nomination of Directors are reviewed and proposed by the GNC. The GNC has access to external search consultants and resources to identify potential candidates. Board members may also make recommendations to the GNC. Shortlisted candidates are met by the GNC Chairman along with the Board Chairman prior to the approval at the Board level. Some of the criteria considered by the GNC while evaluating Directors' appointments are:

a. The candidate should possess knowledge and experience in any one area, namely, accounting or finance, business or management, industry knowledge, strategic planning and customer-based experience or knowledge;

b. The candidate should have the aptitude or experience to understand fully the fiduciary duties of a director and the governance processes of a publicly listed company;

c. Independence of mind;

d. Capability and how he/she could meet the needs of the Company and simultaneously complement the skill set of the other Board members;

e. Experience and track record in multi-national companies;

f. Ability to commit time and effort toward discharging his/her responsibilities as a Director; and

g. Reputation and integrity.

Membership on other Boards

The GNC, in assessing the performance of the individual Director, considers whether sufficient time and attention has been given by the Director to the affairs of the Company. It has regard to the Director's other Board memberships and commitments. No limit on the number of Board representations which a Director may hold has been imposed by the GNC as Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest from serving on other Boards.

Key Information Regarding Directors

Key information regarding Directors, such as academic and professional qualifications, board committees served on (as a member or chairman), date of first appointment as a director, date of last re-election as a director, directorships both present and past held over the preceding three years in other listed companies and other major appointments, is disclosed on pages 81 to 84 of this Corporate Governance report. Information relating to Directors' shareholding and interests in the Group is disclosed in the Directors' Report of this Annual Report.

Principle 5: Board Performance

The Board considers the importance of putting the right people, with the range of skills, knowledge and experience together for effective governance of the Group's business. The GNC assists the Board in ensuring that the Board comprises individuals whose background, skills, experience and personal characteristics enhance the effectiveness of the current 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 assessment criteria for the Board evaluation covers amongst other criteria, Board performance in relation to discharging its principal functions, its effectiveness in ensuring the long-term success of the Company, composition of the Board, relationship amongst Board members and the adequacy and performance of Board Committees in relation to discharging the responsibilities set out in their respective terms of reference. The individual Directors' assessment criteria are in relation to their industry and functional expertise, level of involvement, contribution, objectivity and interactive skills when working with Board members 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 results of the evaluations are critically reviewed by the GNC and the Board with proposed follow-up actions planned and taken. The follow-up actions are undertaken by the GNC Chairman along with the Chairman of the Board. Meetings between the individual Director and the Board Chairman, as well as the GNC Chairman may be set up with a view to sharing feedback and comments received and to work out action plans to address specific issues raised.

Principle 6: Access to Information

Principle 10: Accountability

The agenda for the Board Meeting along with all board papers, related materials and back up materials are sent to all Directors prior to every Board and Board Committee meeting. This is sent sufficiently in advance to enable the Directors to obtain further details and explanations where necessary. The Board is briefed and updated on the execution of the Company's strategic plan, performance of its investments, variance in budgets, etc. Members of the Management team are invited to be present at the Board and Board Committee meeting to provide additional insight into the matters tabled for deliberation.

Directors have direct access to the Management, Board Secretariat and the Company Secretary and are provided with their contact details. Non-Executive Directors meet with Senior Management independently to be briefed on various issues. Additional information, documents and materials are provided to the Directors as and when required to enable them to make informed decisions.

Board members are invited to participate in the Annual Management Committee Meetings to interact with Management, as well as to gain insight on the plans of the Company. 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 is further supported by an executive Board Secretariat team which provides additional information that the Board members may need. The Board Secretariat team facilitates the induction of a new director, on-going training and development of the Board and coordinates any external advice in respect of changes in regulation or law, as circumstances require.

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. Investor Days are also organised to educate the external stakeholders on the businesses and operations of the Company.

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.

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

Human Resource & Compensation Committee (HRCC)

The HRCC is chaired by Mr. Mark Daniell, an Independent and Non-Executive Director with Mr. R. Jayachandran, Mr. Wong Heng Tew and Mr. Jean-Paul Pinard as its members. Apart from Mr. R. Jayachandran who is the Non-Executive Chairman of the Board, all members of the HRCC are Independent and Non-Executive Directors. The HRCC met twice during the year under review and the CEO, Executive Human Resources Team and the President of Human Resources function were invited to attend certain meetings of the HRCC. The HRCC is established by the Board with the following principal functions:

a. To review the executive leadership development process and programme;

b. To review and recommend executives' compensation framework and equity based plans;

c. To review succession plans for key executives including the CEO;

d. To establish and oversee the process for evaluating the performance of the CEO and key executives in the fulfillment of their responsibilities, meeting objectives and performance targets; and

e. To review annually the remuneration framework and the adequacy of the fees paid to non-executive directors.

The HRCC carries out regular discussions with the CEO and the Board on succession planning at the most senior levels including that of the CEO.

Remuneration Policy for Non-Executive Directors

The remuneration framework for non-executive directors adopted by the HRCC consists of a base fee for membership on the Board, chairing the Board and as Lead Independent Director, fees for membership of Board committees, fees for chairing Board committees and an attendance fee for Board offsite meetings. In reviewing the remuneration of non-executive directors, the HRCC has taken into consideration the knowledge and expertise of the individual directors, the responsibilities vested upon them and the time commitment required from the Non-Executive Directors given the complexities of the business and the business structure. They also looked at the fees paid by peer companies. Non-Executive Directors should, however, not be excessively remunerated. To facilitate timely payment of Directors' fees, the fees are paid in advance on a quarterly basis for the current financial year once approval is obtained from shareholders at the AGM. The HRCC may commission an independent review by an external consultant on the remuneration framework of directors, as well as key management personnel. The last review by an external consultant, Freshwater Adviser was commissioned by the HRCC in 2011 with the revised fees structure set out below. The Board, taking into account the recommendation of the HRCC, recommends that the fees structure of the Non-Executive Directors remain unchanged from FY2011.

Nature of Appointment	$
Board of Directors	
Base Fee (Chairman)	160,000
Base Fee (Member)	60,000
Audit & Compliance Committee	
Chairman's Fee	50,000
Member's Fee	25,000
Capital & Investment Committee	
Chairman's Fee	50,000
Member's Fee	25,000
Governance & Nomination Committee **Human Resource & Compensation Committee** **Corporate Responsibility & Sustainability Committee** **Risk Committee**	
Chairman's Fee	30,000
Member's Fee	15,000
Lead Independent Director	15,000
Attendance Fee at Board Offsite	2,500

The fees paid to the Non-Executive Directors for the financial year ended 30 June 2013 quarterly in advance and entirely in cash amounted to $1,215,000 (FY 2012: $1,180,000). The breakdown of the fees paid to the Non-Executive Directors for the financial year ended 30 June 2013, including fees paid to the Non-Executive Director(s) appointed to the subsidiary of the Company, is tabled below.

Fees Paid to Non-Executive Directors for the financial year ended 30 June 2013

Name	Directors' Fees ($)
R. Jayachandran	220,000
Narain Girdhar Chanrai	130,000
Michael Lim Choo San	175,000
Mark Haynes Daniell	147,500
Robert Michael Tomlin	170,000
Wong Heng Tew	120,000
Jean-Paul Pinard	135,000
Tse Po Shing Andy	117,500
Paid by Subsidiary:	
Robert Michael Tomlin	160,000*

* Includes fees paid for financial year ended 30 June 2012 which were paid only in the course of the year under review.

Remuneration Policy for Executive Directors and Other Key Executives

Executive Directors are not entitled to either base fees or fees for membership in Board Committees. Remuneration for Executive Directors comprises a base salary, performance bonus tied to the Company's and the individual's performance and participation in the share option scheme.

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 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. The Company currently has seven top key executives who are not also directors. In considering the disclosure of remuneration of the Executive Directors and top seven key executives of the Company who are not also directors, the HRCC regarded the industry conditions in which the Company operates, as well as the confidential nature of the Executive Directors and key executives' remuneration. The Company believes that the disclosure of remuneration of its Executive Directors and top seven 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 disclosed the breakdown in percentage terms of the individual Executive Director's remuneration within appropriate bands whilst the remuneration of the top seven key executives (who are not also directors of the Company) are presented only in a baseline remuneration band.

Level and Mix of Remuneration of the Executive Directors for the financial year ended 30 June 2013

Remuneration Band & Name of Executive Director	Base/ fixed salary	Variable or performance related income/ bonuses	Benefits in kind	Total	Share Option held under ESOS
$1,800,000 and above					
Sunny George Verghese	16%	82%	2%	100%	15,000,000(1)
$500,000 and above					
Sridhar Krishnan	93%	7%	–	100%	3,100,000(2)
Shekhar Anantharaman	39%	61%	–	100%	5,000,000(3)

(1) The subscription/exercise price of $2.35 per share for 15,000,000 share options 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.

(2) The subscription/exercise price of $2.28 per share for 1,500,000 share options and $1.76 per share for 1,600,000 share options 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.

(3) The subscription/exercise price of $2.28 per share for 1,750,000 share options and $1.76 per share for 3,250,000 share options 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.

Remuneration Band of the Top Seven Key Executives for the Year Ended 30 June 2013

Remuneration Band	No. of Executives
$500,000 and above	7

Remuneration of employees who are immediate family members of a Director or the CEO

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.

Employee Share Scheme

Details of employee share schemes which include, size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant and vesting schedule, are disclosed in the Directors' Report and the notes to financial statements in this Annual Report.

Principle 11: Audit & Compliance Committee

The Audit & Compliance Committee ("ACC") is chaired by Mr. Michael Lim Choo San with three members of the committee, Mr. Robert Tomlin, Mr. Mark Daniell and Mr. Wong Heng Tew who are independent Directors and Mr. Narain Girdhar Chanrai, a Non-Executive Director. Mr. Michael Lim, who is also the Chairman of the Singapore Accountancy Council, along with the members of the ACC have significant and varied experience and background in accounting and financial management related fields. The external auditors update the committee at its quarterly meeting on the changes to accounting standards and developments in issues with a direct impact on financial statements.

The ACC met six times during the year under review. The ACC has an established Terms of Reference approved by the Board and has explicit authority to investigate any matter within its terms of reference. The key functions of the ACC 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 Singapore Exchange and statutory/regulatory requirements;

d. Review the proposed scope of the Internal Audit function, the performance of the Internal Audit function, Internal Audit findings and the Internal Audit Plan semi-annually;

e. 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);

f. 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;

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 interested party transactions falling within the scope of Chapter 9 of the SGX Listing Rules for potential conflicts of interest;

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; and

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 Executive Director for Finance and Business Development, Head of Corporate Affairs, President of Internal Audit and the external auditors are invited to attend these meetings.

The Company has an Internal Audit team which, together with the external auditors, report their findings and recommendations independently to the ACC. During the year, the ACC reviewed the unaudited financial statements of the Company before the announcement of the financial results and the audited financial statements prior to despatch to the shareholders. As a part of the Company's annual strategy review exercise carried out earlier in the year, the ACC along with Management reviewed the adequacy, structure and content of its results announcements to enable easier interpretation and analysis by its stakeholders. The ACC also reviewed the proposed Accounting Policy and Procedures Manual to formalise enterprise-wide practices, policies and procedures drawn up by Management with the assistance of the external auditors.

Internal Audit

The ACC regularly reviews the resource adequacy and the effectiveness of the internal audit function, as well as the areas of audit undertaken by the internal audit team. During the year under review, the ACC is satisfied that the team has appropriate standing within the Company. The Committee met with the internal audit team during the year under review, without the presence of management, to discuss with them any issues of concern.

External Auditors

The Committee met with the external auditors during the year under review, without the presence of management, to discuss with them any issues of concern. 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. From the review, the ACC has confirmed that the non-audit services performed by the external auditors would not affect their independence. Details of the fees payable to the external auditors in respect of audit and non-audit services are set out in the notes to financial statements of this Annual Report. The Company has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditing firms.

As a part of good corporate governance practices, the ACC during the year carried out a review of the external audit services provided. Taking all relevant factors into consideration, the ACC made its recommendation to the Board, and the Board determined that the current auditors be re-appointed.

Whistle-Blowing

On the recommendation of the ACC and the approval of the Board, the Company has formalised a Code of Conduct for the Company with the objective of conducting business in compliance with the letter and spirit of the law and other accepted standards of business conduct and to maximise shareholder value for its continuing shareholders in an ethical and environmentally sustainable manner. It provides the key standards and policies that everyone working in and for the Company should adhere to. This Code also encourages and provides a channel for employees to report possible improprieties, unethical practices, etc. in good faith and confidence without fear of reprisals or concerns. All information and reports are received confidentially to protect the identity and the interest of all whistle-blowers. Different modes of reporting are provided in the Code including an internal compliance hotline and email. To ensure that all incidents that are reported are adequately brought to the notice of the stakeholders concerned, as well as to initiate corrective action, a reporting structure is provided in detail in the Code.

Principle 12: Internal Controls (and Risk Management)

The Company's internal controls 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 controls extend beyond the accounting and finance function – its scope is Company-wide and touches all activities of the Company.

The Field Operations Manual ("FOM") is the main guidebook which prescribes the process and documentation requirement for all our procurement, grading, sorting, processing, storage, transits and shipment of our products. Strict adherence to 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, Information Risks and Legal & Regulatory Risks. During the year under review, a Market Compliance and Procedures Manual was issued to provide guidance to officers and employees of the Group who are involved in the trading of commodity futures contracts and options on commodity futures contracts on the exchanges. 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 page 53.

The Board, with the concurrence of the ACC, is of the opinion that the internal controls, addressing the financial, operational and compliance risks of the Company are adequate to meet the needs of the Group in its current business environment. This is based on the work performed by the internal and external auditors, the internal controls and risk management systems established and reviewed by Management, as well as the regular reviews undertaken by various Board Committees.

Whilst the internal audit and the internal controls systems put in place by Management provide reasonable assurance against material financial mis-statements 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 and internal controls systems against the occurrence of significant human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

Risk Management
Board Risk Committee (RC)

The Board is responsible for the governance of risk. To assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies, the Board Risk Committee was established in 2005. The RC is chaired by our Non-Executive and Independent Director, Mr. Tse Po Shing Andy with Mr. Robert Tomlin, Mr. Michael Lim Choo San, Mr. Sunny Verghese and Mr. Sridhar Krishnan as its members. The Risk Committee met four times during the year under review and it has oversight of the following matters:

a. To review with Management the Group's guidelines, policies and systems to govern the process for assessing and managing risks;
b. To review and recommend risk limits and budgets;
c. To review major non-compliances with risk policies;
d. To review benchmarks for and major risk exposures from such risks;
e. To request, receive and review reports from management on the action taken to monitor and manage the exposures;
f. To identify and evaluate new risks at an enterprise level and to table a report to the Board;
g. To review the Enterprise Risk Scorecard bi-annually and determine the risks to be escalated to the Board;
h. To review the framework and effectiveness of the Enterprise Risk Scorecard; and
i. To review market compliance updates and issues reported.

Today, the Company is already complying with the recommendations contained in the Risk Governance Guidelines issued by the Corporate Governance Council, such as the approach to risk governance for the Group and establishing the right mechanisms and framework to identify risks inherent in the Group's business model and strategy, risks from external factors, etc., monitoring the company's exposure to risk and the key risks that could impact the business, strategy, reputation and long-term viability of the Group. The Board along with the RC, the Executive Risk team and Management has instilled the right culture throughout the company for effective risk governance.

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 comprised of the Global Head of Risk and has the Managing Directors of our coffee, cocoa, edible nuts and cotton businesses as its members. During the year under review, the RC carried out a rigorous review of the Enterprise Risk Scorecard and engaged Management actively in ensuring the adequacy, effectiveness and relevance of the Enterprise Risk Scorecard against the business and operations of the Group.

Principle 13: Internal Audit Function

The internal audit function has been 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 President of Internal Audit & Assurance reports directly to the Chairman of the ACC and administratively to the CEO of the Company. The Internal Audit team comprised of members with the relevant qualifications and experience and specialised audits may be outsourced to reputable accounting/auditing firms. 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 the Group 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 the Internal Audit carried out by the Internal Audit Team is 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, internal audit findings and the Internal Audit Plan semi-annually. It ensures that no limitation on audit has been interposed. The Internal Audit's summary of findings, recommendations and actions taken 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 as its Chair and V. Srivathsan Director, S. Suresh and Rajeev Kadam as its members.

Capital & Investment Committee (CIC)

The CIC is chaired by our Independent and Non-Executive Director, Mr. Robert Tomlin. The members of the Committee are Mr. R. Jayachandran, Mr. N.G. Chanrai, Mr. Tse Po Shing Andy, Mr. Jean-Paul Pinard, Mr. Sunny Verghese and Mr. Shekhar Anantharaman.

The CIC met every quarter and as and when required via telephone conference. The CIC is governed by an established Terms of Reference 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.

During the year, the CIC met five times to review and discuss proposed investments, divestments, capital plan and performance of investments made. The CIC also review and monitor the execution of the Company's strategy plan.

The CIC has, as its executive arm the Executive Investment Committee ("EIC") with Vivek Verma as its Chair and Ashok Hegde and V. Srivathsan as its members. In addition, the Sub-Committee of the CIC with Mr. Robert Tomlin, Mr. R. Jayachandran and Mr. Sunny Verghese as its members, was constituted to facilitate a fast track review of time sensitive investments and investments of a confidential nature. The Sub-Committee of the CIC remains accountable to the CIC for any decisions taken.

Corporate Responsibility & Sustainability Committee (CRSC)

At Olam, we believe that profitable growth needs to be combined with a way of doing business. At its heart, this involves creating value in an ethical, socially responsible and environmentally sustainable basis - we have called this ‘Growing Responsibly’.

The Board of Directors of the Company has a dedicated CRSC. This committee is chaired by our Non-Executive and Independent Director, Mr. Jean-Paul Pinard with Mr. Mark Haynes Daniell, Mr. Robert Tomlin, Mr. Shekhar Anantharaman and Mr. Sridhar Krishnan as the 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 Group’s CRS vision and strategy for the Group;

b. To oversee the integration of CRS perspectives into the Company’s strategy and businesses;

c. To review global CRS issues and trends and assess their potential impact on the Group;

d. To monitor implementation, through the Executive CRS committee, of the strategy, as well as the policies and investments in the CRS area;

e. To review the progress made on various initiatives;

f. To support Management’s response to crises, where required;

g. To review the Company’s annual Corporate Responsibility & Sustainability Report and its Livelihood Charter; and

h. To review the adequacy of the CRS function.

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

The CRSC actively monitors corporate responsibility and sustainability issues and the report by Management on such issues in the Company’s pursuit of various investments. As part of the CRSC vigorous engagement in corporate responsibility and sustainability matters, the Chairman of the CRSC visited some of the Company’s global operations during the year, along with members of the Management team, to gain deeper insights into the CRS activities on the ground.

Principle 14: Communication with Shareholders

Principle 15: Greater shareholder participation at Annual General Meetings

Enhancing investor communication: A key priority

At Olam, we believe it is important for us to communicate our business, strategic developments, financial and non-financial information to shareholders, investors, analysts (collectively referred to as the investing community) and key intermediaries (including financial media, brokers and independent research organisations) who provide research and information on the Company. Concurrently, we aim to understand their perspectives and requirements for decision-making and improve the two-way process. In particular, the 2013 Strategy Review involved extensive stakeholder consultation and discussions with the investing community.

In the Strategy Review we identified four key priorities for FY2014-2016, which include promoting better understanding of Olam’s business by enhancing stakeholder communication. To achieve this, we will:

1. Supplement our existing company disclosure with details on investment performance;
2. Set up a calendar of investor days and field visits to Olam’s operational sites globally; and
3. Improve the structure and content of our results announcements to facilitate better understanding and analysis.

The Investor Relations department has lead responsibility in achieving these outcomes with the active involvement of the CEO and Executive Director, Finance and Business Development and in consultation with the Corporate Affairs department on financial reporting and the Corporate Responsibility and Sustainability department on Environmental, Social and Governance issues.

Delivering quality and timely information in a transparent manner

Besides enhancing our communication with stakeholders, we aim to deliver timely information to the investing community and key intermediaries. We hold media and analysts conferences quarterly to announce our financial and operating results. These quarterly results briefings are webcast live to cater to global audiences. (The full financial statements, press releases and other presentation materials provided at the conferences are disseminated through the SGXNET onto the SGX-ST website outside trading hours. The same are also uploaded onto the Company's website and disseminated by email to subscribers of our news alerts.)

In addition to these quarterly events, we hold media and analysts conferences and teleconference calls to communicate important corporate developments. Such media and analysts conferences are also webcast live.

Engaging the investing community

Apart from these forums, we hold frequent dialogues through meetings, telephone and video conference calls with the investing community and organise investor days to facilitate their understanding of the Company's business model and growth strategies.

We aim to reach out to a broad spectrum of investors across the globe as part of our efforts to achieve a geographically diversified shareholder base. As part of this aim, we actively engage analysts with the objective of extending research coverage and thereby our reach to investors. As of end FY2013, 20 research institutions cover Olam. We are actively and continuously involved in discussions with other leading international, local and independent research firms to initiate coverage on our stock.

Investment roadshows are held regularly on an ongoing basis to meet the investing community. We believe these roadshows enhance the visibility of Olam among diverse groups of investors and provide the investing community with access to the Management team, thereby addressing their concerns and helping them to better understand our business environment, business model and growth potential.

In Singapore, we typically hold a non-deal investment roadshow to visit our shareholders and prospective investors and communicate the financial and operating results. We also attend Singapore-held investment conferences on a selective basis. Investment roadshows or conferences in other major, targeted investing countries, such as Greater China, Malaysia, Japan, Australia, UK and Continental Europe, Canada and the US, are also scheduled along with these activities to reach out to shareholders and prospective investors in these locations.

Where necessary, the frequency of conducting such roadshows and attending investment conferences may increase to meet the Company's requirements to communicate important key messages and address market concerns, such as the launch of the bonds-cum-warrants rights issue in December 2012.

The calendar of investor activities for FY2013 is given below:

Date	Event
29-30 August 2012	Post Full Year FY2012 Results Singapore Roadshow
3-4 September 2012	JP Morgan ASEAN London Forum
6 September 2012	JP Morgan Asia Pacific Conference, New York
12-13 September 2012	CLSA Investors' Forum, Hong Kong
24-25 September 2012	HSBC Global Natural Resources Conference, Singapore
8-9 October 2012	Nomura Asia Agri & Food Day, Singapore
10-18 December 2012	Rights Issue Roadshows, Singapore, Hong Kong, UK and US
20 December 2012	SIAS-Olam Dialogue with Shareholders
11 January 2013	SIAS-Olam Dialogue with Shareholders on Rights Issue
20 March 2013	Non-deal Debt Roadshow, Hong Kong
21-22 March 2013	Credit Suisse Asian Investment Conference, Hong Kong
16-17 May 2013	Post Q3 FY2013 Results Singapore Roadshow
6-7 June 2013	Citi ASEAN Conference, Singapore
18 June 2013	Non-deal Debt Roadshow, Hong Kong
19-20 June 2013	Standard Chartered Earth's Resources Conference, Hong Kong
27 June 2013	Inaugural Investor Day – Edible Nuts, Spices & Beans, Singapore

Apart from these scheduled programmes, the Investor Relations department periodically receives investor/analyst requests for meetings or conference calls to discuss the Company. Generally, we accede to all requests for meetings/calls where our schedule permits provided these meetings/calls do not fall within the closed periods prior to the announcement of financial results.

While Olam actively pursues an outreach programme to institutional investors who account for the largest percentage of the Company's shareholder base, it does not neglect its relations with the smaller employee and retail shareholders. We keep our employee shareholders informed of our Company's performance and investor relations activities via our employee intranet and employee communications programmes. Interaction with retail investors are facilitated by the shareholder communication services of the Securities Investors' Association ("SIAS") of Singapore, including roundtable discussions and dialogue sessions with shareholders.

Tracking changes in the shareholder base and interaction with the investing community

We track and monitor changes in our shareholder base monthly so that we may approach and engage shareholders who have come up on the register, as well as sellers of the stock to understand their reasons for the exit.

We maintain an active electronic database of the investing community, which allows us to target investors and track every investor meeting so that we can measure the frequency and quality of each interaction. This system also enables us to deliver our Company results and announcements to the investing community electronically at the same time as these are disseminated through the SGXNET so that investors have access to our information on a timely basis.

As the internet and other electronic means of communication have become more accessible, we continue to leverage such means to achieve a greater and faster reach to the investing community and facilitate their information gathering process by providing online easy-to-access financial and non-financial information, resources and tools.

Obtaining and acting on feedback from the investing community

We conduct investor perception surveys where in the FY2013 study we sought the ratings and views of 200 major agri-focused analysts and investors, of whom 40 understood Olam to rate it extensively. Eleven of the 40 were amongst our top 20 shareholders.

The survey was conducted across US, Canada, Europe/Middle East/Africa and the Pacific Rim, with each region accounting for approximately 20%, except the US and Europe with each making up 30% of the sample. The questions in the survey were designed to support our Strategy Review stakeholder consultation process and were answered thoroughly by 25 participants. The survey is conducted through FY2014 to track the past and current sentiments of the investing community.

Encouraging greater shareholder participation at Annual General Meetings

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 AGM. Shareholders are informed of these meetings through notices published in the newspapers or through circulars. To encourage more shareholder participation, our AGMs are held in Singapore's city centre that is easily accessible by most shareholders.

Board members including the Chairman of the Audit & Compliance Committee, the Human Resource & Compensation Committee and the Governance & Nomination Committee and key executives of the Senior Management team attend the AGM. Our external auditors 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.

In support of greater transparency and toward an efficient voting system, the Company has been conducting electronic poll voting since 2011. Shareholders who are present in person or represented at the meeting will be entitled to vote on a one-share, one-vote basis on each of the resolutions by poll, using an electronic voting system. The results of all votes cast for and against in respect of each resolution are instantaneously displayed at the meeting and announced to the SGX-ST immediately following the AGM. 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.

Detailed minutes of the AGM are prepared and are available to shareholders upon their request.

Accolades

Most transparent company

Olam was awarded the "Most Transparent Company Award 2012" as runner-up in the Food & Beverages category by the SIAS at its annual SIAS Investors' Choice Awards 2012. SIAS appointed Singapore Management University, Sim Kee Boon Institute to conduct research using Singapore Corporate Governance Index, a balanced weighted index which covers five aspects in accordance with OECD principles as stage 1 selection process. Companies were then short-listed in their respective industry classification benchmark sub-sector, followed by a stage 2 nomination from financial journalists, analysts, fund managers and retail investors represented by SIAS. The selection committee was comprised of senior financial journalists, brokers, fund managers and SIAS.

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 Ranveer Singh Chauhan with V. Srivathsan as the co-chair and Joydeep Bose, N. Muthukumar and Sriram Subramanian as its members. The ESDC reports to the CEO.

Through the ESDC, the Company has issued a policy on dealings in securities of the Company in line with the SGX Listing Rules to its Directors and employees setting out the implications of insider trading and guidance on such dealings. The policy provides that the Company, its Directors and employees undertake not to deal in the Company's securities at any time after a price sensitive development has occurred, or has been the subject of a decision, until the price sensitive decision has been publicly announced. Directors and employees are discouraged from short-term speculative trading in the Company's securities; personal investment decisions should be geared towards long-term investment. 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 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.

Material Contracts

There were 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 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 2013 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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920)
Chanrai Nigeria Limited	*$945,918*	Not applicable – the Company does not have a shareholders' mandate under Rule 920
Total	*$1,314,979*	

Membership on Board Committees

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	Lead 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 Andy	Independent 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

Attendance at Board and Non-Executive Directors' Meetings held during the year

	Scheduled Board Meetings	Ad Hoc Board Meetings	Non-Executive Directors Discussions
No. of Meetings Held	**4**	**15**	**5**
	Board Members and No. of Meetings Attended		
R. Jayachandran	4	15	5
Narain Girdhar Chanrai	4	13	5
Michael Lim Choo San	4	13	5
Robert Michael Tomlin	4	15	5
Mark Haynes Daniell	4	12	5
Wong Heng Tew	4	14	5
Tse Po Shing Andy	3	14	5
Jean-Paul Pinard	4	11	5
Sunny George Verghese*	4	15	
Sridhar Krishnan*	4	15	
Shekhar Anantharaman*	4	14	

Attendance at Board Committee Meetings held during the year

	Audit & Compliance Committee	Human Resource & Compensation Committee	Governance & Nomination Committee	Capital & Investment Committee	Risk Committee	Corporate Responsibility & Sustainability Committee
No. of Meetings Held	6	2	2	5	4	4
			Board Members and No. of Meetings Attended			
R. Jayachandran		2	1	4		
Narain Girdhar Chanrai	4		2	4		
Michael Lim Choo San	6		2		4	
Robert Michael Tomlin	6			5	4	4
Mark Haynes Daniell	5	2	2			3
Wong Heng Tew	6	2	2			
Tse Po Shing Andy				4	4	
Jean-Paul Pinard		2		5		4
Sunny George Verghese*				5	4	
Sridhar Krishnan*					4	4
Shekhar Anantharaman*				5		4

* Executive Directors

Key Information Regarding Directors

R. Jayachandran

Non-Executive Chairman

Date of first appointment as a director: 4 July 1995

Date of last re-election as a director: 28 October 2010

Next of next re-election as a director: 30 October 2013

Age as at 30 June 2013: 69

Board committee(s) served on:
Capital & Investment Committee (Member)
Governance & Nomination Committee (Member)
Human Resource & Compensation Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Commerce, University of Madras
Institute of Chartered Accountants of India
Advanced Management Program, Harvard University

Present Directorships
Listed companies
Redington India Ltd (Non-Executive Director)
Others
Aquarius Capital Asia Pte Ltd (Non-Executive Director)
Aquarius Capital Mauritius Limited (Non-Executive Director)
Aquarius Investment Advisors Pte Ltd (Executive Chairman)
Aquarius Investments Ltd (Non-Executive Director)
Cadensworth FZE (Non-Executive Director)
Eljay Holdings Ltd. (Non-Executive Director)
Ensure Gulf FZE (Non-Executive Director)
KC Tex International Ltd (Non-Executive Director)
Kewalram Singapore Limited (Non-Executive Director)
Napier Healthcare Solutions Pte Ltd (Executive Chairman)
Napier Healthcare Solutions (India) Ltd (Non-Executive Chairman)
Napier Healthcare Solutions Inc. (Non-Executive Director)
Afri Ventures Ltd (Non-Executive Director)
Kewalram Chanrai Holdings Limited (Non-Executive Director)
Wyndham Holdings Ltd (Non-Executive Director)
Olam Investments Ltd (Non-Executive Director)
Redington Distribution Pte Ltd (Non-Executive Director)
Redington Gulf FZE (Non-Executive Director)
Harrow Investment Holding Ltd. (Non-Executive Director)
(formerly known as Redington Mauritius Limited)
Redington Africa Distribution FZE (UAE) (Non-Executive Director)
Redington Eqypt Ltd (Non-Executive Director)
RPL Pte Ltd (Non-Executive Director)

Major Appointments (other than Directorships)
Hindu Endowments Board (Board Member)
Singapore High Commissioner to Mauritius (Non Resident)

Past Directorships held over the preceding three years
Media Investments Ltd
Fernwood Investments Ltd
Aquarius Real Estate Investments Ltd (Mauritius)
Aquarius Equity Investments Pte Ltd (Mauritius)
Merlindus Technologies Limited
National Heritage Board
Redington International Holdings Ltd (Cayman Islands)
Redington India Ltd

Narain Girdhar Chanrai

Non-Executive Director

Date of first appointment as a director: 4 July 1995

Date of last re-election as a director: 28 October 2011

Age as at 30 June 2013: 65

Board committee(s) served on:
Audit & Compliance Committee (Member)
Capital & Investment Committee (Member)
Governance & Nomination Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Economics, University of London

Present Directorships
Listed companies
Nil
Others
Afri Investments Ltd (Non-Executive Director)
Afri Ventures Ltd (Non-Executive Director)
Afri Ventures FZE (Non-Executive Director)
Afri Ventures Kenya Ltd (Non-Executive Director)
Afcott Cam SRL (Non-Executive Director)
Afcott Ghana Ltd (Non-Executive Director)
Afcott Nigeria PLC (Non-Executive Director)
Aflon Nigeria PLC (Non-Executive Director)
Afprint Nigeria PLC (Non-Executive Director)
Ardmore Investments Limited (Non-Executive Director)
Campestre Ltd (Non-Executive Director)
Chanrai International South Africa Ltd (Non-Executive Director)
Chanrai Nigeria Ltd (Non-Executive Director)
Clarke Holdings Ltd (Non-Executive Director)
DKC Trustees Ltd (Non-Executive Director)
Eco Oils Ltd (Non-Executive Director)
Eco Oils Sdn Bhd (Non-Executive Director)
Eco Oils (Negeri Sembilan) Sdn Bhd (Non-Executive Director)
Eco Oils (Sabah) Sdn Bhd (Non-Executive Director)
Ecowater Management Ltd (Non-Executive Director)
Evershine Ventures Ltd – Ras AL Khaimah (Non-Executive Director)
GKC Trustees Ltd (Non-Executive Director)
KC Agro Ltd (Non-Executive Director)
KC Investments Ltd (Non-Executive Director)
KC Realty Ltd (Non-Executive Director)
Kewalram Cam SRL (Non-Executive Director)
Kewalram Chanrai (MEA) LLC (Non-Executive Director)
Kewalram Chanrai Holdings Ltd (Non-Executive Director)
Kewalram Ghana Ltd (Non-Executive Director)
Kewalram Singapore Limited (Managing Director)
Kewalram Philippines Inc (Non-Executive Director)
Kewalram Realty Land (Non-Executive Director)
Kewalram Realty Inc (Non-Executive Director)
Kewalram Nigeria Ltd (Non-Executive Director)
Kewalram Textiles Pvt Ltd (Non-Executive Director)
Leonie Investments Ltd (Non-Executive Director)
MKC Trustees Ltd (Non-Executive Director)
Olam Investments Limited (Non-Executive Director)
PT Kewalram Indonesia (President Commissioner)
Harrow Investment Holding Ltd. (Non-Executive Director)
(formerly known as Redington Mauritius Limited)
RPL Pte Ltd (Non-Executive Director)
Springfield Agro Ltd (Non-Executive Director)
Southern Fashions Ltd (Non-Executive Director)
Sunola Foods Ltd (Non-Executive Director)
Sunseed Nigeria PLC (Non-Executive Director)
Templestow Investments Ltd (Non-Executive Director)

Major Appointments (other than Directorships)
Alceba 2007 Trust (Trustee)
Kewalram Chanrai Foundation (Trustee)
Jaslok Hospital & Research Centre (Trustee)

Past Directorships held over the preceding three years
Space Passage Sdn Bhd

Michael Lim Choo San

Non-Executive and Lead Independent Director

Date of first appointment as a director: 24 September 2004

Date of last re-election as a director: 28 October 2011

Date of first appointment as lead independent director: May 2010

Age as at 30 June 2013: 66

Board committee(s) served on:
Audit & Compliance Committee (Chairman)
Governance & Nomination Committee (Chairman)
Risk Committee (Member)

Acdemic & Professional Qualification(s):
Bachelor of Commerce & Administration,
Victoria University of Wellington, New Zealand
Chartered Accountant, New Zealand
Fellow, Institute of Certified Public Accountants of Singapore

Present Directorships
Listed companies
Nomura Holdings Inc, Japan (Non-Executive Director)

Others
Land Transport Authority (Chairman)
Nomura Singapore Limited (Chairman)
Nomura Asia Holding N.V. (Non-Executive Director)
Wah Hin & Company (Private) Limited (Non-Executive Director)

Major Appointments (other than Directorships)
Accounting Standards Council (Chairman)
Singapore Accountancy Commission (Chairman)
Public Service Commission (Member)
Legal Service Commission (Member)

Past Directorships held over the preceding three years
Chemoil Energy Limited
PSA International Ltd

Robert Michael Tomlin
Non-Executive and Independent Director

Date of first appointment as a director: 24 September 2004

Date of last re-election as a director: 28 October 2010

Date of next re-election as a director: 30 October 2013

Age as at 30 June 2013: 68

Board committee(s) served on:
Capital & Investment Committee (Chairman)
Audit & Compliance Committee (Member)
Corporate Responsibility & Sustainability Committee (Member)
Risk Committee (Member)

Academic & Professional Qualification(s):
Bachelor in Modern Language, Downing College Cambridge
Business Management Graduate, Harvard Business School

Present Directorships
Listed companies
Nil

Others
Aniera Investments Pte Ltd (Non-Executive Director)
Aomori Investments Pte Ltd (Non-Executive Director)
Bikara Pte Ltd (Non-Executive Director)
Black Camelia Pte Ltd (Non-Executive Director)
Celebes Investments Pte Ltd (Non-Executive Director)
Crossandra Investments Pte Ltd (Non-Executive Director)
Dane Court Pte Ltd (Executive Director)
Flores Investments Pte Ltd (Non-Executive Director)
Green Kimono Pte Ltd (Non-Executive Director)
Invenio Holdings Pte. Ltd. (Non-Executive Director)
Kendari Investments Pte Ltd (Non-Executive Director)
Lasalle College for the Arts Limited (Non-Executive Director)
Lepercq de Neuflize Asia Pte Ltd (Vice Chairman)
Lepercq - Amcur SICAV SIF (Non-Executive Director)
Makassar Investments Pte Ltd (Non-Executive Director)
Makora Pte Ltd (Non-Executive Director)
Roji Investments Pte Ltd (Non-Executive Director)
Shintara Pte Ltd (Non-Executive Director)

Major Appointments (other than Directorships)
DesignSingapore Council (Chairman)
Singapore Management University (Trustee)
Singapore Repertory Theatre (Chairman)
Yong Siew Toh Conservatory (Governor)

Past Directorships held over the preceding three years
ACES Ltd
Aviva Ltd
Aviva Life Insurance Co. Ltd
Mediacorp Pte Ltd
Navigator Investment Services Pte Ltd

Mark Haynes Daniell
Non-Executive and Independent Director

Date of first appointment as a director: 31 October 2002

Date of last re-election as a director: 29 October 2009

Age as at 30 June 2013: 58

Board committee(s) served on:
Human Resource & Compensation Committee (Chairman)
Audit & Compliance Committee (Member)
Governance & Nomination Committee (Member)
Corporate Responsibility & Sustainability Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Law, Oxford University
Juris Doctor Degree, Harvard Law School
Qualified Attorney in the Commonwealth of Massachusetts

Present Directorships
Listed companies
Sacoven PLC (Non-Executive Director)

Others
The Cuscaden Group Pte Ltd (Chairman)
Aquarius Investment Advisors Pte Ltd (Vice Chairman)
Cuscaden Georgia, Ltd (Non-Executive Director)
Cuscaden International Ltd (Non-Executive Director)
Cuscaden International Holdings Pte Ltd (Non-Executive Director)
Raffles Family Wealth Trust Pte Ltd (Executive Chairman)
Tiryaki Agro Gida San. Ve Tic.A.S. (Non-Executive Director)

Major Appointments (other than Directorships)
The Gallardo Family Office (Advisory Board)
Diagenics SE (Business Advisory Board)

Past Directorships held over the preceding three years
Aquarius Capital (Mauritius) Limited
Aquarius Capital Asia Pte Ltd
Exeter Premedia Private Ltd
Merlindus Technologies Pte Ltd

Tse Po Shing Andy
Non-Executive and Independent Director

Date of first appointment as a director: 12 September 2002

Date of last re-election as a director: 29 October 2009

Date of next re-election as a director:
Stepping down as Director immediately after the close of the 19th Annual General Meeting

Age as at 30 June 2013: 47

Board committee(s) served on:
Risk Committee (Chairman)
Capital & Investment Committee (Member)

Academic & Professional Qualification(s):
MBA, Chinese University of Hong Kong
Qualified Chartered Financial Analyst
Licensed with the Securities and Futures Commission of
Hong Kong as a Responsible Officer

Present Directorships
Listed companies
Tat Hong Holdings Ltd (Non-Executive Director)

Others
AIF Capital (India) Private Limited (Executive Director)
AIF Capital Asia III GP Limited (Executive Director)
AIF Capital Asia IV GP Limited (Executive Director)
AIF Capital Asia Management IV, Ltd. (Cayman Islands) (Executive Director)
AIF Capital Asia Management IV, Ltd. (BVI) (Executive Director)
AIF Capital Asia Management Ltd. (Executive Director)
AIF Capital China Limited (Executive Director)
AIF Capital III Designated Limited Partner, Ltd. (Executive Director)
AIF Capital Innovations Limited (Executive Director)
AIF Capital Limited (Managing Director, Executive Director)
AIF Capital Machinery Investment Limited (Executive Director)
AIF Capital Partners, Ltd. (Executive Director)
Canteric Pte. Ltd. (Alternate Director, Non-Executive)
CN Innovations Co., Ltd. (Non-Executive Director)
CN Innovations Holdings (BVI) Limited (Non-Executive Director)
CN Innovations Holdings Limited (Non-Executive Director)
Glam Estates Pte. Ltd. (Non-Executive Director)
Good View Group Limited (Executive Director)
Green Mobility Innovations Limited (Non-Executive Director)
Idea Key Limited (Non-Executive Director)
Ink Color International Pte. Ltd. (Alternate Director, Non-Executive)
Orange Amber International Limited (Executive Director)
Pacific Plas Pte. Ltd. (Alternate Director, Non-Executive)
Parrys Park Investments Limited (Non-Executive Director)
Polymer Resources Pte. Ltd. (Alternate Director, Non-Executive)
Prime Pathway Limited (Executive Director)
Pure Glory Global Limited (Executive Director)
Pure Perfect Holdings Limited (Executive Director)
Pure Summer Investments Limited (Executive Director)
Ruby Fortune Investments Limited (Executive Director)
Tai-I International (Bermuda) Limited (Non-Executive Director)
Zyoxel Limited (Non-Executive Director)
Tai-I Jiang Corp (Guangzhou) Co., Ltd. (Non-Executive Director)
Tai-I Copper (Guangzhou) Co., Ltd. (Non-Executive Director)

Major Appointments (other than Directorships)
Nil

Past Directorships held over the preceding three years
ACE Decision Limited
AIF Capital III Life Science Limited
AIF Capital Telecom Infrastructure Limited
AIFCP Mauritius Direct Investment Limited
AIF Steel Investment Holding Pte. Ltd.
Asian Infrastructure Fund Advisers Limited
Grand Bay Venture Limited
Java Jalan (Mauritius) Holdings Limited
Java Jalan Investment Inc.
New Frontier (Holdings) Limited
Orizaba Limited
Russell AIF Singapore Investments Limited
Select Idea Group Limited
Super Elect Limited

Wong Heng Tew
Non-Executive and Independent Director

Date of first appointment as a director: 10 October 2003

Date of last re-election as a director: 28 October 2010

Age as at 30 June 2013: 61

Board committee(s) served on:
Audit & Compliance Committee (Member)
Governance & Nomination Committee (Member)
Human Resource & Compensation Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Engineering, University of Singapore
Program for Management Development, Harvard Business School

Present Directorships
Listed companies
Vietnam Growth Fund Limited. (Non-Executive Director)
Others
Aspen Holdings Limited (Non-Executive Director)
Cypress Holdings Limited (Non-Executive Director)
Mercatus Co-operative Limited (Non-Executive Director)
Heliconia Capital Management Pte Ltd (Non-Executive Director)
NTUC Fairprice Co-operative Limited (Non-Executive Director)
Industrial & Services Co-Operative Society Ltd (Non-Executive Director)
ASEAN Potash Mining Public Company Limited (Non-Executive Director)
Asean Bintulu Fertilizer Sdn Bhd (Non-Executive Director)
Certis CISCO Security Pte Ltd (Non-Executive Director)
Orchid 1 Investments Pte Ltd (Non-Executive Director)
Tuas Fund Investments Pte Ltd (Non-Executive Director)

Major Appointments (other than Directorships)
Nil

Past Directorships held over the preceding three years
Aranda Investments (Mauritius) Pte Ltd
Centaura Investments (Mauritius) Pte Ltd
Indochina Fund Management Pte Ltd.
HOPU Management Co. Ltd.
Temasek Financial (I) Pte Ltd
EH Group Ltd
Maju Investments (Mauritius) Pte Ltd
OE Global Ventures Limited
Orchard Energy Pte Ltd
Perikatan Asia Sdn Bhd
RRJ Management Limited
Surbana Fund Management Pte Ltd
Surbana Township Development Fund Pte Ltd
Surbana Corporation Pte Ltd

Jean-Paul Pinard
Non-Executive and Independent Director

Date of first appointment as a director: 29 October 2008

Date of last re-election as a director: 28 October 2010

Date of next re-election as a director: 30 October 2013

Age as at 30 June 2013: 63

Board committee(s) served on:
Corporate Responsibility & Sustainability Committee (Chairman)
Human Resource & Compensation Committee (Member)
Capital & Investment Committee (Member)

Academic & Professional Qualification(s):
PhD in Economics, University of California
Diplome d'Ingenieur, Ecole Polytechnique Paris

Present Directorships
Listed company
Yantai Changyu Pioneer Wine Company Limited
Others
Yantai Changyu Group Company Limited

Major Appointments (other than Directorships)
Nil

Past Directorships held over the preceding three years
United Trading (Sodrugestvo Group)

Sunny George Verghese
Group Managing Director and Chief Executive Officer

Date of first appointment as a director: 11 July 1996

Date of last re-election as a director: 28 October 2011

Date of next re-election as a director: 30 October 2013

Age as at 30 June 2013: 54

Board committee(s) served on:
Capital & Investment Committee (Member)
Risk Committee (Member)

Academic & Professional Qualification(s):
Postgraduate Degree in Business Management,
Indian Institute of Management, Ahmedabad
Advanced Management Program, Harvard Business School

Present Directorships
Listed companies
PureCircle Limited (Non-Executive Director)
Société SIFCA (Non-Executive Director)
Others
Far East Agri Pte. Ltd. (Non-Executive Director)
Nauvu Investments Pte. Ltd. (Non-Executive Director)
Invenio Commodity Financials Pte. Ltd. (Non-Executive Director)
Invenio Holdings Pte. Ltd. (Chairman)
Café Outspan Vietnam Limited (Chairman)
Olam Americas Inc. (Non-Executive Director)
Olam Europe BV (Non-Executive Director)
Olam Ivoire Sarl (Non-Executive Director)
Olam South Africa (Pty) Ltd (Non-Executive Director)
Olam Vietnam Ltd (Chairman)

Major Appointments (other than Directorships)
International Enterprise Singapore (Chairman)
Human Capital Leadership Institute (Chairman)

Past Directorships held over the preceding three years
Olam (Mocambique) Limitada
Olam Europe Limited
Olam Exports (India) Ltd
Anderson Clayton Corp
QC (US) Inc
QC (US) International IncQC (US) Marketing Inc
Australian Cotton Corporation Pty Ltd
Olam Australia Pty Ltd
Olam Investment Australia Pty Ltd
Queensland Cotton Corporation Pty Ltd
Queensland Cotton Holdings Pty Ltd
QC Brazil Pty Ltd
QC Management Pty Ltd
QC International Pty Ltd
Olam Europe Ltd
Olam Nigeria Ltd

Sridhar Krishnan

Executive Director

Date of first appointment as a director: 1 April 1998

Date of last re-election as a director: 29 October 2009

Date of next re-election as a director:
Stepping down as Director immediately after the close of the 19th Annual General Meeting

Age as at 30 June 2013: 59

Board committee(s) served on:
Corporate Responsibility & Sustainability Committee (Member)
Risk Committee (Member)

Academic & Professional Qualification(s):
Bachelor Degree in Commerce, University of Delhi, India
Postgraduate Degree in Business Management, University of Delhi, India

Present Directorships
Listed companies
Nil
Others
Aviv Tanzania Limited (Non-Executive Director)
Congolaise Industrielle des Bois SA (Non-Executive Director)
Napier Healthcare Solutions Pte Ltd (Non-Executive Director)
Olam Burundi SA (Non-Executive Director)
Olam Europe Limited (Non-Executive Director)
Olam Europe BV (Non-Executive Director)
Olam Agro India Limited (Non-Executive Director)
Olam Insurance Limited (Non-Executive Director)
Olam Liberia Limited (Non-Executive Director)
Olam Nigeria Limited (Non-Executive Director)
Olam Shanghai Limited (Non-Executive Director)
Olam Tanzania Limited (Non-Executive Director)
Olam (Uganda) Limited (Non-Executive Director)
Olam Vietnam Limited (Vice Chairman)
Olea Tanzania Limited (Non-Executive Director)
Outspan Costa Rica S.A. (Non-Executive Director)
Outspan Ivoire SA (Non-Executive Director)
Outspan Panama SA (Non-Executive Director)
tt Timber International AG (Non-Executive Director)
Victoria Commodities Limited (Non-Executive Director)

Major Appointments (other than Directorships)
Nil

Past Directorships held over the preceding three years
Singapore Commodity Exchange Limited

Shekhar Anantharaman

Executive Director

Date of first appointment as a director: 1 April 1998

Date of last re-election as a director: 28 October 2011

Age as at 30 June 2013: 50

Board committee(s) served on:
Capital & Investment Committee (Member)
Corporate Responsibility & Sustainability Committee (Member)

Academic & Professional Qualification(s):
Bachelor Degree in Aeronautical Engineering, Panjab University, India
Postgraduate Degree in Business Management, Panjab University, India
Advanced Management Program, Harvard Business School

Present Directorships
Listed companies
Nil
Others
Australian Cotton Corporation Pty Ltd (Non-Executive Director)
Café Outspan Vietnam Limited (Vice Chairman)
Far East Agri Pte. Ltd. (Non-Executive Director)
Key Foods Hong Kong Limited (Non-Executive Director)
Olam Americas Inc. (Non-Executive Director)
Olam Australia Pty Ltd (Non-Executive Director)
Olam Burkina Sarl (Non-Executive Director)
Olam Europe BV (Non-Executive Director)
Olam Information Services Limited (Non-Executive Director)
Olam Investment Australia Pty Ltd (Non-Executive Director)
Olam Jinxiang Foods Limited (Non-Executive Director)
Olam Liberia Limited (Non-Executive Director)
Olam Madagascar Sarl (Non-Executive Director)
Olam (Mocambique), Limitada (Non-Executive Director)
Olam Orchards Australia Pty Ltd (Non-Executive Director)
Olam Shanghai Limited (Non-Executive Director)
Olam Tanzania Ltd (Non-Executive Director)
Olam US Holdings, Inc. (Non-Executive Director)
Olam Vietnam Limited (Director)
Outspan Colombia S.A. (Non-Executive Director)
Outspan Ivoire SA (Non-Executive Director)
Outspan PNG Ltd (Non-Executive Director)
Progıda Fındık Sanayi ve Ticaretv A.Ş. (Chairman)
Progıda Pazarlama A.Ş. (Chairman)
Progıda Tarım Űrűnleri Sanayi ve Ticaret A.Ş. (Chairman)
QC Brazil Pty Ltd (Non-Executive Director)
QC Management Pty Ltd (Non-Executive Director)
QC International Pty Ltd (Non-Executive Director)
Qingdao Key Foods Co. Ltd (Non-Executive Director)
Queensland Cotton Corporation Pty Ltd (Non-Executive Director)
Queensland Cotton Holdings Pty Ltd (Non-Executive Director)
Wirstay S.A (Non-Executive Director)

Major Appointments (other than Directorships)
Nil

Past Directorships held over the preceding three years
Olam Nigeria Ltd

Corporate Information

Board of Directors

Non-Executive Chairman
R. Jayachandran

Group Managing Director and CEO
Sunny George Verghese

Lead Independent Director
Michael Lim Choo San

Non-Executive and Independent Directors
Robert Michael Tomlin
Mark Haynes Daniell
Tse Po Shing Andy
Wong Heng Tew
Jean-Paul Pinard

Non-Executive Director
Narain Girdhar Chanrai

Executive Directors
Sridhar Krishnan
Shekhar Anantharaman

Joint Company Secretary

Tan San-Ju
Yoo Loo Ping

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge (since FY2013):
Vincent Toong Weng Sum

Audit & Compliance Committee

Michael Lim Choo San (Chairman)
Robert Michael Tomlin
Mark Haynes Daniell
Wong Heng Tew
Narain Girdhar Chanrai

Governance & Nomination Committee

Michael Lim Choo San (Chairman)
R. Jayachandran
Narain Girdhar Chanrai
Mark Haynes Daniell
Wong Heng Tew

Human Resource & Compensation Committee

Mark Haynes Daniell (Chairman)
R. Jayachandran
Jean-Paul Pinard
Wong Heng Tew

Risk Committee

Tse Po Shing Andy (Chairman)
Robert Michael Tomlin
Michael Lim Choo San
Sunny George Verghese
Sridhar Krishnan

Capital & Investment Committee

Robert Michael Tomlin (Chairman)
R. Jayachandran
Narain Girdhar Chanrai
Tse Po Shing Andy
Jean-Paul Pinard
Sunny George Verghese
Shekhar Anantharaman

Corporate Responsibility & Sustainability Committee

Jean-Paul Pinard (Chairman)
Mark Haynes Daniell
Robert Michael Tomlin
Sridhar Krishnan
Shekhar Anantharaman

Executive Committee

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

Management Committee

Sunny Verghese
Sridhar Krishnan
Shekhar Anantharaman
Jagdish Parihar
Gerard Anthony Manley
Vivek Verma
Ashok Krishen
Ashok Hegde
Venkataramani Srivathsan
Ranveer Singh Chauhan
Abhishek Sahai
Alain Edmond Fredericq
Amit Khirbat
Amit Manikchand Agrawal
Amit Suri
Anupam Gupta
Anupam Jindel
Arun Sharma
Ashish Govil
Azeez Abdul Syed
Bob Dall'Alba
Brian Boor
Charles Davis
Chris Brett
Chris Thompson
Damien Houlahan
Darshan Banubhai Raiyani
Dave de Frank
David Watkins
Devashish Chaubey
Gagan Gupta
Girish Nair
Greg Estep
Jayant Parande
John Gibbons
Joseph Kenny
Joydeep Bose
Juan Antonio Rivas
Keshav Chandra Suresh
Mahesh Menon
Manish Dhawan
Manvinder Singh
Michael Smyth
MD Ramesh
Mukul Mathur
Munish Minocha
N Muthukumar
Pawel Redzisz
Prakash Jhanwer
Prakash Kanth
Raj Kanwar Singh
Raj Vardhan
Raja Saoud
Rajeev Kadam
Rajeev Raina
Ramanarayanan Mahadevan
Ramesh Sundaresan
Ranjan Naik
Ravi Pokhriyal
Ray Steitz
Rishi Kalra
Robert Hunink
Sachin Sachdev
Sam Placid
Sandeep Hota
Sandeep Kumar Jain
Sanjay Sacheti
Sathyamurthy Mayilswamy
Shankar Subramanian Athreya
Sivaswami P. Raghavan
Sridhar Krishnan
S. Venkita Padmanabhan
Sriram Subramanian
Stephen Driver
Supramaniam R Ramasamy
Suresh Sundararajan
Tejinder Saraon
Thiagaraja Manikandan S
Thomas Gregersen
Vasanth Subramanian
Velamur Rajagopala Aravind
Vibhu Nath
Vinayak Narain
Vipan Kumar

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

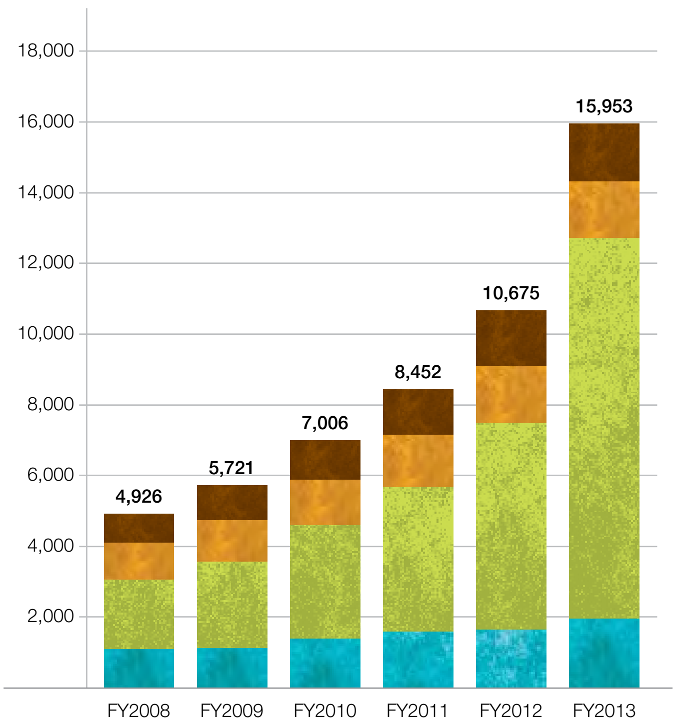
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623
Tel (65) 6536 5355
Fax (65) 6536 1360

Principal Bankers

Australia and New Zealand Banking Group
Barclays Bank
BNP Paribas
Commerzbank
Credit Suisse
DBS Bank
ING Bank
JPMorgan Chase Bank
National Australia Bank
Natixis
Oversea-Chinese Banking Corporation
Rabobank International
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ
The Hongkong and Shanghai Banking Corporation
The Royal Bank of Scotland
UBS
United Overseas Bank

6-Year Financial Analysis

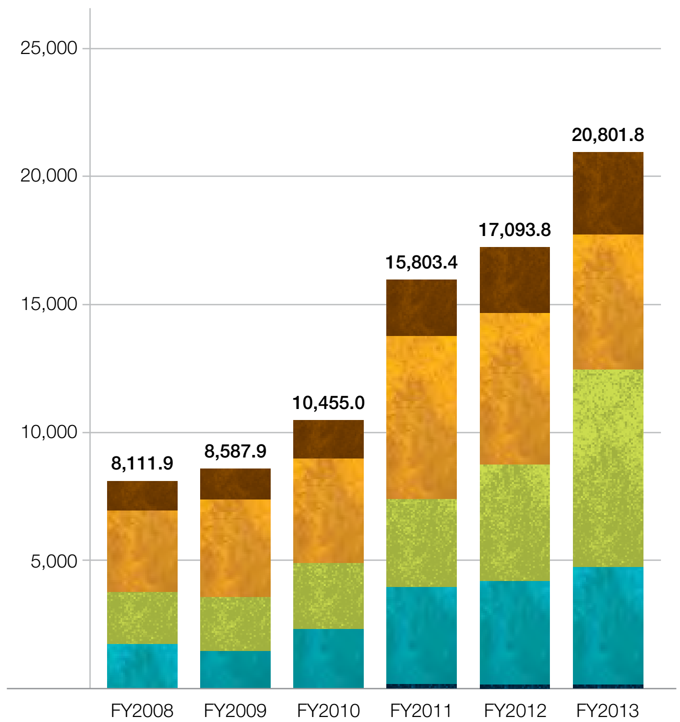
Sales Volume
('000 metric tonnes)



	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
Edible Nuts, Spices & Beans	827	976	1,108	1,274	1,570	1,641	14.7%
Confectionery & Beverage Ingredients	1,047	1,170	1,288	1,484	1,609	1,612	9.0%
Food Staples & Packaged Foods	1,959	2,451	3,207	4,102	5,845	10,754	40.6%
Industrial Raw Materials	1,094	1,124	1,403	1,591	1,651	1,946	12.2%
Total	**4,926**	**5,721**	**7,006**	**8,452**	**10,675**	**15,953**	**26.5%**

Sales volume grew at CAGR of 26.5% over last six years, from 4.9 million tonnes in FY2008 to 15.9 million tonnes in FY2013. All four business segments contributed to the growth in sales volume in each of these six years.

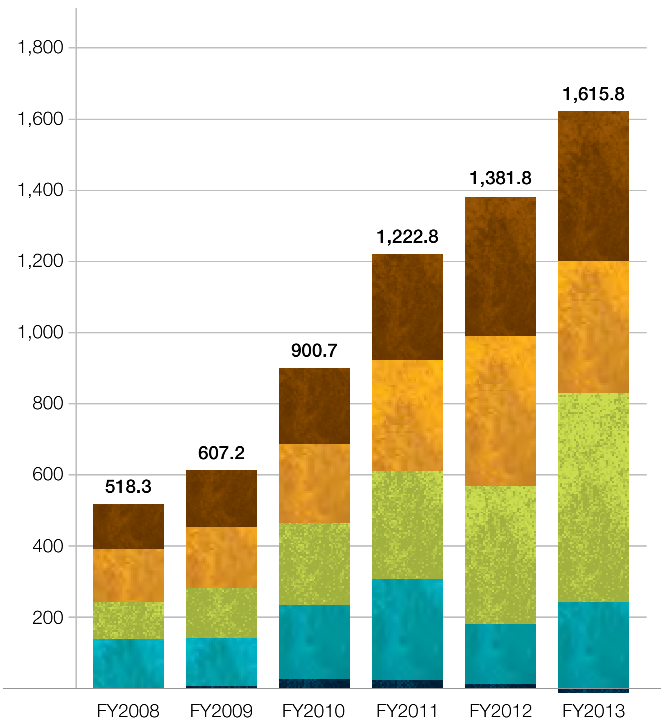
Sales Revenue
(S$ million)



	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
Edible Nuts, Spices & Beans	1,168.9	1,200.1	1,489.4	2,183.2	2,562.8	3,205.1	22.4%
Confectionery & Beverage Ingredients	3,188.9	3,783.1	4,080.3	6,361.5	5,902.2	5,273.2	10.6%
Food Staples & Packaged Foods	2,027.5	2,139.6	2,589.5	3,466.6	4,586.4	7,720.9	30.7%
Industrial Raw Materials	1,726.6	1,465.1	2,295.7	3,790.0	4,040.8	4,601.1	21.7%
Commodity Financial Services	–	–	–	2.1	1.5	1.4	(18.2%)
Total	**8,111.9**	**8,587.9**	**10,455.0**	**15,803.4**	**17,093.8**	**20,801.8**	**20.7%**

Sales revenue grew at CAGR of 20.7% over last six years from S$8.1 billion in FY2008 to S$20.8 billion in FY2013. The growth in sales revenue was led by the Food Staples & Packaged Foods segment, which grew at a CAGR of 30.7%, followed by Edible Nuts, Spices & Beans and the Industrial Raw Materials segments, which grew at a CAGR of 22.4% and 21.7% respectively during the period.

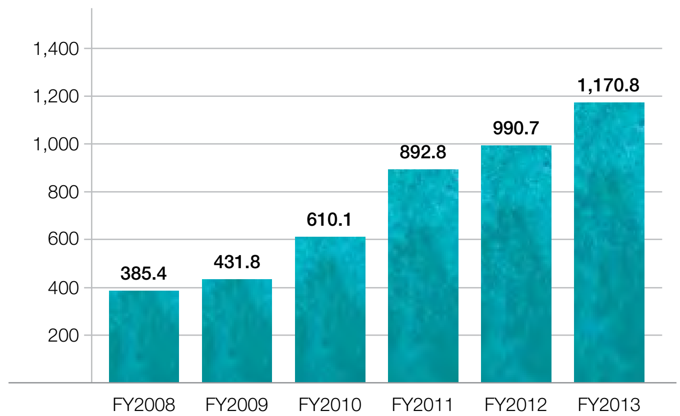
Net Contribution
(S$ million)



	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
Edible Nuts, Spices & Beans	128.0	155.1	210.9	296.6	390.9	418.7	26.8%
Confectionery & Beverage Ingredients	148.4	168.5	222.8	314.4	420.8	370.7	20.1%
Food Staples & Packaged Foods	102.5	141.9	233.9	302.5	390.9	589.3	41.9%
Industrial Raw Materials	139.5	141.1	208.1	283.9	167.2	246.3	12.1%
Commodity Financial Services	–	0.6	25.1	25.4	12.1	(9.2)	N.M.
Total	**518.3**	**607.2**	**900.7**	**1,222.8**	**1,381.8**	**1,615.8**	**25.5%**

Net Contribution (NC) grew at CAGR of 25.5% from S$518.3 million in FY2008 to S$1.6 billion in FY2013 with Food Staples & Packaged Foods segment taking the lead in CAGR at 41.9%, followed by Edible Nuts, Spices & Beans and Confectionery & Beverage Ingredients segments at 26.8% and 20.1% respectively.

EBITDA
(S$ million)

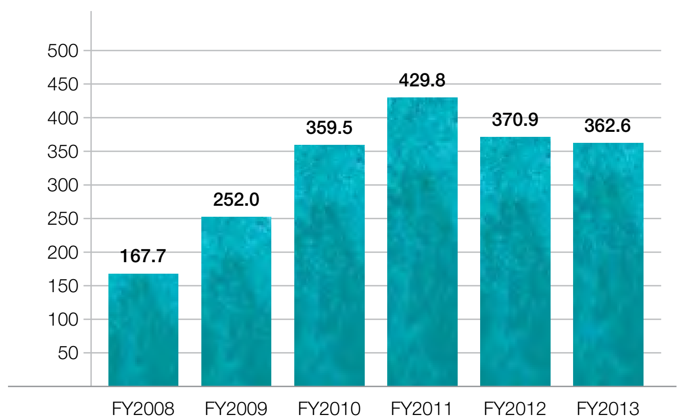


FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
385.4	431.8	610.1	892.8	990.7	1,170.8	24.9%

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) grew from S$385.4 million in FY2008 to S$1,170.8 million in FY2013, a CAGR growth of 24.9% over the six-year period.

Note: EBITDA was restated for the period from FY2008 to FY2012 to include non-controlling interest and exclude exceptional items.

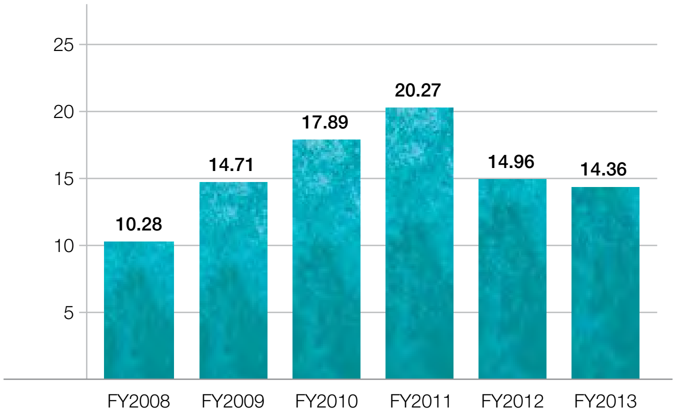
Profit After Tax and Minority Interest
(S$ million)



FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
167.7	252.0	359.5	429.8	370.9	362.6	16.7%

Profit After Tax and Minority Interest (PATMI) increased from S$167.7 million in FY2008 to S$362.6 million in FY2013 at CAGR of 16.7%. Excluding exceptional items, PATMI increased at a CAGR of 18.3% to reach S$348.6 million in FY2013.

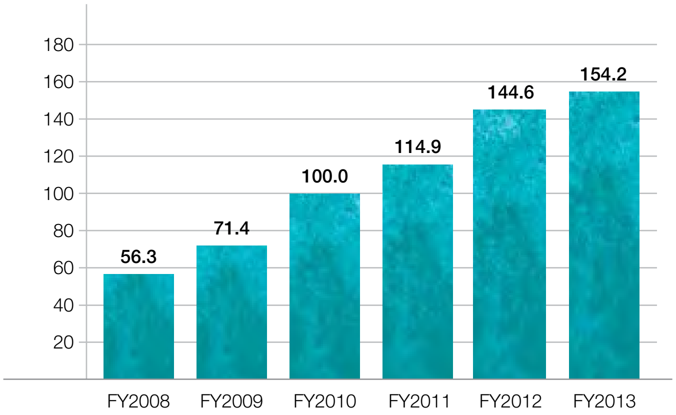
Earnings Per Share
(cents)



FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
10.28	14.71	17.89	20.27	14.96	14.36	6.9%

Earnings Per Share (EPS) grew from 10.28 cents in FY2008 to 14.36 cents in FY2013 at a CAGR of 6.9%.

Net Asset Value Per Share*
(cents)

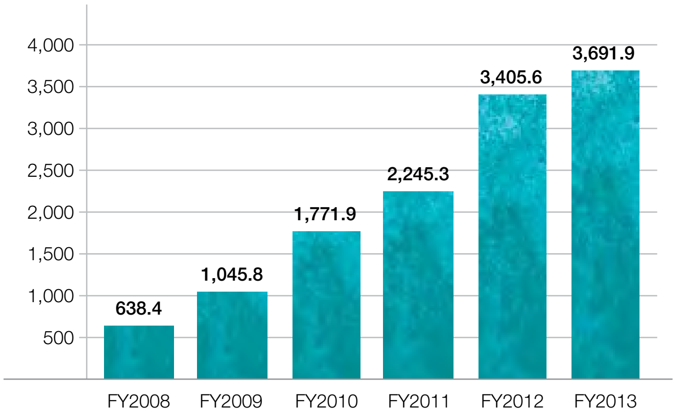


FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
56.3	71.4	100.0	114.9	144.6	154.2	22.3%

Net Asset Value Per Share* rose from 56.3 cents in FY2008 to 154.2 cents in FY2013, implying a CAGR growth of 22.3% during this period.

* Before Fair Value Adjustment Reserves

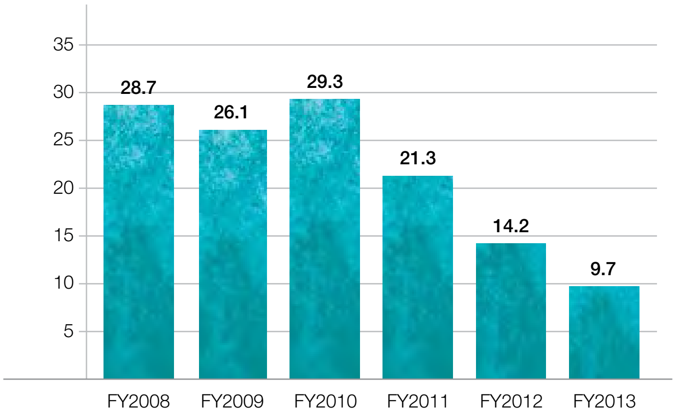
Shareholders' Equity
(S$ million)



FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
638.4	1,045.8	1,771.9	2,245.3	3,405.6	3,691.9	42.0%

Shareholders' equity increased from S$638.4 million in FY2008 to S$3,691.9 million in FY2013 through a combination of growth in retained earnings and equity raised in FY2008, FY2010 and FY2011.

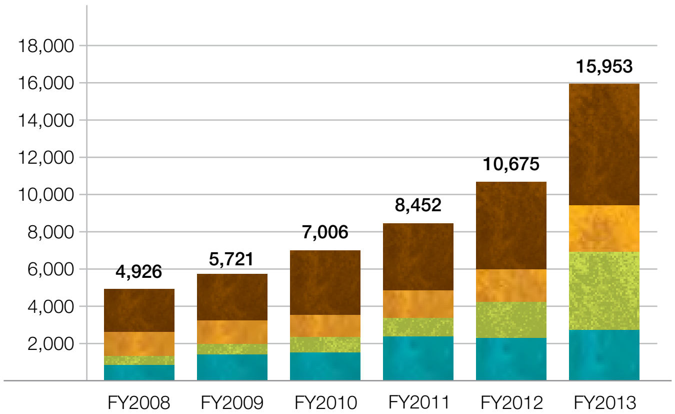
Return on Equity
(%)



FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	Average
28.7	26.1	29.3	21.3	14.2	9.7	21.6%

We achieved an average Return on Equity (based on beginning-of-period equity) of 21.6% over the six-year period from FY2008 to FY2013.

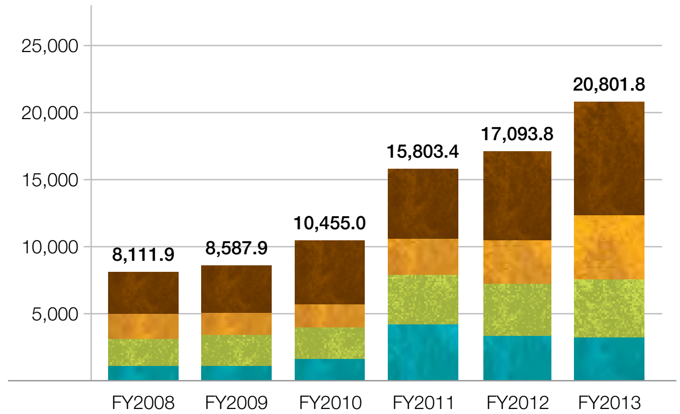
Sourcing Volume by Region
('000 metric tonnes)



	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Asia & Middle East	2,314	2,474	3,472	3,587	4,697	6,509
Africa	1,276	1,262	1,150	1,489	1,740	2,520
Europe	505	583	869	1,025	1,953	4,212
Americas	831	1,402	1,515	2,350	2,284	2,712
Total	**4,926**	**5,721**	**7,006**	**8,452**	**10,675**	**15,953**

Asia & Middle East continued to be our top sourcing region, accounting for 40.8% of total volumes in FY2013. Europe overtook the Americas to be the second largest origin in FY2013 as volumes from Eastern Europe grew substantially on account of our expansion in the Grains business during the year.

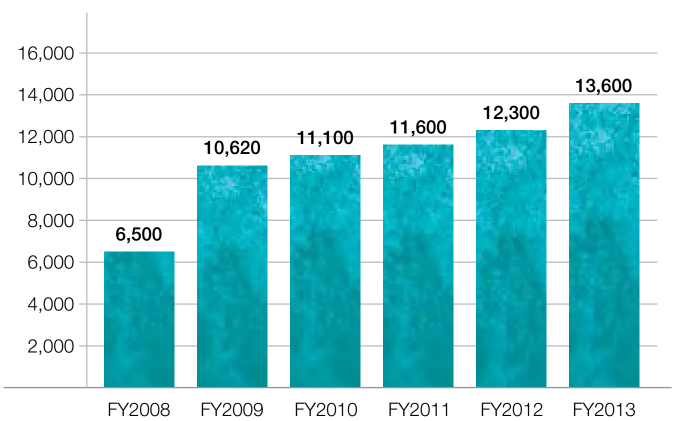
Sales Revenue by Region
(S$ million)



	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Asia & Middle East	3,174.5	3,505.1	4,752.3	5,192.5	6,612.5	8,486.5
Africa	1,781.8	1,659.7	1,717.6	2,697.3	3,226.4	4,756.9
Europe	2,067.7	2,341.1	2,400.5	3,711.3	3,937.4	4,368.8
Americas	1,087.9	1,082.0	1,584.6	4,202.3	3,317.5	3,189.6
Total	**8,111.9**	**8,587.9**	**10,455.0**	**15,803.4**	**17,093.8**	**20,801.8**

The Africa region moved up to become the second largest market after Asia & Middle East as we grew our presence in the region to participate in the domestic consumption growth.

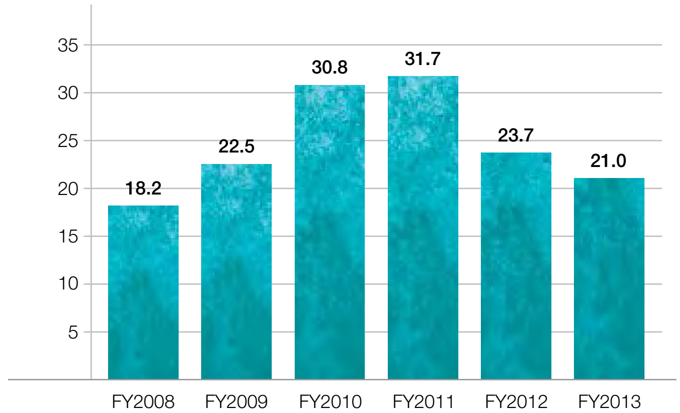
Number of Customers



FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	CAGR
6,500	10,620	11,100	11,600	12,300	13,600	15.9%

Total number of customers increased from 6,500 in FY2008 to more than 13,600 in FY2013 as we continued to expand and diversify our customer base.

Top 25 Customers' Share of Total Sales Revenue (%)



FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	Average
18.2	22.5	30.8	31.7	23.7	21.0	24.7%

Our share of revenues from top 25 customers averaged at 24.7% over the six-year period.

General Information

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

Introduction

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

Business Segmentation and Reporting

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

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

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

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

Background to Analysing Financial Statements

One of the key drivers of our profitability is the volume of products supplied. Given our integration and end-to-end supply chain capabilities, we seek to match the supply of our products with demand from our customers. The volume of agricultural products we supply is largely within our control and is a function of the extent of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries). Volumes include proportionate share of volumes from jointly controlled entities and associates.

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

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

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

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

For every transaction, we target a minimum NC per tonne of product supplied based on the investment, risks, complexities and value added services that we provide to our customers to meet their specific requirements. We are focused on enhancing these margins by providing value added services such as vendor managed inventory solutions, organic certification, traceability guarantees, fair trade produce certification, customised grades and quality, processed ingredients supply, proprietary market intelligence and risk management solutions.

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

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

Disclaimer

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

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

Cautionary Statement

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

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

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

Olam International Limited and Subsidiary Companies

Annual Financial Statements 30 June 2013

Contents

Report of the Directors

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

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

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

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

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

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

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

(2) These shares include shares that were jointly registered under Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose ("the Trustees") and are held in trust for the management (including the directors) and employees of the Group pursuant to the Olam International Limited Employee Share Subscription Scheme 2004 ("ESSS"). Under the ESSS, a total of 1,418,826 (2012: 1,418,826) shares are jointly registered under the Trustees and are held in trust for the management (including the directors) and employees of the Group with the balance being held in the director's own name as at 30 June 2013.

(3) This refers to Notes issued under Series 48 of the S$800,000,000 Multicurrency Medium Term Note Programme established by the Company, comprising $250,000,000 in principal amount of 4.07% notes due 2013 issued in denominations of $250,000. The Notes matured on 12 February 2013.

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

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

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

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

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

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

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

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

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

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

Directors' contractual benefits

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

Employee share subscription scheme

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

Olam employee share option scheme

The Olam Employee Share Option Scheme ("the ESOS") was approved by the shareholders on 4 January 2005 at the Extraordinary General Meeting of the Company. The ESOS Rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS, and all subsequent options issued to the Group's employees and Executive Directors shall have a life of ten years instead of five. For Options granted to the Company's Non-Executive Directors and Independent Directors, the Option Period shall be no longer than five years. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

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

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

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

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

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

It is provided that, in the case of Non-Executive Directors or Independent Directors, such option period shall not extend beyond the fifth anniversary of such offering date or any maximum period that may be prescribed by law.

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

As at the date of this report, the ESOS is administered by the Human Resource & Compensation Committee, which comprises the following directors:-

Mark Haynes Daniell – Chairman
R. Jayachandran
Wong Heng Tew
Jean-Paul Pinard

During the financial year ended 30 June 2013, there were no ordinary shares issued pursuant to the exercise of options granted under the ESOS.

Olam employee share option scheme (cont'd)

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

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

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

Name of Participant	Options granted during financial year under review	Exercise Price for options granted during the financial year under review	Aggregate options granted since the commencement of the scheme to the end of financial year under review	Aggregate options exercised since the commencement of the scheme to the end of financial year under review	Aggregate options outstanding as at the end of financial year under review
Mark Haynes Daniell	–	–	100,000	–	–
Michael Lim Choo San	–	–	100,000	–	–
Robert Michael Tomlin	–	–	100,000	–	–
Wong Heng Tew	–	–	100,000	–	–
Sunny George Verghese	–	–	30,000,000	15,000,000	15,000,000
Sridhar Krishnan	–	–	3,900,000	800,000	3,100,000
Shekhar Anantharaman	–	–	5,800,000	800,000	5,000,000

The options granted to Mark Haynes Daniell, Michael Lim Choo San, Robert Michael Tomlin and Wong Heng Tew, who are Independent and Non-Executive Directors of the Company, were approved by the shareholders of the Company at the Annual General Meeting held on 29 October 2007. These options are exercisable in tranches of 25%, 35% and 40% on or after the first, second and third anniversaries of 29 October 2007. The options expired on 29 October 2012 (five years after the date of the grant).

The 15,000,000 options granted to Sunny George Verghese in 2005 are exercisable in three equal tranches of 5,000,000 each on or after the first, second and third anniversaries respectively of the date of the admission of the Company to the official list of the SGX-ST (11 February 2005) at the exercise price of $0.62 if the vesting conditions are met. These options were exercised in financial year 2012. The 15,000,000 options granted to Sunny George Verghese in financial year 2010 are exercisable in three equal tranches of 5,000,000 each on or after the first, second and third anniversaries of the grant date (17 February 2010) at the exercise price of $2.35. The options will expire ten years after the date of grant.

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

Olam employee share option scheme (cont'd)

Apart from that which is disclosed above, no directors or employees of the Group received 5% or more of the total number of options available under the ESOS.

The options granted by the Company do not entitle the holder of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

There were no Incentive Options granted from commencement of ESOS to the financial year end under review.

There were no options granted at a discount.

There were no options granted to controlling shareholders of the Company and their associates.

Invenio Equity Participation Scheme

Invenio Holdings Pte. Ltd. ("Invenio"), a subsidiary of the Company, had implemented the Invenio Equity Participation Scheme (the "Invenio Equity Scheme") which was approved and adopted by the shareholders of Invenio on 13 January 2011.

The Invenio Equity Scheme was set up to incentivise and reward selected eligible employees and give participants an opportunity to have a personal equity interest in Invenio and, amongst other objectives, motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to Invenio and its subsidiaries (the "Invenio Group").

Participation in the Scheme is restricted to directors and employees of the Invenio Group (including associated companies over which Invenio has control), and employees of the Company or its subsidiaries who have been seconded or deputed to Invenio and who hold an executive position in Invenio. Controlling shareholders of the Company and their associates are not eligible to participate in the Invenio Equity Scheme.

Employees selected to participate receive an initial allotment of Invenio shares for which they will pay a fixed multiple of then prevailing book value at the relevant time, as specified in the Invenio Equity Scheme. Subsequently, a portion of up to 50% of any cash or other incentive due to them as employees under any performance-based bonus or incentive scheme initiated by the Invenio Group for its employees will be paid to them in the form of Invenio shares allotted to them, valued at a fixed multiple of the then-prevailing book value at the relevant time, in accordance with the Invenio Equity Scheme.

The shares will be ordinary shares in Invenio, ranking pari passu with other ordinary shares in Invenio's issued share capital in respect of all entitlements, including dividends or other distributions, save that the Invenio Equity Scheme provides for certain obligations and restrictions on transfer of the shares by Participants.

The details of the awards granted under the Scheme are as follows:-

Year of Award	No. of Holders	No. of Shares
2011	18	2,670,000

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

Audit and Compliance Committee

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

The ACC held six meetings during the year under review. The ACC met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's internal accounting control systems.

The ACC reviewed the following:-

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

Further, the ACC

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

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

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

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

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

Auditors

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

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
30 September 2013

Statement by the Directors

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

(i) the accompanying balance sheets, profit and loss accounts, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 and the results of the business, changes in equity of the Group and of the Company, and cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
30 September 2013

Independent Auditor's Report

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

Report on the financial statements

We have audited the accompanying financial statements of Olam International Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 104 to 194, which comprise the balance sheets of the Group and the Company as at 30 June 2013, profit and loss accounts, statements of comprehensive income and statements of changes in equity of the Group and the Company and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, profit and loss account, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 and of the results and changes in equity of the Group and the Company and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP

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

Profit and Loss Accounts

for the year ended 30 June 2013

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

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

Statements of Comprehensive Income

for the year ended 30 June 2013

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

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

Balance Sheets
at 30 June 2013

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

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

Statements of Changes in Equity

for the year ended 30 June 2013

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

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

2012 Group	Share capital (Note 25) $'000	Treasury shares (Note 25) $'000	Perpetual capital securities (Note 25) $'000	Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000	Total non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company											
At 1 July 2011	1,577,110	–	–	129,586	(378,825)	(322,749)	54,194	1,186,026	668,232	2,245,342	57,020	2,302,362
Profit for the financial year	–	–	–	–	–	–	–	370,908	370,908	370,908	32,917	403,825
Other comprehensive income												
Net gain on fair value changes during the financial year	–	–	–	–	–	480,258	–	–	480,258	480,258	–	480,258
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	–	–	(282,699)	–	–	(282,699)	(282,699)	–	(282,699)
Foreign currency translation adjustments	–	–	–	–	21,713	–	–	–	21,713	21,713	2,813	24,526
Share of other comprehensive income of jointly controlled entities and associates	–	–	–	(9,493)	12,331	–	–	–	2,838	2,838	–	2,838
Other comprehensive income for the financial year, net of tax	–	–	–	(9,493)	34,044	197,559	–	–	222,110	222,110	2,813	224,923
Total comprehensive income for the year	–	–	–	(9,493)	34,044	197,559	–	370,908	593,018	593,018	35,730	628,748
Contributions by and distributions to owners												
Issue of shares for cash	490,220	–	–	–	–	–	–	–	–	490,220	–	490,220
Issue of shares on exercise of share option	9,708	–	–	–	–	–	–	–	–	9,708	–	9,708
Issue of perpetual capital securities	–	–	270,451	–	–	–	–	–	–	270,451	–	270,451
Purchase of treasury shares	–	(96,081)	–	–	–	–	–	–	–	(96,081)	–	(96,081)
Share-based expense	–	–	–	–	–	–	18,133	–	18,133	18,133	–	18,133
Dividends on ordinary shares (Note 26)	–	–	–	–	–	–	–	(125,181)	(125,181)	(125,181)	–	(125,181)
Accrued capital securities distribution	–	–	6,435	–	–	–	–	(6,435)	(6,435)	–	–	–
Total contributions by and distributions to owners	499,928	(96,081)	276,886	–	–	–	18,133	(131,616)	(113,483)	567,250	–	567,250
Changes in ownership interests in subsidiaries												
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	29,402	29,402
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	29,402	29,402
Total transactions with owners in their capacity as owners	499,928	(96,081)	276,886	–	–	–	18,133	(131,616)	(113,483)	567,250	29,402	596,652
At 30 June 2012	2,077,038	(96,081)	276,886	120,093	(344,781)	(125,190)	72,327	1,425,318	1,147,767	3,405,610	122,152	3,527,762

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

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

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

2012 Company	Share capital (Note 25) $'000	Treasury shares (Note 25) $'000	Perpetual capital securities (Note 25) $'000	Attributable to owners of the Company: Capital reserves[1] $'000	Foreign currency translation reserves[2] $'000	Fair value adjustment reserves[3] $'000	Share-based compensation reserves[4] $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
At 1 July 2012	1,577,110	–	–	129,877	(290,938)	(323,267)	54,194	641,554	211,420	1,788,530
Profit for the financial year	–	–	–	–	–	–	–	123,016	123,016	123,016
Other comprehensive income										
Net loss on fair value changes during the financial year	–	–	–	–	–	470,719	–	–	470,719	470,719
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	–	–	(276,237)	–	–	(276,237)	(276,237)
Foreign currency translation adjustments	–	–	–	–	80,717	–	–	–	80,717	80,717
Other comprehensive income for the financial year, net of tax	–	–	–	–	80,717	194,482	–	–	275,199	275,199
Total comprehensive income for the year	–	–	–	–	80,717	194,482	–	123,016	398,215	398,215
Contributions by and distributions to owners										
Issue of shares for cash	490,220	–	–	–	–	–	–	–	–	490,220
Issue of shares on exercise of share option	9,708	–	–	–	–	–	–	–	–	9,708
Issue of perpetual capital securities	–	–	270,451	–	–	–	–	–	–	270,451
Purchase of treasury shares	–	(96,081)	–	–	–	–	–	–	–	(96,081)
Share-based expense	–	–	–	–	–	–	18,133	–	18,133	18,133
Dividends on ordinary shares (Note 26)	–	–	–	–	–	–	–	(125,181)	(125,181)	(125,181)
Accrued capital securities distribution	–	–	6,435	–	–	–	–	(6,435)	(6,435)	–
Total contributions by and distributions to owners	499,928	(96,081)	276,886	–	–	–	18,133	(131,616)	(113,483)	567,250
Total transactions with owners in their capacity as owners	499,928	(96,081)	276,886	–	–	–	18,133	(131,616)	(113,483)	567,250
At 30 June 2012	2,077,038	(96,081)	276,886	129,877	(210,221)	(128,785)	72,327	632,954	496,152	2,753,995

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

(1) **Capital reserves**
Capital reserves represent the premium paid and discounts on acquisition of non-controlling interests, residual amount of convertible bonds net of proportionate share of transaction costs, after deducting the fair value of the debt and derivative component on the date of issuance, the share of capital reserve of a jointly controlled entity and warrants arising from the Rights Issue (Note 25).

(2) **Foreign currency translation reserves**
The foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company and the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the share of foreign currency translation reserves of jointly controlled entities and associates.

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

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

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

Consolidated Cash Flow Statement

for the year ended 30 June 2013

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

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

Notes to the Financial Statements

30 June 2013

1. Corporate information

Olam International Limited ("the Company") is a limited liability company, which is domiciled and incorporated in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The principal activities of the Company are those of sourcing, processing, packaging and merchandising of agricultural products. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The registered office of the Company is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The place of business of the Company is at 9 Temasek Boulevard, #11-02 Suntec Tower Two, Singapore 038989.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet, profit and loss account, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Singapore Dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 July 2012. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

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

2.3 Standards issued but not yet effective

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

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

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

<u>FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures</u>

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

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

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

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

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

FRS 112 Disclosure of Interests in Other Entities

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

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

FRS 113 Fair Value Measurement

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

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

Amendment to FRS 107 Offsetting of Financial Assets and Financial Liabilities

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

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

2.4 Functional and foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Company's functional currency is the United States Dollar ("USD"), which reflects the economic substance of the underlying events and circumstances of the Company. Although the Company is domiciled in Singapore, most of the Company's transactions are denominated in USD and the selling prices for the Company's products are sensitive to movements in the foreign exchange rate with the USD.

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

2.4 Functional and foreign currency (cont'd)

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

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

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

(c) Translation to the presentation currency

The financial statements are presented in Singapore Dollar ("SGD") as the Company's principal place of business is in Singapore.

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date;
- Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All exchange differences arising on the translation are included in the foreign currency translation reserves.

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

2.5 Subsidiary companies, basis of consolidation and business combinations

(a) Subsidiary companies

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

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

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

(b) Basis of consolidation

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

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

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

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

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

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

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

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

(c) Business combinations

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

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

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

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date. The accounting policy for goodwill is set out in Note 2.10(a).

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

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

2.7 Jointly controlled entities

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

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

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

2.7 Jointly controlled entities (cont'd)

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

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.8 Associates

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

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in the associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

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

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, all items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land and buildings are depreciable over the shorter of the estimated useful life of the asset or the lease period.

Depreciation of an asset begins when it is available for use and is computed on a straight line basis over the estimated useful life except for ginning assets of Queensland Cotton Holdings, which are depreciated using the units of use method. The estimated useful life of the assets is as follows:-

Leasehold land and buildings	–	20 to 50 years
Plant and machinery	–	5 to 20 years; 30 years for ginning assets
Motor vehicles	–	3 to 5 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Computers	–	3 years

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

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

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

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

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

2.10 Intangible assets (cont'd)

(a) Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

Intangible assets with indefinite useful lives or that are not yet available for use are not subject to amortisation and they are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

2.11 Biological assets

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the profit or loss.

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

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:-

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

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

2.13 Financial assets (cont'd)

Subsequent measurement (cont'd)

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

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

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

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

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

2.14 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

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

2.14 Financial liabilities (cont'd)

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2.15 Cash and cash equivalents

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

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

2.16 Receivables and advances

Receivables and advances include trade receivables, which are on trade terms, margin accounts with brokers, receivables from subsidiary companies, advance payments to suppliers and subsidiary companies and other current assets (excluding prepayments and short term investment) are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

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

2.17 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment, and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

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

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

2.17 Impairment of financial assets (cont'd)

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

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

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

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

(b) Financial assets carried at cost

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

2.18 Inventories

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

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

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

For agricultural produce that is harvested, cost of inventory is stated at fair value less estimated point-of-sale costs at the time of harvest (the "initial cost"). Thereafter this inventory is carried at the lower of cost and net realisable value.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2.20 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

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

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.22 Employee benefits

(a) Defined contribution plan

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

(c) Employee share subscription/options scheme

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

The cost of these equity-settled transactions with employees is measured with reference to the fair value at the date on which the share subscriptions/options are granted which takes into account market conditions and non-vesting conditions.

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

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

2.22 Employee benefits (cont'd)

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

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

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

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

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

2.23 Leases

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

Operating lease

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

Finance lease

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

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

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

2.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must be met before revenue is recognised:-

Sale of goods

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

Sale of services

Revenue from services rendered is recognised upon services performed.

Interest income

Interest income is recognised using the effective interest method.

2.25 Government grants, export incentives and subsidies

Government grants, export incentives and subsidies are recognised at their fair values where there is reasonable assurance that the grant will be received and all conditions attached to the grant will be complied with. When the grant relates to an expense item, it is recognised in the profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.26 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

2.26 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

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

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

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

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

(c) Sales tax

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

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

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

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

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

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services, which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

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

2.28 Share capital and share issue expenses

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

2.29 Treasury shares

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

2.30 Perpetual capital securities

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

2.31 Contingencies

A contingent liability is:-

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

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

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

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

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

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

2.32 Derivative financial instruments and hedging activities

Derivative financial instruments include forward currency contracts, commodity futures, options, over-the-counter ("OTC") structured products, commodity physical forwards and interest rate contracts. These are used to manage the Group's exposure to risks associated with foreign currency, commodity price and interest rate fluctuations. Certain derivatives are also used for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts and interest rate derivatives are calculated by reference to current forward exchange rates and interest rates respectively for contracts with similar maturity profiles. The fair values of commodity futures, options, OTC structured products and physical forwards are determined by reference to available market information and market valuation methodology. Where the quoted market prices are not available, fair values are based on management's best estimates, which are arrived at by reference to market prices.

Any gains or losses arising from changes in fair value on derivative financial instruments that are ineffective hedges or are held for trading are taken to the profit and loss account for the year.

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

When the hedge accounting is applied, all hedges are classified as cash flow hedges because they are held for hedging the exposure to variability in cash flows that is attributable to highly probable risk exposure and could affect profit or loss.

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

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

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

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

2.33 Convertible bonds

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

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

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

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

2.34 Related parties

A related party is defined as follows:-

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

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

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

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

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effects on the amounts recognised in the financial statements:

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of the goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) Fair value of derivative financial instruments and debt components of the Rights Issue

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty as at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Taxes

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

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

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

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

3.2 Key sources of estimation uncertainty (cont'd)

(b) Impairment of investments in subsidiary companies

The Company assesses at each reporting date whether there is an indication that the investments in subsidiaries may be impaired. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiary companies at the balance sheet date is disclosed in Note 13 to the financial statements.

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

Goodwill and intangible assets with indefinite useful life are tested for impairment annually and whenever there is an indication of impairment. The Group estimates the value in use of the cash generating units to which the goodwill and intangible asset with indefinite useful life is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

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

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

(d) Impairment of property, plant and equipment

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

(e) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years, with the exception of ginning assets, where the estimated useful lives of ginning assets are up to 30 years. These are common life expectancies applied in the agri-commodities industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the balance sheet date is disclosed in Note 10 to the financial statements.

(f) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date on which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 29.

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

3.2 Key sources of estimation uncertainty (cont'd)

(g) Biological assets

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

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

The other significant assumptions are disclosed in Note 12.

(h) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset under loans and receivables is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the end of the reporting period is disclosed in Note 36 to the financial statements.

(i) Fair value of financial instruments

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of model inputs regarding forward prices, credit risk and volatility that are not supported by observable market data. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in Note 34.

4. Sale of goods and services

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

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

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

5. Other income

Other income included the following:-

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

(1) Miscellaneous income for the Group comprised mainly income from commissions and claims.

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

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

6. Cost of goods sold

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

(1) Foreign exchange gains on cost of goods sold relate to foreign exchange movement arising between the time of purchase of goods and the time of sale of such goods.

(2) Export incentives and subsidies relate to income from government agencies of various countries for the export of agricultural products.

(3) Grant income relates to the conceptualisation, marketing and promotion of the special economic zone in Gabon.

7. Other operating expenses/net measurement of derivative instruments

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

8. Finance costs

Finance costs included the following:-

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

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

9. Income tax expense

(a) Major components of income tax expense

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

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Statement of comprehensive income:				
Deferred income tax related to items credited directly to other comprehensive income:				
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	**(3,144)**	(12,529)	**(3,144)**	(9,731)
Deferred tax recorded in other comprehensive income	**(3,144)**	(12,529)	**(3,144)**	(9,731)

9. Income tax expense (cont'd)

(b) Relationship between tax expense and accounting profit

A reconciliation of the statutory tax rate to the Group's and Company's effective tax rate is as follows:-

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

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

(2) The Company is an approved company under the Global Trader Programme ("GTP") of International Enterprise Singapore and Development and Expansion Incentive ("DEI") under the International Headquarters ("IHQ") award of Singapore Economic Development Board. By virtue of this, the Company is entitled to a concessionary income tax rate of 5% for a period of 5 years from 1 July 2008 to 30 June 2013 on qualifying activities, products and income. Subsequent to year end, the Company's GTP status has been extended for a further 5 years from 1 July 2013 to 30 June 2018.

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

(c) Deferred income tax

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

9. Income tax expense (cont'd)

(c) Deferred income tax (cont')

The analysis of deferred income tax is as follows:-

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

Unrecognised tax losses and capital allowances

The Group has tax losses of $130,044,000 (2012: $80,495,000) and capital allowances of $69,034,000 (2012: $17,118,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset has been recognised. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate and there is no expiry date on the utilisation of such tax losses and capital allowances for offset against future taxable profits.

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

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

Tax consequences of proposed dividends

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

10. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Other assets[(1)] $'000	Capital work-in-progress $'000	Total $'000
Cost						
As at 1 July 2011	282,971	421,975	722,040	116,552	259,163	1,802,701
Additions	8,352	29,479	132,896	39,074	665,130	874,931
Acquired through business combinations	99,372	141,774	122,580	2,983	19,451	386,160
Disposals	(506)	(632)	(15,091)	(10,938)	(190)	(27,357)
Reclassification	38,349	30,601	99,460	2,998	(171,408)	–
Foreign currency translation adjustments	(1,081)	(14,251)	(648)	(17,023)	(24,618)	(57,621)
As at 30 June 2012 and 1 July 2012	427,457	608,946	1,061,237	133,646	747,528	2,978,814
Additions	5,017	86,159	168,616	52,795	627,668	940,255
Acquired through business combinations (Note 11)	5,552	56,327	96,457	1,932	730	160,998
Disposals	(46,516)	(8,085)	(22,593)	(9,440)	(4,040)	(90,674)
Reclassification	42,965	185,644	175,856	36,387	(440,852)	–
Foreign currency translation adjustments	(5,012)	(9,215)	(35,859)	(939)	(5,543)	(56,568)
As at 30 June 2013	429,463	919,776	1,443,714	214,381	925,491	3,932,825
Accumulated depreciation and impairment loss:						
As at 1 July 2011	–	41,994	129,057	54,935	–	225,986
Charge for the year	–	29,347	77,302	22,042	–	128,691
Disposals	–	(408)	(5,373)	(6,209)	–	(11,990)
Reclassification	–	8,184	(7,768)	(416)	–	–
Foreign currency translation adjustments	–	(1,311)	23,809	(7,366)	–	15,132
As at 30 June 2012 and 1 July 2012	–	77,806	217,027	62,986	–	357,819
Charge for the year	–	40,400	110,759	24,719	–	175,878
Disposals	–	(2,486)	(8,463)	(6,737)	–	(17,686)
Reclassification	–	1,251	(486)	(765)	–	–
Foreign currency translation adjustments	–	(2,983)	(7,509)	(469)	–	(10,961)
As at 30 June 2013	–	113,988	311,328	79,734	–	505,050
Net carrying value						
As at 30 June 2013	429,463	805,788	1,132,386	134,647	925,491	3,427,775
As at 30 June 2012	427,457	531,140	844,210	70,660	747,528	2,620,995

(1) Other assets comprise motor vehicles, furniture and fittings, office equipment and computers.

10. Property, plant and equipment (cont'd)

Company	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost							
As at 1 July 2011	139	54	881	1,812	857	5,048	8,791
Additions	379	74	163	5	35	1,232	1,888
Disposals	–	–	–	(9)	(46)	–	(55)
Foreign currency translation adjustments	5	3	29	59	27	168	291
As at 30 June 2012 and 1 July 2012	523	131	1,073	1,867	873	6,448	10,915
Additions	–	340	28	19	–	1,110	1,497
Foreign currency translation adjustments	(1)	7	(1)	(3)	(1)	15	16
As at 30 June 2013	522	478	1,100	1,883	872	7,573	12,428
Accumulated depreciation							
As at 1 July 2011	84	11	573	1,654	795	3,395	6,512
Charge for the year	20	17	135	111	43	1,193	1,519
Disposals	–	–	–	(9)	(46)	–	(55)
Foreign currency translation adjustments	3	1	18	54	24	115	215
As at 30 June 2012 and 1 July 2012	107	29	726	1,810	816	4,703	8,191
Charge for the year	44	66	135	50	24	1,337	1,656
Foreign currency translation adjustments	1	1	2	(2)	(1)	23	24
As at 30 June 2013	152	96	863	1,858	839	6,063	9,871
Net carrying value							
As at 30 June 2013	370	382	237	25	33	1,510	2,557
As at 30 June 2012	416	102	347	57	57	1,745	2,724

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

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

11. Intangible assets

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

11. Intangible assets (cont'd)

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

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

(2) Water rights relates to perpetual access to share of water from a specified consumptive pool.

(3) Concession rights consist of rights to harvest trees in designated areas. Amortisation is charged over the estimated useful life of the concession rights.

(4) Others comprise land use rights, tradenames, marketing agreements and non-compete fees. Land use rights relate to rights to land where the Group has acquired plantations. Amortisation is charged over the estimated useful lives of the land use rights.

11. Intangible assets (cont'd)

Impairment testing of goodwill and other intangible assets

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

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

11. Intangible assets (cont'd)

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

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

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

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

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

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

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

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

Impairment loss recognised

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

11. Intangible assets (cont'd)

Business combination

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

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

11. Intangible assets (cont'd)

Business combination (cont'd)

Details of business combinations are as follows:

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

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

Trade and other receivables acquired

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

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

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

Trade and other receivables acquired

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

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

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

Trade and other receivables acquired

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

Fair value of non-controlling interests

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

Other acquisitions

(a) Usicam S.A.

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

Trade and other receivables acquired

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

(b) PT Sumber Daya Wahana

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

Trade and other receivables acquired

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

11. Intangible assets (cont'd)

Business combination (cont'd)

Transaction costs

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

Goodwill arising from acquisitions

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

Impact of the acquisitions on profit and loss

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

12. Biological assets

Biological assets consist of plantations, annual crops and livestock.

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

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

Analysis of biological assets

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

During the financial year, the Group harvested approximately 40,152 metric tonnes (2012: 33,252 metric tonnes) of almonds, which had a fair value less estimated point-of-sale costs of approximately $353,483,000 (2012: $212,700,000). The fair value of almonds was determined with reference to the market prices at the date of harvest.

Annual crops consist of seeds for various commodities (cotton, onions, tomatoes and other vegetables) that are given to farmers to sow and grow. Farmers take all the harvest risks and bear all the farming costs. On harvesting of the commodities, the Group has the first right to buy the produce from these farms.

At the end of the financial year, the Group's total planted area of plantations and annual crops that is yielding is approximately 27,774 (2012: 15,374) hectares and Nil (2012: 2,522) hectares respectively, excluding hectares for those commodities whose plantations are not managed by the Group.

12. Biological assets (cont'd)

Analysis of biological assets (cont'd)

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

Fair value determination

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

(i) The average life of trees for plantations has been taken up to 15 to 24 years (2012: 15 to 25 years);
(ii) Rates considered for discounting future cash flows range between 11% to 13% (2012: 12% and 13%) per annum;
(iii) Annual rate of inflation ranging from 0% to 6% (2012: 0% to 4%) per annum;
(iv) Location, soil type and infrastructure for determining estimated yield; and
(v) Market prices of the biological assets which are dependent on the prevailing market prices of the products after harvest.

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

The fair value of livestock is determined based on valuations by an independent professional valuer using market prices of livestock of similar age, breed and generic merit.

Financial risk management strategies related to agricultural activities

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

13. Subsidiary companies

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

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

13. Subsidiary companies (cont'd)

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

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

The Company has provided impairment loss during the financial year of $6,544,000 (2012: $Nil) on the investment in the subsidiaries as the carrying amount exceeds the fair value based on the net asset value of the subsidiaries.

Loans to subsidiary companies are unsecured and are not repayable within the next 12 months. The loans are non-interest bearing, except for amounts of $440,543,000 (2012: $310,485,000) which bear interest ranging from 2.5% to 9.0% (2012: 2.0% to 9.0%) per annum.

Acquisition of non-controlling interests

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

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

Significant subsidiary companies of Olam International Limited are as follows:-

Name of company	Country of incorporation	Principal activities	Effective percentage of equity held by the Group 2013 %	2012 %
Olam Cam S.A. [2]	Cameroon	(a)	100	100
Olam Ghana Limited [2]	Ghana	(a)	100	100
Olam Ivoire SA [2]	Ivory Coast	(a)	100	100
Olam Nigeria Limited [2]	Nigeria	(a)	100	100
Olam Tanzania Limited [2]	Tanzania	(a)	100	100
Outspan Ivoire SA [2]	Ivory Coast	(a)	100	100
Olam Gab SA [2]	Gabon	(a)	100	100
Olam Moçambique, Limitada [2]	Mozambique	(a)	100	100
Olam Vietnam Limited [2]	Vietnam	(a)	100	100
Olam South Africa (Proprietary) Limited [2]	South Africa	(a)	100	100
Olam Brasil Ltda [2]	Brazil	(a)	100	100
Olam Europe Limited [2]	United Kingdom	(a)	100	100
Far East Agri Pte Ltd [1]	Singapore	(b)	100	100
PT Olam Indonesia [2]	Indonesia	(a)	100	100
Outspan Brasil Importação e Exportação Ltda.[2]	Brazil	(a)	100	100
Olam Shanghai Limited [2]	China	(a)	100	100
Olam Argentina S.A. [2]	Argentina	(a)	100	100
Panasia International FZCO [2]	United Arab Emirates	(a)	100	100
Outspan Colombia S.A.S. C.I. [2]	Colombia	(a)	100	100
Olam Investments Limited [2]	Mauritius	(b)	100	100

13. Subsidiary companies (cont'd)

Significant subsidiary companies of Olam International Limited are as follows:-

Name of company	Country of incorporation	Principal activities	Effective percentage of equity held by the Group 2013 %	2012 %
Café Outspan Vietnam Limited (2)	Vietnam	(a)	**100**	100
LLC Outspan International (2)	Russia	(a)	**100**	100
Olam Investments Australia Pty Ltd (2)	Australia	(b)	**100**	100
Olam (Thailand) Limited (2)	Thailand	(a)	**100**	100
Outspan Bolovens Limited (2)	Laos	(a) & (c)	**100**	100
Olam Agro India Limited (2)	India	(a)	**100**	100
Crown Flour Mills Limited (2)	Nigeria	(a)	**100**	100
Olam Orchards Australia Pty Ltd (2)	Australia	(a) & (c)	**100**	100
Outspan México, S.A. de C.V. (3)	Mexico	(a)	**100**	100
Invenio Holdings Pte. Ltd. (1)	Singapore	(b) & (d)	**89.29**	89.04
tt Timber International AG (3)	Switzerland	(a) & (b)	**100**	100
NZ Farming Systems Uruguay Limited (2)	New Zealand	(a) & (b)	**100**	85.93
Olam Food Ingredients Holdings UK Limited (formerly known as "Britannia Food Ingredients Holdings Limited") (2)	United Kingdom	(b)	**100**	100
Gabon Special Economic Zone SA (2)	Gabon	(e)	**60**	60
Olam Palm Gabon SA (2)	Gabon	(a) & (c)	**70**	70
OK Foods Limited (2)	Nigeria	(a) & (b)	**100**	100
Olam Tarim Ürünleri Yem Maddeleri Sanayi ve Ticaret Limited Şirketi (2)	Turkey	(a) & (b)	**100**	100
Olam Food Ingredients Spain, S.L. (formerly known as "Olam Macao Spain, S.L.") (3)	Spain	(a)	**100**	100
Outspan Cyprus Limited (3)	Cyprus	(b)	**100**	100
Olea Investment Holdings Pte. Ltd. (1)	Singapore	(b)	**80**	80
Olam Cocoa Processing Cote d'Ivoire (3)	Ivory Coast	(a)	**100**	100
Olam (Uganda) Limited (3)	Uganda	(a)	**100**	100
Outspan Malaysia Sdn Bhd (3)	Malaysia	(a)	**100**	100
Carmel Investment Holdings Pte Ltd (1)	Singapore	(b)	**80**	80
Seda Outspan Iberia S.L. (2)	Spain	(a)	**100**	100
Ranona Limited (2)	Nigeria	(a)	**100**	–
Dehydro Foods S.A.E. (2)	Egypt	(a)	**100**	–
Usicam S.A. (3)	Cameroon	(a)	**100**	50
PT Sumber Daya Wahana (3)	Indonesia	(c)	**95**	–

13. Subsidiary companies (cont'd)

Significant subsidiary companies of subsidiaries of Olam International Limited are as follows:-

Name of company	Principal activities	Effective percentage of equity held by the Group 2013 %	2012 %
Subsidiary company of **Far East Agri Pte Ltd:**			
PT Dharmapala Usaha Sukses (2) (Indonesia)	(a)	**100**	100
Subsidiary company of **Panasia International FZCO:**			
Olam Senegal S.A. (3) (Senegal)	(a)	**100**	100
Subsidiary company of **Olam Investments Limited:**			
Olam Agro India Limited (2) (India)	(a)	**100**	100
Subsidiary company of **Olam Investments Australia Pty Ltd:**			
Olam Australia Pty Ltd (2) (Australia)	(b)	**100**	100
Subsidiary company of **Olam Australia Pty Ltd:**			
Queensland Cotton Holdings Pty Ltd (2) (Australia)	(b)	**100**	100
Subsidiary companies of **Queensland Cotton Holdings Pty Ltd:**			
QC International Pty Ltd (2) (Australia)	(b)	**100**	100
Australian Cotton Corporation Pty Ltd (2) (Australia)	(b)	**100**	100
Queensland Cotton Corporation Pty Ltd (2) (Australia)	(a)	**100**	100
Subsidiary company of **QC International Pty Ltd:**			
Olam Holdings Partnership (2) (The United States of America)	(b)	**100**	100
Subsidiary companies **of Olam Holdings Partnership:**			
QC (US) International, Inc. (2) (The United States of America)	(b)	**100**	100
Olam US Holdings, Inc. (2) (The United States of America)	(b)	**100**	100
Subsidiary company of **QC (US) International, Inc.:**			
Olam Cotton (2) (The United States of America)	(b)	**100**	100

13. Subsidiary companies (cont'd)

Significant subsidiary companies of subsidiaries of Olam International Limited are as follows:-

Name of company	Principal activities	Effective percentage of equity held by the Group 2013 %	2012 %
Subsidiary companies of **Olam US Holdings Inc.:**			
Universal Blanchers, L.L.C. [2] (The United States of America)	(a)	**100**	100
Olam Americas, Inc. [2] (The United States of America)	(a)	**100**	100
Subsidiary company of **Olam Americas, Inc.:**			
Olam West Coast, Inc. [2] (The United States of America)	(a)	**100**	100
Olam Tomato Processors, Inc. [2] (The United States of America)	(a)	**100**	100
Olam Farming, Inc. [2] (The United States of America)	(a) & (c)	**100**	100
Subsidiary companies of **Invenio Holdings Pte. Ltd.:**			
Invenio Commodity Financials Pte. Ltd. [1] (Singapore)	(d)	**100**	100
Subsidiary company of **Olam Food Ingredients Holdings UK Limited (formerly known as "Britannia Food Ingredients Holdings Limited"):**			
Olam Food Ingredients Limited (formerly known as "Britannia Food Ingredients Limited") [2] (United Kingdom)	(a)	**100**	100
Subsidiary companies of **tt Timber International AG:**			
Congolaise Industrielle des Bois SA [2] (Republic of Congo)	(a)	**100**	100
Commerce et Industrie du Bois SA [2] (Gabon)	(a)	**100**	100
Subsidiary company of **Commerce et Industrie du Bois SA:**			
Gabonaise Industrielle des Bois SA [2] (Gabon)	(a)	**100**	100
Compagnie Forestière des Abeilles SA [2] (Gabon)	(a)	**100**	100
Subsidiary companies of Olam Tarim Ürünleri Yem Maddeleri Sanayi Ve Ticaret Limited Şirketi:			
Progıda Fındık Sanayi ve Ticaret A.Ş. [2] (Turkey)	(a)	**100**	100
Progıda Pazarlama A.Ş. [2] (Turkey)	(a)	**100**	100
Progıda Tarım Ürünleri Sanayi ve Ticaret A.Ş. [2] (Turkey)	(a)	**100**	100

13. Subsidiary companies (cont'd)

Significant subsidiary companies of subsidiaries of Olam International Limited are as follows:-

Name of company	Principal activities	Effective percentage of equity held by the Group 2013 %	2012 %
Subsidiary company of **Olam Food Ingredients Spain, S.L. (formerly known as "Olam Macao Spain, S.L.")**			
Solimar Food Ingredients, S.L. (3) (Spain)	(a)	**100**	100
Subsidiary company of **Outspan Cyprus Limited:**			
Milky Projects Limited (3) (Cyprus)	(b)	**75**	75
Subsidiary company of **Milky Projects Limited:**			
LLC Russian Dairy Company (2) (Russia)	(c)	**100**	100
Subsidiary company of **Gabon Special Economic Zone SA:**			
Société de la Zone Economique Spéciale de Port-Gentil (2) (Gabon)	(e)	**60**	60
Subsidiary company of **Olam Agro India Limited:**			
Hemarus Industries Limited (2) (India)	(a)	**100**	100
Subsidiary company of **Olea Investment Holdings Pte. Ltd.:**			
Gabon Fertilizer Company SA (2) (Gabon)	(a)	**80**	80
Subsidiary company of **Carmel Investment Holdings Pte. Ltd.:**			
Olam Rubber Gabon SA (2) (Gabon)	(a)	**100**	–
Subsidiary company of **Seda Outspan Iberia S.L.:**			
Alliance Coffee Company Liofilizados, S.L.(2) (Spain)	(a)	**100**	–
Seda Internacional (2) (Russia)	(a)	**100**	–
Seda Congeneracion, S.A (2) (Spain)	(a)	**50**	–

(a) Sourcing, processing, packaging and merchandising of agricultural products and inputs.
(b) Investment holding.
(c) Agricultural operations.
(d) Risk management activities.
(e) Infrastructure development.
(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by associated firms of Ernst & Young Global Limited.
(3) Audited by other CPA firms.

14. Investments in jointly controlled entities and associates

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

(a) Investments in jointly controlled entities

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

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

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

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

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

(b) Technical services.

[1] Audited by Ernst & Young LLP, Singapore

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

[3] Audited by other CPA firms

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

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

Acacia Investment Limited ("Acacia")

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

Usicam S.A. ("Usicam")

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

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

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

(b) Investments in associates

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

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

(b) Investments in associates (cont'd)

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

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2013 %	2012 %
Held by the Company				
Open Country Dairy Limited [1]	New Zealand	Processing and trading of agricultural commodities	**24.75**	24.75
PureCircle Limited [1]	Bermuda	Processing and trading of agricultural commodities	**18.56**	19.76
Held by Subsidiary				
Newcastle Agri Terminal Pty Ltd [1]	Australia	Infrastructure development	**27.16**	29.50

[1] Audited by other CPA firms

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

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

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

15. Amounts due from subsidiary companies

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

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

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

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

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

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

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

16. Trade receivables

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

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

16. Trade receivables (cont'd)

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

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

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

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

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

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

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

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

17. Margin accounts with brokers

Margin accounts are maintained with recognised futures dealers and brokers for trades done on the futures exchanges. These margin accounts move in relation to trades done on futures, variation margins required and prices of the commodities traded.

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

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

18. Inventories

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

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

19. Advance payments to suppliers/subsidiary companies

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

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

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

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

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

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

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

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

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

20. Other current/non-current assets

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

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

(1) Staff advances are interest-free, unsecured, repayable within the next 12 months and are to be settled in cash.

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

(3) Short-term investment relates to investment in the Ektimo Commodity Relative Value Fund LP ('Fund'), which invests in a portfolio of commodity markets including agriculture, metals, energy and livestock.

(4) These relate to incentives and subsidies receivable from the Government agencies from various countries for export of agricultural products. There are no unfulfilled conditions or contingencies attached to these incentives and subsidies.

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

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

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

21. Trade payables and accruals

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

Trade payables are non-interest bearing. Trade payables are normally on 30 to 60 days' terms while other payables have an average term of two months.

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

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

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

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

22. Other current liabilities

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

23. Borrowings

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

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

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

Bank overdrafts and bank loans

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

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

23. Borrowings (cont'd)

Bank overdrafts and bank loans (cont'd)

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

Term loans from banks

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

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

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

Medium-term notes

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

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

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

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

23. Borrowings (cont'd)

Obligations under finance leases

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

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

Convertible bonds, unsecured

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

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

[1] On 3 July 2008, the Company issued 1.0% interest bearing convertible bonds of US$300,000,000. The bonds will mature in five years from the issue date at their redemption value of US$358,140,000 or can be converted any time between 13 August 2008 and 23 May 2013 into fully paid ordinary shares of the Company at an initial conversion price of $3.8464 per share with a fixed exchange rate of $1.3644 to US$1.00. In 2009, bonds aggregating to a principal amount of US$280,800,000 were bought back. These bonds were fully redeemed subsequent to the current financial year.

[2] On 2 September 2009, the Company issued 6.0% interest bearing convertible bonds of US$400,000,000. The bonds will mature in seven years from the issue date and have an initial conversion price of $3.0853 per share with a fixed exchange rate of $1.4400 to US$1.00. On 1 October 2009, the Company increased the issue size of the bonds by an additional US$100,000,000 bringing the total issue size to US$500,000,000.

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

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

23. Borrowings (cont'd)

Other bonds

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

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

(2) Long term unsecured bonds of US$30,000,000 were issued by NZ Farming Systems Uruguay Limited ("NZFSU") via a trust structure in Uruguay. The bonds had an initial fixed interest rate of 5% per annum for the period to 30 September 2010, and thereafter an annual variable interest rate of between 5% and 15% per annum calculated annually using a formula based on gross milk revenues and certain key input costs. The bond was expected to have a term of approximately 15 years, and the expected average interest rate is 8.9% per annum to the early redemption option in January 2018 with interest being accrued to date on this basis. All the bonds were bought back during the year (Note 5).

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

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

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

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

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

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

24. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the year adjusted for the effects of dilutive shares and options.

The following reflects the profit and share data used in the basic and diluted earnings per share computations for the financial years ended 30 June:-

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

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

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

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

(a) Share capital

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

[1] The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

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

(b) Treasury shares

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

(c) Perpetual capital securities

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

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

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

(d) Warrants

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

The Warrants have been presented as capital reserves under equity.

26. Dividends

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

27. Commitments

(a) Operating lease commitments

Operating lease expenses of the Group and Company (principally for land, offices, warehouses, employees' residences and vessels) were $50,766,000 (2012: $72,836,000) and $10,999,000 (2012: $33,070,000), respectively. These leases have an average tenure of between 1.0 to 6.5 years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rental payable under non-cancellable operating leases are as follows:-

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

(b) Capital commitments

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

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

27. Commitments (cont'd)

(c) Finance lease commitments

The Group has finance leases for land and buildings. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:-

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

28. Contingent liabilities

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

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

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

29. Employee benefits expenses

Employee benefits expenses (including executive directors):

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

29. Employee benefits expenses (cont'd)

(a) Employee share subscription scheme

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

The share-based expense was based on the fair value price of $0.2965 per share, which represented a discount from the estimated value of the Company's pre-IPO share price.

(b) Employee share option scheme

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

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

Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

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

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

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

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

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

29. Employee benefits expenses (cont'd)

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

Movement of share options during the financial year

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

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

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

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

(3) The range of exercise prices for options outstanding at the end of the financial year was \$1.67 to \$3.14 (2012: \$1.76 to \$3.14). The weighted average remaining contractual life for these options is 7.70 years (2012: 8.30 years).

The fair value of share options as at the date of grant, is estimated by the Company using the Black Scholes Model, taking into account the terms and conditions upon which the options are granted. The expected life of the option is based on the assumption that the options would be exercised within six months of the vesting date. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The inputs to the model used for the share options granted during financial years ended 30 June 2013 and 2012 are shown below:-

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

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

29. Employee benefits expenses (cont'd)

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

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

30. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; ii) it is subject to common control or common significant influence.

The following are the significant related party transactions entered into by the Company and Group in the ordinary course of business on terms agreed between the parties:-

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

31. Compensation of directors and key management personnel

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

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

Directors' interest in employee share benefit plans

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

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

32. Cash and short-term deposits

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

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

Deposits include short-term and capital guaranteed deposits.

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

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

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

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

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

Cash and cash equivalents

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

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

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

33. Financial risk management policies and objectives

The Group's principal financial instruments, other than derivative financial instruments and investment in security, comprise bank loans, medium-term notes, term loans from banks, bonds, cash and bank balances, fixed deposits and bank overdrafts. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including interest rate swaps, commodity options, swaps and futures contracts and foreign currency forward contracts. The purpose is to manage the commodity price risk, foreign currency risk and interest rate risk arising from the Group's operations and its sources of financing.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

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

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees on the policies for managing each of these risks and they are summarised below:-

(a) Commodity price risk

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group purchases and sells various derivative products, primarily exchange traded futures and options with the purpose of managing market exposure to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of unhedged fixed price physical positions in each commodity.

The Group also enters into commodity derivatives for trading purposes. The Group's trading market risk appetite is determined by the Board of Directors, with detailed exposure limits recommended by the Executive Risk Committee and approved by the Board Risk Committee.

At balance sheet date, if the commodities price index moved by 1.0% with all other variables held constant, the Group's profit net of tax would have changed by $5,861,000 (2012: $17,967,000) and equity would have changed inversely by $2,021,000 (2012: $6,494,000) arising as a result of fair value on Group's commodity futures, options contracts, physical sales and purchases commitments as well as the inventory held at balance sheet date.

(b) Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amounts of trade and other receivables, advances to suppliers, margin accounts with brokers, cash and short-term deposits payments, including derivatives with positive fair value represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable banks.

The Group has no significant concentration of credit risk with any single customer.

Exposure to credit risk

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

The Group's maximum exposure to credit risk for trade debtors at the balance sheet date is as follows:-

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

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

(b) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade receivables).

(c) Foreign currency risk

The Group trades its products globally and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD), Great Britain Pound (GBP), Euro (EUR), Australian Dollar (AUD) and Singapore Dollar (SGD).

The following table demonstrates the sensitivity of the Group's profit net of tax and equity to a reasonably possible change in the USD, GBP, EUR, AUD and SGD exchange rates, with all other variables held constant.

	Group			
	2013		2012	
	Profit net of tax $'000 Increase/ (decrease)	**Equity $'000** Increase/ (decrease)	**Profit net of tax $'000** Increase/ (decrease)	**Equity $'000** Increase/ (decrease)
USD – strengthened 0.5%	**(477)**	**(584)**	172	108
GBP – strengthened 0.5%	**(1,200)**	**(2,162)**	(571)	(3,940)
EUR – strengthened 0.5%	**(4,892)**	**(3,749)**	(234)	(976)
AUD – strengthened 0.5%	**(1,966)**	**(2,202)**	(12)	(1,817)
SGD – strengthened 0.5%	**(61)**	**8,410**	(26)	4,367

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations associated with its financial liabilities or due to shortage of funds.

To ensure continuity of funding, the Group primarily uses short-term bank facilities that are transaction-linked and self-liquidating in nature. The Group also has a multicurrency medium-term notes programme, as well as term loans from banks, to fund its ongoing working capital requirement and growth needs.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

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

(d) Liquidity risk (cont'd)

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

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2013 $'000				2012 $'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial guarantees	–	–	–	–	–	–	–	–
Company								
Financial guarantees	1,486,036	–	–	1,486,036	1,548,475	–	–	1,548,475

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

(e) Interest rate risk

The Company's and the Group's exposure to market risk for changes in interest rates relate primarily to its floating rate loans and borrowings. Interest rate risk is managed on an ongoing basis such as hedging the risk through interest rate derivatives with the primary objective of limiting the extent to which net interest exposure could be affected by adverse movements in interest rates. The details of the interest rates relating to the interest-earning financial assets and interest-bearing financial liabilities are disclosed in various notes of the financial statements.

At the balance sheet date, if interest rates had moved by 25 basis points with all other variables held constant, the Group's profit net of tax would have changed inversely by $13,852,000 (2012: $13,586,000).

34. Fair values of financial instruments

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

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:-

	Group 2013			
	Quoted prices in active markets for identical instruments (Level 1) **$'000**	**Significant other observable inputs** (Level 2) **$'000**	**Significant unobservable inputs** (Level 3) **$'000**	**Total** **$'000**
Financial assets:				
Short term investment	–	39,657	–	39,657
Derivatives financial instruments				
– Foreign exchange contracts	–	67,245	–	67,245
– Commodity contracts	128,437	393,287	15,840	537,564
– Convertible and other bonds	–	1,253	–	1,253
	128,437	501,442	15,840	645,719
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange contracts	–	154,386	–	154,386
– Commodity contracts	50,373	170,897	3,087	224,357
– Interest rate swaps	–	16,552	–	16,552
	50,373	341,835	3,087	395,295

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

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

	Group 2012			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets:				
Short term investment	–	46,837	–	46,837
Derivatives financial instruments				
– Foreign exchange contracts	–	47,617	–	47,617
– Commodity contracts	639,354	171,890	443,339	1,254,583
– Convertible bonds	–	*	–	–
	639,354	266,344	443,339	1,349,037
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange contracts	–	54,948	–	54,948
– Commodity contracts	446,794	448,170	121,203	1,016,167
– Interest rate swaps	–	44,596	–	44,596
	446,794	547,714	121,203	1,115,711

* Amount is less than $1,000.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:-

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Movements in Level 3 Financial instruments measured at fair value

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

Determination of fair value

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

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

Commodity contracts are valued based on the following:-

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

Impact of changes to key assumptions on fair value of Level 3 financial instruments

For certain commodity contracts, the fair value had been determined using a fair value model. The valuation requires management to make certain assumptions about the model inputs, including forward prices, credit risk and volatility that may not be supported by observable market data.

Management has determined that the potential effect of adjusting the assumptions to the model inputs of the valuation model by 1% would have changed the profit or loss for the Group by $647,000 (2012: $12,182,000). The carrying amount of the physical contracts at 30 June 2013 is $12,753,000 (2012: $322,136,000).

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

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

Derivative financial instruments

The fair value of derivative financial instruments is as follows:-

	Group		Company	
	Fair value		Fair value	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
2013				
Derivatives held for hedging [1]				
Foreign exchange contracts	67,245	154,386	33,920	28,983
Commodity contracts	515,407	198,808	318,153	135,229
Interest rate swaps	–	16,552	–	16,552
Total derivatives held for hedging	582,652	369,746	352,073	180,764
Derivatives held for trading				
Commodity contracts	22,157	25,549	–	–
Convertible and other bonds	1,253	–	1,253	–
Total derivatives held for trading	23,410	25,549	1,253	–
Total derivatives	606,062	395,295	353,326	180,764

[1] Derivatives held for hedging that were assessed to be ineffective or classified as fair value through profit or loss are recognised in profit and loss accounts.

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

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

Derivative financial instruments (cont'd)

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

* Amount is less than $1,000.

(1) Derivatives held for hedging that were assessed to be ineffective or classified as fair value through profit or loss are recognised in profit and loss accounts.

As at 30 June 2013, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 21 months (2012: 1 and 21 months).

The foreign exchange derivatives held for hedging are used to hedge the foreign currency risk of future purchases or sales. The commodity derivatives held for hedging are used to hedge the commodity price risk related to forecasted transactions. The interest rate derivatives held for hedging are used to hedge the interest rate risk related to the floating rate loans. In addition, a portion of the commodity derivatives are used for trading purposes.

For all the foreign exchange and commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 21 months (2012: 21 months). For all cases where the Group applies hedge accounting, the fair value of the derivative recorded in the fair value adjustment reserves will be recycled through the profit and loss accounts upon occurrence of the forecasted transactions.

Cash flow hedges of expected transactions that were assessed to be highly effective have resulted in a net fair value loss of $73,174,000 and $74,818,000 for the Group and Company as at 30 June 2013 respectively (2012: $125,190,000 and $128,785,000 respectively).

No cash flow hedges of expected transactions were assessed to be ineffective under FRS 39 and recognised in the profit and loss accounts for the Group and the Company for the year (2012: $Nil).

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

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

(i) Cash and short-term deposits, trade receivables, advance payments to suppliers and subsidiary companies, other current assets, margin accounts with brokers, amounts due from subsidiary companies, trade payables and accruals, other current liabilities and bank overdrafts

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

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

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

(iii) Bank loans and term loans from banks

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

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

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

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

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

35. Capital management

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors viz-a-viz the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long-term capital investments. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013 and 30 June 2012.

The Group calculates the level of debt capital required to finance the working capital requirements using traditional and modified financial metrics including leverage/gearing ratios and asset turnover ratios.

As of balance sheet date, leverage ratios are as follows:-

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

The Group assesses the level of debt capital used to finance capital investment in respect of the projected risk and returns of these investments using a number of traditional and modified investment and analytical models including discounted cash flows. It also assesses the use of debt capital to fund such investments relative to the impact on the Group's overall debt capital position and capital structure.

In order to manage its capital structure, the Group may issue debt of either a fixed or floating nature, arrange credit facilities, issue medium-term notes, issue new shares or convertible bonds and adjust dividend payments.

36. Classification of financial assets and liabilities

Group	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Fair value through profit or loss/held for trading $'000
2013				
Financial assets:				
Loans to jointly controlled entities (Note 14)	**136,540**	**–**	**–**	**–**
Trade receivables (Note 16)	**2,372,900**	**–**	**–**	**–**
Advance payments to suppliers (Note 19)	**598,470**	**–**	**–**	**–**
Other current assets (Note 20)	**269,349**	**–**	**–**	**39,657**
Cash and short-term deposits (Note 32)	**1,546,679**	**–**	**–**	**44,330**
Derivative financial instruments (Note 34)	**–**	**–**	**582,652**	**23,410**
Other non-current assets (Note 20)	**12,919**	**–**	**–**	**7,337**
	4,936,857	**–**	**582,652**	**114,734**
Financial liabilities:				
Margin accounts with brokers (Note 17)	**–**	**9,114**	**–**	**–**
Trade payables and accruals (Note 21)	**–**	**1,747,963**	**–**	**–**
Other current liabilities (Note 22)	**–**	**255,175**	**–**	**–**
Borrowings (Note 23)	**–**	**8,848,238**	**–**	**–**
Derivative financial instruments (Note 34)	**–**	**–**	**369,746**	**25,549**
	–	**10,860,490**	**369,746**	**25,549**
2012				
Financial assets:				
Loans to jointly controlled entities (Note 14)	152,903	–	–	–
Trade receivables (Note 16)	1,596,796	–	–	–
Advance payments to suppliers (Note 19)	320,556	–	–	–
Other current assets (Note 20)	250,097	–	–	46,837
Cash and short-term deposits (Note 32)	1,047,426	–	–	63,430
Derivative financial instruments (Note 34)	–	–	1,235,569	66,631
Other non-current assets (Note 20)	9,163	–	–	–
	3,376,941	–	1,235,569	176,898
Financial liabilities:				
Margin accounts with brokers (Note 17)	–	140,567	–	–
Trade payables and accruals (Note 21)	–	1,133,893	–	–
Other current liabilities (Note 22)	–	179,538	–	–
Borrowings (Note 23)	–	7,489,384	–	–
Derivative financial instruments (Note 34)	–	–	1,105,331	10,380
	–	8,943,382	1,105,331	10,380

36. Classification of financial assets and liabilities (cont'd)

Company	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Fair value through profit or loss/held for trading $'000
2013				
Financial assets:				
Loans to subsidiary companies (Note 13)	**550,449**	**–**	**–**	**–**
Loans to jointly controlled entities (Note 14)	**136,540**	**–**	**–**	**–**
Amounts due from subsidiary companies (Note 15)	**2,258,023**	**–**	**–**	**–**
Trade receivables (Note 16)	**984,391**	**–**	**–**	**–**
Advance payments to suppliers (Note 19)	**2,294,786**	**–**	**–**	**–**
Other current assets (Note 20)	**31,295**	**–**		**39,657**
Cash and short-term deposits (Note 32)	**1,082,245**	**–**	**–**	**44,330**
Derivative financial instruments (Note 34)	**–**	**–**	**352,073**	**1,253**
	7,337,729	**–**	**352,073**	**85,240**
Financial liabilities:				
Margin accounts with brokers (Note 17)	**–**	**35,683**	**–**	**–**
Trade payables and accruals (Note 21)	**–**	**927,715**	**–**	**–**
Other current liabilities (Note 22)	**–**	**98,794**	**–**	**–**
Borrowings (Note 23)	**–**	**5,901,697**	**–**	**–**
Derivative financial instruments (Note 34)	**–**	**–**	**180,764**	**–**
	–	**6,963,889**	**180,764**	**–**
2012				
Financial assets:				
Loans to subsidiary companies (Note 13)	414,755			
Loans to jointly controlled entities (Note 14)	152,903	–	–	–
Amounts due from subsidiary companies (Note 15)	2,092,954	–	–	–
Trade receivables (Note 16)	394,663	–	–	–
Advance payments to suppliers (Note 19)	1,848,205	–	–	–
Other current assets (Note 20)	28,010	–	–	38,980
Cash and short-term deposits (Note 32)	703,960	–	–	–
Derivative financial instruments (Note 34)	–	–	867,718	–
	5,635,450	–	867,718	38,980
Financial liabilities:				
Margin accounts with brokers (Note 17)	–	77,011	–	–
Trade payables and accruals (Note 21)	–	494,101	–	–
Other current liabilities (Note 22)	–	77,247	–	–
Borrowings (Note 23)	–	4,321,494	–	–
Derivative financial instruments (Note 34)	–	–	981,232	*
	–	4,969,853	981,232	–

* Amount is less than $1,000.

37. Segmental information

The Group's businesses are organised and managed as five broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and merchandising span across a broad range of agricultural products.

The segmentation of products has been done in the following manner:-

- Edible Nuts, Spices and Beans – cashews, peanuts, almonds, hazelnuts, spices and vegetable ingredients, sesame and beans (including pulses, lentils and peas).
- Confectionery and Beverage Ingredients – cocoa, coffee and sheanuts.
- Industrial Raw Materials – cotton, wool, wood products, rubber, agri inputs (fertiliser) and special economic zone project.
- Food Staples and Packaged Foods – rice, sugar and natural sweeteners, grains such as wheat, barley, corn, palm products, dairy products and packaged foods.
- Commodity Financial Services – market making, risk management solutions, commodity funds management.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate cash, fixed deposits, other receivables and corporate liabilities such as taxation, amounts due to bankers and medium-term notes. Assets which are unallocated are common and shared by segments and thus it is not practical to allocate them.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance cost), which is managed on group basis, and income tax which is evaluated on group basis are not allocated to operating segments.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are attributed to the location of those assets.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-geographical segment sales and transfers as if the sales or transfers were to third parties at current market prices.

37. Segmental information (cont'd)

(a) Business segments

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

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

37. Segmental information (cont'd)

(b) Geographical segments

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

(c) Information on major customers

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

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

37. Segmental information (cont'd)

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

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

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

* Amount is less than $1,000.

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

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

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

38. Authorisation of financial statements

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

Substantial Shareholders

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

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

Notes:

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

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

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

The GKC Settlement, Hariom Trust, DDC Settlement and the PKC 2008 Settlement are therefore deemed to be interested in the 483,493,065 Shares held by Kewalram in the Company.

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

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

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

Temasek Holdings is the holding company of Temasek Capital, which in turn is the holding company of Seletar, which in turn holds all issued shares in Breedens and Aranda. Temasek Holdings' deemed interest in the 575,346,283 Shares comprises:

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

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

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

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

(a) Orbis Holdings Limited ("OHL")

(b) Orbis World Limited ("OWL")

(c) Orbis Trust ("OT")

(d) Orbis Holding Trust ("OHT")

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

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

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

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

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

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

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

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

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

Statistics of Shareholdings

as at 17 September 2013

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

Distribution of Shareholdings

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

Twenty Largest Shareholders

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

Bondholder of 6% Convertible Bonds Due 2016

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

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

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

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

PUBLIC FLOAT

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

Statistics of Warrantholdings

as at 17 September 2013

Distribution of Warrantholdings

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

Twenty Largest Warrantholders

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

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

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

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

Notice of Annual General Meeting

OLAM INTERNATIONAL LIMITED

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

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

AS ORDINARY BUSINESS

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

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

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

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

   [See Explanatory Note (i)]

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

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

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

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

AS SPECIAL BUSINESS

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

7. **Authority to issue shares**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

That:

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

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

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

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

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

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

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

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

whichever is the earlier; and

(3) in this Ordinary Resolution 11:

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

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

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

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

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

where:

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

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

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

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

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

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

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

By Order of the Board

Tan San-Ju
Yoo Loo Ping
Company Secretaries
Singapore

Date: 14 October 2013

Explanatory Notes:

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

OLAM INTERNATIONAL LIMITED

(Company Registration No. 199504676H)

(Incorporated In The Republic of Singapore with limited liability)

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT:

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

*I/We, ______________________________

of ______________________________

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

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

and/or (delete as appropriate)

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

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

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

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

Dated this ______________ day of ______________ 2013

____

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

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

* *Delete where inapplicable*

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the second named proxy shall be an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Annual General Meeting.

5. (i) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing.

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

   (iii) Where the instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified true copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Registered Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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

Corporate Responsibility & Sustainability Report 2013

Building Sustainable Supply Chains

Image

Harvesting onions in California grown from seed developed by our R&D team has reduced the need for irrigation by 15% saving 65 million m^3 of water to date.

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

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

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