IMPORTANT NOTICE

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The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Olam International Limited (the "**Issuer**") and Standard Chartered Bank ("**SCB**") or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. **We will provide a hard copy version to you upon request.**

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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer or SCB to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

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YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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OLAM INTERNATIONAL LIMITED

(Company Registration No. 199504676H)
(Incorporated in the Republic of Singapore on 4 July 1995)

S$800,000,000
Multicurrency Medium Term Note Programme

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by Olam International Limited (the "**Issuer**") pursuant to the S$800,000,000 Multicurrency Medium Term Note Programme (the "**MTN Programme**") may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies, the MTN Programme or such Notes.

Arranger

Standard Chartered

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NOTICE

Standard Chartered Bank (the "**Arranger**") has been authorised by Olam International Limited (the "**Issuer**") to arrange the MTN Programme described herein. Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and the Notes. The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is material in the context of the MTN Programme, the issue and offering of the Notes, that the information contained herein is true and accurate in all material respects, the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the issue and offering of the Notes would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under "**Summary of the MTN Programme**")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a temporary global note or a permanent global note which will be deposited on the issue date either with CDP (as defined herein) or a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *societe anonyme* ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer (as defined herein). Interests in a temporary global note will be exchangeable, in whole or in part, for interests in a permanent global note on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of not less than one month and not more than ten years from their respective issue dates (or such other tenor as may be agreed between the Issuer and the relevant Dealer) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer. The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes (the "**Redemption Amount**"). Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to below) shall be S$800,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulation.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) and are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Notes from time to time to be issued pursuant to the MTN Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, neither the Arranger nor any of the Dealers gives any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer. Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports or audited consolidated accounts or unaudited interim results of the Issuer and its subsidiaries and associated companies (if any), and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

To the fullest extent permitted by law, none of the Arranger or the Dealers accept any responsibility for the contents of this Information Memorandum or for any other statement made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under "Subscription, Purchase and Distribution" on pages 89 and 90 of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

"**Agency Agreement**"	:	The Agency Agreement dated 9 March 2004 between (1) the Issuer, as issuer, (2) Standard Chartered Bank, as issuing and paying agent and agent bank, and (3) British and Malayan Trustees Limited, as trustee, as amended and restated by the Amendment and Restatement Agreement dated 24 June 2005 relating to the same and made between the same parties and as further amended, varied or supplemented from time to time
"**Agent Bank**"	:	Standard Chartered Bank
"**Arranger**"	:	Standard Chartered Bank
"**Business Day**"	:	A day (other than Saturday or Sunday) on which commercial banks are open for business in Singapore
"**CDP**"	:	The Central Depository (Pte) Limited
"**CIS**"	:	The Commonwealth of Independent States
"**Company**" or "**Issuer**"	:	Olam International Limited
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"**Coupons**"	:	The interest coupons appertaining to an interest bearing definitive Note
"**Dealers**"	:	Persons appointed as dealers under the MTN Programme
"**Destination Markets**" or "**Destination Countries**"	:	Markets and countries in which the Group sells its food ingredients and/or agricultural products
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum
"**ESBS**"	:	The Olam International Limited Employee Share Benefit Scheme
"**ESSS**"	:	The Olam International Limited Employee Share Subscription Scheme
"**Factory Gate**"	:	Point of delivery to a customer
"**Fair Trade Practice**"	:	The principles and guidelines prescribed by fair trade organisations to promote equitable trading relationships between consumers and economically disadvantaged producers
"**Farm Gate**"	:	Point of collection from a supplier in a producing country
"**FY**"	:	Financial year ended 30 June
"**Group**" or "**Olam**"	:	The Issuer and its subsidiaries
"**HACCP**"	:	Hazard Analysis and Critical Control Points System, a food safety system in which points in a food manufacturing process are identified and controls are put in place to ensure food safety hazards are eliminated

"**Issuing and Paying Agent**"	:	Standard Chartered Bank
"**KC Group**"	:	Kewalram Chanrai Group
"**MAS**"	:	The Monetary Authority of Singapore
"**MTN Programme**"	:	The S$800,000,000 Multicurrency Medium Term Note Programme of the Issuer
"**Notes**"	:	The notes to be issued by the Issuer under the MTN Programme
"**Origins**" or "**Origin Countries**"	:	Producing countries from which the Group procures its food ingredients and/or agricultural products
"**Pricing Supplement**"	:	In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Series or, as the case may be, Tranche
"**Principal Subsidiaries**"	:	Any subsidiary of the Issuer whose profits before tax, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the profits before tax and exceptional items of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then: (1) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and (2) if part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary. Any subsidiary which becomes a Principal Subsidiary by virtue of (1) above or which remains or becomes a Principal Subsidiary by virtue of (2) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the profits before tax as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the profit before tax of the Group, as shown by such audited consolidated accounts. A report by the Auditors (as defined in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive
"**Programme Agreement**"	:	The Programme Agreement dated 9 March 2004 made between (1) the Issuer, as issuer, and (2) Standard Chartered Bank, as arranger and dealer, as amended and restated by the Amendment and Restatement Agreement dated 24 June 2005 relating to the same and made between the same parties and as further amended, varied or supplemented from time to time

“**Securities Act**”	:	Securities Act of 1933 of the United States, as amended
“**Series**”	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
“**SFA**”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“**SGX-ST**”	:	Singapore Exchange Securities Trading Limited
“**Shareholders**”	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the depositors whose securities accounts are credited with the Shares
“**Shares**”	:	Ordinary shares in the capital of the Issuer
“**Temasek**”	:	Temasek Holdings (Private) Limited
“**Tranche**”	:	Notes which are identical in all respects (including as to listing)
“**Trust Deed**”	:	The Trust Deed dated 9 March 2004 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended and restated by the Amendment and Restatement Deed dated 24 June 2005 and as further amended, modified and supplemented by the Supplemental Trust Deed dated 26 January 2010, both relating to the same and made between the same parties, and as further amended, varied or supplemented from time to time
“**Trustee**”	:	British and Malayan Trustees Limited
“**United States**” or “**U.S.**”	:	United States of America
“**VaR**”	:	Value at Risk, a risk measurement system that calculates the maximum loss that a reference set of market instruments is likely to suffer
“**VMI**”	:	Vendor Managed Inventory, a process by which the vendor or supplier manages inventory for its customers
“**S$**” or “**$**” and “**cents**”	:	Singapore dollars and cents respectively
“**US$**”, “**USD**” or “**US dollars**”	:	United States dollars
“**%**”	:	Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Board of Directors	:	Rangareddy Jayachandran Non-Executive Chairman
		Narain Girdhar Chanrai Non-Executive Director
		Michael Lim Choo San Non-Executive and Independent Director
		Robert Michael Tomlin Non-Executive and Independent Director
		Mark Haynes Daniell Non-Executive and Independent Director
		Tse Po Shing, Andy Non-Executive Director
		Wong Heng Tew Non-Executive and Independent Director
		Jean-Paul Pinard Non-Executive and Independent Director
		Sunny George Verghese Group Managing Director and Chief Executive Officer, Executive Director
		Sridhar Krishnan Executive Director
		Shekhar Anantharaman Executive Director
Company Secretary	:	Wan Tiew Leng, Lynn
Registered Office	:	3 Church Street #08-01 Samsung Hub Singapore 049483
Auditors to the Issuer	:	Ernst & Young LLP Certified Public Accountants One Raffles Quay North Tower, Level 18 Singapore 048583
Arranger of the MTN Programme	:	Standard Chartered Bank 6 Battery Road #09-00 Singapore 049909
Legal Advisers to the Arranger and the Trustee	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989

Issuing and Paying Agent and Agent Bank	:	Standard Chartered Bank Securities Services Plaza by the Park 51 Bras Basah Road #08-01 Singapore 189554
Trustee for the holders of the Notes	:	British and Malayan Trustees Limited 1 Coleman Street #18-01 The Adelphi Singapore 179803

SUMMARY OF THE MTN PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Olam International Limited
Arranger	:	Standard Chartered Bank
Dealer	:	Standard Chartered Bank and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement
Issuing and Paying Agent and Agent Bank	:	Standard Chartered Bank
Description	:	Multicurrency Medium Term Note Programme
Appointment of Dealer(s)	:	The appointment of the Dealer(s) under the MTN Programme will terminate automatically on the date falling ten years from the date of the Programme Agreement, unless otherwise extended by notice from the Issuer in accordance with the terms of the Programme Agreement
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$800,000,000 (or its equivalent in other currencies) or such increased amount in accordance with the terms of the Programme Agreement
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s)
Method of Issue	:	Notes may be issued from time to time under the MTN Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes shall have maturities of not less than one month and not more than ten years from their respective issue dates (or such other tenor as may be agreed between the Issuer and the relevant Dealer)
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity

Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s)
Zero Coupon Notes:	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment
Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a temporary global note or a permanent global note. Each temporary global note may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, for a permanent global note on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Each permanent global note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein
Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream Luxembourg

Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer
Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes
Negative Pledge	:	So long as any of the Notes remains outstanding, the Issuer has covenanted that it will not, and will procure that none of its Principal Subsidiaries will, create or have outstanding any security on or over their respective assets, except for: (i) liens or rights of set-off arising in the ordinary course of its business or operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (a) has been due for less than 14 days or (b) is being contested in good faith and by appropriate means; (ii) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists; (iii) security arising out of title retention provisions in a supplier's standard conditions of supply of goods acquired by the relevant person in the ordinary course of its business; and (iv) any other security as shall be approved by the Trustee
Financial Covenants	:	The Issuer has undertaken to the Trustee that so long as any of the Notes remain outstanding, it will ensure that: (i) Consolidated Shareholders' Equity (as defined in the Trust Deed) on each Test Date (as defined in the Trust Deed) (beginning with 30 June 2010) shall not be less than S$900,000,000; (ii) the ratio of Consolidated Net Debt (as defined in the Trust Deed) to Consolidated Shareholders' Equity on each Test Date shall not exceed 4.5:1; and (iii) the Interest Coverage Ratio (as defined in the Trust Deed) for each Test Period (as defined in the Trust Deed) ending on a Test Date shall not be less than 1.5:1 Consolidated Shareholders' Equity, Consolidated Net Debt and Interest Coverage Ratio shall be calculated and interpreted on a consolidated basis by reference to the audited and unaudited financial statements of the Group and the compliance certificate delivered under Clause 16.23 of the Trust Deed

Event of Default	:	See Condition 9 of the Notes
Taxation	:	Payments of principal and interest on the Notes will be free and clear of and without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, subject to the qualifications and exceptions in the section on "Singapore Taxation" below
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any other stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes
Governing Law	:	The MTN Programme and any Notes issued under the MTN Programme will be governed by, and construed in accordance with, the laws of Singapore

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement:

The Notes are constituted by a Trust Deed dated 9 March 2004 (as amended and restated by the Amendment and Restatement Deed dated 24 June 2005 and as further amended, modified and supplemented by the Supplemental Trust Deed dated 26 January 2010, both relating to the same and as further amended, varied or supplemented from time to time, the "**Trust Deed**") made between (1) Olam International Limited (the "**Issuer**") and (2) British and Malayan Trustees Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 9 March 2004 (as amended and restated by the Amendment and Restatement Deed dated 24 June 2005 relating to the same and as further amended, varied or supplemented from time to time, the "**Deed of Covenant**"), relating to the Notes executed by the Issuer. The Issuer has entered into an Agency Agreement dated 9 March 2004 (as amended and restated by the Amendment and Restatement Agreement dated 24 June 2005 relating to the same and as further amended, varied or supplemented from time to time, the "**Agency Agreement**") made between (1) the Issuer, (2) Standard Chartered Bank, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**") and agent bank (in such capacity, the "**Agent Bank**"), and (3) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *societe anonyme* ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note (as defined in the Trust Deed) and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

3. Covenants

(a) Negative Pledge

In the Trust Deed, the Issuer has covenanted that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will not, and will procure that none of its Principal Subsidiaries will, create or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, except for:

(i) liens or rights of set off arising in the ordinary course of business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (1) has been due for less than 14 days or (2) is being contested in good faith and by appropriate means;

(ii) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(iii) security arising out of title retention provisions in a supplier's standard conditions of supply of goods acquired by the relevant person in the ordinary course of its business; and

(iv) any other security as shall be approved by the Trustee.

(b) Financial Covenants

In the Trust Deed, the Issuer has further covenanted that, so long as any of the Notes remains outstanding, it will ensure that:

(i) Consolidated Shareholders' Equity on each Test Date (beginning with 30 June 2010) shall not be less than S$900,000,000;

(ii) the ratio of Consolidated Net Debt to Consolidated Shareholders' Equity on each Test Date shall not exceed 4.5:1; and

(iii) the Interest Coverage Ratio for each Test Period ending on a Test Date shall not be less than 1.5:1.

Consolidated Shareholders' Equity, Consolidated Net Debt and Interest Coverage Ratio shall be calculated and interpreted on a consolidated basis by reference to the audited and unaudited financial statements of the Issuer and its subsidiaries (the "**Group**") and the compliance certificate delivered under Clause 16.23 of the Trust Deed.

For the purposes of this Condition 3(b):

(1) "**Cash**" means, at any time, cash at bank credited to an account in the name of the Issuer with a reputable financial institution to which the Issuer is alone beneficially entitled and for so long as:

(aa) that cash is repayable on demand;

(bb) repayment of that cash is not contingent on the prior discharge of any other indebtedness of the Issuer or of any other person whatsoever or on the satisfaction of any other condition;

(cc) it is not a balance standing to the credit of margin accounts with brokers in its business;

(dd) there is no mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect over that cash; and

(ee) such cash is freely and immediately available to be applied in repayment or redemption of the liabilities of the Issuer under the Trust Deed and the Notes;

(2) "**Consolidated Shareholders' Equity**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles, standards and practices in Singapore, equal to the aggregate of:

(aa) the nominal capital of the Issuer for the time being issued and paid up;

(bb) the amounts standing to the credit of the capital and revenue reserves (including share premium account, capital redemption reserve fund and profit and loss account) of the Group on a consolidated basis; and

(cc) the aggregate of all Subordinated Debt made to the Issuer by its shareholders,

all as shown in the then latest audited or unaudited consolidated balance sheet of the Group but after:

(1) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraph (bb) above of the Group since the date of the latest audited consolidated balance sheet of the Group;

(2) excluding any sums representing fair value adjustment reserves;

(3) excluding any sums set aside for future taxation; and

(4) deducting:

(A) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;

(B) intangible assets excluding intangible assets arising due to business combinations and goodwill;

(C) the minority interests in the subsidiaries of the Issuer;

(D) any debit balances on consolidated profit and loss account; and

(E) any amounts arising from a writing-up after the date of the Supplemental Trust Deed of the book value of any property of the Group (any increases in the book value of property which results from its transfer being deemed for this purpose to have arisen from a writing-up);

(3) "**Consolidated Net Debt**" means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles, standards and practices in Singapore, equal to the aggregate of:

(aa) bank overdrafts and all other indebtedness in respect of any borrowings;

(bb) the principal amount of any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(cc) the liabilities of the Issuer under the Trust Deed and the Notes; and

(dd) any redeemable preference shares issued by any member of the Group,

but deducting the aggregate amount of freely available Cash held by any member of the Group at such time;

(4) "**Financial Indebtedness**" means any indebtedness for or in respect of:

(aa) moneys borrowed;

(bb) any amount raised by acceptance under any acceptance credit facility;

(cc) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(dd) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted accounting principles, standards and practices in Singapore, be treated as a finance or capital lease;

(ee) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(ff) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(gg) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(hh) shares which are expressed to be redeemable;

(ii) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(jj) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (aa) to (ii) above;

(5) "**Guarantee**" means any guarantee, bond, indemnity, counter-indemnity or similar instrument howsoever described issued by any person in respect of any obligation of any other person;

(6) "**Interest Coverage Ratio**" means the ratio of EBITDA to Interest Expense all as shown in the latest audited or unaudited consolidated profit and loss statement of the Group where:

(aa) "**EBITDA**" means, in relation to any period, the aggregate of the net earnings of the Group on its ordinary activities during such period before taking into account Interest Expense and income tax expense but making adjustments thereto by adding back depreciation charged and amount attributable to amortisation of goodwill and other intangibles to the extent deducted in arriving at such earnings on ordinary activities during such period; and

(bb) "**Interest Expense**" means, in relation to any period, the aggregate amount of interest and Guarantee fees paid or payable by the Group in connection with all indebtedness during that period;

(7) "**Subordinated Creditor**" means any shareholder, subsidiary or any other related corporation of the Issuer;

(8) "**Subordinated Debt**" means all present and future unsecured Financial Indebtedness due, owing or incurred by the Issuer (including, without limitation, under any shares which are expressed to be redeemable (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal, surety or otherwise)) to any Subordinated Creditor which has been subordinated to the Trust Deed and the Notes under a subordination agreement between the Issuer, the Trustee and the relevant Subordinated Creditor, in form and substance satisfactory to the Trustee, and the Issuer shall provide to the Trustee all

such legal opinions, consents, assurances, resolutions, amendments to this Trust Deed and other documents as the Trustee may reasonably request in connection with that subordination agreement;

(9) "**Test Date**" means 30 June and 31 December; and

(10) "**Test Period**" means each period of 6 months ending on the last day of each of the Issuer's financial half-years.

4. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Reference Date or Reference Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on a Reference Date.

The first payment of interest will be made on the Reference Date next following the Interest Commencement Date (and if the Interest Commencement Date is not a Reference Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not a Reference Date, interest from the preceding Reference Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each date ("**Interest Payment Date**") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall have fallen.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to the Relevant Date.

(b) Rate of Interest – Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "**Spread**" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SG - SIBOR AND SWAP OFFER RATES - RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG - SWAP OFFER AND SIBOR FIXING RATES - RATES AT 11:00AM SINGAPORE TIME" under the column headed "SGD SIBOR" (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(C) if no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) or if Page ABSI (or such replacement page thereof) is unavailable for any reason, the Agent

Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(D) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and

(E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE - SIBOR AND SWAP OFFER RATES - RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})}$$

$$+ \frac{(\text{SIBOR} \times \text{Premium})}{\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})}$$

$$+ \frac{(\text{SIBOR} \times \text{Discount})}{\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “USD SIBOR” (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE - SGD SPOT AND SWAP OFFER RATES - RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SPOT” (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate (determined by the Agent Bank) to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on the Reuters Screen ABSIRFIX06-7 Pages under the caption “ASSOCIATION OF BANKS IN SINGAPORE - SGD SPOT AND SWAP OFFER RATES - RATES AT 11:00 AM SINGAPORE TIME” (or such other page as may replace the Reuters Screen ABSIRFIX06-7 Pages for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (B) above is not quoted on the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})}$$

$$+ \frac{(\text{SIBOR} \times \text{Premium})}{\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})}$$

$$+ \frac{(\text{SIBOR} \times \text{Premium})}{\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market;

Discount = the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market; and

T = the number of days in the Interest Period concerned; and

(D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Agent Bank) and as adjusted by the Spread (if any), or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) Rate of Interest – Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the

commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means:

(i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which commercial banks are open for business in Singapore; and

(ii) (in the case of Notes denominated in a currency other than Singapore dollars), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre; and

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg Agency and the Reuters Monitor Money Rates Service ("**Reuters**")) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Reference Date or Reference Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on a Reference Date.

(ii) The first payment of interest will be made on the Reference Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not a Reference Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not a Reference Date, interest from the preceding Reference Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each date ("**Interest Payment Date**") which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the first day of the Floating Rate Period (i) the Interest Payment Date shall be brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the first day of the Floating Rate Period shall have fallen.

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

5. **Redemption and Purchase**

(a) **Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) **Purchase at the Option of Issuer**

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(c) **Purchase at the Option of Noteholders**

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying

Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Reference Date or Interest Payment Date (as the case may be) or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 5(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer or any of its subsidiaries may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise.

Notes purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

(h) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Interest

Payments of principal and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Issuing and Paying Agent and its specified office are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents, provided that it will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Issuing and Paying Agent and the Trustee, adversely affect the interests of the holders.

(d) Unmatured Coupons

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

7. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

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

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

The Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

9. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer does not pay any principal sum (including any premium) or interest payable by it in respect of any of the Notes within five business days of its due date;

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 21 days after written notice thereof shall have been given to the Issuer;

(c) any representation, warranty or statement by the Issuer in the Trust Deed or in any document delivered under the Trust Deed is not complied with in any material respect or is or proves to have been incorrect in any material respect when made or deemed repeated;

(d) (i) any other indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed money is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual default, event of default or the like (however described) or is not paid when due or, as a result of any actual default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or

(ii) the Issuer or any of its Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys.

However, no Event of Default will occur under this paragraph (d) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraphs (d)(i) and (d)(ii) has/have occurred equals or exceeds S$5,000,000 or its equivalent (as determined by the Trustee);

(e) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the assets of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 21 days;

(g) any security on or over all or a material part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable;

(h) an order is made or a resolution is passed or a meeting is convened for the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee before that event occurs) or any step is taken by any person for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over any material part of the assets of the Issuer or any of its Principal Subsidiaries;

(i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or a substantial part of its property or assets (in each case, otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (h) above);

(j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries provided that the occurrence of any event in relation to a Principal Subsidiary only shall not constitute an Event of Default under this paragraph (j) unless the Trustee determines that such event has or is likely to have a material adverse effect on the Issuer;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding before any court, arbitral body or agency in Singapore is current or pending against the Issuer (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer or on the Issuer and its subsidiaries taken as a whole;

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and

(p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions, "**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

10. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

11. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present. The Trustee may agree, without the consent of the Noteholders or Couponholders, to (a) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear Bank S.A./N.V. and/or Clearstream Banking, *societe anonyme* and/or The Central Depository (Pte) Limited and/or any other clearing system in which the Notes may be held and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable. In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

12. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition

15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

15. Notices

Notices to the holders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in the Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or the Depository for communication by it to the Noteholders, except that if the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

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

16. Governing Law

The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

17. Contracts (Rights of Third Parties) Act

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

Issuing and Paying Agent

Standard Chartered Bank
Securities Services
Plaza by the Park
51 Bras Basah Road #08-01
Singapore 189554

THE ISSUER AND THE GROUP

Business Overview

The Group is a leading globally-integrated supply chain manager of agricultural products and food ingredients. Headquartered in Singapore, the Group operates in more than 60 countries and sources and supplies 20 products to more than 10,600 customers in 60 markets and countries ("**Destination Markets**"). Since the establishment of its business in 1989, the Company has evolved from a single country, single product trader to a multi-country, multi-product integrated supply chain manager. The expansion of the Group has been possible as a result of pursuing growth strategies by exploiting adjacent opportunities, which it defines as developing opportunities in agricultural products and food ingredients which share customers, costs, capabilities and distribution channels with its existing operations.

As at 22 January 2010, the Group's portfolio of 20 agricultural products and food ingredients traded include edible nuts, cocoa, coffee, cotton, rice, sugar, timber, sesame and sheanuts. The Group is engaged in the sourcing, processing, storage, transportation, shipping, distribution, trading and marketing of these agricultural products and food ingredients to customers in the Destination Markets. The Group manages the risks present at each stage of the supply chain through its risk management system. The Group's profitability is driven primarily by growth in underlying trade volumes handled and also the extent to which it can charge a premium for value-added services, and realise cost savings at various stages of the supply chain.

History and Development

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

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

<u>Formative Years: 1989 to 1992</u>

The foundations of the Company's business date back to the Kewalram Chanrai ("**KC**") Group which has over 140 years of trading history. The Company's business was first established in 1989 as a division to start the KC Group's agri-business enterprise and to generate foreign exchange.

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

<u>Business Model Development: 1993 to 1995</u>

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

<u>Global Expansion: 1996 to 2002</u>

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

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

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

Raising Capital for Future Growth: 2002 to 2005

By 2002, the Group had expanded its trade portfolio to cover nine products and with operations in 30 countries with total revenues of approximately US$1.6 billion and profit after tax of approximately US$25 million for FY2002. Over this period, the Group consolidated its global leadership positions in most of the products and expanded into new products such as peanuts, beans, dairy products and packaged foods. To support its expansion and pursuit of opportunities in existing and new Origins and markets, the Company raised funds via listing on the SGX-ST. It was officially listed on the SGX-ST on 11 February 2005.

Building a Global Leader: 2005 to Present

In FY2006, the Group developed and communicated to investors a mergers and acquisitions framework, so that going forward, acquisitions will form an integral part of the Group's growth strategy alongside organic growth.

The Group will pursue acquisitions in the following three areas:

New product adjacency - Entailing planned expansion into nine new product adjacencies closely linked to the Group's core business over the next six years;

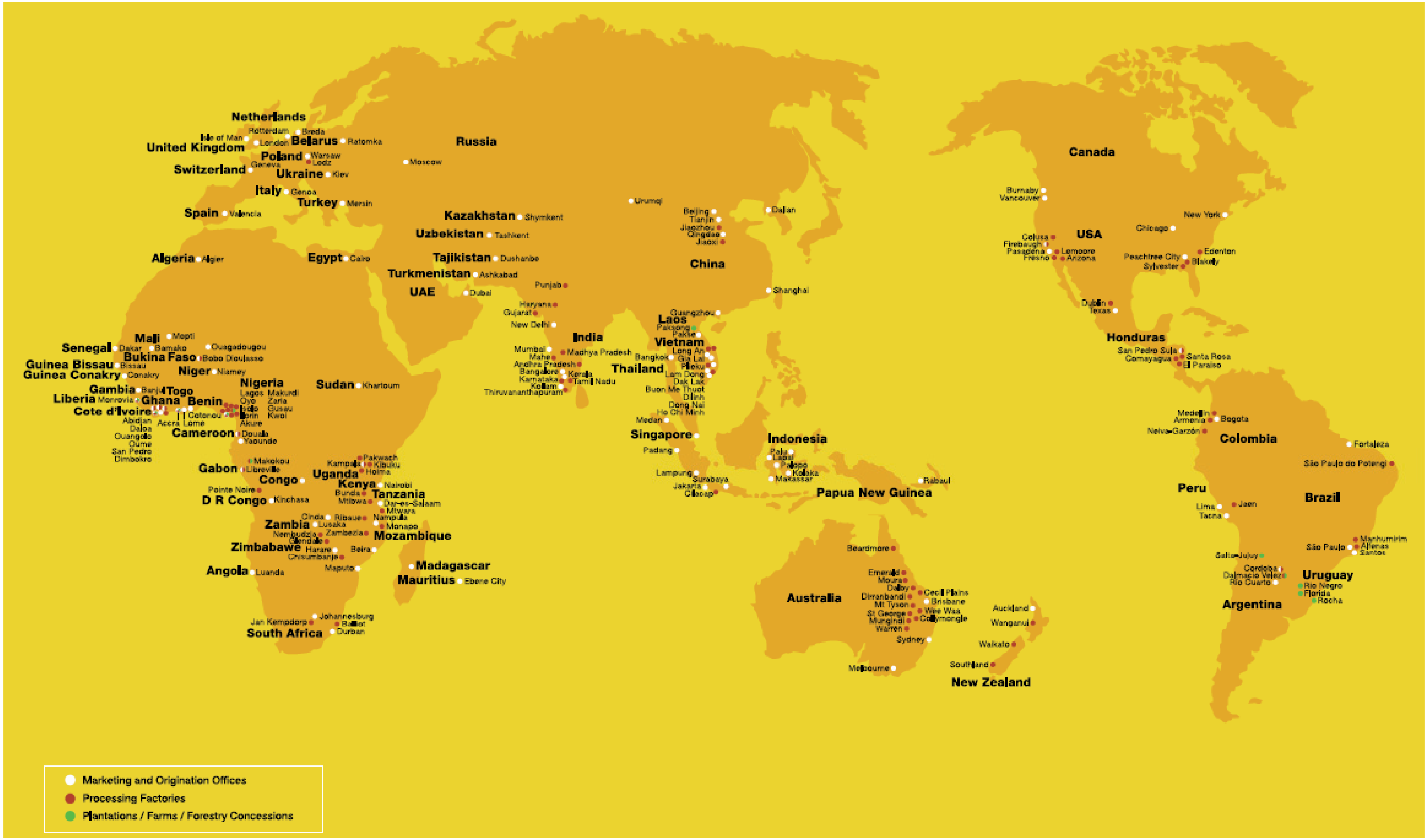
New value chain adjacency - In several individual business strategic plans, there are initiatives envisaged for primary or secondary processing, where an acquisition would be a better entry strategy, for example, soluble coffee manufacturing, origin cocoa processing, sugar milling and refining. Organic initiatives in this area could mean significant gestation, as well as extended time required to acquire the necessary technical know-how and insight;

Bolt-on acquisitions in key geographic areas where the Group intends to accelerate or ramp up growth, for example, in markets like China, Brazil, India, and the US.

Employing a disciplined, string-of-pearls based approach, no individual transaction is expected to exceed 10% of the Group's market capitalisation, with an expected focus on transactions that are closer to 5% of the Group's market capitalisation. On aggregate, the Group does not envisage spending more than 15% of its market capitalisation on acquisitions in any given year.

For further information on the Group's M&A strategy, please refer to the Company's website at http://www.olamonline.com.

As at 22 January 2010, the Group operates in over 60 countries as indicated in the following diagram:



Business Approach

The Group believes its leadership position in the industry is based on:

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

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

- its capability to serve its customers in Destination Markets.

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

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

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

The Supply Chain

The Group's supply chain management services include sourcing and origination at the Farm Gate, processing, exporting, shipping, importing and warehousing, and final distribution at the Factory Gate. The Group's suppliers comprise of farmers, port-town suppliers and agents, origin exporters, government monopolies and co-operatives, none of whom account for 5% or more of the Group's total purchases.

<u>Origination</u>

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

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

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

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

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

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

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

- it is able to obtain certification of organic products;

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

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

<u>Processing</u>

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

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

<u>Exporting</u>

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

<u>Shipping and Logistics</u>

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

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

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

Importing and Distribution

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

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

Marketing

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

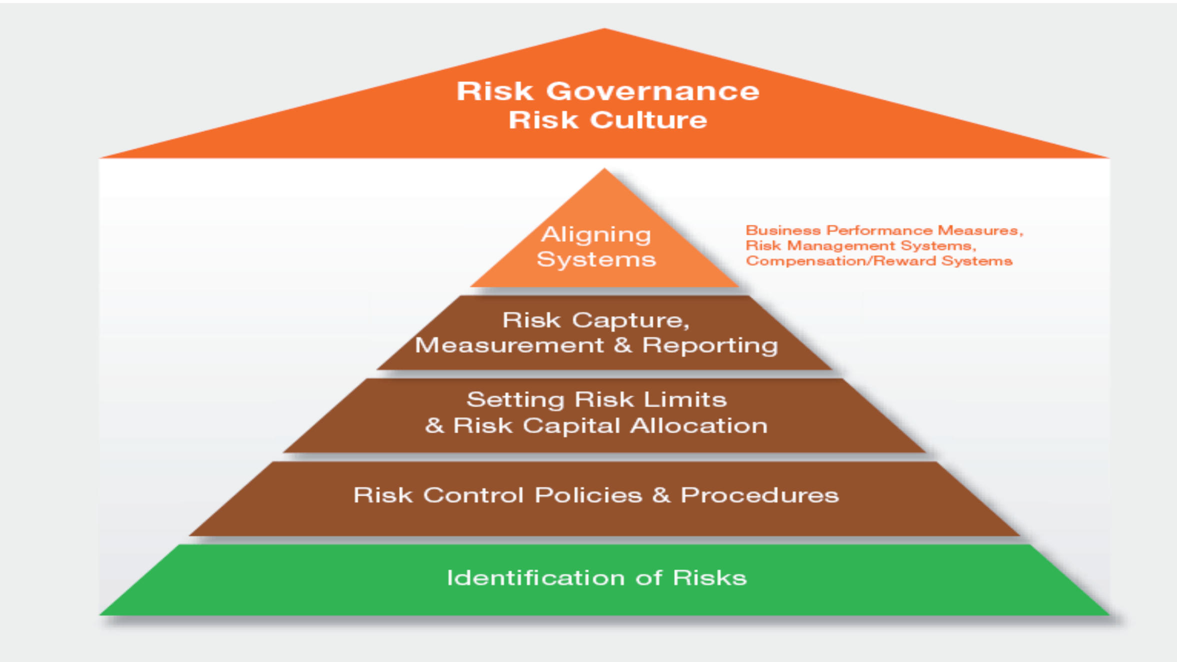
The Group has an established marketing network across the Destination Markets, consisting of its own offices and a network of marketing agents or brokers.

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

Risk Management

Risk management is a critical activity across the entire supply chain. Risk management impacts on the Group's profitability and its ability to perform its contractual obligations with its clients.

The Group has developed risk management as a core competence and as a key foundational skill which has enabled it to scale and grow its business. The Group's capacity to identify, capture, measure, monitor, manage and control various risks which confront its business, underpins its risk management competence. This competence is the foundation for its future growth and expansion.



Risk Governance Structure

The Company has an institutionalised process in the governance of risk management having established a Board level Risk Committee comprising three Non-Executive Directors and two Executive Directors. The Board Risk Committee is the apex body for risk management in the Company.

The Risk Committee recommends to the board of directors of the Company (the "**Board**") the overall risk limits for the Group. The Board will determine at the beginning of each financial year the overall risk capital of the Group. Risk capital, expressed as a percentage of the equity capital of the Group, refers to the maximum potential loss if all the operational, information and trading risks across all products and geographic regions materialise at the same time. In order to determine the amount of equity capital to be set aside as risk capital, the Risk Committee considers two key factors: the track record of management in managing its risks exposures in the prior period; and the financial budgets including projected volumes and turnover. The Risk Committee is supported by the Executive Risk Committee. The Executive Risk Committee comprises six key executives of the senior management team and is mandated to allocate the risk capital approved by the Risk Committee across various products, countries and risk categories, recommend risk policies, including volatility measurement process, selection of price series and vetting of risk budgets. The Executive Risk Committee meets six to eight times a year.

The Risk Committee, along with the Executive Risk Committee, is responsible for ensuring that the Company's risk management system is robust enough to cope with the current complexity and planned growth in the business. In line with this objective, the Company set up an independent middle office or Risk Control Department distinct and independent from the front and back offices of the Company to ensure segregation of authority and responsibility to achieve effective governance and oversight. The Risk Control Department is responsible for the capture and measurement of Group-wide risk on an independent basis and also undertakes regular stress testing of a given portfolio for outlier events.

Risk Management System

The Group's risk management system is designed to address various forms of risk arising from activities across the entire agricultural products supply chain, such as price position, currency, credit and counterparty, quality and output risks.

The Company is principally a procurer and supply chain manager of agricultural products and food ingredients. Unlike directional, positional, proprietary or speculative commodity traders, the Company does not take positions based on its view of the direction or extent of commodity price movements.

The key elements of the Group's risk management strategy are the identification of risks, deciding on risk tolerance levels, continuous assessment and measurement of risks, strengthening organisational structure for the management of risks and linking risk and returns to influence behaviour.

Identification of Risk Categories

To accurately set the Group's risk exposure limits, it identifies and quantifies its key risks. As a general principle, the Company covers, by taking appropriate policies for risks that are insurable, including political and sovereign risks (which includes coup, civil unrest, forced abandonment, expropriation and nationalisation risks), inventory, fixed assets, storage, inland and marine transit risks.

The non-insurable risks are operational risks, information risks and trading risks. Trading risks are further sub-categorised into commodity outright price risk, basis or spread risk, counterparty risk, credit risk and currency risk. For these non-insurable risks, the Company uses forward contracts, financial instruments and volume or tenor limits to manage the residual exposures.

Commodity Price Risk

In the process of managing the supply chain from the Farm Gate in the origin markets to the Factory Gate of the customer in the destination market, the Company may be exposed to adverse changes in the value of its residual positions. The main two types of products in its portfolio comprise futures traded products such as Coffee, Cocoa, Cotton and Sugar; and non-futures traded product such as Rice, Cashews, Timber, Sesame and Dairy Products.

The price risk on futures traded products is controlled through hedging by using relevant futures and options markets, mainly the London International Financial Futures Exchange and the New York Board of Trade. This is done by hedging all physical trades with a corresponding futures contract. For example, when a physical quantity of a product is bought, the Company would sell the equivalent quantity of futures. When a product is sold to the ultimate customer on a fixed price basis, the Company would buy back the futures sold earlier to close the hedge. The basis or spread risk for futures traded products, which is a small sub-set of the outright price risk, is controlled through exposure limits on size and tenor.

The price risk on non-futures traded products is controlled through forward contracts and volume or tenor limits. Outright price risk is hedged by fixing outright exposure limits for size and tenor. In most cases, the Company would be sourcing these products against long term forward contracts with its key customers. In other cases, the Company is buying against anticipated demand from its key customers, with whom it has been trading for a long time. The Company also creates its own hedges in some cash traded products. For example, cashew kernels are sold forward as soon as raw cashews are bought at the origin, thereby the procurement or supply chain margin is locked in.

Price risk on both futures and non-futures traded products are closely monitored by the Risk Control Department to ensure that exposures are within the approved limits. As a policy, the Company does not use financial instruments for speculative purposes.

Foreign Currency Risk

Currency risk for the Company arises due to exposure to exchange rate movements where there is mismatch in the currency used to buy and sell physical products. In general, the Company's purchases are transacted in the local currencies of the respective origins and its sales are transacted mainly in USD, GBP and Euros. However, for some products in the Food Staples and Packaged Foods Business, purchases are transacted in USD and sales are transacted in the local currencies of the destination markets. Where possible and as a matter of policy, the Company uses forward contracts to hedge its foreign currency exchange exposures arising from purchase and sale of products in currencies other than USD. Where such instruments are not available, the Company controls its currency exposure by setting limits on the amount and duration of such exposure. The Company also attempts to create natural hedges by matching the value of sales and purchases to and from the same geographical market.

For all transactions that non-USD denominated, currency covers are taken on a transactional basis. Every non-USD purchase or sales is converted to USD on the basis of these actual currency covers in the internal accounting system. Therefore, the effect of the movement in the value of these currencies is factored in the transaction cost.

Credit Risk and Counterparty Risk

Credit risk is controlled by setting counterparty-wise credit limits based on counterparty assessment and assigning ratings. All counterparties are rated internally, based on their credit worthiness and their payment and contract performance record with the Group. As a policy, no single counterparty accounts for more than 5% of the Group's sales.

As a policy, the Company does not pre-finance crops. Where there is an absence of banks in upcountry locations, farm gate buying is normally undertaken based on advance cash payments. Advances are given to the Local Buying Agents ("**LBAs**") only at the beginning of the crop arrival season. These are advances given for a tenor of one to two weeks which is the expected buying period of the LBA. By then, the Company would have a fair idea of the size of the crop and its arrival pattern in the producing countries due to its direct presence in the growing area in these Origins. The Company also does not buy from these agents on a forward basis. Hence, the Company is not exposed to the risk of non-delivery of the product due to crop failure.

On the market side, the Company's sales terms for the majority of customers are either against receipt of inward letters of credit or cash against the presentation of documents of title. However, due to the nature of the trade, the cash collection from customers takes between 30 and 45 days. In the case of some select customers in the US and Europe who have higher credit worthiness, the Company may grant credit periods of up to 45 days. In some markets like Poland, Italy and South Africa, the Company has taken credit insurance to protect against the limited credit risk taken.

Measurement of Risks

To capture and measure the level of risk being taken, the Company uses a Value-at-Risk ("**VaR**") methodology, which calculates the potential Day 1 and Day 7 loss in the fair value of the residual open positions of both agricultural soft commodities and financial instruments. This VaR computation is a risk analysis tool designed to statistically estimate the probable loss from adverse movements in the prices of a reference set of an asset class under normal market conditions over a period of time.

VaR is calculated using a 95% confidence level over a specified period of time. By assigning a risk factor to each of these types of risks in the business, a VaR for these positions is calculated. Component VaRs are also generated for each of the product groups, to be used as decision support tools by the operating managers in guiding them to remain within the risk limit allocated to their businesses.

To measure the portfolio level risk, the Company uses a more conservative "Non-diversified Total VaR" methodology, which does not give offsets for long and short positions across different business segments and also does not adjust for any correlation across different business segments.

As the VaR model uses a normal distribution for market returns, it may underestimate the probability of large market swings or "outlier" scenarios. Therefore, regular stress testing of the portfolio for outlier events and at 99% confidence level is done periodically to examine the impact of such scenarios on the portfolio value.

Scenario analysis helps to assess the risks in a portfolio or on a contract by considering the potential performance impact under various probable scenarios. At a basic level the Company analyses the underlying asset for various "what if" scenarios to understand the loss impact. On a more complex level the Company uses simulation techniques such as Monte-Carlo to forecast price distributions using various assumptions to study the potential impact on the portfolio value.

The Company performs stress testing on its portfolios regularly for a variety of scenarios to see the impact of extreme market movements on the portfolio value. The Company predominantly uses three scenarios for stress testing. The first one is a stylised scenario percentage change where the assumption is that in a short span, prices move against the Company by a relatively large percentage. The second is a 'factor push' scenario, where VaR is calculated at 99% and 'confidence level' at 95%. The third is a 'historical' scenario, where the single day worst move for a certain historical period is applied to the current portfolio.

The combination of timely information on the fundamentals in the market place, the tracking of exposures on a real-time basis, and the use of sophisticated risk management tools gives the Company an edge in effectively managing and controlling its risks.

Tracking and Monitoring Risks

The Company continuously tracks and monitors the risks that emanate from its supply chain activities.

Under the Market Risks category the Company monitors the commodity price risk, basis (spread) risk, and currency risk. The Company has built a substantial data base of historical prices used for the calculation of volatilities. The risk system draws data from a Order Processing System and Oracle Financials to generate exposure reports. The volatilities and exposures are used in its VaR methodology for arriving at the risk metrics.

In the Sovereign, Credit and Counter Party Risk category, political and sovereign risks, customer credit exposures and supplier advances are monitored. All counterparties are rated internally and default rates are set based on the rating of the counterparty. Political risk insurance cover provides the necessary safeguards against political and sovereign events, while credit insurance covers in selective markets provides the required credit cover.

The Operational Risks relating to internal processes, people, current and fixed assets are monitored through regular internal and external audits. The insurable operational risks relating to inventories, transits, property are covered through appropriate insurance policies.

The Information Risks relating to Electronic Data Processing ("**EDP**") systems, data security and integrity are managed through detailed IT policies and control procedures. The Company has also formulated a disaster recovery plan for its EDP Systems.

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

The Company has developed a proprietary system that allows it to capture physical purchase and sales contracts with various counterparties as well as the derivative hedges put in place for managing the resulting price risk. The system is online and allows data to be fed dynamically into the Company's position reporting system. Users who are spread over multiple geographies can access their exposures remotely over the internet. Two-factor authentication has been implemented for enhanced security whereby users can login to the system with a static password and a dynamically generated pass-code sent through short messaging system. The availability of real-time analysis enhances the Company's ability to risk manage and control exposures. The system also enables its Risk Office to monitor and control the exposures on a real-time basis.

Risk Reporting and Review

The Chairman of the Risk Committee receives a weekly risk report from the Risk Control Department summarising the Company's various risk exposures and crystallising the VaR while the full Board receives a monthly risk report. The Chief Executive Officer conducts a monthly review with the Risk Control Department on various risk exposures being run by the Company with respect to its operations. The Chief Executive Officer then, in the monthly budget review meetings with the respective product and country heads, evaluates any significant risk issue.

Linking Risk and Performance

To influence behaviour and promote risk awareness and responsiveness, business performance measures are first selected and then risk adjusted. Compensation is linked to these risk adjusted business performance measures, thereby influencing decision making on the basis of risk and return.

The Company's management believes that unless the key business performance measures reflect the risks taken to generate that result, the risk management system will lose its credibility. It is recognised that a dollar of earnings realised from one particular product group or country may be different in quality from an equivalent dollar earned in another product group or country, given the difference profile of risk assumed in these different cases. Therefore, the Company's management is concerned with the income generated net of the risk exposure and the resultant risk charge levied on it and not the nominal profits.

The Group has established four main pillars in its risk management strategy:

- Corporate Culture

  Employees at all levels are encouraged to voice their concerns and give suggestions relating to business transactions. The decision-making process followed is consultative but responsibility of outcome is on a specific person or group.

- Policies and Procedures

  The Group's risk management policy document defines how the Group captures and measures risks under various categories. The risk limits are approved by the Board and monitored by the Risk Office. Daily and weekly risk reports and the monthly reviews with the Risk Committee act as an alerting mechanism, wherever necessary.

- Technology

  Technology is used as an enabler for the online capture of exposures and for facilitating computation of value at risk. The risk system draws data from the Group's processing system and the financial system. Various risk reports are then made available to the business teams as additional decision-making tools.

- Risk Adjusted Performance Evaluation System

  Business managers are evaluated on risk-adjusted returns. The Group uses a Value-at-Risk ("**VaR**") model for the measurement of market risks. The VaR model is then supplemented with stress testing and back testing techniques.

Strategies

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

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

In August 2009, consistent with historical strategy reviews conducted once every three years, the Group reviewed its business strategy for the forthcoming two three-year cycles (FY2010 to FY2015) as set out more fully in the Group's annual report for FY2009. The current economic crisis is an appropriate juncture to assess opportunities and risks posed by the structural changes in the agri-business industry and has provided an additional impetus to the review process. At the forefront of the Group's strategy is a desire to establish sustainable and profitable growth (both organically and inorganically through acquisitions) that helps build fundamental intrinsic value. In light of this aim and following a detailed analysis of the Group's current competitive position and prospects, five key strategic thrusts have been identified, namely to:

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

The Group's governing objective will continue to remain as before, namely, to maximise intrinsic shareholder value for its long-term or continuing shareholders in an ethical, socially responsible and environmentally sustainable way. The specific drivers and goals to achieve its governing objective include to:

(i) double intrinsic shareholder value every three years or quadrupling it over the six-year time frame;

(ii) increase equity spread by at least 10% (Return on equity minus cost of equity: 20% minus 10%);

(iii) increase capital spread by at least 5% (Return on invested capital minus Weighted average cost of capital: 12% minus 7%);

(iv) target profit before tax margin of at least 5%;

(v) target profit after tax margin of at least 4%;

(vi) reducing earnings volatility (in Business Units ("**BUs**") and Portfolio);

(vii) achieve strategic and financial flexibility; and

(viii) be widely recognised as a responsible and sustainable value creator.

The Group's Strategy-on-a-page

The Group's governing objective is to maximise intrinsic value for its long term shareholders

Vision

To be the leading global supply chain manager and processor of agri-commodities by:
- Serving growers and customers globally
- Pursuing select scalable and attractive niches in upstream and value-added processing; and
- Capitalising on emerging markets expertise

Goals

- Increase Intrinsic Value by 3-4x over the next two 3-year cycles
- Equity spread ≥ 10% (ROE - K_e : 20% - 10%)
- Capital spread ≥ 5% (ROIC - WACC : 12% - 7%)
- PBT Margin ≥ 5%
- PAT Margin ≥ 4%
- Reduction in earnings volatility (BU & Portfolio)
- Achieve strategic and financial flexibility
- Be widely recognised as a responsible and sustainable value creator

Strategic thrusts

Invest to achieve integrated value chain leadership	Selectively expand into attractive value chain adjacencies	Optimise and extract full value from core	Leverage latent assets	Downsize/ exit/ prune unattractive activities
Coffee, Edible Nuts, West Africa Palm	Cocoa, Sugar, Rice, Dairy, Spices & Dehydrates, Grains, West Africa Rubber	Cotton, Sesame, Pulses, Timber	Packaged food in West Africa, Agri-financial services, Agri-inputs	Select profit centres

Enablers

Excellence in execution
- Programme management
- Value-added processing and upstream adjacencies set-up
- Complexity management
- IT, risk and compliance systems

M&A effectiveness
- M&A pipeline
- Due-diligence capabilities
- Best-in-class integration

Capital efficacy
- Capital structure
- Overhead and capital productivity

People & Values
- Global talent pool
- Entrepreneurial culture

The Group has mapped and prioritised its various businesses based on their historical performance, current competitive position and addressable profit pool to determine their fit in the abovementioned strategies. It has also identified a number of new business areas which would leverage on the Group's latent assets and capabilities namely packaged food distribution in Africa, fertiliser distribution in Africa and commodity financial services business.

Based on the five strategic thrusts developed and the mapping of the various BUs along these five strategic thrusts, the Group developed a prioritisation matrix to screen the 57 growth initiatives submitted by all the BUs for consideration. The Group screened these initiatives based on their strategic value (assessing whether the proposed initiative will help the BU to develop a competitive advantage as well as assessing the Group's ability to successfully implement these initiatives) and their profitability index. On this basis, the Group deprioritised 11 initiatives that did not meet its minimum requirements on the strategic and profitability indices. The remaining 46 initiatives are prioritised into two categories, tier one and tier two based on how highly each initiative scored on both the strategic and profitability indices.

Integrated value chain leadership

The Group has identified three businesses, namely coffee, edible nuts and West Africa palm for significant investment in order to achieve integrated global value chain leadership. These businesses already have strong existing market positions and significant potential for profit and the Group will seek to realise this with additional growth initiatives. These include major inorganic growth in certain midstream nut businesses and expansion throughout the coffee value chain, namely into plantations and value-added services in speciality/certified coffee.

Selective value chain expansion

Six other businesses have been chosen for selective value chain expansion including cocoa, dairy, sugar, rice, grains and spices and dehydrates. These areas have moderate historical and competitive positions and untapped potential profitability. Initiatives to further this strategy include expansion in the midstream areas of dairy processing, grain milling and sugar refining.

Core optimisation

For businesses with strong current market positions but lower relative potential profit, the focus will be on the optimisation of core activities. The Group's core activities encompass sourcing/origination, primary processing, logistics and trading/marketing. The Group's businesses such as cotton, pulses, wood products and sesame meet these criteria and future focus in these areas will thus centre around optimising and extracting the full potential of investments already made.

Leverage latent assets

As previously mentioned, the Group has also identified three new businesses that would leverage and build on the latent assets and capabilities it has already developed over the 20 years of operations. These three new businesses include packaged food distribution in Africa, fertiliser distribution in Africa and the provision of commodity financial services. The packaged food distribution business will leverage the Group's distribution franchise and network in 24 African countries and in Russia. The fertiliser distribution business will leverage its grower and supplier relationships that have already been established and supply them with the fertiliser inputs they need and provide off-take for their commodities at the back-end. Under the umbrella of commodity financial services the Group hopes to undertake three activities: (i) market making and volatility arbitrage trading; (ii) risk solutions; and (iii) fund management. In this business, the Group will leverage its understanding of commodity markets, derivative markets and risk management to enter this new arena.

Downsize, prune or exit unattractive activities

Certain profit centres which have been generating negative economic profit with limited prospects for recovery have been selected for downsizing or divestment. This will streamline the Group, releasing capital and people bandwidth which can then be focused on the first four strategic thrusts.

Product Portfolio

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

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

Business Segment	Products
Edible Nuts, Spices & Beans	Cashews Peanuts Almonds Spices & Dehydrates Sesame Beans – Pulses, Lentils & Peas
Confectionery & Beverage Ingredients	Cocoa Coffee Sheanuts

Business Segment	Products
Food Staples & Packaged Foods	Rice Sugar Wheat Barley Palm Dairy Products Packaged Foods
Industrial Raw Materials	Cotton Wool Wood Products Rubber

Source: The Company

Below are descriptions of the various products, categorised by the above-mentioned four product groups, sourced and supplied by the Group:

Edible nuts, spices and beans

Cashews

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

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

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

Other edible nuts

The Group has grown and leveraged its existing Origin and market presence to build comprehensive strengths within the peanuts supply chain. The Group has direct origination capability across most exporting Origins including China, Vietnam, India, East and West Africa, South Africa and Brazil. The Group's marketing offices in Singapore, Indonesia, Moscow, Durban, Marseilles and Rotterdam service a host of customers in most of the importing countries and destination markets.

The Group offers the entire range of in-shell, blanched and kernel grades to meet the exacting standards of the snack and ingredient industry.

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

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

Spices

With a captive procurement and processing infrastructure in Vietnam and Indonesia, as well as a direct origination capability from India and China, the Group believes it is one of the leading industry participants in black and white pepper.

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

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

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

Sesame

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

Significant investments in infrastructure including warehouses and cleaning machines, ensures that the Group manages the entire chain of operations from collection, storage and processing through to packing, transportation and shipping.

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

Beans

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

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

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

Confectionery and Beverage Ingredients

Cocoa

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

The Group has an extensive primary procurement network in each country; and is one of the world's most diversified sourcing companies.

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

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

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

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

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

Coffee

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

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

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

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

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

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

Sheanuts

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

Food Staples and Packaged Foods

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

Rice

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

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

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

Sugar

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

Multi-point storage ensures availability of stocks in locations as close to the Group's customers as possible, providing them immediate access.

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

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

Dairy Products

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

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

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

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

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

Packaged Food Business

The Group launched a packaged foods business ("**PFB**") as part of its continual supply chain integration initiatives. The Group has also expanded its product range that now includes beverages (coffee mixes, milk powder, and chocolate mixes), snack nuts and seeds, and culinary products under the brand names of Enrista, Lactorich, Ponchos, and Tasty Tom.

The Group started its PFB in Nigeria and has since built a distribution network in 42 cities through 7 depot points spread across the country. Its product range includes Lactorich Milk Powder, Tasty Tom Tomato Powder and Paste and Enrista range of Coffee Mixes.

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

Industrial Raw Materials

Cotton

Cotton was one of the first businesses that the Group established. The Group believes that to have effective control on the cotton supply chain it is imperative to have a physical presence in the Origin, strong quality focus, superior logistics and risk management skills.

The Group has a strong presence in the global cotton supply chain with focus on Central Asia, West Africa, East Africa, Brazil and US. The Group ensures the availability of cotton for a variety of grades including specialised grades like Extra Long Staple cotton throughout the year.

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

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

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

Wood Products

The Group's portfolio of wood products comprises of teak to non-coniferous tropical hardwoods.

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

Today the Group operates in most of the tropical hardwood producing countries namely, Gabon, Nigeria, Cote d'Ivoire, Brazil, Ghana and Mozambique. The Group harvests teak in Government allotted parcels in Cote d'Ivoire and buys lumber from small and medium forestry enterprises in Ghana. The Group's hardwood logs are from small and medium local suppliers who deliver the logs at log parks in port city locations. The Group has recently commenced sawn timber sourcing from Brazil.

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

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

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

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

Governments have identified investment within their forestry sector as a key resource to support their national development agendas and reduce poverty, primarily in rural but also in urban areas. International donors support this agenda through formally agreed technical and financial bilateral and multilateral agreements. The Company is committed to the future of its timber operations through investment into national economies, supporting the implementation of national polices to ensure they are applied as fully intended, whilst acknowledging that its priority is to ensure all timber is procured from legal sources. The Company also recognizes that there is a need for a defined stepped approach to achieve full sustainable forestry management in the long-term; i.e. over a 5-year timeframe. The Company believes that it best serves the interest of local and national stakeholders to be a proactive, engaged and consultative partner within the forestry sector.

Over the past year there have been significant changes within the Company's primary forest business operations, they are:

All operations have ceased within the Democratic Republic of Congo ("**DRC**") – these operations had followed a third party supplier model, which is considered under the current forestry governance difficult to effectively manage from a commercial, social and environmental position to ensure full legality and traceability. The Company considers full control over its supply chain as a prerequisite to maintaining a fully sustainable forestry business within the DRC. As this is not currently possible, operations have ceased.

In Gabon the Company's forestry concession is in the later stages of developing a full forestry management plan, this is to be submitted to the Gabonese Government in February. The management plan has been carried out to international standards to ensure compliance to eventual certification.

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

Product Segment Breakdown

The Company reports its results across four business segments. namely the Edible Nuts, Spices and Beans segment, the Confectionery and Beverage Ingredients segment, the Food Staples and Packaged Food segments and the Industrial Raw Materials segment.

The demand for the Company's products in the Edible Nuts, Spices and Beans segment, the Confectionery and Beverage Ingredients segment, the Food Staples and Packaged Food segments, which accounted for 82.9% of its revenue in FY2009, held up well confirming the view that demand for these products is relatively more recession resilient. Sales volume for these three segments grew by 19.9% in FY2009 compared to FY2008. The combined Net Contribution for the segments grew by 21.2% in FY2009 compared to FY2008. The strong showing by these segments, despite the global recession and tough trading conditions, played a major role in the Company's strong performance in FY2009.

The Industrial Raw Materials segment accounted for 17.1% of the Company's revenue in FY 2009. The volume and Net Contribution growth in this segment, being more recession sensitive, in FY2009 was only 2.7% and 1.6% compared to FY2008.

The following table provides the segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution and Net Contribution for FY2009:

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (in S$'000)		Net Contribution (in S$'000)	
	FY2009	**FY2008**	**FY2009**	**FY2008**	**FY2009**	**FY2008**	**FY2009**	**FY2008**
Edible Nuts, Spices & Beans	975,937	827,129	1,200,076	1,168,940	173,892	151,468	155,137	127,981
Per ton (S$)			**1,230**	**1,413**	**178**	**183**	**159**	**155**
Confectionary & Beverage Ingredients	1,169,601	1,046,562	3,783,126	3,188,876	241,829	207,065	168,455	148,405
Per ton (S$)			**3,235**	**3,047**	**207**	**198**	**144**	**142**
Food Staples & Packaged Foods	2,451,161	1,958,791	2,139,621	2,027,474	159,163	141,728	135,537	102,489
Per ton (S$)			**873**	**1,035**	**65**	**72**	**55**	**52**
Industrial Raw Materials	1,123,941	1,093,881	1,465,109	1,726,620	187,207	176,110	141,719	139,455
Per ton (S$)			1,304	1,578	167	161	126	127
Total	5,720,640	4,926,363	8,587,932	8,111,910	762,091	676,371	600,848	518,330
Per ton (S$)			1,501	1,647	133	137	105	105

Source: The Company

Gross and Net Contribution

The Company measures and tracks its profitability in terms of Gross Contribution ("**GC**") and Net Contribution ("**NC**") per ton of product supplied. GC is calculated as sale of goods, other income less cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commission, bank charges, net measurement of derivative instruments (other than relating to Convertible Bonds (as defined herein)), gains or losses on foreign exchange and minority interest. For the purposes of determining Net Contribution, the net interest expense is deducted from the GC. The Company considers interest expense to be a variable cost and a function of its inventory holding period. For every transaction, the Company targets a minimum net contribution per ton of product supplied based on the risks, complexities and value added services that it provides to its customers to meet its specific requirements. The Company is focused on enhancing these margins by providing value added services such as vendor managed inventory, organic certification, fair trade produce certification (FTP), customised grades and quality, proprietary market intelligence and risk management solutions.

Sales Volumes

The second key driver to the Company's profitability is the volume of products supplied. Given its integration and end-to-end supply chain capabilities, the Company seeks to match the supply of its products with demand from its customers. The volume of agricultural products that the Company supplies are largely within its control and is a function of the extent of its supply chain infrastructure in the Origins (producing countries) and the markets (consuming countries).

Seasonality

Production of agricultural products is seasonal in nature. The seasonality of the products in the Company's portfolio depends on the location of the producing country. The harvesting season for most of the agricultural products for countries situated in the northern hemisphere generally falls between October to March. Countries in the southern hemisphere have harvesting seasons between April to September. It is also not unusual to experience both some delay as well as early start to the harvesting seasons in these countries based on actual weather patterns in that particular year.

In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmer's selling decisions, which is mainly a function of his view on prices and his inventory holding capacity. The majority of the Company's Origins are located in the northern hemisphere. Consequently, the Company's earnings tend to be relatively higher in the second half of the financial year (January to June) compared to the first half of the financial year (July to December).

Based on this seasonality, the Company expects the phasing of its earnings to be as follows:

Q1 Jul - Sep	Q2 Oct - Dec	1st Half Jul - Dec	Q3 Jan - Mar	Q4 Apr - Jun	2nd Half Jan - Jun
5 - 10%	25 - 30%	**30 - 40%**	35 - 40%	25 - 30%	**60 - 70%**

Source: The Company

Customers

The Group has a diversified customer base of over 10,600 customers which include multi-national food companies, textile manufacturers, wood and furniture component industries, importers and distributors of products in the Destination Markets, none of whom account for more than 5% of its revenue for each of the periods which comprise of the 12-month periods ended 30 June 2009, 30 June 2008 and 30 June 2007.

The Group's revenue base is well diversified by both customer and geographic markets. As at 30 June 2009, the Group's customers include some of the world's largest packaged food multi-national companies including Nestle UK Ltd, Nestle France S.A., Sara Lee, De Postfach, Kraft Foods North America, Inc., Masterfoods UK, Cadbury International Ltd, Lavazza SPA, Tchibo Frisch-Rost-Kaffee GMBH, ADM USA, Blommer Chocolate, John B. Sanfilipo & Son Inc. and The Nut Group B.V.

The number of customers increased from 3,346 in FY2005 to 10,620 in FY2009. This is in line with the Company's objective to diversify its customer base by growing the number of customers by 10% each year.

Number of Customers	
FY2009	10,620
FY2008	6,500
FY2007	4,030
FY2006	3,828
FY2005	3,346

Source: The Company

The Company has been successful in growing and diversifying its customer base. The share of revenues from the top 25 customers have declined from 29% in FY2005 to 18% in FY2008.

Top 25 Customers' Share of Sales Revenue	
FY2009	23%
FY2008	18%
FY2007	24%
FY2006	27%
FY2005	29%

Source: The Company

As at 30 June 2009, the proportion of sales contributed by the Group's top five customers in each business segment is as follows:

Segment	Top five Customer's Share of Total Sales
Edible Nuts, Spices and Beans	1.6%
Confectionery and Beverage Ingredients	12.9%
Food Staples and Packaged Foods	1.8%
Industrial Raw Materials	0.8%

Source: The Company

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

Geography

The Company is well diversified in terms of geography with operations over 60 countries.

The Company's geographical coverage can be broadly categorised into four continents namely Asia and the Middle East (comprising Asia, Middle East & Central Asia), Europe, Americas (comprising North America and South America) and Africa (comprising East Africa, West Africa and Central Africa).

For the 12 months ended 30 June 2009, the proportion of sales turnover provided by customers located in the Americas, Africa, Europe and Asia & Middle East were 12.6%, 19.3%, 27.3% and 40.8% respectively.

Sales Revenue by Continent (S$ Million)	FY2009	FY2008	FY2007	FY2006	FY2005
Asia & Middle East	3,505.2	3,174.5	2,074.4	1,649.1	1,205.1
Africa	1,659.6	1,781.8	1,409.1	1,162.9	900.3
Europe	2,341.1	2,067.7	1,271.1	969.7	868.6
Americas	1,082.0	1,087.9	700.9	579.4	395.2
Total	**8,587.9**	**8,111.9**	**5,455.5**	**4,361.1**	**3,369.2**

Source: The Company

Asia & Middle East and Africa remain the Company's key sourcing continents, accounting for 65.3% of total volume while Americas and Europe accounted for the balance of 34.7% in FY2009. The Company sources from over 100,000 suppliers.

Sourcing Volume by Continent ('000 Metric Tonnes)	FY2009	FY2008	FY2007	FY2006	FY2005
Asia & Middle East	2,474	2,314	1,765	1,532	1,369
Africa	1,262	1,276	1,302	974	825
Europe	583	505	218	364	123
Americas	1,402	831	488	302	236
Total	**5,721**	**4,926**	**3,773**	**3,172**	**2,553**

Source: The Company

Competition

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

The key types of competition are in the areas of:

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

Directors and Management

Directors

The Company has, as at the date of this Information Memorandum, an eleven-member Board with eight non-Executive Directors and three Executive Directors. Of the eight non-Executive Directors, five are Independent Directors.

To ensure a balance of authority, the Chairman is responsible for ensuring Board effectiveness and conduct while the Chief Executive Officer has overall responsibility of the Company's operations, organisational effectiveness and implementation of the Board-approved policies and decisions. The non-executive directors are responsible for providing independent views and advice and play a pivotal role in corporate accountability.

Board Committees

The Board has six Committees namely the Audit and Compliance Committee, Governance and Nomination Committee, Human Resource and Compensation Committee, Risk Committee, Capital and Investment Committee and Corporate Responsibility and Sustainability Committee. The list of the Group's Directors are as follows:

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

Source: The Company

Profiles of the Group's Directors and principal officers are in Appendix I.

A brief summary of the responsibilities of each Board Committee is as follows:

Audit and Compliance Committee

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

Governance and Nomination Committee

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

Human Resource and Compensation Committee

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

Risk Committee

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

Capital and Investment Committee

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

Corporate Responsibility and Sustainability Committee

As supply chain managers of agricultural products, the Company's sustainability initiatives are interwoven into its business model and are aimed at making meaningful social impact in the communities within which it operates. Its functions include the review and recommendation of the Company's policy with respect to corporate responsibility and sustainability issues, review of the Company's environmental policies and standards, social impact of business practices in the communities which it operates in and policies and practices on key stakeholders (suppliers, customers and employees) and regulators.

Shareholding Structure

The Company's shareholding structure is as set out in the table below:

Shareholder	Shareholding Stake
Kewalram Chanrai (KC) Group	22.8%
Temasek Holding	13.9%
Management	8%
Public	36.3%

Source: The Company

The Company was established in 1989 by the KC Group, which has over 140 years of trading history. Over the past 20 years, the Company has developed into a global supply chain manager headquartered in Singapore with global market leadership positions in many of its businesses. The Company's success has enabled us to attract co-sponsors and world-class investors, adding both business and financial strength to the company.

Founded in 1860, the KC Group is one of the oldest international companies in Africa and Asia with a long and successful trading history. Headquartered in Singapore, the KC Group is a conglomerate operating in over 54 countries and employing more than 12,000 people worldwide. The KC Group currently owns 459,602,064 shares, representing 22.8% of the total issued share capital of the Company.

The Company's second largest shareholder is Temasek Holdings, an Asia investment company headquartered in Singapore. It holds directly approximately 13.8% of total issued share capital of the Company through a strategic placement of 273,459,000 new ordinary shares completed in July 2009. Consequent to the scrip dividend issued in December 2009, Temasek Holdings owns 279,375,143 shares, representing 13.86% of the total issued share capital of the Company as at 22 January 2010, through its indirect subsidiaries.

The management team has a significant shareholding in the Company approximating 8% in the total issued share capital, which greatly aligns shareholder and management interests in creating value. These shares include 89,574,893 shares representing 4.4% of the total issued share capital of the Company held by Group Managing Director and Chief Executive Officer, Sunny George Verghese. This was a result of their subscription to the Company's Employee Share Schemes which were implemented to motivate and retain highly qualified and experienced employees within the Group.

As of 22 January 2010, the Company 's total number of issued shares is 2,015,486,812.

Financial Summary

The following tables set forth selected financial information of the Group as at and for the years ended 30 June 2005, 2006, 2007, 2008 and 2009.

Consolidated Profit and Loss Account

	Financial year ended 30 June				
	Audited				
	2009	**2008**	**2007**	**2006**	**2005**
			S$'000		
Revenue					
Sale of Goods	8,587,932	8,111,910	5,455,508	4,361,102	3,369,237
Other Revenue	138,452	40,525	22,125	16,675	5,718
	8,726,384	8,152,435	5,477,633	4,377,777	3,374,955
Costs and expenses					
Cost of goods sold	6,980,032	6,504,908	4,275,889	3,372,172	2,635,527
Shipping and logistics	825,720	879,506	661,891	573,454	463,059
Commission and claims	74,812	61,014	68,249	53,126	27,822
Employee benefits expense	184,603	169,163	95,478	66,455	51,521
Depreciation	40,532	33,771	17,209	12,144	7,551
Net measurement of derivative instruments	(61,114)	(11,023)	245	(507)	–
Loss/(gain) on foreign exchange	39,423	(7,145)	(43,667)	9,688	(13,373)
Other operating expenses	186,287	155,714	128,696	100,033	77,572
Finance costs	239,179	201,395	147,072	94,704	51,485

	Financial year ended 30 June				
	Audited				
	2009	2008	2007	2006	2005
	S$'000				
Share of results from jointly controlled entities	(40,411)	163	385	(230)	3
Share of results from associate	(703)	–	–	–	–
Profit before taxation	258,024	164,969	126,186	96,738	73,788
Taxation	(5,995)	2,708	(17,165)	(9,531)	(7,878)
Profit for the financial year	252,029	167,677	109,021	87,207	65,910
Attributable to:					
Equity holders of the Company	252,029	167,704	109,047	87,232	65,910
Minority interest	–	(27)	(26)	(25)	–
	252,029	167,677	109,021	87,207	65,910

Source: The Company

Selling, General and Administrative costs and expenses (SG&A) increased by 10.3% to S$373.6 million in FY2009 over the corresponding period in FY2008. SG&A/Sales ratio increased from 4.18% in FY2008 to 4.35% in FY2009. Taxes increased to S$6.0 million for FY2009 as compared to a tax credit of (S$2.7) million for FY2008. Net profit after tax increased by 50.3% to S$252.0 million for FY2009 from S$167.7 million in FY2008. Excluding the gain on buy-back of bonds (as described below in Section 5.2) and loss on impairment of assets, operational Profit after tax increased by 20.9% to S$182.2 million.

Consolidated Balance Sheet

	As at 30 June				
	Audited				
	2009	2008	2007	2006	2005
	S$'000				
Non-current Assets					
Property, plant and equipment	533,963	403,391	129,348	72,518	39,166
Intangible assets	127,538	130,259	96,203	–	–
Deferred tax assets	74,704	36,709	7,762	4,608	860
Interests in jointly controlled entities	294,407	2,422	1,942	1,611	1,484
Investment in associates	106,520				
Long term investments	–	24,475	81,091	–	–
Other receivables	–	–	9,466	453	–
Other non-current assets	11,154	23,750	–	–	–
	1,148,286	621,006	325,812	79,190	41,510

	As at 30 June				
	Audited				
	2009	2008	2007	2006	2005
	S$'000				
Current Assets					
Trade receivables	732,500	724,352	508,193	426,778	649,179
Margin accounts with brokers	64,839	254,273	86,162	43,147	57,335
Inventories	1,966,419	1,790,236	1,163,203	1,013,904	1,019,025
Advance payments to suppliers	277,683	380,047	255,706	160,669	90,881
Other current assets	342,075	292,648	199,416	138,622	119,143
Short term investment	–	–	13,461	–	–
Fixed deposits	239,688	163,580	43,372	133,885	61,655
Cash and bank balances	294,130	175,544	194,235	162,356	103,712
Fair value of derivative financial instruments	349,796	837,557	388,032	199,614	–
	4,267,130	4,618,237	2,851,780	2,278,975	2,100,930
Current Liabilities					
Trade payables and accruals	658,988	519,853	255,522	134,874	175,026
Other payables	58,595	51,863	55,927	31,712	9,789
Amounts due to bankers	1,869,640	1,789,582	545,555	783,312	1,187,967
Medium term notes	128,005	70,000	450,000	352,508	262,780
Provision for taxation	11,410	24,578	24,878	13,251	8,627
Fair value of derivative financial instruments	403,528	1,015,796	488,630	213,458	–
	3,130,166	3,471,672	1,820,512	1,529,115	1,644,189
Net Current Assets	1,136,964	1,146,565	1,031,268	749,860	456,741
Non-current Liabilities					
Deferred tax liabilities	(62,812)	(4,175)	–	–	–
Term loans from banks	(1,008,312)	(935,125)	(703,663)	(213,330)	–
Medium term notes	–	(189,857)	(220,668)	(127,681)	–
Convertible Bonds	(168,234)	–	–	–	–
	(1,239,358)	(1,129,157)	(924,331)	(341,011)	–
Net Assets	1,045,892	638,414	432,749	488,039	498,251
Equity attributable to equity holders of the company					
Share capital	708,586	704,870	397,730	396,954	155,459
Reserves	337,260	(66,456)	34,992	91,032	342,792
	1,045,846	638,414	432,722	487,986	498,251
Minority interest	46	–	27	53	–
Total Equity	1,045,892	638,414	432,749	488,039	498,251

Source: The Company

Non-current liabilities - Convertible Bonds

The Company had issued convertible bonds ("**Convertible Bonds**") of principal amount of US$300.0 million in July 2008 of which convertible bonds of principal amount of US$280.8 million were bought back during the year. During the year, the Company also issued new convertible bonds of principal amount of US$122.6 million ("**New Convertible Bonds**"). Convertible bonds aggregating to US$141.8 million have been apportioned to the fair values of debt, equity and embedded derivative instruments. S$168.2 million in the balance sheet represents the aggregate debt value of the New Convertible Bonds' principal value of US$122.6 million and the Convertible Bonds' residual principal amount of US$19.2 million.

Equity and Reserves

Total equity and reserves (before fair value adjustment reserve) increased from S$964.3 million as of 30 June 2008 to S$1,225.8 million as of 30 June 2009. S$44.9 million under capital reserve represents the fair value of equity portion of outstanding convertible bonds, of which, gain of S$20.4 million on account of buy back of convertible bonds has been transferred to revenue reserve.

Fixed Assets

During the period, fixed assets of S$203.9 million were added. Reduction on account of depreciation and currency translation amounting to S$73.4 million resulted in net increase of S$130.5 million from S$403.4million to S$533.9 million during FY2009.

Interests in Jointly Controlled Entities

Increase of S$292.8 million in the interests in jointly controlled entities represents investments in Nauvu Investments Pte. Ltd. and in Olam Wilmar Investment Holdings Pte. Ltd., which are 50:50 joint ventures between the Company and Wilmar International Limited.

Investment in Associates

Investment in associates amounting to S$106.5 million represents the Company's 24.99% equity investment in Open Country Dairy Limited (formerly known as Dairy Trust Limited).

Current Assets

Debtor days in FY2009 decreased to 31 days as compared to 33 days as at 30 June 2008. Stock turnover days increased to 91 days as compared to 88 days as at 30 June 2008. There was an increase in stock value of 9.1% by S$176.2 million to S$1,966.4 million from S$1,790.2 million as on 30 June 2008. Advance to Suppliers days decreased to 13 days in FY2009 from 19 days as at 30 June 2008. The advances decreased from S$380.0 million in FY2008 to S$277.7 million in Y2009.

Borrowings

Borrowings increased to S$3,173.7 million as of end of June 2009 from S$2,984.5 million as of 30 June 2008 in line with the growth in the business. The borrowings net of cash and cash equivalents amounted to S$2,642.2 million as compared to S$2,645.4 million as at 30 June 2008.

Cash and Fixed Deposits

Cash and Fixed Deposits increased by 56.7% to S$531.3 million as on 30 June 2009 from S$339.1 million as on 30 June 2008.

Subsequent Events after the Balance Sheet Date

On 2 September 2009, the Company successfully launched and priced an issue of convertible bonds (the "**Convertible Bonds**") to raise US$400 million with an upsize option up to an additional US$100 million ("**Upsize Option**") in principal amount. The Upsize Option was subsequently exercised on 1 October 2009, bringing the total issue size to US$500 million. The Convertible Bonds have a 7-year tenor which provides the Company with long term financing enabling it to term out its debt maturity profile. This fund-raising is in line with the Company's long-term 6 year corporate strategy to enhance its presence across the upstream and midstream elements of the agribusiness value chain, that will help the company double its margin profile over this period. The net proceeds of the Convertible Bonds issuance will be used to finance its expansion plans including potential acquisitions in the future and for general corporate purposes.

The Company is the only non-rated issuer from Asia to issue a convertible bond with a tenor of 7 years and the Convertible Bonds are third largest, in terms of aggregate principal amount, issued in Asia ex-Japan 2009 year-to-date. With the Convertible Bonds issuance and other debt and capital raising in 2009 year-to-date, the Company is very well positioned financially to move forward on its strategic objectives, allowing it to continue building on its leading competitive position. The issue of the Convertible Bonds and the Upsize Option were successfully closed on 15 October 2009 and 5 November 2009 respectively.

The Company announced on 18 September 2009 its AUD128 million acquisition of almond orchards and permanent water rights from Timbercorp Limited and its associated entities, which are currently in voluntary liquidation. The 8,096 hectare addition of planted almond orchards will make the Company the largest almond grower in Australia and one of the top three almond growers globally. At full maturity, the orchards are expected to produce approximately 27,000 tonnes of almonds per annum, with earnings and values accretive expected from FY2010. Upstream plantations constitute more than 50% of the value pool within the overall Almonds value chain. This enables the Company to achieve one of the key upstream initiatives of its corporate strategy to expand into almond orchards in US and Australia, providing excellent growth opportunities through the accelerated entry into this market at an attractive price. The acquisition will be funded from a combination of internal accruals and existing credit facilities. The transaction was successfully completed on 2 December 2009.

The Company announced on 16 November 2009 the acquisition of 3,853 hectares of planted almond orchards and 48,259 mega litres of permanent water rights from OIM #2 Pty Ltd (Receivers and Managers appointed) as trustee for the Timbercorp Orchard Trust #3 and OIM #5 Pty Ltd (Receivers and Managers appointed) as trustee for the Timbercorp Orchard Trust #5. The total acquisition price is A$160 million in cash. This acquisition accelerates the pace at which the Company will be able to deliver on one of its key upstream initiatives of investing into almond orchards in Australia. It complements the earlier acquisition of 8,096 hectares of almond orchards from Timbercorp Limited.

On 18 December 2009, the Company announced the purchase of 13,272,305 shares in PureCircle Limited ("**PCL**") held by Wii Pte Ltd, a subsidiary of Wilmar International Limited for an aggregate consideration of 33,180,762 sterling pounds (the "**Acquisition**"). Following the Acquisition, the Company owned a 20% interest in PCL. The Acquisition is expected to lead to accretion of significant shareholder value in the long term in view of the strong growth prospects of PCL.

On 12 January 2010, the Company acquired 99.5% of the outstanding shares and voting rights in Crown Flour Mills Limited ("**CFM**") with its wheat milling and noodle manufacturing facilities along with accompanying additional assets for a total purchase consideration of US$107.6 million. CFM is amongst the three largest wheat millers (in terms of capacity) in Nigeria and it has its own noodle manufacturing facility, a fast-growing business under the Cherie brand franchise. CFM is expected to process 400,000 tonnes of wheat by 2013 and achieve EBITDA and Profit Before Tax margins in excess of 15% and 10% respectively.

The Group's consolidated financial accounts FY 2009 are in Appendix II and unaudited financial accounts for the financial quarter ended 30 September 2009 are in Appendix III.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors or existing holders of the Notes should carefully consider all the information set forth in this Information Memorandum including the risk factors set out below. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the businesses of the Issuer, or any decision to purchase, own or dispose of the Notes. Additional risks which the Issuer are currently unaware of may also impair the businesses, financial condition, performance or prospects:

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor or existing holder in the Notes may require in investigating the Issuer, prior to making an investment or divestment decision in relation to the Notes issued under the MTN Programme. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the Notes (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer any of the Dealers or the Arranger that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries or associated companies, any of the Dealers or the Arranger or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, its subsidiaries and associated companies, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved.

RISKS RELATING TO THE NOTES

Limited Liquidity of the Notes issued under the MTN Programme

There can be no assurance regarding the future development of the market for the Notes issued under the MTN Programme, the ability of such Noteholders, or the price at which such Noteholders may be able, to sell their Notes.

Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of Market Value of Notes issued under the MTN Programme

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer and/or its subsidiaries, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or associated companies generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or associated companies operate or have business dealings, could have a material adverse effect on the Singapore economy and the operating results and/or the financial condition of the Issuer, its subsidiaries and associated companies.

Interest Rate Risk

Noteholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Singapore Taxation Risk

Subject to meeting certain conditions, the Notes are proposed to be issued as “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore. However, there is no assurance that such Notes will continue to be “qualifying debt securities” and therefor enjoy the tax concessions should the tax laws be amended or revoked prior to the maturity of the Notes.

RISKS RELATING TO THE GROUP’S BUSINESS

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

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

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

The Group is vulnerable to industry cyclicality

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

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

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

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

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

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

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

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

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

Margin calls on futures contracts or other derivative instruments

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

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

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

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

The Group faces competition in its various product and geographic markets. The Group's competitors range from global trade houses to local distributors and buying agents. Please refer to the section entitled "Competition" beginning on page 66 of this Information Memorandum. The Group also faces additional competition from the Group's existing customers who are becoming more involved in sourcing to satisfy their own needs. In some of the developing economies where the Group operates, government controls on trade are gradually being released and trade is being opened up to new participants. As such, there are potential threats of new competitors entering the markets in which the Group operates. Increased competition may reduce the growth in customer base, reduce the profit margin and the market share that the Group currently enjoys, and result in higher selling and marketing expenses. There can be no assurance that other competitors will not surpass the Group's performance in the future. In the event that the Group fails to sustain its competitive advantages, the Group's business, results of operations and financial position may be materially and adversely affected.

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

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

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

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

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

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

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

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

As at 22 January 2010, the Group has significant operations in emerging markets such as Africa and other developing countries. The Group believes that the Group has a significant customer and supplier base in these developing countries. In conducting the Group's business, the Group is subject to political, economic, legal, operational and other risks arising from operating in these countries. These risks may include, amongst others:

- civil unrest, military conflict, terrorism, change in political climate and general security concerns;
- default by government bodies who may be the only authorised trading counterparties in certain regulated markets;

- relatively less developed legal systems and business practices which may give rise to difficulties in enforcement of agreements entered into with counterparties;
- changes in duties payable and taxation rates;
- imposition of restrictions on currency conversion or the transfer of funds;
- fluctuation in the currency values;
- limitations and/or bans on imports and exports;
- expropriation or nationalisation of private enterprises or confiscation of private property or assets;
- reversal or change of laws, regulations or policies;
- relatively less developed business and communication infrastructure which may hamper the Group's efficiency and internal controls; and
- reinstatement of commodity boards or state monopolies for any of the Group's products.

Should any of the aforementioned risks materialise and they either exceed the coverage of, or are not covered by, the Group's insurance policies, the Group's results of operations and financial position may be adversely affected. While such events did not have a material impact on the Group's operations in the past three financial years and up to 22 January 2010, there is no guarantee that they will not have a material effect on the Group's operations in the future.

The Group may not be able to successfully implement its new six-year strategy

In August 2009, consistent with historical strategy reviews conducted once every three years, the Group reviewed its business strategy for the forthcoming two three-year cycles (FY2010 to FY2015). In light of the recent economic crisis the Group analysed the current and future prospects of each of its BUs and took a decision on whether to invest or downsize each one in order to achieve its key goals of sustainable growth and increased intrinsic value over the forthcoming six-year period. A key aspect of the Group's new strategy involves expansion of its operations into new geographic markets and products together with an increased focus on the midstream and upstream areas of the value chain.

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

The Group may face uncertainties associated with its expansion plans

During FY2007, FY2008 and FY2009, the Group had undertaken certain expansion initiatives through the acquisition of various companies and the establishment of joint ventures. The Group's expansion initiatives involve numerous risks, including but not limited to, the financial costs of investment in machinery and equipment, construction of new facilities and working capital requirements. The success of the Group's acquisition and investment strategy depends on a number of factors, including:

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

- the Group's ability to successfully integrate the acquired company or business with the Group.

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

The Group may fail to manage any of its acquisitions

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

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

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

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

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

Contractual risks

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

Credit risks

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

The Group is exposed to foreign exchange rate risk

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

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

The Group's operations in various countries are subject to different tax regimes. Changes in local tax regulations may adversely affect the Group's profitability. As a recipient of the Global Trader Programme status awarded by International Enterprise Singapore, the Group is, among other things, entitled to a concessionary corporate tax rate of 5 per cent. which is subject to certain conditions. This concession was renewed in 2009. Should this concessionary tax rate be revised, revoked or not be renewed upon expiry, the Group will be subject to the normal corporate tax rate, which as at the date of this Information Memorandum is 17 per cent., which may affect the Group's results of operations.

The Group is subject to volatility in shipping and logistics costs

Shipping and logistics expenses accounted for 10.84 per cent. and 9.61 per cent. of the Group's turnover for FY2008 and FY2009. As most of the Group's shipments are made using third-party land and sea transport providers, the Group is subject to fluctuations in the prices of shipping and logistics costs, which may in turn have an impact on the Group's results of operations. Shipping and logistics costs for commodities are usually market-driven and are highly cyclical. Shipping rates fluctuate in response to the level of demand for vessels and the availability of vessels to satisfy that demand. The level of demand is influenced by many factors, including general economic conditions, global trading volumes and port usage. Shipping rates are the most variable element of expense in relation to a particular shipment and are relevant to the Group's results to the extent that they will affect the pricing and profit margin of the services provided by the Group.

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

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

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

Quality deterioration

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

Weight loss

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

Variation in yield

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

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

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

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

The Group is subject to regulation by various regulatory bodies

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

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

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

The Group's operations are highly dependent on debt financing

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

Since all of the Group's loans have a limited tenure, the Group needs sufficient liquidity to meet the Group's loan repayment obligations. Adverse market conditions which hamper the liquidation of stocks or delay the recovery of credit may affect the Group's loan repayment schedules and this may in turn result in the banks withdrawing or requiring early repayment of the facilities granted to the Group. This will pose a solvency risk for the Group even though the Group may be profitable. As the Group may also obtain loans of longer tenures, the Group may be exposed to risk of interest rate fluctuations. These may adversely affect the Group's business and results of operations.

The Group may experience limited availability of funds

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

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

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

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

The Group includes a holding company structure

Virtually all of the Issuer's assets are shareholdings in its subsidiaries and associated companies. In order to satisfy its payment obligations, the Issuer will rely on dividends and other payments received from its subsidiaries and associated companies. Both the timing and ability of certain subsidiaries and associated companies to pay dividends is limited by applicable laws and may be limited by conditions contained in certain of their agreements.

The Group enters into interested person transactions

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

The Issuer's substantial shareholders may change

There is no assurance that the Issuer's substantial shareholders, Kewalram Singapore Limited, Temasek Holdings, UBS AG, Bank of America Corporation and Wellington Management Company, LLP, will not sell all or part of their stake in the Issuer. There is no guarantee that any change in controlling ownership arising from such sale (if any) will not adversely affect the performance of the Group. The Issuer's share price may also be adversely affected by the negative publicity generated by the disposal of the Issuer's Shares by the Issuer's substantial shareholders.

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

As at 22 January 2010, the Issuer's substantial shareholders, Kewalram Singapore Limited, Temasek Holdings, UBS AG, Bank of America Corporation and Wellington Management Company, LLP have beneficial interests, direct and indirect, in 22.80 per cent., 13.86 per cent., 6.88 per cent., 6.18 per cent. and 5.94 per cent. respectively, of the Issuer's issued share capital.

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

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

In late 2003, outbreaks of avian influenza occurred in several countries in Asia. By February 2004, these countries reported that the outbreak had been contained. However, in June 2004, new outbreaks were being reported in Asia. In 2005 and 2006, outbreaks were reported in other parts of the world including Europe, the Middle East and Africa. Some of the outbreaks noted above severely affected the poultry and related industries and resulted in the culling of large stocks of poultry. Vietnam experienced a resurgence of outbreaks in poultry and Turkey, Thailand, Indonesia and Cambodia reported cases of bird-to-human transmission of avian influenza. The World Health Organisation and other agencies continue to issue warnings of a potential avian influenza pandemic if there are sustained human-to-human transmissions. More recently, in June 2007, the World Health Organisation reported new cases of human infection of H5N1 avian influenza in each of China and Indonesia. In early 2009, outbreaks of H1N1 influenza (commonly referred to as "swine flu") occurred in Mexico. In April 2009, the first cases were detected in Asia, and in June 2009, the World Health Organisation declared a global flu pandemic.

In 2003, Hong Kong, Taiwan, China, Singapore, Malaysia and other places experienced an outbreak of Severe Acute Respiratory Syndrome, which adversely affected the Asian economies, including Singapore.

The outbreak of an infectious disease in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia. This could adversely impact the revenues and results of the Group. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concern in Asia could seriously harm the Group's business.

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business and results of operations of the Group

The terrorist attacks in the US on 11 September 2001, in Bali on 12 October 2002 and 1 October 2005, in Jakarta on 5 August 2003, in Mumbai on 27 to 29 November 2008, together with the military response by the US and its allies in Afghanistan and continuing military activities in Iraq, have resulted in substantial and continuing economic volatility and social unrest in Southeast Asia. The terrorist attacks in Thailand, and other areas of Southeast Asia, have exacerbated this volatility. Further developments stemming from these events or other similar events could cause further volatility. Any additional significant military or other response by the US and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and economies and may adversely affect the operations, revenues and profitability of the Group. The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on the Group's businesses and results of operations.

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

The continued increase in oil prices and general worldwide inflationary pressure could have an impact on the Group

Future increases in oil and food prices globally may negatively affect the economic growth and stability of certain countries which the Group operates in, and as a result, may reduce the ability of consumers to purchase the Group's products. The economic and political conditions in these countries make it difficult to predict whether oil and food will continue to be available at prices that will not negatively affect economic growth and stability. For example, in October 2005, the Indonesian government implemented a new policy that resulted in a significant increase in fuel prices. In response, several non-violent mass protests were organised in opposition to the increases in domestic fuel prices, and an increase in political tensions has resulted from the Indonesian government's decision. There can be no assurance that future increases in oil and food prices in countries where the Group operates will not lead to political, social and economic instability, which in turn could have a material adverse effect on the Group's businesses, financial condition and results of operations.

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

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

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

Environmental regulation imposes additional costs and may affect the results of the Group's operations

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

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

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

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

PURPOSE OF THE MTN PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Notes under the MTN Programme (after deducting issue expenses) will be used for the purpose of refinancing existing borrowings, working capital requirements and general corporate purposes of the Issuer.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. It should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer or any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons other than non-resident individuals is 17 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the MTN Programme as a whole is arranged by Standard Chartered Bank, Singapore Branch, which is a Financial Sector Incentive (Bond Market) Company (as defined in the ITA), any tranche of the Notes which are debt securities issued during the period from the date of this Information Memorandum to 31 December 2013 ("**Relevant Notes**") would be "qualifying debt securities" for the purposes of the ITA, to which the following treatments shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium, and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes derived by a holder who is not resident in Singapore and (aa) who does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent.; and

(iii) subject to:

    (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

    (bb) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

    Qualifying Income derived from the Relevant Notes is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(B) even though a particular tranche of Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived by:

(I) any related party of the Issuer; or

(II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have their same meaning as in the ITA.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

The Qualifying Debt Securities Plus Scheme (the “**QDS Plus Scheme**”) has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission by the Issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the Comptroller and the MAS), income tax exemption is granted on interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2013;

(b) have an original maturity date of not less than 10 years;

(c) cannot be redeemed, converted, exchanged or called within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost from such Relevant Notes derived by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains from the sale of Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 (“**FRS 39**”), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 treatment for Singapore income tax purposes”.

3. Adoption of FRS 39 treatment for Singapore income tax purposes

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39 - Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give legislative effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possession or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each of the Dealers has agreed that, and each further Dealer appointed under the MTN Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager), of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Hong Kong

Each Dealer has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor specified in Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used in connection with an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

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

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

(b) The business experience of the Board of Directors of the Issuer is as follows:

Rangareddy Jayachandran
Non-Executive Chairman

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

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

Narain Girdhar Chanrai
Non-Executive Director

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

Michael Lim Choo San
Non-Executive and Independent Director

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

Robert Michael Tomlin
Non-Executive and Independent Director

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

Mark Haynes Daniell
Non-Executive and Independent Director

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

Tse Po Shing, Andy
Non-Executive Director

Mr. Andy Tse is a Non-Executive Director was appointed to the Board in 2002. He is Managing Director of AIF Capital Limited and has over 13 years of experience in private equity investment in infrastructure and other related sectors in Asia and Australia. Mr. Tse holds directorships in both local and overseas companies. He obtained an MBA from the Chinese University of Hong Kong and is a qualified Chartered Financial Analyst. He has been conferred an Investment Adviser's License by the Securities and Futures Commission of Hong Kong. He chairs the Issuer's Risk Committee and is a member of the Capital & Investment Committee.

Wong Heng Tew
Non-Executive and Independent Director

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

Jean-Paul Pinard
Non-Executive and Independent Director

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

Sunny George Verghese
Group Managing Director and CEO
Executive Director

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

Sridhar Krishnan
Executive Director

Mr. Sridhar Krishnan is an Executive Director and was appointed to the Board in 1998. He is a Non-Executive Director of The Singapore Commodity Exchange. He is currently responsible for the Issuer's Rice, Wood Products and Shipping businesses. He is a member of the Corporate Executive Team and Strategy Committee and is the Head of the Program Office, responsible for driving the implementation of the Group's Corporate Strategy. He has over 35 years' experience, more than half of which have been with the Issuer. He has held many senior positions in the Issuer including being Product Head for many businesses. He holds a Bachelor's degree in Commerce and is a postgraduate in Business Management from a leading business school in India. He is a member of the Company's Risk and Corporate Responsibility & Sustainability Committees.

Shekhar Anantharaman
Executive Director

Mr. Shekhar Anantharaman is an Executive Director and was appointed to the Board in 1998. He is currently responsible for the Issuer's Edible Nuts, Spices & Dehydrates, Beans and Packaged Foods businesses. He also has regional oversight for operations in China, Brazil, Argentina and North America. He is a member of the Strategy Committee and the Corporate Executive Team. He has 23 years of experience, 17 of which have been with the Issuer. He has held various senior roles in Country Management, Finance and Treasury as well as being the Global Product Head for many businesses. He holds a degree in Aeronautical Engineering and a postgraduate degree in Business Management from a leading business school in India. He is a member of the Issuer's Capital & Investment and Corporate Responsibility & Sustainability Committees.

2. No Director is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. The aggregate remuneration paid or distributed to the Directors for services rendered in all capacities to the Group during the last financial year ended FY2009 was approximately S$5.9 million.

4. None of the Directors are related by blood or marriage to one another.

5. Save for the 3,250,000 share options granted to Mr. Sridhar Krishnan and Mr. Shekhar Anantharaman on 21 July 2009 by the Issuer, which are exercisable in two tranches of 25% and 75% after 2012, no other option to subscribe for shares in, or debentures of, the Issuer has been granted by the Issuer to, or was exercised by, any Director during the last financial year ended FY2009.

6. No Director is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, the Issuer or any of its subsidiaries, within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.

7. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at 22 January 2010 are as follows:

		Number of Shares				
		Direct Interest		**Deemed Interest**		
Directors		Number of Shares	%	Number of Shares	%	**No. of outstanding Options**
1.	Rangareddy Jayachandran	–	–	–	–	–
2.	Sunny George Verghese	89,574,893	4.44	–	–	15,000,000
3.	Sridhar Krishnan	13,010,312	0.65	1,418,826	0.07	2,300,000
4.	Shekhar Anantharaman	13,184,035	0.65	1,418,826	0.07	2,550,000
5.	Narain Girdhar Chanrai	–	–	459,602,064	22.80	–
6.	Tse Po Shing, Andy	–	–	–	–	–
7.	Michael Lim Choo San	–	–	–	–	100,000
8.	Mark Haynes Daniell	–	–	–	–	100,000
9.	Robert Michael Tomlin	–	–	–	–	100,000
10.	Wong Heng Tew	–	–	–	–	100,000
11.	Jean-Paul Pinard	–	–	–	–	–

Substantial Shareholders

Number of Shares

Name	**Direct Interest**	**Deemed Interest**	**Total Interest**	**(%)**	**No. of outstanding Options**
Kewalram Singapore Limited (2)	459,602,064	–	459,602,064	22.80	–
Chanrai Investment Corporation Limited (2)	–	459,602,064	459,602,064	22.80	–
Kewalram Chanrai Holdings Limited (2)		459,602,064	459,602,064	22.80	–
Investec Trustees (Jersey) Ltd, Murli Kewalram Chanrai and Narain Girdhar Chanrai as trustees of Girdhar Kewalram Chanrai Settlement ("**GKC Trustees**") (2)	–	459,602,064	459,602,064	22.80	–
Investec Trustees (Jersey) Ltd, Narain Girdhar Chanrai and Koshu Murli Chanrai as trustees of Hariom Trust ("**Hariom Trust**") (2)	–	459,602,064	459,602,064	22.80	–
Investec Trustees (Jersey) Ltd, Narain Girdhar Chanrai and Murli Kewalram Chanrai as trustees of Dayal Damodar Chanrai Settlement ("**DKC Trustees**") (2)	–	459,602,064	459,602,064	22.80	–
Investec Trustees (Jersey) Ltd as trustee of PKC 2008 Settlement ("**PKC Trustee**") (2)	–	459,602,064	459,602,064	22.80	–
Narain Girdhar Chanrai (2)	–	459,602,064	459,602,064	22.80	–
Breedens Investments Ptd. Ltd. ("**Breedens**")	201,456,047	–	201,456,047	10.00	–
Seletar Investments Pte Ltd (3) ("**Seletar**")	–	277,272,173	277,272,173	13.76	–
Temasek Capital (Private) Limited (4) ("**Temasek Capital**")	–	277,272,173	277,272,173	13.76	–
Temasek Holdings (Private) Limited (5) ("**Temasek Holdings**")	–	279,375,143	279,375,143	13.86	–
UBS AG	1,605,385	137,096,636	138,702,021	6.88	–
Bank of America Corporation (through various subsidiaries)	–	124,581,133	124,581,133	6.18	–
Wellington Management Company, LLP	–	119,736,890	119,736,890	5.94	–
Sunny George Verghese	89,574,893	–	89,574,893	4.44	15,000,000

Notes:

(1) As a percentage of the issued share capital of the Issuer as at 22 January 2010, comprising 2,015,486,812 Shares.

(2) Kewalram Singapore Limited's 459,602,064 Shares are held in the following manner:

i. 352,602,064 Shares under its own name;

ii. 27,000,000 Shares under Citibank Nominees Singapore Pte Ltd; and

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

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

CICL and KCH are therefore deemed to be interested in the 459,602,064 Shares held by Kewalram.

GKC Trustees, Hariom Trustees, DKC Trustees and PKC Trustee are shareholders of KCH, each holding approximately 28%, 28%, 28% and 16% respectively in the issued and paid-up capital of KCH. Pursuant to Section 7(4A) of the Companies Act, as GKC Trustees, Hariom Trustees and DKC Trustees are associates of PKC Trustee and *vice versa*, PKC Trustee would be deemed to be interested in the Shares held by Kewalram.

GKC Trustees, Hariom Trustees, DKC Trustees and PKC Trustee are therefore deemed to be interested in the 459,602,064 Shares held by Kewalram in the Issuer.

Narain Girdhar Chanrai is a non-executive Director of the Issuer. Narain Girdhar Chanrai is deemed to be interested in these Shares as at 22 January 2010 as he is one of the trustees of the Dayal Damodar Chanrai Settlement, the Girdhar Kewalram Chanrai Settlement and the Hariom Trust.

(3) Seletar is the holding company of Breedens and Aranda Investments Pte Ltd ("**Aranda**") and is deemed to be interested in the 201,456,047 and 75,816,126 Shares held by Breedens and Aranda respectively pursuant to a subscription agreement dated 30 May 2009 entered into between the Issuer, Breedens and Aranda.

(4) Temasek Capital is the holding company of Seletar and is deemed to be interested in the 277,272,173 Shares held by Breedens and Aranda collectively.

(5) Temasek Holdings is the holding company of Temasek Capital, which in turn is the holding Company of Seletar, which in turn hold all the issued shares in Breedens and Aranda. In addition, DBS Group Holdings Limited ("**DBSH**"), an associated company of Temasek has a deemed interest in 2,102,970 Shares in the Issuer by virtue of Section 7 of the Companies Act. Accordingly, Temasek Holdings has a deemed interest in an aggregate of 279,375,143 Shares (being all Shares held by Breedens and Aranda, and all Shares in which DBSH has an interest).

SHARE CAPITAL

8. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Articles of Association of the Issuer.

9. The issued share capital and the authorised capital of the Issuer as at 22 January 2010 is as follows:

Share Designation	Issued Share (no.)	Issued Share Capital (S$)
Ordinary Shares	2,015,486,812	1,196,720,693.185

10. No shares in, or debentures of, the Issuer have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, after 22 January 2010.

11. Save for paragraph 5 above, no other shares in, or debentures of, the Issuer are under option or agreed conditionally or unconditionally to be put under option granted by the Issuer and no person has been, or is entitled to be, given an option by the Issuer to subscribe for any shares in, or debentures of, the Issuer.

BORROWINGS

12. Save as disclosed in the section "The Issuer and the Group – Financial Information" of this Information Memorandum, the Group had as at 22 January 2010 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

13. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Issuer will have adequate working capital for their present requirements.

CHANGES IN ACCOUNTING POLICIES

14. There has been no significant changes in the accounting policies of the Issuer since its audited financial accounts for the year ended FY2009.

LITIGATION

15. There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Issuer or any of its Principal Subsidiaries the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Group.

GENERAL

16. No commission, discount or brokerage has been paid or other special terms granted by the Issuer within the two years preceding the date of this Information Memorandum or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in, or debentures of, the Issuer or any of its subsidiaries.

17. Save as disclosed in this Information Memorandum and to the best of the knowledge of the Directors, the financial condition and operations of the Group are not likely to be affected by any of the following:

    (a) known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Group's liquidity decreasing in any material way;

    (b) material commitments for capital expenditures;

    (c) unusual or infrequent events or transactions or any significant economic changes that materially and adversely affected the amount of reported income from operations;

    (d) known trends or uncertainties that have had or that the Group reasonably expects to have a material unfavourable impact on revenues or operating income; and

    (e) any material information which may be relevant to the financial or trading prospects of the Issuer or the Group including special trading factors or risks, which are not mentioned elsewhere in this Information Memorandum or in any public announcement by the Issuer and which are unlikely to be known or anticipated by the general public and which could materially and adversely affect the profits of the Issuer or the Group.

CONSENT

18. The Auditors have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their names and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

STATEMENT BY DIRECTORS

19. This Information Memorandum has been seen and approved by the Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Information Memorandum and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading, and that this Information Memorandum constitutes full and true disclosure of all material facts about the MTN Programme, the issue of Notes and the Group.

DOCUMENTS AVAILABLE FOR INSPECTION

20. Copies of the following documents may be inspected at the office of the Issuer at 9 Temasek Boulevard #11-02, Suntec Tower Two, Singapore 038989 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Memorandum and Articles of Association of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 18 above; and

    (d) the audited accounts of the Group for each of the last two financial years ended 30 June 2008 and 30 June 2009.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

21. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED ACCOUNTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

The information in this Appendix II has been reproduced from the auditor's report dated 2 October 2009 and has not been specifically prepared for inclusion in this Information Memorandum.

Co. Reg. No. 199504676H

Olam International Limited
And Subsidiary Companies

Annual Financial Statements
30 June 2009

General Information

Directors

R. Jayachandran	
Narain Girdhar Chanrai	
Michael Lim Choo San	
Robert Michael Tomlin	
Mark Haynes Daniell	
Wong Heng Tew	
Tse Po Shing	
Jean-Paul Pinard	(Appointed on 29 October 2008)
Peter Francis Amour	(Retired on 29 October 2008)
Sunny George Verghese	
Sridhar Krishnan	
Shekhar Anantharaman	
Frank Philip Harley	(Alternate to Peter Francis Amour) (Retired on 29 October 2008)

Secretary

Wan Tiew Leng, Lynn

Registered Office

3 Church Street
#08-01, Samsung Hub
Singapore 049483
Telephone: (65) 6536 5355
Fax: (65) 6536 1360

Auditors

Ernst & Young LLP
Partner in charge (since financial year 2008):
Yee Woon Yim

Principal Bankers

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

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The directors are pleased to present their report to the members together with the audited consolidated financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") and the balance sheet, profit and loss account and statement of changes in equity of the Company for the financial year ended 30 June 2009.

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Held in the name of the director or nominee			Deemed interest		
Name of directors	**As at 1.7.2008**	**As at 30.6.2009**	**As at 21.7.2009**	**As at 1.7.2008**	**As at 30.6.2009**	**As at 21.7.2009**
<u>The Company</u>						
Olam International Limited						
(a) Ordinary shares						
Narain Girdhar Chanrai	–	–	–	457,602,064+	459,602,064+	459,602,064+
Sunny George Verghese	88,574,893	89,574,893	89,574,893	–	–	–
Sridhar Krishnan	14,429,138*	14,429,138*	14,429,138*	–	–	–
Shekhar Anantharaman	14,602,861*	14,602,861*	14,602,861*	–	–	–

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

Name of directors	Held in the name of the director or nominee As at 1.7.2008	As at 30.6.2009	As at 21.7.2009	Deemed interest As at 1.7.2008	As at 30.6.2009	As at 21.7.2009
(b) Options to subscribe for ordinary shares						
Mark Haynes Daniell	100,000	100,000	100,000	–	–	–
Michael Lim Choo San	100,000	100,000	100,000	–	–	–
Robert Michael Tomlin	100,000	100,000	100,000	–	–	–
Wong Heng Tew	100,000	100,000	100,000	–	–	–
Sunny George Verghese	15,000,000	15,000,000	15,000,000	–	–	–
Sridhar Krishnan	800,000	800,000	2,300,000	–	–	–
Shekhar Anantharaman	800,000	800,000	2,550,000	–	–	–

\+ The deemed interest in these shares arose out of Narain Girdhar Chanrai being one of the trustees of the Girdhar Kewalram Chanrai Settlement ("GKC"), Hariom Trust and the Dayal Damodar Chanrai Settlement ("DKC") of whom three of the four are each holding approximately 28 per cent respectively in the issued and paid-up capital of Kewalram Chanrai Holdings Limited ("KCH"). The other shareholder is the PKC 2008 Settlement (formerly known as Pitamber Kewalram Chanrai Settlement) ("PKC"), holding approximately 16 percent in KCH. Pursuant to section 7(4A) of the Singapore Companies Act, Cap. 50, GKC, Hariom Trust and DKC are associates of PKC and vice versa. Hence, PKC would be deemed to be interested in the shares held by KCH. Kewalram Singapore Limited ("KSL") is a wholly-owned subsidiary of Chanrai Investment Corporation Limited ("CICL"), which in turn is a wholly-owned subsidiary of KCH. KSL has a direct interest in the Company amounting to 459,602,064 ordinary shares as at 30 June 2009 (2008: 457,602,064 shares). CICL and KCH are therefore deemed to be interested in the 459,602,064 shares held by KSL in the Company.

* These shares include shares that were jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose ("the Trustees") and are held in trust for the management (including the directors) and employees of the Group pursuant to the Olam International Limited Employee Share Subscription Scheme 2004 ("ESSS"). Under the ESSS, a total of 1,418,826 (2008: 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 2009.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or on the date of appointment if later, or at the end of 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 Group's employees and Executive Directors shall have a life of 10 years instead of 5. For Options granted to the Company's Non-Executive Directors and Independent directors, the Option Period shall be no longer than 5 years.

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

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

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

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

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

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

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

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

Olam employee share option scheme (cont'd)

As at the date of this report, the ESOS is administered by the Human Resource & Compensation Committee (formerly known as Leadership Development & 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 2009:-

- There were 2,681,500 ordinary shares issued pursuant to the exercise of options granted under the ESOS.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS outstanding as at 30 June 2009 are as follows:-

Expiry date	Exercise price ($)	Number of options
11 February 2015	0.62	15,000,000
1 June 2011	1.52	31,800,825
2 January 2012	2.04	525,000
2 July 2012	3.14	1,650,000
5 September 2012	3.03	1,345,000
8 October 2012	3.14	1,550,000
29 October 2012	3.14	400,000
9 January 2013	2.89	2,250,000
12 June 2013	2.65	1,780,000
Total		56,300,825

Olam employee share option scheme (cont'd)

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

Name of Participant	Options granted during financial year under review	Exercise Price for options granted during the financial year under review	Aggregate options granted since the commencement of the scheme to the end of financial year under review	Aggregate options exercised since the commencement of the scheme to the end of financial year under review	Aggregate options outstanding as at the end of financial year under review
Mark Haynes Daniell	–	–	100,000	–	100,000
Michael Lim Choo San	–	–	100,000	–	100,000
Robert Michael Tomlin	–	–	100,000	–	100,000
Wong Heng Tew	–	–	100,000	–	100,000
Richard Haire	–	–	2,000,000	–	2,000,000
Sunny George Verghese	–	–	15,000,000	–	15,000,000
Sridhar Krishnan	–	–	800,000	–	800,000
Shekhar Anantharaman	–	–	800,000	–	800,000

The options granted to Mark Haynes Daniell, Michael Lim Choo San, Robert Michael Tomlin and Wong Heng Tew, who are Independent and Non-Executive Directors of the Company were approved by the shareholders of the Company at the Annual General Meeting held on 29 October 2007. These options are exercisable in 25%, 35% and 40% tranches on or after the first, second and third anniversaries of 29 October 2007. The options will expire 5 years after the date of the grant.

The options granted to Richard Haire, an employee of the Group, are exercisable in 25%, 35% and 40% tranches on or after the first, second and third anniversaries of the grant date (5 September 2007) at the exercise price of $3.03 if the vesting conditions are met. The options will expire 5 years after the date of grant.

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

Olam employee share option scheme (cont'd)

The options granted to Sridhar Krishnan and Shekhar Anantharaman are exercisable in 25%, 35% and 40% tranches on or after the first, second and third anniversaries of the grant date (1 June 2006) at the exercise price of $1.52 if the vesting conditions are met. The options will expire 5 years after the date of grant.

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

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

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

There were no options granted at a discount.

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

Audit & Compliance Committee

The Audit & Compliance Committee (the "**ACC**") comprises four independent directors and a non-executive director. The members of the ACC are Mr. Michael Lim Choo San (Chairman), Mr. Robert Michael Tomlin, Mr. Mark Haynes Daniell, Mr. Wong Heng Tew and Mr. Narain Girdhar Chanrai. The ACC performed the functions specified in Section 201B of the Singapore Companies Act, the Code of Corporate Governance 2005 and the Listing Manual of the Singapore Exchange.

The ACC held 6 meetings during the year. The ACC met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's internal accounting control systems.

The ACC reviewed the following:-

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

Further, the ACC

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

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

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

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

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

Auditors

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

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
2 October 2009

Statement by the Directors

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

(i) the accompanying balance sheets, profit and loss accounts, statements of 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 2009 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
2 October 2009

Independent Auditors' Reports
To the Members of Olam International Limited

We have audited the accompanying financial statements of Olam International Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2009, profit and loss accounts and statements of changes in equity of the Group and the Company and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet, profit and loss account 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 2009 and the results, changes in equity of the Group and the Company and cash flows of the Group for the financial year ended on that date; and

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

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
2 October 2009

Profit and Loss Accounts for the year ended 30 June 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Revenue - Sale of goods	3	8,587,932	8,111,910	6,332,124	6,054,274
Other income	4	138,452	40,525	130,095	13,275
		8,726,384	8,152,435	6,462,219	6,067,549
Costs and expenses					
Cost of goods sold	5	(6,980,032)	(6,504,908)	(5,523,237)	(5,246,570)
Shipping and logistics		(825,720)	(879,506)	(382,822)	(413,530)
Commission and claims		(74,812)	(61,014)	(71,663)	(58,312)
Employee benefits expenses	30	(184,603)	(169,163)	(57,106)	(50,896)
Depreciation	9	(40,532)	(33,771)	(1,312)	(600)
Net measurement of derivative instruments	6	61,114	11,023	67,138	(2,652)
(Loss) / gain on foreign exchange		(39,423)	7,145	(7,044)	11,250
Other operating expenses	6	(186,287)	(155,714)	(74,406)	(25,431)
Finance costs	7	(239,179)	(201,395)	(179,138)	(137,840)
		(8,509,474)	(7,987,303)	(6,229,590)	(5,924,581)
Share of results from jointly controlled entities	12	40,411	(163)	–	–
Share of results from associate	13	703	–	–	–
Profit before taxation		258,024	164,969	232,629	142,968
Taxation	8	(5,995)	2,708	(11,600)	(9,285)
Profit for the financial year		252,029	167,677	221,029	133,683
Attributable to:					
Equity holders of the Company		252,029	167,704	221,029	133,683
Minority interest		–	(27)	–	–
		252,029	167,677	221,029	133,683
Earnings per share (cents)					
Basic	38	14.71	10.28		
Diluted	38	12.38	10.08		

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

Olam International Limited and Subsidiary Companies

Balance Sheets at 30 June 2009

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current assets					
Property, plant and equipment	9	533,963	403,391	2,974	1,928
Intangible assets	10	127,538	130,259	8,940	861
Investments in subsidiary companies	11	–	–	314,556	249,977
Deferred tax assets	8	74,704	36,709	13,096	14,972
Interests in jointly controlled entities	12	294,407	2,422	254,586	2,930
Investment in associate	13	106,520	–	105,817	–
Long term investment	14	–	24,475	–	24,475
Other non-current assets	20	11,154	23,750	10,922	19,148
		1,148,286	621,006	710,891	314,291
Current assets					
Amounts due from subsidiary companies	15	–	–	747,613	502,608
Trade receivables	16	732,500	724,352	237,296	339,886
Margin accounts with brokers	17	64,839	254,273	55,521	189,435
Inventories	18	1,966,419	1,790,236	550,729	500,397
Advance payments to suppliers	19	277,683	380,047	1,020,863	1,235,798
Other current assets	20	342,075	292,648	85,651	84,007
Fixed deposits	33	239,688	163,580	228,009	33,988
Cash and bank balances	33	294,130	175,544	59,628	52,134
Fair value of derivative financial instruments	35	349,796	837,557	279,242	729,499
		4,267,130	4,618,237	3,264,552	3,667,752
Current liabilities					
Trade payables and accruals	21	(658,988)	(519,853)	(420,115)	(356,607)
Other current liabilities	22	(58,595)	(51,863)	(35,871)	(34,567)
Amounts due to bankers	23	(1,869,640)	(1,789,582)	(1,166,700)	(1,199,066)
Medium term notes	24	(128,005)	(70,000)	(128,005)	(70,000)
Provision for taxation		(11,410)	(24,578)	(14,732)	(10,565)
Fair value of derivative financial instruments	35	(403,528)	(1,015,796)	(347,333)	(888,376)
		(3,130,166)	(3,471,672)	(2,112,756)	(2,559,181)
Net current assets		1,136,964	1,146,565	1,151,796	1,108,571

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current liabilities					
Deferred tax liabilities	8	(62,812)	(4,175)	–	–
Amounts due to bankers	23	(1,008,312)	(935,125)	(764,602)	(648,482)
Medium term notes	24	–	(189,857)	–	(189,857)
Convertible bonds	25	(168,234)	–	(168,234)	–
		(1,239,358)	(1,129,157)	(932,836)	(838,339)
Net assets		1,045,892	638,414	929,851	584,523
Equity attributable to equity holders of the Company					
Share capital	26	708,586	704,870	708,586	704,870
Reserves		337,260	(66,456)	221,265	(120,347)
		1,045,846	638,414	929,851	584,523
Minority interest		46	–	–	–
Total equity		1,045,892	638,414	929,851	584,523

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

Olam International Limited and Subsidiary Companies

Statements of Changes in Equity for the year ended 30 June 2009

2009 Group	Attributable to equity holders of the Company								
	Share capital (Note 26)	Capital reserves [4]	Foreign currency translation reserves [1]	Fair value adjustment reserves [2]	Share-based compensation reserves [3]	Revenue reserves	Total reserves	Minority interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2008	704,870	–	(84,434)	(325,878)	13,474	330,382	(66,456)	–	638,414
Net gain on fair value changes during the period	–	–	–	32,669	–	–	32,669	–	32,669
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	113,266	–	–	113,266	–	113,266
Gain on buy back of convertible bonds	–	(20,445)	–	–	–	20,445	–	–	–
Foreign currency translation adjustment	–	–	(601)	–	–	–	(601)	–	(601)
Net (expense)/ income recognised directly in equity	–	(20,445)	(601)	145,935	–	20,445	145,334	–	145,334
Profit for the financial year	–	–	–	–	–	252,029	252,029	–	252,029
Total recognised expenses and income for the year	–	(20,445)	(601)	145,935	–	272,474	397,363	–	397,363
Issue of shares on exercise of share options	3,716	–	–	–	–	–	–	–	3,716
Share-based expense	–	–	–	–	4,291	–	4,291	–	4,291
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(42,833)	(42,833)	–	(42,833)
Equity portion of convertible bonds	–	44,895	–	–	–	–	44,895	–	44,895
Acquisition of subsidiary company	–	–	–	–	–	–	–	46	46
At 30 June 2009	708,586	24,450	(85,035)	(179,943)	17,765	560,023	337,260	46	1,045,892

Olam International Limited and Subsidiary Companies

Statements of Changes in Equity for the year ended 30 June 2009

2008 Group	Attributable to equity holders of the Company								
	Share capital (Note 26) $'000	**Capital reserves** [4]	**Foreign currency translation reserves** [1] $'000	**Fair value adjustment reserves** [2] $'000	**Share-based compensation reserves** [3] $'000	**Revenue reserves** $'000	**Total reserves** $'000	**Minority interest** $'000	**Total Equity** $'000
At 1 July 2007	397,730	–	(39,929)	(150,827)	8,616	217,132	34,992	27	432,749
Net loss on fair value changes during the period	–	–	–	(301,023)	–	–	(301,023)	–	(301,023)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	125,972	–	–	125,972	–	125,972
Foreign currency translation adjustment	–	–	(44,505)	–	–	–	(44,505)	–	(44,505)
Net expense recognised directly in equity	–	–	(44,505)	(175,051)	–	–	(219,556)	–	(219,556)
Profit for the financial year	–	–	–	–	–	167,704	167,704	(27)	167,677
Total recognised expenses and income for the year	–	–	(44,505)	(175,051)	–	167,704	(51,852)	(27)	(51,879)
Issue of shares on exercise of share options	3,801	–	–	–	–	–	–	–	3,801
Issue of shares on preferential offering	303,339	–	–	–	–	–	–	–	303,339
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(54,454)	(54,454)	–	(54,454)
Share-based expense	–	–	–	–	4,858	–	4,858	–	4,858
At 30 June 2008	704,870	–	(84,434)	(325,878)	13,474	330,382	(66,456)	–	638,414

Olam International Limited and Subsidiary Companies

Statements of Changes in Equity for the year ended 30 June 2009

	Attributable to equity holders of the Company							
2009 Company	**Share Capital (Note 26)** $'000	**Capital reserves** [4] $'000	**Foreign currency translation reserves** [1] $'000	**Fair value adjustment reserves** [2] $'000	**Share-based compensation reserves** [3] $'000	**Revenue reserves** $'000	**Total reserves** $'000	**Total equity** $'000
At 1 July 2008	704,870	–	(84,230)	(291,729)	13,474	242,138	(120,347)	584,523
Net loss on fair value changes during the period	–	–	–	(99,094)	–	–	(99,094)	(99,094)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	170,656	–	–	170,656	170,656
Gain on buy back of convertible bonds	–	(20,445)	–	–	–	20,445	–	–
Foreign currency translation adjustment	–	–	42,668	–	–	–	42,668	42,668
Net (expense)/ income recognised directly in equity	–	(20,445)	42,668	71,562	–	20,445	114,230	114,230
Profit for the financial year	–	–	–	–	–	221,029	221,029	221,029
Total recognised expenses and income for the year	–	(20,445)	42,668	71,562	–	241,474	335,259	335,259
Issue of shares on exercise of share options	3,716	–	–	–	–	–	–	3,716
Share-based expense	–	–	–	–	4,291	–	4,291	4,291
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(42,833)	(42,833)	(42,833)
Equity portion of convertible bonds	–	44,895	–	–	–	–	44,895	44,895
At 30 June 2009	708,586	24,450	(41,562)	(220,167)	17,765	440,779	221,265	929,851

Statements of Changes in Equity for the year ended 30 June 2009

2008 Company		Attributable to equity holders of the Company					
	Share capital (Note 26) $'000	Foreign currency translation reserves [1] $'000	Fair value adjustment reserves [2] $'000	Share-based compensation reserves [3] $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
At 1 July 2007	397,730	(35,583)	(148,563)	8,616	162,909	(12,621)	385,109
Net loss on fair value changes during the period	–	–	(277,027)	–	–	(277,027)	(277,027)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	133,861	–	–	133,861	133,861
Foreign currency translation adjustment	–	(48,647)	–	–	–	(48,647)	(48,647)
Net expense recognised directly in equity	–	(48,647)	(143,166)	–	–	(191,813)	(191,813)
Profit for the financial year	–	–	–	–	133,683	133,683	133,683
Total recognised expenses and income for the year	–	(48,647)	(143,166)	–	133,683	(58,130)	(58,130)
Issue of shares on exercise of share options	3,801	–	–	–	–	–	3,801
Issue of shares on preferential offering	303,339	–	–	–	–	–	303,339
Dividends on ordinary shares (Note 27)	–	–	–	–	(54,454)	(54,454)	(54,454)
Share-based expense	–	–	–	4,858	–	4,858	4,858
At 30 June 2008	704,870	(84,230)	(291,729)	13,474	242,138	(120,347)	584,523

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

(1) **Foreign currency translation reserves**

The foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company and its subsidiaries whose functional currencies are different from that of the Group's presentation currency.

(2) **Fair value adjustment reserves**

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

(3) **Share-based compensation reserves**

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

(4) **Capital reserves**

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

Olam International Limited and Subsidiary Companies

Consolidated Cash Flow Statement for the year ended 30 June 2009

	2009 $'000	2008 $'000
Cash flows from operating activities		
Profit before taxation	258,024	164,969
Adjustments for:-		
Share of results from jointly controlled entities	(40,411)	163
Share of results from associate	(703)	–
Inventories written-down/(written back)	11,248	(1,971)
Allowance for doubtful debts/(written back)	19,425	(550)
Depreciation of property, plant and equipment	40,532	33,771
Loss/(gain) on disposal of property, plant and equipment	909	(648)
Gain on convertible bonds buy back	(100,674)	–
Net measurement of derivative instruments	(61,114)	(11,023)
Negative goodwill arising from acquisition of subsidiary (Note 10)	(3,748)	(5,254)
Impairment of assets	14,176	–
Cost of share-based payment	4,291	5,583
Interest income	(18,872)	(19,632)
Interest expense	239,179	201,395
Amortisation of intangible assets	2,738	2,191
Operating cash flows before reinvestment in working capital	365,000	368,994
Increase in inventories	(187,431)	(454,077)
Decrease/ (increase) in receivables	217,569	(427,760)
Decrease/ (increase) in advance payments to suppliers	94,556	(117,085)
Increase in payables	141,951	124,577
Cash used in operations	631,645	(505,351)
Interest income received	22,020	19,632
Interest expense paid	(217,360)	(218,805)
Tax paid	(5,357)	(6,996)
Net cash flows from/ (used in) operating activities	430,948	(711,520)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	7,222	7,047
Purchase of property, plant and equipment	(207,003)	(74,205)
Purchase of software	(1,080)	–
Investment in government security bills	–	13,461
Acquisition of subsidiary, net of cash acquired (Note 10)	(15,911)	(161,997)
(Loan to)/ repayment from jointly controlled entities	(251,774)	315
Investment in associate	(75,737)	–
Investment in jointly controlled entities	165	(124)
Net cash flows used in investing activities	(544,118)	(215,503)

Olam International Limited and Subsidiary Companies

Consolidated Cash Flow Statement for the year ended 30 June 2009

	2009 $'000	2008 $'000
Cash flows from financing activities		
Proceeds from loans from banks	62,966	1,110,356
Proceeds from issuance of shares on exercise of share options	3,716	3,801
Proceeds from issuance of convertible bonds	417,374	–
Payment on convertible bonds buy back	(110,570)	–
Proceeds from issuance of shares on preferential share offer	–	303,339
Dividends paid on ordinary shares by the Company	(42,833)	(54,454)
Repayment of medium term notes	(131,852)	(410,811)
Net cash flows from financing activities	198,801	952,231
Net effect of exchange rate changes on cash and cash equivalents	18,784	(48,583)
Net increase/ (decrease) in cash and cash equivalents	104,415	(23,375)
Cash and cash equivalents at beginning of year	164,262	187,637
Cash and cash equivalents at end of year (Note 32)	268,677	164,262

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

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 11 to the financial statements.

The registered office of the Company is located at 3 Church Street #08-01 Samsung Hub, Singapore 049483. 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 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 2.3.

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 *Future changes in accounting policies*

The Group and the Company have not applied the following FRS and INT FRS that have been issued but are not yet effective:

			Effective date (Annual periods beginning on or after)
FRS 1	:	Revised FRS 1 – Presentation of Financial Statements	1 January 2009
FRS 23	:	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 32	:	Financial Statements Presentation – Amendments to FRS 32 and FRS 1 regarding Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 102	:	Amendments of FRS 102 Share-based Payment – Vesting Conditions and Cancellation	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 117	:	Distributions of Non-cash assets to owners	1 July 2009
INT FRS 118	:	Transfer of assets to customers	1 July 2009

The adoption of the above pronouncements is not expected to have any material impact on the financial statements in the period of initial application, subject to comments below.

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

2.2 ***Future changes in accounting policies (cont'd)***

Revised FRS 1 - Presentation of Financial Statements

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements.

FRS 23 Borrowing costs

FRS 23 Borrowing costs has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

FRS 102 Share-based Payment – Vesting Conditions and Cancellation

FRS 102 has been amended to restrict the definition of "vesting condition"' to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions which have to be taken into account when estimating the fair value of the equity instrument granted. In the case that an award does not vest as a result of failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The change in accounting policy is to be applied retrospectively.

FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined.

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

2.3 ***Significant accounting judgments and estimates***

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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) ***Employee share options***

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date on which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 30.

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

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

(d) ***Income taxes***

The Group has exposure to income taxes in numerous jurisdictions. A degree of judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes would be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables at the balance sheet date was \$11,410,000 (2008: \$24,578,000). Deferred tax assets and liabilities at the balance sheet date were \$74,704,000 (2008: \$36,709,000) and \$62,812,000 (2008: \$4,175,000) respectively.

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

2.3 ***Significant accounting judgments and estimates (cont'd)***

Key sources of estimation uncertainty

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

(a) ***Impairment of investments in subsidiary companies***

The Company assesses at each reporting date whether there is an indication that the investments in subsidiaries may be impaired. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiary companies as at 30 June 2009 is $314,556,000 (2008: $249,977,000)

(b) ***Impairment of goodwill***

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 30 June 2009 is $100,184,000 (2008: $97,075,000). More details are given in Note 10.

(c) ***Useful lives of plant and machinery***

The cost of plant and machinery is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 10 years with the exception of ginning assets where the estimated useful lives of ginning assets are up to 100 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 9 to the financial statements.

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

2.3 ***Significant accounting judgments and estimates (cont'd)***

Key sources of estimation uncertainty (cont'd)

(d) **Impairment of non-financial assets**

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

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

(e) **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.

2.4 ***Functional and foreign currency***

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

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing 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.

The assets and liabilities of foreign operations are translated into USD at the exchange rates ruling at the balance sheet date and the result of foreign operations are translated into USD at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in the foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

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

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

2.4 ***Functional and foreign currency (cont'd)***

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

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

2.5 ***Subsidiary companies and principles of consolidation***

Subsidiary companies

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

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

A list of the Group's subsidiary companies is shown in Note 11.

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2.9(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the profit and loss account on the date of acquisition.

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.

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

2.6 *Jointly controlled entities*

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

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

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

2.7 *Associates*

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

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

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

The financial statements of the associate are prepared as of the same reporting date as the Company.

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

2.8 ***Property, plant and equipment***

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

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

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

Leasehold land and buildings	-	20 to 50 years
Plant and machinery	-	5 to 10 years; 100 years for ginning assets
Motor vehicles	-	3 to 5 years
Furniture and fittings	-	5 years
Office equipment	-	5 years
Computers	-	3 years

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

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

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

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

2.9 ***Intangible assets***

(a) ***Goodwill***

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may by impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent period.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) 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 values of the operation disposed of and the portion of the cash-generating unit retained.

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

(b) ***Other intangible assets***

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

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

2.10 ***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, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows 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 considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit and loss account.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. 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. Reversal of an impairment loss is recognised in the profit and loss account.

2.11 ***Financial assets***

Financial assets within the scope of FRS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On such derecognition, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised initially in equity is recognised in the profit and loss account.

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

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

2.11 ***Financial assets (cont'd)***

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

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

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

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

(b) ***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or inability to collect. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(c) ***Held-to-maturity investments***

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

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

2.11 ***Financial assets (cont'd)***

(d) ***Available-for-sale financial assets***

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

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

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

2.12 ***Financial liabilities***

Financial liabilities include trade payables, which are normally settled within the credit terms, other amounts payable and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

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

2.13 ***Cash and cash equivalents***

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

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.11.

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

2.14 ***Receivables***

Trade receivables, which are on trade terms, margin accounts with brokers as well as receivables from subsidiary companies, advance payments to suppliers and other current assets (excluding prepayments and deferred M&A expenses) and other non-current assets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.11.

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 2.15 below.

2.15 ***Impairment of financial assets***

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

(a) ***Assets carried at amortised cost***

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

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 and loss account.

(b) ***Assets carried at cost***

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

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

2.15 ***Impairment of financial assets (cont'd)***

(c) ***Available-for-sale financial assets***

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

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

2.16 ***Inventories***

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

2.17 ***Borrowing costs***

Borrowing costs are recognised as expenses in the period in which they are incurred.

2.18 ***Financial guarantees***

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

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the profit and loss account over the period of the guarantee. If it is probable that the liability will be higher that the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit and loss account.

2.19 ***Provisions***

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

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

2.20 ***Employee benefits***

(a) ***Defined contribution plan***

The Group participates in the national pension schemes as defined by the laws of countries in which it has operations. In particular, the Singapore companies in the Group make contribution to the Central Provident Fund scheme, a defined contribution pension scheme. Contributions to national 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 when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

(c) ***Employee share subscription/options scheme***

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

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

This cost is recognised in the profit and loss account, 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 and loss account for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest. Where the terms of an equity-settled award are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for a modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

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

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

2.21 ***Operating leases***

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.22 ***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. The following specific recognition criteria must be met before revenue is recognised:-

Physical commodities

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

Interest income

Interest income is recognised using the effective interest method.

2.23 ***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 and loss account 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 and loss account over the expected useful life of the relevant asset by equal annual instalments.

2.24 ***Income taxes***

(a) ***Current tax***

Current 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 at the balance sheet date.

Current taxes are recognised in the profit and loss account except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) ***Deferred tax***

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

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

2.24 ***Income taxes (cont'd)***

(b) ***Deferred tax (cont'd)***

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

- Where the deferred tax 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;

- In respect of 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 by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses 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 taxes are recognised in the profit and loss account except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(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)

2.25 ***Segment reporting***

The Group categorises segments into business segments and geographical segments. A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.26 ***Share capital and share issue expenses***

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

2.27 ***Contingencies***

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

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

2.28 ***Derivative financial instruments and hedging activities***

Derivative financial instruments such as forward currency contracts, commodity futures and options, and interest rate contracts are used to hedge risks associated with foreign currency, commodity price and interest rate fluctuations. Certain derivatives are also used for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts and interest rate derivatives are calculated by reference to current forward exchange rates and interest rates respectively for contracts with similar maturity profiles. The fair values of commodity futures are determined by reference to market values for similar instruments.

Any gains or losses arising from changes in fair value on derivative financial instruments that are ineffective hedges or are held for trading are taken to the profit and loss account for the year.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

2.28 ***Derivative financial instruments and hedging activities (cont'd)***

When the hedge accounting is applied, all hedges are classified as cash flow hedges because they are held for hedging the exposure to variability in cash flows that is attributable to highly probable risk exposure and could affect profit or loss.

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

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

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

2.29 ***Convertible bonds***

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

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

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

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

3. Sale of goods

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

4. Other income

Other income included the following:-

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Interest income from loans and receivables	18,872	19,632	8,319	11,625
Gain on convertible bonds buy back [(1)]	100,674	–	100,674	–
Miscellaneous income [(2)]	15,158	15,639	21,102	1,650
Negative goodwill arising from acquisition of subsidiary (Note 10)	3,748	5,254	–	–
	138,452	40,525	130,095	13,275

(1) Net gain on convertible bonds buy back after adjusting for finance cost (Note 7) of $20,043,000, is $80,631,000. Refer to Note 25 for details of convertible bonds buy back.

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

5. Cost of goods sold

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
This is stated after (charging)/crediting:-				
Realised loss on derivatives [(1)]	(113,266)	(125,972)	(170,656)	(133,861)
Foreign exchange gain on cost of goods sold [(2)]	25,461	20,536	–	–
Export incentives and subsidies received [(3)]	104,541	72,085	–	–
Inventories (written down)/ written back	(11,248)	1,971	(5,094)	3,120

(1) Realised loss on derivatives recognised on occurrence of sales and purchases of physical commodities.

(2) Foreign exchange gain arising between the time of receiving payments for purchase of goods and the time of sale of such goods.

(3) Export incentives and subsidies relate to income from government agencies of various countries for export of agricultural products.

6. Other operating expenses/ net measurement of derivative instruments

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Operating expenses are stated after (charging)/crediting:-				
Non-audit fees paid to auditors	(125)	(232)	(98)	(146)
Gain on disposal of property, plant and equipment	909	648	–	–
Amortisation of intangible assets (Note 10)	(2,738)	(2,191)	–	–
Bank charges	(20,586)	(19,915)	(12,957)	(11,539)
Impairment:-				
- Plant and machinery	(10,849)	–	–	–
- Intangible assets	(3,327)	–	–	–
- Investment in subsidiary companies	–	–	(8,898)	–
Bad debts written off:-				
- Trade receivables (Note 16)	(368)	–	–	–
- Advance payments to suppliers (Note 19)	(12)	(2,157)	–	–
(Allowance for doubtful debts)/ write back:-				
- Amounts due from subsidiary companies (Note 15)	–	–	711	–
- Trade receivables (Note 16)	(11,618)	720	(6,366)	(136)
- Advance payments to suppliers (Note 19)	(7,807)	(170)	–	–
Rental expenses	(41,120)	(41,955)	(6,467)	(4,125)
Travelling expenses	(26,090)	(27,442)	(7,020)	(7,064)
Net measurement of derivative instruments are stated after crediting/ (charging):-				
- Convertible bonds (Note 25)	34,683	–	34,683	–
- Commodity derivatives held for trading	26,431	11,023	32,455	(2,652)
	61,114	11,023	67,138	(2,652)

7. Finance costs

Finance costs included the following:-

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Interest expense:-				
- On bank overdrafts	18,025	2,775	6	32
- On bank loans	176,128	174,096	141,973	117,852
- On medium term notes	4,647	19,824	4,647	19,824
- On convertible bonds [1]	32,306	–	32,306	–
Others	8,073	4,700	206	132
	239,179	201,395	179,138	137,840

[1] Includes interest of $20,043,000 relating to convertible bonds that were bought back during the year.

8. Income tax

(a) *Various components of income tax expense*

Various components of income tax expense are:-

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Profit and loss account				
Current income tax:-				
Singapore	11,600	9,285	11,600	9,285
Foreign	(1,036)	16,879	–	–
Under provision in respect of prior years	–	182	–	–
	10,564	26,346	11,600	9,285
Deferred income tax:-				
Foreign	(4,569)	(29,054)	–	–
Income tax expense/ (credit)	5,995	(2,708)	11,600	9,285

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.

Revision in Singapore corporate tax rate

On 22 January 2009, Singapore corporate tax rate was revised from 18% to 17% with effect from Year of Assessment 2010.

8. Income tax (cont'd)

(a) ***Various components of income tax expense (cont'd)***

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Statements of changes in equity				
Deferred income tax related to items (charged) /credited directly to equity:-				
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	(22,544)	11,101	(2,864)	8,290
Deferred tax recorded in equity	(22,544)	11,101	(2,864)	8,290

(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	
	2009	**2008**	**2009**	**2008**
	%	%	%	%
Statutory tax rate	17.0	18.0	17.0	18.0
Tax effect of non-deductible expenses	2.7	3.3	2.2	4.5
Higher statutory tax rates of other countries	1.0	1.6	–	–
Tax effect of income taxed at concessionary rate	(10.5)	(8.7)	(6.7)	(15.9)
Tax effect on non-taxable income	(5.2)	(1.2)	(6.7)	–
Tax effect of consolidation of tax groups of a subsidiary [(1)]	–	(12.9)	–	–
Tax effect of temporary differences not recognised	–	(1.6)	–	–
Tax effect of jointly controlled entities	(2.7)	–	–	–
Tax effect of others, net	–	(0.1)	(0.8)	(0.1)
	2.3	(1.6)	5.0	6.5

[(1)] Post the acquisition of Queensland Cotton Holdings, the Group opted to consolidate the tax groups of Queensland Cotton Group and Olam Group in Australia. This required a reset of carrying value of assets held by Queensland Cotton Group for tax purposes as per the Australian tax laws, resulting in a one-off tax credit.

8. Income tax (cont'd)

(c) *Deferred income tax*

	Group				Company	
	Consolidated balance sheet		Consolidated profit and loss account		Balance sheet	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities:						
Differences in depreciation	36,492	30,878	3,481	(10,352)	8	7
Fair value adjustment on acquisition of subsidiary	2,018	–	–	–	–	–
Revaluation of financial instruments to fair value	4,232	–	–	–	–	–
Others	1,853	751	1,051	189	–	–
Gross deferred tax liabilities	44,595	31,629			8	7
Deferred tax assets:						
Allowance for doubtful debts	1,045	632	(370)	285	471	442
Inventories written-down	–	143	–	833	153	143
Revaluation of financial instruments to fair value	–	17,177	–	–	12,480	14,394
Unabsorbed losses	55,442	43,380	(9,068)	(29,884)	–	–
Others	–	2,831	337	9,875	–	–
Gross deferred tax assets	56,487	64,163			13,104	14,979
Net deferred tax assets	11,892	32,534			13,096	14,972
Deferred income tax credit			(4,569)	(29,054)		

The Group has tax losses of $24,957,000 (2008: $14,506,000) and capital allowances of $12,758,000 (2008: $10,494,000) 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.

9. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
Cost									
As at 1 July 2007	9,056	38,105	71,413	27,135	7,401	7,966	4,961	11,962	177,999
Additions	1,561	13,181	37,920	6,674	3,125	2,917	1,884	6,943	74,205
Acquired through business combination	20,915	104,948	105,122	7,014	289	262	22	6,268	244,840
Disposals	(886)	(1,510)	(7,643)	(3,308)	(170)	(374)	(383)	(219)	(14,493)
Reclassification	(2,221)	7,612	5,360	125	(936)	1,458	(7)	(11,391)	–
Foreign currency translation adjustment	(122)	(790)	(3,385)	(1,363)	(561)	(411)	(336)	(756)	(7,724)
As at 30 June 2008 and 1 July 2008	28,303	161,546	208,787	36,277	9,148	11,818	6,141	12,807	474,827
Additions	14,094	18,539	30,322	5,735	596	24,990	2,767	109,959	207,002
Acquired through business combinations	–	–	15,911	–	–	–	–	–	15,911
Disposals	–	(5,860)	(1,956)	(3,568)	(378)	(587)	(309)	(2)	(12,660)
Reclassification	–	3,196	4,962	(542)	(44)	41	31	(7,644)	–
Foreign currency translation adjustment	(2,676)	(13,900)	(17,702)	(3,300)	(467)	135	(253)	185	(37,978)
As at 30 June 2009	39,721	163,521	240,324	34,602	8,855	36,397	8,377	115,305	647,102
Accumulated depreciation and impairment									
As at 1 July 2007	–	3,089	20,463	14,019	3,794	4,482	2,804	–	48,651
Charge for the year	–	7,474	16,138	6,653	1,200	1,271	1,035	–	33,771
Disposals	–	(326)	(4,990)	(2,391)	(105)	(38)	(243)	–	(8,093)
Reclassification	–	178	(287)	220	(106)	(47)	42	–	–
Foreign currency translation adjustment	–	(370)	(963)	(792)	(325)	(236)	(207)	–	(2,893)
As at 30 June 2008 and 1 July 2008	–	10,045	30,361	17,709	4,458	5,432	3,431	–	71,436
Charge for the year	–	6,950	23,344	5,697	1,062	1,787	1,692	–	40,532
Impairment of assets	–	–	10,849	–	–	–	–	–	10,849
Disposals	–	(1,497)	(363)	(2,339)	(157)	(37)	(136)	–	(4,529)
Reclassification	–	3	101	(87)	(18)	(10)	11	–	–
Foreign currency translation adjustment	–	(425)	(2,403)	(1,676)	(181)	(344)	(120)	–	(5,149)
As at 30 June 2009	–	15,076	61,889	19,304	5,164	6,828	4,878	–	113,139
Net carrying value									
As at 30 June 2009	39,721	148,445	178,435	15,298	3,691	29,569	3,499	115,305	533,963
As at 30 June 2008	28,303	151,501	178,426	18,568	4,690	6,386	2,710	12,807	403,391

9. Property, plant and equipment (cont'd)

Company	Buildings $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost						
As at 1 July 2007	172	713	1,589	827	1,226	4,527
Additions	–	253	602	139	421	1,415
Foreign currency translation adjustment	(19)	(92)	(208)	(100)	(158)	(577)
As at 30 June 2008 and 1 July 2008	153	874	1,983	866	1,489	5,365
Additions	–	362	14	71	1,784	2,231
Foreign currency translation adjustment	10	57	131	57	98	353
As at 30 June 2009	163	1,293	2,128	994	3,371	7,949
Accumulated depreciation						
As at 1 July 2007	71	300	1,281	755	821	3,228
Charge for the year	8	138	152	40	262	600
Foreign currency translation adjustment	(8)	(40)	(151)	(87)	(105)	(391)
As at 30 June 2008 and 1 July 2008	71	398	1,282	708	978	3,437
Charge for the year	8	191	213	75	825	1,312
Foreign currency translation adjustment	4	26	84	47	65	226
As at 30 June 2009	83	615	1,579	830	1,868	4,975
Net carrying value						
As at 30 June 2009	80	678	549	164	1,503	2,974
As at 30 June 2008	82	476	701	158	511	1,928

10. Intangible assets

Group	Goodwill $'000	Customer relationships* $'000	Trademark $'000	Trade name $'000	Software $'000	Marketing agreement $'000	Total $'000
Cost							
As at 1 July 2007	76,137	20,066	–	–	–	–	96,203
Acquired through business combinations	27,455	–	861	7,586	4,568	3,556	44,026
Disposal	–	–	–	–	(995)	–	(995)
Foreign currency translation adjustment	(6,517)	(2,256)	–	932	561	436	(6,844)
As at 30 June 2008 and 1 July 2008	97,075	17,810	861	8,518	4,134	3,992	132,390
Additions	–	–	–	–	1,080	–	1,080
Foreign currency translation adjustment	3,109	1,175	56	(897)	(425)	(419)	2,599
As at 30 June 2009	100,184	18,985	917	7,621	4,789	3,573	136,069
Accumulated amortisation and impairment							
As at 1 July 2007	–	–	–	–	–	–	–
Amortisation	–	1,246	–	213	732	–	2,191
Foreign currency translation adjustment	–	(60)	–	–	–	–	(60)
As at 30 June 2008 and 1 July 2008	–	1,186	–	213	732	–	2,131
Amortisation	–	1,266	–	177	1,295	–	2,738
Impairment	–	–	–	–	–	3,327	3,327
Foreign currency translation adjustment	–	78	–	(8)	19	246	335
As at 30 June 2009	–	2,530	–	382	2,046	3,573	8,531
Net carrying value							
As at 30 June 2009	100,184	16,455	917	7,239	2,743	–	127,538
As at 30 June 2008	97,075	16,624	861	8,305	3,402	3,992	130,259
Average remaining amortisation period (years) – 2009	***	13 **	***	38 **	1.5 **	–	
Average remaining amortisation period (years) – 2008	***	14 **	***	39**	3 **	3	

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

** The intangible assets are amortised on a straight-line basis over the estimated useful life except for the marketing agreement which is amortised on the basis of expected units of production.

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

10. Intangible assets (cont'd)

Company	Goodwill $'000	Trademark $'000	Trade name $'000	Total $'000
Cost				
As at 1 July 2007, 30 June 2008 and 1 July 2008	–	861	–	861
Transfer – Brazilian Cotton from Queensland Cotton Holdings	7,174	–	1,790	8,964
Foreign currency translation adjustment	(754)	56	(187)	(885)
As at 30 June 2009	6,420	917	1,603	8,940
Net carrying amount				
As at 30 June 2009	6,420	917	1,603	8,940
As at 30 June 2008	–	861	–	861

(a) ***Acquisition of subsidiary company***

On 2 February 2009, the Group acquired 100% of the issued share capital of Olam Alimentos S.A. (formerly known as Industrias Martin Cubero) through Olam Argentina S.A., a wholly owned subsidiary for a cash consideration of $10,145,000. The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:-

	Fair value recognised on acquisition $'000	Carrying amount before combination $'000
Property, plant and equipment	15,911	4,737
Deferred tax liability	(2,018)	–
Net identifiable assets	13,893	4,737
Negative goodwill arising on acquisition of subsidiary	(3,748)	
Total purchase consideration satisfied by cash in current year	10,145	

(b) ***Acquisition of assets***

On 31 October 2008, the Group acquired sugar mill assets of Girdharilal Sugar and Allied Industries Limited through Olam Exports (India) Limited, a wholly owned subsidiary for a cash consideration of $14,938,000. At the date of this report, goodwill has been provisionally determined as $NIL. Goodwill will be adjusted accordingly following the completion of the valuation of these assets.

10. Intangible assets (cont'd)

(c) ***Impairment testing of goodwill and other intangible assets***

Goodwill and trade mark arising from business combinations have been allocated to the following cash-generating units ("CGU") for impairment testing:

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

The carrying amounts of goodwill and trademark allocated to each CGU are as follows:

	Goodwill		Trademark		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000	$'000	$'000
Universal Blanchers	71,802	67,358	–	–	71,802	67,358
Queensland Cotton Holdings [1]	9,631	10,762	–	–	9,631	10,762
Olam International – Brazilian Cotton [2]	6,420	7,174	–	–	6,420	7,174
Naarden Agro Products B.V.	2,340	2,471	–	–	2,340	2,471
Qingdao Key Foods	9,991	9,310	917	861	10,908	10,171
	100,184	97,075	917	861	101,101	97,936

(1) The CGUs relating to Queensland Cotton Holdings are as follows:

	2009	**2008**
	$'000	$'000
CGU 1 – Australian Cotton	5,618	6,278
CGU 2 – USA Cotton	2,407	2,690
CGU 3 – Australian Pulses	1,606	1,794
	9,631	10,762

(2) The goodwill relating to Brazilian Cotton business was re-allocated from Queensland Cotton Holdings to the Company during the year.

10. Intangible assets (cont'd)

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

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolated cash flows beyond the 5-year period are as follows:

	Growth rates		**Pre-tax discount rates**	
	2009	**2008**	**2009**	**2008**
	%	**%**	**%**	**%**
Universal Blanchers	2.00	3.30	10.40	10.40
Queensland Cotton Holdings (1)	4.00	2.50	13.00	9.87
Olam International – Brazilian Cotton	4.00	2.50	13.00	9.87
Naarden Agro Products B.V.	2.00	2.00	7.73	7.73
Qingdao Key Foods	2.00	2.00	12.00	12.51

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

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

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

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

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

11. Investments in subsidiary companies

	Company 2009 $'000	Company 2008 $'000
Unquoted shares at cost	214,625	147,889
Loans to subsidiary companies	109,495	102,718
Provision for impairment loss	(9,564)	(630)
	314,556	249,977

Included in loans to subsidiary companies is a loan amounting to $NIL (2008: $952,000) which is unsecured, bears interest at 2% per annum and is repayable not later than January 2010. The remaining loans to subsidiary companies are unsecured, interest free and have no fixed terms of repayment. They are not expected to be repayable in the next 12 months.

Assessment of impairment in investment in subsidiary companies is carried out every year and the necessary provisions are accordingly made. The Company has provided impairment loss of $8,898,000 on the investment in subsidiaries as the carrying amounts exceed the fair values based on the net asset values of the subsidiaries.

Subsidiary companies of Olam International Limited are:-

Name of company	Country of incorporation	Principal activities	Cost of investment 2009 $'000	Cost of investment 2008 $'000	Percentage of equity held by the Company 2009 %	Percentage of equity held by the Company 2008 %
Caraway Pte Ltd [1]	Singapore	(a)	177	166	100	100
Olam Burkina Sarl [2]	Burkina Faso	(a)	277	260	100	100
Olam Cam Sarl [2]	Cameroon	(a)	475	446	100	100
Olam Europe B.V. [2]	Netherlands	(a)	28	27	100	100
Olam Ghana Limited [2]	Ghana	(a)	4,262	3,997	100	100
Olam Ivoire Sarl. [2]	Ivory Coast	(a)	452	424	100	100
Olam Nigeria Ltd [2]	Nigeria	(a)	4,380	4,108	100	100
Outspan Nigeria Ltd [2]	Nigeria	(a)	402	377	100	100
Olam Tanzania Ltd [2]	Tanzania	(a)	3,497	3,279	100	100
Outspan Ivoire SA [3]	Ivory Coast	(a)	8,483	7,957	100	100
Olam Gabon Sarl. [2]	Gabon	(a)	9,812	254	100	100
Olam Mozambique, Limitada [4]	Mozambique	(a)	1,526	1,431	100	100
Olam Madagascar Sarl. [4]	Madagascar	(a)	14	14	100	100

11. Investments in subsidiary companies (cont'd)

Name of company	Country of incorporation	Principal activities	Cost of investment 2009 $'000	Cost of investment 2008 $'000	Percentage of equity held by the Company 2009 %	Percentage of equity held by the Company 2008 %
Olam Polska Sp Z.o.o. [2]	Poland	(a)	2,314	2,170	100	100
Outspan Ghana Limited [2]	Ghana	(a)	146	137	100	100
Olam Vietnam Limited [2]	Vietnam	(a)	1,449	1,360	100	100
Olam South Africa (Proprietary) Limited [2]	South Africa	(a)	2,884	1,346	100	100
Olam Congo (R.D.C) [2]	Democratic Republic of Congo	(a)	36	34	100	100
Outspan PNG Limited [4]	Papua New Guinea	(a)	145	136	100	100
Olam France Sarl. [3]	France	(a)	10	9	100	100
Olam Guinee Sarl. [2]	Guinee Conakry	(a)	4	3	100	100
Olam Brasil Ltda [3]	Brazil	(a)	2,620	2,458	100	100
Olam Kazakhstan Ltd [4]	Kazakhstan	(a)	739	14	100	100
Olam Middle East L.L.C [2]	United Arab Emirates	(a)	118	111	100	100
Olam Europe Limited [2]	United Kingdom	(a)	572	536	100	100
Olam (Uganda) Ltd [2]	Uganda	(a)	140	132	100	100
PT Olam Indonesia [2]	Indonesia	(a)	1,594	1,495	100	100
Olam Zimbabwe (Private) Limited [4]	Zimbabwe	(a)	2,332	2,188	100	100
Outspan Brasil Importacão e Exportacão Ltda [3]	Brazil	(a)	4,174	3,915	100	100
Olam Dairy B.V. [4]	Netherlands	(a)	188	176	100	100
Olam Ukraine LLC [4]	Ukraine	(a)	2,319	136	100	100
Olam Shanghai Limited [2]	China	(a)	1,449	1,360	100	100
Olam Shandong Limited [2]	China	(a)	2,029	1,903	100	100

11. Investments in subsidiary companies (cont'd)

Name of company	Country of incorporation	Principal activities	Cost of investment 2009 $'000	Cost of investment 2008 $'000	Percentage of equity held by the Company 2009 %	Percentage of equity held by the Company 2008 %
Outspan Peru S.A.C. [2]	Peru	(a)	725	680	100	100
LLC Caraway Foods [2]	Russian Federation	(a)	9,643	549	100	100
Olam Argentina S.A. [4]	Argentina	(a)	13,522	4,055	100	100
Panasia International FZCO [2]	United Arab Emirates	(a)	217	204	100	100
PT Agronesia Bumi Persada [3]	Indonesia	(a)	74	69	51	51
Caraway Foods International (Nigeria) Limited [2]	Nigeria	(a)	27	26	100	100
Caraway Foods International South Africa (Pty) Ltd [4]	South Africa	(a)	1,710	1,604	100	100
Olam Liberia Limited [4]	Liberia	(a)	7	7	100	100
Mantra Ivoire S.A [3]	Ivory Coast	(a)	577	542	100	100
Outspan Colombia S.A [2]	Colombia	(a)	1,949	1,829	100	100
Olam Armazen Gerais Ltda [3]	Brazil	(a)	70	65	100	100
Olam R.O.C. S.A.R.L. [4]	Democratic Republic of Congo	(a)	^	^	100	100
Olam Honduras S.A [3]	Honduras	(a)	145	136	100	100
Olam Egypt L.L.C [2]	Egypt	(a)	5,147	120	100	100
Olam Zambia Limited [4]	Republic of Zambia	(a)	^	^	100	100
Olam Dalian Limited	China	(a)	@	680	-	100
Rudra International Ltd [4]	United Arab Emirates	(a)	3,406	3,194	100	100
Multipro Gambia Limited [2]	Gambia	(a)	70	*	100	100
Café Outspan Vietnam Limited [3]	Vietnam	(a)	5,797	5,769	100	100

11. Investments in subsidiary companies (cont'd)

Name of company	Country of incorporation	Principal activities	Cost of investment 2009 $'000	Cost of investment 2008 $'000	Percentage of equity held by the Company 2009 %	Percentage of equity held by the Company 2008 %
Naarden Agro Products B.V. 4	Netherlands	(a)	7,654	7,260	100	100
LLC Outspan International [2]	Russian Federation	(a)	12,827	70	100	100
EURL Agri Commodities [2]	Algeria	(a)	389	365	100	100
Olam Investments Limited [2]	Mauritius	(b)	14	14	100	100
Olam Investments Australia Pty Ltd [2]	Australia	(b)	69,098	64,821	100	100
Key Foods Hong Kong Limited [3]	Hong Kong	(b)	12,685	11,900	100	100
Far East Agri Pte Ltd [1]	Singapore	(b)	*	*	100	100
Olam Information Services Pvt Ltd [2]	India	(c)	4	4	100	100
Olam Insurance Limited [2]	Isle of Man	(d)	725	680	100	100
Olam Benin Sarl. [2]	Benin	(e)	486	456	100	100
Olam Togo Sarl. [2]	Togo	(e)	454	426	100	100
Olam Bissau Limitada [2]	Guinea Bissau	(e)	5	5	100	100
Olam Online Ltd [1]	Singapore	(e)	*	*	100	100
Olam (Thailand) Ltd [5]	Thailand	(a)	211	–	100	-
Outspan Bolovens Limited [4]	Laos	(a)	164	–	100	-
Outspan Angola Ltda [2]	Republic of Angola	(a)	143	–	100	-
Olam Tarim Ürünleri Yem Maddeleri Sanayi Ve Ticaret Limited Sirketi [5]	Turkey	(a)	12	–	100	-
Lamco SRL [3] #	Italy	(f)	375	–	100	40
Olam Exports (India) Limited [2]	India	(a)	7,246	–	34.42	-
			214,625	147,889		

11. Investments in subsidiary companies (cont'd)

Name of company		Percentage of equity held by the Company 2009 %	2008 %
Subsidiary companies of **Olam Investments Limited** are as follow:-			
Olam Exports (India) Limited[2] (India)	Sourcing, processing, packaging and merchandising of agricultural products	65.57	100
Outspan (India) Private Limited[3] (India)	Sourcing, processing, packaging and merchandising of agricultural products	100	100
Subsidiary company of **Olam (Uganda) Limited** is as follows:-			
Victoria Commodities Limited [2] (Uganda)	Sourcing, processing, packaging and merchandising of agricultural products	100	100
Subsidiary company of **Olam Nigeria Limited** is as follows:-			
Novus Nigeria Limited [4] (Nigeria)	Dormant	100	100
Subsidiary company of **Olam Egypt L.L.C** is as follows:-			
Agri Commodities L.L.C [3] (Egypt)	Sourcing, processing, packaging and merchandising of agricultural products	100	100
Subsidiary company of **Olam Investments Australia Pty Ltd** is as follows:-			
Olam Australia Pty Ltd [4] (Australia)	Sourcing, processing, packaging and merchandising of agricultural products	100	100
Subsidiary company of **Olam Australia Pty Ltd** is as follows:-			
Queensland Cotton Holdings Pty Ltd [4] (Australia)	Investment holding	100	100
Subsidiary companies of **Queensland Cotton Holdings Pty Ltd** are as follows:-			
QC International Pty Ltd [4] (Australia)	Investment holding	100	100
Australian Cotton Corporation Pty Ltd [4] (Australia)	Investment holding	100	100
Queensland Cotton Corporation Pty Ltd (Australia) [4]	Commodity trading, cotton ginning	100	100

11. Investments in subsidiary companies (cont'd)

Name of company		Percentage of equity held by the Company 2009 %	2008 %
Subsidiary companies of **Queensland Cotton Corporation Pty Ltd** are as follows:			
QC Management Pty Ltd [4] (Australia)	Leasing services	100	100
QC Brazil Pty Ltd [4] (Australia)	Procurement, processing, warehousing, sale and distribution of cotton	99.9	100
Subsidiary company of **QC Brazil Pty Ltd** is as follow:			
Queensland Cotton Exportacao de Algodao Brasil Ltda [4] (Brazil)	Marketing and exporting of cotton	99.9	99.9
Subsidiary company of **Queensland Cotton Exportacao de Algodao Brasil Ltd** is as follow:			
QC Import e Export Logistica Brasil Ltda (Brazil) [4]	Warehousing of cotton	70	70
Subsidiary company of **QC International Pty Ltd** is as follows:-			
QC Holdings Partnership [2] (USA)	Investment holding	99	99
Subsidiary companies of **QC Holdings Partnership** are as follows:-			
Olam US Holdings Inc. [2] (USA)	Investment holding	100	100
QC (US) International Inc. [2] (USA)	Investment holding	100	100
Subsidiary company of **QC (US) International Inc.** is as follows:-			
QC (US) Inc. [2] (USA)	Investment holding	100	100
Subsidiary companies of **QC (US) Inc.** are as follows:			
Anderson Clayton Corp. [2] (USA)	Procurement, processing, warehousing, sale and distribution of cotton	100	100
QC (US) Marketing Inc. [2] (USA)	Procurement, processing, warehousing, sale and distribution of cotton	100	100

11. Investments in subsidiary companies (cont'd)

Name of company		Percentage of equity held by the Company 2009 %	2008 %
Subsidiary companies of **Anderson Clayton Corp.** are as follows:			
ACCO Finance Co. [2] (USA)	Financing services	100	100
Sacramento Valley Ginning Company LLC [2] (USA)	Processing of commodities	52	52
Jointly controlled companies of **Anderson Clayton Corp.** are as follows:			
ACCO/Winburne LLC [2] (USA)	Brokerage services	50	50
CRIT/ACCO Joint Venture [2] (USA)	Processing of commodities	50	50
Associated companies of **Anderson Clayton Corp.** are as follows:			
El Dorado Ginning Partners [2] (USA)	Procurement, processing, warehousing, sale and distribution of cotton	33.3	33.3
Subsidiary companies of **Olam US Holdings Inc.** are as follows:-			
Universal Blanchers, L.L.C [2] (USA)	Peanut blancher and ingredient processor	100	100
Olam Americas, Inc. [2] (USA)	Sourcing, processing, packaging and merchandising of agricultural products	100	100
Subsidiary companies of **Olam Americas, Inc.** are as follows:-			
Olam West Coast, Inc. (USA) [2]	Dehydration of vegetables	100	-
Olam Canada Holdings, Inc. (USA) [2]	Sourcing, processing, packaging and merchandising of agricultural products	100	-
Olam Tomato Processors Inc. (USA) [2]	Sourcing, processing, packaging and merchandising of agricultural products	100	-
Subsidiary company of **Universal Blanchers, L.L.C** is as follows:-			
Seabrook Enterprises, Inc. [2] (USA)	Peanut blancher and ingredient processor	100	100

11. Investments in subsidiary companies (cont'd)

Name of company		Percentage of equity held by the Company 2009 %	2008 %
Subsidiary company of **Rudra International Limited** is as follows:-			
Graton Investments Pvt Ltd [3] (Zimbabwe)	Sourcing, processing, packaging and merchandising of agricultural products	100	100
Subsidiary company of **Key Foods Hong Kong Limited** is as follows:-			
Qingdao Key Foods Co Ltd [2] (China)	Sourcing, processing, packaging and merchandising of agricultural products	100	100
Subsidiary company of **Far East Agri Pte Ltd** is as follows:-			
PT Dharmapala Usaha Sukses [3] (Indonesia)	Sourcing, processing, packaging and merchandising of agricultural products	100	100
Subsidiary company of **Olam Argentina S.A.** is as follows:-			
Olam Alimentos S.A. [3] (Formerly known as Industrias Martin Cubero) (Argentina)	Peanut shelling and blanching company	100	–
Subsidiary companies of **Panasia International FZCO** are as follows:-			
SOSEMA Sarl [4] (Senegal)	Sourcing, processing, packaging and merchandising of agricultural products	100	–
SOGUIMA Sarl [4] (Conakry, Guinea)	Sourcing, processing, packaging and merchandising of agricultural products	100	–
Crest SA [3] (Douala)	Provision of stevedore services	90	–

11. Investments in subsidiary companies (cont'd)

Name of company		Percentage of equity held by the Company 2009 %	2008 %
Subsidiary company of **Outspan Ivoire S.A**. is as follows:-			
Société d'exploitation cotonnière de Ouangolo (SECO) [2] (Ivory Coast)	Sourcing, processing, packaging and merchandising of agricultural products	100	–

* These costs of investment were less than a thousand dollars each.
^ No payments were made for these subsidiaries.
@ This investment was de-registered during the year.
\# This joint venture investment became a wholly-owned subsidiary during the year

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

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

12. Interests in jointly controlled entities

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Unquoted shares at cost	2,186	2,351	2,186	2,351
Loans to jointly controlled entities	252,512	829	252,512	829
Share of post-acquisition reserves	39,915	(454)	–	–
Currency realignment	(206)	(304)	(112)	(250)
	294,407	2,422	254,586	2,930

Loans to jointly controlled entities include loans to Nauvu Investments Pte Ltd and Olam Wilmar Investment Holdings Pte Ltd amounting to $173,979,000 (2008: $NIL) and $77,422,000 (2008: $NIL) respectively. These loans are unsecured, non-interest bearing and are not expected to be repayable within the next year.

The remaining loans to jointly controlled entities are unsecured and bear interest of 4% (2008: 4%) per annum and at 3 months Euribor + 4% (2008: 4%) per annum. They are repayable in quarterly instalments until October 2011.

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

Name of company	Country of incorporation	Principal activities	Percentage of equity held	
			2009	2008
			%	%
Held by the Company				
Nauvu Investments Pte Ltd [1]	Singapore	(a)	50	–
Olam Wilmar Investment Holdings Pte Ltd [1]	Singapore	(a)	50	–
LAMCO SRL [2]	Italy	(b)	–	40
Solimar Foods Ingredients S.L. [3]	Spain	(c)	49	49
Usicam S.A. [4]	Cameroon	(c)	50	50

During the year, LAMCO SRL became a subsidiary upon acquisition of the remaining 60% equity interest.

Details of the investments made during the year by jointly controlled entities are as follow:

Name of company	Country of incorporation	Principal activities	Percentage of equity held %
Nauvu Investments Pte Ltd			
SIFCA SA	Ivory Coast	(c)	27.1
Sania Cie SA	Ivory Coast	(c)	50.5
Palm-Ci SA	Ivory Coast	(c)	26.6
Olam Wilmar Investment Holdings Pte Ltd			
PureCircle Limited	Bermuda	(c)	20.0

(a) Investment holding
(b) Trading of agricultural commodities
(c) Processing and trading of agricultural commodities

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

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

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

	Group	
	2009	**2008**
	$'000	$'000
Assets and liabilities:-		
Current assets	1,158	4,596
Long term assets	292,005	2,583
Total assets	293,163	7,179
Current liabilities	(1,617)	(5,568)
Long term liabilities	(249,949)	(706)
Total liabilities	(251,566)	(6,274)
Results:-		
Income	43,629	31,677
Expenses	(3,218)	(31,840)
Profit / (loss) after tax for the financial year	40,411	(163)

13. Investment in associate

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Unquoted shares at cost	105,817	–	105,817	–
Share of post-acquisition reserves	703	–	–	–
	106,520	–	105,817	–

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

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2009 %	Percentage of equity held 2008 %
Held by the Company				
Open Country Dairy Limited [1]	New Zealand	Processing and trading of agricultural commodities	24.75	–

[1] Audited by other CPA firm

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

	Group 2009 $'000	Group 2008 $'000
Assets and liabilities:-		
Current assets	10,218	–
Long term assets	62,997	–
Total assets	73,215	–
Current liabilities	(11,636)	–
Long term liabilities	(16,437)	–
Total liabilities	(28,073)	–
Results:-		
Income	64,708	–
Expenses	(64,005)	–
Profit after tax for the financial year	703	–

14. Long term investment

Long term investment in 2008 relates to a 19.9% shareholding in Open Country Cheese Co. Limited ("OCC"). During the year, the Company swapped the entire stake in OCC as part of the acquisition of a 24.75% equity interest in Open Country Dairy Limited.

15. Amounts due from subsidiary companies

	Company	
	2009	**2008**
	$'000	$'000
Trade receivables	480,534	402,931
Loan to subsidiaries [1]	159,054	61,630
Non-trade receivables [2]	108,025	38,047
	747,613	502,608
Amounts due from subsidiary companies are stated after deducting allowance for doubtful debts of		
- Trade	2,174	1,825
- Non-trade	3,623	4,279
	5,797	6,104

The movement of the allowance accounts is as follows:-

Movement in allowance accounts:		
At 1 July	6,104	6,879
Charge for the year	3,851	–
Reversal for the year	(4,562)	–
Foreign exchange translation adjustment	404	(775)
At 30 June	5,797	6,104

(1) Loan to subsidiaries includes an amount $93,468,000 (2008: $44,526,000) which is unsecured and bears interest at 7% (2008: 7%) per annum and is repayable on demand. The remaining amounts are non-interest bearing, unsecured and repayable on demand.

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

16. Trade receivables

	Group		Company	
	2009 $'000	**2008** $'000	**2009** $'000	**2008** $'000
Trade receivables	630,873	635,108	237,023	339,516
GST, VAT and other indirect tax receivables	101,627	89,244	273	370
	732,500	724,352	237,296	339,886

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

Included in trade receivables in 2008 is an amount of $1,825,000 due from a jointly controlled entity which during the current financial year became a subsidiary.

Receivables that are impaired

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

	Group		Company	
	2009 $'000	**2008** $'000	**2009** $'000	**2008** $'000
Trade receivables – nominal amounts	648,353	641,832	247,840	343,695
Allowance for doubtful debts	(17,480)	(6,724)	(10,817)	(4,179)
	630,873	635,108	237,023	339,516
Movement in allowance accounts:				
At 1 July	6,724	9,604	4,179	4,561
Charge/ (write back) for the year	11,618	(720)	6,366	136
Written off	(237)	(1,196)	–	–
Foreign currency translation adjustment	(625)	(964)	272	(518)
At 30 June	17,480	6,724	10,817	4,179

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.

16. Trade receivables (cont'd)

Receivables not impaired

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Trade receivables:				
Less than 30 days	404,208	403,988	149,953	210,582
30 to 60 days	176,271	163,312	61,768	90,966
61 to 90 days	31,204	37,834	21,008	28,162
91 to 120 days	7,367	14,055	358	5,513
121 to 180 days	8,493	8,675	3,492	1,571
More than 180 days	3,330	7,244	444	2,722
	630,873	635,108	237,023	339,516

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.

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Margin deposits with brokers	70,238	264,038	57,205	199,200
Amounts due to brokers	(5,399)	(9,765)	(1,684)	(9,765)
	64,839	254,273	55,521	189,435

18. Inventories

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Balance sheet:				
Total inventories at lower of cost and net realisable value	1,966,419	1,790,236	550,729	500,397
Profit and loss account:				
Inventories recognised as an expense in cost of goods sold	(6,907,329)	(6,384,326)	(5,355,701)	(5,118,099)
Inclusive of the following (charge)/credit				
- Inventories written-down	(13,037)	(2,911)	(6,883)	(1,762)
- Reversal of write-down of inventories	1,789	4,882	1,789	4,882

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

19. Advance payments to suppliers

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Third parties	277,683	380,047	85,527	126,670
Subsidiary companies	–	–	935,336	1,109,128
	277,683	380,047	1,020,863	1,235,798

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

Advance payments to suppliers relating to third parties for the Group are stated after deducting allowance for doubtful debts of $6,573,000 (2008: $1,523,000).

The movement in the allowance accounts is a follows:-

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
As at 1 July	1,523	4,028	–	6,235
Charge for the year	7,807	170	–	–
Written off	(2,765)	(2,271)	–	(5,534)
Foreign currency translation adjustment	8	(404)	–	(701)
At 30 June	6,573	1,523	–	–

20. Other current/ non-current assets

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Current:-				
Staff advances [(1)]	4,810	4,809	418	791
Deposits	14,056	10,213	3,238	4,277
Option premium receivable	19,112	25,282	19,112	25,282
Insurance receivables [(2)]	28,165	5,930	27,719	4,675
Interest receivables	52	3,201	52	3,201
Export incentives and subsidies receivable [(3)]	96,365	119,718	–	–
Sundry receivables	61,348	44,231	389	14,537
	223,908	213,384	50,928	52,763
Deferred M&A expenses [(4)]	1,236	1,746	1,236	1,746
Prepayments	116,931	77,518	33,487	29,498
	342,075	292,648	85,651	84,007
Non-current:-				
Other non-current assets	232	4,602	–	–
Fair value purchase contracts [(5)]	10,922	19,148	10,922	19,148
	11,154	23,750	10,922	19,148

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

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

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

(4) Deferred merger and acquisition expenses incurred are in connection with the incomplete acquisition. The expenses will be recognised to profit and loss account when the respective transactions are completed.

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

21. Trade payables and accruals

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Trade payables	439,175	398,189	377,324	320,625
Accruals	151,997	102,893	42,791	35,982
Advances received from customers	59,199	10,499	–	–
GST payable and equivalent	8,617	8,272	–	–
	658,988	519,853	420,115	356,607

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

Trade payables include an amount of $2,090,000 (2008: $NIL) due to an associate.

22. Other current liabilities

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Interest payable on bank loans	14,328	10,362	12,384	7,842
Sundry payables	17,105	13,836	–	–
Option premium payable	23,479	26,725	23,479	26,725
	54,912	50,923	35,863	34,567
Provision for withholding tax	3,683	940	8	–
	58,595	51,863	35,871	34,567

23. Amounts due to bankers

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Current:-				
Bank overdrafts (Note 33)	265,141	174,862	–	–
Bank loans	1,604,499	1,614,720	1,166,700	1,199,066
	1,869,640	1,789,582	1,166,700	1,199,066
Non-current:-				
Term loans	1,008,312	935,125	764,602	648,482
	2,877,952	2,724,707	1,931,302	1,847,548

The bank loans for the Company are repayable within 12 months and bear interest in the range of 1.07% to 7.25% (2008: 2.72% to 8.40%) per annum.

The bank loans and bank overdrafts for the subsidiary companies are repayable within 12 months and bear interest in the range of 2% to 29% (2008: 4% to 18%) per annum.

Bank loans include:

(a) amounts of $10,521,000 (2008: $NIL) secured by a floating charge over inventories and $4,348,000 (2008: $NIL) secured by the assets of a subsidiary.

(b) an amount of $30,678,000 (2008: $NIL) which bears interest rate of 12.65% per annum repayable over a tenure of 5 years. These debts are secured by the guarantee given by the Company.

Term loans from banks

Term loans from banks bear interest at floating interest rates ranging from 4.62% to 5.11% (2008: 3.61% to 9.06%) per annum. Term loans for the Company are unsecured and are repayable between 2 to 3 years.

Term loans from banks include:

(a) Industrial Development Bonds of $11,956,000 (2008: $11,488,000) which were issued by one of the subsidiary companies that bear interest at IRB ("Industrial Revenue Bond") rate + 1.125% and matures in annual instalments ranging from $200,000 to $4,200,000 through 1 August 2023. These debts are secured by the assets of the subsidiary and are backed by a letter of credit from a bank.

(b) Syndicated loan amounting to $233,205,000 (2008: $260,453,000) which is unsecured, bears interest at Australian BBR ("Bank Borrowing Rate") + 0.90% per annum and repayable in equal half-yearly instalments commencing after its second anniversary.

24. Medium term notes

The Company has a multicurrency medium term notes programme with a maximum aggregate principal amount of $800,000,000 (2008: $800,000,000). These medium term notes are unsecured, bear interest at floating rates ranging from 2.16% to 3.64% (2008: 2.42% to 4.26%) per annum. The repayment schedule is as follows:-

	Group and Company	
	2009	**2008**
	$'000	$'000
Less than one year	128,005	70,000
Between one and three years	–	189,857
	128,005	259,857

25. Convertible bonds

On 3 July 2008, the Company issued 1% interest bearing convertible bonds of USD300,000,000. The bonds will mature 5 years from the issue date at their redemption value of USD358,140,000 or can be converted any time between 13 August 2008 and 23 May 2013 into fully paid ordinary shares of the Company at an initial conversion price of $3.8464 per share with a fixed exchange rate of $1.3644 to USD1.00. During the year bonds aggregating to principal amount of USD280,800,000 were bought back. Refer to Note 4 for the gain on buy back.

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

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

25. Convertible bonds (cont'd)

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

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

	Group and Company	
	2009	**2008**
	$'000	$'000
Principal amount of convertible bonds net of transaction costs issued in March 2009	177,695	–
Less: Fair value of embedded derivatives at issuance	(20,985)	–
Less: Equity component	(18,960)	–
Add: Accretion of interest	6,801	–
	144,551	–
Total convertible bonds	168,234	–

26. Share capital

	Group and Company	
	2009	**2008**
	$'000	$'000
Ordinary shares issued and fully paid [(1)]		
Balance at the beginning		
1,713,212,824 (2008: 1,555,095,400) ordinary shares	704,870	397,730
Issue of shares on preferential offering [(2)]	–	303,339
Issues of shares on exercise of share options [(3)]	3,716	3,801
Balance at end		
1,715,894,324 (2008: 1,713,212,824) ordinary shares	708,586	704,870

(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.

(2) A total of 155,628,689 ordinary shares were issued upon the exercise of preferential offer during the financial year ended 30 June 2008.

(3) A total of 2,681,500 (2008: 2,488,735) ordinary shares were issued upon the exercise of share options.

27. Dividends

A one-tier tax exempted first and final dividend of $0.0125 per ordinary share amounting to $21,416,500 and a special dividend of $0.0125 per ordinary share amounting to $21,416,500, totalling $42,833,000 in respect of financial year ended 30 June 2008 were paid out during the financial year.

A one-tier tax exempted first and final dividend of $0.0175 per ordinary share amounting to $27,227,000 and a special dividend of $0.0175 per ordinary share amounting to $27,227,000, totalling $54,454,000 in respect of financial year ended 30 June 2007 were paid out during the financial year ended 30 June 2008.

28. Operating lease commitments

Rental expenses of the Group and Company (principally for offices, warehouses and employees' residences) were $41,120,000 (2008: $41,955,000) and $6,467,000 (2008: $4,125,000), respectively. Most leases contain options for renewing the leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

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

	Group		Company	
	2009 $'000	**2008** $'000	**2009** $'000	**2008** $'000
Within one year	11,503	12,279	5,131	4,787
After one year but not more than five years	11,497	16,957	2,327	5,559
More than five years	3,412	4,163	–	–
	26,412	33,399	7,458	10,346

29. Contingent liabilities

	Group		Company	
	2009 $'000	**2008** $'000	**2009** $'000	**2008** $'000
Contingent liabilities not provided for in the accounts:- Financial guarantee contracts given to subsidiary companies [1]	–	–	1,196,863	1,406,988

[1] Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $602,983,400 (2008: $564,763,000).

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

30. Employee benefits expenses

Employee benefits expenses (including executive directors):-

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Salaries and employee benefits	168,301	153,172	54,763	48,271
Central Provident Fund contributions and equivalents	11,610	8,408	1,399	1,173
Retrenchment benefits	459	2,000	–	–
Share-based expense	4,233	5,583	944	1,452
	184,603	169,163	57,106	50,896

(a) ***Employee share subscription scheme***

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

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

(b) ***Employee share option scheme***

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

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

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

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

30. Employee benefits expenses (cont'd)

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

Further, the following options were issued as of 30 June 2008. All these options have a contractual life of 5 years with no cash settlement alternatives.

Date of issue	No. of share options issued	Total share-based expense $'000	Vesting period	In annual tranches of %
1 June 2006	42,995,160	10,068	4 years	22, 32, 37, 9
2 January 2007	900,000	285	4 years	10, 20, 30, 40
2 July 2007	2,300,000	1,531	3 years	25, 35, 40
5 September 2007	2,000,000	1,231	3 years	25, 35, 40
8 October 2007	1,855,000	1,197	3 years	25, 35, 40
29 October 2007	400,000	259	3 years	25, 35, 40
9 January 2008	2,250,000	1,345	3 years	25, 35, 40
12 June 2008	1,780,000	1,161	3 years	25, 35, 40
	54,480,160	17,077		

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

	2009		2008	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	61,259,425	1.54	58,234,160	1.29
Granted during the year [1]	–	–	10,585,000	2.98
Forfeited during the year	(2,277,100)	2.20	(5,071,000)	1.76
Exercised during the year [2]	(2,681,500)	1.53	(2,488,735)	1.53
Outstanding at the end of the year [3]	56,300,825	1.52	61,259,425	1.54
Exercisable at end of year	48,028,211	1.37	36,469,527	1.25

(1) The weighted average fair value of options granted during 2008 was $0.64.

(2) The weighted average share price when the options were exercised was $1.63 (2008: $2.81).

(3) The range of exercise prices for options outstanding at the end of the year was $0.62 to $3.14 (2008: $0.62 to $2.04). The weighted average remaining contractual life for these options is 3.26 years (2008: 4.19 years).

30. Employee benefits expenses (cont'd)

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

The fair value of share options as at the date of grant, is estimated by the Company using the Black Scholes Model, taking into account the terms and conditions upon which the options are granted. The expected life of the option is based on the assumption that the options would be exercised within six months of the vesting date. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The inputs to the model used for each scheme are shown below:-

Grant date	**2 July 2007**		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.11	1.39	1.74
Expected volatility (%)	44	45	30
Risk free interest rate (%)	2.28	2.37	2.42
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	3.14	3.14	3.14

Grant date	**5 September 2007**		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.16	1.44	1.80
Expected volatility (%)	44	45	30
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	3.03	3.03	3.03

Grant date	**8 October 2007**		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.11	1.39	1.74
Expected volatility (%)	45	45	30
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	3.14	3.14	3.14

Grant date	**29 October 2007**		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.11	1.39	1.74
Expected volatility (%)	45	45	30
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	3.14	3.14	3.14

Grant date	**9 January 2008**		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.21	1.51	1.89
Expected volatility (%)	45	46	31
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	2.89	2.89	2.89

30. Employee benefits expenses (cont'd)

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

Grant date	**12 June 2008**		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.65	2.06	2.58
Expected volatility (%)	49	49	48
Risk free interest rate (%)	0.70	1.04	1.54
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	2.65	2.65	2.65

31. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; ii) it is subject to common control or common significant influence.

The following are the significant related party transactions entered into by the Company and Group in the ordinary course of business on terms agreed between the parties:-

	Group		**Company**	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Subsidiary companies:-				
- Sales	–	–	1,179,756	1,030,752
- Purchases	–	–	2,692,216	2,492,297
- Insurance premiums paid	–	–	200	218
- Commissions paid	–	–	18,285	12,206
- Interest received on loan	–	–	4,558	4,558
- Consultancy fee paid	–	–	4,657	3,214
Transfer of goodwill	–	–	7,174	–
Transfer of trade name	–	–	1,790	–
Sales to a jointly controlled entity	–	8,457	–	8,457
Purchases from associate	7,391	–	7,391	–
Shareholder related companies:-				
- Purchase of motor vehicles and other assets	541	950	–	–

32. Compensation of directors and key management personnel

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Directors fees	808	775	808	775
Salaries and employee benefits	10,361	6,552	8,163	5,016
Central Provident Fund contributions and equivalents	178	125	62	66
Share-based expense	405	1,369	174	512
	11,752	8,821	9,207	6,369
Comprising amounts paid to:				
- Directors of the Company	6,043	4,199	6,043	4,199
- Key management personnel	5,709	4,622	3,164	2,170
	11,752	8,821	9,207	6,369

Directors' interest in employee share benefit plans

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

	2009 Share options	**2008 Share options**
Employee Share Option Scheme:-		
Directors	–	400,000
Key management personnel	–	2,000,000

33. Cash and short term fixed deposits

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Cash and bank balances	294,130	175,544	59,628	52,134
Fixed deposits	239,688	163,580	228,009	33,988
	533,818	339,124	287,637	86,122

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 4.00% (2008: 0.25% to 1.75%) per annum. Short term deposits are made for varying periods between 1 and 365 days (2008: 1 to 365 days) depending on the immediate cash requirements of the Group, and earn interests at floating rate ranging from 1.00% to 10.00% (2008: 2.22% to 4.75%) per annum.

33. Cash and short term fixed deposits (cont'd)

Cash and cash equivalents

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

	Group	
	2009	**2008**
	$'000	$'000
Cash and bank balances	294,130	175,544
Fixed deposits	239,688	163,580
Bank overdrafts (Note 23)	(265,141)	(174,862)
	268,677	164,262

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

34. Financial risk management policies and objectives

The Group's principal financial instruments, other than derivative financial instruments and investment in security, comprise bank loans, medium term notes, term loans from banks and cash and bank balances, fixed deposits and bank overdrafts. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including interest rate swaps, commodity options, swaps and futures contracts and foreign currency forward contracts. The purpose is to manage the commodity price risk, foreign currency risk and interest rate risk arising from the Group's operations and its sources of financing.

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees on the policies for managing each of these risks and they are summarised below:-

(a) ***Commodity price risk***

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group purchases and sells various derivative products, primarily exchange traded futures and options with the purpose of managing market exposure to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of unhedged fixed price physical positions in each commodity.

The Group also enters into commodity derivatives for trading purposes. The Group's trading market risk appetite is determined by the Board of Directors, with detailed exposure limits recommended by the Executive Risk Committee and approved by the Board Risk Committee.

At balance sheet date, if commodities price index moved by 1.0% with all other variables held constant, the Group's profit net of tax would have changed by $4,030,000 (2008: $3,888,000) and equity would have changed inversely by $8,359,000 (2008: $13,933,000) arising as a result of fair value on Group's commodity futures and options contracts. This effect would have been mitigated by the Group's physical sales and purchases commitments as well as the inventory held at balance sheet date.

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

(b) *Credit risk*

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amounts of trade and other receivables, advances to suppliers, margin accounts with brokers, fixed deposits and cash and bank balances, including derivatives with positive fair value represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable banks.

The Group has no significant concentration of credit risk with any single customer.

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	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
By business segments:				
Edible nuts, spices and beans	162,024	156,849	77,203	110,603
Confectionery and beverage ingredients	189,121	234,726	95,961	117,434
Industrial Raw Materials	134,168	108,073	51,125	53,125
Food staples and package foods	145,560	135,460	12,734	58,354
	630,873	635,108	237,023	339,516

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).

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

(c) *Foreign currency risk*

The Group trades its products in several countries and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD), Great Britain Pound (GBP), Euro (EUR) and Singapore Dollar (SGD).

The following table demonstrates the sensitivity to a reasonably possible change in the USD, GBP, EUR and SGD exchange rates, with all other variables held constant, the Group's profit net of tax and equity.

	Group			
	2009		2008	
	Profit net of tax $'000 Increase/ (decrease)	**Equity** $'000 Increase/ (decrease)	**Profit net of tax** $'000 Increase/ (decrease)	**Equity** $'000 Increase/ (decrease)
USD - strengthened 0.5%	(2,166)	(882)	(2,024)	887
GBP - strengthened 0.5%	(371)	(655)	(478)	922
EUR - strengthened 0.5%	(116)	(20)	(397)	(54)
SGD - strengthened 0.5%	(51)	3,384	7	4,668

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

(d) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

To ensure continuity of funding, the Group primarily uses short-term bank facilities which are transaction-linked and self-liquidating in nature. The Group also has a multicurrency medium term notes programme, as well as term loans from banks, to fund its ongoing working capital requirement and growth needs.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	2009			2008		
	1 year or less $'000	**1 to 5 years** $'000	**Total** $'000	**1 year or less** $'000	**1 to 5 years** $'000	**Total** $'000
Group						
Trade and other payables	658,988	–	658,988	519,853	–	519,853
Other current liabilities	40,584	–	40,584	50,923	–	50,923
Amounts due to bankers	1,878,546	1,013,115	2,891,661	1,789,582	935,125	2,724,707
Medium term notes	131,205	–	131,205	70,000	189,857	259,857
Fair value of derivative financial instruments	403,528	–	403,528	1,015,796	–	1,015,796
	3,112,851	1,013,115	4,125,966	3,446,154	1,124,982	4,571,136
Company						
Trade and other payables	420,115	–	420,115	356,607	–	356,607
Other current liabilities	23,479	–	23,479	34,567	–	34,567
Amounts due to bankers	1,173,807	769,260	1,943,067	1,199,066	648,482	1,847,548
Medium term notes	131,205	–	131,205	70,000	189,857	259,857
Fair value of derivative financial instruments	347,333	–	347,333	888,376	–	888,376
	2,095,939	769,260	2,865,199	2,548,616	838,339	3,386,955

34. 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 term loan from banks as well as the medium term notes. Interest rate risk is managed by management on an on-going basis such as managing the risk through interest rate derivatives with the primary objective of limiting the extent to which net interest exposure could be affected by adverse movements in interest rates. The details of the interest rates relating to the interest-earning financial assets and interest-bearing financial liabilities are disclosed in various notes of the financial statements.

At the balance sheet date, if interest rates had moved by 25 basis points with all other variables held constant, the Group's profit net of tax would have changed inversely by $8,363,000 (2008: $6,194,000).

35. Fair values of financial instruments

The following methods and assumptions are used to determine the fair value of each class of financial instruments:-

(a) ***Cash and bank balances, fixed deposits, trade receivables, other current assets, margin accounts with brokers, trade payables and accruals and other current liabilities***

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

(b) ***Amount due to bankers and medium term notes***

The carrying amount of these loans approximate their fair value at the balance sheet date as they are subjected to frequent repricing (floating rates).

(c) ***Available-for-sale investment***

The fair value of available-for-sale investment is determined based on the accounting policy described in Note 2.11(d).

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

(d) *Derivative financial instruments*

The fair value of derivative financial instruments is determined based on the accounting policy described in Note 2.28. The contract notional amounts of these derivative instruments and the corresponding fair value are as follows:-

	Group			Company		
	Contract notional Amount	Fair value Gain	Fair value Loss	Contract notional amount	Fair value Gain	Fair value Loss
	$'000	$'000	$'000	$'000	$'000	$'000
2009						
Derivatives held for hedging						
Foreign exchange derivatives						
Foreign exchange forwards	3,461,106	107,472	68,477	2,908,706	71,071	46,945
Foreign exchange options	91,763	2,178	951	76,152	832	943
Commodity derivatives						
Commodity futures	15,121,834	121,723	167,963	14,282,805	92,334	136,947
Commodity options	146,425	29,607	21,235	138,385	26,189	17,596
Interest rate derivatives						
Swaps	1,304,280	–	68,892	1,304,280	–	68,892
Total derivatives held for hedging		260,980	327,518		190,426	271,323
Derivatives held for trading						
Commodity Derivatives						
Commodity futures	2,795,629	4,702	24,676	2,795,629	4,702	24,676
Commodity options	270,976	70,396	50,089	270,976	70,396	50,089
Convertible bonds		13,718	1,245		13,718	1,245
Total derivatives held for trading		88,816	76,010		88,816	76,010
Total derivatives		349,796	403,528		279,242	347,333

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

(d) *Derivative financial instruments (cont'd)*

	Group			Company		
	Contract notional amount	**Fair value Gain**	**Fair value Loss**	**Contract notional amount**	**Fair value Gain**	**Fair value Loss**
	$'000	$'000	$'000	$'000	$'000	$'000
2008						
Derivatives held for hedging						
Foreign exchange derivatives						
Foreign exchange forwards	2,494,572	34,345	11,777	2,257,273	27,716	10,264
Foreign exchange options	113,261	793	42	83,358	247	–
Commodity derivatives						
Commodity futures	17,859,697	703,415	881,941	17,080,003	615,740	768,745
Commodity options	96,648	59,736	68,276	74,994	46,527	55,607
Total derivatives held for hedging		798,289	962,036		690,230	834,616
Derivatives held for trading						
Commodity derivatives						
Commodity futures	903,295	14,630	21,795	903,295	14,631	21,795
Commodity options	38,640	24,638	31,965	38,640	24,638	31,965
Total derivatives held for trading		39,268	53,760		39,269	53,760
Total derivatives		837,557	1,015,796		729,499	888,376

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

(d) ***Derivative financial instruments (cont'd)***

As at 30 June 2009, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 35 months (2008: 1 and 23 months).

The foreign exchange derivatives held for hedging are being used to hedge the foreign currency risk of future purchases or sales whilst the commodity derivatives held for hedging are being used to hedge the commodity price risk related to these forecasted transactions. The interest rate derivatives held for hedging are used to hedge the interest rate risk related to the floating rate loans. In addition, a portion of the commodity derivatives are used for trading purposes.

For all the foreign exchange and commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 35 months (2008: 23 months). In all cases, the fair value of the derivative recorded in the fair value adjustment reserve will be recycled through the profit and loss accounts upon completion of the forecasted transactions.

Cash flow hedges of expected transactions that were assessed to be highly effective have resulted in a net fair value loss of $179,943,000 and $220,167,000 for the Group and Company respectively (2008: $325,878,000 and $291,729,000).

Cash flow hedges of expected transactions that were assessed to be ineffective under FRS 39 and derivatives that are held for trading purposes amounting to a net fair value gain of $26,431,000 (2008: gain of $11,023,000) for the Group and a net fair value gain of $32,455,000 (2008: loss of $2,652,000) for the Company, were recognised in the profit and loss accounts for the year.

36. Capital management

The primary objective of the Group's capital management is to achieve sustainable growth and maximise return to the shareholders.

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors viz., the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long term capital investments.

The Group calculates the level of debt capital required to finance the working capital requirements using traditional and modified financial metrics including leverage/gearing ratios and asset turnover ratios.

As of balance sheet date, leverage ratios are as follows:-

	Group	
	2009	**2008**
Gross debt to equity:		
- Before fair value adjustment reserve	2.59x	3.10x
- Before fair value adjustment reserve and after deducting intangibles	2.89x	3.58x
Net debt to equity:		
- Before fair value adjustment reserve	2.16x	2.74x
- Before fair value adjustment reserve and after deducting intangibles	2.41x	3.17x

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 MTNs, issue new shares or convertible bonds and adjust dividend payments.

37. Classification of financial assets and liabilities

Group	2009				
	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale assets $'000	Fair value through profit or loss/ held for trading $'000
Financial assets:					
Loans to jointly controlled entities (Note 12)	252,512	–	–	–	–
Other non-current assets (Note 20)	232	–	–	–	10,922
Trade receivables (Note 16)	732,500	–	–	–	–
Margin accounts with brokers (Note 17)	64,839	–	–	–	–
Advance payments to suppliers (Note 19)	277,683	–	–	–	–
Other current assets (Note 20)	223,908	–	–	–	–
Fixed deposits, cash and bank balances (Note 33)	533,818	–	–	–	–
Fair value of derivative financial instruments (Note 35)	–	–	260,980	–	88,816
	2,085,492	–	260,980	–	99,738
Financial liabilities:					
Trade payables and accruals (Note 21)	–	658,988	–	–	–
Other payables (Note 22)	–	54,912	–	–	–
Amounts due to bankers (Note 23)	–	2,877,952	–	–	–
Medium term notes (Note 24)	–	128,005	–	–	–
Convertible bonds (Note 25)	–	168,234	–	–	–
Fair value of derivative financial instruments (Note 35)	–	–	327,518	–	76,010
	–	3,888,091	327,518	–	76,010

37. Classification of financial assets and liabilities (cont'd)

Group	2008				
	Loans and receivables	Carried at amortised cost	Held for hedging	Available-for-sale assets	Fair value through profit or loss/ held for trading
	$'000	$'000	$'000	$'000	$'000
Financial assets:					
Loans to jointly controlled entities (Note 12)	829	–	–	–	–
Other non-current assets (Note 20)	4,602	–	–	–	19,148
Long term investment (Note 14)	–	–	–	24,475	–
Trade receivables (Note 16)	724,352	–	–	–	–
Margin accounts with brokers (Note 17)	254,273	–	–	–	–
Advance payments to suppliers (Note 19)	380,047	–	–	–	–
Other current assets (Note 20)	213,384	–	–	–	–
Fixed deposits, cash and bank balances (Note 32)	339,124	–	–	–	–
Fair value of derivative financial instruments (Note 35)	–	–	798,289		39,268
	1,916,611	–	798,289	24,475	58,416
Financial liabilities:					
Trade payables and accruals (Note 21)	–	519,853	–	–	–
Other payables (Note 22)	–	50,923	–	–	–
Amounts due to bankers (Note 23)	–	2,724,707	–	–	–
Medium term notes (Note 24)	–	259,857	–	–	–
Fair value of derivative financial instruments (Note 35)	–	–	962,036	–	53,760
	–	3,555,340	962,036	–	53,760

37. Classification of financial assets and liabilities (cont'd)

Company	2009				
	Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale assets $'000	Held for trading $'000
<u>Financial assets:</u>					
Loans to subsidiaries (Note 11)	109,495	–	–	–	–
Loans to jointly controlled entities (Note 12)	252,512	–	–	–	–
Other non-current assets (Note 20)	–	–	–	–	10,922
Amounts due from subsidiary (Note 15)	747,613	–	–	–	–
Trade receivables (Note 16)	237,296	–	–	–	–
Margin accounts with brokers (Note 17)	55,521	–	–	–	–
Advances payments to suppliers (Note 19)	1,020,863	–	–	–	–
Other current assets (Note 20)	50,928	–	–	–	–
Fixed deposits, cash and bank balances (Note 33)	287,637	–	–	–	–
Fair value of derivative financial instruments (Note 35)	–	–	190,426	–	88,816
	2,761,865	–	190,426	–	99,738
<u>Financial liabilities:</u>					
Trade payables and accruals (Note 21)	–	420,115	–	–	–
Other payables (Note 22)	–	35,863	–	–	–
Amounts due to bankers (Note 23)	–	1,931,302	–	–	–
Medium term notes (Note 24)	–	128,005	–	–	–
Convertible bonds (Note 25)	–	168,234	–	–	–
Fair value of derivative financial instruments (Note 35)	–	–	271,323	–	76,010
	–	2,683,519	271,323	–	76,010

37. Classification of financial assets and liabilities (cont'd)

Company	2008				
	Loans and receivables	Carried at amortised cost	Held for hedging	Available-for-sale assets	Held for Trading
	$'000	$'000	$'000	$'000	$'000
Financial assets:					
Loans to subsidiaries (Note 11)	102,718	–	–	–	–
Loans to jointly controlled entities (Note 12)	829	–	–	–	–
Other non-current assets (Note 20)	–	–	–	–	19,148
Long term investment (Note 14)	–	–	–	24,475	–
Amounts due from subsidiary (Note 15)	502,608	–	–	–	–
Trade receivables (Note 16)	339,886	–	–	–	–
Margin accounts with brokers (Note 17)	189,435	–	–	–	–
Advances payments to suppliers (Note 19)	1,235,798	–	–	–	–
Other current assets (Note 20)	52,763	–	–	–	–
Fixed deposits, cash and bank balances (Note 33)	86,122	–	–	–	–
Fair value of derivative financial instruments (Note 35)	–	–	690,230	–	39,269
	2,510,159	–	690,230	24,475	58,417
Financial liabilities:					
Trade payables and accruals (Note 21)	–	356,607	–	–	–
Other payables (Note 22)	–	34,567	–	–	–
Amounts due to bankers (Note 23)	–	1,847,548	–	–	–
Medium term notes (Note 24)	–	259,857	–	–	–
Fair value of derivative financial instruments (Note 35)	–	–	834,616	–	53,760
	–	2,498,579	834,616	–	53,760

38. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive shares and options).

The following reflects the income and share data used in the basic and diluted earnings per share computations for the years ended 30 June:-

	2009	**2008**
Net profit attributable to ordinary shareholders for basic earnings per share ($'000)	252,029	167,704
Add back:		
Interest expense on convertible bonds	8,706	–
Net measurement gain on convertible bonds	(34,683)	–
Net profit attributable to ordinary shareholders for diluted earnings per share ($'000)	226,052	167,704
Weighted average number of ordinary shares on issue applicable to basic earnings per share	1,713,478,345	1,631,228,890
Dilutive effect of convertible bonds	100,287,842	–
Dilutive effect of share options	12,159,727	32,526,637
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	1,825,925,914	1,663,755,527

Other than disclosed in Note 40, there have been no other transactions involving ordinary shares or share options since the reporting date and before the completion of these financial statements.

39. Segmental information

The Group's businesses are organised and managed as 4 broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and merchandising span across a broad range of agricultural products.

The segmentation of products has been done in the following manner:-

- Edible Nuts, Spices and Beans – cashews, peanuts, almonds, spices and dehydrates, sesame and beans including pulses, lentils and peas.
- Confectionery and Beverage Ingredients – cocoa, coffee and sheanuts.
- Industrial Raw Materials – cotton wool, wood products and rubber.
- Food Staples and Packaged Foods – rice, sugar, wheat, barley, palm, dairy products and packaged foods.

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 and cash equivalents and certain fixed assets and receivables and corporate liabilities such as taxation, amount 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.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are attributed to the location of those assets.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

39. Segmental information (cont'd)

(a) *Business segments*

	Edible nuts, spices and beans		Confectionery and beverage ingredients		Industrial Raw Materials		Food staples and packaged foods		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue :										
Sales to external customers	1,200,076	1,168,940	3,783,126	3,188,875	1,465,109	1,726,620	2,139,621	2,027,475	8,587,932	8,111,910
Segment result	88,339	81,400	125,881	117,899	83,271	82,894	68,774	67,374	366,265	349,567
Finance costs									(239,179)	(201,395)
Share of results from jointly controlled entities	–	–	1,332	(163)	23,053	–	16,026	–	40,411	(163)
Share of results from associate	–	–	–	–	–	–	703	–	703	–
Unallocated Income									89,824	16,960
Profit before taxation									258,024	164,969
Taxation (expense) / credit									(5,995)	2,708
Profit for the financial year									252,029	167,677
Segment assets	629,617	606,040	1,392,096	2,108,368	928,007	1,031,983	1,204,052	716,741	4,153,772	4,463,132
Unallocated assets									1,261,644	776,111
									5,415,416	5,239,243
Segment liabilities	102,440	44,919	121,483	1,060,718	253,430	209,572	585,162	220,440	1,062,515	1,535,649
Unallocated liabilities									3,307,009	3,065,180
									4,369,524	4,600,829
Other segmental information:										
Impairment of property, plant and equipment/ intangible assets	–	–	–	–	14,176	–	–	–	14,176	–
Depreciation and amortisation	10,087	10,016	6,448	7,358	15,373	12,128	11,362	6,460	43,270	35,962
Capital expenditure	46,097	1,766	40,851	1,044	38,169	233,424	97,796	33,118	222,913	269,352
Unallocated capital expenditure	–	–	–	–	–	–	–	–	–	49,693

39. Segmental information (cont'd)

(b) *Geographical segments*

	Asia, Middle East and Australia		Africa		Europe		Americas		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue:												
Sales to external customers	3,505,193	3,303,608	1,659,678	1,773,648	2,341,073	1,946,735	1,081,988	1,087,919	–	–	8,587,932	8,111,910
Intersegment sales	1,096,997	992,953	1,733,043	1,650,066	224,036	308,153	817,894	508,874	(3,871,970)	(3,460,046)	–	–
	4,602,190	4,296,561	3,392,721	3,423,714	2,565,109	2,254,888	1,899,882	1,596,793	(3,871,970)	(3,460,046)	8,587,932	8,111,910
Other geographical information:												
Segment assets	2,734,760	2,995,826	1,493,609	1,070,649	515,900	618,456	671,147	554,312	–	–	5,415,416	5,239,243
Capital expenditure	128,946	278,217	51,159	25,440	356	3,828	42,452	11,560	–	–	222,913	319,045

40. Subsequent events

(a) Subsequent to financial year end, the directors have proposed a first and final ordinary dividend of $0.035 per ordinary share in respect of the financial year ended 30 June 2009, subject to approval of shareholders at the Annual General Meeting to be held on 29 October 2009. The Company is proposing a scrip dividend scheme in which shareholders may elect to receive new shares credited as fully paid in respect of their entitlement to the dividend instead of cash subject to the approval of the shareholders at the Extraordinary General Meeting of the Company to be held on 29 October 2009. The in-principle approval of the Singapore Exchange in respect of the Circular to Shareholders was obtained on 16 September 2009.

(b) On 6 July 2009, the Group completed the purchase of selected assets of U.S. tomato processor, SK Foods L.P. and its wholly owned subsidiary RHM Industrial/Specialty Foods Inc. in California for a purchase value of USD39.0 million ($56.5 million).

(c) On 15 July 2009, the Company raised gross proceeds of $437.5 million by allotting and issuing 273,459,000 new shares, equivalent to approximately 13.74% of the enlarged issued and paid-up share capital of the Company after completion of the placement to Breedens Investments Pte. Ltd. and Aranda Investments Pte. Ltd., both being indirect wholly-owned subsidiaries of Temasek Holdings (Private) Limited, at an issue price of $1.60.

(d) On 21 July 2009, the Company granted 48,625,000 options pursuant to the Olam Employee Share Option Scheme (ESOS). The exercise price of options is $2.28 with validity period of 10 years from the date of grant.

(e) On 27 August 2009, the Company announced that it had received commitments from its group of banks for a fully underwritten USD540 Million Syndicated Transferable Term Loan Facility. The facility comprises two tranches of USD324million and USD216 million of term loans of 3-year and 5-year respectively.

(f) On 27 August 2009, the Company announced that it had successfully closed a 12-month USD100 million Islamic Revolving Trade Finance Facility arranged by the Islamic Bank of Asia Limited.

(g) On 1 September 2009, the Company announced the acquisition of a 14.35% stake in New Zealand Dairy Farming Systems Uruguay, an operator of large scale Kiwi-style dairy farming operations in Uruguay for a cash consideration of NZ$14.37million ($14.31million).

(h) On 2 September 2009 the Company announced the issue of convertible bonds to raise USD400 million with an upsize option of USD100 million. The bonds have a 7-year maturity with no put option, bear a coupon of 6.0% per annum and have an initial conversion price of $3.0853 representing a 25% premium to the reference share price on the launch of offering.

(i) On 18 September 2009, the Company announced the signing of a definitive agreement to acquire 8,096 hectares of planted almond orchards, 40,825 mega litres of permanent water rights and 1,700 hectares of unplanted land from Timbercorp Limited and its associate entities for a cash consideration of A$128 million.

41. Comparatives

The following profit and loss account and balance sheet comparative figures have been reclassified to conform with current year's presentation: -

	As previously stated $'000	Adjustments $'000	As reclassified $'000
Group:-			
Profit and loss			
Cost of goods sold	(6,519,233)	14,325	(6,504,908)
(Loss)/ gain on foreign exchange	21,470	(14,325)	7,145
Balance sheet			
Non-current assets			
Deferred tax assets	32,534	4,175	36,709
Interest in jointly controlled entities	1,593	829	2,422
Other non-current assets	24,408	(658)	23,750
Current assets			
Other current assets	292,819	(171)	292,648
Fair value of derivative financial instruments	1,832,755	(995,198)	837,557
Current liabilities			
Fair value of derivative financial instruments	(2,010,994)	995,198	(1,015,796)
Non-current liabilities			
Deferred tax liabilities	–	(4,175)	(4,175)

41. Comparatives (cont'd)

Company:-			
Profit and loss			
Cost of goods sold	(5,240,360)	(6,210)	(5,246,570)
(Loss)/ gain on foreign exchange	5,040	6,210	11,250
Balance sheet			
Non-current assets			
Interest in jointly controlled entities	2,101	829	2,930
Other non-current assets	19,806	(658)	19,148
Current assets			
Other current assets	84,178	(171)	84,007
Fair value of derivative financial instruments	1,724,697	(995,198)	729,499
Current liabilities			
Fair value of derivative financial instruments	(1,883,574)	995,198	(888,376)

The Directors are of the view that the above changes will better reflect the Group's activities and result in a more appropriate presentation of the profit and loss account.

42. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2009 were authorised for issue in accordance with a resolution of the directors on 2 October 2009.

UNAUDITED ACCOUNTS OF THE GROUP FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

The information in this Appendix III has been reproduced from the unaudited first quarter financial statements of the Group for the period ended 30 September 2009 and has not been specifically prepared for inclusion in this Information Memorandum.

OLAM INTERNATIONAL LIMITED

Financial Statements for the First Quarter Ended 30th September 2009

PART I: **Information required for announcements of Quarterly (Q1, Q2, Q3 & Q4), Half-Year and Full Year Results.**

1(a)(i) An income statement for the ("Group") - Olam International Limited ("Company") and its subsidiaries together with a comparative statement for the corresponding period of the immediately preceding financial year.

Profit & Loss Statement - First Quarter FY2010: Group

(in S$'000)	Group		
	Three Months Ended		
	30 Sep 09	**30 Sep 08**	**% change**
Revenue - Sale of goods	1,876,657	1,712,777	**9.6%**
Other income	12,751	8,787	
	1,889,408	**1,721,564**	**9.7%**
Costs and expenses			
Cost of goods sold	(1,512,813)	(1,325,378)	
Shipping and logistics	(156,900)	(198,685)	
Commission and claims	(24,077)	(21,079)	
Employee benefit expense	(50,503)	(41,302)	
Depreciation	(10,586)	(8,438)	
Net measurement of derivative instruments	4,622	(3,261)	
Gain on foreign exchange	881	5,624	
Other operating expenses	(56,902)	(55,602)	
Finance costs	(62,651)	(57,867)	
	(1,868,929)	(1,705,988)	**9.6%**
Share of results from jointly controlled entities / associates	872	(153)	
Profit before taxation	**21,351**	**15,423**	**38.4%**
Tax expense	(2,315)	(497)	
Profit for the financial period	**19,036**	**14,926**	**27.5%**
Attributable to:			
Equity holders of the Company	19,035	14,926	
Minority interest	1	-	
	19,036	**14,926**	

Notes:

(in S$'000)	Group		
	Three Months Ended		
	30 Sep 09	**30 Sep 08**	**% change**
Other income includes **interest income** of	7,232	3,597	
Finance cost includes **interest on debt for fixed capital investments** of	(11,088)	(6,514)	
Other operating expenses include **bank charges** of	(5,972)	(3,707)	
Gross Contribution	188,788	171,328	**10.2%**
Net Contribution	144,457	123,572	**16.9%**

1(a)(ii) A statement of comprehensive income for the ("Group") - Olam International Limited ("Company") and its subsidiaries together with a comparative statement for the corresponding period of the immediately preceding financial year.

With effect from 1 January 2009, FRS 1 Presentation of Financial Statements requires an entity to present a Statement of Comprehensive Income, all items of income and expenditure that are not required to be recognized in Income Statement. Previously, such items were included in the Statement of Changes in Equity. This is a change in presentation and does not affect the recognition or measurement of the entity's transactions.

Statement of Comprehensive Income – First Quarter FY2010: Group

(in S$'000)	**Group**	
	Three Months Ended	
	30 Sep 09	**30 Sep 08**
Profit for the period	**19,036**	**14,926**
Other Comprehensive Income:		
(Loss) / gain due to change in fair value of effective derivative instruments	(80,512)	286,383
(Loss) / gain on foreign currency translation	(35,035)	14,766
Other Comprehensive Income	**(115,547)**	**301,149**
Total Comprehensive Income	**(96,511)**	**316,075**
Attributable to:		
Equity holders of the Company	(96,512)	316,075
Minority interest	1	-
	(96,511)	**316,075**

1(b)(i) A Balance Sheet (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets : Group & Company

(in S$'000)	Group		Company	
	30 Sep 09	**30 Jun 09**	**30 Sep 09**	**30 Jun 09**
Non-current assets				
Property, plant and equipment	584,663	533,963	3,927	2,974
Intangible assets	125,783	127,538	9,429	8,940
Investment in subsidiary companies	-	-	314,049	314,556
Deferred tax assets	71,999	74,704	17,927	13,096
Interests in jointly controlled entities	286,164	294,407	247,947	254,586
Investment in associates	122,970	106,520	121,711	105,817
Other non current assets	12,136	11,154	11,901	10,922
	1,203,715	**1,148,286**	**726,891**	**710,891**
Current assets				
Amounts due from subsidiary companies	-	-	775,598	747,613
Trade receivables	644,520	732,500	285,851	237,296
Margin accounts with brokers	170,862	64,839	122,414	55,521
Inventories	2,099,444	1,966,419	600,369	550,729
Advance payments to suppliers	333,540	277,683	144,723	85,527
Advance payments to subsidiary companies	-	-	973,657	935,336
Other current assets	454,184	342,075	112,618	85,651
Fixed deposits	55,000	239,688	52,137	228,009
Cash and bank balances	267,317	294,130	63,703	59,628
Fair value of derivative financial instruments	513,015	349,796	390,217	279,242
	4,537,882	**4,267,130**	**3,521,287**	**3,264,552**
Current liabilities				
Trade payables and accruals	(418,723)	(658,988)	(147,214)	(420,115)
Other current liabilities	(77,407)	(58,595)	(56,197)	(35,871)
Amounts due to bankers	(1,721,274)	(1,869,640)	(1,122,722)	(1,166,700)
Medium term notes	(128,000)	(128,005)	(128,000)	(128,005)
Provision for taxation	(12,022)	(11,410)	(16,229)	(14,732)
Fair value of derivative financial instruments	(706,760)	(403,528)	(619,702)	(347,333)
	(3,064,186)	**(3,130,166)**	**(2,090,064)**	**(2,112,756)**
Net current assets	**1,473,696**	**1,136,964**	**1,431,223**	**1,151,796**
Non-current liabilities				
Deferred tax liabilities	(62,637)	(62,812)	-	-
Term loans from banks	(1,051,110)	(1,008,312)	(747,644)	(764,602)
Convertible Bonds	(170,267)	(168,234)	(170,267)	(168,234)
	(1,284,014)	**(1,239,358)**	**(917,911)**	**(932,836)**
Net assets	**1,393,397**	**1,045,892**	**1,240,203**	**929,851**
Equity attributable to equity holders of the Company				
Share capital	1,150,097	708,586	1,150,097	708,586
Reserves	243,253	337,260	90,106	221,265
	1,393,350	1,045,846	1,240,203	929,851
Minority interest	47	46	-	-
Total equity	**1,393,397**	**1,045,892**	**1,240,203**	**929,851**

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less or on demand

	30 Sep 09		30 Jun 09	
	Secured	Unsecured	Secured	Unsecured
	(in S$'000)	(in S$'000)	(in S$'000)	(in S$'000)
Overdrafts	-	164,282	-	265,141
Loans	-	1,556,992	-	1,604,499
Medium Term Notes	-	128,000	-	128,005
Total	**-**	**1,849,274**	**-**	**1,997,645**

Amount repayable after one year

	30 Sep 09		30 Jun 09	
	Secured	Unsecured	Secured	Unsecured
	(in S$'000)	(in S$'000)	(in S$'000)	(in S$'000)
Long Term Loans	11,351	1,039,759	11,957	996,355
Long Term / Medium Term Notes	-	-	-	-
Convertible Bonds	-	170,267	-	168,234
Total	**11,351**	**1,210,026**	**11,957**	**1,164,589**

Details of any Collateral

The Group's subsidiary, Universal Blanchers LLC in the United States, has an outstanding loan equivalent to S$11.4 m (S$12.0 m as at 30 June 2009) which is secured on the assets of the subsidiary.

1(c) A Cash Flow Statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

(in S$'000)	Group Three Months Ended 30 Sep 09	 30 Sep 08
Cash flow from operating activities		
Profit before taxation	**21,351**	**15,423**
Adjustments for:		
Share of results from jointly controlled entities / associate	(872)	153
Depreciation of property, plant and equipment	10,586	8,438
Gain on disposal of property, plant and equipment	(21)	(68)
Net measurement of derivative instruments	(4,622)	3,261
Amortisation of intangible assets	699	445
Cost of share-based payments	2,506	1,239
Interest income	(7,232)	(3,597)
Interest expense	62,651	57,867
Operating cash flow before reinvestment in working capital	**85,046**	**83,161**
(Increase) / decrease in inventories	(133,025)	183,688
(Increase) / decrease in receivables	(62,664)	303,484
(Increase) / decrease in advance payments to suppliers	(55,857)	10,998
Increase / (Decrease) in payables	(242,711)	(5,353)
Cash flow (used) in / generated from operations	**(409,211)**	**575,978**
Interest income received	7,232	3,597
Interest expense paid	(61,605)	(50,674)
Tax (paid) / received	(2,750)	211
Net cash flow (used in) / generated from operating activities	**(466,334)**	**529,112**
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	4,112	7,182
Purchase of property, plant and equipment	(64,181)	(43,405)
Investment in jointly controlled entities	-	(155,410)
Investment in associate	(14,755)	(84,179)
Repayment from jointly controlled entities	-	45
Net cash flow used in investing activities	**(74,824)**	**(275,767)**
Cash flow from financing activities		
Repayment of loans from banks	(4,709)	(453,141)
Proceeds from issuance of shares on exercise of share options	4,123	148
Proceeds from issuance of shares for cash	437,388	-
Proceeds from issuance of convertible bonds	-	417,375
Repayment of medium term notes	(5)	(61,597)
Net cash flow provided by / (used in) financing activities	**436,797**	**(97,215)**
Net effect of exchange rate changes on cash and cash equivalents	**(6,281)**	**28,082**
Net (decrease) / increase in cash and cash equivalents	**(110,642)**	**184,212**
Cash and cash equivalents at the beginning of the period	268,677	164,262
Cash and cash equivalents* at the end of the period	**158,035**	**348,474**

*Cash and cash equivalents include cash and bank balances, fixed deposits less overdrafts.

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group 3 Months	Attributable to equity holders of the Company									
	Share Capital $'000	Capital Reserves $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total $'000**	**Minority Interest $'000**	**Total Equity $'000**
At 30 Sep 2009:										
At 1 July 2009	**708,586**	**24,450**	**(85,035)**	**(179,943)**	**17,765**	**560,023**	**337,260**	**1,045,846**	**46**	**1,045,892**
Profit for the period						19,035	19,035	19,035	1	19,036
Other comprehensive Income for the period			(35,035)	(80,512)			(115,547)	(115,547)		(115,547)
Total comprehensive Income for the period			**(35,035)**	**(80,512)**	**-**	**19,035**	**(96,512)**	**(96,512)**	**1**	**(96,511)**
Share-based expense					2,505		2,505	2,505		2,505
Issue of shares for cash	437,388							437,388		437,388
Issue of shares on exercise of share option	4,123							4,123		4,123
Equity portion of convertible bonds							-	-		-
Minority Interest							-	-	1	1
At 30 September 2009	**1,150,097**	**24,450**	**(120,070)**	**(260,455)**	**20,270**	**579,058**	**243,253**	**1,393,350**	**47**	**1,393,397**
At 30 Sep 2008:										
At 1 July 2008	**704,870**	**-**	**(84,434)**	**(325,878)**	**13,474**	**330,382**	**(66,456)**	**638,414**	**-**	**638,414**
Profit for the period						14,926	14,926	14,926	-	14,926
Other comprehensive Income for the period			14,766	286,383			301,148	301,148		301,148
Total comprehensive Income for the period	**-**	**-**	**14,766**	**286,383**	**-**	**14,926**	**316,075**	**316,075**	**-**	**316,075**
Share-based expense					1,271		1,271	1,271		1,271
Issue of shares on exercise of share option	148						-	148		148
Equity portion of Convertible bonds		8,868					8,868	8,868		8,868
At 30 September 2008	**705,018**	**8,868**	**(69,668)**	**(39,495)**	**14,745**	**345,308**	**259,758**	**964,776**	**-**	**964,776**

Company 3 Months	Attributable to equity holders of the Company							
	Share Capital $'000	Capital Reserves $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total Equity $'000**
At 30 Sep 2009:								
At 1 July 2009	**708,586**	**24,450**	**(41,562)**	**(220,167)**	**17,765**	**440,779**	**221,265**	**929,851**
Profit for the period						(18,227)	(18,227)	(18,227)
Other comprehensive Income for the period			(22,593)	(92,844)			(115,437)	(115,437)
Total comprehensive Income for the period		-	**(22,593)**	**(92,844)**	**-**	**(18,227)**	**(133,664)**	**(133,664)**
Share-based expense					2,505		2,505	2,505
Issue of shares for cash	437,388							437,388
Issue of shares on exercise of share option	4,123							4,123
Equity portion of convertible bonds		-					-	-
Minority Interest		-					-	-
At 30 September 2009	**1,150,097**	**24,450**	**(64,155)**	**(313,011)**	**20,270**	**422,552**	**90,106**	**1,240,203**
At 30 Sep 2008:								
At 1 July 2008	**704,870**	**-**	**(84,230)**	**(291,729)**	**13,474**	**242,138**	**(120,347)**	**584,523**
Profit for the period						12,379	12,379	12,379
Other comprehensive Income for the period	-	-	14,019	202,048	-	-	216,067	216,067
Total comprehensive Income for the period		**-**	**14,019**	**202,048**	**-**	**12,379**	**228,446**	**228,446**
Share-based expense					1,271		1,271	1,271
Issue of shares on exercise of share option	148						-	148
Equity portion of Convertible bonds	-	8,868					8,868	8,868
At 30 September 2008	**705,018**	**8,868**	**(70,211)**	**(89,681)**	**14,745**	**254,517**	**118,238**	**823,256**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Jul - Sep 09	**Jul - Sep 08**
Issue of Shares for cash	273,459,000	-
Issue of shares on exercise of share options	2,538,359	97,500

	Sep 09	**Sep 08**
Shares to be issued upon exercise of:		
Conversion right of convertible bonds	120,629,020	106,416,389
Share options	102,074,966	60,617,825
Total no. of shares to be issued as at the end of period	**222,703,986**	**167,034,214**

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Sep 09	**Jun 09**
Issued, fully paid share capital :		
Balance no. of shares as at the beginning of period	1,715,894,324	1,713,212,824
Issue of Shares for cash	273,459,000	-
Addition on exercise of share options	2,538,359	2,681,500
Total no. of shares outstanding as the end of period	**1,991,891,683**	**1,715,894,324**

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

N/A

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial statements presented above have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

N/A

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The adoption of the new and revised accounting standards that became applicable from 1 July 2009 did not result in substantial changes to the Group accounting policies, which are consistent with those used in the audited financial statements as at 30 June 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the changes.

The Group has applied the same accounting policies in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 30 June 2009.

6. Earnings per ordinary share of the Group for the current financial period reported and for the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	Period Ended	
	30 Sep 09	30 Sep 08
(a) Based on weighted average no. of shares (cents/share)	0.96	0.87
(b) Based on fully diluted basis (cents/share)	0.39	0.86
Weighted average no. of shares applicable to basic earnings per share	1,991,245,633	1,713,273,241
Weighted average no. of shares based on fully diluted basis	2,138,971,824	1,735,556,802

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
(In cents per share)	As at 30 Sep 09	As at 30 Jun 09	As at 30 Sep 09	As at 30 Jun 09
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	63.64	53.52	61.79	53.67

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles went up from 71.44 cents/share in June 2009 to 83.03 cents/share in September 2009.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Introduction

Olam is a leading, global, integrated supply chain manager of agricultural products and food ingredients with operations in over 60 countries. Since the establishment of our business in 1989, we have evolved from a single country, single product trader to a multi-country, multi-product supply chain manager. Today, we manage an integrated supply chain for 20 agricultural products. As supply chain managers, we are engaged in the sourcing, processing, warehousing, transportation, shipping, distribution and marketing of these products from the farm gate in the producing countries to the factory gate of our customers in the destination markets while managing the risks at each stage of the supply chain. We organize the 20 products into 4 business segments as given below:

Business Segment	Products
Edible Nuts, Spices & Beans	Cashews Peanuts Almonds Spices & Dehydrates Sesame Beans - Pulses, Lentils & Peas
Confectionery & Beverage Ingredients	Cocoa Coffee Sheanuts
Food Staples & Packaged Foods	Rice Sugar Wheat Barley Palm Dairy Products Packaged Foods
Industrial Raw Materials (Earlier called the Fibre & Wood Products segment)	Cotton Wool Wood Products Rubber

Background to analysing our Financial Statements

Profitability

a. ***Inclusion of results of companies acquired by the Group***: The results include proportionate share of profits of joint ventures, Nauvu Investments Pte. Ltd. and Olam Wilmar Investment Holdings Pte. Ltd. and consolidated results of Industrias Martin Cubero (IMC). Therefore the consolidated results for Q1FY2010 are not strictly comparable to results of Q1FY2009.

b. ***Gross and Net Contribution:*** We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per ton of product supplied. For every transaction, we target a minimum net contribution per ton of product supplied based on the 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 (VMI), organic certification, fair trade produce certification (FTP), customised grades and quality, proprietary market intelligence and risk management solutions.

GC is calculated as sale of goods, other income, less cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commission, bank charges, net measurement of derivative instruments, gain / loss on foreign exchange and share of gain / loss from jointly controlled entities / associates. For the purposes of determining Net Contribution, finance costs excluding interest on debt for fixed capital investments, net of interest income are reduced from the GC. For analyzing the performance of the group, share of jointly controlled entities / associates has been included in the GC and NC along with proportionate share of volumes.

c. ***Volumes:*** Volumes include proportionate share of volumes from the jointly controlled entities / associates. The second key driver to 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 that we supply is largely within our control and is a function of the strength of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries).

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

Based on this seasonality, we expect the phasing of our earnings to be as follows:

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

Profit and Loss Statement

The Company has grown sales volume, sales turnover and net profit after tax by 18.7%, 9.6% and 27.5% respectively in Q1 FY2010 compared to Q1 FY2009.

The Company reports its results across four business segments. The Company has delivered strong performance in all four business segments in Q1 FY2010. Three of the four segments, namely the Edible Nuts, Spices & Beans segment (comprising 6 agri commodities), the Confectionery & Beverage Ingredients segment (comprising 3 agri commodities) and the Food Staples & Packaged Food segments (comprising 7 agri commodities) together constitute the food category of our portfolio. The demand for the products in these three segments, which accounted for 79.9% of our revenue in Q1 FY2010, held up well. Sales Volume for these three segments grew by 21.2% in Q1 FY2010 compared to Q1 FY2009. The combined Net contribution for these three segments grew by 18.4% in Q1 FY2010 compared to Q1 FY2009.

The fourth segment, the Industrial Raw Materials segment includes four agri commodities, namely Cotton, Wool, Rubber and Wood Products. This segment accounted for 20.1% of our revenue in Q1 FY2010. While this segment is more recession sensitive, we see a material pickup in demand for these four products in this quarter given the apparent signs of a global recovery. Compared to a 1.5% growth in volumes in Q4 FY2009 and a 16.4% decline in volumes in Q3 FY2009, volumes from this segment has grown 7.6% during Q1 FY2010. The actions that we took to gain market share and further consolidate our competitive position in this segment are yielding good results.

The following table provides the segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for Q1 FY2010:

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Sep 09**	**Sep 08**	**Sep 09**	**Sep 08**	**Sep 09**	**Sep 08**	**Sep 09**	**Sep 08**
Edible Nuts, Spices & Beans	320,132	277,944	355,360	331,566	51,804	46,308	42,590	36,321
Per ton (S$)					**162**	**167**	**133**	**131**
Confectionery & Beverage Ingredients	223,265	202,520	660,908	592,209	50,982	48,597	33,540	29,873
Per ton (S$)					**228**	**240**	**150**	**148**
Food Staples & Packaged Foods	539,411	412,842	483,634	419,410	52,159	43,911	45,224	36,258
Per ton (S$)					**97**	**106**	**84**	**88**
Industrial Raw Materials*	223,586	207,733	376,755	369,592	33,843	32,512	23,103	21,120
Per ton (S$)					**151**	**157**	**103**	**102**
Total	**1,306,394**	**1,101,039**	**1,876,657**	**1,712,777**	**188,788**	**171,328**	**144,457**	**123,572**
Per ton (S$)					**145**	**156**	**111**	**112**

*Sales volume for Wood Products is measured in cubic meters.

A brief segmental review for Q1 FY2010 is given below:

- **Edible Nuts, Spices & Beans**

  The Edible Nuts, Spices & Beans segment recorded a volume growth of 15.2% and revenue growth of 7.2% in Q1 FY2010. Net Contribution (NC) increased by 17.3% to S$42.6 million from S$36.3 million in Q1 FY2009 registering NC per ton of S$133.0 as against S$130.7 last year. Strong contribution from cashews, sesame, pulses & beans and spices & dehydrates categories contributed to the increase in the Volumes and NC for this segment.

  In the Spices & Dehydrates business, the successful integration of the recently acquired SK Foods' tomato paste manufacturing facility in California was one of the highlights for the quarter. We were able to successfully buy and process 1.2 million tons during the season – all within 80 days from the completion of this acquisition. This performance exceeded the various targets and milestones set out in our investment thesis. We have also successfully begun to cross sell tomato paste along with dehydrated garlic and onions to our customer base in the US. This has helped us gain competitive ground and strengthened our Spices & Dehydrates business. During the quarter, Olam continued to strengthen its leadership position in the whole black pepper and value added steam sterilized pepper business.

  The Sesame, Cashew and Beans business continued to perform strongly during the quarter. Q1 FY2010 also saw better trading conditions emerge in the peanut market compared to Q4 FY2009.

  On September 18, 2009, the Company announced that it will acquire 8,096 hectares of planted almond orchards in Australia along with permanent water rights from Timbercorp Limited and its associate entities for a total investment consideration of A$128 million in cash. This acquisition is in line with the Company's recently announced corporate strategy, which outlined a thrust towards selective upstream investments in plantations and farming opportunities. This acquisition will make the Company Australia's largest almond grower and also place it amongst the top three almond growers globally. The transaction is expected to be earnings and value accretive from FY2010.

- **Confectionery and Beverage Ingredients**

The Confectionery and Beverage Ingredients segment reported 10.2% increase in volumes and 11.6% increase in revenue. NC rose by 12.3% to S$33.5 million in Q1 FY2010 from S$29.9 million in Q1 FY2009 with NC per ton increasing from S$147.5 per ton to S$150.2.

The significant short crop in Cocoa from the main producing country, Cote d'Ivoire, in the current season has resulted in two consecutive years of supply deficit. In this context, our ability to reliably source and secure volumes on account of our direct presence at the farm-gate in most cocoa producing regions around the world has helped us consolidate our position as the leading originator of cocoa from Asia and Africa. Due to the constrained supply situation, Cocoa prices rose sharply during the quarter. Olam's Cocoa business has performed well in the main producing countries including Cote d'Ivoire, Ghana, Nigeria, Cameroon and Indonesia. We have also done well in the minor origins including PNG, Tanzania and Uganda.

Our Coffee business performed strongly during Q1 FY2010. Our Coffee operations in Brazil and Peru in South America, Indonesia, Vietnam and India in Asia and Cameroon, Cote d'Ivoire and Uganda in Africa have all contributed significantly to this quarter's performance. The strength of our supplier and customer franchise has helped us improve our global market share in the coffee business. The soluble coffee manufacturing facility will start production in November 2009 and the initial market response has been very positive. We have planted 654 hectares in our coffee plantation in Laos and are very encouraged by the progress in this regard.

- **Food Staples and Packaged Foods Business**

Sales volume and revenue from the Food Staples & Packaged Foods segment grew by 30.7% and 15.3% respectively in Q1 FY2010. NC increased 24.7% to S$45.2 million from S$36.3 million in Q1 FY2009. The Grains Business constituted a significant part of the volume in this segment and given that the NC per ton in Grains is lower than the rest of the businesses in this segment, the NC per ton for the segment decreased from S$ 87.8 per ton to S$ 83.8 per ton.

Rice, Sugar, Dairy, Grains, Palm and PFB have all contributed positively to this segment's performance in Q1 FY2010. In Rice, our sourcing operations in Thailand, Vietnam, China and Brazil combined with our distribution operations in Africa have contributed to the growth in the business in Q1 FY2010. The revival in demand in dairy markets led by China has provided support to our Dairy business during the quarter. Our Grains business has continued to build on a good start in our sourcing origins including Australia, Russia as well as in our key markets in Asia and Africa. We have gained market share in the PFB business in both Africa and Russia during the quarter.

On September 1, 2009, the Company acquired a 14.35% stake in New Zealand Farming Systems Uruguay ("NZFSU"), an operator of large scale Kiwi-style dairy farming operations in Uruguay, for a total cash consideration of NZ$14.37 million. NZFSU currently owns 36,300 hectares of dairy farm land in Uruguay of which 10,500 hectares have already been developed with 26 farms producing 44.6 million litres of milk in June 2009. This acquisition is in line with Olam's Dairy Products strategy, which envisages participation in dairy farming in low cost producing origins.

- **Industrial Raw Materials**

In the Industrial Raw Materials segment, volumes grew by 7.6% as demand began to pick up during the quarter after three consecutive quarters of declining demand. NC grew by 9.4% to S$23.1 million while NC per ton improved from 101.7 to 103.3 dollars in Q1 FY2010 compared to Q1 FY2009.

In Cotton, Q1 FY2010 saw strong performances from our ginning and marketing operations in Australia, USA, China, CIS and India. Textile demand has shown an upturn in key markets in Asia. We are active in the India to China cotton trade flow given our strong presence in both these countries. Demand for Wood Products has improved significantly in our key markets in China and India, and to a lesser extent in Vietnam. Our origin operations in Gabon, Cote d'Ivoire, Tanzania and Asean and our marketing operations in China and India have performed strongly during Q1 FY2010. This has improved the prospects for the Wood Products business for the rest of the year.

Costs and Expenses

Q1 FY2010: SG&A increased by 10.2% to S$112.0 million in Q1 FY2010 over the corresponding quarter in FY2009.

Taxation

Q1 FY2010: Taxes increased to $S2.3 million for Q1 FY2010 as compared to S$0.5 million for Q1 FY2009.

Net profit after tax

Q1 FY2010: Net profit after tax increased by 27.5% to S$19.0 million for Q1 FY2010 from S$14.9 million in Q1 FY2009.

Balance Sheet & Cash Flow

During Q1 FY2010, the industry witnessed an increased level of volatility in the prices of various products. Changes in prices affect current assets and liabilities which in turn substantially change the cash flows generated from / used in operations. The application of Hedge Accounting provisions under FRS39 affects equity and fair value of derivative financial instruments under current assets and current liabilities. Since we participate in this industry as supply chain managers and not positional / directional traders, this has had limited impact on the profitability of the Group.

Non-current liabilities - Convertible Bonds

The amount represents the debt component along with accrued interest for the outstanding Convertible Bonds of principal value US$141.8 million, issue in FY2009.

On 2 September 2009, the Company entered into a subscription agreement for the issue of Convertible Bonds. Under the terms of the Subscription Agreement, the Company agreed to issue US$400 million in principal amount of 6.00% Convertible Bonds due 2016. There was also an upsize option of an additional US$100 million in principal amount exercisable at any point on or before the thirtieth day following the Closing Date. Both the initial issue and the upsize options have since been successfully closed and proceeds have been received subsequent to the end of Q1 FY2010.

Equity and Reserves

Total equity and reserves (before fair value adjustment reserve) increased from S$1,225.8 million as of 30 June 2009 to S$1,666.6 million as of 30 September 2009.

On 5th July 2009 the Company allotted and issued 273,459,000 new shares to Breedens Investments Pte Ltd and Aranda Investments Pte Ltd (subsidiaries of Temasek Holding Ltd) in accordance with the terms of the Subscription Agreement. The new shares accounted for approximately 13.74% of the enlarged issued and paid-up share capital of the Company.

Fixed Assets

During the period, fixed assets of S$64.2 million were added of which S$44.3 million was on account of tomato processing assets purchased in California from SK Foods. Reduction on account of depreciation and currency translation amounting to S$13.5 million resulted in net increase of S$50.7 million from S$534.0 million to S$584.67 million during Q1FY2010.

Investment in associates

Investment in associates includes S$14.8 million representing the Company's 14.35% equity investment in New Zealand Dairy Farming Systems Uruguay.

Current Assets

Debtors Analysis

Debtor days in Q1FY2010 remained unchanged at 31 days as compared to 30 June 2009.

Stocks

Stock turnover days increased to 114 days as compared to 92 days as at 30 June 2009. There was an increase in stock value of 6.8% by S$133.0 million to S$2,099.4 million from S$1,966.4 million as on 30 June 2009. The increase in the value of stock is attributed largely to our tomato processing operations in California.

Advance to Suppliers

Advance to Suppliers days increased to 18 days in Q1FY2010 from 13 days as at 30 June 2009. The advances increased from S$277.7 million in FY2009 to S$333.5 million in Q1FY2010.

Borrowings

Borrowings decreased to S$3,070.6 million as of end of September 2009 from S$3,174.2 million as of 30 June 2009 in line with the growth in the business. The borrowings net of cash and cash equivalents amounted to S$2,748.3 million as compared to S$2,642.2 million as at 30 June 2009.

On 27th August, the company announced that it has received commitments from its group of banks for a fully underwritten US$540 Million Syndicated Transferable Term Loan Facility. The syndication for the Transferrable Term Loan Facility has been significantly oversubscribed with commitments received from a group of 35 international banks. Given the strong response and to support the execution of the Company's 6 year Strategic Plans, we have decided to upsize the facility to US$850 million. The final documentation is expected to be signed shortly.

Cash and Fixed Deposits

Cash and Fixed Deposits decreased by 39.6% to S$322.3 million as on 30 September 2009 from S$533.8 million as on 30 June 2009.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

   There was no forecast made by the Company.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

    During the period, the Company announced a number of acquisitions and joint ventures. The completion of these transactions is subject to certain closing conditions and approvals from relevant authorities. As such, the outcome of these transactions is uncertain until these conditions and approvals are met or have been granted.

    There was a turnaround in demand for all four products within the Industrial Raw Materials segment, namely, Cotton, Wool, Wood Products, and Rubber, during Q1 FY2010 given the apparent signs of a global recovery. If this turnaround is sustained over the subsequent quarters, it will augur well for this segment, which was most impacted by the global economic crisis. The 16 products in the food category which has been less impacted by the recession continue to perform well. The Company is executing its next six-year corporate strategy with focus and intensity. If successfully executed, this will strengthen the Company's competitive position and improve its margin prospects going forward.

11. Dividend

(a) Current Financial Period Reported On 30 September 2009
NIL

(b) Corresponding Period of the Immediately Preceding Financial Year.
NIL

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).
N.A

(d) Date payable
N.A

(e) Books closure date
N.A

12. If no dividend has been declared/recommended, a statement to that effect.

During the current period, there is no dividend declared or recommended.

Confirmation of the Board

We refer to the requirement under Rule 704(5) of the Listing Manual.

We hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for period ended 30 September 2009 to be false or misleading in any material aspects.

On behalf of the Board of Directors

R. Jayachandran	Sunny George Verghese
Chairman	Group Managing Director & CEO

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & CEO

12 November 2009