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Offering Circular dated 6 August 2010

Olam International Limited

(Incorporated in the Republic of Singapore) Company Registration Number 199504676H

U.S.$250,000,000
7.5 per cent. Bonds due 2020

Issue price: 100 per cent.

The U.S.$250,000,000 7.5 per cent. Bonds due 2020 (the "Bonds") will be issued by Olam International Limited (the "Issuer" or "Olam"). The Bonds will bear interest at a rate equal to the rate of 7.5 per cent. per annum. The Bonds will be issued on or about 12 August 2010 (the "Closing Date") and will be constituted by a trust deed to be dated on or before the Closing Date between the Issuer and The Bank of New York Mellon as trustee (the "Trustee"). Interest on the Bonds will be payable semi-annually in arrear on 12 February and 12 August of each year. Payment on the Bonds will be made without deduction for or on account of taxes of Singapore to the extent described under "Terms and Conditions of the Bonds — Taxation". The Bonds mature on 12 August 2020. Following the occurrence of a Change of Control (as defined in the Conditions (as defined herein)), each Bondholder (as defined in the Conditions) will have the right at its option, to require the Issuer to redeem all or some only of the Bonds held by such Bondholder on the Change of Control Redemption Date (as defined in the Conditions) at 100 per cent. of their principal amount together with unpaid accrued interest up to but excluding the date fixed for redemption, subject to certain conditions. See "Terms and Conditions — Redemption and Purchase — Redemption upon Change of Control".

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements, reports contained or opinions expressed in this Offering Circular. Approval in-principle for the listing of the Bonds is not to be taken as an indication of the merits of the Bonds, the Issuer and/or its subsidiaries.

For a discussion of certain investment considerations relating to the Bonds, see "Risk Factors".

The Bonds will be issued in registered form in the denomination of U.S.$100,000 and integral multiples of U.S.$1,000 in excess thereof. The Bonds will be represented by a global registered bond certificate (the "Global Certificate") registered in the name of The Bank of New York Depository (Nominees) Limited as nominee for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") on or about the Closing Date. Individual bond certificates (the "Certificates") evidencing holdings of the Bonds will be available only in certain limited circumstances described under "Summary of Provisions Relating to the Bonds while in Global Form".

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The Bonds are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("MAS"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds 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 provisions of the SFA.

The Bonds are not, and are not expected to be, rated by any rating agency.

Joint Lead Managers and Joint Bookrunners

HSBC | J.P.Morgan

The Issuer accepts full responsibility for the information contained in this Offering Circular and, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Issuer, its subsidiaries and associated companies (as defined in the SGX-ST Listing Manual) and the Bonds which is material in the context of the issue and offering of the Bonds. Where information contained in this Offering Circular includes extracts from summaries of information and data from various published and private sources, the Issuer accepts responsibility for accurately reproducing such summaries and data. All references to "Group" herein are to the Issuer, its subsidiaries and associated companies, except where such references are made in the context of the financial information, whereupon the references to "Group" shall mean the Issuer and its subsidiaries only.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan (S.E.A.) Limited (together, the "Joint Lead Managers"), The Bank of New York Mellon (the "Trustee") or the Agents (as defined in the Conditions) to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see "Subscription and Sale".

None of the Joint Lead Managers, the Trustee or any of the Agents has separately verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers, the Trustee or the Agents as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or on any person affiliated with the Joint Lead Managers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision.

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No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Bonds, including the merits and risks involved. See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "Singapore" are references to the Republic of Singapore, all references to the "U.S." and "United States" are references to the United States of America and all references to the "UK" are references to the United Kingdom. All references to "Government" herein are references to the government of the Republic of Singapore and all references to "FY" herein are to the financial year ended or ending 30 June. All references to "Singapore dollars" and "S$" are to the lawful currency of Singapore, all references to "U.S. dollars" or "U.S.$" are to the lawful currency of the United States of America, all references to "pound sterling" are to the lawful currency of the United Kingdom, all references to "Euro" is to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended and all references to "N.Z.$" are to the lawful currency of New Zealand. For convenience, unless otherwise specified, certain U.S. dollar amounts have been translated into Singapore dollars based on the exchange rate of S$1.40 = U.S.$1.00. Such transactions should not be construed as representations that the U.S. dollar amounts referred to could have been, or could be, converted into Singapore dollars at that or any other rate or at all.

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Issuer nor the Joint Lead Managers make any representation as to the accuracy of that information.

In connection with the issue of the Bonds, subject to the mutual agreement of the Joint Lead Managers, The Hongkong and Shanghai Banking Corporation Limited (the "Stabilising Manager") may over-allot Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers.

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Circular constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Olam or the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Olam's and the Group's present and future business strategies and the environment in which Olam or the Group will operate in the future. Among the important factors that could cause Olam's or the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, amongst others, the following:

- conditions of and changes in the social, economic and political condition and regulatory environment in the countries/territories that the Group operates in and/or where the Group's customers and suppliers are located;
- changes in the competitive conditions in the Group's industry and the Group's ability to compete under those conditions;
- changes in the future capital needs of the Group and the availability of financing and capital to fund those needs;
- changes in commodity prices;
- risk of not being able to implement the new strategies outlined by the Group;
- risk of being unable to realise the anticipated growth opportunities;
- changes in the availability and effectiveness of futures contracts or other derivative instruments as hedging instruments, and the risks associated with such instruments;
- changes in currency exchange rates;
- changes in short-term and long-term interest rates; and
- changes in customer preferences and needs.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" and "Business". These forward-looking statements speak only as of the date of this Offering Circular. Save for its obligations under the SGX-ST Listing Manual, Olam expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Olam's or the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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SUMMARY

This summary highlights information contained elsewhere in this Offering Circular. This summary may not contain all the information that should be considered before deciding to invest in the Bonds. The Issuer recommends reading this entire Offering Circular carefully, including the financial statements and related notes appearing elsewhere in this Offering Circular and under "Risk Factors".

Overview

The Group is a leading globally-integrated supply chain manager of agricultural products and food ingredients. Headquartered in Singapore, the Group operates in 64 countries and sources and supplies 20 products to more than 10,600 customers in 64 markets and countries ("Destination Markets"). The Issuer was established in 1989 as a division of the Kewalram Chanrai Group (the "KC Group") to operate its agri-business and was duly incorporated under the laws of Singapore in July 1995. Since the establishment of the business, the Issuer 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 30 June 2010, the Group's portfolio of 20 agricultural products and food ingredients comprised of cashews, peanuts, almonds, spices and dehydrates, sesame, beans, cotton, coffee, sheanuts, rice, sugar, wheat, barley, palm, dairy products, packaged foods, cotton, wool, wood products and rubber. 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.

As at 30 June 2010, the Issuer's issued and paid-up share capital was S$1,205,071,563.31 comprising 2,020,759,705 shares. The Issuer's shares are listed on the Mainboard of the SGX-ST.

For FY 2008 and FY 2009, the Group had, on a consolidated basis, revenue of S$8.1 billion and S$8.6 billion respectively and net profit of S$167.7 million and S$252.0 million respectively. As at 30 June 2008 and 30 June 2009, the total assets of the Group (combining non-current and current assets) on a consolidated basis amounted to S$5.2 billion and S$5.4 billion respectively. For the nine months ended 31 March 2010, the Group had, on a consolidated basis, revenue of S$7.32 billion and net profit of S$267.2 million. As at 31 March 2010, the total assets of the Group (combining non-current and current assets) on a consolidated basis were S$7.4 billion.

History and Development

Since the Issuer'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 four phases:

Formative Years: 1989 to 1992

The foundations of the Issuer's business date back to the KC Group which has over 140 years of trading history. The Issuer'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.

Business Model Development: 1993 to 1995

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.

Global Expansion: 1996 to 2002

The Issuer was incorporated in Singapore on 4 July 1995 under the Companies Act, Chapter 50 of Singapore (the "Act") as a public limited company. Subsequently, in 1996, the Issuer relocated its entire operations from London to Singapore at the invitation of the Singapore Trade Development Board (now known as International Enterprise Singapore).

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

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 focus further on quality customer service, marketing offices were opened in Poland, the Netherlands, France, the UK, Italy and the US. 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: 2003 to 2005

By 2002, the Group had expanded to nine products and 30 countries with total revenues of approximately U.S.$1.6 billion and profit after tax of approximately U.S.$25 million for FY 2002. At this stage, the Group approached various established institutional investors, including Russell AIF Singapore Investments Limited (managed by AIF Capital Limited), Seletar Investments Pte Ltd (a wholly-owned subsidiary of Temasek Holdings (Private) Ltd ("Temasek Holdings")) and International Finance Corporation (a member of the World Bank Group) to raise funds for future growth.

Over this period, the Group consolidated its global leadership positions in most of its products and expanded into new products such as peanuts, beans, dairy products and packaged foods.

On 31 January 2005, the Issuer launched its initial public offering ("IPO") of 375 million shares at S$0.62 per share. Measured against the market capitalisation of companies then listed on the Main Board of the SGX-ST, the Issuer ranked among the 50 largest listed companies with a market capitalisation of S$929 million at the invitation price. The Issuer's placement tranche of 345 million shares (from its 375 million shares) attracted strong interest from local and global institutional investors as well as leading institutional fund managers. The Issuer completed the IPO of its shares, and was admitted to the Official List of the SGX-ST on 11 February 2005.

Building a Global Leader: 2006 to Present

In FY 2006, the Group developed and communicated to investors a merger and acquisition ("M&A") framework, so that going forward, acquisitions will form an integral part of the Group's growth strategy alongside organic growth.

The Group intends to pursue acquisitions in three areas, namely:

- new product adjacency — entailing planned expansion into nine new product adjacencies closely linked to the Group's core business from 2006 through 2010;
- 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; and
- 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" approach, no individual transaction is expected to exceed 10 per cent. of the Group's market capitalisation, with an expected focus on transactions that are closer to 5 per cent. of the Group's market capitalisation. On aggregate, the Group does not envisage spending more than 15 per cent. of its market capitalisation on acquisitions in any given year.

The Group continues to evaluate and undertake acquisitions in line with its stated acquisition strategy.

Below is a description of major growth and capital raising milestones in respect of the Group from 2007.

On 7 March 2007, the Issuer announced an off-market takeover offer to acquire all of the shares in Queensland Cotton Holdings Limited ("QCH"). The proposed combination of the cotton business of the Issuer and QCH was expected to create the third largest and most diversified global cotton company with substantial sourcing operations in Africa, Australia, Brazil, Commonwealth of Independent States, India, China and the United States along with a strong presence in all major world markets.

On 13 July 2007, the Issuer announced the receipt of acceptances for more than 90 per cent. of the shares outstanding in QCH, and that it has a relevant aggregate interest in approximately 90.8 per cent. of QCH, providing the Issuer the right to compulsorily acquire all the remaining shares outstanding. The acquisition of 100 per cent. shares in QCH was completed in October 2007.

On 22 April 2007, the Issuer announced its intention to acquire 100 per cent. of the world's largest independent peanut blancher and ingredient processor, Universal Blanchers L.L.C. ("UB") for a total cash consideration of U.S.$77 million. The Issuer acquired UB in June 2007. This acquisition has enabled the Issuer to expand into peanut blanching and ingredient manufacturing in the United States.

On 14 June 2007, the Issuer announced the acquisition of approximately 17 per cent. of the total outstanding shares of Open Country Cheese Company Limited ("OCC"), a fast growing dairy processing company in New Zealand. This strategic stake acquisition has enabled the Group to gain valuable exposure to the dairy business in New Zealand. The Group acquired further shares of OCC on 15 June 2007, bringing its shareholding in OCC to 19.9 per cent.

On 27 August 2007, the Issuer announced its intention to acquire 100 per cent. equity interest in Key Foods Ingredients LLC and its subsidiaries ("KFI"), a processor and global supplier of dehydrates to the food processing industry for a total consideration of approximately U.S.$16 million. The acquisition of KFI was expected to enhance the Group's presence in the overall spice value chain, helping the Group move from being primarily a whole spices supplier, to offering a basket of spice ingredients to its customers. The acquisition of KFI was completed on 12 November 2007.

On 12 September 2007, the Issuer announced its intention to acquire 100 per cent. equity interest in Naarden Agro Products B.V. ("NAP"), an international supply chain manager of industrial caseins, for a total consideration of approximately Euro 3.3 million. Entry into the casein business is a one-step product adjacency for the Group as sourcing the raw casein for NAP shares the same sourcing channels as the Group's existing dairy business in the countries it operates in, providing significant synergies in cross-sourcing with only marginal additional investment. The acquisition of NAP was completed on 12 November 2007.

On 2 October 2007, the Issuer announced its intention to acquire 100 per cent. equity interest in PT Dharmapala Usaha Sukses ("PT DUS"), a sugar refinery based in Indonesia for a total cash investment of U.S.$12.6 million. Of this amount, U.S.$5 million was paid to shareholders of PT DUS while the balance amount of U.S.$7.6 million was utilised to purchase outstanding debt obligations from PT Bank Danamon Indonesia Tbk. The acquisition is an all-cash transaction and was funded by a combination of borrowings and internal accruals. The Group will further invest an estimated U.S.$12 million to (a) upgrade and raise PT DUS' production and (b) install a boiler to enable switching to coal, a lower cost feedstock. The acquisition of PT DUS provides the Group the opportunity to participate in the growing sugar refining sector in Indonesia. On 13 December 2007, the Issuer announced the completion of the acquisition of PT DUS.

On 9 October 2007, the Issuer announced that it will invest approximately U.S.$45 million in a green field integrated soluble (instant) coffee manufacturing facility in Vietnam, that produces and supplies bulk spray-dried coffee powder, freeze-dried coffee granules and coffee extracts to the unbranded and private coffee label segment. The expansion into soluble coffee manufacturing is a one-step adjacency move for the Group into a higher value-added activity in the coffee supply chain, where there is a sharing of customers, costs and channels. The investment is currently progressing as scheduled.

On 15 November 2007, the Issuer announced the establishment of a 50:50 joint venture, Nauvu Investments ("Nauvu"), with Wilmar International Limited ("Wilmar"), a company listed on the SGX-ST. Nauvu will invest in integrated palm oil, natural rubber and sugar assets in Africa, including upstream plantations, midstream processing and downstream merchandising and distribution operations and will be making initial investments into the SIFCA Group, one of Africa's largest agro-industrial groups with diversified interests across palm oil, cotton seed oil, natural rubber and sugar sectors in Africa. Nauvu was incorporated on 19 November 2007. Establishment of the joint venture was completed in December 2008.

On 9 January 2008, the Issuer announced the incorporation of Outspan Café Vietnam Limited ("Outspan Vietnam"), a company incorporated in Vietnam. The principal activities of Outspan Vietnam are those of sourcing, processing and supply chain management of agricultural products and food ingredients.

On 22 April 2008, the Issuer issued 155,628,689 new Shares pursuant to a non-renounceable and non-transferable preferential offering raising net proceeds of S$303 million.

On 20 June 2008, the Issuer announced that it had won an international bid to acquire a cotton gin in the Ouangolo region of Cote d'Ivoire from La Compagnie Cotonniere Ivoirenne for U.S.$5 million. The acquisition comprises of one cotton gin with an annual ginning capacity of 35,000 tonnes of seed cotton and its related infrastructure, as well as a catchment area of nearly 35,000 hectares that can produce up to 20,000 tonnes of cotton lint annually. This investment is in line with the Group's growth strategy for cotton in Africa which is to seek growth opportunities in ginning and in building integrated cotton supply chain operations in the major exporting countries such as Cote d'Ivoire.

On 1 July 2008, the Issuer announced the formation of Olam Wilmar Investment Holdings, a 50:50 joint venture company established with Wilmar, to acquire a 20 per cent. interest in PureCircle Limited ("PureCircle") from existing shareholders for an aggregate consideration of U.S.$106.2 million. As a producer of natural zero-calorie high-intensity sweeteners from the stevia plant, PureCircle operates an integrated supply chain for natural high-intensity sweeteners with activities ranging from sourcing of dry stevia leaves and extraction in China, refining of crude extracts into sweeteners in Malaysia and marketing of these sweeteners to food and beverage manufacturers worldwide. The Issuer believes that this joint investment is consistent with the Group's growth strategies of diversifying and entering into new adjacent products and extending its global supply chain selectively into adjacent value-chain segments.

On 3 July 2008, the Issuer issued an aggregate of U.S.$300 million 1 per cent. Convertible Bonds due 2013 (the "2008 Bonds"), which are convertible into ordinary shares of the Issuer.

On 8 July 2008, the Issuer announced the acquisition of a 24.99 per cent. stake in Dairy Trust Limited.

On 22 September 2008, the Issuer announced the successful completion of a 3-year U.S.$115 million Islamic syndicated commodity Murabaha facility.

On 3 November 2008, the Issuer announced the acquisition of a sugar milling complex from Girdharilal Sugar and Allied Industries Ltd in India for a total consideration of U.S.$9.9 million.

On 18 December 2008, the Issuer announced the acquisition of a dehydration facility located in Firebaugh, California from De Francesco and Sons, Inc.

On 19 December 2008, the Issuer completed a tender offer of the 2008 Bonds pursuant to which the Issuer repurchased from the holders of the 2008 Bonds an aggregate principal amount of U.S.$117,600,000 of 2008 Bonds.

On 22 December 2008 and 29 December 2008, the Issuer completed further on-market repurchases of an aggregate principal amount of U.S.$1 million and U.S.$5 million respectively (all 2008 Bonds repurchased pursuant to the tender offer and the on-market repurchases are collectively referred to herein as the "Repurchased Bonds"). The Issuer cancelled the Repurchased Bonds. The aggregate principal amount of 2008 Bonds remaining outstanding following cancellation of the Repurchased Bonds was U.S.$176,400,000.

On 12 January 2009, the Issuer announced the incorporation of Olam Tarim Urunleri Yem Maddeleri Sanayi Ve Ticaret Limited Sirketi ("Olam Turkey"), a company incorporated in the Republic of Turkey. The principal activities of Olam Turkey are those of sourcing, processing and supply chain management of agricultural products and food ingredients.

On 2 February 2009, the Issuer announced the acquisition by its subsidiary, Olam Argentina, of a leading peanut shelling and blanching company Industria Martin Cubero for a total consideration of approximately U.S.$7 million. The acquisition was an all-cash transaction and was funded by a combination of existing loans and internal accruals.

On 12 February 2009, the Issuer announced the completion of a U.S.$33 million export credit loan facility provided by Australia and New Zealand Banking Group Limited ("ANZ") and supported by Eksport Kredit Fonden.

On 20 February 2009, the Issuer announced the incorporation of Outspan Bolovens Limited ("OBL"), a company incorporated in Lao People's Democratic Republic. The principal activities of OBL are those of managing plantations, sourcing, processing and supply chain management of agricultural products and food ingredients.

On 4 March 2009, the Issuer completed an exchange offer of the 2008 Bonds (the "Exchange Offer") pursuant to which the Issuer had accepted for exchange U.S.$136 million in aggregate principal amount of the 2008 Bonds (the "Exchanged Bonds") and issued U.S.$106,080,000 in aggregate principal amount of 1.2821 per cent. Convertible Bonds due 2013 of the Issuer convertible into ordinary shares of the Issuer (the "Issued New Bonds"). The Issuer had cancelled the Exchanged Bonds. The aggregate principal amount of 2008 Bonds remaining outstanding following cancellation of the Repurchased Bonds and the Exchanged Bonds was U.S.$40,400,000 (the "Remaining 2008 Bonds").

On 17 March 2009, the Issuer announced that it had renewed and upsized a U.S.$170 million 1-year revolving multicurrency trade facility (the "Facility") from Standard Chartered Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd, Singapore Branch, ING Bank N.V, Singapore Branch and Sumitomo Mitsui Banking Corporation, Singapore Branch. The Issuer will use the Facility to finance its cocoa and coffee operations and working capital requirements in Nigeria and the Ivory Coast.

On 23 March 2009, the Issuer entered into exchange agreements with certain holders of some of the Remaining 2008 Bonds, pursuant to which the Issuer agreed to accept for exchange U.S.$21,200,000 in aggregate principal amount of the Remaining 2008 Bonds (the "Further Exchanged Bonds") and issue U.S.$16,536,000 in aggregate principal amount of 1.2821 per cent. Convertible Bonds due 2013 of the Issuer convertible into ordinary shares of the Issuer (the "Additional New Bonds", and both Issued New Bonds and Additional New Bonds are collectively referred to herein as the "New Bonds") on terms identical to that of the Exchange Offer (the "Further Bond Exchange").

On 27 March 2009, the Issuer announced that settlement of the Further Bond Exchange had taken place. Following the completion of the Further Bond Exchange:

(a) the aggregate principal amount of New Bonds issued by the Issuer pursuant to the Exchange Offer and the Further Bond Exchange was U.S.$122,616,000; and

(b) the Issuer cancelled the Further Exchanged Bonds. The aggregate principal amount of 2008 Bonds remaining outstanding following cancellation of the Exchanged Bonds and the Further Exchanged Bonds is U.S.$19,200,000.

The Issuer announced that holders of U.S.$34,000 in aggregate principal amount of the New Bonds have converted the New Bonds held by them and the Issuer cancelled such New Bonds on 29 June 2010 and the aggregate principal amount of the New Bonds remaining outstanding following cancellation of such New Bonds as of 30 June 2010, was U.S.$102,220,000.

The Issuer has the option, at any time on or after 3 July 2010 and prior to 3 July 2011 to mandatorily convert all but not some only of the New Bonds outstanding into Shares if the Volume Weighted Average Price (as defined in the terms and conditions of the New Bonds), translated into U.S. dollars at the prevailing U.S. dollar/S$ exchange rate, for each of 20 consecutive Trading Days (as defined in the terms and conditions of the New Bonds), the last of which occurs not more than 10 Trading Days prior to the date upon which notice of conversion is published, was at least 140 per cent. of (x) the Early Redemption Amount (as defined in the terms and conditions of the New Bonds) divided by (y) the Conversion Ratio(as defined in the terms and conditions of the New Bonds).

On 15 May 2009, the Issuer announced that it had acquired the remaining 60 per cent. interest in Lamco Srl ("Lamco"), a 40 per cent. owned associate company of the Issuer by an injection of S$199,400 in the capital of Lamco. The remaining 60 per cent. interest held by Cosco Cafimport Srl, the joint venture partner in Lamco was cancelled with Lamco becoming a 100 per cent. owned subsidiary of the Issuer. Lamco is a limited liability company incorporated in Italy and is principally involved in the trading of agricultural commodities.

On 21 May 2009, the Issuer announced the incorporation of Olam (Thailand) Limited ("Olam Thailand"), a company incorporated in Thailand. The principal activities of Olam Thailand are those of sourcing, processing and supply chain management of agricultural products.

On 26 June 2009, the Issuer announced that the agreement by its wholly-owned subsidiary Olam Tomato Processors Inc. to purchase selected assets of major U.S. tomato processor, SK Foods, L.P. and its wholly-owned subsidiary RHM Industrial/Specialty Foods, Inc. in California has been approved by the United States Bankruptcy Court in Sacramento. The purchase value was U.S.$39 million.

On 15 July 2009, the Issuer announced that it had issued 273.46 million new shares at S$1.60 per share to raise gross proceeds of S$437.5 million, representing 13.76 per cent. of the enlarged issued and paid-up capital of the Issuer to Breedens Investments Pte Ltd and Aranda Investments Pte Ltd, both indirect wholly-owned subsidiaries of Temasek Holdings.

On 20 July 2009, the Issuer announced that it had completed the divestment of its entire 51 per cent. stake, which comprised of 51,000 shares, in PT Agronesia Bumi Persada ("Agronesia") pursuant to the sale and purchase agreements entered into with PT Prinavin Lestari Pratama ("Prinavin") and Liestyana Rizal Gusman. Agronesia is a 51:49 joint venture company in Indonesia formed with the intention of exploring further opportunities of sourcing and distribution of agricultural commodities from/into Indonesia for the products in Olam's portfolio. Since its formation in 2006, Agronesia remained a dormant company and the intended activities did not materialise.

On 27 August 2009, the Issuer announced that it received commitments from a group of banks for a fully underwritten U.S.$540 million syndicated transferable term loan facility comprising two tranches, namely (i) a three-year term loan of U.S.$324 million and (ii) a five-year term loan of U.S.$216 million (the "Loan Facility"). The proceeds of that facility will be used towards refinancing of existing debt, as well as for working capital and for general corporate funding requirements of the Issuer, including capital expenditure and expansion of its supply chain management business. On 10 November 2009, as there was oversubscription, the Issuer upsized the Loan Facility to U.S.$850 million from U.S.$540 million, comprising two tranches, namely (i) a three-year amortising term loan of U.S.$510 million and (ii) a five-year amortising term loan of U.S.$340 million.

On 27 August 2009, the Issuer also announced that it had successfully closed a 12-month U.S.$100 million Islamic revolving trade finance facility arranged by the Islamic Bank of Asia Limited. The syndication is a further expansion by the Issuer into the Islamic financing market after successfully closing a 3-year syndication in September 2008.

On 1 September 2009, the Issuer announced the acquisition of a 14.35 per cent. stake in New Zealand Farming Systems Uruguay ("NZFSU"), an operator of large scale New Zealand-style dairy farming operations in Uruguay. Listed on the New Zealand stock exchange, NZFSU was established in 2006 by PGG Wrightson Ltd, New Zealand's leading rural services company, with the aim of providing an opportunity to New Zealand farmers and investors to benefit from the export of their world-leading dairy farming practices. NZFSU was formed for the purpose of applying New Zealand's high performing pastoral based farming systems to extensive areas of high quality, low cost and under-utilised Uruguayan farm land for dairy farming. The Issuer had purchased this stake for a cash consideration of N.Z.$14.37 million. On 17 May 2010, the Issuer acquired an additional 10 million shares of NZFSU from Rural Portfolio Investment at a price of N.Z.$0.41 per share for a total consideration of N.Z.$4.1 million. The additional shares purchased by the Issuer represented an additional 4.1 per cent. stake in NZFSU and immediately following the acquisition, the Issuer's holding in NZFSU was 18.45 per cent.

On 18 July 2010, the Issuer informed NZFSU of its intention to make a cash offer at N.Z.$0.55 per share, representing a 38 per cent. premium over the three-month average trading price of N.Z.$0.40 (excluding the purchase by the Issuer of 10 million shares at N.Z.$0.41 per share on 17 May 2010), for all of the shares in NZFSU that it did not already own (the "NZFSU Offer"). The NZFSU Offer is subject to certain conditions, including the Issuer achieving a minimum 50.1 per cent. shareholding in NZFSU following the NZFSU Offer and the approval by the Overseas Investment Office of New Zealand. If the NZFSU Offer is accepted in full, the Issuer's shareholding in NZFSU would increase to 100 per cent. at an additional investment of N.Z.$109.6 million (U.S.$78.9 million).

The NZFSU Offer has the support of NZFSU's second largest shareholder, PCG Wrightson Limited ("**PGW**"), which holds 11.5 per cent. of the shares of NZFSU. The Issuer has concurrently entered into a "lock-up" agreement with PGW whereby PGW has agreed to accept the NZFSU Offer in respect of PGW's entire shareholding in NZFSU. In response to the announcement of the NZFSU Offer, NZFSU issued a "don't sell guidance" and the directors of NZFSU recommended that shareholders await receipt of the target company statement before making any decision regarding the NZFSU Offer.

On 16 September 2009, the Issuer announced that it was proposing a scrip dividend scheme. Under the scheme, shareholders of the Issuer entitled to dividends may elect to receive either cash or an allotment of ordinary shares in the capital of the Issuer credited as fully paid, in lieu of the whole or such part of the cash amount of the dividend to which the scheme applies, as determined by the directors of the Issuer. This scheme was approved by the shareholders of the Issuer on 29 October 2009.

On 16 September 2009, the Issuer announced that it was proposing a share buyback mandate authorising the Issuer to purchase or acquire its Shares. The proposed share buyback mandate was approved by the shareholders of the Issuer on 29 October 2009.

On 18 September 2009, the Issuer announced the signing of a definitive agreement to acquire 8,096 hectares of planted almond orchards and 40,825 mega litres of permanent water rights from Timbercorp Limited and its associated entities, through its liquidation process. The total investment consideration is A$128 million in cash, which has been funded from a combination of internal accruals and existing credit facilities. The acquisition is in line with the Issuer's recently announced corporate strategy which outlined a thrust towards upstream initiatives in plantations and farming, as well as midstream initiatives in value-added processing. This acquisition has made the Issuer Australia's largest almond grower and placed it amongst the top three almond growers globally. The transaction is expected to be earnings and value accretive from FY 2010.

On 15 October 2009, the Issuer issued an aggregate of U.S.$400 million 6 per cent. Convertible Bonds due 2016 with an upsize option (the "New Convertibles Bonds"). On 1 October 2009, the upsize option of the New Convertibles Bonds was exercised and the issue size of the New Convertibles Bonds was increased by an additional U.S.$100 million, bringing the total issue size to U.S.$500 million consequent to the approval obtained at the Extraordinary General Meeting held on 29 October 2009.

On 16 November 2009, the Issuer announced the signing of a definitive agreement to acquire 3,853 hectares of planted almond orchards and 48,259 mega litres of permanent water rights from Timbercorp Orchard Trust #3 and #5 at a total acquisition price of A$160 million. The transaction has been completed in January 2010.

On 7 December 2009, the Issuer announced the incorporation of two new subsidiaries, Olam Orchards Australia Pty Ltd ("Olam Orchards") and Outspan Costa Rica S.A. ("Outspan Costa Rica"). The principal activity of Olam Orchards is horticultural operations, initially within the almond industry and the principal activities of Outspan Costa Rica are sourcing, processing, packaging and merchandising of agricultural products.

On 18 December 2009, the Issuer announced that it had entered into a sale and purchase agreement to acquire 13,272,305 shares in PureCircle held by Wilmar for an aggregate consideration of 33,180,762 sterling pounds. Following the acquisition, the Issuer owns 30,544,609 shares representing approximately 20 per cent. interest in PureCircle.

On 21 December 2009, the Issuer allotted and issued 5,633,004 new shares, credited as fully paid, at an issue price of S$2.51 per share to eligible shareholders who had elected to participate in the scrip dividend scheme approved by the shareholders of the Issuer on 29 October 2009 in respect of the first and final dividend of S$0.035 per share declared by the Issuer on 27 August 2009.

On 6 January 2010, the Issuer announced the addition of the following new subsidiaries to the Group:

Name of Company	Country of Incorporation	Principal Activities
Pan Africa Agri Ltd	Nigeria	Manufacturing
Dunavant Mocambique Limitada	Mozambique	Sourcing, processing, packaging and merchandising of agricultural products
Olam Algodao Vale De Zambeze	Mozambique	Sourcing, processing, packaging and merchandising of agricultural products

On 12 January 2010, the Issuer announced the acquisition of 99.5 per cent. 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. The Issuer announced its intention to invest an additional U.S.$5.5 million to expand CFM's wheat handling and milling capacity and CFM is expected to process 400,000 tonnes of wheat by 2013. The acquisition has been completed in January 2010.

On 11 February 2010. the Issuer announced its intention to invest U.S.$31.5 million to set up a greenfield 500 metric tonne-per day wheat mill near Port Tema, Ghana. The construction of the wheat mill is expected to commence in September 2010.

On 12 February 2010, the Issuer announced the issue of its S$250,000,000 in aggregate principal amount of 4.07 per cent. Fixed Rate Notes due 2013 issued under its S$800,000,000 Multicurrency Medium Term Note Programme.

On 4 May 2010, the Issuer announced the incorporation of Outspan Mexico SA de CV ("Outspan Mexico"), a company incorporated in Mexico. The principal activities of Outspan Mexico are those of development of any activity or business related to farming, processing, sales, distribution, import or export of agricultural products.

On 8 June 2010, the Issuer announced the acquisition of the dehydrated and vegetable products business and operating assets of Gilroy Foods & Flavors ("Gilroy") from ConAgra Foods, Inc. (the "Gilroy Acquisition"), including its dehydrated onion, garlic, capsicum, Controlled Moisture™ vegetables, GardenFrost® purees, RediMade™ shelf-stable purees and fresh vegetable operations, for a total cash consideration of U.S.$250 million, subject to final working capital adjustments at closing. As part of the Gilroy Acquisition, the Issuer has entered into a long term supply agreement to cater to ConAgra Foods, Inc.'s ongoing requirements for dehydrated vegetable products. The Gilroy Acquisition was completed on 20 July 2010 for a total cash consideration of approximately U.S.$250 million, subject to customary working capital adjustments on completion.

On 30 June 2010, the Issuer announced that a members' voluntary winding up of Olam Wilmar Investment Holdings Pte. Ltd., a 50:50 joint venture company between the Issuer and Wilmar International Limited, would be commenced.

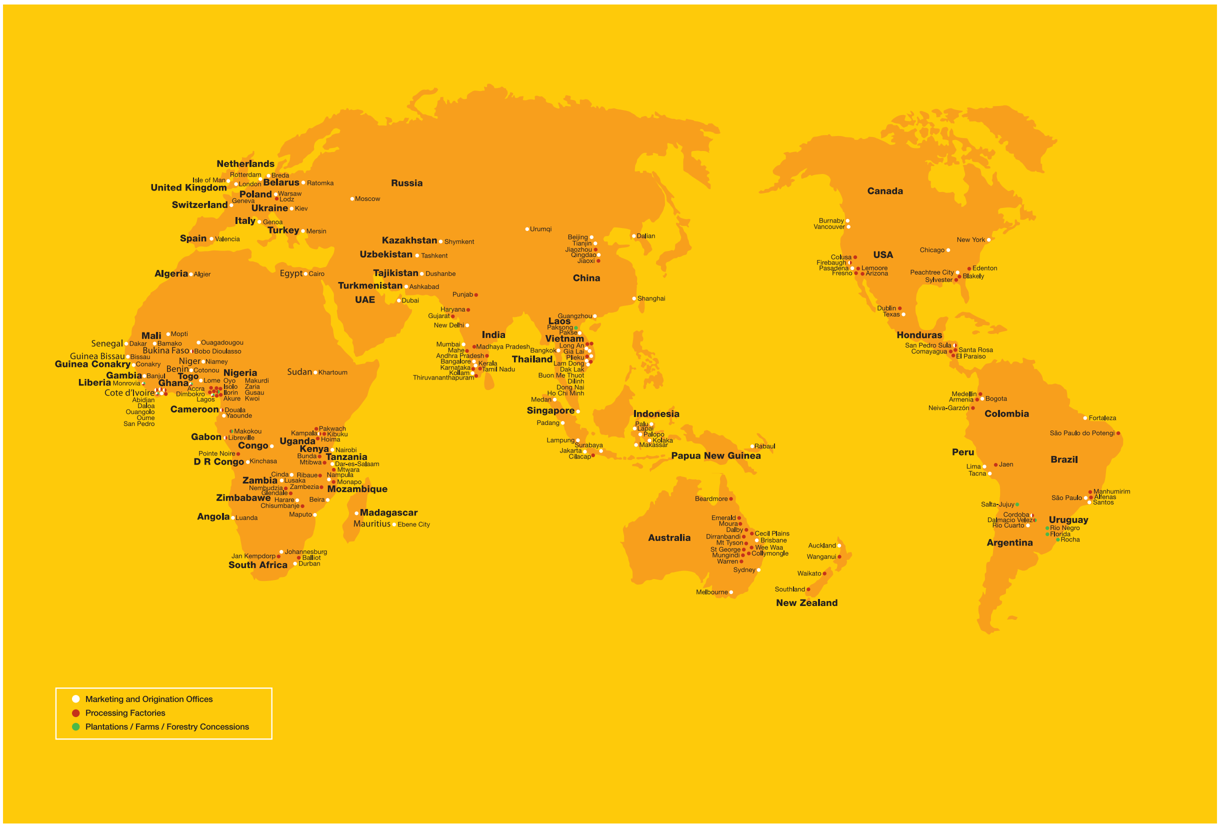
On 23 July 2010, the Issuer announced the grant of 5,980,000 options pursuant to the Olam Employee Share Option Scheme, representing 0.30 per cent. of the total number of shares of the Issuer as of 23 July 2010. The exercise price of options granted is S$2.64, as compared to S$2.70, the closing price of the Issuer's shares on 23 July 2010.

The Group has also announced plans to enter the commodity financial services business in which the Group plans to undertake (a) market making and volatility arbitrage trading of commodities, (b) provide risk solutions and (c) fund management, subject to approvals from regulatory authorities. The fund management services are proposed to be initiated by launching a relative value commodity fund. The Issuer plans to create wholly-owned subsidiaries through which these businesses will be conducted. The Issuer believes that these businesses will leverage its understanding of commodity and derivative markets and risk management skills.

On 4 June 2010, the Issuer announced the incorporation and addition of the following new subsidiaries to the Group:

Name of Company	Country of Incorporation	Principal Activities
Invenio Commodity Financials Pte. Ltd.	Singapore	Fund management
Invenio Holdings Pte. Ltd.	Singapore	Fund management activities and investment holding
Nauvu (Mauritius) Ltd	Mauritius	Provision of consultancy services

As at 30 June 2010, the Group operates in over 60 countries as indicated in the diagram set out below.



Competitive Strengths

The Group is a leading global supplier to multi-national food companies

In all of the Group's operations, it has established strong relationships with end-customers including multi-national corporations, which own internationally recognised brands such as Kraft Foods, Nestlé, Lavazza, Mars, Tchibo and Planters. The Group believes that these strong relationships are built on its leading global market positions. For example, the Group is:

- one of the largest suppliers by market share in the global trade of raw cashew nuts;

- one of the largest suppliers by market share in the global trade of Robusta coffee;
- one of the top three suppliers by market share in the global trade of cocoa;
- one of the largest suppliers by market share in the global trade of teak wood;
- one of the largest suppliers by market share in the global trade of cotton;
- the largest almond orchard owner in Australia;
- one of the top three global suppliers by market share in the global trade of rice; and
- one of the top five global suppliers by market share in the global trade of peanuts.

As a market leader, the Group has a detailed understanding of its customers' product requirements, which enables it to offer differentiated products, supply chain solutions and value-added services including organic certification, product traceability, customised quality, vendor-managed inventory systems ("VMI") and risk management solutions. The Group believes that its customers value it as a reliable counterparty and a long-term business partner.

The Group has a proven business model

The Group has a proven and flexible business model which enables it to achieve rapid and cost-effective organic and inorganic growth. This business model is scalable and replicable across diversified products, geographic markets, customers and supply chain activities. Since its establishment, the Group has evolved from a single-country, single-product trader to a multi-country, multi-product integrated supply chain manager. The Group's expansion 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.

The Group operates across the entire supply chain in almost all of its 20 products. The Group sources and exports out of approximately 60 countries across Africa, Asia and the Middle East, North and South America, and operates trading and marketing operations out of 64 countries. The Group's business model enables it to have the following competitive advantages:

Rapid Organic and Inorganic Growth

The Group's business model allows it to explore multiple growth opportunities based on common geographic markets, products, customers and channels shared with its existing operations and as such, it believes it is able to grow rapidly both organically and through strategic acquisitions. At the same time, because the Group's expansion initiatives are based on existing competencies, infrastructure, resources and/or customers, it is able to reduce the execution risks of expanding into new areas and thereby scale up its operations more effectively and efficiently.

Cost Sharing

In any given Origin, the Group utilises the same infrastructure and people across multiple products. The Group sources products with complementary crop seasons such that its infrastructure is utilised all year round. Functions such as audit, accounting, treasury and risk control systems become more cost effective when commonly employed by all of the Group's operations. The Group seeks to optimise its product mix, which helps it share costs more effectively and makes it more cost competitive.

Diversification

The Group integrates its knowledge and expertise across products, geographic markets and supply chain activities to create a diversified portfolio of products and services. In any given product segment, the Group consciously selects a mixture of northern and southern hemisphere Origins so that its trading and marketing infrastructure is constantly utilised and that sourcing activities for such products can be conducted throughout the year. The Group is present in key producing countries, which allows it to service its customers better in terms of quality, quantity and timeliness. The Group's geographical diversity results in it not being over-exposed to any single Origin for any given product. The Group seeks to export out of countries that it also imports into in order to help hedge against currency risks. This is particularly relevant where the currencies in question are not traded on foreign exchange markets as this process allows the Group to create a natural hedge against currency movements.

The Group has integrated end-to-end supply chain capabilities

The Group has integrated end-to-end capabilities across the supply chain in each of its products, which allows it to control its supply chain, provide value-added services and potentially increase its margins.

Control of the supply chain

End-to-end integration capabilities provide the Group with greater control over its supply chain, which in turn enables it to provide quality and timely services with greater certainty than if it was relying on third parties. Operating presence over the entire supply chain provides the Group with comprehensive information relating to demand and supply, which allows it to react quickly to volatile market conditions.

Provision of value-added services

Being integrated across the entire supply chain ensures that the Group has an unbroken chain of custody over its products from a supplier in a producing country (the "Farm Gate") to the point of delivery to a customer (the "Factory Gate"). This allows the Group to provide value-added services such as traceability, hygiene certification, VMI and special grades of products to meet the Group's customers' requirements. Offering such value-added services enhances customer loyalty and improves supply chain margins.

Potential to increase the Group's margins

End-to-end integration capabilities allow the Group to potentially increase its margins by reducing the role of third party intermediaries, including agricultural raw material processors and logistics service providers. Participation across the entire supply chain also helps the Group to secure a minimum level of margin.

The Group has successfully combined origination capabilities with capabilities in the Destination Markets

Origin management is one of the Group's key competencies. The Group has a track record of identifying origination opportunities, setting up and managing procurement and distribution infrastructure and institutionalising field operating systems effectively. The Group sources its various products using a common infrastructure and employs field staff who are skilled in dealing with multiple products.

The Group is well established across key points of origination of its products. Agricultural production bases are dependent on local climates and soil conditions which make them difficult to relocate. In addition, the production bases of most of the Group's products are located in developing countries, which require deep knowledge of local working conditions. The Group believes these characteristics of the Origins present significant barriers to entry for its competitors.

The Group's business has evolved from the point of origination, which is why it is well suited to handle the challenges of supply chain management from difficult emerging countries. The Group has developed business systems and networks, which enables it to function efficiently in these Origins. The Group believes that its knowledge of global supply conditions and its infrastructure and understanding of all its Origins, provides it with a significant advantage over its competitors at the point of origination in delivering its products to its customers.

At the same time, the Group has developed strong relationships with its customers in the Destination Markets, many of whom are well known food multi-nationals, by providing them with timely, consistent and reliable supplies of their raw material requirements. The strength of the Group's market capabilities in the Destination Markets is a result of the various value-added services it provides its customers including VMI services, grades and quality customisation, traceability, organic raw materials supply capacity, Fair Trade Practice ("FTP") products supply capacity and tailor-made risk management solutions. The Group believes that it is one of the few industry participants who have successfully combined the market skills of a global trade house and the origination skills of an origin trade house. This combination has allowed the Group to develop privileged relationships with its key customers and to offer them its distribution and logistics capabilities, as well as its hedging, risk management and risk arbitrage skills.

The Group has a professional and experienced management team

The Group has consistently attracted high quality professionals to work in the challenging emerging market conditions in which it operates. The Issuer's Executive Directors and Executive Officers have an average of 13 years of experience in the industry. The Group has more than 400 managers in its global talent pool, most of whom have spent a certain minimum number of years working in an Origin Country. Through extensive on-the-ground experience and rigorous training and promotion systems, the Group's managers have developed a common vision and understanding of its values and goals. These help to foster better intra-business communications, disciplined operational management and an entrepreneurial spirit.

The Group's management team consists of a mix of industry experts. The Group has a structured and formalised training programme and a career development programme designed to provide its managers with the opportunity to manage a mix of businesses and locations. This is to provide them with broad knowledge and experience, and also to enhance the Group's ability to operate as a globally integrated organisation. Most of the Group's core management team have had extensive field experience and are therefore adept at managing issues that may arise from operating in developing countries.

The Group is able to retain its personnel by making an effort to promote internally. As at 30 June 2010, a total of 578,208,956 shares (direct and deemed) were held by directors of the Issuer and there were a total of 35,250,000 unissued Shares comprised of options granted to directors of the Issuer under the Olam Employee Share Option Scheme — see "Principal Shareholders — Directors' Shareholdings". This has helped to align their interests with those of the Issuer and foster a sense of commitment.

The Issuer has a diversified base of well-established and reputable investors

The Issuer raised net proceeds of approximately S$185 million in its IPO in 2005. In April 2008, the Issuer successfully raised approximately S$300 million through a preferential offering of new shares to existing investors. On 15 July 2009, the Issuer raised S$437.5 million through an issue of new shares to Breedens Investments Pte Ltd and Aranda Investments Pte Ltd, both indirect wholly-owned subsidiaries of Temasek Holdings. The Group's ability to raise equity financing has provided it with funds to finance its investments and M&A activities and also contributed to the Group's ability to obtain narrower spreads on its bank borrowings.

Strategies

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

(i) serving growers and customers globally;

(ii) pursuing select scalable and attractive niches in upstream and value-added midstream processing; and

(iii) 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 (FY 2010 to FY 2015) as set out more fully in the Group's annual report for FY 2009. The economic condition at the time was 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 per cent. (return on equity ("ROE") minus cost of equity ("KE"): 20 per cent. minus 10 per cent.);

(iii) increase capital spread by at least 5 per cent. (return on invested capital ("ROIC") minus weighted average cost of capital ("WACC"): 12 per cent. minus 7 per cent.);

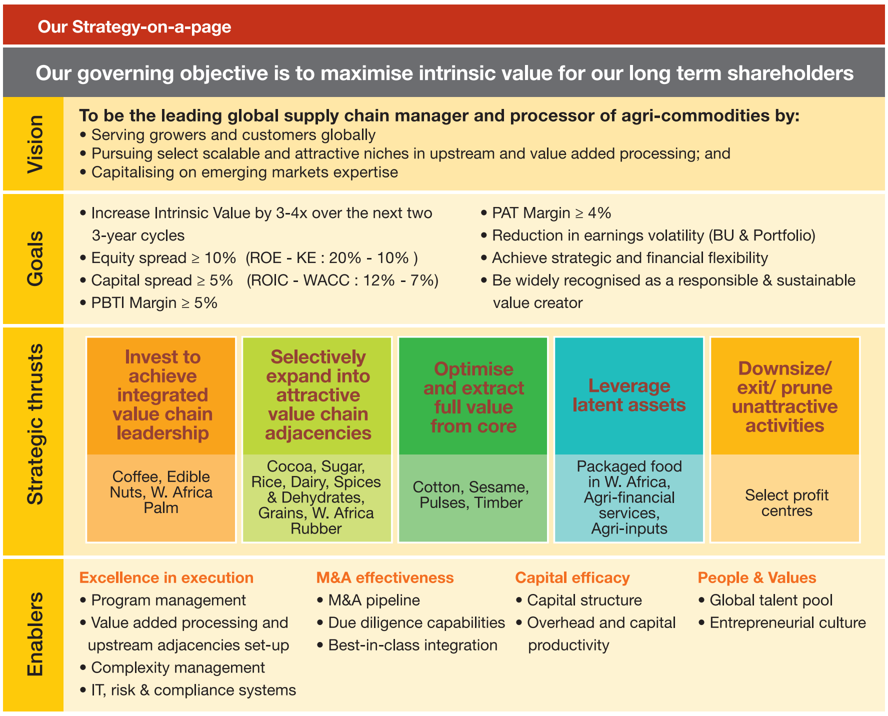
(iv) target profit before tax (“PBT”) margin of at least 5 per cent.;

(v) target profit after tax (“PAT”) margin of at least 4 per cent.;

(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 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 win in terms of execution) and their profitability index. On this basis, the Group deprioritised 11 initiatives not meeting its minimum requirements on the strategic index/profitability index. The remaining 46 are prioritised into two categories, tier one and tier two based on how highly they scored on both dimensions.

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.

THE OFFERING

The following is a general summary of the offering of the Bonds. This summary is partly derived from and should be read in conjunction with the full text of the terms and conditions of the Bonds (the "Conditions"), the Trust Deed and the Agency Agreement relating to the Bonds. The Conditions, the Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the terms set out in this summary. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the Conditions.

Issuer	Olam International Limited.
Issue	U.S.$250,000,000 7.5 per cent. Bonds due 2020.
Issue Price	7.5 per cent. of the principal amount of the Bonds.
Issue Date	12 August 2010.
Maturity Date	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed by the Issuer on 12 August 2020 at 100 per cent. of their principal amount.
Rate of Interest	The Bonds will bear interest at the rate of 7.5 per cent. per annum payable semi-annually in arrear on 12 February and on 12 August in each year unless previously redeemed, or purchased and cancelled. See "Terms and Conditions of the Bonds — Interest".
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to the negative pledge discussed below) unsecured obligations of the Issuer and will at all times rank *pari passu* among themselves and (subject to the negative pledge discussed below), at least *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are mandatory.
Negative Pledge	So long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined in the Conditions) will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in the Conditions), or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.
Final Redemption	Unless previously redeemed, or purchased and cancelled in the circumstances referred to in the Conditions, the Issuer will redeem each Bond at 100 per cent. of its principal amount, together with unpaid accrued interest (if any) on the Maturity Date.
Redemption upon Change of Control	Following the occurrence of a Change of Control (as defined in the Conditions), each Bondholder will have the right at its option, to require the Issuer to redeem all or some only of the Bonds held by such Bondholder on the Change of Control Redemption Date (as defined in the Conditions) at 100 per cent. of their principal amount together with unpaid accrued interest calculated up to but excluding the date fixed for redemption, subject to certain conditions. See "Terms and Conditions — Redemption and Purchase — Redemption upon Change of Control".

Redemption for Taxation Reasons	In the event of certain changes in the laws and regulations relating to taxation in Singapore, the Issuer may, subject to certain conditions being satisfied, give notice to redeem the Bonds in whole but not in part at 100 per cent. of their principal amount together with unpaid accrued interest calculated up to but excluding the date fixed for redemption. See "Terms and Conditions — Redemption and Purchase — Redemption for Taxation Reasons".
Form and Denomination of the Bonds	The Bonds will be issued in registered form in denominations of U.S.$100,000 each or integral multiples of U.S.$1,000 in excess thereof. The Bonds will be represented by the Global Certificate which will be deposited on or about the Closing Date with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (together, the "Clearing Systems") and registered in the name of a nominee for the common depositary. The Global Certificate will be exchangeable for definitive Certificates only in the limited circumstances described in "Summary of Provisions relating to the Bonds while in Global Form".
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue.
Clearance	The Bonds will be cleared through the Clearing Systems. Each of the Clearing Systems holds securities for their customers and facilitates the clearance and settlement of securities transactions through electronic book-entry changes in the accounts of their respective accountholders.
Global Certificate	For as long as the Bonds are represented by the Global Certificate and the Global Certificate is held by a nominee for the Clearing Systems, payments of principal, premium and interest in respect of the Bonds represented by the Global Certificate will be made without presentation or, if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other paying agent for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.
Events of Default	The Bonds will contain certain events of default. See "Terms and Conditions of the Bonds — Events of Default".
Cross-Default	The Bonds may be accelerated in the event of, *inter alia*, a default relating to the Issuer or any of its Principal Subsidiaries in respect of indebtedness which equals or exceeds U.S.$20 million or its equivalent in aggregate. For a description of other events that will permit acceleration of repayment of principal and unpaid accrued interest of the Bonds, see "Terms and Conditions — Events of Default".
Taxation	All payments made by the Issuer under or in respect of the Bonds, the Trust Deed or the Agency Agreement will be made free and clear of, and without deduction or withholding for any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental

	charges is compelled by law. In such event, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of such amounts which would otherwise have been receivable by them had no such deduction or withholding been required, except in the circumstances specified in "Terms and Conditions — Taxation".
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Bonds in, among others, Hong Kong, Singapore, Japan, the United Kingdom and the United States. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see "Subscription and Sale".
Listing and Trading of the Bonds	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies) for so long as the Bonds are listed on the SGX-ST.
Rating	The Bonds are not, and are not expected to be, rated by any rating agency.
Trustee	The Bank of New York Mellon.
Principal Paying and Transfer Agent	The Bank of New York Mellon.
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Governing Law	The Bonds (and any non-contractual obligations arising out of or in connection with them) will be governed by, and construed in accordance with, the laws of England.
Use of Proceeds	The net proceeds from the issue of the Bonds (after the deduction of fees and commission) are expected to be approximately U.S.$248.125 million. Such net proceeds will be used by the Issuer for general corporate purposes and to finance capital expenditure and potential acquisition opportunities which the Issuer may pursue in the future as part of its strategic objectives.
Security Codes for the Bonds	ISIN: XS0531284080. Common Code: 053128408.

SUMMARY FINANCIAL INFORMATION

The following tables set forth selected financial information of the Group (i) as at and for FY 2008 and FY 2009, and (ii) as at and for the nine months period ended 31 March 2009 and 2010. This selected financial information should be read in conjunction with the Group's audited consolidated financial statements including notes thereto for FY 2008 and FY 2009, and the unaudited consolidated financial statements including notes thereto for the nine months ended 31 March 2010 which are included elsewhere in this Offering Circular. The information in the Group's audited consolidated financial statements including notes thereto for FY 2008 and FY 2009, and the unaudited consolidated financial statements including notes thereto for the nine months ended 31 March 2010, has been reproduced from the audited financial statements of the Group for FY 2009 and the announcement of the unaudited consolidated financial statements of the Group for the nine months ended 31 March 2010 respectively. They have not been specifically prepared for inclusion in this Offering Circular.

For FY 2009, the Group made certain changes to the methods of computation of certain items in its profit and loss account and balance sheet. The Issuer is of the view that these changes were made to better reflect the Group's activities and to provide a more appropriate presentation of its profit and loss account and balance sheet.

In particular, for FY 2009, net gains or losses of unexpired derivatives for each terminal month and broker are shown as fair value of derivative financial instruments under current assets and current liabilities respectively, as opposed to showing gross gains and losses as current assets and current liabilities in earlier periods. Since the accounts of brokers are settled monthly on a net basis, the Issuer is of the opinion that such change in computation is more appropriate. Changes in computation of certain other profit and loss account and balance sheet entries have also been made.

Financial information for FY 2008 have been reclassified accordingly. Bondholders should refer to note 41 to the Group's audited consolidated financial statements for FY 2009 for details of the line items for the year ended FY 2008 which have been reclassified as a result of these changes in the methods of computation.

The consolidated financial statements for the nine months ended 31 March 2009 and 2010 have not been audited or subject to any review by the auditors of the Group. Investors should not place undue reliance on the unaudited financial statements for the nine-month periods ended 31 March 2009 and 2010. See "Risk Factors — The Group's interim financial statements have not been audited or reviewed".

Olam International Limited

Consolidated Profit and Loss Accounts

	Nine Months Ended 31 March		Financial Year Ended 30 June	
	Unaudited		Audited	
	2010	2009	2009	2008
	S$'000			
Revenue				
Sale of goods	7,321,234	6,149,006	8,587,932	8,111,910
Other income	161,503	106,740	138,452	40,525
	7,482,737	6,255,746	8,726,384	8,152,435
Costs and expenses				
Cost of goods sold	(5,946,327)	(4,931,805)	(6,980,032)	(6,504,908)
Shipping and logistics	(661,041)	(592,274)	(825,720)	(879,506)
Commission and claims	(69,152)	(70,074)	(74,812)	(61,014)
Employee benefits expense	(169,344)	(124,203)	(184,603)	(169,163)
Depreciation	(43,827)	(27,302)	(40,532)	(33,771)
Net measurement of derivative instruments	35,676	26,764	61,114	11,023
Gain/(loss) on foreign exchange	7,892	(5,607)	(39,423)	7,145
Other operating expenses	(164,942)	(133,270)	(186,287)	(155,714)
Finance costs	(191,549)	(191,615)	(239,179)	(201,395)
	(7,202,614)	(6,049,386)	(8,509,474)	(7,987,303)
Share of gain/(loss) from jointly controlled entities/associates	8,476	14,088	41,114	(163)
	(7,194,138)	(6,035,298)	(8,468,360)	(7,987,466)

	Nine Months Ended 31 March		Financial Year Ended 30 June	
	Unaudited		Audited	
	2010	2009	2009	2008
	S$'000			
Profit before taxation	288,599	220,448	258,024	164,969
Taxation	(21,420)	(15,098)	(5,995)	2,708
Profit for the period	267,179	205,350	252,029	167,677
Attributable to:				
Equity holders of the Issuer	267,184	205,350	252,029	167,704
Minority interest	(5)	—	—	(27)
	267,179	205,350	252,029	167,677
Earnings Per Share S$(cents)				
— Basic	13.34	11.99	14.71	10.28
— Diluted	11.68	7.00	12.38	10.08

Olam International Limited

Consolidated Balance Sheets

	Nine Months Ended 31 March		Financial Year Ended 30 June	
	Unaudited		Audited	
	2010	2009	2009	2008
	S$'000			
Non-current assets				
Property, plant and equipment	1,176,965	451,652	533,963	403,391
Intangible assets	351,948	138,792	127,538	130,259
Deferred tax assets	41,456	60,089	74,704	36,709
Interest in jointly controlled entities	214,503	279,864	294,407	2,422
Investment in associates	288,455	107,193	106,520	—
Long term investment	—	—	—	24,475
Other non-current assets	11,770	4,123	11,154	23,750
	2,085,097	1,041,713	1,148,286	621,006
Current assets				
Trade receivables	544,022	515,769	732,500	724,352
Margin accounts with brokers	92,294	49,878	64,839	254,273
Inventories	2,556,437	1,713,227	1,966,419	1,790,236
Advance payments to suppliers	437,685	462,851	277,683	380,047
Other current assets	546,669	489,692	342,075	292,648
Fixed deposits	200,963	80,703	239,688	163,580
Cash and bank balances	319,504	309,774	294,130	175,544
Fair value of derivative financial instruments	647,301	404,393	349,796	837,557
	5,344,855	4,026,287	4,267,130	4,618,237
Current liabilities				
Trade payables and accruals	(381,781)	(288,092)	(658,988)	(519,853)
Other current liabilities	(75,463)	(68,048)	(58,595)	(51,863)
Amounts due to bankers	(1,535,204)	(1,826,579)	(1,869,640)	(1,789,582)
Medium term notes	(93,000)	(35,000)	(128,005)	(70,000)
Provision for taxation	(23,917)	(21,254)	(11,410)	(24,578)
Fair value of derivative financial instruments	(768,336)	(374,029)	(403,528)	(1,015,796)
	(2,877,701)	(2,613,002)	(3,130,166)	(3,471,672)
Net current assets	2,467,154	1,413,285	1,136,964	1,146,565

	Nine Months Ended 31 March		Financial Year Ended 30 June	
	Unaudited		Audited	
	2010	2009	2009	2008
	S$'000			
Non-current liabilities				
Deferred tax liabilities	(91,964)	(52,905)	(62,812)	(4,175)
Term loans from banks	(1,732,905)	(1,031,242)	(1,008,312)	(935,125)
Medium term notes	(250,000)	(93,000)	—	(189,857)
Convertible bonds	(716,395)	(168,746)	(168,234)	—
Fair value of derivative financial instruments	—	(19,324)	—	—
	(2,791,264)	(1,365,217)	(1,239,358)	(1,129,157)
Net assets	1,760,987	1,089,781	1,045,892	638,414
Equity attributable to equity holders of the Issuer				
Share capital	1,198,948	705,018	708,586	704,870
Reserves	561,998	384,763	337,260	(66,456)
	1,760,946	1,089,781	1,045,846	638,414
Minority interest	41	—	46	—
Total equity	1,760,987	1,089,781	1,045,892	638,414

USE OF PROCEEDS

The net proceeds from the issue of the Bonds (after the deduction of fees and commission) are expected to be approximately U.S.$248.125 million. Such net proceeds will be used by the Issuer for general corporate purposes and to finance capital expenditure and potential acquisition opportunities which the Issuer may pursue in the future as part of its strategic objectives.

RISK FACTORS

The risks described below should be carefully considered before making an investment decision. The risks described below are not the only ones relevant to the Issuer, the Group or the Bonds. Additional risks not presently known to the Issuer or that it currently deems immaterial may also impair the Group's business operations. The Group's business, financial condition or results of operations could be materially and adversely affected by any of these risks, which may, as a result, affect the Issuer's ability to pay interest on, and repay the principal of, the Bonds.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own investment views prior to making any investment decision.

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 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's interim financial statements have not been audited or reviewed

In accordance with the Group's past practice, the Group announced its interim financial statements as of and for the period ended 31 March 2010 (the "31 March 2010 Financial Statements") on 13 May 2010. The Group's most recent audited financial statements were prepared as of and for the 12 month period ended 30 June 2009. The 31 March 2010 Financial Statements which have been included in this Offering Circular have neither been audited nor subjected to any review by the auditors. There can be no assurance that if such financial statements had been audited or reviewed that there would be no change in the financial statements and that such changes would not be material. The 31 March 2010 Financial Statements have been included in this Offering Circular for reference only and should not be relied upon by investors for making their investment decision.

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 and concerns about food security 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 "Business — Competition" beginning on page 67 of this Offering Circular. 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 30 June 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 counter-parties;

- 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 30 June 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 (FY 2010 to FY 2015). 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 and entry into the commodities financial services business

During FY 2008, FY 2009 and FY 2010, the Group undertook 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 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.

In addition, the Group has announced plans to enter the commodity financial services business in which the Group plans to undertake (a) market making and volatility arbitrage trading of commodities; (b) provide risk solutions and (c) fund management, subject to approvals from regulatory authorities. The fund management services are proposed to be initiated by launching a relative value commodity fund. The Issuer plans to create wholly owned subsidiaries through which these businesses will be conducted. Although the Issuer believes that these businesses will leverage its understanding of commodity and derivative markets and risk management skills, the Issuer currently does not have any experience in operating and managing any commodity financial services businesses. The operation and management of the commodity financial services business may require trained personnel and there can be no assurance that the Issuer will be able to attract or retain personnel required to operate and manage such businesses.

Further, the establishment of the commodity financial services businesses may involve significant management time, which may reduce the time available to the management for its current business. Financial services may require monitoring and compliance with laws, rules and regulations with which the Group is currently unfamiliar thereby increasing the risk of non-compliance by the Group. The Group may also not be able to generate a return on its initial investments which may adversely affect its financial position. Further, failure to successfully operate and manage the commodities financial services business may result in a loss of reputation of the Group which may adversely affect its results of operations and financial position.

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 (see "Risk Factors — The value of the Group's physical products may deteriorate across various stages of its supply chain"). 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 for a period of 5 years. 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 Offering Circular is 18 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., 9.61 per cent. and 9.03 per cent. of the Group's turnover for FY 2008, FY 2009 and for the nine months ended 31 March 2010. 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 International Cotton Association (formerly known as the Liverpool 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. Please refer to the section entitled "Capitalisation and Indebtedness" on page 33 of this Offering Circular for further details.

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 enters into interested person transactions

The Group may from time to time enter into, and 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 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.

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 30 June 2010, the Issuer's substantial shareholders, Kewalram Singapore Limited, Temasek Holdings, UBS AG and Wellington Management Company, LLP have beneficial interests, direct and indirect, in 22.74 per cent., 13.77 per cent., 8.24 per cent. and 5.96 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 United States, the United Kingdom, Moscow, Mumbai, Bali, Thailand and Jakarta, together with the military response by the United States 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. 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.

Increases 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 regulations impose 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 an 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.

Risks Associated with an Investment in the Bonds

The Bonds are not, and are not expected to be, rated by any rating agency

No rating agency has assigned a rating to the Bonds. A rating typically addresses the Issuer's ability to make payments of principal and interest on the Bonds, and associated credit risks. The lack of a rating may adversely affect the market price and liquidity of the Bonds.

There is no active trading market for the Bonds

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

Securities law restrictions on the resale may impact Bondholders' ability to sell the Bonds

The Bonds have not been registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold only outside the US in reliance on Regulation S under the Securities Act. Hence, future resales of the Bonds may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Conditions also provide that the Trustee may, without the consent of Bondholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions, the Agency Agreement and the Trust Deed or (ii) the substitution of a third party as principal debtor under the Bonds in place of the Issuer, in the circumstances described in Condition 13 of the Conditions.

The Issuer may be unable to redeem the Bonds

In certain circumstances, the holders of the Bonds may require the Issuer to redeem all of the holders' Bonds. If such an event were to occur, or at maturity of the Bonds, no assurance can be given that the Issuer will have enough funds or would be able to arrange financing to pay the redemption amount for all tendered Bonds. The Issuer's ability to redeem the Bonds in such event may be limited by law or the terms of other debt instruments. The Issuer may be required to refinance its debt in order to make such payments.

The Issuer has, and may in the future have, credit agreements or other agreements relating to its indebtedness that contain provisions that provide that a change in control constitutes an event of default or accelerates its payment obligations under that agreement. If such an event were to occur, no assurance can be given that the Issuer will have sufficient funds, or be able to raise sufficient financing, to meet its payment obligations under those agreements.

The Bonds may be redeemed prior to maturity

If the Issuer is obliged to increase the amounts payable in respect of any Bonds due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Singapore or any political subdivision or any authority thereof or therein having power to tax, the Issuer may redeem all outstanding Bonds in accordance with the Conditions.

Because the Global Certificate is held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Bonds will be represented by the Global Certificate except in certain limited circumstances described under "Summary of Provisions relating to the Bonds while in Global Form". The Global Certificate will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described under "Summary of Provisions Relating to the Bonds while in Global Form", investors will not be entitled to receive Certificates. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Bonds by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds.

The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer in the event of a default under the Bonds but will have to rely upon the Trustee to enforce their rights under the Trust Deed.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the U.S. dollars. These include the risk that exchange rates may change significantly (including changes due to devaluation of the U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest Rate Risk

Bondholders 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 Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

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

Bondholders may be subject to Singapore tax

Prospective purchasers of Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition of the Bonds. Certain differences exist between the tax laws of Singapore and those of other jurisdictions, including in the area of estate tax. For Singapore tax laws, see "Taxation".

It should be noted that the Bonds to be issued are intended to be "qualifying debt securities" for the purpose of the Income Tax Act, Chapter 134 of Singapore ("ITA") subject to the fulfilment of certain conditions more particularly described in the "Taxation" section of this Offering Circular. However, there is no assurance that such Bonds will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time.

CAPITALISATION AND INDEBTEDNESS

The table below sets forth the Group's capitalisation and indebtedness as at 31 March 2010 and as adjusted to account for the issue of the Bonds, after deducting the commissions and estimated offering expenses payable by the Issuer. This table should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this Offering Circular.

	As at 31 March 2010	
	Unaudited	**As Adjusted**
	(In S$ '000)	
Short-Term Borrowings (repayable within one year)		
Short-term bank borrowings	1,535,204	1,200,235
Current portion of finance leases	—	—
Current portion of medium term notes	93,000	93,000
Total short-term borrowings	1,628,204	1,293,235
Long-Term Borrowings (repayable after one year)		
Bank borrowings	1,732,905	1,732,905
Finance leases	—	—
Medium term Notes	250,000	250,000
Convertible Bonds	716,395	716,395
The Bonds now being offered	—	334,969
Total long-term borrowings	2,699,300	3,034,269
Total Borrowings	4,327,504	4,327,504
Total Equity		
Issued and fully paid-up capital — 2,019,147,981 shares	1,198,948	1,198,948
Reserves	561,998	561,998
Equity Attributable to Equity Holders of the Issuer	1,760,946	1,760,946
Minority Interests	41	41
Total Capitalisation	1,760,987	1,760,987
Total Capitalisation and Indebtedness	6,088,491	6,088,491

Notes:

(1) For illustrative purposes, the Group has assumed that the net proceeds from the issuance of the Bonds (after the deduction of fees and commission) of U.S.$248.125 million will be fully utilised to repay short-term bank borrowings.

(2) Since 31 March 2010, there has been no material change in the Issuer's capitalisation or indebtedness.

(3) The Bonds have not been accounted for at amortised cost for the purposes of the financial effects illustrated above.

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 64 countries and sources and supplies 20 products to more than 10,600 customers in 64 markets and countries. The Issuer was established in 1989 as a division of the KC Group to operate its agri-business and was duly incorporated under the laws of Singapore in July 1995. Since the establishment of the business, the Issuer 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 30 June 2010, the Group's portfolio of 20 agricultural products and food ingredients comprised of cashews, peanuts, almonds, spices and dehydrates, sesame, beans, cotton, coffee, sheanuts, rice, sugar, wheat, barley, palm, dairy products, packaged foods, cotton, wool, wood products and rubber. 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.

As at 30 June 2010, the Issuer's issued and paid-up share capital was S$1,205,071,563.31 comprising 2,020,759,705 shares. The Issuer's shares are listed on the Mainboard of the SGX-ST.

For FY 2008 and FY 2009, the Group had, on a consolidated basis, revenue of S$8.1 billion and S$8.6 billion respectively and net profit of S$167.7 million and S$252.0 million respectively. As at 30 June 2008 and 30 June 2009, the total assets of the Group (combining non-current and current assets) on a consolidated basis amounted to S$5.2 billion and S$5.4 billion respectively. For the nine months ended 31 March 2010, the Group had, on a consolidated basis, revenue of S$7.32 billion and net profit of S$267.2 million. As at 31 March 2010, the total assets of the Group (combining non-current and current assets) on a consolidated basis were S$7.4 billion.

History and Development

Since the Issuer'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 four phases:

Formative Years: 1989 to 1992

The foundations of the Issuer's business date back to the KC Group which has over 140 years of trading history. The Issuer'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.

Business Model Development: 1993 to 1995

Between 1993 and 1995, the business grew from a single-country operation into multiple Origins, 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.

Global Expansion: 1996 to 2002

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

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

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 focus further on quality customer service, marketing offices were opened in Poland, the Netherlands, France, the UK, Italy and the US. 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: 2003 to 2005

By 2002, the Group had expanded to nine products and 30 countries with total revenues of approximately U.S.$1.6 billion and profit after tax of approximately U.S.$25 million for FY 2002. At this stage, the Group approached various established institutional investors, including Russell AIF Singapore Investments Limited (managed by AIF Capital Limited), Seletar Investments Pte Ltd (a wholly-owned subsidiary of Temasek Holdings) and International Finance Corporation (a member of the World Bank Group) to raise funds for future growth.

Over this period, the Group consolidated its global leadership positions in most of its products and expanded into new products such as peanuts, beans, dairy products and packaged foods.

On 31 January 2005, the Issuer launched its IPO of 375 million shares at S$0.62 per share. Measured against the market capitalisation of companies then listed on the Main Board of the SGX-ST, the Issuer ranked among the 50 largest listed companies with a market capitalisation of S$929 million at the invitation price. The Issuer's placement tranche of 345 million shares (from its 375 million shares) attracted strong interest from local and global institutional investors as well as leading institutional fund managers. The Issuer completed the IPO of its shares, and was admitted to the Official List of the SGX-ST on 11 February 2005.

Building a Global Leader: 2006 to Present

In FY 2006, the Group developed and communicated to investors an M&A framework, so that going forward, acquisitions will form an integral part of the Group's growth strategy alongside organic growth.

The Group intends to pursue acquisitions in three areas, namely:

- new product adjacency — entailing planned expansion into nine new product adjacencies closely linked to the Group's core business from 2006 through 2010;
- 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; and
- 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" approach, no individual transaction is expected to exceed 10 per cent. of the Group's market capitalisation, with an expected focus on transactions that are closer to 5 per cent. of the Group's market capitalisation. On aggregate, the Group does not envisage spending more than 15 per cent. of its market capitalisation on acquisitions in any given year.

The Group continues to evaluate and undertake acquisitions in line with its stated acquisition strategy.

Below is a description of major growth and capital raising milestones in respect of the Group from 2007.

On 7 March 2007, the Issuer announced an off-market takeover offer to acquire all of the shares in QCH. The proposed combination of the cotton business of the Issuer and QCH was expected to create the third largest and most diversified global cotton company with substantial sourcing operations in Africa, Australia, Brazil, Commonwealth of Independent States, India, China and the United States along with a strong presence in all major world markets.

On 13 July 2007, the Issuer announced the receipt of acceptances for more than 90 per cent. of the shares outstanding in QCH, and that it has a relevant aggregate interest in approximately 90.8 per cent. of QCH, providing the Issuer the right to compulsorily acquire all the remaining shares outstanding. The acquisition of 100 per cent. shares in QCH was completed in October 2007.

On 22 April 2007, the Issuer announced its intention to acquire 100 per cent. of the world's largest independent peanut blancher and ingredient processor, UB for a total cash consideration of U.S.$77 million. The Issuer acquired UB in June 2007. This acquisition has enabled the Issuer to expand into peanut blanching and ingredient manufacturing in the United States.

On 14 June 2007, the Issuer announced the acquisition of approximately 17 per cent. of the total outstanding shares of OCC, a fast growing dairy processing company in New Zealand. This strategic stake acquisition has enabled the Group to gain valuable exposure to the dairy business in New Zealand. The Group acquired further shares of OCC on 15 June 2007, bringing its shareholding in OCC to 19.9 per cent.

On 27 August 2007, the Issuer announced its intention to acquire 100 per cent. equity interest in KFI, a processor and global supplier of dehydrates to the food processing industry for a total consideration of approximately U.S.$16 million. The acquisition of KFI was expected to enhance the Group's presence in the overall spice value chain, helping the Group move from being primarily a whole spices supplier, to offering a basket of spice ingredients to its customers. The acquisition of KFI was completed on 12 November 2007.

On 12 September 2007, the Issuer announced its intention to acquire 100 per cent. equity interest in NAP, an international supply chain manager of industrial caseins, for a total consideration of approximately Euro 3.3 million. Entry into the casein business is a one-step product adjacency for the Group as sourcing the raw casein for NAP shares the same sourcing channels as the Group's existing dairy business in the countries it operates in, providing significant synergies in cross-sourcing with only marginal additional investment. The acquisition of NAP was completed on 12 November 2007.

On 2 October 2007, the Issuer announced its intention to acquire 100 per cent. equity interest in PT DUS, a sugar refinery based in Indonesia for a total cash investment of U.S.$12.6 million. Of this amount, U.S.$5 million was paid to shareholders of PT DUS while the balance amount of U.S.$7.6 million was utilised to purchase outstanding debt obligations from PT Bank Danamon Indonesia Tbk. The acquisition is an all-cash transaction and was funded by a combination of borrowings and internal accruals. The Group will further invest an estimated U.S.$12 million to (a) upgrade and raise PT DUS' production and (b) install a boiler to enable switching to coal, a lower cost feedstock. The acquisition of PT DUS provides the Group the opportunity to participate in the growing sugar refining sector in Indonesia. On 13 December 2007, the Issuer announced the completion of the acquisition of PT DUS.

On 9 October 2007, the Issuer announced that it will invest approximately U.S.$45 million in a green field integrated soluble (instant) coffee manufacturing facility in Vietnam, that produces and supplies bulk spray-dried coffee powder, freeze-dried coffee granules and coffee extracts to the unbranded and private coffee label segment. The expansion into soluble coffee manufacturing is a one-step adjacency move for the Group into a higher value-added activity in the coffee supply chain, where there is a sharing of customers, costs and channels. The investment is currently progressing as scheduled.

On 15 November 2007, the Issuer announced the establishment of a 50:50 joint venture, Nauvu, with Wilmar, a company listed on the SGX-ST. Nauvu will invest in integrated palm oil, natural rubber and sugar assets in Africa, including upstream plantations, midstream processing and downstream merchandising and distribution operations and will be making initial investments into the SIFCA Group, one of Africa's largest agro-industrial groups with diversified interests across palm oil, cotton seed oil, natural rubber and sugar sectors in Africa. Nauvu was incorporated on 19 November 2007. Establishment of the joint venture was completed in December 2008.

On 9 January 2008, the Issuer announced the incorporation of Outspan Vietnam, a company incorporated in Vietnam. The principal activities of Outspan Vietnam are those of sourcing, processing and supply chain management of agricultural products and food ingredients.

On 22 April 2008, the Issuer issued 155,628,689 new Shares pursuant to a non-renounceable and non-transferable preferential offering raising net proceeds of S$303 million.

On 20 June 2008, the Issuer announced that it had won an international bid to acquire a cotton gin in the Ouangolo region of Cote d'Ivoire from La Compagnie Cotonniere Ivoirenne for U.S.$5 million. The acquisition comprises of one cotton gin with an annual ginning capacity of 35,000 tonnes of seed cotton and its related infrastructure, as well as a catchment area of nearly 35,000 hectares that can produce up to 20,000 tonnes of cotton lint annually. This investment is in line with the Group's growth strategy for cotton in Africa which is to seek growth opportunities in ginning and in building integrated cotton supply chain operations in the major exporting countries such as Cote d'Ivoire.

On 1 July 2008, the Issuer announced the formation of Olam Wilmar Investment Holdings, a 50:50 joint venture company established with Wilmar, to acquire a 20 per cent. interest in PureCircle from existing shareholders for an aggregate consideration of U.S.$106.2 million. As a producer of natural zero-calorie high-intensity sweeteners from the stevia plant, PureCircle operates an integrated supply chain for natural high-intensity sweeteners with activities ranging from sourcing of dry stevia leaves and extraction in China, refining of crude extracts into sweeteners in Malaysia and marketing of these sweeteners to food and beverage manufacturers worldwide. The Issuer believes that this joint investment is consistent with the Group's growth strategies of diversifying and entering into new adjacent products and extending its global supply chain selectively into adjacent value-chain segments.

On 3 July 2008, the Issuer issued an aggregate of U.S.$300 million 1 per cent. Convertible Bonds due 2013 (the "2008 Bonds"), which are convertible into ordinary shares of the Issuer.

On 8 July 2008, the Issuer announced the acquisition of a 24.99 per cent. stake in Dairy Trust Limited.

On 22 September 2008, the Issuer announced the successful completion of a 3-year U.S.$115 million Islamic syndicated commodity Murabaha facility.

On 3 November 2008, the Issuer announced the acquisition of a sugar milling complex from Giridharilal Sugar and Allied Industries Ltd in India for a total consideration of U.S.$9.9 million.

On 18 December 2008, the Issuer announced the acquisition of a dehydration facility located in Firebaugh, California from De Francesco and Sons, Inc.

On 19 December 2008, the Issuer completed a tender offer of the 2008 Bonds pursuant to which the Issuer repurchased from the holders of the 2008 Bonds an aggregate principal amount of U.S.$117,600,000 of 2008 Bonds.

On 22 December 2008 and 29 December 2008, the Issuer completed further on-market repurchases of an aggregate principal amount of U.S.$1 million and U.S.$5 million respectively (all 2008 Bonds repurchased pursuant to the tender offer and the on-market repurchases are collectively referred to herein as the "Repurchased Bonds"). The Issuer cancelled the Repurchased Bonds. The aggregate principal amount of 2008 Bonds remaining outstanding following cancellation of the Repurchased Bonds was U.S.$176,400,000.

On 12 January 2009, the Issuer announced the incorporation of Olam Tarim Urunleri Yem Maddeleri Sanayi Ve Ticaret Limited Sirketi ("Olam Turkey"), a company incorporated in the Republic of Turkey. The principal activities of Olam Turkey are those of sourcing, processing and supply chain management of agricultural products and food ingredients.

On 2 February 2009, the Issuer announced the acquisition by its subsidiary, Olam Argentina, of a leading peanut shelling and blanching company Industria Martin Cubero for a total consideration of approximately U.S.$7 million. The acquisition was an all-cash transaction and was funded by a combination of existing loans and internal accruals.

On 12 February 2009, the Issuer announced the completion of a U.S.$33 million export credit loan facility provided by ANZ and supported by Eksport Kredit Fonden.

On 20 February 2009, the Issuer announced the incorporation of OBL, a company incorporated in Lao People's Democratic Republic. The principal activities of OBL are those of managing plantations, sourcing, processing and supply chain management of agricultural products and food ingredients.

On 4 March 2009, the Issuer completed an exchange offer of the 2008 Bonds (the "Exchange Offer") pursuant to which the Issuer had accepted for exchange U.S.$136 million in aggregate principal amount of the 2008 Bonds (the "Exchanged Bonds") and issued U.S.$106,080,000 in aggregate principal amount of 1.2821 per cent. Convertible Bonds due 2013 of the Issuer convertible into ordinary shares of the Issuer (the "Issued New Bonds"). The Issuer had cancelled the Exchanged Bonds. The aggregate principal amount of 2008 Bonds remaining outstanding following cancellation of the Repurchased Bonds and the Exchanged Bonds was U.S.$40,400,000 (the "Remaining 2008 Bonds").

On 17 March 2009, the Issuer announced that it had renewed and upsized a U.S.$170 million 1-year revolving multicurrency trade facility (the "Facility") from Standard Chartered Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd, Singapore Branch, ING Bank N.V, Singapore Branch and Sumitomo Mitsui Banking Corporation, Singapore Branch. The Issuer will use the Facility to finance its cocoa and coffee operations and working capital requirements in Nigeria and the Ivory Coast.

On 23 March 2009, the Issuer entered into exchange agreements with certain holders of some of the Remaining 2008 Bonds, pursuant to which the Issuer agreed to accept for exchange U.S.$21,200,000 in aggregate principal amount of the Remaining 2008 Bonds (the "Further Exchanged Bonds") and issue U.S.$16,536,000 in aggregate principal amount of 1.2821 per cent. Convertible Bonds due 2013 of the Issuer convertible into ordinary shares of the Issuer (the "Additional New Bonds", and both Issued New Bonds and Additional New Bonds are collectively referred to herein as the "New Bonds") on terms identical to that of the Exchange Offer (the "Further Bond Exchange").

On 27 March 2009, the Issuer announced that settlement of the Further Bond Exchange had taken place. Following the completion of the Further Bond Exchange:

(a) the aggregate principal amount of New Bonds issued by the Issuer pursuant to the Exchange Offer and the Further Bond Exchange was U.S.$122,616,000; and

(b) the Issuer cancelled the Further Exchanged Bonds. The aggregate principal amount of 2008 Bonds remaining outstanding following cancellation of the Exchanged Bonds and the Further Exchanged Bonds is U.S.$19,200,000.

The Issuer announced that holders of U.S.$34,000 in aggregate principal amount of the New Bonds have converted the New Bonds held by them and the Issuer cancelled such New Bonds on 29 June 2010 and the aggregate principal amount of the New Bonds remaining outstanding following cancellation of such New Bonds as of 30 June 2010, was U.S.$102,220,000.

The Issuer has the option, at any time on or after 3 July 2010 and prior to 3 July 2011 to mandatorily convert all but not some only of the New Bonds outstanding into Shares if the Volume Weighted Average Price (as defined in the terms and conditions of the New Bonds), translated into U.S. dollars at the prevailing U.S. dollar/S$ exchange rate, for each of 20 consecutive Trading Days (as defined in the terms and conditions of the New Bonds), the last of which occurs not more than 10 Trading Days prior to the date upon which notice of conversion is published, was at least 140 per cent. of (x) the Early Redemption Amount (as defined in the terms and conditions of the New Bonds) divided by (y) the Conversion Ratio (as defined in the terms and conditions of the New Bonds).

On 15 May 2009, the Issuer announced that it had acquired the remaining 60 per cent. interest in Lamco, a 40 per cent. owned associate company of the Issuer by an injection of S$199,400 in the capital of Lamco. The remaining 60 per cent. interest held by Cosco Cafimport Srl, the joint venture partner in Lamco was cancelled with Lamco becoming a 100 per cent. owned subsidiary of the Issuer. Lamco is a limited liability company incorporated in Italy and is principally involved in the trading of agricultural commodities.

On 21 May 2009, the Issuer announced the incorporation of Olam (Thailand) Limited ("Olam Thailand"), a company incorporated in Thailand. The principal activities of Olam Thailand are those of sourcing, processing and supply chain management of agricultural products.

On 26 June 2009, the Issuer announced that the agreement by its wholly-owned subsidiary Olam Tomato Processors Inc. to purchase selected assets of major U.S. tomato processor, SK Foods, L.P. and its wholly-owned subsidiary RHM Industrial/Specialty Foods, Inc. in California has been approved by the United States Bankruptcy Court in Sacramento. The purchase value was U.S.$39 million.

On 15 July 2009, the Issuer announced that it had issued 273.46 million new shares at S$1.60 per share to raise gross proceeds of S$437.5 million, representing 13.76 per cent. of the enlarged issued and paid-up capital of the Issuer to Breedens Investments Pte Ltd and Aranda Investments Pte Ltd, both indirect wholly-owned subsidiaries of Temasek Holdings.

On 20 July 2009, the Issuer announced that it had completed the divestment of its entire 51 per cent. stake, which comprised of 51,000 shares, in Agronesia pursuant to the sale and purchase agreements entered into with Prinavin and Liestyana Rizal Gusman. Agronesia is a 51:49 joint venture company in Indonesia formed with the intention of exploring further opportunities of sourcing and distribution of agricultural commodities from/into Indonesia for the products in Olam's portfolio. Since its formation in 2006, Agronesia remained a dormant company and the intended activities did not materialise.

On 27 August 2009, the Issuer announced that it received commitments from a group of banks for a fully underwritten U.S.$540 million syndicated transferable term loan facility comprising two tranches, namely (i) a three-year term loan of U.S.$324 million and (ii) a five-year term loan of U.S.$216 million (the "Loan Facility"). The proceeds of that facility will be used towards refinancing of existing debt, as well as for working capital and for general corporate funding requirements of the Issuer, including capital expenditure and expansion of its supply chain management business. On 10 November 2009, as there was oversubscription, the Issuer upsized the Loan Facility to U.S.$850 million from U.S.$540 million, comprising two tranches, namely (i) a three-year amortising term loan of U.S.$510 million and (ii) a five-year amortising term loan of U.S.$340 million.

On 27 August 2009, the Issuer also announced that it had successfully closed a 12-month U.S.$100 million Islamic revolving trade finance facility arranged by the Islamic Bank of Asia Limited. The syndication is a further expansion by the Issuer into the Islamic financing market after successfully closing a 3-year syndication in September 2008.

On 1 September 2009, the Issuer announced the acquisition of a 14.35 per cent. stake in NZFSU, an operator of large scale New Zealand-style dairy farming operations in Uruguay. Listed on the New Zealand stock exchange, NZFSU was established in 2006 by PGG Wrightson Ltd, New Zealand's leading rural services company, with the aim of providing an opportunity to New Zealand farmers and investors to benefit from the export of their world-leading dairy farming practices. NZFSU was formed for the purpose of applying New Zealand's high performing pastoral based farming systems to extensive areas of high quality, low cost and under-utilised Uruguayan farm land for dairy farming. The Issuer had purchased this stake for a cash consideration of N.Z.$14.37 million. On 17 May 2010, the Issuer acquired an additional 10 million shares of NZFSU from Rural Portfolio Investment at a price of N.Z.$0.41 per share for a total consideration of N.Z.$4.1 million. The additional shares purchased by the Issuer represented an additional 4.1 per cent. stake in NZFSU and immediately following the acquisition, the Issuer's holding in NZFSU was 18.45 per cent.

On 18 July 2010, the Issuer informed NZFSU of its intention to make a cash offer at N.Z.$0.55 per share, representing a 38 per cent. premium over the three-month average trading price of N.Z.$0.40 (excluding the purchase by the Issuer of 10 million shares at N.Z.$0.41 per share on 17 May 2010), for all of the shares in NZFSU that it did not already own (the "NZFSU Offer"). The NZFSU Offer is subject to certain conditions, including the Issuer achieving a minimum 50.1 per cent. shareholding in NZFSU following the NZFSU Offer and the approval by the Overseas Investment Office of New Zealand. If the NZFSU Offer is accepted in full, the Issuer's shareholding in NZFSU would increase to 100 per cent. at an additional investment of N.Z.$109.6 million (U.S.$78.9 million).

The NZFSU Offer has the support of NZFSU's second largest shareholder, PGW, which holds 11.5 per cent. of the shares of NZFSU. The Issuer has concurrently entered into a "lock-up" agreement with PGW whereby PGW has agreed to accept the NZFSU Offer in respect of PGW's entire shareholding in NZFSU. In response to the announcement of the NZFSU Offer, NZFSU issued a "don't sell guidance" and the directors of NZFSU recommended that shareholders await receipt of the target company statement before making any decision regarding the NZFSU Offer.

On 16 September 2009, the Issuer announced that it was proposing a scrip dividend scheme. Under the scheme, shareholders of the Issuer entitled to dividends may elect to receive either cash or an allotment of ordinary shares in the capital of the Issuer credited as fully paid, in lieu of the whole or such part of the cash amount of the dividend to which the scheme applies, as determined by the directors of the Issuer. This scheme was approved by the shareholders of the Issuer on 29 October 2009.

On 16 September 2009, the Issuer announced that it was proposing a share buyback mandate authorising the Issuer to purchase or acquire its Shares. The proposed share buyback mandate was approved by the shareholders of the Issuer on 29 October 2009.

On 18 September 2009, the Issuer announced the signing of a definitive agreement to acquire 8,096 hectares of planted almond orchards and 40,825 mega litres of permanent water rights from Timbercorp Limited and its associated entities, through its liquidation process. The total investment consideration is A$128 million in cash, which has been funded from a combination of internal accruals and existing credit facilities. The acquisition is in line with the Issuer's recently announced corporate strategy which outlined a thrust towards upstream initiatives in plantations and farming, as well as midstream initiatives in value-added processing. This acquisition has made the Issuer Australia's largest almond grower and placed it amongst the top three almond growers globally. The transaction is expected to be earnings and value accretive from FY 2010.

On 15 October 2009, the Issuer issued an aggregate of U.S.$400 million 6 per cent. Convertible Bonds due 2016 with an upsize option (the "New Convertibles Bonds"). On 1 October 2009, the upsize option of the New Convertibles Bonds was exercised and the issue size of the New Convertibles Bonds was increased by an additional U.S.$100 million, bringing the total issue size to U.S.$500 million consequent to the approval obtained at the Extraordinary General Meeting held on 29 October 2009.

On 16 November 2009, the Issuer announced the signing of a definitive agreement to acquire 3,853 hectares of planted almond orchards and 48,259 mega litres of permanent water rights from Timbercorp Orchard Trust #3 and #5 at a total acquisition price of A$160 million. The transaction has been completed in January 2010.

On 7 December 2009, the Issuer announced the incorporation of two new subsidiaries, Olam Orchards and Outspan Costa Rica. The principal activity of Olam Orchards is horticultural operations, initially within the almond industry and the principal activities of Outspan Costa Rica are sourcing, processing, packaging and merchandising of agricultural products.

On 18 December 2009, the Issuer announced that it had entered into a sale and purchase agreement to acquire 13,272,305 shares in PureCircle held by Wilmar for an aggregate consideration of 33,180,762 sterling pounds. Following the acquisition, the Issuer owns 30,544,609 shares representing approximately 20 per cent. interest in PureCircle.

On 21 December 2009, the Issuer allotted and issued 5,633,004 new shares, credited as fully paid, at an issue price of S$2.51 per share to eligible shareholders who had elected to participate in the scrip dividend scheme approved by the shareholders of the Issuer on 29 October 2009 in respect of the first and final dividend of S$0.035 per share declared by the Issuer on 27 August 2009.

On 6 January 2010, the Issuer announced the addition of the following new subsidiaries to the Group:

Name of Company	Country of Incorporation	Principal Activities
Pan Africa Agri Ltd	Nigeria	Manufacturing
Dunavant Mocambique Limitada	Mozambique	Sourcing, processing, packaging and merchandising of agricultural products
Olam Algodao Vale De Zambeze	Mozambique	Sourcing, processing, packaging and merchandising of agricultural products

On 12 January 2010, the Issuer announced the acquisition of 99.5 per cent. of the outstanding shares and voting rights in CFM with its wheat milling and noodle manufacturing facilities along with accompanying additional assets. The Issuer announced its intention to invest an additional U.S.$5.5 million to expand CFM's wheat handling and milling capacity and CFM is expected to process 400,000 tonnes of wheat by 2013. The acquisition has been completed in January 2010.

On 11 February 2010. the Issuer announced its intention to invest U.S.$31.5 million to set up a greenfield 500 metric tonne-per day wheat mill near Port Tema, Ghana. The construction of the wheat mill is expected to commence in September 2010.

On 12 February 2010, the Issuer announced the issue of its S$250,000,000 in aggregate principal amount of 4.07 per cent. Fixed Rate Notes due 2013 issued under its S$800,000,000 Multicurrency Medium Term Note Programme.

On 4 May 2010, the Issuer announced the incorporation of Outspan Mexico, a company incorporated in Mexico. The principal activities of Outspan Mexico are those of development of any activity or business related to farming, processing, sales, distribution, import or export of agricultural products.

On 8 June 2010, the Issuer announced the acquisition of the dehydrated and vegetable products business and operating assets of Gilroy from ConAgra Foods, Inc., including its dehydrated onion, garlic, capsicum, Controlled Moisture™ vegetables, GardenFrost® purees, RediMadeTM shelf-stable purees and fresh vegetable operations, for a total cash consideration of U.S.$250 million, subject to final working capital adjustments at closing. As part of the Gilroy Acquisition, the Issuer has entered into a long term supply agreement to cater to ConAgra Foods, Inc.'s ongoing requirements for dehydrated vegetable products. The Gilroy Acquisition was completed on 20 July 2010 for a total cash consideration of approximately U.S.$250 million, subject to customary working capital adjustments on completion.

On 30 June 2010, the Issuer announced that a members' voluntary winding up of Olam Wilmar Investment Holdings Pte. Ltd., a 50:50 joint venture company between the Issuer and Wilmar International Limited, would be commenced.

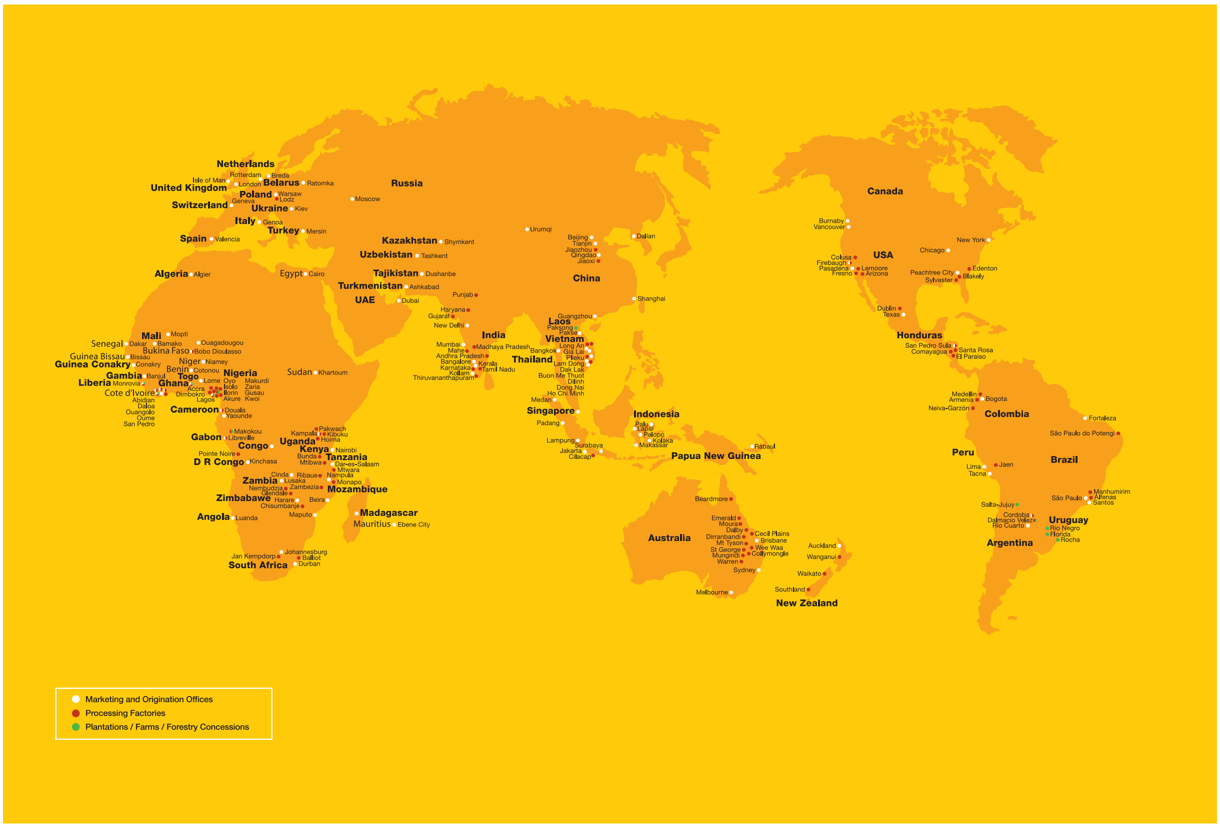
On 23 July 2010, the Issuer announced the grant of 5,980,000 options pursuant to the Olam Employee Share Option Scheme, representing 0.30 per cent. of the total number of shares of the Issuer as of 23 July 2010. The exercise price of options granted is S$2.64, as compared to S$2.70, the closing price of the Issuer's shares on 23 July 2010.

The Group has also announced plans to enter the commodity financial services business in which the Group plans to undertake (a) market making and volatility arbitrage trading of commodities, (b) provide risk solutions and (c) fund management, subject to approvals from regulatory authorities. The fund management services are proposed to be initiated by launching a relative value commodity fund. The Issuer plans to create wholly-owned subsidiaries through which these businesses will be conducted. The Issuer believes that these businesses will leverage its understanding of commodity and derivative markets and risk management skills.

On 4 June 2010, the Issuer announced the incorporation and addition of the following new subsidiaries to the Group:

Name of Company	Country of Incorporation	Principal Activities
Invenio Commodity Financials Pte. Ltd.	Singapore	Fund management
Invenio Holdings Pte. Ltd.	Singapore	Fund management activities and investment holding
Nauvu (Mauritius) Ltd	Mauritius	Provision of consultancy services

As at 30 June 2010, the Group operates in over 60 countries as indicated in the diagram set out below.



Competitive Strengths

The Group is a leading global supplier to multi-national food companies

In all of the Group's operations, it has established strong relationships with end-customers including multi-national corporations, which own internationally recognised brands such as Kraft Foods, Nestlé, Lavazza, Mars, Tchibo and Planters. The Group believes that these strong relationships are built on its leading global market positions. For example, the Group is:

- one of the largest suppliers by market share in the global trade of raw cashew nuts;
- one of the largest suppliers by market share in the global trade of Robusta coffee;
- one of the top three suppliers by market share in the global trade of cocoa;
- one of the largest suppliers by market share in the global trade of teak wood;
- one of the largest suppliers by market share in the global trade of cotton;
- the largest almond orchard owner in Australia;
- one of the top three global suppliers by market share in the global trade of rice; and
- one of the top five global suppliers by market share in the global trade of peanuts.

As a market leader, the Group has a detailed understanding of its customers' product requirements, which enables it to offer differentiated products, supply chain solutions and value-added services including organic certification, product traceability, customised quality, VMI and risk management solutions. The Group believes that its customers value it as a reliable counterparty and a long-term business partner.

The Group has a proven business model

The Group has a proven and flexible business model which enables it to achieve rapid and cost-effective organic and inorganic growth. This business model is scalable and replicable across diversified products, geographic markets, customers and supply chain activities. Since its establishment, the Group has evolved from a single-country, single-product trader to a multi-country, multi-product integrated supply chain manager. The Group's expansion 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.

The Group operates across the entire supply chain in almost all of its 20 products. The Group sources and exports out of approximately 60 countries across Africa, Asia and the Middle East, North and South America, and operates trading and marketing operations out of 64 countries. The Group's business model enables it to have the following competitive advantages:

Rapid Organic and Inorganic Growth

The Group's business model allows it to explore multiple growth opportunities based on common geographic markets, products, customers and channels shared with its existing operations and as such, it believes it is able to grow rapidly both organically and through strategic acquisitions. At the same time, because the Group's expansion initiatives are based on existing competencies, infrastructure, resources and/or customers, it is able to reduce the execution risks of expanding into new areas and thereby scale up its operations more effectively and efficiently.

Cost Sharing

In any given Origin, the Group utilises the same infrastructure and people across multiple products. The Group sources products with complementary crop seasons such that its infrastructure is utilised all year round. Functions such as audit, accounting, treasury and risk control systems become more cost effective when commonly employed by all of the Group's operations. The Group seeks to optimise its product mix, which helps it share costs more effectively and makes it more cost competitive.

Diversification

The Group integrates its knowledge and expertise across products, geographic markets and supply chain activities to create a diversified portfolio of products and services. In any given product segment, the Group consciously selects a mixture of northern and southern hemisphere Origins so that its trading and marketing infrastructure is constantly utilised and that sourcing activities for such products can be conducted throughout the year. The Group is present in key producing countries, which allows it to service its customers better in terms of quality, quantity and timeliness. The Group's geographical diversity results in it not being over-exposed to any single Origin for any given product. The Group seeks to export out of countries that it also imports into in order to help hedge against currency risks. This is particularly relevant where the currencies in question are not traded on foreign exchange markets as this process allows the Group to create a natural hedge against currency movements.

The Group has integrated end-to-end supply chain capabilities

The Group has integrated end-to-end capabilities across the supply chain in each of its products, which allows it to control its supply chain, provide value-added services and potentially increase its margins.

Control of the supply chain

End-to-end integration capabilities provide the Group with greater control over its supply chain, which in turn enables it to provide quality and timely services with greater certainty than if it was relying on third parties. Operating presence over the entire supply chain provides the Group with comprehensive information relating to demand and supply, which allows it to react quickly to volatile market conditions.

Provision of value-added services

Being integrated across the entire supply chain ensures that the Group has an unbroken chain of custody over its products from the Farm Gate to the Factory Gate. This allows the Group to provide value-added services such as traceability, hygiene certification, VMI and special grades of products to meet the Group's customers' requirements. Offering such value-added services enhances customer loyalty and improves supply chain margins.

Potential to increase the Group's margins

End-to-end integration capabilities allow the Group to potentially increase its margins by reducing the role of third party intermediaries, including agricultural raw material processors and logistics service providers. Participation across the entire supply chain also helps the Group to secure a minimum level of margin.

The Group has successfully combined origination capabilities with capabilities in the Destination Markets

Origin management is one of the Group's key competencies. The Group has a track record of identifying origination opportunities, setting up and managing procurement and distribution infrastructure and institutionalising field operating systems effectively. The Group sources its various products using a common infrastructure and employs field staff who are skilled in dealing with multiple products.

The Group is well established across key points of origination of its products. Agricultural production bases are dependent on local climates and soil conditions which make them difficult to relocate. In addition, the production bases of most of the Group's products are located in developing countries, which require deep knowledge of local working conditions. The Group believes these characteristics of the Origins present significant barriers to entry for its competitors.

The Group's business has evolved from the point of origination, which is why it is well suited to handle the challenges of supply chain management from difficult emerging countries. The Group has developed business systems and networks, which enables it to function efficiently in these Origins. The Group believes that its knowledge of global supply conditions and its infrastructure and understanding of all its Origins, provides it with a significant advantage over its competitors at the point of origination in delivering its products to its customers.

At the same time, the Group has developed strong relationships with its customers in the Destination Markets, many of whom are well known food multi-nationals, by providing them with timely, consistent and reliable supplies of their raw material requirements. The strength of the Group's market capabilities in the Destination Markets is a result of the various value-added services it provides its customers including VMI services, grades and quality customisation, traceability, organic raw materials supply capacity, FTP products supply capacity and tailor-made risk management solutions. The Group believes that it is one of the few industry participants who have successfully combined the market skills of a global trade house and the origination skills of an origin trade house. This combination has allowed the Group to develop privileged relationships with its key customers and to offer them its distribution and logistics capabilities, as well as its hedging, risk management and risk arbitrage skills.

The Group has a professional and experienced management team

The Group has consistently attracted high quality professionals to work in the challenging emerging market conditions in which it operates. The Issuer's Executive Directors and Executive Officers have an average of 13 years of experience in the industry. The Group has more than 400 managers in its global talent pool, most of whom have spent a certain minimum number of years working in an Origin Country. Through extensive on-the-ground experience and rigorous training and promotion systems, the Group's managers have developed a common vision and understanding of its values and goals. These help to foster better intra-business communications, disciplined operational management and an entrepreneurial spirit.

The Group's management team consists of a mix of industry experts. The Group has a structured and formalised training programme and a career development programme designed to provide its managers with the opportunity to manage a mix of businesses and locations. This is to provide them with broad knowledge and experience, and also to enhance the Group's ability to operate as a globally integrated organisation. Most of the Group's core management team have had extensive field experience and are therefore adept at managing issues that may arise from operating in developing countries.

The Group is able to retain its personnel by making an effort to promote internally. As at 30 June 2010, a total of 578,208,956 shares (direct and deemed) were held by directors of the Issuer and there were a total of 35,250,000 unissued Shares comprised of options granted to directors of the Issuer under the Olam Employee Share Option Scheme — see "Principal Shareholders — Directors' Shareholdings". This has helped to align their interests with those of the Issuer and foster a sense of commitment.

The Issuer has a diversified base of well-established and reputable investors

The Issuer raised net proceeds of approximately S$185 million in its IPO in 2005. In April 2008, the Issuer successfully raised approximately S$300 million through a preferential offering of new shares to existing investors. On 15 July 2009, the Issuer raised S$437.5 million through an issue of new shares to Breedens Investments Pte Ltd and Aranda Investments Pte Ltd, both indirect wholly-owned subsidiaries of Temasek Holdings. The Group's ability to raise equity financing has provided it with funds to finance its investments and M&A activities and also contributed to the Group's ability to obtain narrower spreads on its bank borrowings.

Strategies

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

(i) serving growers and customers globally;

(ii) pursuing select scalable and attractive niches in upstream and value-added midstream processing; and

(iii) 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 (FY 2010 to FY 2015) as set out more fully in the Group's annual report for FY 2009. The economic condition at the time was 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 per cent. (ROE minus KE: 20 per cent. minus 10 per cent.);

(iii) increase capital spread by at least 5 per cent. (ROIC minus WACC: 12 per cent. minus 7 per cent.);

(iv) target PBT margin of at least 5 per cent.;

(v) target PAT margin of at least 4 per cent.;

(vi) reducing earnings volatility (in BUs and Portfolio);

(vii) achieve strategic and financial flexibility; and

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

Our Strategy-on-a-page

Our governing objective is to maximise intrinsic value for our 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 - KE : 20% - 10%)
- Capital spread ≥ 5% (ROIC - WACC : 12% - 7%)
- PBTI Margin ≥ 5%
- PAT Margin ≥ 4%
- Reduction in earnings volatility (BU & Portfolio)
- Achieve strategic and financial flexibility
- Be widely recognised as a responsible & 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, W. Africa Palm	Cocoa, Sugar, Rice, Dairy, Spices & Dehydrates, Grains, W. Africa Rubber	Cotton, Sesame, Pulses, Timber	Packaged food in W. Africa, Agri-financial services, Agri-inputs	Select profit centres

Enablers

Excellence in execution	M&A effectiveness	Capital efficacy	People & Values
• Program management • Value added processing and upstream adjacencies set-up • Complexity management • IT, risk & compliance systems	• M&A pipeline • Due diligence capabilities • Best-in-class integration	• Capital structure • Overhead and capital productivity	• 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 win in terms of execution) and their profitability index. On this basis, the Group deprioritised 11 initiatives not meeting its minimum requirements on the strategic index/profitability index. The remaining 46 are prioritised into two categories, tier one and tier two based on how highly they scored on both dimensions.

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.

Business Overview

The Group's Business Approach

The Group is a leading global integrated supply chain manager of agricultural products and food ingredients. The Group offers end-to-end supply chain solutions to its customers from sourcing and purchasing agricultural products and food ingredients directly from the Farm Gate in the Origins to delivering them to the Factory Gate in the Destination Markets.

The Group believes its leadership position in the industry is supported by:

- its origination capabilities arising from its global scale and direct presence in key producing countries;
- its supply chain economies 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 generally not 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 Group's Agricultural Products 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 following diagram illustrates a typical agricultural supply chain and the Group's involvement in managing key aspects of this supply chain:

Supply Chain Manager of Agricultural Raw Materials

OLAM

As at 30 June 2010, the Group sources and supplies 20 products.

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 five per cent. of its revenue for each of the periods which comprise of FY 2008 and FY 2009 (the "Periods Under Review").

The Group's suppliers comprise of farmers, port-town suppliers and agents, origin exporters, government monopolies and co-operatives, none of whom account for five per cent. or more of the Group's total purchases for each of the Periods Under Review.

Origination

Origination involves sourcing directly from the Farm Gate which the Group believes 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:

(a) 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;

(b) 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;

(c) 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;

(d) it is able to obtain certification of organic products;

(e) 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

(f) 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.

Processing

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.

Exporting

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

Shipping and Logistics

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 & 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 and reliable counterparty.

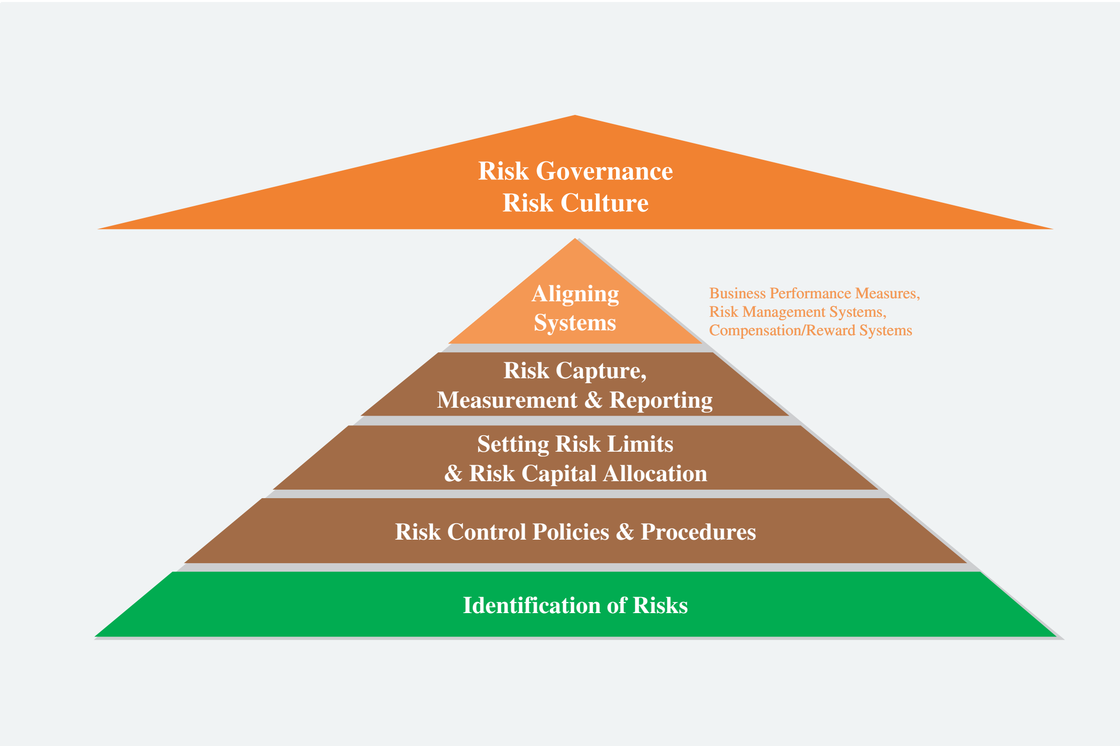
The Group has an established marketing network across the Destination Markets, consisting of its own offices and a network of marketing agents or brokers, who are engaged on a non-exclusive basis and on a per-transaction basis (especially for cashews and cotton).

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

The Risk Committee recommends to the board of directors of the Issuer (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 Issuer'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 Issuer set up an independent middle office or Risk Control Department distinct and independent from the front and back offices of the Issuer 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 Issuer is principally a procurer and supply chain manager of agricultural products and food ingredients. Unlike directional, positional, proprietary or speculative commodity traders, the Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer would sell the equivalent quantity of futures. When a product is sold to the ultimate customer on a fixed price basis, the Issuer 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 Issuer would be sourcing these products against long term forward contracts with its key customers. In other cases, the Issuer is buying against anticipated demand from its key customers, with whom it has been trading for a long time. The Issuer 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 Issuer does not use financial instruments for speculative purposes.

Foreign Currency Risk

Currency risk for the Issuer 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 Issuer's purchases are transacted in the local currencies of the respective origins and its sales are transacted mainly in U.S. dollars, pound sterling and Euros. However, for some products in the Food Staples and Packaged Foods Business, purchases are transacted in U.S. dollars and sales are transacted in the local currencies of the destination markets. Where possible and as a matter of policy, the Issuer uses forward contracts to hedge its foreign currency exchange exposures arising from purchase and sale of products in currencies other than U.S. dollars. Where such instruments are not available, the Issuer controls its currency exposure by setting limits on the amount and duration of such exposure. The Issuer 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-U.S. dollars denominated, currency covers are taken on a transactional basis. Every non-U.S. dollars purchase or sales is converted to U.S. dollars 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 per cent. of the Group's sales.

As a policy, the Issuer 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 Issuer 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 Issuer also does not buy from these agents on a forward basis. Hence, the Issuer is not exposed to the risk of non-delivery of the product due to crop failure.

On the market side, the Issuer'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 Issuer may grant credit periods of up to 45 days. In some markets like Poland, Italy and South Africa, the Issuer 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 Issuer 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 per cent. 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 Issuer 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 per cent. 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 Issuer analyses the underlying asset for various "what if" scenarios to understand the loss impact. On a more complex level the Issuer uses simulation techniques such as

Monte-Carlo methods to forecast price distributions using various assumptions to study the potential impact on the portfolio value.

The Issuer 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 Issuer 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 Issuer by a relatively large percentage. The second is a 'factor push' scenario, where VaR is calculated at 99 per cent. and 'confidence level' at 95 per cent.. 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 Issuer an edge in effectively managing and controlling its risks.

Tracking and Monitoring Risks

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

Under the Market Risks category the Issuer monitors the commodity price risk, basis (spread) risk, and currency risk. The Issuer 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 Counterparty 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 Issuer 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 Issuer has regular access to a wide range of reliable sources of information on the fundamentals in the market place.

The Issuer 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 Issuer'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 Issuer'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 Issuer'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 Issuer 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 Issuer'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 Issuer'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.

The Group's Products

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.

For the periods included in the table below, the revenue from sale of goods (the "Turnover") contribution for each of the product groups was as follows:

Product Group	Turnover Contribution (%) for FY 2008	Turnover Contribution (%) for FY 2009
Edible nuts, spices and beans	14.4	14.0
Confectionery and beverage ingredients	39.3	44.1
Food staples and packaged foods	25.0	24.9
Industrial raw materials	21.3	17.0

For the periods included in the table below, the relative percentage of tonnage handled by the Group in the Origins was as follows:

Origins	Percentage of Tonnage Handled (%) for FY 2008	Percentage of Tonnage Handled (%) for FY 2009
Asia and Middle East	46.8	45.0
Africa	34.5	21.3
Europe	5.8	9.9
Americas	12.9	23.8

For most of the products that the Group deals in, it either sources directly from the Farm Gate in the Origin Country or in close proximity to the Farm Gate. After which, the products are passed through the Group's agricultural products supply chain and end up in its Destination Markets.

For the periods in the table below, the Turnover contribution by Destination Market was as follows:

Destination Markets	Turnover Contribution (%) for FY 2008	Turnover Contribution (%) for FY 2009
Asia and Middle East	40.7	40.8
Africa	21.9	19.3
Europe	24.0	27.3
Americas	13.4	12.6

The Group's revenue base is well diversified by both customer and geographic markets. As at 30 June 2010, the Group's customers include some of the world's largest packaged food multi-national companies including Nestlé UK Ltd, Nestlé France S.A., Sara Lee I 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.

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

The following table sets out the Group's sales volume and sales revenue in the edible nuts, spices and beans segment for FY 2008 and FY 2009:

	FY 2008	FY 2009
Sales volume (metric tonnes)	827,129	975,937
Sales revenue(1) (S$ '000)	1,168,940	1,200,076

Notes:

(1) Numbers taken from audited financial statements for FY 2008 and FY 2009.

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 per cent. market share of the current global trade flow.

The knowledge of cashew processing that the Group has built over the years in established processing centres like India, Brazil and Vietnam has been successfully transferred to the producing countries in Africa, like Tanzania, Cote d'Ivoire and Nigeria.

The Group operates large scale centralised factories, where the kernel output is graded according to stringent international standards. Most of the Group's facilities are Hazard Analysis and Critical Control Point ("HACCP") certified by internationally renowned companies like SGS and Bureau Veritas (BVQI). The Group's factory in Tanzania is also certified for supplying organic cashew, with traceability established back to over 1,800 individual farms.

Apart from the capability to offer the complete spread of all cashew grades from all origins, through its own factories, the Group also provides tailor-made solutions like guaranteed 100 per cent. foreign-material-free kernels, container stuffing without using the traditional cardboard cartons, and packaging in bulk bags to its customers.

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 UB 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 versatile plants enable it to 'tailor-make' the product to produce all grades including American Spice Trade Association ("ASTA"), steam-washed, and sterilised pepper, to meet the needs of its buyers, including retail and industrial spice and seasoning manufacturers as well as the oleo resin industry.

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.

In August 2007, the Group made an entry into the dehydrates business through the acquisition of KFI. KFI is one of the largest producers of dehydrated garlic in China, and among the top three suppliers of dehydrated garlic ingredients into the US industry. This acquisition has enabled the Group to move from being a whole spices supplier to becoming a value-added ingredient supplier catering to specialised requirements of the spice processing industry. It also provides the Group an accelerated entry into other dehydrated ingredients, where the Group can leverage its existing presence in most of the major Origins/markets.

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 few 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 sizeable quantities.

The Group's sesame business originated in West Africa in 1995 and it made its first shipments from Nigeria and Burkina Faso to Japan in that year. Growth through geographic expansion followed, as the Group set up procurement operations in the East Africa and India. 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.

The majority of sesame that the Group supply is primarily used in the crushing industry, in which Japan is the largest importer and its principal market. The Group is expanding its origin base. This would leave the Group strongly positioned in terms of being physically present in most major Origins across Africa and Asia.

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 can see 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

The following table sets out the Group's sales volume and sales revenue in the confectionery and beverage ingredients segment for FY 2008 and FY 2009:

	FY 2008	FY 2009
Sales volume (metric tonnes)	1,046,562	1,169,601
Sales revenue[1] (S$ '000)	3,188,875	3,783,126

Notes:

(1) Numbers taken from audited financial statements for FY 2008 and FY 2009.

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 all major cocoa-growing countries 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 expanded from the processing of cocoa products in Nigeria into the sourcing of 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 on-the-ground presence 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 of coffee 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 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.

The following table sets out the Group's sales volume and sales revenue in the food staples and packaged foods segment for FY 2008 and FY 2009:

	FY 2008	FY 2009
Sales volume (metric tonnes)	1,958,791	2,451,161
Sales revenue[1] (S$ '000)	2,027,475	2,139,621

Notes:

(1) Numbers taken from audited financial statements for FY 2008 and FY 2009.

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.

The Group's over-riding concern for quality is evidenced by the importance it places on quality control inspectors, who closely monitor the quality and the packing at its suppliers' mills and warehouses prior to export. The rice business relies upon the Issuer's in-house shipping expertise to ensure that the supply line is uninterrupted and cost-effective.

The Group has successfully integrated every element of the origination and distribution process enabling it to meet stringent deadlines and effectively execute customised supply contracts.

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 sugar business benefits from the many synergies it has with the rice business including shared customers and costs.

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's dairy business began in 2003 with the import of its first consignment of milk powder into Algeria. 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 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 bags in boxes of 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.

Consistent with the Group's long-term growth strategy to expand its procurement reach into key dairy origins of Oceania and the US and participate in the major trade flows, the Group acquired a 24.99 per cent. equity interest in Dairy Trust Limited. On 1 September 2009, the Group acquired a 14.35 per cent. stake in New Zealand Farming

Systems Uruguay, an operator of large scale Kiwi-style dairy farming operations in Uruguay, which was in line with the Group's Dairy Products strategy to participate in dairy farming in low cost Origins that will strengthen its market position in the dairy industry and significantly raise its margin profile.

Packaged Food Business

The Group launched a packaged foods business ("PFB") as part of its continual supply chain integration initiatives. The Group started its first PFB operations in Russia with the launch of three-in-one packaged coffee products in April 2004 and has expanded its operations into several new West African markets including Ghana and Congo, while consolidating its position in Russia, South Africa and Nigeria.

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.

Underscoring this growth is the building of robust distribution infrastructure in each of these markets. This has enabled the Group to offer its infrastructure to provide distribution services on an exclusive basis to select partners in each of its markets.

The South African operations began in late 2005 by launching the Enrista range of coffee mixes. This product range is now available in all the major retail chains of the country and is distributed in over 80 per cent. of organised retail outlets across the country. In late 2006, the Group launched hot chocolate and white chocolate drinks under the same brand umbrella in South Africa.

Starting operations in West African markets was a natural step for the Group owing to its existing local presence and distribution infrastructure in most markets in West Africa. The Group started its PFB in Nigeria and has since built a distribution network in 42 cities through seven 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

The following table sets out the Group's sales volume and sales revenue in the industrial raw materials segment for FY 2008 and FY 2009:

	FY 2008	FY 2009
Sales volume (metric tonnes)	1,093,881	1,123,941
Sales revenue[1] (S$ '000)	1,726,600	1,465,109

Notes:

(1) Numbers taken from audited financial statements for FY 2008 and FY 2009.

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 the US. The Group ensures the availability of cotton for a variety of grades including specialised grades like Extra Long Staple ("ELS") 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.

The Group values integrity in its dealings in the cotton business, which is a key to the development of long-term sustainable relationships with its key partners including farmers, ginners and spinners.

Wood Products

The Group's first timber business was in the sourcing and shipping of Ghana teak to India. The Group's ability to transfer knowledge across origins, species and markets has enabled it to diversify from teak to non-coniferous tropical hardwoods.

The Group operates 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 use 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, which aligns with its long-term business objective to deal in wood products that come from sustainable and well-managed forests. The Issuer has a stated commitment to environmental sustainability and international best practice, as recognised 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 recognised management systems. The Issuer operates in some countries where governance is considered weak and national policies are not resourced or enforced, and this has a clear negative impact on sustainable forest management and the timber supply chain, not only to the Issuer, 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 Issuer 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 Issuer also recognises 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 Issuer 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 two years there have been significant changes within the Issuer'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 Issuer 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 Issuer's forestry concession is in the later stages of developing a full forestry management plan, this was submitted to the Gabonese Government in February 2010. 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 Issuer has contracted ProForest forestry consultants to ensure all systems and processes are in place to ensure full immediate legal and traceable requirements to immediately recognised Forest Law Enforcement, Governance and Trade requirements (based on the 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.

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 per cent. of its revenue for each of the periods which comprise of FY 2009, FY 2008 and FY 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 Nestlé UK Ltd, Nestlé 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 FY 2005 to over 10,600 in FY 2010. This is in line with the Issuer's objective to diversify its customer base by growing the number of customers by 10 per cent. each year.

For FY 2009, the proportion of sales of the Group's top five customers in each business segment was 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

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

Subsidiaries and Joint Ventures

The following table sets out the identity, jurisdiction of incorporation and other information about the subsidiaries and associated companies of the Issuer as at 30 June 2010:

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held by the Issuer: As at 30 June 2010	As at 30 June 2009
			%	%
Subsidiary companies of **Olam International Limited** as follows:				
Caraway Pte Ltd(1)	Singapore	(a)	100	100
Olam Burkina Sarl(2)	Burkina Faso	(a)	100	100
Olam Cam Sarl(2)	Cameroon	(a)	100	100
Olam Europe B.V.(2)	Netherlands	(a)	100	100
Olam Ghana Limited(2)	Ghana	(a)	100	100
Olam Ivoire Sarl.(2)	Ivory Coast	(a)	100	100
Olam Nigeria Ltd(2)	Nigeria	(a)	100	100
Outspan Nigeria Ltd(2)	Nigeria	(a)	100	100
Olam Tanzania Ltd(2)	Tanzania	(a)	100	100

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held by the Issuer As at 30 June 2010	As at 30 June 2009
			%	%
Outspan Ivoire SA[3]	Ivory Coast	(a)	100	100
Olam Gabon Sarl.[2]	Gabon	(a)	100	100
Olam Mozambique, Limitada[4]	Mozambique	(a)	100	100
Olam Madagascar Sarl.[4]	Madagascar	(a)	100	100
Olam Polska Sp Z.o.o.[2]	Poland	(a)	100	100
Outspan Ghana Limited[2]	Ghana	(a)	100	100
Olam Vietnam Limited[2]	Vietnam	(a)	100	100
Olam South Africa (Proprietary) Limited[2]	South Africa	(a)	100	100
Olam Congo (R.D.C)[2]	Democratic Republic of Congo	(a)	100	100
Outspan PNG Limited[4]	Papua New Guinea	(a)	100	100
Olam France Sarl.[3]	France	(a)	100	100
Olam Guinee Sarl.[2]	Guinee Conakry	(a)	100	100
Olam Brasil Ltda[3]	Brazil	(a)	100	100
Olam Kazakhstan Ltd	Kazakhstan	(a)	100	100
Olam Middle East L.L.C.[2]	United Arab Emirates	(a)	100	100
Olam Europe Limited[2]	United Kingdom	(a)	100	100
Olam (Uganda) Ltd[2]	Uganda	(a)	100	100
PT Olam Indonesia[2]	Indonesia	(a)	100	100
Olam Zimbabwe (Private) Limited[4]	Zimbabwe	(a)	100	100
Outspan Brasil Importacão e Exportacão Ltda[3]	Brazil	(a)	100	100
Olam Dairy B.V.[4]	Netherlands	(a)	100	100
Olam Ukraine LLC[4]	Ukraine	(a)	100	100
Olam Shanghai Limited[2]	China	(a)	100	100
Olam Shandong Limited[2]	China	(a)	100	100
Outspan Peru S.A.C.[2]	Peru	(a)	100	100
LLC Caraway Foods[2]	Russian Federation	(a)	100	100
Olam Argentina S.A.[4]	Argentina	(a)	100	100
Panasia International FZCO[2]	United Arab Emirates	(a)	100	100
PT Agronesia Bumi Persada[3]	Indonesia	(a)	—	51
Caraway Foods International (Nigeria) Limited[2]	Nigeria	(a)	100	100
Caraway Foods International South Africa (Pty) Ltd[4]	South Africa	(a)	100	100
Olam Liberia Limited[4]	Liberia	(a)	100	100
Mantra Invoire S.A.[3]	Ivory Coast	(a)	100	100
Outspan Colombia S.A.[2]	Colombia	(a)	100	100
Olam Armazen Gerais Ltda[3]	Brazil	(a)	100	100
Olam R.O.C. S.A.R.L.[4]	Democratic Republic of Congo	(a)	100	100
Olam Honduras S.A.	Honduras	(a)	100	100
Olam Egypt L.L.C[2]	Egypt	(a)	100	100
Olam Zambia Limited[4]	Republic of Zambia	(a)	100	100
Rudra International Ltd[2]	United Arab Emirates	(a)	100	100
Multipro Gambia Limited[3]	Gambia	(a)	100	100
Café Outspan Vietnam Limited[3]	Vietnam	(a)	100	100
Naarden Agro Products B.V.[4]	Netherlands	(a)	100	100
LLC Outspan International[2]	Russian Federation	(a)	100	100
EURL Agri Commodities[2]	Algeria	(a)	100	100
Olam Investments Limited[2]	Mauritius	(b)	100	100

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held by the Issuer	
			As at 30 June 2010	As at 30 June 2009
			%	%
Olam Investments Australia Pty Ltd[2]	Australia	(b)	100	100
Key Foods Hong Kong Limited[3]	Hong Kong	(b)	100	100
Far East Agri Pte Ltd[1]	Singapore	(b)	100	100
Olam Information Services Pvt Ltd[2]	India	(c)	100	100
Olam Insurance Limited[2]	Isle of Man	(d)	100	100
Olam Benin Sarl.[2]	Benin	(e)	100	100
Olam Togo Sarl.[2]	Togo	(e)	100	100
Olam Bissau Limitada[2]	Guinea Bissau	(e)	100	100
Olam Online Ltd[1]	Singapore	(e)	100	100
Olam (Thailand) Ltd[5]	Thailand	(a)	100	100
Outspan Bolovens Limited[4]	Laos	(a)	100	100
Outspan Angola Ltda[2]	Republic of Angola	(a)	100	100
Olam Tarim Ürünleri Yem Maddeleri Sanayi Ve Ticaret Limited Sirketi[5]	Turkey	(a)	100	100
Lamco SRL[3#]	Italy	(f)	100	100
Olam Agro India Limited (formerly known as Olam Exports (India) Limited)[2]	India	(a)	34.42	34.42
Olam Orchards Australia Pty Ltd	Australia	(g)	100	—
Outspan Costa Rica S.A. (formerly Kensinton Enterprises DOS S.A.)[5]	Costa Rica	(a)	100	—
Outspan Mexico SA de CV[5]	Mexico	(a)	100	—
Crown Flour Mills Limited[2]	Nigeria	(a)	100	—
Olam Murumbala Ltda (formerly known as Dunavant Mocambique Limitada)[2]	Mozambique	(a)	100	—
Invenio Holdings Pte. Ltd.[1]	Singapore	(b)	100	—
Ektimo Relative Commodity Value Fund LP[1]	Singapore	(h)	100	—
Pan Africa Agri Ltd[4]	Nigeria	(a)	100	—
Olam Burundi SA	Burundi	(a)	100	—
Subsidiary company of **Invenio Holdings Pte. Ltd.** is as follows:				
Invenio Commodity Financials Pte. Ltd.[1]	Singapore	(h)	100	—
Subsidiary company of **Olam Mozambique, Limitada** is as follows:				
Olam Algodao Vale De Zambeze[4]	Mozambique	(a)	70	—
Subsidiary companies of **Olam Investments Limited** are as follows:				
Olam Agro India Limited (formerly known as Olam Exports (India) Limited)[2] (India)	Sourcing, processing, packaging and merchandising of agricultural products		65.57	65.57
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

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held by the Issuer As at 30 June 2010	Percentage of Equity Held by the Issuer As at 30 June 2009
			%	%
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
Australia Cotton Corporation Pty Ltd[4] (Australia)		Investment holding	100	100
Queensland Cotton Corporation Pty Ltd[4]		Commodity trading, cotton ginning	100	100
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	99.9
Subsidiary company of **QC Brazil Pty Ltd** is as follows:				
Queensland Cotton Exportacao de Algodao Brasil Ltda[4] (Brazil)		Marketing and exporting of cotton	99.9	99.9
Subsidiary company of **Queensland Cotton Exportacao de Algodao Brasil Ltd** is as follows:				
QC Import e Export Logistica Brasil Ltda (Brazil)[4]		Warehousing of cotton	70	70
Subsidiary company of **QC International Pty Ltd** is as follows:				
Olam Holdings Partnership[2]		Investment holding	99	99
Subsidiary companies of **Olam 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.[3] (USA)		Investment holding	100	100
Subsidiary company 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
Subsidiary company of **Anderson Clayton Corp.** are as follows:				
ACCO Finance Co.[2] (USA)		Financing services	100	100

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held by the Issuer As at 30 June 2010	As at 30 June 2009
			%	%
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 company 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 company of **Olam Americas, Inc.** are as follows:				
Olam West Coast, Inc. (USA)[(2)]	Dehydration of vegetables		100	100
Olam Canada Holdings, Inc. (USA)[(2)]	Sourcing, processing, packaging and merchandising of agricultural products		100	100
Olam Tomato Processors Inc. (USA)[(2)]	Sourcing, processing, packaging and merchandising of agricultural products		100	100
Olam Farming Inc. (USA)[(5)]	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
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 (Indonesia)[(3)]	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	100
Subsidiary companies of **Panasia International FZCO** are as follows:				
SOSEMA Sarl[(4)] (Senegal)	Sourcing, processing, packaging and merchandising of agricultural products		100	100
SOGUIMA Sarl[(4)] (Conakry, Guinea)	Sourcing, processing, packaging and merchandising of agricultural products		100	100
Crest SA[(3)] (Douala)	Provision of stevedore services		90	90
Subsidiary company of **Outspan Ivoire S.A.** is as follows:				
Société d'exploitation cotonnière de Ouangolo (SECO)[(2)] (Ivory Coast)	Sourcing, processing, packaging and merchandising of agricultural products		100	100

* 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.

(g) Horticulture.

(h) Commodity fund services.

(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.

Details of the Joint Ventures are as follows:

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held by the Issuer As at 30 June 2010	As at 30 June 2009
			%	%
Held by the Issuer				
Nauvu Investments Pte Ltd[(1)]	Singapore	(a)	50	50
Olam Wilmar Investment Holdings Pte Ltd[(1)]	Singapore	Currently under the members' voluntary winding up	50	50
Solimar Foods Ingredients S.L.[(2)]	Spain	(b)	49	49
Usicam S.A.[(3)]	Cameroon	(b)	50	50
Subsidiary company of **Nauvu Investments Pte Ltd** is as follows:				
Nauvu (Mauritius) Ltd	Mauritius	Provision of consultancy services	100	—

(a) Investment holding

(b) Processing and trading of agricultural commodities

(1) Audited by Ernst & Young LLP, Singapore.

(2) Not required to be audited by the law of the country of incorporation.

(3) Audited by other CPA firm.

Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held by the Issuer — As at 30 June 2010 %	As at 30 June 2009 %
Held by the Issuer				
Open Country Dairy Limited[(1)]	New Zealand	Processing and trading of agricultural commodities	24.75	24.75
PureCircle Limited[(1)]	Bermuda	Developer and manufacturer of natural food ingredients	20	—

(1) Audited by other CPA firm.

Licences and Government Regulations

In all normal contracts for supply of agricultural products and food ingredients, there are no material regulations/ certifications which need to be complied with. The Group generally enters into contracts in the ordinary course of business, which do not require any certification and are not subject to any regulation by a certifying body.

The Group intends to renew or procure the renewal of all expiring licences in the ordinary course of business and the Group is not aware of any matter that would affect the renewal of such licences.

Intellectual Property

The Group relies on a combination of trademark, service mark and domain name regulation, copyright protection and contractual restrictions to protect its brand names and logos, marketing designs and internet domain names.

Properties and Fixed Assets

The Group owns and operates facilities across numerous countries. As at 30 June 2009 and 31 March 2010, the net carrying value of its property, plant and equipment was S$533,963,000 and S$1,176,965,000, respectively.

The rental expenses of the Group (principally for offices, warehouses and employees' residence) were S$41,120,000 for FY 2009.

Research and Development

The Group has not carried out any research and development activities (other than market research). However, it is constantly looking out for, and using, where applicable, suitable new information technology applications for its businesses and operations.

Insurance

The Issuer's insurances are placed with security rated Lloyd's syndicates, commercial underwriters and Olam Insurance Limited, the captive insurance company and a subsidiary of the Issuer, incorporated in the Isle of Man and managed by Willis. Placement of insurance covers is handled principally by Jardine Lloyd Thompson and Lloyd and Partners Limited who are Lloyd's brokers.

Being a global leading supply chain manager of agricultural products and food ingredients, the Issuer maintains various property and liability insurance policies to protect its assets and exposures in countries where it operates. In addition, employee related types of insurance policies are also purchased to enhance the welfare of staff across the globe.

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).

Safety, Health and Environment Regulation

The Group is subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations governing its processes and facilities. Such laws and regulations address, among other things, air emissions, waste water discharges, the generation, handling, storage, transportation, treatment and disposal of chemicals, materials and waste, workplace conditions and employee exposure to hazardous substances. The Group has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, the Group has made and expects to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations. While the Group believes it is in compliance in all material respects with all applicable safety, health and environmental laws and regulations, the Group may be required to incur costs to remedy the damage caused by any non-compliance.

Employees and Employee Relations

The Group believes that its employees are key contributors to the success of its business. To achieve this, the Group focuses on hiring and retaining the best talent in the industry. The Group has established human resource processes that are necessary to maximise the performance of its employees. Its work force consists of: (i) permanent employees; and (ii) consultants who are engaged by the Group on a contractual basis.

The Group conducts periodic reviews of the employees' job performance, and determines salaries and discretionary bonuses based upon those reviews. In addition, the Group offers internal training programs tailored to different job requirements to enhance the employees' talent and skills. The Group believes that it maintains a good working relationship with its employees and has not experienced any strikes or lockouts or other significant labour disputes.

Litigation

The Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

DIRECTORS AND MANAGEMENT

Directors and Management

The Directors of Olam are responsible for the overall management of the Group. The day-to-day operations are entrusted to the Group Managing Director and Chief Executive Officer ("CEO") of Olam and a team of executive officers who are responsible for the different functions of the Group.

Board of Directors

The particulars of the Group's Directors are listed below:

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

R. Jayachandran
Chairman & Non-executive Director

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

Mr. Jayachandran is a qualified chartered accountant and has over 35 years' experience in capital raising, strategic planning and business development. He completed the Advanced Management Program 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 sits on 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 the Lead 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. He is Chairman of the Issuer's Audit & Compliance and Governance & Nomination Committees and a member of the Issuer's Risk Committee.

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.

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 Issuer's Audit & Compliance, Risk and Corporate Responsibility & Sustainability Committees.

Wong Heng Tew
Non-Executive and Independent Director

Mr. Wong Heng Tew is a Non-Executive and Independent Director and was appointed to the Board in 2003. He was Managing Director, Investments at Temasek Holdings from 2002 to 2008 and was concurrently their Chief Representative in Vietnam from 2005 to 2008. Following his retirement in 2008, Mr. Wong is now Advisory Director for Temasek Holdings. His experience lies in investments, mergers and acquisitions, restructuring of companies, divestments and corporate stewardship. In 1998, he was appointed to the Pro Tem Committee for the formation of the Singapore Exchange. Mr. Wong holds directorships in local and overseas companies. He holds a Bachelor of Engineering degree from the University of Singapore and 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. Pinard spent 17 years with the International Finance Corporation, Washington, DC ("IFC") becoming Director of the Agricultural Department, responsible for managing IFC's U.S.$1.5 billion portfolio of loan and equity investments in agribusiness and food industries. Mr. Pinard 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 our Corporate Responsibility & Sustainability Committee and is a member of the Issuer's Capital & Investment and the Human Resource & Compensation Committees.

Andy Tse Po Shing
Non-Executive Director

Mr. Andy Tse is a Non-Executive Director and was appointed to the Board in 2002. He is 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 Issuer's Capital & Investment Committee.

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 over two decades and in 1989 was mandated to build an agricultural products business for the Group. Before joining the KC Group, he worked for Unilever in India. As the CEO of Olam, he provides the leadership to steer Olam through its expansion and growth plans. He is also a member of the Issuer's Capital & Investment and Risk Committees. Mr. Verghese is currently Chairman of International Enterprise, Singapore. Earlier this year, 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. In 2008, 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. Sunny was voted the Best Executive in Singapore for 2006 in the AsiaMoney Awards and was declared 'Outstanding Chief Executive for 2006' in the 2007 Singapore Business Awards.

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 Olam's Rice, Wood Products and Shipping businesses. He is a member of the Issuer's 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 Olam. 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 Issuer'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 over 23 years of experience, 17 of which have been with Olam. He has held various senior roles in Country Management, Finance and Treasury as well as being the Global Product Head for many businesses. He holds a degree in Aeronautical Engineering and a postgraduate degree in Business Management from a leading business school in India. He is a member of the Issuer's Capital & Investment and Corporate Responsibility & Sustainability Committees.

Principal Executive Officers

The particulars of the Group's principal executive officers are listed below:

Name	Title
Krishnan Ravikumar	Chief Financial Officer
Gerard Anthony Manley	Managing Director, Global Head — Cocoa Division
Jagdish Achleshwar Prasad Parihar	Managing Director, Global Head — Cotton Division
Vivek Verma	Managing Director, Global Head — Coffee and Dairy Products Divisions
Ashok Krishen	Managing Director, Global Head — Cashew & Spices Divisions
Ashok Chandra Mohan Hegde	Managing Director, Global Head — Risk Management & Information Systems
Venkataramani Srivathsan	Managing Director, Regional Head — West Africa 2
Ranveer Singh Chauhan	Managing Director, Regional Head — West Africa 1
Richard Haire	CEO, Queensland Cotton
Devashish Chaubey	President, Global Head — Sugar & Sesame Divisions
Moochikal Damodran Ramesh	President, Regional Head — East & South Africa
Raj Vardhan	Senior Vice President, Regional Controller, China
Rajeev Pandurang Kadam	Global Head — Internal Audit & Insurance
Joydeep Bose	President & Global Head, Human Resources
Sundararajan Suresh	Senior Vice President, Finance Division
Jayant Shriniwas Parande	Senior Vice President & Group Treasurer
Neelamani Muthukumar	Senior Vice President, Head — Corporate Affairs

Information on the area of responsibility and working experience of our Executive Officers is set out below:

Krishnan Ravikumar joined Olam Nigeria as Financial Controller in 1992 and he was appointed as the Financial Controller of Chanrai International Ltd in November 1993. When the Issuer was incorporated in 1996, Mr. Ravikumar became the Chief Financial Officer. He is primarily responsible for the entire accounting and financial operations of the Issuer. Mr. Ravikumar obtained a Bachelor of Commerce degree from the University of Delhi, India in 1984 and a Degree in Cost Accountancy from The Institute of Cost and Works Accountants of India in 1985. He became a qualified Company Secretary with the Institute of Company Secretaries in India in 1989 and obtained a postgraduate Diploma in Business Management from Xavier Labour Relations Institute, India in 1990.

Gerard Anthony Manley joined the Issuer in 1998. Mr. Manley is primarily responsible for the worldwide cocoa business of the Group. Prior to joining the Issuer, Mr. Manley worked for ED & F Man Cocoa Ltd in London as a Director from 1990 to 1998. With ED & F Man Cocoa Ltd he was also a Director of their operations in Malaysia, Poland and Nigeria. Mr. Manley brings more than 20 years of cocoa trading experience. Mr. Manley obtained a Bachelor of Arts (Honours) in Geography from the Newcastle Upon Tyne Polytechnic in 1981 and obtained a Masters of Business Administration from the City University in London in 1988. He is currently the Vice Chairman of the Cocoa Association of Asia.

Jagdish Achleshwar Prasad Parihar joined the KC Group in 1986 and was transferred to Chanrai International Ltd in 1989 in the capacity of General Manager. Mr. Parihar became the Managing Director of the Issuer's Cotton division in 1996. He obtained a BSc. Degree from Gujarat University in India in 1974 and obtained a Masters degree in Management Studies from the Birla Institute of Technology and Science in Pilani, India in 1979. Mr. Parihar is the co author of a book on Agri-business and Commodity Risk and is involved in teaching Risk Management in the U.S. and the UK. He is also the Director of International Cotton Association U.K. and a qualified commodity arbitrator.

Vivek Verma joined the Group in India in 1992 as a Business Manager and started the Indian operations under Olam India. He was transferred to the Issuer in 1996, where he was appointed as the Vice President responsible for the Group's coffee business. Mr. Verma was subsequently promoted to Managing Director where in addition to the Coffee business, he developed and is currently responsible for the Dairy Products and the Commodity Financial Services businesses. He obtained a Bachelor of Technology degree from the Indian Institute of Technology, New Delhi, India in 1985.

Ashok Krishen joined Olam Nigeria in 1992 as a Branch Coordinator. From 1994 to 1996, Mr. Krishen was the country head of Olam Ghana. He was appointed the Global Head for Rice and Sugar division from 1996 to 2002. Since 2002, he has been the Global Head of the Group's Cashews and Spices division. From 2007, he also assumed additional responsibility for other Edible Nuts and Dehydrates division. Mr. Krishen holds a Bachelor of Science (Physics) degree from the University of Kerala in India and obtained a Post Graduate Diploma in Personnel Management and Industrial Relations from the Xavier Labour Relations Institute in India in 1986.

Ashok Chandra Mohan Hegde joined Olam Benin in 1994 as a Branch Coordinator in charge of procurement and sale of commodities. Mr. Hegde was transferred to the Issuer in 1996 where he has held various positions including Country Head of Indonesia (from 1996 to 1998), Regional Controller of South East Asia (1998 to 2000), Managing Director of the Group's Wood products division (from 2000 to 2008) and is currently the Global Head — Risk Management & Information Systems. Mr. Hegde obtained a Bachelor of Engineering in Electrical & Electronics in 1988 from the University of Mysore, India and a Masters in Business Administration in 1991 from the University of Poona, India.

Venkataramani Srivathsan joined Olam Nigeria in 1994. Mr. Srivathsan has held various positions in the Group including Financial Controller, Nigeria and Country Head, Ghana. He is currently responsible for the Group's operations in Nigeria, Cameroon and Benin. He obtained a Bachelor of Commerce degree from St. Xavier's college, Tamil Nadu in 1984 and qualified as a member of The Institute of Chartered Accountants in 1998.

Ranveer Singh Chauhan first joined the Group in April 1993. In October 1997, Mr. Chauhan left the Group to join Melagro Exports Ltd as their General Manager and Head of Exports before returning to the Group in November 1998 to be the Regional Controller of West Africa. Mr. Chauhan is presently the Managing Director for West Africa and South East Africa and is responsible for the Group's entire operations in 15 countries within the African regions. He obtained a Bachelor of Science degree in 1985 and a Master of Science degree in 1987 both from Kanpur University, India. Mr. Chauhan also obtained a postgraduate Diploma in Business Management from The Indian Institute of Management, Ahmedabad, India in 1989. In 2003, he completed the Advanced Management Program from Wharton University of Pennsylvania.

Richard Haire is Chief Executive Officer and Executive Director of Brisbane based Queensland Cotton Holdings Pty Ltd, a position he has held since 1990. Mr. Haire is a Fellow of the Australian Institute of Company Directors and the Australia Institute of Management. He has more than 28 years of experience in the international cotton industry, including over 26 years of experience in agricultural commodity trading and banking. Mr. Haire is the Chairman of the Australian Cotton Industry Council and a member of the Rabobank Australia/New Zealand Food and Agribusiness Advisory Board. He also sits on the Issuer's Executive Committee based in Singapore.

Devashish Chaubey joined Olam Ivoire in 1994 where he was appointed as the Regional Controller. Mr. Chaubey was transferred to the Issuer in 2000 where he held the position of Vice President of the Issuer's sugar and sesame divisions and he subsequently became President. Mr. Chaubey is primarily responsible for the entire sugar and sesame business of the Group. Mr. Chaubey obtained a Bachelor of Arts (Honours) in Economics in 1987 from the Shri Ram College of Commerce, University of Delhi, India and a postgraduate Diploma in Management from the Xavier Labour Relations Institute in India in 1989.

Moochikal Damodran Ramesh joined the Group in 1992. Mr. Ramesh has held various positions including Branch Manager of Olam Nigeria, Profit Centre Head of Olam Benin, Country Head of Olam India, Country Head of Olam Europe BV, Regional Controller of Olam in Ghana, Benin, Guinea-Conakry and Togo. Mr. Ramesh is now primarily responsible for the Group's operations in South Africa, Tanzania, Mozambique, Uganda, Angola, Democratic Republic of Congo and Zimbabwe. He obtained a Bachelor of Science degree in 1987 from the University of Bombay, India and a Postgraduate Diploma in Management in 1989 from the Xavier Labour Relations Institute, Jamshedpur, India.

Raj Vardhan joined Chanrai International Ltd in 1993, where he has held various positions including Branch Coordinator and Profit Centre Head, Nigeria. Mr. Vardhan joined the Issuer as the Business Manager of cashew processing in India in 1996 before becoming the Country Head of Vietnam from June 1997 to June 2004. In July 2004 he was appointed as the Country Head of China where he is primarily responsible for the Group's business in China. Mr. Vardhan obtained a Bachelor of Arts (Honours) in Economics in 1987 from Punjab University in India and a Master of Business Administration in 1991 from the Birla Institute of Technology in India.

Rajeev Pandurang Kadam joined Chanrai SL Ltd in Sierra Leone in 1990 where he held the position of Finance Manager until April 1994. Mr. Kadam joined the Issuer as the General Manager of Internal Audit in 1996 before being promoted to the position of Vice President of Risk Management and Internal Audit of the Group. He is now the President for Internal Compliance. He obtained a Bachelor of Commerce degree in 1980 from the University of Bombay, India and later passed his Chartered Accountant Final (I) examination of the Institute of Chartered

Accountants of India. Mr. Kadam was awarded the certification of Certified Internal Auditor in November 2003 by the Institute of Internal Auditors and the Certification in Control Self-Assessment in June 2004 from the same professional body. He has also completed the Berkeley-NUS Certificate in Financial Engineering Programme in the year 2006.

Joydeep Bose joined the Issuer in July 2003. Mr. Bose is primarily responsible for the management and administration of the human resources function of the Group. Prior to joining the Issuer, he was the General Manager — Corporate Human Resources at Wipro Limited, India. Prior to joining Wipro Limited in February 1996, he was the Manager — Human Resources at Comsat Max Limited from July 1995 to January 1996. Before he joined Comsat Max Limited, he was the Manager — Human Resources at SRF Limited from May 1989 to July 1995. Mr. Bose obtained a Bachelor of Engineering degree in 1985 from the Regional Engineering College, India and a postgraduate Honours Diploma in Personnel Management and Industrial Relations in 1989 from the Xavier Labour Relations Institute in India.

Sundararajan Suresh joined the Group in March 1996 as the Finance Manager of Olam Cam. In May 1998, Mr. Suresh was transferred to the Issuer and was appointed as the General Manager, Corporate Affairs, of the Group. Mr. Suresh currently holds the position of Senior Vice President, Finance Functions. Prior to joining the Group, Mr. Suresh was the Deputy Manager (Accounts) at Tube Investments of India from September 1995 to February 1996 and prior to that, he was the Deputy Manager (Management Accounts) at T I Diamond Chain Limited in India from July 1994 to August 1995. He obtained a Bachelor of Commerce from the University of Madras, India in 1990, a Degree in Cost Accountancy in 1990 from The Institute of Cost and Works Accountants of India, and became a qualified Company Secretary in 1993 with The Institute of Company Secretaries of India.

Jayant Shriniwas Parande joined the Group in June 1995 as Financial Controller of Olam Nigeria. In May 1998, Mr. Parande was transferred to the Issuer as Senior Financial Controller handling Management Accounting for a group of products, and took over as General Manager, Treasury in April 2001. Mr. Parande currently holds the position of Senior Vice President and Group Treasurer, and heads the Treasury function for the Group. Prior to joining the Group, Mr. Parande was the Assistant Manager (Corporate Accounts & Treasury) at Marico Industries Limited, India from April 1991 to May 1995. Mr. Parande obtained a Bachelor of Commerce degree from the University of Bombay, India in 1987 and qualified as a member of The Institute of Chartered Accountants of India in 1990.

Neelamani Muthukumar joined the Group in July 2007 as Finance Manager of Olam Benin Sarl and was later the Country Financial Controller for Olam Nigeria Ltd for the period July 1998 to August 2000. In September 2000, Mr. Muthukumar was transferred to the Issuer to spearhead the design, development and implementation of the Group's proprietary ERP (eSIP) and subsequently to set up the Global IT development centre and Shared Services Group for Olam International in Chennai, India. Mr. Muthukumar was appointed the Head of IT & Shared Services Group for Olam International Ltd in July 2006 which he held until October 2008. He was recently appointed as Senior Vice President & Head of Corporate Affairs for the Group after serving as the Chief Financial Officer for Africa from November 2008 to April 2009. Prior to joining the Group, he was the "Management Accountant" with Fuller India Limited, a subsidiary of F.L. Smidth Group. Mr Muthukumar obtained a Bachelor of Science degree from Madras University, India and qualified as a member of The Institute of Cost and Works Accountants of India in December 1992.

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.

A brief summary of the responsibilities of each Board Committee is provided below.

Audit & 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 & 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 & Compensation Committee

The committee meets at least twice a year and is responsible for developing the framework of the Issuer'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 & 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 Issuer, 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 & Sustainability Committee

As supply chain managers of agricultural products, the Issuer's sustainability initiatives are inter-woven 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 Issuer's policy with respect to corporate responsibility and sustainability issues, review of the Issuer'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.

PRINCIPAL SHAREHOLDERS

The following table sets forth details about the interest the substantial shareholders of the Issuer have as at 30 June 2010 as shown in the Issuer's register. Deemed interest is determined in accordance with Section 7(4) of the Act.

	No. of Shares		
	Direct	**Deemed**	**Interest[1]** (%)
Kewalram Singapore Limited	459,602,064	—	22.74
Chanrai Investment Corporation Limited	—	459,602,064	22.74
Kewalram Chanrai Holdings Limited	—	459,602,064	22.74
Investec Trustees (Jersey) Ltd, Murli Kewalram Chanrai and Narain Girdhar Chanrai as trustees of Girdhar Kewalram Chanrai Settlement	—	459,602,064	22.74
Investec Trustees (Jersey) Ltd, Narain Girdhar Chanrai and Koshu Murli Chanrai as trustees of Hariom Trust	—	459,602,064	22.74
Investec Trustees (Jersey) Ltd, Narain Girdhar Chanrai and Murli Kewalram Chanrai as trustees of Dayal Damodar Chanrai Settlement	—	459,602,064	22.74
Investec Trustees (Jersey) Ltd as trustee of The PKC 2008 Settlement	—	459,602,064	22.74
Narain Girdhar Chanrai	—	459,602,064	22.74
Breedens Investments Pte. Ltd.	201,456,047	—	9.97
Seletar Investments Pte Ltd.	—	273,459,000	13.53
Temasek Capital (Private) Limited	—	273,459,000	13.53
Temasek Holdings (Private) Limited	—	278,170,291	13.77
UBS AG	—	166,511,027	8.24
Wellington Management Company, LLP	—	120,508,767	5.96

Notes:

(1) As a percentage of the issued share capital of the Issuer as at 30 June 2010, comprising 2,020,759,705 shares.

Interested Person Transactions

The Issuer has ongoing contractual arrangements with other companies within the Group in the ordinary course of business. Such transactions are entered into on normal commercial terms.

The Issuer has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Issuer and its minority shareholders.

Directors' Shareholdings

As at 30 June 2010, a total of 578,208,956 shares (direct and deemed) were held by directors of the Issuer. There were a total of 35,250,000 unissued shares comprised of options granted to directors of the Issuer under the Olam Employee Share Option Scheme.

TERMS AND CONDITIONS

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The U.S.$250,000,000 7.5 per cent. Bonds due 2020 (the "Bonds", which expression includes any further Bonds issued pursuant to Condition 16 (*Further Issues*) and forming a single series therewith) of Olam International Limited (the "Issuer") (a) are constituted by and subject to, and have the benefit of, a trust deed dated 12 August 2010 (as amended or supplemented from time to time, the "Trust Deed") between the Issuer and The Bank of New York Mellon as trustee (the "Trustee", which expression includes all persons for the time being appointed as trustee for the holders of the Bonds under the Trust Deed) and (b) are the subject of a paying agency agreement dated 12 August 2010 (as amended or supplemented from time to time, the "Agency Agreement") between the Issuer, the Trustee and The Bank of New York Mellon as principal paying and transfer agent (the "Principal Paying Agent", which expression includes any successor principal paying and transfer agents appointed from time to time in connection with the Bonds), the other paying and transfer agents named therein (together with the Principal Paying Agent, the "Paying Agents", which expression includes any successor or additional paying and transfer agents appointed from time to time in connection with the Bonds), and The Bank of New York Mellon (Luxembourg) S.A., in its capacity as Registrar (the "Registrar", which expression shall include any successor registrar appointed from time to time in connection with the Bonds, together with the Paying Agents, the "Agents").

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Principal Paying Agent and the Paying Agents. Copies are also available for inspection during normal business hours at the registered office for the time being of the Trustee, being at the date hereof The Bank of New York Mellon, One Canada Square, 40th Floor, London E14 5AL, United Kingdom.

1 Form, Denomination and Title

(a) Form and Denomination

The Bonds are issued in registered form in the denomination of U.S.$100,000 each or in integral multiples of U.S.$1,000 in excess thereof. A bond certificate (each a "Certificate") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register (as defined below) which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by a global certificate (the "Global Certificate") deposited with a common depositary for, and representing Bonds registered in the name of a common nominee of, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global Certificate. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(b) Title

Title to the Bonds will pass by transfer and registration as described in Conditions 2 (*Registration*) and 3 (*Transfer of Bonds*). The holder (as defined below) of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any other interest in it, any writing thereon by any Person (as defined below) (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous theft or loss thereof; and no Person will be liable for so treating the holder.

Save where expressly provided otherwise, in these Conditions, "Person" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality, "Bondholder" or "holder" means the Person in whose name a Bond is for the time being registered in the Register (or, in the case of joint holders, the first named thereof) and "holders" shall be construed accordingly.

2 Registration

The Issuer will cause a register (the "Register") to be kept at the Specified Office of the Registrar in which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and all transfers and redemptions of the Bonds.

Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding.

3 Transfer of Bonds

(a) Transfer

Each Bond may, subject to the terms of the Agency Agreement and to Conditions 3(b) (*Formalities Free of Charge*), 3(c) (*Closed Periods*) and 3(e) (*Regulations Concerning Transfer and Registration*), be transferred in whole or in part by lodging the relevant Certificate issued in respect of that Bond, with the endorsed form of application for transfer in respect thereof duly executed and duly stamped where applicable, at the Specified Office of the Registrar or any Paying Agent. A Bond may be registered only in the name of, and transferred only to, a named Person or Persons. No transfer of a Bond will be valid unless and until entered on the Register.

The Registrar will within five Business Days (as defined below) of any duly made application for the transfer of a Bond, register the transfer and deliver a new Certificate to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Certificate for the untransferred balance to the transferor), at the Specified Office of the Registrar, or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive physical delivery of Certificates.

(b) Formalities Free of Charge

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of (or the giving of such indemnity as the Issuer or any of the Agents may require in respect of) any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such regulations as the Issuer may from time to time agree with the Registrar and the Trustee.

(c) Closed Periods

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 15 days ending on (and including) the due date for any payment of principal in respect of the Bonds, (ii) during the period of 15 days ending on (and including) any Interest Payment Date (as defined below) and (iii) after a Change of Control Redemption Notice (as defined below) has been deposited in respect of such Bond pursuant to Condition 8(c) (*Redemption upon Change of Control*). The Issuer will inform the Trustee the dates on which any Closed Period begins and ends immediately on becoming informed or aware of a Closed Period.

(d) Business Day

In these Conditions, "Business Day" means a day other than a Saturday or Sunday or a public holiday on which banks are open for business in Singapore and the city in which the Specified Office of the Registrar (if a Certificate is deposited with it in connection with a transfer) or the Paying Agent with whom a Certificate is deposited in connection with a transfer, is located.

(e) Regulations Concerning Transfer and Registration

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer to reflect changes in legal requirements, in any other manner which is not prejudicial to the interests of Bondholders or with the prior written approval of the Registrar and the Trustee.

4 Status

The Bonds constitute direct, unconditional, unsubordinated and subject to Condition 5 (*Covenants*), unsecured obligations of the Issuer. The Bonds will at all times rank *pari passu* among themselves and subject to Condition 5 (*Covenants*), at least *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are mandatory.

5 Covenants

Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer will not, and will ensure that none of its Principal Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In these Conditions:

"Group" means the Issuer and its Subsidiaries;

"Principal Subsidiaries" means 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;

"Relevant Indebtedness" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other debt securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and

"Subsidiary" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

6 Interest

The Bonds bear interest from and including 12 August 2010 at the rate of 7.5 per cent. per annum (the "Rate of Interest"), payable semi-annually in arrear in equal instalments of U.S.$37.5 per Calculation Amount (as defined below) on 12 February and 12 August in each year (each an "Interest Payment Date"). Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until but excluding whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions. If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including 12 August 2010 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "Interest Period".

Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bonds (the "Calculation Amount"). The amount of interest payable per Calculation Amount for any Interest Period shall, save as provided above in relation to equal instalments, be equal to the product of Rate of Interest, the Calculation Amount and the day-count fraction for the relevant Interest Period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7 Payments

(a) Method of Payment

All payments in respect of the Bonds will be made by transfer to the registered account of the Bondholder or by US dollar cheque drawn on a bank in New York mailed to the registered address of the Bondholder if it does not have a registered account. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Paying Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the "Interest Record Date"). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by US dollar cheque drawn on a bank in New York mailed to the registered address of the Bondholder if it does not have a registered account.

(b) Registered Accounts

For the purposes of this Condition, a Bondholder's registered account means the US dollar account maintained by or on behalf of it with a bank in New York, details of which appear on the Register at the close of business on the second business day before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

(c) Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(d) Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day, for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, at the expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of a Paying Agent.

(e) Delay In Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering his Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

(f) Business Day

In this Condition 7, "business day" means a day other than a Saturday or Sunday on which commercial banks are open for business in Singapore, London, New York and the city in which the Specified Office of the Principal Paying Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

8 Redemption and Purchase

(a) Final redemption

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at 100 per cent. of principal amount plus unpaid accrued interest on 12 August 2020. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 8 (*Redemption and Purchase*).

(b) Redemption for taxation reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (a "Tax Redemption Notice") (which notice shall be irrevocable), at 100 per cent. of principal amount plus unpaid accrued interest (calculated up to but excluding the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations 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 or regulations, which change or amendment becomes effective on or after 6 August 2010, and (ii) such obligation 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 Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(b) (*Redemption for taxation reasons*), the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it, and (b) an opinion of an independent legal or tax adviser of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such change or amendment is then effective); and the Trustee shall be entitled to accept such certificate and opinion, without further inquiry, as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Bondholders. Upon the expiry of the Tax Redemption Notice, the Issuer shall be bound to redeem the Bonds at 100 per cent. of principal amount plus unpaid accrued interest (calculated up to, but excluding the date fixed for such redemption).

(c) Redemption upon Change of Control

Following the occurrence of a Change of Control (as defined below), each Bondholder will have the right at its option to require the Issuer to redeem all or some only of the Bonds held by such Bondholder on the Change of Control Redemption Date (as defined below) at 100 per cent. of their principal amount plus unpaid accrued interest (calculated up to but excluding the Change of Control Redemption Date). To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "Change of Control Redemption Notice") together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17 (*Notices*). The date of redemption for Change of Control shall be the fourteenth day after the expiry of such period of 30 days after the later of a Change of Control or the date upon which notice of a Change of Control is given to Bondholders by the Issuer in accordance with Condition 17 (*Notices*) (the "Change of Control Redemption Date").

A Change of Control Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Bonds the subject of Change of Control Redemption Notices delivered as aforesaid on the Change of Control Redemption Date. The Issuer shall give notice to Bondholders in accordance with Condition 17 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(c) (*Redemption upon Change of Control*) and shall give brief details of the Change of Control.

For the purposes of this Condition 8(c) (*Redemption upon Change of Control*):

"Control" means the acquisition or control of more than 50 per cent. of voting rights of the issued share capital of the Issuer and/or the right to appoint and/or remove all or the majority of the members of the Issuer's board of

directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

and a "Change of Control" occurs when:

(i) any Person or Persons acting together acquires or acquire Control of the Issuer if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Closing Date;

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Issuer or the successor entity; or

(iii) one or more Persons (other than any Person referred to in sub-paragraph (i) above) acquires the legal or beneficial ownership of all or substantially all of the Issuer's issued share capital.

"Person" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect subsidiaries.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be responsible or liable to Bondholders for any loss arising from any failure to do so.

(d) Notice of redemption

All Bonds in respect of which any notice of redemption is given under this Condition 8 (*Redemption and Purchase*) shall be redeemed on the date specified in such notice in accordance with this Condition 8 (*Redemption and Purchase*).

(e) Purchase

Each of the Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. Such Bonds may, at the option of the Issuer or the relevant Subsidiary, be held, resold or cancelled. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 13(a) (*Meetings of Bondholders*).

(f) Cancellation

All Bonds which are redeemed will be cancelled and may not be re-issued or resold.

9 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds, the Trust Deed or the Agency Agreement shall be made free and clear of, and without withholding or deduction for, 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 therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond presented for payment:

(i) Other connection: by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Singapore other than the mere holding of the Bond; or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or

(ii) Presentation more than 30 days after the Relevant Date: more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of the Bond would have been entitled to such additional amounts on presenting such Bond for payment on the last day of such period of 30 days; or

(iii) Payment to individuals: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) Payment by another Paying Agent: by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying Agent in a Member State of the European Union.

For the purposes of these Conditions, "Relevant Date" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in New York City by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 9 (*Taxation*) or any undertaking given in addition to or substitution for it under the Trust Deed.

10 Prescription

Claims in respect of any amount due in respect of the Bonds will become void unless the relevant Certificate is surrendered for payment as required by Condition 7 (*Payments*) within a period of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date. Neither the Trustee nor the Paying Agents will be responsible or liable for any amounts so prescribed.

11 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured by the holders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their 100 per cent. of principal amount plus unpaid accrued interest (subject as provided below) if any of the following events has occurred:

(a) the Issuer does not pay any principal sum or interest payable by it in respect of any of the Bonds 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 Condition 11(a) (*Events of Default*)) under the Trust Deed or the Bonds 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 by the Trustee;

(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 declared to be or becomes 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 Condition 11(d) (*Events of Default*) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this Condition 11(d)(i) (*Events of Default*) and (d)(ii) (*Events of Default*) has/have occurred equals or exceeds U.S.$20 million or its equivalent (as determined by any lending bank of international repute selected 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 (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution of Bondholders before that event occurs; or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary (after taking into account the rights of any other shareholder(s) of such Principal Subsidiary) are transferred to or otherwise vested in the Issuer or another of its Subsidiaries in accordance with applicable law and regulation) 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, except (i) for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in Condition 11 (h) (*Events of Default*) above or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary (after taking into account the rights of any other shareholder(s) of such Principal Subsidiary) are transferred to or otherwise vested in the Issuer or another of its Subsidiaries in accordance with applicable law and regulation);

(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 Condition 11(j) (*Events of Default*) 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 in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done or it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Trust Deed or the Bonds;

(l) any of the Agency Agreement, the Trust Deed or any of the Bonds 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;

(m) any litigation, arbitration or administrative proceeding before any court, arbitral body or agency 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 the Agency Agreement, the Trust Deed or any of the Bonds 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;

(n) 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; and

(o) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the paragraphs (e), (f), (g), (h) or (j) in this Condition 11 (*Events of Default*).

12 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Registrar or any Paying Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the costs and expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and such Paying Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13 Meetings of Bondholders, Modification, Waiver and Substitution

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Bondholders holding not less than 10 per cent in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing 50 per cent. or more in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Bonds, the Agency Agreement and the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) 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 Bonds, the Agency Agreement and the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholder. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification shall be notified to the Bondholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds and as a party to the Agency Agreement.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 13 (*Meetings of Bondholders, Modification, Waiver and Substitution*)), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

(e) Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof. The Trustee shall not be responsible for any loss occasioned by acting on or refraining from acting in reliance on such certificate or report.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 13(a) (*Meetings of Bondholders*), a modification, waiver or authorisation in accordance with Condition 13(b) or a substitution in accordance with Condition 13(c) (*Substitution*), the Issuer will procure that the Bondholders be notified in accordance with Condition 17 (*Notices*).

14 Enforcement

At any time after the Bonds 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 the terms of the Trust Deed and the Bonds, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding not less than 25 per cent. in principal amount of the Bonds outstanding, and (b) it shall have been indemnified to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

16 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

17 Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register or published in a leading newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal) and, so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, published in a leading newspaper having general circulation in Singapore (which is expected to be The Business Times). Such notices shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be, provided that if the Bonds are represented by Global Certificate held on behalf of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (as the case may be), notices required to be given to the Certificate holders may be given by their being delivered to Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (as defined in the Global Certificate) (as the case may be), rather than by mail or publication as aforesaid. Any such notice will be deemed to have been given at 5.00 pm on the day the relevant clearing system receives such notice.

18 Agents

The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent or the Registrar and to appoint additional or other Paying Agents or a replacement Registrar. The Issuer will at all times maintain (a) a Principal Paying Agent, (b) as necessary, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Directive 2003/48/EC or any other European Directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform, to such Directive and (c) a Registrar which will maintain the register of Bondholders.

Notice of any such termination or appointment, of any changes in the specified offices of any Paying Agent or the Registrar and of any change in the identity of the Registrar or the Principal Paying Agent will be given promptly by the Issuer to the Bondholders and in any event except where such termination is pursuant to clause 17.3 of the Agency Agreement, not less than 45 days' notice prior to the date of such termination or appointment will be given.

19 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

20 Governing Law

(a) Governing Law

The Trust Deed, the Bonds and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("Proceedings") may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.

(c) Agent for Service of Process

The Issuer has irrevocably appointed Olam Europe Limited for the time being at New Zealand House, 80 Haymarket, London SW1Y 4TQ, United Kingdom as its agent in England to receive service of process in any Proceedings in England based on any of the Bonds.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions:

Exchange

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream, Luxembourg (or any other clearing system as shall have been designated by the Issuer and approved by the Trustee on behalf of which the Bonds evidenced by the Global Certificate may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Meetings

The holder of the Global Certificate or any proxy or representative appointed by it will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each U.S.$1,000 in principal amount of Bonds for which the Global Certificate is issued. The Trustee may allow a person with an interest in Bonds in respect of which the Global Certificate has been issued to attend and speak at a meeting of Bondholders on appropriate proof of his identity and interest.

Cancellation

Cancellation of any Bond by the Issuer following its redemption or purchase will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

Trustee's Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, without being obliged to do so, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to Bonds and may consider such interests as if such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

Payment

Payments of principal and interest in respect of Bonds represented by the Global Certificate will be made without presentation or, if no further payment is to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose.

All payments made in respect of Bonds represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or the Alternative Clearing Systems, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

Put option

The Bondholders' put option in Condition 8(c) may be exercised by the holder of the Global Certificate giving notice to any Paying Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise (if required) within the time limits specified in such Condition.

Transfers

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective direct and indirect participants.

Enforcement

For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Bonds in respect of which the Global Certificate is issued shall be recognised as the beneficiaries of the trusts set out in the Trust Deed, to the extent of the principal amounts of their interests in the Bonds set out in the certificate of the holder, as if they were themselves the holders of the Bonds in such principal amounts.

CLEARANCE AND SETTLEMENT

Custodial and depositary links have been established with Euroclear and Clearstream, Luxembourg, to facilitate the initial issue of the Bonds and transfers of the Bonds associated with secondary market trading.

The Clearing Systems

Euroclear and 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 of changes in the accounts of their participants. Euroclear and Clearstream, Luxembourg, provide their respective participants with, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. 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 others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal, premium and interest with respect to book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg, will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Registration and Form

Book-entry interests in the Bonds held through Euroclear and Clearstream, Luxembourg, will be evidenced by the Global Certificate, registered in the name of a nominee of the common depositary of Euroclear and Clearstream, Luxembourg. The Global Certificate will be held by a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial ownership in Bonds will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Bonds in Euroclear and Clearstream, Luxembourg, will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Bonds, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interest in the Bonds. The Paying Agent will be responsible for ensuring that payments received by it from the Issuer for holders of interests in the Bonds holding through Euroclear and Clearstream, Luxembourg, are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer will not impose any fees in respect of the Bonds. However, holders of book-entry interest in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Global Clearance and Settlement Procedures

Initial Settlement

Interests in the Bonds will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream, Luxembourg, accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Bonds will be credited to Euroclear participant securities clearance accounts on the business day following the Closing Date against payment (for value the Closing Date), and to Clearstream, Luxembourg participant securities custody accounts on the Closing Date against payment in same-day funds.

Secondary Market Trading

Secondary market sales of book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg, to purchasers of book-entry interests in the Bonds through Euroclear or Clearstream, Luxembourg, will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional participants.

General

All payments made in respect of the Bonds represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the register of Bondholders at the close of business on the Clearing System Business Day (as defined below) immediately prior to the date for payment — "Clearing System Business Day" means any day between Monday to Friday inclusive, except 25 December and 1 January.

Although the foregoing sets out the procedures of Euroclear and Clearstream, Luxembourg, in order to facilitate the transfers of interests in the Bonds among participants of Euroclear and Clearstream, Luxembourg, none of Euroclear or Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

None of the Issuer, any of its agents, the Trustee or any of the Agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg, or their respective participants of their respective obligations under the rules and procedures governing their operations.

TAXATION

Singapore Taxation

The statements made herein regarding taxation are general in nature and based on certain aspects of the tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as of the date of this Offering Circular and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The following is a summary of the material Singapore tax consequences to a holder of the Bonds. The statements below are not to be regarded as advice on the tax position of any holder of the Bonds or of any person acquiring, selling or otherwise dealing with the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The statements made herein do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds 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. Prospective holders of the Bonds are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposition of the Bonds including, in particular, the effect of any foreign state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Joint Lead Managers nor any other persons involved in the offering of the Bonds accept responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Bonds.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore ("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 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.

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 and 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 Singapore.

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 the same meaning as defined in the ITA.

However, as the issue of the Bonds is lead-managed by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and J.P. Morgan (S.E.A.) Limited, both of which, the Issuer understands, are Financial Sector Incentive (Bond Market) Companies (as defined in the ITA) and the Bonds are issued prior to 31 December 2013, the Bonds would be qualifying debt securities for the purposes of the ITA to which the following treatments apply:

(a) subject to certain conditions having been fulfilled (including the submission by or on behalf of the Issuer of a return on debt securities to the Monetary Authority of Singapore ("MAS") and the Comptroller within such period as the Comptroller may specify and such other particulars that the Comptroller may require and subject to the Issuer including in all offering documents relating to the Bonds a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Bonds by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities does not apply if such person acquires the Bonds using funds from Singapore operations), interest, discount income (not including discount income from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "Specified Income") on the Bonds received by a holder who is not resident in Singapore and who does not have a permanent establishment in Singapore is exempt from Singapore income tax. Non-residents who have permanent establishments in Singapore can also benefit from this exemption provided that they do not acquire the Bonds using any funds from Singapore operations. Funds from Singapore operations means, in relation to a person, the funds and profits of that person's operations through a permanent establishment in Singapore;

(b) subject to certain conditions having been fulfilled (including the submission by or on behalf of the Issuer of a return on debt securities to the MAS and the Comptroller within such period as the Comptroller may specify and such other particulars that the Comptroller may require) Specified Income from the Bonds received by any company or a body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent.; and

(c) subject to:

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

    (ii) the Issuer or such other person as the Comptroller may direct, furnishing to the Comptroller and the MAS a return on the debt securities within such period as the Comptroller may specify and such other particulars that the Comptroller may require and such other particulars in connection with those Bonds as the Comptroller may require,

    Specified Income derived from the Bonds is not subject to the withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of the Bonds, the Bonds are issued to fewer than four persons and 50 per cent. or more of the principal amount of the Bonds is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Bonds would not qualify as qualifying debt securities; and

(b) even though the Bonds are "qualifying debt securities", if, at any time during the tenure of the Bonds, 50 per cent. or more of the principal amount of the Bonds is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from the Bonds held by:

    (i) any related party of the Issuer; or

    (ii) any other person where the funds used by such person to acquire the Bonds 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 of 10 per cent.

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.

Notwithstanding that payments under the Bonds may be made without deduction or withholding of tax under Sections 45 and 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Bonds is not exempt from tax is required under the ITA to include such income in a return of income made under the ITA.

Gains on disposal of the Bonds

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains arising from the disposal of the Bonds may be construed to be of an income nature and subject to income tax, especially if they arise from activities which the Comptroller would regard as the carrying on of a trade or business in Singapore.

Holders of the Bonds who are adopting Singapore Financial Reporting Standard 39- Financial Instruments: Recognition and Measurement ("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 Bonds, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

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"). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

According to the FRS 39 Circular, for financial assets on revenue account classified as:

(a) "fair value through profit or loss", gains or losses recognised in the profit and loss account will be taxed or allowed as a deduction even though they are unrealised;

(b) "available-for-sale", only the cumulative gains or losses (which had been recognised in equity) that are transferred to the profit and loss account upon derecognition will be taxed or allowed as a deduction;

(c) "held-to-maturity" and loans, the interest income based on the amount shown in the accounts, which is calculated under the effective interest method under FRS 39, will be taxed.

The FRS 39 Circular refers to the definition of the effective interest method under FRS 39 and states that the "effective interest method" is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period and the "effective interest rate" is the rate that exactly discounts estimated future cash payments of receipts through the expected life of the financial instruments. The 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 or discounts.

However, for debt securities which are on capital account, the FRS 39 Circular indicates that interest income reflected in the profit and loss account under FRS 39 will be adjusted to that based on the coupon/contractual rate.

In this regard, Section 34A of the ITA provides that where interest from debt securities is chargeable to tax under Section 10(1)(d) of the ITA (i.e. as passive income rather than as income from a trade or business), such interest will be computed based on the contractual interest rate and not the effective interest rate. In this section, "contractual interest rate" in relation to any financial instrument means the interest rate specified in the financial instrument.

Holders of the Bonds 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 Bonds.

Estate Duty

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

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan (S.E.A.) Limited (together, the "Joint Lead Managers") dated 6 August 2010 (the "Subscription Agreement"), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to sell to the Joint Lead Managers, and the Joint Lead Managers agreed to severally but not jointly subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds.

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of their business.

The Joint Lead Managers or certain of their affiliates may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution.

The Joint Lead Managers or their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In connection with the issue of the Bonds, subject to the mutual agreement of the Joint Lead Managers, the Stabilising Manager may over-allot Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers.

The Issuer has agreed with the Joint Lead Managers that neither the Issuer nor any of its subsidiaries or other affiliates over which they exercise management or voting control, nor any person acting on its or their behalf will, for a period from the date of the Subscription Agreement until 90 days after the Closing Date, without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld), issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) debt securities issued by the Issuer and having a maturity of more than one year from the date of issue save for any securities which are to be issued pursuant to the Issuer's S$800,000,000 Multicurrency Medium Term Note Programme and which have a maturity of not more than three years.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been or will be taken in any jurisdiction by the Issuer or any Joint Lead Manager that would, or is intended to, permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

United States

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered outside the United States in reliance upon Regulation S under the Securities Act ("Regulation S"). Each Joint Lead Manager has represented and warranted that it has not offered or sold, and has agreed that it will not offer or sell, any Bonds constituting part of its allotment within the United States. Accordingly, neither it nor its affiliates or any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds.

Until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager 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 Bonds 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 Bonds, 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 Bonds 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.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the "Financial Instruments and Exchange Act"). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell the Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of 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 Bonds 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 Bonds pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

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

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

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

GENERAL INFORMATION

(1) The Issuer is incorporated in Singapore under the Act as a public company limited by shares and its registration number is 199504676H. The registered office of the Issuer is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

(2) The terms of the Offering and the issue of the Bonds will be approved by resolutions of the Directors of the Issuer to be passed on or before the Closing Date.

(3) Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. Approval in-principle for the listing of the Bonds is not to be taken as an indication of the merits of the Bonds, the Issuer and/or its subsidiaries.

(4) Copies of the Memorandum and Articles of Association of the Issuer and copies of the Trust Deed and the Paying and Transfer Agency Agreement will be available for inspection during usual business hours on any weekday (except Saturdays, Sundays and public holidays) at the Issuer's registered office for so long as any of the Bonds are outstanding.

(5) The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg, with a Common Code of 053128408. The International Securities Identification Number for the Bonds is XS0531284080.

(6) The Issuer has obtained all consents, approvals and authorisations in Singapore required in connection with the issue and performance of the Bonds.

(7) Except as disclosed in this Offering Circular up to date hereof, there has been no significant change in the financial position of the Issuer since 30 June 2009 and no material adverse change in the financial position of the Issuer since 30 June 2009.

(8) The Issuer is not involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Bonds nor, so far as the Issuer is aware, is any such litigation or arbitration pending or threatened.

(9) The Trustee is entitled under the Trust Deed to rely, without liability to the Bondholders, on certificates prepared by the Directors of the Issuer and any certificate or report of the Issuer's auditors or any other expert appointed pursuant to the Conditions and/or the Trust Deed, whether or not addressed to the Trustee and whether or not the liability of such auditors or expert in respect thereof is limited by a monetary cap or otherwise limited or excluded.

(10) Copies of the Paying and Transfer Agency Agreement and the published financial statements of the Issuer will be available at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Bonds are outstanding.

(11) Ernst & Young LLP has audited and rendered an unqualified audit report on the Group's consolidated financial statements as at and for the years ended 30 June 2008 and 2009 and have given and not withdrawn their consent to the issue of this document with the inclusion in it, where relevant, of references to them and their report in the form and context in which they are included.

(12) The submission by the Issuer to the jurisdiction of the English courts and the appointment of an agent for service of process, are valid and binding under Singapore law. The choice of English law as the governing law of the Trust Deed and the Bonds, under the laws of Singapore, is a valid choice of law and should be honoured by the courts of Singapore, subject to proof thereof and considerations of public policy.

Index to the Financial Statements

OLAM INTERNATIONAL LIMITED

Financial Statements for the Third Quarter Ended 31st March 2010

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 — Third Quarter FY2010: Group

	Group			Group		
	Nine Months Ended			Three Months Ended		
	31 Mar 10	31 Mar 09	% Change	31 Mar 10	31 Mar 09	% Change
			(In S$'000)			
Revenue — Sale of goods	7,321,234	6,149,006	**19.1%**	2,711,520	2,289,352	**18.4%**
Other income	161,503	106,740		45,658	33,005	
	7,482,737	**6,255,746**	**19.6%**	**2,757,178**	**2,322,357**	**18.7%**
Costs and expenses						
Cost of goods sold	(5,946,327)	(4,931,805)		(2,228,126)	(1,845,268)	
Shipping and logistics	(661,041)	(592,274)		(250,606)	(229,138)	
Commission and claims	(69,152)	(70,074)		(15,125)	(24,284)	
Employee benefit expenses	(169,344)	(124,203)		(65,346)	(41,142)	
Depreciation	(43,827)	(27,302)		(13,244)	(9,349)	
Net measurement of derivative instruments	35,676	26,764		18,114	18,081	
Gain/(loss) on foreign exchange	7,892	(5,607)		1,386	(6,444)	
Other operating expenses	(164,942)	(133,270)		(50,067)	(34,807)	
Finance costs	(191,549)	(191,615)		(58,159)	(67,358)	
	(7,202,614)	(6,049,386)		(2,661,173)	(2,239,709)	
Share of gain from jointly controlled entities/associates	8,476	14,088		3,675	10,075	
	(7,194,138)	**(6,035,298)**	**19.2%**	**(2,657,498)**	**(2,229,634)**	**19.2%**
Profit before taxation	**288,599**	**220,448**	**30.9%**	**99,680**	**92,723**	**7.5%**
Taxation	(21,420)	(15,098)		(10,402)	(5,697)	
Profit for the period	**267,179**	**205,350**	**30.1%**	**89,278**	**87,026**	**2.6%**
Attributable to:						
Equity holders of the Company	267,184	205,350		89,293	87,026	
Minority interest	(5)	—		(15)	—	
	267,179	**205,350**		**89,278**	**87,026**	

Notes:

	Group			Group		
	Nine Months Ended			Three Months Ended		
	31 Mar 10	31 Mar 09	% Change	31 Mar 10	31 Mar 09	% Change
	(In S$'000)					
Other income includes						
— **interest income**	13,292	10,895		1,595	5,035	
— **negative goodwill/gain on buy-back of bonds**	118,579	80,536		27,456	24,597	
Other operating expenses includes						
— **transaction costs relating to acquisition**	(21,973)	—		(21,909)	—	
— **bank charges**	(18,868)	(14,410)		(8,587)	(6,540)	
Finance cost includes **interest on debt for fixed capital investments**	37,263	28,205		13,140	10,699	
Gross Contribution	707,522	590,997	**19.7%**	248,858	209,210	**19.0%**
Net Contribution	566,528	438,483	**29.2%**	205,434	157,584	**30.4%**

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 — Third Quarter FY2010: Group

	Group		Group	
	Nine Months Ended		Three Months Ended	
	31 Mar 10	31 Mar 09	31 Mar 10	31 Mar 09
	(In S$'000)			
Profit for the period	**267,179**	**205,350**	**89,278**	**87,026**
Other Comprehensive Income:				
Net (loss)/gain on fair value changes during the period	(19,313)	169,541	79,976	28,076
Recognised in the profit and loss account on occurrence of hedged transactions	(68,469)	7,024	(36,600)	(86,778)
Foreign currency translation adjustment	25,569	61,575	53,182	64,121
Other comprehensive (loss)/income	**(62,213)**	**238,140**	**96,558**	**5,419**
Total Comprehensive Income	**204,966**	**443,490**	**185,836**	**92,445**
Attributable to:				
Equity holders of the Company	204,971	443,490	185,851	92,445
Minority interest	(5)	—	(15)	—
	204,966	**443,490**	**185,836**	**92,445**

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.

	Group		Company	
	31 Mar 10	30 Jun 09	31 Mar 10	30 Jun 09
	(In S$'000)			
Non-current assets				
Property, plant and equipment	1,176,965	533,963	3,910	2,974
Intangible assets	351,948	127,538	8,582	8,940
Investment in subsidiary companies	—	—	848,743	314,556
Deferred tax assets	41,456	74,704	—	13,096
Interest in jointly controlled entities	214,503	294,407	170,939	254,586
Investment in associates	288,455	106,520	285,387	105,817
Other non current assets	11,770	11,154	11,529	10,922
	2,085,097	**1,148,286**	**1,329,090**	**710,891**
Current assets				
Amounts due from subsidiary companies	—	—	518,677	747,613
Trade receivables	544,002	732,500	65,592	237,296
Margin accounts with brokers	92,294	64,839	84,911	55,521
Inventories	2,556,437	1,966,419	978,915	550,729
Advance payments to suppliers	437,685	277,683	308,118	85,527
Advance payments to subsidiary companies	—	—	1,632,978	935,336
Other current assets	546,669	342,075	178,117	85,651
Fixed deposits	200,963	239,688	169,825	228,009
Cash and bank balances	319,504	294,130	94,709	59,628
Fair value of derivative financial instruments	647,301	349,796	482,246	279,242
	5,344,855	**4,267,130**	**4,514,088**	**3,264,552**
Current liabilities				
Trade payables and accruals	(381,781)	(658,988)	(198,036)	(420,115)
Other current liabilities	(75,463)	(58,595)	(53,501)	(35,871)
Amounts due to bankers	(1,535,204)	(1,869,640)	(921,268)	(1,166,700)
Medium term notes	(93,000)	(128,005)	(93,000)	(128,005)
Provision for taxation	(23,917)	(11,410)	(14,090)	(14,732)
Fair value of derivative financial instruments	(768,336)	(403,528)	(641,713)	(347,333)
	(2,877,701)	**(3,130,166)**	**(1,921,608)**	**(2,112,756)**
Net current assets	**2,467,154**	**1,136,964**	**2,592,480**	**1,151,796**
Non-current liabilities				
Deferred tax liabilities	(91,964)	(62,812)	(5,938)	—
Term loans from banks	(1,732,905)	(1,008,312)	(1,400,577)	(764,602)
Medium term notes	(250,000)	—	(250,000)	—
Convertible Bonds	(716,395)	(168,234)	(716,395)	(168,234)
	(2,791,264)	**(1,239,358)**	**(2,372,910)**	**(932,836)**
Net assets	**1,760,987**	**1,045,892**	**1,548,660**	**929,851**
Equity attributable to equity holders of the Company				
Share capital	1,198,948	708,586	1,198,948	708,586
Reserves	561,998	337,260	349,712	221,265
	1,760,946	1,045,846	1,548,660	929,851
Minority interest	41	46	—	—
Total equity	**1,760,987**	**1,045,892**	**1,548,660**	**929,851**

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less or on demand

	31 Mar 10		30 Jun 09	
	Secured (In S$'000)	**Unsecured (In S$'000)**	**Secured (In S$'000)**	**Unsecured (In S$'000)**
Overdrafts	—	101,323	—	265,141
Loans	—	1,433,881	—	1,604,499
Medium Term Notes	—	93,000	—	128,005
Total	**—**	**1,628,204**	**—**	**1,997,645**

Amount repayable after one year

	31 Mar 10		30 Jun 09	
	Secured (In S$'000)	**Unsecured (In S$'000)**	**Secured (In S$'000)**	**Unsecured (In S$'000)**
Medium/Long Term Loans	11,254	1,721,651	11,957	996,355
Medium Term Notes	—	250,000	—	—
Convertible Bonds	—	716,395	—	168,234
Total	**11,254**	**2,688,046**	**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$11.3 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.

	Group		Group	
	Nine Months Ended		Three Months Ended	
	31 Mar 10	31 Mar 09	31 Mar 10	31 Mar 09
	(In S$'000)			
Cash flow from operating activities				
Profit before taxation	**288,599**	**220,448**	**99,680**	**92,723**
Adjustments for:				
Share of results from jointly controlled entities/associates	(8,476)	(14,088)	(3,675)	(10,075)
Depreciation of property, plant and equipment	43,827	27,302	13,244	9,349
Gain on disposal of property, plant and equipment	(139)	(841)	(400)	(782)
Gain on convertible bonds buy back	—	(80,536)	—	(24,597)
Net measurement of derivative instruments	(35,676)	(26,764)	(18,114)	(18,081)
Amortisation of intangible assets	1,622	1,187	311	459
Cost of share-based payments	8,697	3,351	3,282	1,029
Interest income	(13,292)	(10,895)	(1,595)	(5,035)
Interest expense	191,549	191,615	58,159	67,358
Negative goodwill arising from acquisitions	(96,606)	—	(5,547)	—
Operating cash flow before reinvestment in working capital	**380,105**	**310,779**	**145,345**	**112,348**
(Increase)/decrease in inventories	(659,491)	77,009	75,756	(50,810)
(Increase)/decrease in trade & other receivables	(13,812)	254,236	(26,161)	(68,636)
(Increase)/decrease in advance payments to suppliers	(169,812)	(82,805)	857	(172,473)
Decrease in trade & other payables	(228,604)	(264,522)	(21,106)	(277,564)
Cash flow (used in)/generated from operations	**(691,614)**	**294,697**	**174,691**	**(457,135)**
Interest income received	—	10,895	(11,696)	5,035
Interest expense paid	(198,787)	(188,544)	(74,904)	(67,358)
Tax (paid)/refund	(8,510)	(8,963)	1,841	401
Net cash flow (used in)/generated from operating activities	**(898,911)**	**108,085**	**89,932**	**(519,057)**
Cash flow from investing activities				
Proceeds from disposal of property, plant and equipment	7,947	11,582	—	2,951
Purchase of property, plant and equipment	(143,975)	(86,303)	(82,689)	(43,750)
Acquisition of subsidiaries — net of cash acquired	(634,412)	—	(362,100)	—
Investment in jointly controlled entities/associates	(107,720)	(325,091)	—	(13,070)
Repayment from jointly controlled entities	—	(137)	—	(224)
Net cash flow used in investing activities	**(878,160)**	**(399,949)**	**(444,789)**	**(54,093)**
Cash flow from financing activities				
Proceeds from loans from banks	636,793	362,283	124,675	643,115
Proceeds from issuance of shares on exercise of share options	8,430	148	854	—
Proceeds from issuance of shares for cash	437,389	417,375	—	—
Proceeds from issuance/(repayment) of convertible bonds	683,412	(110,570)	—	—
Dividends paid on ordinary shares by the Company	(96,054)	(42,833)	(40,381)	—
Proceeds/(repayment) of medium term notes	219,517	(131,857)	219,523	(7,731)
Net cash flow provided by financing activities	**1,889,487**	**494,546**	**304,671**	**635,384**
Net effect of exchange rate changes on cash and cash equivalents	38,051	18,396	61,615	26,173
Net increase/(decrease) in cash and cash equivalents	**150,467**	**221,078**	**11,428**	**88,407**
Cash and cash equivalents at the beginning of the period	268,677	164,261	407,716	296,932
Cash and cash equivalents* at the end of the period	**419,144**	**385,339**	**419,144**	**385,339**

* 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.

	Attributable to Equity Holders of the Company									
Group 9 Months	**Share Capital**	**Capital Reserves**	**Foreign Currency Translation Reserves**	**Fair Value Adjustment Reserves**	**Share-Based Compensation Reserves**	**Revenue Reserves**	**Total Reserves**	**Total**	**Minority Interest**	**Total Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 Mar 2010:										
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						267,184	267,184	267,184	(5)	267,179
Other comprehensive income for the period			25,569	(87,782)			(62,213)	(62,213)		(62,213)
Total comprehensive income for the period			**25,569**	**(87,782)**	**—**	**267,184**	**204,971**	**204,971**	**(5)**	**204,966**
Dividends on ordinary shares						(110,168)	(110,168)	(110,168)		(110,168)
Share-based expense					8,697		8,697	8,697		8,697
Issue of shares for cash	437,389						—	437,389		437,389
Issue of shares upon conversion of bonds	30,429	(3,149)					(3,149)	27,280		27,280
Issue of shares under the Scrip Dividend Scheme	14,114						—	14,114		14,114
Issue of shares on exercise of share option	8,430						—	8,430		8,430
Equity portion of convertible bonds		124,387					124,387	124,387		124,387
At 31 March 2010	**1,198,948**	**145,688**	**(59,466)**	**(267,725)**	**26,462**	**717,039**	**561,998**	**1,760,946**	**41**	**1,760,987**
At 31 Mar 2009:										
At 1 July 2008	**704,870**	**—**	**(84,434)**	**(325,878)**	**13,474**	**330,382**	**(66,456)**	**638,414**	**—**	**638,414**
Profit for the period						205,350	205,350	205,350	—	205,350
Gain on buy-back of convertible bonds		(21,479)				21,479	—	—		—
Other comprehensive Income for the period			61,575	176,565			238,140	238,140		238,140
Total comprehensive Income for the period	**—**	**(21,479)**	**61,575**	**176,565**	**—**	**226,829**	**443,490**	**443,490**	**—**	**443,490**
Dividends on ordinary shares						(42,833)	(42,833)	(42,833)		(42,833)
Share-based expense					3,397		3,397	3,397		3,397
Issue of shares on exercise of share option	148						—	148		148
Equity portion of Convertible bonds		47,165					47,165	47,165		47,165
At 31 March 2009	**705,018**	**25,686**	**(22,859)**	**(149,313)**	**16,871**	**514,378**	**384,763**	**1,089,781**	**—**	**1,089,781**

Company 9 Months	Attributable to Equity Holders of the Company							
	Share Capital	Capital Reserves	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-Based Compensation Reserves	Revenue Reserves	Total Reserves	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 Mar 2010:								
At 1 July 2009	**708,586**	**24,450**	**(41,562)**	**(220,167)**	**17,765**	**440,779**	**221,265**	**929,851**
Profit for the period						201,024	201,024	201,024
Other comprehensive income for the period			(44,596)	(47,748)			(92,344)	(92,344)
Total comprehensive income for the period		**—**	**(44,596)**	**(47,748)**	**—**	**201,024**	**108,680**	**108,680**
Dividends on ordinary shares						(110,168)	(110,168)	(110,168)
Share-based expense					8,697		8,697	8,697
Issue of shares for cash	437,389							437,389
Issue of shares up on conversion of bonds	30,429	(3,149)					(3,149)	27,280
Issue of shares under the Scrip Dividend Scheme	14,114							14,114
Issue of shares on exercise of share option	8,430							8,430
Equity portion of convertible bonds		124,387					124,387	124,387
At 31 March 2010	**1,198,948**	**145,688**	**(86,158)**	**(267,915)**	**26,462**	**531,635**	**349,712**	**1,548,660**
At 31 Mar 2009:								
At 1 July 2008	**704,870**	**—**	**(84,230)**	**(291,729)**	**13,474**	**242,138**	**(120,347)**	**584,523**
Profit for the period						209,348	209,348	209,348
Gain on buy-back of convertible bonds		(21,479)				21,479	—	—
Other comprehensive Income for the period	—	—	84,093	15,147	—	—	99,240	99,240
Total comprehensive Income for the period		**(21,479)**	**84,093**	**15,146**	**—**	**230,827**	**308,587**	**308,587**
Dividends on ordinary shares						(42,833)	(42,833)	(42,833)
Share-based expense					3,397		3,397	3,397
Issue of shares on exercise of share option	148						—	148
Equity portion of Convertible bonds	—	47,165					47,165	47,165
At 31 March 2009	**705,018**	**25,686**	**(137)**	**(276,582)**	**16,871**	**430,133**	**195,970**	**900,987**

Group 3 Months	Attributable to Equity Holders of the Company									
	Share Capital	Capital Reserves	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-Based Compensation Reserves	Revenue Reserves	Total Reserves	Total	Minority Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 Mar 2010:										
At 1 January 2010	**1,182,159**	**147,298**	**(112,648)**	**(311,101)**	**23,180**	**668,126**	**414,855**	**1,597,014**	**56**	**1,597,070**
Profit for the period						89,293	89,293	89,293	(15)	89,278
Other comprehensive income for the period			53,182	43,376			96,558	96,558	—	96,558
Total comprehensive Income for the period			**53,182**	**43,376**	**—**	**89,293**	**185,851**	**185,851**	**(15)**	**185,836**
Dividends on ordinary shares						(40,380)	(40,380)	(40,380)		(40,380)
Share-based expense					3,282		3,282	3,282		3,282
Issue of shares up on conversion of bonds	15,934	(1,610)					(1,610)	14,324		14,324
Issue of shares on exercise of share option	855							855	—	855
At 31 March 2010	**1,198,948**	**145,688**	**(59,466)**	**(267,725)**	**26,462**	**717,039**	**561,998**	**1,760,946**	**41**	**1,760,987**
At 31 Mar 2009:										
At 1 January 2009	**705,018**	**5,259**	**(86,980)**	**(90,610)**	**15,853**	**405,872**	**249,393**	**954,412**	**—**	**954,412**
Profit for the period						87,027	87,027	87,027	—	87,027
Gain on buy-back of convertible bonds		(21,479)				21,479				
Other comprehensive Income for the period			64,122	(58,703)			5,420	5,420	—	5,420
Total comprehensive Income for the period	**—**	**(21,479)**	**64,122**	**(58,702)**	**—**	**108,505**	**92,446**	**92,446**	**—**	**92,446**
Share-based expense					1,018		1,018	1,018		1,018
Issue of shares on exercise of share option	—						—	—		—
Equity portion of Convertible bonds		41,905					41,905	41,905	—	41,905
At 31 March 2009	**705,018**	**25,685**	**(22,859)**	**(149,312)**	**16,871**	**514,377**	**384,763**	**1,089,781**	**—**	**1,089,781**

Company 3 Months	Share Capital	Capital Reserves	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-Based Compensation Reserves	Revenue Reserves	Total Reserves	Total Equity
	Attributable to Equity Holders of the Company							
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 Mar 2010:								
At 1 January 2010	**1,182,159**	**147,298**	**(75,527)**	**(365,575)**	**23,180**	**426,772**	**156,148**	**1,338,307**
Profit for the period						145,243	145,243	145,243
Other comprehensive income for the period			(10,631)	97,660			87,029	87,029
Total comprehensive Income for the period		**—**	**(10,631)**	**97,660**	**—**	**145,243**	**232,272**	**232,272**
Dividends on ordinary shares						(40,380)	(40,380)	(40,380)
Share-based expense					3,282		3,282	3,282
Issue of shares up on conversion of bonds	15,934	(1,610)					(1,610)	14,324
Issue of shares on exercise of share option	855							855
At 31 March 2010	**1,198,948**	**145,688**	**(86,158)**	**(267,915)**	**26,462**	**531,635**	**349,712**	**1,548,660**
At 31 Mar 2009:								
At 1 January 2009	**705,018**	**5,259**	**(46,145)**	**(193,893)**	**15,853**	**257,638**	**38,712**	**743,730**
Profit for the period						151,016	151,016	151,016
Gain on buy-back of convertible bonds		(21,479)				21,479		
Other comprehensive Income for the period	—	—	46,008	(82,689)	—	—	(36,681)	(36,681)
Total comprehensive Income for the period		**(21,479)**	**46,008**	**(82,688)**	**—**	**172,494**	**114,335**	**114,335**
Share-based expense					1,018		1,018	1,018
Equity portion of Convertible bonds	—	41,906					41,906	41,906
At 31 March 2009	**705,018**	**25,686**	**(137)**	**(276,582)**	**16,871**	**430,132**	**195,971**	**900,989**

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.

	Jan — Mar 10	Jan — Mar 09
Issue of Shares upon conversion of Bonds	10,418,000	—
Issue of shares on exercise of share options	517,000	—

	Mar 10	Mar 09
Shares to be issued upon exercise of:		
Conversion right of convertible bonds	335,114,038	118,371,958
Share options	112,241,316	60,617,825
Total no. of shares to be issued as at the end of period	**447,355,354**	**178,989,783**

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.

	Mar 10	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	—
Issue of Shares under Scrip Dividend Scheme	5,633,004	—
Issue of Shares on conversion of Bonds	18,879,644	—
Addition on exercise of share options	5,282,009	2,681,500
Total no. of shares outstanding as the end of period	**2,019,147,981**	**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		Three Months Ended	
	31 Mar 10	31 Mar 09	31 Mar 10	31 Mar 09
(a) Based on weighted average no. of shares (cents/share)	13.34	11.99	4.42	5.08
(b) Based on fully diluted basis (cents/share)	11.68	7.00	4.08	3.60
Weighted average no. of shares applicable to basic earnings per share	2,003,170,717	1,713,297,963	2,018,781,314	1,713,212,824
Weighted average no. of shares based on fully diluted basis	2,294,339,589	1,816,696,990	2,390,365,835	1,799,017,589

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	
	As at 31 Mar 10	As at 30 Jun 09	As at 31 Mar 10	As at 30 Jun 09
	(In cents per share)			
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	69.78	53.52	76.27	53.67

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles increased from 71.44 cents/share in June 2009 to S$1.00 /share in March 2010.

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 Products
	Dairy Products
	Packaged Foods
Industrial Raw Materials	Cotton
(Earlier called the Fibre & Wood	Wool
Products segment)	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 the joint venture, Nauvu Investments Pte. Ltd. and consolidated results of Industrias Martin Cubero (IMC), Olam Tomato Processors, Inc. (OTP) and Olam Almond Orchards (OAO). Therefore the consolidated results for 9M FY2010 are not strictly comparable to results of 9M FY2009.

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 solutions (VMI), organic certification, traceability guarantees, fair trade produce certification (FTP), customised grades and quality, processed ingredients supply, 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 have observed 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%**

Balance Sheet and Cash Flow Statement

The Group employs substantial amount of working capital in funding its inventories, trade and other receivables, margin account from brokers, advance payment to suppliers, trade payables and accruals. The working capital fluctuates due to volume and prices of agricultural commodities. This may cause increase/decrease in funds used in operations. The changes in working capital are not permanent deployment as it gets converted into cash when the goods are delivered to customers and monies are collected from them.

Profit and Loss Statement

The Company has increased sales volume, sales revenue and net profit after tax by 19.8%, 19.1% and 30.1% respectively in 9M FY2010 compared to 9M FY2009.

During the period, the Company has completed the Purchase Price Allocation ("PPA") exercise for the recently acquired tomato paste manufacturing facility (OTP) in California and the Almond Orchards in Australia resulting in an aggregate exceptional gain of S$96.6 million in the form of negative goodwill, net of transactional expenses. Last year's results for the corresponding period included an exceptional gain of S$80.5 million on account of repurchase of Convertible Bonds.

Excluding the exceptional gains in both the periods, net profit after tax increased by 36.7% from S$124.8 million in 9M FY2009 to S$ 170.6 million in 9M FY2010.

For the quarter, excluding the exceptional gains in both the periods, net profit after tax increased by 34.2% from S$62.4 million to S$83.8 million.

The Company reports its results across four business segments. The Company has delivered strong performance in all four business segments in 9M FY2010. Three of the four segments, namely the Edible Nuts, Spices & Beans segment (comprising six agri-commodities), the Confectionery & Beverage Ingredients segment (comprising three agri-commodities) and the Food Staples & Packaged Food segments (comprising seven agri-commodities) together constitute the food category of our portfolio. The demand for the products in these three segments, which accounted for 82.2% of our revenue in 9M FY2010, held up well. Sales Volume for these three segments increased by 20.2% in 9M FY2010 compared to 9M FY2009. The combined Net contribution for these three segments increased by 30.2% in 9M FY2010 compared to 9M FY2009.

The fourth segment, the Industrial Raw Materials segment includes four agri-commodities, namely Cotton, Wool, Rubber and Wood Products. This segment accounted for 17.8% of our revenue in 9M FY2010. Sales Volume for the segment increased by 18.0% in 9M FY2010 compared to 9M FY2009. The Net contribution for the segment increased by 24.8% in 9M FY2010 compared to 9M FY2009.

The following table provides the segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for 9M FY2010:

Cumulative

	Sales Volume		Sales Revenue		Gross Contribution (GC)		Net Contribution (NC)	
Segment	**Mar 10**	**Mar 09**	**Mar 10**	**Mar 09**	**Mar 10**	**Mar 09**	**Mar 10**	**Mar 09**
	(In Metric Tons)		(In S$'000)		(In S$'000)		(In S$'000)	
Edible Nuts, Spices & Beans	767,853	617,742	1,010,702	802,559	146,106	114,576	130,310	97,603
Per ton (S$)					**190**	**185**	**170**	**158**
Confectionery & Beverage Ingredients	1,013,633	965,375	2,956,921	2,584,856	211,139	194,341	146,801	123,517
Per ton (S$)					**208**	**201**	**145**	**128**
Food Staples & Packaged Foods	2,412,753	1,907,354	2,053,324	1,679,848	211,788	159,606	192,187	139,447
Per ton (S$)					**88**	**84**	**80**	**73**
Industrial Raw Materials*	966,876	819,392	1,300,287	1,081,743	138,489	122,474	97,230	77,916
Per ton (S$)					**143**	**149**	**101**	**95**
Total	**5,161,115**	**4,309,863**	**7,321,234**	**6,149,006**	**707,522**	**590,997**	**566,528**	**438,483**
Per ton (S$)					**137**	**137**	**110**	**102**

Quarter

	Sales Volume		Sales Revenue		Gross Contribution (GC)		Net Contribution (NC)	
Segment	**Mar 10**	**Mar 09**	**Mar 10**	**Mar 09**	**Mar 10**	**Mar 09**	**Mar 10**	**Mar 09**
	(In Metric Tons)		(In S$'000)		(In S$'000)		(In S$'000)	
Edible Nuts, Spices & Beans	256,843	223,623	311,021	277,558	58,813	46,780	56,740	44,204
Per ton (S$)					**229**	**209**	**221**	**198**
Confectionery & Beverage Ingredients	426,821	409,828	1,305,755	1,139,872	71,849	68,515	50,747	42,041
Per ton (S$)					**168**	**167**	**119**	**103**
Food Staples & Packaged Foods	799,153	612,465	689,885	570,209	69,053	52,719	63,570	46,750
Per ton (S$)					**86**	**86**	**80**	**76**
Industrial Raw Materials*	332,340	254,491	404,859	301,713	49,143	41,196	34,377	24,589
Per ton (S$)					**148**	**162**	**103**	**97**
Total	**1,815,157**	**1,500,407**	**2,711,520**	**2,289,352**	**248,858**	**209,210**	**205,434**	**157,584**
Per ton (S$)					**137**	**139**	**113**	**105**

* Sales volume for Wood Products is measured in cubic meters.

A brief segmental review for 9M FY2010 is given below:

- ***Edible Nuts, Spices & Beans***

The Edible Nuts, Spices & Beans segment recorded a volume growth of 24.3% and revenue growth of 25.9% in 9M FY2010. Net Contribution (NC) increased by 33.5% to S$130.3 million from S$97.6 million in 9M FY2009. NC per ton improved by 7.4% to reach S$169.7 from S$158.0 last year. Strong contribution from spices & dehydrates, cashew, peanuts and sesame contributed to the increase in the Volumes and NC for this segment. Our new cashew pre-clean line in the US was successfully commissioned during this quarter and we also secured our first pre-cleaning outsourcing contract from a large roaster. In addition, we commenced work on our two new cashew mechanical processing factories in Nigeria and Cote d'Ivoire during this quarter. The 12,000 hectares of peanuts that we planted in Argentina as part of our upstream initiatives are developing well given favorable growing conditions during this period.

During Q3 FY2010, we completed the acquisition of 3,853 hectares of planted almond orchards and 48,259 mega litres of permanent water rights in Australia for a consideration of A$160 million. This complements the previously announced acquisition of 8,096 hectares of almond orchards from Timbercorp Limited making Olam the 2nd largest almond orchard owner in the world. We are in the process of the harvesting of almonds for the current cropping season.

The spices and dehydrates business continued to perform well during the quarter with whole pepper, ground spices, dehydrated garlic and tomato paste contributing strongly to this segment's performance.

- ***Confectionery and Beverage Ingredients***

The Confectionery and Beverage Ingredients segment reported a 5.0% increase in volumes and a 14.4% increase in revenue in 9MFY0910. NC rose by 18.9% to S$146.8 million in 9M FY2010 from S$123.5 million in 9M FY2009 with NC per ton increasing from S$127.9 per ton to S$144.8 per ton.

In line with expectations, the volume growth in this segment was only 4.1% for Q3FY2010 on the back of short crops in Cocoa in Ivory Coast and Coffee in Colombia. Cocoa had a very strong quarter with broad based performance in our key origins including Indonesia, Cote d'Ivoire, Ghana, Nigeria and Cameroon and marketing operations in the US and Europe. A new cocoa powder plant was commissioned in Nigeria during the quarter. This would now allow us to supply a higher quality cocoa powder to the domestic market. After a brief decline, cocoa prices increased again to their highs and supply issues continue to remain a concern for cocoa amidst steadily improving demand for beans. Imposition of export tax in Indonesia to promote domestic cocoa processing has added further uncertainty to the markets and has kept prices firm.

Coffee prices declined as the markets are pricing in the expected increased supply from new crop arrivals in Brazil. Our coffee origin operations in Brazil, Cote d'Ivoire, Cameroon, India, and Indonesia have all performed well during this period. Our upstream initiative in Laos for coffee is progressing well with planting completed for 560 hectares.

Margins from this segment have improved significantly during this period driven by a) strengthening of differentials since near term supply of both these products remains very tight, and b) providing various value added services to our customers. This has contributed to NC per ton improving by 13.2% for this segment.

- ***Food Staples and Packaged Foods Business***

Sales volume and revenue from the Food Staples & Packaged Foods segment increased by 26.5% and 22.2% respectively in 9M FY2010. NC increased 37.8% to S$192.2 million from S$139.4 million in 9M FY2009. The NC per ton for the segment increased from S$73.1 per ton to S$79.7 per ton.

Rice, Sugar, Dairy, Grains, Palm and Packaged Food Business registered strong performances during the quarter. We completed the acquisition of a wheat mill in Nigeria (Crown Flour Mills). The wheat milling operations are being streamlined and the integration of the marketing operations with our existing distribution network is in progress. Initial results have been very encouraging with improvements seen in both processing efficiency and in sales volumes. There has been a significant strengthening of Dairy prices during this period on account of increase in demand as well as auction milk price increases announced in New Zealand by Fonterra. Sugar prices on the other hand experienced a sharp correction during this quarter.

- ***Industrial Raw Materials***

In the Industrial Raw Materials segment, volumes increased by 18.0% as demand began to pick up during the quarter after three consecutive quarters of declining demand. NC increased by 24.8% to S$97.2 million while NC per ton improved to S$100.6 from S$95.1 in 9M FY2010 compared to 9M FY2009.

The exit of certain key suppliers in the cotton business following the economic crisis has enabled us to increase our market share leading to increased volumes for Q3 FY2010. The strong revival in demand for cotton has rallied cotton prices to over USc 85 per lb during this quarter, the highest level seen for the last two years. This rally was further supported by the ban on exports of cotton by India. All this has contributed to a strong and broad based performance from cotton. The wool business out of Australia has also seen significant growth in volumes and margins during this period.

With the improving global economy, the wood products business has also seen a revival in demand in the Asian markets. We have also increased our product offering by supplying teak wood from Costa Rica which has been well received in the Indian market. Our forestry and saw milling operations in Gabon and our origination operations in Cote d'Ivoire, Tanzania and Mozambique have also done well during this period.

Costs and Expenses

Q3 FY2010: SG&A of S$98.1 million for Q3 FY2010 was 24.6% higher than the corresponding quarter in FY2009, mainly on account of increased overheads for recently acquired businesses.

9M FY2010: SG&A increased by 24.7% to S$337.3 million in 9M FY2010 over the corresponding period in FY2009.

Taxation

Q3 FY2010: Taxes increased to S$10.4 million for Q3 FY2010 as compared to S$5.7 million for Q3 FY2009.

9M FY2010: Taxes increased to $S21.4 million for 9M FY2010 as compared to S$15.1 million for 9M FY2009.

Net profit after tax

Q3 FY2010: Net profit after tax increased by 2.6% to S$89.3 million for Q3 FY2010 from S$87.0 million in Q3 FY2009. Excluding exceptional gains in both periods, profit after tax increased by 34.2% to S$83.8 million from S$62.4 million in Q3 FY 2009.

9M FY2010: Net profit after tax increased by 30.1% to S$267.2 million for 9M FY2010 from S$205.3 million in 9M FY2009. Excluding exceptional gains in both periods, profit after tax increased by 36.7% to S$170.6 million from S$124.8 million in 9M FY2009.

Balance Sheet & Cash Flow

During 9M FY2010, the industry experienced volatility in the prices of various commodities. 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 as positional/directional traders, this has had limited impact on the profitability of the Group.

Property, plant and equipment

During 9M FY2010, property, plant and equipment increased from S$534.0 million to S$1,177.0 million. Of the increase of S$643.0 million, S$586.6 million was on account of the acquisition of the tomato processing assets in California, almond orchard assets purchase in Australia and the acquisition of Crown Flour Mills in Nigeria.

Intangible Assets

During 9M FY2010, intangible assets increased from S$127.5 million to S$351.9 million. The increase is mainly on account of the investment in permanent water rights in Almond Orchards in Australia.

Investment in Associates

During 9M FY2010, investment in associates increased from S$106.5 million to S$288.5 million. The increase is mainly on account of Olam's direct acquisition of an additional stake in PureCircle's placement of new shares. The Company also acquired Wilmar's stake in PureCircle. The total investment in PureCircle is S$168.7 million.

The Company also invested S$14.5 million representing a 14.35% equity investment in New Zealand Dairy Farming Systems Uruguay.

Current Assets

Debtors Analysis

Debtor days in 9M FY2010 decreased to 20 days as compared to 31 days as at 30 June 2009.

Stocks

Stock turnover days increased to 106 days as compared to 92 days as at 30 June 2009. Stock value increased by S$590.0 million to S$2,556.4 million from S$1,966.4 million as on 30 June 2009.

Advance to Suppliers

Advance to Suppliers days increased to 18 days in 9MFY2010 from 13 days as at 30 June 2009. The advances increased from S$277.7 million in FY2009 to S$437.7 million in 9M FY2010.

Cash and Fixed Deposits

Cash and Fixed Deposits decreased by 2.5% to S$520.5 million as on 31 March 2010 from S$533.8 million as on 30 June 2009.

Borrowings

Borrowings increased to S$4,327.5 million as of end of March 2010 from S$3,174.2 million as of 30 June 2009 in line with the growth in the business and investments in upstream and midstream assets. The borrowings net of cash and cash equivalents amounted to S$3,807.0 million as compared to S$2,640.4 million as at 30 June 2009. During the quarter the company issued S$250 million 4.07% Notes due 2013 under our Multicurrency Medium Term Note Programme (the **"MTN Programme"**). Proceeds from the issue will be used to refinance the Company's existing borrowings, for the purpose of the Company's working capital requirements and general corporate purposes.

Non-current liabilities — Convertible Bonds

The amount in the balance sheet represents the debt component along with accrued interest for the outstanding Convertible Bonds of principal value US$121.4 million issued in FY2009 and Convertible Bonds issued in Q3 FY 2010 with a principal value of US$500 million.

Equity

Total share capital and reserves (before fair value adjustment reserve) increased by 65.5% from S$1,225.8 million as of 30 June 2009 to S$2,028.7 million as of 31 March 2010.

During 9M FY2010, the Company issued 303,253,657 shares for cash, on conversion of bonds, exercise of share options and as part of scrip dividend scheme.

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. 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.

Given the good performance achieved in 9M FY2010 and the continued execution of its long term strategic growth plan, the Group is on track to achieving its growth targets for FY2010.

11. Dividend

(a) Current Financial Period Reported On 31 March 2010

Any dividend recommended for the current financial period reported on?

N.A.

(b) Corresponding Period of the Immediately Preceding Financial Year.

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(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.

N.A.

Confirmation of the Board

We refer to the requirement under Rule 705(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 31 March 2010 to be false or misleading in any material aspects.

On behalf of the Board of Directors

R. Jayachandran Chairman	Sunny George Verghese Group Managing Director & CEO

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & CEO

13 May 2010

Directors' Report and Audited Financial Statements

Olam International Limited and Subsidiary Companies 30 June 2009

Contents

Olam International Limited and Subsidiary Companies

Report of the Directors

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") and the balance sheet, profit and loss account 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**
The Company						
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*	—	—	—

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.

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

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.

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

Olam International Limited and Subsidiary Companies

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

Olam International Limited and Subsidiary Companies

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

Olam International Limited and Subsidiary Companies

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
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	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
	Attributable to Equity Holders of the Company								
	$'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 — (Continued)

	Attributable to Equity Holders of the Company								
2008 Group	**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**
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 — (Continued)

2009 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	Total Equity
	Attributable to Equity Holders of the Company							
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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

Olam International Limited and Subsidiary Companies

Statements of Changes in Equity for the year ended 30 June 2009 — (Continued)

2008 Company	Attributable to Equity Holders of the Company						
	Share Capital (Note 26)	Foreign Currency Translation Reserves(1)	Fair Value Adjustment Reserves(2)	Share-Based Compensation Reserves(3)	Revenue Reserves	Total Reserves	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'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

(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.

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

Olam International Limited and Subsidiary Companies

Consolidated Cash Flow Statement for the year ended 30 June 2009

	2009	2008
	$'000	$'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)
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.

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.

2.3 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.

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.

(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.

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.

2.6 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.

2.8 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.

2.9 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.

2.10 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.

(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.

(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.

2.14 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.

(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.

2.20 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.

2.21 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.

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.

2.25 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.

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.

	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.

(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

Company	Buildings	Motor Vehicles	Furniture and Fittings	Office Equipment	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'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	Customer Relationships*	Trademark	Trade Name	Software	Marketing Agreement	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'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.

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.

(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.

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	Company 2008
	$'000	$'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	Cost of Investment 2008	Percentage of Equity Held by the Company 2009	Percentage of Equity Held by the Company 2008
			$'000	$'000	%	%
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
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

Name of Company	Country of Incorporation	Principal Activities	Cost of Investment		Percentage of Equity Held by the Company	
			2009	2008	2009	2008
			$'000	$'000	%	%
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 Importacăo e Exportacăo 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
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	(a)	217	204	100	100
PT Agronesia Bumi Persada(3)	Emirates 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
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

Name of Company	Country of Incorporation	Principal Activities	Cost of Investment 2009	Cost of Investment 2008	Percentage of Equity Held by the Company 2009	Percentage of Equity Held by the Company 2008
			$'000	$'000	%	%
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		

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
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

Name of Company		Percentage of Equity Held by the Company 2009 %	2008 %
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
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
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

Name of Company		Percentage of Equity Held by the Company 2009 %	2008 %
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	—
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 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'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

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		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'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	2008
	$'000	$'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	2008	2009	2008
	$'000	$'000	$'000	$'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	2008	2009	2008
	$'000	$'000	$'000	$'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.

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	—

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	2008	2009	2008
	$'000	$'000	$'000	$'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	2008	2009	2008
	$'000	$'000	$'000	$'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.

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	Vesting Period	In Annual Tranches of
		$'000		%
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).

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

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.

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.

(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).

(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	Equity	Profit Net of Tax	Equity
	$'000 Increase/ (Decrease)	$'000 Increase/ (Decrease)	$'000 Increase/ (Decrease)	$'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

(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	1 to 5 Years	Total	1 Year or Less	1 to 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'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

(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).

(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:-

2009	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
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

2008	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
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

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	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)	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

Group	Loans and Receivables	Carried at Amortised Cost	Held for Hedging	Available-for-Sale Assets	Fair Value Through Profit or Loss/Held for Trading
	2008				
	$'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

Company	2009 Loans and Receivables $'000	Carried at Amortised Cost $'000	Held for Hedging $'000	Available-for-Sale Assets $'000	Held for Trading $'000
Financial assets:					
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
Financial liabilities:					
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

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.

(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

(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 USD 324 million and USD 216 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$14.37 million ($14.31 million).

(h) On 2 September 2009 the Company announced the issue of convertible bonds to raise USD 400 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	Adjustments	As Reclassified
	$'000	$'000	$'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)
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.

Directors' Report and Audited Financial Statements

Olam International Limited and Subsidiary Companies 30 June 2008

Contents

Report of the Directors

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") and the balance sheet, profit and loss account and statement of changes in equity of the Company for the financial year ended 30 June 2008.

Directors

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

R. Jayachandran	Robert Michael Tomlin	
Narain Girdhar Chanrai	Wong Heng Tew	
Peter Francis Amour	Sunny George Verghese	
Tse Po Shing	Sridhar Krishnan	
Mark Haynes Daniell	Shekhar Anantharaman	
Michael Lim Choo San	Frank Philip Harley	(Alternate to Peter Francis Amour)

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 1.7.2007**	**As at 30.6.2008**	**As at 21.7.2008**	**As at 1.7.2007**	**As at 30.6.2008**	**As at 21.7.2008**
The Company						
Olam International Limited						
(a) Ordinary shares						
Narain Girdhar Chanrai	—	—	—	413,134,877+	457,602,064+	457,602,064+
Sunny George Verghese	79,522,630	88,574,893	88,574,893	—	—	—
Sridhar Krishnan	22,969,331*	14,429,138*	14,429,138*	—	—	—
Shekhar Anantharaman	23,127,261*	14,602,861*	14,602,861*	—	—	—
Peter Francis Amour	—	—	—	27,850^	28,524^	28,524^
Tse Po Shing	—	—	—	27,850^	28,524^	28,524^
(b) Options to subscribe for ordinary shares						
Mark Haynes Daniell	—	100,000	100,000	—	—	—
Michael Lim Choo San	—	100,000	100,000	—	—	—
Robert Tomlin	—	100,000	100,000	—	—	—
Wong Heng Tew	—	100,000	100,000	—	—	—
Sunny George Verghese	15,000,000	15,000,000	15,000,000	—	—	—
Sridhar Krishnan	800,000	800,000	800,000	—	—	—
Shekhar Anantharaman	800,000	800,000	800,000	—	—	—

+ The deemed interest in these shares as at 1 July 2007 arose out of Narain Girdhar Chanrai being one of the trustees of the Dayal Damodar Chanrai Settlement ("DKC"), the Girdhar Kewalram Chanrai Settlement ("GKC"), the Murli Kewalram Chanrai Settlement ("MKC") and the Pitamber Kewalram Chanrai Settlement ("PKC"). The trustees of the aforesaid Settlements each (as a body and in their capacity as trustees) have control over the exercise of more than 20% of the voting rights attached to the shares in Kewalram Chanrai Holdings Ltd ("KCH"), which is a substantial corporate shareholder of the Company. KCH has an interest in the Company amounting to 457,602,064 ordinary shares as at 30 June 2008 (2007: 413,134,877 shares).

The deemed interest in these shares as at 30 June 2008 and 21 July 2008 arose out of Narain Girdhar Chanrai being one of the trustees of GKC, Hariom Trust and DKC of whom are three of the four shareholders in KCH, each holding approximately 28 per cent respectively in the issued and paid-up capital of KCH. The other shareholder is 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. CICL and KCH are therefore deemed to be interested in the 457,602,064 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 (2007: 11,890,541) 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 2008.

^ These shares were held through Russell AIF Singapore Investments Limited ("RAIFSIL") in which Peter Francis Amour and Tse Po Shing are directors. The directors of RAIFSIL have management control over the shares owned by RAIFSIL.

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 objectives of the ESOS are to provide an opportunity for employees of the Group, 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 fifth 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 fifth anniversary of such Offering Date.

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 (excluding Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

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

Mark Haynes Daniell — Chairman
Peter Francis Amour
Wong Heng Tew

During the financial year ended 30 June 2008:

- The Company granted 2,950,000 share options to senior management of which none have lapsed during the year. These share options will be vested over three years from the grant date (5 September and 8 October 2007, 8 January 2008 and 12 June 2008) in 25%, 35% and 40% tranches. The total share-based expense to be recognised over the vesting period with respect to these options amount to $684,000. The contractual life of the options is 5 years. There are no cash settlement.
- There were 2,488,735 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 as at 30 June 2008 are as follows:

Expiry date	Exercise Price (S$)	Number of Options
11 February 2015	0.62	15,000,000
1 June 2011	1.52	35,748,425
2 January 2012	2.04	716,000
2 July 2012	3.14	1,900,000
5 September 2012	3.03	2,000,000
8 October 2012	3.14	1,710,000
29 October 2012	3.14	400,000
9 January 2013	2.89	2,045,000
12 June 2013	2.65	1,740,000
Total		**61,259,425**

The details of options granted to the directors and employees of the Group of the Company, 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	$3.14	100,000	—	100,000
Michael Lim Choo San	100,000	$3.14	100,000	—	100,000
Robert Tomlin	100,000	$3.14	100,000	—	100,000
Wong Heng Tew	100,000	$3.14	100,000	—	100,000
Richard Haire	2,000,000	$3.03	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 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 a subsidiary company, 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 shares 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.

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 other 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 Committee

The Audit & Compliance Committee ("the Audit Committee") has four independent directors, Mr. Michael Lim Choo San [Chairman], Mr. Robert Tomlin, Mr. Mark Haynes Daniell and Mr. Wong Heng Tew. The Audit Committee 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 Audit Committee held 5 meetings during the year. The Audit Committee 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 Audit Committee 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 Audit Committee

- 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 Audit Committee;
- 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 Audit Committee meetings to the Board of Directors with such recommendations as the Audit Committee considered appropriate.

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

The Audit Committee 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 Audit Committee 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 Audit Committee 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
6 October 2008

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 2008 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
6 October 2008

Independent Auditors' Report
to the Members of Olam International Limited

We have audited the accompanying financial statements of Olam International Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2008, 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 2008 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
6 October 2008

Profit and Loss Accounts
for the year ended 30 June 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Revenue — Sale of goods	3	**8,111,910**	5,455,508	**6,054,274**	4,492,191
Other revenue	4	**40,525**	22,314	**13,275**	9,452
		8,152,435	5,477,822	**6,067,549**	4,501,643
Costs and expenses					
Cost of goods sold	5	**6,519,233**	4,256,708	**5,240,360**	3,839,560
Shipping and logistics		**879,506**	661,891	**413,530**	309,440
Commission and claims		**61,014**	68,249	**58,312**	79,314
Employee benefits expense	29	**169,163**	95,478	**50,896**	38,190
Depreciation	9	**33,771**	17,209	**600**	453
Net measurement of derivative Instruments		**(11,023)**	245	**2,652**	245
Gain on foreign exchange		**(21,470)**	(24,486)	**(5,040)**	(8,996)
Other operating expenses	6	**155,714**	128,885	**25,431**	39,349
Finance costs	7	**201,395**	147,072	**137,840**	120,875
		7,987,303	5,351,251	**5,924,581**	4,418,430
Share of results from jointly controlled entities		**(163)**	(385)	**—**	—
Profit before taxation		**164,969**	126,186	**142,968**	83,213
Taxation	8	**2,708**	(17,165)	**(9,285)**	(5,444)
Profit for the financial year		**167,677**	109,021	**133,683**	77,769
Attributable to:					
Equity holders of the Company		**167,704**	109,047	**133,683**	**77,769**
Minority interest		**(27)**	(26)	**—**	—
		167,677	109,021	**133,683**	77,769
Earnings per share (cents)					
— Basic	37	10.28	6.85		
— Diluted	37	10.08	6.74		

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

Balance Sheets
as at 30 June 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Property, plant and equipment	9	**403,391**	129,348	**1,928**	1,299
Intangible assets	10	**130,259**	96,203	**861**	—
Subsidiary companies	11	**—**	—	**249,977**	223,123
Deferred tax assets	8	**32,534**	7,762	**14,972**	7,979
Interests in jointly controlled entities	12	**1,593**	1,942	**2,101**	2,227
Long term investments	13	**24,475**	81,091	**24,475**	27,431
Other non-current assets	19	**24,408**	9,466	**19,806**	1,006
Current assets					
Amounts due from subsidiary companies	14	**—**	—	**502,608**	301,192
Trade receivables	15	**724,352**	508,193	**339,886**	263,186
Margin accounts with brokers	16	**254,273**	86,162	**189,435**	79,595
Inventories	17	**1,790,236**	1,163,203	**500,397**	313,060
Advance payments to suppliers	18	**380,047**	255,706	**1,235,798**	1,043,139
Other current assets	19	**292,819**	199,416	**84,178**	52,026
Short term investment	20	**—**	13,461	**—**	13,461
Fixed deposits	32	**163,580**	43,372	**33,988**	42,992
Cash and bank balances	32	**175,544**	194,235	**52,134**	55,024
Fair value of derivative financial instruments	34	**1,832,755**	388,032	**1,724,697**	373,618
		5,613,606	2,851,780	**4,663,121**	2,537,293
Current liabilities					
Trade payables and accruals	21	**519,853**	255,522	**356,607**	180,632
Other current liabilities	22	**51,863**	55,927	**34,567**	45,011
Amounts due to bankers	23	**1,789,582**	545,555	**1,199,066**	346,693
Medium term notes	24	**70,000**	450,000	**70,000**	450,000
Provision for taxation		**24,578**	24,878	**10,565**	8,142
Fair value of derivative financial instruments	34	**2,010,994**	488,630	**1,883,574**	473,690
		4,466,870	1,820,512	**3,554,379**	1,504,168
Net current assets		**1,146,736**	1,031,268	**1,108,742**	1,033,125
Non-current liabilities					
Amount due to bankers	23	**(935,125)**	(703,663)	**(648,482)**	(690,413)
Medium term notes	24	**(189,857)**	(220,668)	**(189,857)**	(220,668)
Net assets		**638,414**	432,749	**584,523**	385,109
Equity attributable to equity holders of the Company					
Share capital	25	**704,870**	397,730	**704,870**	397,730
Reserves		**(66,456)**	34,992	**(120,347)**	(12,621)
		638,414	432,722	**584,523**	385,109
Minority interest		**—**	27	**—**	—
Total equity		**638,414**	432,749	**584,523**	385,109

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

Statements of Changes in Equity
for the year ended 30 June 2008

2008 Group	Share Capital (Note 25)	Foreign Currency Translation Reserves(1)	Fair Value Adjustment Reserves(2)	Share-based Compensation Reserves(3)	Revenue Reserves	Total Reserves	Minority Interest	Total Equity
	Attributable to Equity Holders of the Company							
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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)
Issues of shares on exercise of share options	3,801	—	—	—	—	—	—	3,801
Issues of shares on preferential offering	303,339	—	—	—	—	—	—	303,339
Dividends on ordinary shares (Note 26)	—	—	—	—	(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**

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

Statements of Changes in Equity
for the year ended 30 June 2008 — (Continued)

2007 Group	Attributable to Equity Holders of the Company							
	Share Capital (Note 25)	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
At 1 July 2006	396,954	(25,091)	(41,978)	3,378	154,723	91,032	53	488,039
Net loss on fair value changes during the period	—	—	(109,793)	—	—	(109,793)	—	(109,793)
Recognised in the profit and loss account on occurrence of hedged transactions	—	—	944	—	—	944	—	944
Foreign currency translation adjustment	—	(14,838)	—	—	—	(14,838)	—	(14,838)
Net expense recognised directly in equity	—	(14,838)	(108,849)	—	—	(123,687)	—	(123,687)
Profit for the financial year	—	—	—	—	109,047	109,047	(26)	109,021
Total recognised expenses and income for the year	—	(14,838)	(108,849)	—	109,047	(14,640)	(26)	(14,666)
Issues of shares on exercise of share options	776	—	—	—	—	—	—	776
Dividends on ordinary shares (Note 26)	—	—	—	—	(46,638)	(46,638)	—	(46,638)
Share-based expense	—	—	—	5,238	—	5,238	—	5,238
At 30 June 2007	397,730	(39,929)	(150,827)	8,616	217,132	34,992	27	432,749

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

Statements of Changes in Equity
for the year ended 30 June 2008 — (Continued)

2008 Company	Share Capital (Note 25)	Foreign Currency Translation Reserves(1)	Fair Value Adjustment Reserves(2)	Share-based Compensation Reserves(3)	Revenue Reserves	Total Reserves	Total Equity
	Attributable to Equity Holders of the Company						
	$'000	$'000	$'000	$'000	$'000	$'000	$'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)
Issues of shares on exercise of share options	3,801	—	—	—	—	—	3,801
Issues of shares on preferential offering	303,339	—	—	—	—	—	303,339
Dividends on ordinary shares (Note 26)	—	—	—	—	(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.

Statements of Changes in Equity
for the year ended 30 June 2008 — (Continued)

2007 Company	Attributable to Equity Holders of the Company						
	Share Capital (Note 25)	Foreign Currency Translation Reserves(1)	Fair Value Adjustment Reserves(2)	Share-Based Compensation Reserves(3)	Revenue Reserves	Total Reserves	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2006	396,954	(19,545)	(41,046)	3,378	131,778	74,565	471,519
Net loss on fair value changes during the period	—	—	(125,268)	—	—	(125,268)	(125,268)
Recognised in the profit and loss account on occurrence of hedged transactions	—	—	17,751	—	—	17,751	17,751
Foreign currency translation adjustment	—	(16,038)	—	—	—	(16,038)	(16,038)
Net expense recognised directly in equity	—	(16,038)	(107,517)	—	—	(123,555)	(123,555)
Profit for the financial year	—	—	—	—	77,769	77,769	77,769
Total recognised expenses and income for the year	—	(16,038)	(107,517)	—	77,769	(45,786)	(45,786)
Issues of shares on exercise of share options	776	—	—	—	—	—	776
Dividends on ordinary shares (Note 26)	—	—	—	—	(46,638)	(46,638)	(46,638)
Share-based expense	—	—	—	5,238	—	5,238	5,238
At 30 June 2007	397,730	(35,583)	(148,563)	8,616	162,909	(12,621)	385,109

(1) **Foreign currency translation reserves**
The foreign currency translation reserve is 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 reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

(3) **Share-based compensation reserves**
Share-based compensation reserve represents 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.

Consolidated Cash Flow Statement
for the year ended 30 June 2008

	2008	2007
	$'000	$'000
Cash flow from operating activities		
Profit before taxation	**164,969**	126,186
Adjustments for:		
Share of results from jointly controlled entities	**163**	385
Depreciation of property, plant and equipment	**33,771**	17,209
(Gain)/loss on disposal of property, plant and equipment	**(648)**	20
Net measurement of derivative instruments	**(11,023)**	245
Negative goodwill arising from acquisition (Note 10)	**(5,254)**	(189)
Cost of share-based payment	**5,583**	5,594
Interest income	**(19,632)**	(11,894)
Interest expense	**201,395**	147,072
Amortisation of intangible assets	**2,191**	—
Operating cash flows before reinvestment in working capital	**371,515**	284,628
Increase in inventories	**(456,048)**	(143,486)
Increase in receivables	**(428,310)**	(192,773)
Increase in advance payments to suppliers	**(117,085)**	(95,037)
Increase in payables	**124,577**	121,132
Cash used in operations	**(505,351)**	(25,536)
Interest income received	**19,632**	11,894
Interest expense paid	**(218,805)**	(138,673)
Tax paid	**(6,996)**	(8,270)
Net cash flows used in operating activities	**(711,520)**	(160,585)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**7,047**	2,539
Purchase of property, plant and equipment	**(74,205)**	(45,820)
Investment in government security bills	**13,461**	(13,461)
Acquisition of subsidiaries, net of cash acquired (Note 10)	**(161,997)**	(113,727)
Purchases of financial assets, available-for-sale	**—**	(81,091)
Investment in a jointly controlled entity	**(124)**	(767)
Repayment from/(loan) to jointly controlled entities	**315**	(9,030)
Net cash flows used in investing activities	**(215,503)**	(261,357)
Cash flows from financing activities		
Proceeds from loans from banks	**1,110,356**	218,197
Proceeds from issuance of shares on exercise of share options	**3,801**	776
Proceeds from issuance of shares on preferential share offer	**303,339**	—
Dividends paid on ordinary shares by the Company	**(54,454)**	(46,638)
(Repayment of)/proceeds from issue of medium term notes	**(410,811)**	190,479
Net cash flows provided by financing activities	**952,231**	362,814
Net effect of exchange rate changes on cash and cash equivalents	**(48,583)**	(20,636)
Net decrease in cash and cash equivalents	**(23,375)**	(79,764)
Cash and cash equivalents at beginning of year	**187,637**	267,401
Cash and cash equivalents at end of year (Note 32)	**164,262**	187,637

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

Olam International Limited and Subsidiary Companies

Notes to the Financial Statements
30 June 2008

1. Corporate information

Olam International Limited ("the Company") is a limited liability company, which is domiciled and incorporated in Singapore.

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).

2.2 Future changes in accounting policies

The Group and the Company has not applied the following FRS and INT FRS that have been issued but 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 112	:	Service Concession Arrangements	1 January 2008
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 114	:	FRS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The directors expect the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application.

2.3 Significant accounting judgments and estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. 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 has the most significant effect 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 determines the sales prices of its 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 at 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 are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 29.

(c) Income taxes

The Group has exposure to income tax 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.

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 subsidiaries

The Company assesses at each reporting date whether there is an indication that the investments in subsidiaries may be impaired. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiaries as at 30 June 2008 is $249,977,000 (2007: $223,123,000)

(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 2008 is $97,075,000 (2007: $76,137,000). More details are given in Note 10.

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.

For inclusion in the consolidated financial statements, all assets and liabilities of foreign subsidiary companies are translated into USD at the exchange rates ruling at the balance sheet date and the result of foreign subsidiary companies are translated into USD at the weighted average exchange rates. The exchange differences arising on the translation are included in the foreign currency translation reserve.

The financial statements are presented in Singapore Dollar ("SGD") as the Company's principal place of business is in Singapore and the directors feel that presenting the financial statements in SGD would be more useful to the shareholders of the Company.

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.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit and loss account.

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 2.8(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.

2.6 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 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

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 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

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.

2.8 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.

2.9 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.

2.10 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.

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

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

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

(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.

(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.

2.11 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.

2.12 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 2.10.

For the purposes of the cash flow statement, cash and cash equivalents are shown net of outstanding bank overdrafts which are repayable on demand.

2.13 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 receivables (excluding prepayments and deferred M&A expenses) 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 2.10.

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 2.14 below.

2.14 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.

(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.

2.15 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.

2.16 Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

2.17 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.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.19 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.

2.19 Employee benefits

(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 share-based expense of 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.

The share-based expense of equity-settled transactions is recognised, together with a corresponding increase in the share-based compensation reserve, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions 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 equity instruments that will ultimately vest. The profit and loss charge or credit 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

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.

2.24 Segment reporting

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.

2.25 Share capital and share issue expenses

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

2.26 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.

2.27 Derivative financial instruments and hedging activities

Derivative financial instruments such as forward currency contracts, commodity futures and options, and interest rate contracts are used to hedge risks associated with foreign currency, commodity price and interest rate fluctuations. Certain derivatives are also used for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts and interest rate derivatives are calculated by reference to current forward exchange rates and interest rates respectively for contracts with similar maturity profiles. The fair values of commodity futures are determined by reference to market values for similar instruments.

Any gains or losses arising from changes in fair value on derivative financial instruments that are ineffective hedges or are held for trading are taken to the profit and loss account for the year.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

When the hedge accounting is applied, all hedges are classified as cash flow hedges because they are held for hedging the exposure to variability in cash flows that is attributable to highly probable risk exposure and could affect profit or loss.

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.

3. Sale of goods

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

4. Other income

Other income included the following:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Interest income from loans and receivables	**19,632**	11,894	**11,625**	8,885
Miscellaneous income(1)	**15,639**	10,231	**1,650**	567
Negative goodwill arising from acquisition (Note 10)	**5,254**	189	**—**	—
	40,525	22,314	**13,275**	9,452

(1) Miscellaneous income for the Group comprised mainly of sales of export licences, scrap and by-products from processing operations.

5. Cost of goods sold

The following items have been included in arriving at cost of goods sold:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
This is stated after charging/(crediting):				
Realised loss on derivatives(1)	**134,907**	6,701	**122,260**	4,325
Foreign exchange gain on cost of goods sold(2)	**(20,536)**	(19,181)	**—**	—
Export incentives and subsidies received(3)	**(2,165)**	(48,199)	**—**	—
Inventories (written back)/written down	**(1,971)**	2,093	**(3,120)**	300

(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

The following items have been included in arriving at other operating expenses:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
This is stated after charging/(crediting):				
Auditors' remuneration:				
— Other fees paid to auditors	**232**	126	**146**	80
(Gain)/loss on disposal of property, plant and equipment	**(648)**	20	**—**	(27)
Amortisation of intangible assets (Note 10)	**2,191**	—	**—**	—
Bank charges	**19,915**	16,153	**11,539**	11,293
Bad debts written off:				
— Advance payments to suppliers	**2,157**	454	**—**	—
— Other current assets	**186**	—	**—**	—
(Write back)/allowance for doubtful debts:				
— Trade receivables	**(720)**	823	**136**	—
— Advance payments to suppliers (Note 18)	**170**	1,547	**—**	759
— Other current assets	**—**	20	**—**	—
Rental expenses	**41,955**	26,663	**4,125**	2,061
Travelling expenses	**27,442**	21,661	**7,064**	7,775

7. Finance costs

Finance costs included the following:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Interest expense:				
— On bank overdrafts	**2,775**	6,331	**32**	86
— On bank loans	**174,096**	114,361	**117,852**	95,399
— On medium term notes	**19,824**	23,277	**19,824**	23,277
Effect of hedging using interest-rate swaps	**—**	677	**—**	677
Others	**4,700**	2,426	**132**	1,436
	201,395	147,072	**137,840**	120,875

8. Income tax

a) Major components of income tax expense

The major components of income tax expense were:

i) Profit and loss account

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current income tax:				
Singapore	**9,285**	5,444	**9,285**	5,444
Foreign	**16,879**	13,423	**—**	—
Under provision in respect of prior years	**182**	94	**—**	—
	26,346	18,961	**9,285**	5,444
Deferred income tax:				
Foreign	**(29,054)**	(1,796)	**—**	—
Income tax expense/(credit)	**(2,708)**	17,165	**9,285**	5,444

The Company is an approved company under the Global Trader Programme of International Enterprise Singapore. 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 2003 to 30 June 2008 on qualifying activities, products and income.

ii) Statements of changes in equity

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deferred income tax related to items charged directly to equity:				
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	**11,101**	5,489	**8,290**	5,417
Deferred tax income reported in equity	**11,101**	5,489	**8,290**	5,417

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	
	2008	2007	2008	2007
	%	%	%	%
Statutory tax rate	**18.0**	18.0	**18.0**	18.0
Tax effect of non-deductible expenses	**3.3**	3.5	**1.3**	4.5
Higher statutory tax rates of other countries	**1.6**	4.1	**—**	—
Tax effect of income taxed at concessionary rate	**(8.7)**	(13.2)	**(12.2)**	(15.9)
Tax effect on exempt income	**(1.2)**	(1.0)	**—**	—
Tax effect of consolidation of tax groups of a subsidiary(1)	**(12.9)**	—	**—**	—
Tax effect of temporary differences not recognised	**(1.6)**	2.0	**—**	—
Tax effect of others, net	**(0.1)**	0.2	**(0.6)**	(0.1)
	(1.6)	13.6	**6.5**	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.

c) Deferred income tax

	Group				Company	
	Consolidated Balance Sheet		Consolidated Profit and Loss Account		Balance Sheet	
	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities:						
Differences in depreciation	**30,878**	2,690	**(10,352)**	(1,880)	**7**	8
Others	**751**	633	**189**	—	**—**	—
Gross deferred tax liabilities	**31,629**	3,323			**7**	8
Deferred tax assets:						
Allowance for doubtful debts	**632**	1,033	**285**	—	**442**	498
Inventories written- down	**143**	1,101	**833**	—	**143**	161
Revaluation of financial instruments to fair value	**17,177**	7,450	**—**	—	**14,394**	7,328
Unabsorbed losses	**43,380**	—	**(29,884)**	84	**—**	—
Others	**2,831**	1,501	**9,875**	—	**—**	—
Gross deferred tax assets	**64,163**	11,085			**14,979**	7,987
Net deferred tax assets	**32,534**	7,762			**14,972**	7,979
Deferred income tax credit			**(29,054)**	(1,796)		

The Group has tax losses of approximately $14,506,000 (2007: $9,330,000) and capital allowances of $10,494,000 (2007: $11,795,000) 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	Leasehold Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	Office Equipment	Computers	Capital Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
As at 1 July 2006	3,461	15,150	38,689	20,280	5,753	6,405	3,416	12,079	105,233
Additions	2,241	9,972	14,008	7,904	1,698	1,771	1,527	6,699	45,820
Acquired through business combinations	465	5,888	16,286	664	39	—	—	5,851	29,193
Disposals	(19)	—	(1,061)	(1,436)	(84)	(118)	(80)	(1,613)	(4,411)
Reclassification	2,692	5,577	2,650	3	39	(93)	37	(10,905)	—
Foreign currency translation adjustment	216	1,518	841	(280)	(44)	1	61	(149)	2,164
As at 30 June 2007 and 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 combinations	**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	**28,303**	**161,546**	**208,787**	**36,277**	**9,148**	**11,818**	**6,141**	**12,807**	**474,827**

Group	Freehold Land	Leasehold Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	Office Equipment	Computers	Capital Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation									
As at 1 July 2006	—	1,351	12,696	9,916	3,140	3,632	1,980	—	32,715
Charge for the year	—	1,657	8,042	4,850	939	912	809	—	17,209
Disposals	—	—	(598)	(1,070)	(74)	(80)	(30)	—	(1,852)
Reclassification	—	—	(2)	237	(223)	(14)	2	—	—
Foreign currency translation adjustment	—	81	325	86	12	32	43	—	579
As at 30 June 2007 and 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	**—**	**10,045**	**30,361**	**17,709**	**4,458**	**5,432**	**3,431**	**—**	**71,436**
Net book value									
As at 30 June 2008	**28,303**	**151,501**	**178,426**	**18,568**	**4,690**	**6,386**	**2,710**	**12,807**	**403,391**
As at 30 June 2007	9,056	35,016	50,950	13,116	3,607	3,484	2,157	11,962	129,348

Company	Buildings	Motor Vehicles	Furniture and Fittings	Office Equipment	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
As at 1 July 2006	178	595	1,613	822	910	4,118
Additions	—	332	32	33	349	746
Disposals	—	(193)	—	—	—	(193)
Foreign currency translation adjustment	(6)	(21)	(56)	(28)	(33)	(144)
As at 30 June 2007 and 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	**153**	**874**	**1,983**	**866**	**1,489**	**5,365**
Accumulated depreciation						
As at 1 July 2006	64	305	1,229	747	643	2,988
Charge for the year	9	115	95	34	200	453
Disposals	—	(109)	—	—	—	(109)
Foreign currency translation adjustment	(2)	(11)	(43)	(26)	(22)	(104)
As at 30 June 2007 and 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	**71**	**398**	**1,282**	**708**	**978**	**3,437**
Net book value						
As at 30 June 2008	**82**	**476**	**701**	**158**	**511**	**1,928**
As at 30 June 2007	101	413	308	72	405	1,299

10. Intangible assets

Group	Goodwill	Customer Relationships	Trademark	Trade Name	Software	Marketing Agreement	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
As at 1 July 2006	—	—	—	—	—	—	—
Acquired through business combination	76,137	20,066	—	—	—	—	96,203
As at 30 June 2007 and 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	**97,075**	**17,810**	**861**	**8,518**	**4,134**	**3,992**	**132,390**
Accumulated amortisation							
As at 1 July 2006, 30 June 2007 and 1 July 2007	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Amortisation	**—**	**1,246**	**—**	**213**	**732**	**—**	**2,191**
Foreign currency translation adjustment	**—**	**(60)**	**—**	**—**	**—**	**—**	**(60)**
As at 30 June 2008	**—**	**1,186**	**—**	**213**	**732**	**—**	**2,131**
Net carrying amount							
As at 30 June 2008	**97,075**	**16,624**	**861**	**8,305**	**3,402**	**3,992**	**130,259**
As at 30 June 2007	76,137	20,066	—	—	—	—	96,203
Average remaining amortisation period (years) — 2008	**	14*	**	39*	2.5*	3*	
Average remaining amortisation period (years) — 2007		15*					

* 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.

Company	Trademark
	$'000
Cost	
As at 1 July 2006, 30 June 2007 and 1 July 2007	**—**
Acquired through business combinations (Note 10a)	**861**
As at 30 June 2008	**861**
Accumulated amortisation	
As at 1 July 2006, 30 June 2007, 1 July 2007 and 30 June 2008	**—**
Amortisation	**—**
As at 30 June 2008	**—**
Net carrying amount	
As at 30 June 2008	**861**
As at 30 June 2007	—

(a) Acquisition of subsidiary companies

As at 30 June 2007, the Group held 25.3% equity interest in Queensland Cotton Holdings ("QCH"). On 3 July 2007, the Group had acquired an additional equity interest of 33.6% equity interest in QCH. By 3 October 2007 the Group acquired 100 % equity interest in QCH for a total cash consideration of $195,385,000 (inclusive of transaction costs of $2,354,000).The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:

	Fair Value Recognised on Acquisition	Carrying Amount Before Combination
	$'000	$'000
Property, plant and equipment	**216,023**	**167,079**
Intangible assets	**15,710**	**13,428**
Inventories	**156,680**	**159,064**
Trade receivables	**60,801**	**60,801**
Prepayments	**7,256**	**7,411**
Cash and bank balances	**3,195**	**3,195**
Other current assets	**73,118**	**73,118**
Trade and other payables and accrued liabilities	**(84,809)**	**(84,809)**
Other current payables	**(52,762)**	**(52,594)**
Bank loans	**(205,803)**	**(205,803)**
Deferred income taxes	**(9,987)**	**6,812**
Net identifiable assets	**179,422**	**147,702**
Goodwill arising on acquisition	**15,963**	
Total purchase consideration satisfied by cash	**195,385**	
Cash paid in previous year	**(53,660)**	
Total purchase consideration satisfied by cash in current year	**141,725**	

On 10 December 2007, the Group acquired 100% of the issued share capital of PT Dharmapala Usaha Sukses ("PT DUS") through Far East Agri Pte Ltd, a wholly owned subsidiary for a cash consideration of $3,560,000 (inclusive of transaction costs of $3,559,000). The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:

	Fair Value Recognised on Acquisition	Carrying Amount Before Combination
	$'000	$'000
Property, plant and equipment	**27,126**	**32,707**
Other receivables	**695**	**3,498**
Cash and bank balances	**1**	**1**
Trade and other payables and accrued liabilities	**(1,906)**	**(1,906)**
Shareholder loan	**(6,797)**	**(10,917)**
Bank loan	**(10,305)**	**(32,832)**
Net identifiable assets	**8,814**	**(9,449)**
Negative goodwill arising on acquisition	**(5,254)**	
Total purchase consideration satisfied by cash	**3,560**	

On 12 September 2007, the Group acquired 100% of the issued share capital of Naarden Agro Products B.V. ("NAP") for a cash consideration of $7,224,000 (inclusive of transaction costs of $981,000). The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:

	Fair Value Recognised on Acquisition
	$'000
Property, plant and equipment	15
Inventories	12,442
Trade receivables	10,235
Other receivables	823
Cash and bank balances	7
Trade and other payables and accrued liabilities	(1,144)
Bank loans	(17,336)
Net identifiable assets	5,042
Goodwill arising on acquisition	2,182
Total purchase consideration satisfied by cash	7,224

The carrying amount of the identifiable assets and liabilities of Naarden Agro Products B.V. before the combination is the same as the fair value of the identifiable assets and liabilities as at the date of acquisition.

On 2 October 2007, the Company acquired 100% of the issued share capital of Hong Kong Key Foods ("KFI") Limited and its wholly owned subsidiary Qingdao Key Foods Corporation Limited and intangible assets from a related company of KFI for a cash consideration of $12,729,000 (inclusive of transaction costs of $252,000). The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:

	Fair Value Recognised on Acquisition	Carrying Amount Before Combination
	$'000	$'000
Property, plant and equipment	1,676	1,676
Intangible assets	861	861
Inventories	1,863	1,863
Trade receivables	2,720	2,720
Cash and bank balances	38	38
Trade and other payables and accrued liabilities	(3,739)	(4,138)
Net identifiable assets	3,419	3,020
Goodwill arising on acquisition	9,310	
Total purchase consideration satisfied by cash	12,729	

An analysis of the net cash outflow in respect of the acquisition of these four subsidiary companies is as follows:

	$'000
Cash consideration paid on acquisitions	218,898
Cash and cash equivalents acquired in the subsidiary companies	(3,241)
Cash paid in previous year for QCH	(53,660)
Net cash outflow in respect of the acquisitions	161,997

From the dates of acquisition, PT DUS, KFI, NAP and QCH have contributed revenue of $749,610,000 to the Group and net profit of $25,318,000 to the Group. If the combination had occurred on 1 July 2007, Group revenue would have been $8,117,650,000 and net profit would have been $168,639,000.

(b) 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
— 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	
	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000
Universal Blanchers	**67,358**	76,137	**—**	—	**67,358**	76,137
Queensland Cotton Holdings(1)	**17,936**	—	**—**	—	**17,936**	—
Naarden Agro Products B.V.	**2,471**	—	**—**	—	**2,471**	—
Qingdao Key Foods	**9,310**	—	**861**	—	**10,171**	—
	97,075	76,137	**861**	—	**97,936**	76,137

(1) The CGUs relating to Queensland Cotton Holdings are as follows:

	2008	2007
	$'000	$'000
CGU 1 — Australian Cotton	**6,278**	—
CGU 2 — USA Cotton	**2,690**	—
CGU 3 — Brazilian Cotton	**7,174**	—
CGU 4 — Australian Pulses	**1,794**	—
	17,936	—

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	
	2008	2007	2008	2007
	%	%	%	%
Universal Blanchers	**3.30**	2.74	**10.40**	12.00
Queensland Cotton Holdings (2)	**2.50**	—	**9.87**	—
Naarden Agro Products B.V.	**2.00**	—	**7.73**	—
Qingdao Key Foods	**2.00**	—	**12.51**	—

(2) 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 a conservative estimate 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. Subsidiary companies

	Company	
	2008	2007
	$'000	$'000
Unquoted shares at cost	**147,889**	53,372
Loans to subsidiary companies	**102,718**	170,461
Provision for impairment loss	**(630)**	(710)
	249,977	223,123

Included in loans to subsidiary companies is a loan amounting to $952,000 (2007: $1,072,000) 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. For the year ended 30 June 2008, there was no additional provision based on the assessment made by the Company.

Subsidiary companies of Olam International Limited are:

Name of Company	Country of Incorporation	Principal Activities	Cost of Investment		Percentage of Equity Held by the Company	
			2008	2007	2008	2007
			$'000	$'000	%	%
Caraway Pte Ltd(1)	Singapore	(a)	**166**	187	**100**	100
Olam Burkina Sarl(3)	Burkina Faso	(a)	**260**	293	**100**	100
Olam Cam Sarl(3)	Cameroon	(a)	**446**	502	**100**	100
Olam Europe B.V.(2)	Netherlands	(a)	**27**	31	**100**	100
Olam Ghana Limited(3)	Ghana	(a)	**3,997**	4,503	**100**	100
Olam Ivoire Sarl.(2)	Ivory Coast	(a)	**424**	478	**100**	100
Olam Nigeria Ltd(2)	Nigeria	(a)	**4,108**	4,628	**100**	100
Outspan Nigeria Ltd(2)	Nigeria	(a)	**377**	425	**100**	100
Olam Tanzania Ltd(2)	Tanzania	(a)	**3,279**	3,695	**100**	100
Outspan Ivoire Sarl.(2)	Ivory Coast	(a)	**7,957**	7,317	**100**	100
Olam Gabon Sarl.(2)	Gabon	(a)	**254**	287	**100**	100
Olam Mozambique Limitada(3)	Mozambique	(a)	**1,431**	1,613	**100**	100
Olam Madagascar Sarl.(3)	Madagascar	(a)	**14**	15	**100**	100
Olam Polska Sp. Z.O.O.(3)	Poland	(a)	**2,170**	323	**100**	100
Outspan Ghana Limited(3)	Ghana	(a)	**137**	155	**100**	100
Olam Vietnam Limited(2)	Vietnam	(a)	**1,360**	1,532	**100**	100
Olam South Africa (Proprietary) Limited(2)	South Africa	(a)	**1,346**	1,517	**100**	100
Olam Congo (RDC) SPRL(3)	Democratic Republic of Congo	(a)	**34**	38	**100**	100
Outspan PNG Limited(4)	Papua New Guinea	(a)	**136**	153	**100**	100
Olam France Sarl.(4)	France	(a)	**9**	11	**100**	100
Olam Guinee Sarl.(4)	Guinee Conakry	(a)	**3**	4	**100**	100
Olam Brasil Ltda(2)	Brazil	(a)	**2,458**	2,769	**100**	100
Olam Kazakhstan(2)	Kazakhstan	(a)	**14**	15	**100**	100
Olam Middle East L.L.C(4)	United Arab Emirates	(a)	**111**	125	**100**	100
Olam Europe Ltd(2)	United Kingdom	(a)	**536**	604	**100**	100

Name of Company	Country of Incorporation	Principal Activities	Cost of Investment 2008	Cost of Investment 2007	Percentage of Equity Held by the Company 2008	Percentage of Equity Held by the Company 2007
			$'000	$'000	%	%
Olam Uganda Limited(2)	Uganda	(a)	**132**	148	**100**	100
PT Olam Indonesia(2)	Indonesia	(a)	**1,495**	1,685	**100**	100
Olam Zimbabwe (Private) Limited(2)	Zimbabwe	(a)	**2,188**	2,332	**100**	100
Outspan Brasil Ltda.(2)	Brazil	(a)	**3,915**	1,689	**100**	100
Olam Dairy B.V.(2)	Netherlands	(a)	**176**	198	**100**	100
Olam Ukraine LLC(3)	Ukraine	(a)	**136**	153	**100**	100
Olam Shanghai Limited(3)	China	(a)	**1,360**	1,532	**100**	100
Olam Shandong Limited(3)	China	(a)	**1,903**	2,144	**100**	100
Outspan Peru SAC(2)	Peru	(a)	**680**	766	**100**	100
LLC Caraway Foods(3)	Russian Federation	(a)	**549**	619	**100**	100
Olam Argentina S.A.(2)	Argentina	(a)	**4,055**	464	**100**	100
Panasia International FZCO(2)	United Arab Emirates	(a)	**204**	230	**100**	100
PT Agronesia Bumi Persada(4)	Indonesia	(a)	**69**	78	**51**	51
Caraway Foods International (Nigeria) Limited(2)	Nigeria	(a)	**26**	29	**100**	100
Caraway Foods International South Africa(3)	South Africa	(a)	**1,604**	888	**100**	100
Olam Liberia Limited(4)	Liberia	(a)	**7**	8	**100**	100
Mantra Ivoire S.A(2)	Ivory Coast	(a)	**542**	610	**100**	100
Outspan Colombia S.A(2)	Colombia	(a)	**1,829**	2,060	**100**	100
Olam Amarzen Gerais Ltda(2)	Brazil	(a)	**65**	74	**100**	100
Olam R.O.C. S.A.R.L.(2)	Democratic Republic of Congo	(a)	**^**	^	**100**	100
Olam Honduras S.A(4)	Honduras	(a)	**136**	153	**100**	100
Olam Egypt L.L.C(2)	Egypt	(a)	**120**	135	**100**	100
Olam Zambia Limited(3)	Republic of Zambia	(a)	**^**	^	**100**	100
Olam Dalian Limited(3)	China	(a)	**680**	766	**100**	100
Rudra International Limited(3)	United Arab Emirates	(a)	**3,194**	3,599	**100**	100
Multipro Gambia Limited(5)	Gambia	(a)	*****	—	**100**	—
Outspan Cafe Vietnam Limited(5)	Vietnam	(a)	**5,769**	—	**100**	—
Naarden Agro Products B.V.(2)	Netherlands	(a)	**7,260**	—	**100**	—
LLC Outspan International(3)	Russian Federation	(a)	**70**	78	**100**	100
EURL Agri Commodities(2)	Algeria	(a)	**365**	412	**100**	100
Olam Americas Inc.	United States of America	(a)	**#**	2	**—**	100
Olam Investments Limited(2)	Mauritius	(b)	**14**	15	**100**	100
Olam Investments Australia Pty Ltd(2)	Australia	(b)	**64,821**	*	**100**	100
Hong Kong Key Foods Ltd(3)	Hong Kong	(b)	**11,900**	—	**100**	—
Far East Agri Pte Ltd(5)	Singapore	(b)	*****	—	**100**	—
Olam Information Services Pte Ltd(5)	India	(c)	**4**	—	**100**	—
Olam Insurance(2)	Isle of Man	(d)	**680**	766	**100**	100
Olam Benin Sarl.(4)	Benin	(e)	**456**	514	**100**	100
Olam Togo Sarl.(2)	Togo	(e)	**426**	@	**100**	100
Olam Bissau Limitada(4)	Guinea Bissau	(e)	**5**	5	**100**	100
Olam Online Ltd(1)	Singapore	(e)	*****	*	**100**	100
			147,889	53,372		

(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.

Name of Company (Country of Incorporation)	Principal activities	Percentage of Equity Held 2008 %	2007 %
Subsidiary companies of Olam Investments Limited are as follow:			
Olam Export (India) Limited(3) (India)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Outspan India Private Limited(3) (India)	Dormant	**100**	100
Subsidiary company of Olam (Uganda) Limited is as follows:			
Victoria Commodities Ltd(2) (Uganda)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary company of Olam Nigeria Limited is as follows:			
Novus Nigeria (4) (Nigeria)	Dormant	**100**	100
Subsidiary company of Olam Egypt L.L.C is as follows:			
Agri Commodities L.L.C(2) (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(2) (Australia)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Olam US Holdings, Inc(2) (United States of America)	Investment holding	**100**	100
Subsidiary company of Olam Australia Pty Ltd is as follows:			
Queensland Cotton Holdings Pty Ltd(2) (Australia)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	25
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 companies of Olam US Holdings Inc. are as follows:			
Universal Blanchers, L.L.C(2) (United States of America)	Peanut blancher and ingredient processor	**100**	100
Olam Americas, Inc.(2) (United States of America)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100

Name of Company (Country of Incorporation)	Principal Activities	Percentage of Equity Held by the Company 2008 %	2007 %
Subsidiary company of Hong Kong Key Foods Limited is as follows:			
Qingdao Key Foods Co Ltd(2) (China)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	—
Subsidiary company of Far East Agri Pte Ltd is as follows:			
PT Dharmapala Usaha Sukses(4) (Indonesia)	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.

@ The investment in this subsidiary was written off.

The investment was disposed to Olam US Holdings Inc. during the year.

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	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted shares at cost	**2,227**	1,512	**2,227**	1,512
Additions	**124**	767	**124**	767
Share of post-acquisition reserves	**(454)**	(291)	—	—
Currency realignment	**(304)**	(46)	**(250)**	(52)
	1,593	1,942	**2,101**	2,227

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

Name of Company	Country of Incorporation	Principal Activities	Percentage of Equity Held 2008	2007
			%	%
Held by the Company				
LAMCO S.p.A(1)	Italy	(a)	**40**	40
Solimar Foods Ingredients S.L.(2)	Spain	(b)	**49**	49
Usicam S.A.(3)	Cameroon	(b)	**50**	50

(a) Trading of agricultural commodities

(b) Processing and trading of agricultural commodities

1 Audited by associated firm of Ernst & Young LLP, Singapore.

2 Not required to be audited.

3 Audited by other CPA firm.

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

	Group	
	2008	2007
	$'000	$'000
Assets and liabilities:		
Current assets	**4,596**	3,755
Long term assets	**2,583**	2,824
Total assets	**7,179**	6,579
Current liabilities	**(5,568)**	(4,483)
Long term liabilities	**(706)**	(1,183)
Total liabilities	**(6,274)**	(5,666)
Results:		
Income	**31,677**	9,116
Expenses	**(31,840)**	(9,501)
Loss after tax for the financial year	**(163)**	(385)

13. Long term investments

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Available-for-sale financial assets:				
Equity shares (unquoted) at cost	**24,475**	27,431	**24,475**	27,431
Equity shares (quoted), at fair value	**—**	53,660	**—**	—
Total investments	**24,475**	81,091	**24,475**	27,431

The fair values of quoted equity investments are based on quoted market prices. Unquoted shares stated at cost have no market prices and the fair value cannot be reliably measured using valuation techniques.

Unquoted equity investment relates to a 19.9% shareholding in Open Country Cheese. Subsequent to year end, the Company has sold the entire stake in Open Country Cheese as part of the acquisition of a 24.99% equity interest in Dairy Trust Limited as announced on 8 July 2008. Please refer to Note 39(d) for more details.

The quoted equity investment relates to an investment in Queensland Cotton Holdings Limited ("QCH"). As at 30 June 2007, the Group held 25.3% of the issued share capital of QCH. During the year, the Group completed the acquisition of 100% equity interest in QCH and has reclassified it as investment in subsidiary companies. Please refer to Note 10(a) for more details.

14. Amounts due from subsidiary companies

	Company	
	2008	2007
	$'000	$'000
Trade receivables	**402,931**	277,464
Loan to subsidiaries(1)	**61,630**	15,240
Non-trade receivables(2)	**38,047**	8,488
	502,608	301,192
Amounts due from subsidiary companies are stated after deducting allowance for doubtful debts of		
— Trade	**1,825**	2,057
— Non-trade	**4,279**	4,822
	6,104	6,879
The movement of the allowance accounts is as follows:		
Movement in allowance accounts:		
At 1 July	**6,879**	6,118
Foreign exchange translation adjustment	**(775)**	761
At 30 June	**6,104**	6,879

(1) Loan to subsidiaries includes an amount $44,526,000 (2007: $15,240,000) which is unsecured and bears interest at 7% (2007: 8%) 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.

15. Trade receivables

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables	**635,108**	459,893	**339,516**	262,872
GST receivable and equivalent	**89,244**	48,300	**370**	314
	724,352	508,193	**339,886**	263,186

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 is an amount of $1,825,000 (2007: $1,596,000) due from a jointly controlled entity.

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables — nominal amounts	**641,832**	469,497	**343,695**	267,433
Allowance for doubtful debts	**(6,724)**	(9,604)	**(4,179)**	(4,561)
	635,108	459,893	**339,516**	262,872
Movement in allowance accounts:				
At 1 July	**9,604**	9,402	**4,561**	4,723
(Write back)/Charge for the year	**(720)**	823	**136**	—
Written off	**(1,196)**	—	**—**	—
Foreign currency translation adjustment	**(964)**	(621)	**(518)**	(162)
At 30 June	**6,724**	9,604	**4,179**	4,561

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.

Receivables not impaired

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade receivables:				
Less than 30 days	**403,988**	210,684	**210,582**	90,515
30 to 60 days	**163,312**	125,424	**90,966**	63,236
61 to 90 days	**37,834**	26,830	**28,162**	23,454
91 to 120 days	**14,055**	70,129	**5,513**	68,495
More than 120 days	**8,675**	6,946	**1,571**	5,282
More than 180 days	**7,244**	19,880	**2,722**	11,890
	635,108	459,893	**339,516**	262,872

16. 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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Margin accounts with brokers	**1,495,238**	236,782	**1,430,400**	230,215
Amounts due to brokers	**(1,240,965)**	(150,620)	**(1,240,965)**	(150,620)
	254,273	86,162	**189,435**	79,595

17. Inventories

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Balance sheet:				
Total inventories at lower of cost and net realisable value	**1,790,236**	1,163,203	**500,397**	313,060
Profit and loss account:				
Inventories recognised as an expense in cost of goods sold	**6,408,998**	4,324,293	**5,121,220**	3,834,935
Inclusive of the following charge/(credit)				
— Inventories written-down	**2,911**	7,058	**1,762**	5,265
— Reversal of write-down of inventories	**(4,882)**	(4,965)	**(4,882)**	(4,965)

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

18. Advance payments to suppliers

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Third parties	**380,047**	255,706	**126,670**	91,154
Subsidiary companies	**—**	—	**1,109,128**	951,985
	380,047	255,706	**1,235,798**	1,043,139

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

	Group 2008	Group 2007	Company 2008	Company 2007
Advance payments to suppliers are stated after deducting allowance for doubtful debts of				
— Third parties	**1,523**	4,028	—	—
— Subsidiary companies	**—**	—	—	6,235

The movement in the allowance accounts is a follows:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Movement in allowance accounts:				
As at 1 July	**4,028**	3,367	**6,235**	5,674
Charge for the year	**170**	1,547	**—**	759
Written off	**(2,271)**	—	**(5,534)**	—
Foreign currency translation adjustment	**(404)**	(886)	**(701)**	(198)
At 30 June	**1,523**	4,028	**—**	6,235

19. Other current/non-current assets

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current:				
Staff advances(1)	**4,809**	5,970	**791**	1,292
Deposits	**10,213**	6,960	**4,277**	546
Option premium receivable	**25,282**	13,095	**25,282**	13,095
Insurance receivables(2)	**5,930**	7,693	**4,675**	7,537
Interest receivables	**3,201**	—	**3,201**	—
Export incentives and subsidies receivable(3)	**119,718**	77,620	**—**	—
Sundry receivables	**44,231**	25,584	**14,537**	9,521
Loan to jointly controlled entities(4)	**171**	138	**171**	138
	213,555	137,060	**52,934**	32,129
Deferred M&A expenses(5)	**1,746**	1,206	**1,746**	1,206
Prepayments	**77,518**	61,150	**29,498**	18,691
	292,819	199,416	**84,178**	52,026
Other receivables are stated after deducting allowance for doubtful debts of	**—**	20	**—**	—
Non-current:				
Loan to jointly controlled entities(4)	**658**	1,006	**658**	1,006
Tax recoverable(6)	**—**	8,460	**—**	—
Other non-current assets	**4,602**	—	**—**	—
	5,260	9,466	**658**	1,006
Fair value purchase contracts(7)	**19,148**	—	**19,148**	—
	24,408	9,466	**19,806**	1,006

(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. Included in these receivables is one insurance claim filed against the insurer.

(3) These relate to incentives and subsidies receivable from the Government agencies of various countries for export of agricultural products.

(4) The loans to jointly controlled entities are unsecured and bear interest ranging from 3.1% to 4% and at 3 months Euribor + 4% (2007: 4%) per annum. They are repayable in quarterly instalments until October 2011.

(5) Deferred merger and acquisition expenses incurred are in connection with the incomplete acquisition for which the expenses will be transferred and capitalised as part of the cost of acquisition upon finalisation of the investment.

(6) This account mainly relates to input tax paid which is available for offset against future output tax incurred.

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

20. Short term investment

Short term investment relates to an investment in government security bills and is designated as available-for-sale financial asset with a short term maturity. The fair values of this investment approximate its carrying amounts at the balance sheet date because of its short-term maturity.

The government security bills held as at 30 June 2007 have matured in July 2007.

21. Trade payables and accruals

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Trade payables	**398,189**	190,156	**320,625**	147,486
Accruals	**102,893**	60,879	**35,982**	33,146
Advances received from customers	**10,499**	3,056	**—**	—
GST payable and equivalent	**8,272**	1,431	**—**	—
	519,853	255,522	**356,607**	180,632

22. Other current liabilities

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Interest payable on short-term bank loans	**10,362**	27,772	**7,842**	27,040
Sundry payables	**13,836**	11,677	**—**	3,262
Option premium payable	**26,725**	14,709	**26,725**	14,709
	50,923	54,158	**34,567**	45,011
Provision for withholding tax	**940**	1,769	**—**	—
	51,863	55,927	**34,567**	45,011

23. Amounts due to bankers

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current:				
Bank overdrafts (Note 32)	**174,862**	49,970	**—**	—
Bank loans	**1,614,720**	495,585	**1,199,066**	346,693
	1,789,582	545,555	**1,199,066**	346,693
Non-current:				
Term loans	**935,125**	703,663	**648,482**	690,413
	2,724,707	1,249,218	**1,847,548**	1,037,106

The bank loans for the Company are repayable within 12 months and bear interest in the range of 2.72% to 8.40% (2007: 3.80% to 8.82%) per annum.

The bank loans and bank overdrafts for the subsidiary companies are repayable within 12 months and bear interest in the range of 4% to 18% (2007: 5% to 17%) per annum.

Term loans from banks

Term loans from banks bear interest at floating interest rates ranging from 3.61% to 9.06% (2007: 6.58% to 7.18%) per annum. Term loans for Company are, unsecured and are repayable between 3 to 4 years.

Included in term loans from bank are:

(a) Industrial Development Bonds of $11,488,000 (2007: $13,249,000) 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 $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 (2007: $800,000,000). These medium term notes are unsecured, bear interest at floating rates ranging from 2.42% to 4.26% (2007: 3.19% to 6.67%) per annum. The repayment schedule is as follows:

	Group and Company	
	2008	**2007**
	$'000	**$'000**
Less than one year	**70,000**	450,000
Between one and three years	**189,857**	220,668
	259,857	670,668

25. Share capital

	Group and Company	
	2008	**2007**
	$'000	**$'000**
Ordinary shares issued and fully paid(1)		
Balance at the beginning 1,555,095,400 (2007: 1,554,584,400) ordinary shares	**397,730**	396,954
Issue of shares on preferential offering(2)	**303,339**	—
Issues of shares on exercise of share options(3)	**3,801**	776
Balance at end 1,713,212,824 (2007: 1,555,095,400) ordinary shares(3)	**704,870**	397,730

(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.

(3) A total of 2,488,735 (2007: 511,000) ordinary shares were issued upon the exercise of share options.

26. Dividends

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.

A one-tier tax exempted first and final dividend of $0.015 per ordinary share amounting to $23,319,000 and a special dividend of $0.015 per ordinary share amounting to $23,319,000, totalling $46,638,000 in respect of financial year ended 30 June 2006 were paid out in financial year ended 30 June 2007.

27. Operating lease commitments

Rental expenses of the Group and Company (principally for offices, warehouses and employees' residence) were $41,955,000 (2007: $26,663,000) and $4,125,000 (2007: $2,061,000), 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	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	**12,279**	4,804	**4,787**	1,899
After one year but not more than five years	**16,957**	3,933	**5,559**	501
More than five years	**4,163**	5,210	**—**	—
	33,399	13,947	**10,346**	2,400

28. Contingent liabilities

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Contingent liabilities not provided for in the accounts:				
Financial guarantee contracts given to subsidiary companies(1)	**—**	—	**1,406,988**	445,366

(1) Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $564,763,000 (2007: $170,653,000).

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

29. Employee benefits

Employee benefits expense (including executive directors):

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and employee benefits	**153,172**	84,217	**48,271**	35,457
Central Provident Fund contributions and equivalents	**8,408**	5,326	**1,173**	930
Retrenchment benefits	**2,000**	341	**—**	—
Share-based expense	**5,583**	5,594	**1,452**	1,803
	169,163	95,478	**50,896**	38,190

(a) Employee share benefit plans

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.

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

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

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

Further, the following options were issued as of 30 June 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	Vesting Period	In Tranches of
		$'000		%
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
8 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:

	2008		2007	
	Number of Share Options	Weighted Average Exercise Price	Number of Share Options	Weighted Average Exercise Price
		$		$
Outstanding at the beginning of the year	**58,234,160**	**1.29**	57,995,160	1.29
Granted during the year(1)	**10,585,000**	**2.98**	900,000	2.04
Forfeited during the year	**(5,071,000)**	**1.76**	(150,000)	2.04
Exercised during the year	**(2,488,735)**	**1.53**	(511,000)	1.52
Outstanding at the beginning of the year(2)	**61,259,425**	**1.54**	58,234,160	1.29
Exercisable at end of year	**36,469,527**	**1.25**	19,292,140	1.05

(1) The weighted average fair value of options granted during the year was $0.64 (2007: $0.34).

(2) The range of exercise prices for options outstanding at the end of the year was $0.62 to $3.14 (2007: $0.62 to $2.04). The weighted average remaining contractual life for these options is 4.19 years (2007: 4.91 years)

The fair value of share options as at the date of grant, is estimated by the Company using the Black Scholes Model, taking into account the terms and conditions upon which the options are granted. The expected life of the option is based on the assumption that the options would be exercised within six months of the vesting date. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The inputs to the model used for each scheme are shown below:

Grant Date	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

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

30. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; ii) it is subject to common control or common significant influence.

The following are the significant related party transactions entered into by the Company and Group in the ordinary course of business on terms agreed between the parties:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Subsidiary companies:				
— Sales	—	—	**1,030,752**	643,581
— Purchases	—	—	**2,492,297**	1,968,077
— Insurance premiums paid	—	—	**218**	551
— Commissions paid	—	—	**12,206**	14,796
— Interest received on loan	—	—	**4,558**	345
— Consultancy fee paid	—	—	**3,214**	2,395
Sales to a jointly controlled entity	**8,457**	21,852	**8,457**	21,852
Shareholder related companies:				
— Sales	—	985	—	—
— Purchases	—	422	—	—
— Purchase of motor vehicles and other assets	**950**	785	—	—
— Warehouse rental paid	—	118	—	—

31. Compensation of directors and key management personnel

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

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Directors fees	**775**	775	**775**	775
Salaries and employee benefits	**6,552**	6,430	**5,016**	5,147
Central Provident Fund contributions and equivalents	**125**	184	**66**	77
Share-based expense	**1,369**	1,025	**512**	801
	8,821	8,414	**6,369**	6,800
Comprise amounts paid to:				
— Directors of the Company	**4,199**	4,103	**4,199**	4,103
— Key management personnel	**4,622**	4,311	**2,170**	2,697
	8,821	8,414	**6,369**	6,800

Directors' interest in employee share benefit plans

The number of share options which were issued / allocated to the directors and key executives under existing employee benefit schemes during the financial year is given below:

	2008 Share Options	2007 Share Options
Employee Share Option Scheme:		
— Directors	**400,000**	—
— Key executives	**2,000,000**	—

32. Cash and short term fixed deposits

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash and bank balances	**175,544**	194,235	**52,134**	55,024
Fixed deposits	**163,580**	43,372	**33,988**	42,992
	339,124	237,607	**86,122**	98,016

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.25% to 1.75% (2007: 2.65% to 2.69%) per annum. Short term deposits are made for varying periods between 1 and 365 days (2007: 1 to 365 days) depending on the immediate cash requirements of the Group, and earn interests at floating rate ranging from 2.22% to 4.75% (2007: 4.90% to 5.26%) per annum.

Cash and cash equivalents

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

	Group	
	2008	2007
	$'000	$'000
Cash and bank balances	**175,544**	194,235
Fixed deposits	**163,580**	43,372
Bank overdrafts (Note 23)	**(174,862)**	(49,970)
	164,262	187,637

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

33. Financial risk management policies and objectives

The Group's principal financial instruments, other than derivative financial instruments and investment in security, comprise bank loans, medium term notes, term loans from banks and cash and short term fixed deposits. 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 principally interest rate swaps, commodity options and forward contracts and forward currency 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% (2007: 1.0%) with all other variables held constant, the Group's profit net of tax would have changed inversely by $847,000 (2007: $468,000) and equity would have changed inversely by $13,933,000 (2007: $6,969,000) arising as a result of fair value on Group's commodity futures and options contracts. This effect would have been mitigated by the Group's physical sales and purchases commitments as well as the inventory held at balance sheet date.

(b) Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amounts of trade and other receivables, advances to suppliers, margin accounts with brokers, fixed deposits and cash and bank balances 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:

The Group's maximum exposure to credit risk for trade debtors at the balance sheet date is as follows:

	Group		**Company**	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
By business segments:				
Edible nuts, spices and beans	**156,849**	75,142	**110,603**	49,238
Confectionery and beverage Ingredients	**234,726**	201,513	**117,434**	96,868
Fibre and wood products	**108,073**	36,660	**53,125**	47,156
Food staples and package foods	**135,460**	146,578	**58,354**	69,610
	635,108	459,893	**339,516**	262,872

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, investment securities 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 15 (Trade and other receivables).

(c) Foreign currency risk

The Group trades its products in several countries and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD), Great Britain Pound (GBP), Euro (EUR) 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			
	2008		2007	
	Profit Net of Tax $'000	Equity $'000	Profit Net of Tax $'000	Equity $'000
USD — strengthened 0.5% (2007: 0.5%)	**(2,024)**	**(607)**	(1,435)	—
GBP — strengthened 0.5% (2007: 0.5%)	**(478)**	**(218)**	312	1,232
EUR — strengthened 0.5% (2007: 0.5%)	**(397)**	**41**	878	(111)
SGD — strengthened 0.5% (2007: 0.5%)	**7**	**96**	(9)	—

(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.

	2008			2007		
	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 (Note 21)	**519,853**	**—**	**519,853**	255,522	—	255,522
Other current liabilities (Note 22)	**50,923**	**—**	**50,923**	54,148	—	54,148
Amounts due to bankers (Note 23)	**1,789,582**	**935,125**	**2,724,707**	545,555	703,663	1,249,218
Medium term notes (Note 24)	**70,000**	**189,857**	**259,857**	450,000	220,668	670,668
Fair value of derivative financial instruments (Note 34)	**2,010,994**	**—**	**2,010,994**	488,630	—	488,630
	4,441,352	**1,124,982**	**5,566,334**	1,793,855	924,331	2,718,186
Company						
Trade and other payables (Note 21)	**356,607**	**—**	**356,607**	180,632	—	180,632
Other current liabilities (Note 22)	**34,567**	**—**	**34,567**	45,011	—	45,011
Amounts due to bankers (Note 23)	**1,199,066**	**648,482**	**1,847,548**	346,693	690,413	1,037,106
Medium term notes (Note 24)	**70,000**	**189,857**	**259,857**	450,000	220,668	670,668
Fair value of derivative financial instruments (Note 34)	**1,883,574**	**—**	**1,883,574**	473,690	—	473,690
	3,543,814	**838,339**	**4,382,153**	1,496,026	911,081	2,407,107

(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 (2007: 25) basis points higher/lower with all other variables held constant, the Group's profit net of tax would have changed inversely by $6,501,000 (2007: $3,314,000).

34. 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, current trade and other receivables, margin accounts with brokers, trade and other payables and accruals

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, medium term notes and term loans from banks

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 2.10(d).

(d) Derivative financial instruments

The fair value of derivative financial instruments is determined based on the accounting policy described in Note 2.27. The contract notional amounts of these derivative instruments and the corresponding fair value are as follows:

	Group			Company		
	Contract Notional	Fair Value		Contract Notional	Fair Value	
2008	Amount	Gain	Loss	Amount	Gain	Loss
	$'000	$'000	$'000	$'000	$'000	$'000
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**	**41**	**83,358**	**247**	**—**
Commodity derivatives						
Commodity forwards	**17,859,697**	**1,638,695**	**1,817,222**	**17,080,003**	**1,551,021**	**1,704,025**
Commodity options	**96,648**	**59,736**	**68,276**	**74,994**	**46,527**	**55,607**
Total derivatives held for hedging		**1,733,569**	**1,897,316**		**1,625,511**	**1,769,896**
Derivatives held for trading						
Commodity derivatives						
Commodity forwards	**903,295**	**74,548**	**81,713**	**903,295**	**74,548**	**81,713**
Commodity options	**38,640**	**24,638**	**31,965**	**38,640**	**24,638**	**31,965**
Total derivatives held for trading		**99,186**	**113,678**		**99,186**	**113,678**
Total derivatives		**1,832,755**	**2,010,994**		**1,724,697**	**1,883,574**

2007	Group Contract Notional Amount	Group Fair Value Gain	Group Fair Value Loss	Company Contract Notional Amount	Company Fair Value Gain	Company Fair Value Loss
	$'000	$'000	$'000	$'000	$'000	$'000
Derivatives held for hedging						
Foreign exchange derivatives						
Foreign exchange forwards	2,017,237	9,344	10,093	1,880,462	8,858	8,947
Foreign exchange options	112,306	165	237	112,306	165	237
Commodity derivatives						
Commodity forwards	7,395,163	281,098	365,169	7,081,462	267,170	351,375
Commodity options	45,799	15,310	31,673	45,799	15,310	31,673
Interest rate derivatives						
Swaps	76,585	—	64	76,585	—	64
Total derivatives held for hedging		305,917	407,236		291,503	392,296
Derivatives held for hedging						
Commodity derivatives						
Commodity forwards	1,704,240	57,039	59,722	1,704,240	57,039	59,722
Commodity options	44,316	25,076	21,672	44,316	25,076	21,672
Total derivatives held for trading		82,115	81,394		82,115	81,394
Total derivatives		388,032	488,630		373,618	473,690

As at 30 June 2008, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 23 months (2007: 1 and 20 months).

The derivative financial instruments held for hedging are designated as hedges for future purchases or sales as well as interest rates. The foreign exchange derivatives held for hedging are being used to hedge the foreign currency risk of these forecasted transactions 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 medium term notes. In addition, a portion of the derivatives are used for trading purposes. For all the foreign exchange and commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 23 months (2007: 20 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 $325,878,000 and $291,729,000 for the Group and Company respectively (2007: $150,827,000 and $148,563,000). Deferred tax credits of $17,177,000 and $14,394,000 (2007: $7,450,000 and $7,328,000) for the Group and Company respectively, relating to the hedging instruments, was reflected in the fair value adjustment reserves.

Cash flow hedges of expected transactions that were assessed to be ineffective under FRS 39 and derivatives that are used for trading purposes amounting to a net fair value gain of $11,023,000 (2007: loss of $245,000) for the Group and a net fair value loss of $2,652,000 (2007: loss of $245,000) for the Company, were recognised in the profit and loss accounts for the year.

35. 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 well 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	
	2008	**2007**
Gross debt to equity:		
— Before fair value adjustment reserve	**3.10x**	3.29x
— Before fair value adjustment reserve and after deducting intangibles	**3.58x**	3.94x
Net debt to equity:		
— Before fair value adjustment reserve	**2.74x**	2.88x
— Before fair value adjustment reserve and after deducting intangibles	**3.17x**	3.45x

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.

36. Classification of financial assets and liabilities

	2008				2007			
Group	**Loans and Receivables**	**Carried at Amortised Cost**	**Available-for-Sale Assets**	**Held for Trading**	**Loans and Receivables**	**Carried at Amortised Cost**	**Available-for-Sale Assets**	**Held for Trading**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets:								
Other non-current assets (Note 19)	**5,260**	**—**	**—**	**—**	9,466	—	—	—
Long term investment (Note 13)	**—**	**—**	**24,475**	**—**	—	—	81,091	—
Trade receivables (Note 15)	**724,352**	**—**	**—**	**—**	508,193	—	—	—
Margin accounts with brokers (Note 16)	**254,273**	**—**	**—**	**—**	86,162	—	—	—
Advance payments to suppliers (Note 18)	**380,047**	**—**	**—**	**—**	255,706	—	—	—
Other current assets (Note 19)	**213,555**	**—**	**—**	**—**	137,060	—	—	—
Short term investment (Note 20)	**—**	**—**	**—**	**—**	—	—	13,461	—
Fixed deposits, cash and bank balances (Note 32)	**339,124**	**—**	**—**	**—**	237,607	—	—	—
Fair value of derivative financial instruments (Note 34)	**—**	**—**	**1,733,569**	**99,186**	—	—	305,917	82,115
	1,916,611	**—**	**1,758,044**	**99,186**	1,234,194	—	400,469	82,115
Financial liabilities:								
Trade payables and accruals (Note 21)	**—**	**519,853**	**—**	**—**	—	255,522	—	—
Other payables (Note 22)	**—**	**50,923**	**—**	**—**	—	54,158	—	—
Amounts due to bankers (Note 23)	**—**	**2,724,707**	**—**	**—**	—	1,249,218	—	—
Medium term notes (Note 24)	**—**	**259,857**	**—**	**—**	—	670,668	—	—
Fair value of derivative financial instruments (Note 34)	**—**	**—**	**1,897,316**	**113,678**	—	—	407,236	81,394
	—	**3,555,340**	**1,897,316**	**113,678**	—	2,229,566	407,236	81,394

Company	2008 Loans and Receivables	2008 Carried at Amortised Cost	2008 Available-for-Sale Assets	2008 Held for Trading	2007 Loans and Receivables	2007 Carried at Amortised Cost	2007 Available-for-Sale Assets	2007 Held for Trading
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:								
Other non-current assets (Note 19)	**658**	**—**	**—**	**—**	1,006	—	—	—
Long term investments (Note 13)	**—**	**—**	**24,475**	**—**	—	—	27,431	—
Amounts due from subsidiary (Note 14)	**502,608**	**—**	**—**	**—**	301,192	—	—	—
Trade receivables (Note 15)	**339,886**	**—**	**—**	**—**	263,186	—	—	—
Margin accounts with brokers (Note 16)	**189,435**	**—**	**—**	**—**	79,595	—	—	—
Advances payments to suppliers (Note 18)	**1,235,798**	**—**	**—**	**—**	1,043,139	—	—	—
Other current assets (Note 19)	**52,934**	**—**	**—**	**—**	32,129	—	—	—
Short term investment (Note 20)	**—**	**—**	**—**	**—**	—	—	13,461	—
Fixed deposits, cash and bank balances (Note 32)	**86,122**	**—**	**—**	**—**	98,016	—	—	—
Fair value of derivative financial instruments (Note 34)	**—**	**—**	**1,625,511**	**99,186**	—	—	291,503	82,115
	2,407,441	**—**	**1,649,986**	**99,186**	1,818,263	—	332,395	82,115
Financial liabilities:								
Trade payables and accruals (Note 21)	**—**	**356,607**	**—**	**—**	—	180,632	—	—
Other payables (Note 22)	**—**	**34,567**	**—**	**—**	—	45,011	—	—
Amounts due to bankers (Note 23)	**—**	**1,847,548**	**—**	**—**	—	1,037,106	—	—
Medium term notes (Note 24)	**—**	**259,857**	**—**	**—**	—	670,668	—	—
Fair value of derivative financial instruments (Note 34)	**—**	**—**	**1,769,896**	**113,678**	—	—	392,296	81,934
	—	**2,498,579**	**1,769,896**	**113,678**	—	1,933,417	392,296	81,934

37. 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).

For the periods prior to the preferential share offering issue on 28 March 2008, outstanding shares have been multiplied using an "Adjustment Factor" calculated by taking the difference in the price at which Preferential Offering was made (S$1.97) and the price on the last day of exercise of entitlements (S$2.63) and as a result, prior year earnings per share figures have been adjusted for.

The following reflects the income and share data used in the basic and diluted earnings per share computations for the years ended 30 June:

	2008	2007
Net profit attributable to ordinary shareholders for basic and diluted earnings per share ($'000)	**167,704**	109,047
Weighted average number of ordinary shares on issue applicable to basic earnings per share	**1,631,228,890**	1,590,921,777
Dilutive effect of share options	**32,526,637**	26,177,076
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**1,663,755,527**	1,617,098,853

There have been no other transactions involving ordinary shares or share options since the reporting date and before the completion of these financial statements.

38. Segment 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 and other edible nuts, cloves, pepper, sesame and other spices and beans and lentils
- Confectionery and Beverage Ingredients — cocoa and cocoa products, coffee and coffee products, sheanuts and shea-products
- Fibre and Wood products — cotton and wood products
- Food Staples and Packaged Foods — rice, sugar, milk powder and packaged foods business

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, certain fixed asset 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.

(a) Business segments

	Edible Nuts, Spices and Beans		Confectionery and Beverage Ingredients	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Segment revenue:				
Sales to external customers	**1,168,940**	783,202	**3,188,875**	2,177,812
Segment result	**81,400**	33,496	**117,899**	111,565
Finance costs				
Share of results from jointly controlled entities				
Profit before taxation				
Taxation				
Profit for the financial year				
Segment assets	**606,040**	450,929	**3,027,365**	1,183,295
Unallocated assets				
Segment liabilities	**44,919**	18,987	**1,979,715**	420,725
Unallocated liabilities				
Other segmental information:				
Depreciation and amortisation	**10,016**	3,749	**7,358**	6,334
Capital expenditure	**1,766**	26,420	**1,044**	11,421
Unallocated capital expenditure				

(b) Geographical segments

	Asia, Middle East and Australia		Africa	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Segment revenue:				
Sales to external customers	**3,303,608**	2,074,439	**1,773,648**	1,409,081
Intersegment sales	**992,953**	288,420	**1,650,066**	503,591
	4,296,561	2,362,859	**3,423,714**	1,912,672
Other geographical information:				
Segment assets	**3,986,849**	1,567,744	**1,070,649**	821,443
Capital expenditure	**278,217**	7,174	**25,440**	18,865

Fibre and Wood Products		Food Staples and Packaged Foods		Consolidated	
2008	2007	2008	2007	2008	2007
$'000	$'000	$'000	$'000	$'000	$'000
1,726,620	1,062,167	**2,027,475**	1,432,327	**8,111,910**	5,455,508
94,334	74,759	**72,894**	53,823	**366,527**	273,643
				(201,395)	(147,072)
				(163)	(385)
				164,969	126,186
				2,708	(17,165)
				167,677	109,021
1,043,072	402,449	**781,853**	566,796	**5,458,330**	2,603,469
				771,936	574,123
				6,230,266	3,177,592
220,661	178,222	**285,552**	126,217	**2,530,847**	744,151
				3,061,005	2,000,692
				5,591,852	2,744,843
12,128	4,219	**6,460**	2,907	**35,962**	17,209
233,424	—	**33,118**	—	**269,352**	37,841
				49,693	37,172

Europe		Americas		Eliminations		Consolidated	
2008	2007	2008	2007	2008	2007	2008	2007
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
1,946,735	1,271,087	**1,087,919**	700,901	**—**	—	**8,111,910**	5,455,508
308,153	87,282	**508,874**	84,024	**(3,460,046)**	(963,317)	**—**	—
2,254,888	1,358,369	**1,596,793**	784,925	**(3,460,046)**	(963,317)	**8,111,910**	5,455,508
618,456	313,171	**554,312**	475,234	**—**	—	**6,230,266**	3,177,592
3,828	1,791	**11,560**	45,587	**—**	—	**319,045**	73,417

39. Subsequent events

(a) Subsequent to financial year end, the directors have proposed a first and final ordinary dividend of $0.025 per ordinary share amounting to $42,830,320 in respect of the financial year ended 30 June 2008 subject to approval of shareholders at the Annual General Meeting to be held on 29 October 2008. The first and final dividend will be paid on 17 November 2008.

(b) On 2 July 2008, the Company announced formation of a 50:50 Olam — Wilmar joint venture Olam Wilmar Investment Holdings to invest in a 20% stake in Pure Circle. The Company invested $72.2 million (US$53.1 million) in the joint venture.

(c) On 3 July 2008 the Company successfully closed the issue of Convertible Bonds. Under the terms of the Subscription Agreement, the Company issued as issuer, and the Joint Lead Managers have severally agreed to subscribe and/or procure subscriptions for an aggregate of US$300,000,000 Convertible Bonds due 2013 at an issue price of 100% of the principal amount of the Convertible Bonds (the "**Firm Bonds**"). The Joint Lead Managers have also been granted an upsize option (the "**Upsize Option**") to subscribe for and/or procure subscription of up to an additional US$100,000,000 Convertible Bonds due 2013 (the "**Optional Bonds**", and together with the Firm Bonds, the "**Convertible Bonds**")

The Convertible Bonds are constituted by a trust deed executed by the Company and a trustee for the holders of the Convertible Bonds (the "**Trust Deed**"). Each Convertible Bond is, at the option of the relevant holder, convertible (unless previously redeemed, converted or purchased and cancelled) into fully paid ordinary shares of the Company (the "**Shares**") at an initial conversion price of S$3.8464 per Share (the "**Conversion Shares**"). The conversion price is subject to adjustment in the circumstances set out in the Trust Deed.

(d) On 8 July 2008, the Company announced that it will acquire a 24.99% equity interest in Dairy Trust Limited ("DTL"). The stake was acquired through a combination of subscription to new shares and purchase of existing shares from Dairy Investment Fund Limited. Olam's 19.9% stake in DTL's subsidiary Open Country Cheese ("OCC") was tendered into DTL's open offer for OCC. The total consideration of this deal including OCC outlay is $105.0 million (US$76.8 million).

(e) On 15 September 2008, the Company announced formation of a 49:51 joint venture with Modandola Group, one of sub-saharan Africa's leading diversified business groups, to set up a port-based sugar refinery in Nigeria. In addition, the Company will acquire a 49% stake in Standard Flour Mills for US$32.5 million, and invest a further US$4.9 million to increase capacity.

40. Comparatives

The following profit and loss account comparative figures have been reclassified to conform with current year's presentation:

	As Reclassified	Group Adjustments	As Previously Stated
	$'000	$'000	$'000
Profit and Loss Account			
Cost of goods sold	4,256,708	(19,181)	4,275,889
Gain on foreign exchange	(24,486)	19,181	(43,667)

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.

41. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2008 were authorised for issue in accordance with a resolution of the directors on 6 October 2008.

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