

# OLAM INTERNATIONAL LIMITED

## Financial Statements for the Third Quarter and Nine Months Ended 31 March 2012

### **PART I:** Information required for announcements of Quarterly (Q1, Q2, Q3 & Q4), Half-Year and Full Year Results.

- 1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

### Profit & Loss Statement – Nine Months and Third Quarter FY2012: Group

(in S\$'000)	Group			Group		
	Nine Months Ended			Three Months Ended		
	31 Mar 12	31 Mar 11	% change	31 Mar 12	31 Mar 11	% change
<b>Revenue</b> - Sale of goods & services	11,947,725	11,239,636	<b>6.3%</b>	4,231,297	4,743,678	<b>-10.8%</b>
Other income	48,714	72,400		29,596	11,125	
	<b>11,996,439</b>	<b>11,312,036</b>	<b>6.1%</b>	<b>4,260,893</b>	<b>4,754,803</b>	<b>-10.4%</b>
<b>Costs and expenses</b>						
Cost of goods sold	(9,867,900)	(9,435,012)		(3,601,323)	(4,132,809)	
Shipping and logistics	(841,613)	(777,327)		(200,844)	(237,764)	
Commission and claims	(91,150)	(82,900)		(31,427)	(14,395)	
Net gain from changes in fair value of biological assets	52,751	45,789		18,720	18,603	
Employee benefit expenses	(246,085)	(242,139)		(74,605)	(78,995)	
Depreciation	(89,367)	(59,178)		(26,950)	(22,968)	
Net measurement of derivative instruments	6,337	19,556		2,921	6,196	
Other operating expenses	(275,917)	(201,802)		(99,720)	(66,894)	
Finance costs	(326,616)	(244,641)		(131,746)	(83,586)	
	(11,679,560)	(10,977,654)		(4,144,974)	(4,612,612)	
Share of results from jointly controlled entities / associates	14,387	12,492		11,388	8,096	
	(11,665,173)	(10,965,162)	<b>6.4%</b>	(4,133,586)	(4,604,516)	<b>-10.2%</b>
<b>Profit before taxation</b>	331,266	346,874	<b>-4.5%</b>	127,307	150,287	<b>-15.3%</b>
Taxation	(42,243)	(45,156)		(25,048)	(24,069)	
<b>Profit for the period</b>	<b>289,023</b>	<b>301,718</b>	<b>-4.2%</b>	<b>102,259</b>	<b>126,218</b>	<b>-19.0%</b>
<b>Attributable to:</b>						
Owners of the Company	261,407	302,442	<b>-13.6%</b>	98,682	127,274	<b>-22.5%</b>
Non-controlling interests	27,616	(724)		3,577	(1,056)	
	<b>289,023</b>	<b>301,718</b>		<b>102,259</b>	<b>126,218</b>	

- 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.

**Statement of Comprehensive Income – Nine Months and Third Quarter FY2012: Group**

(in S\$'000)	Group		Group	
	Nine Months Ended		Three Months Ended	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
<b>Profit for the period</b>	<b>289,023</b>	<b>301,718</b>	<b>102,259</b>	<b>126,218</b>
<b>Other Comprehensive Income:</b>				
Net gain / (loss) on fair value changes during the period	99,840	(344,380)	27,218	(100,113)
Recognised in the profit and loss account on occurrence of hedged transactions	214,595	315,034	27,600	118,668
Foreign currency translation adjustment	58,718	(148,975)	(80,528)	(56,464)
<b>Other comprehensive income</b>	<b>373,153</b>	<b>(178,321)</b>	<b>(25,710)</b>	<b>(37,909)</b>
<b>Total Comprehensive Income</b>	<b>662,176</b>	<b>123,397</b>	<b>76,549</b>	<b>88,309</b>
<b>Attributable to:</b>				
Owners of the Company	625,776	124,121	74,470	89,365
Non-controlling interests	36,400	(724)	2,079	(1,056)
	<b>662,176</b>	<b>123,397</b>	<b>76,549</b>	<b>88,309</b>

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

(in S\$'000)	Group		Company	
	31 Mar 12	30 Jun 11	31 Mar 12	30 Jun 11
<b>Non-current assets</b>				
Property, plant and equipment	1,959,279	1,576,715	2,928	2,279
Intangible assets	623,118	485,938	30,298	24,050
Biological assets	461,981	453,168	-	-
Investment in subsidiary companies	-	-	1,537,002	810,805
Interests in jointly controlled entities and associates	451,210	411,819	376,155	353,847
Deferred tax assets	21,290	43,053	-	8,542
Other non-current assets	1,772	10,004	-	-
	<b>3,518,650</b>	<b>2,980,697</b>	<b>1,946,383</b>	<b>1,199,523</b>
<b>Current assets</b>				
Amounts due from subsidiary companies	-	-	1,735,935	1,945,035
Trade receivables	1,564,196	1,595,446	453,936	446,340
Margin accounts with brokers	-	457,133	-	444,978
Inventories	4,536,620	3,584,144	1,194,293	648,073
Advance payments to suppliers	354,046	222,207	77,663	65,060
Advance payments to subsidiary companies	-	-	1,683,797	1,215,058
Cash and short-term fixed deposits	1,150,347	872,247	673,623	502,050
Derivative financial instruments	1,324,886	2,310,144	1,061,243	1,499,233
Other current assets	1,016,745	558,118	142,836	65,610
	<b>9,946,840</b>	<b>9,599,439</b>	<b>7,023,326</b>	<b>6,831,437</b>
<b>Current liabilities</b>				
Trade payables and accruals	(634,323)	(1,095,603)	(170,692)	(378,328)
Margin accounts with brokers	(30,341)	-	(59,769)	-
Borrowings	(3,519,460)	(3,610,043)	(1,676,470)	(1,936,127)
Derivative financial instruments	(983,375)	(2,287,250)	(959,306)	(2,026,427)
Provision for taxation	(26,799)	(24,762)	(16,085)	(15,608)
Other current liabilities	(130,891)	(112,306)	(39,992)	(56,371)
	<b>(5,325,189)</b>	<b>(7,129,964)</b>	<b>(2,922,314)</b>	<b>(4,412,861)</b>
<b>Net current assets</b>	4,621,651	2,469,475	4,101,012	2,418,576
<b>Non-current liabilities</b>				
Deferred tax liabilities	(206,789)	(177,283)	(7,096)	-
Borrowings	(4,312,858)	(2,970,527)	(3,129,488)	(1,829,569)
	<b>(4,519,647)</b>	<b>(3,147,810)</b>	<b>(3,136,584)</b>	<b>(1,829,569)</b>
<b>Net assets</b>	<b>3,620,654</b>	<b>2,302,362</b>	<b>2,910,811</b>	<b>1,788,530</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	2,077,038	1,577,110	2,077,038	1,577,110
Capital Securities	272,274	-	272,274	-
Reserves	1,177,922	668,232	561,499	211,420
	3,527,234	2,245,342	2,910,811	1,788,530
Non-controlling interests	93,420	57,020	-	-
<b>Total equity</b>	<b>3,620,654</b>	<b>2,302,362</b>	<b>2,910,811</b>	<b>1,788,530</b>

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

**Amounts repayable in one year or less or on demand**

	31 Mar 12		30 Jun 11	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Overdrafts	-	220,394	-	437,169
Loans	127,355	2,820,258	32,932	2,939,074
Medium Term Notes	-	350,000	-	199,443
Finance Lease	-	1,453	-	1,425
<b>Total</b>	<b>127,355</b>	<b>3,392,105</b>	<b>32,932</b>	<b>3,577,111</b>

**Amounts repayable after one year**

	31 Mar 12		30 Jun 11	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Medium / Long Term Loans	1,815	3,086,076	-	1,713,918
Medium Term Notes	-	250,000	-	349,717
Bonds	-	953,527	-	885,336
Finance Lease	-	21,440	-	21,556
<b>Total</b>	<b>1,815</b>	<b>4,311,043</b>	<b>-</b>	<b>2,970,527</b>

- 1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year is as follows:

(in S\$'000)	Group		Group	
	Nine Months Ended		Three Months Ended	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
<b>Cash flow from operating activities</b>				
<b>Profit before taxation</b>	<b>331,266</b>	<b>346,874</b>	<b>127,307</b>	<b>150,287</b>
Adjustments for:				
Amortisation of intangible assets and depreciation of property, plant and equipment	101,533	63,241	29,253	25,169
Cost of share-based payment	10,730	19,215	1,896	4,650
Fair value of biological assets	(52,751)	(45,789)	(18,721)	(18,603)
Loss / (gain) on disposal of property, plant and equipment	325	3,740	(3,788)	1,300
Interest income	(11,425)	(19,256)	(3,857)	(7,328)
Interest expense	326,616	244,641	131,746	83,586
Net measurement of derivative instruments	(6,337)	(19,556)	(2,921)	(6,196)
Negative goodwill arising from acquisition of subsidiaries / assets	-	(41,832)	-	(5,382)
Share of results from jointly controlled entities and associates	(14,387)	(12,492)	(11,388)	(8,096)
<b>Operating cash flow before reinvestment in working capital</b>	<b>685,570</b>	<b>538,786</b>	<b>249,527</b>	<b>219,387</b>
Increase in inventories	(993,925)	(1,166,881)	(7,855)	(296,632)
Increase in receivables and other current assets	(408,575)	(1,127,816)	(256,991)	(937,934)
Increase in advance payments to suppliers	(157,354)	(255,900)	(89,223)	(67,279)
Decrease in margin account with brokers	450,520	254,669	227,469	710,651
(Decrease) / increase in payables and other current liabilities	(429,111)	223,052	(343,745)	226,271
<b>Cash flow used in operations</b>	<b>(852,875)</b>	<b>(1,534,090)</b>	<b>(220,818)</b>	<b>(145,536)</b>
Interest income received	11,425	19,256	3,857	7,328
Interest expense paid	(210,757)	(237,523)	(75,418)	(103,574)
Tax (paid)/ refund	(2,037)	(25,080)	4,666	334
<b>Net cash flow used in operating activities</b>	<b>(1,054,244)</b>	<b>(1,777,437)</b>	<b>(287,713)</b>	<b>(241,448)</b>
<b>Cash flow from investing activities</b>				
Proceeds from disposal of property, plant and equipment	3,078	11,988	4,728	3,215
Purchase of property, plant and equipment	(345,015)	(302,389)	(106,199)	(42,681)
Purchase of intangibles assets	(13,862)	-	(8,917)	-
Acquisition of subsidiaries / assets, net of cash acquired	(268,927)	(411,630)	(259,342)	(314,839)
Investment in associate	14,303	-	14,303	-
<b>Net cash flow used in investing activities</b>	<b>(610,423)</b>	<b>(702,031)</b>	<b>(355,427)</b>	<b>(354,305)</b>
<b>Cash flow from financing activities</b>				
Dividends paid on ordinary shares by the Company	(125,181)	(53,139)	-	-
Proceeds from borrowings, net	1,504,316	2,206,039	426,143	624,364
Proceeds from issuance of shares on exercise of share options	9,708	22,841	-	7,661
Proceeds from issuance of bonds	-	328,750	-	-
Proceeds from issue of capital securities, net of transaction costs	270,639	-	270,639	-
Proceeds from issuance of shares for cash	490,220	-	-	-
<b>Net cash flow from financing activities</b>	<b>2,149,702</b>	<b>2,504,491</b>	<b>696,782</b>	<b>632,025</b>
<b>Net effect of exchange rate changes on cash and cash equivalents</b>	<b>9,840</b>	<b>56,384</b>	<b>(14,127)</b>	<b>14,040</b>
<b>Net increase in cash and cash equivalents</b>	<b>494,875</b>	<b>81,407</b>	<b>39,515</b>	<b>50,312</b>
Cash and cash equivalents at the beginning of the period	435,078	503,932	890,438	535,027
<b>Cash and cash equivalents* at the end of the period</b>	<b>929,953</b>	<b>585,339</b>	<b>929,953</b>	<b>585,339</b>

\*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.

9 months Group	Attributable to owners of the Company									Non- Controlling Interests	Total Equity
	Share Capital	Capital Securities	Capital Reserves	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 March 2012:</b>											
<b>At 1 July 2011</b>	<b>1,577,110</b>	-	<b>129,586</b>	<b>(378,825)</b>	<b>(322,749)</b>	<b>54,194</b>	<b>1,186,026</b>	<b>668,232</b>	<b>2,245,342</b>	<b>57,020</b>	<b>2,302,362</b>
Profit for the period	-	-	-	-	-	-	261,407	261,407	261,407	27,616	289,023
<b>Other comprehensive income</b>											
Net gain on fair value changes during the financial period	-	-	-	-	99,840	-	-	99,840	99,840	-	99,840
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	-	214,595	-	-	214,595	214,595	-	214,595
Foreign currency translation adjustment	-	-	-	49,934	-	-	-	49,934	49,934	8,784	58,718
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	-	<b>49,934</b>	<b>314,435</b>	-	-	<b>364,369</b>	<b>364,369</b>	<b>8,784</b>	<b>373,153</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>49,934</b>	<b>314,435</b>	-	<b>261,407</b>	<b>625,776</b>	<b>625,776</b>	<b>36,400</b>	<b>662,176</b>
<b>Contributions by and distributions to owners</b>											
Issue of shares for cash	490,220	-	-	-	-	-	-	-	490,220	-	490,220
Issue of capital securities, net of transaction costs	-	270,639	-	-	-	-	-	-	270,639	-	270,639
Issue of shares on exercise of share option	9,708	-	-	-	-	-	-	-	9,708	-	9,708
Share-based expense	-	-	-	-	-	10,730	-	10,730	10,730	-	10,730
Dividends on ordinary shares	-	-	-	-	-	-	(125,181)	(125,181)	(125,181)	-	(125,181)
Accrued capital securities distribution	-	1,635	-	-	-	-	(1,635)	(1,635)	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>499,928</b>	<b>272,274</b>	-	-	-	<b>10,730</b>	<b>(126,816)</b>	<b>(116,086)</b>	<b>656,116</b>	-	<b>656,116</b>
<b>At 31 March 2012</b>	<b>2,077,038</b>	<b>272,274</b>	<b>129,586</b>	<b>(328,891)</b>	<b>(8,314)</b>	<b>64,924</b>	<b>1,320,617</b>	<b>1,177,922</b>	<b>3,527,234</b>	<b>93,420</b>	<b>3,620,654</b>

9 months Group	Attributable to owners of the Company									Non- Controlling Interests	Total Equity
	Share Capital	Capital Securities	Capital Reserve	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	Total		
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 March 2011:</b>											
<b>At 1 July 2010</b>	1,201,581	-	145,688	(166,452)	(248,415)	30,203	809,324	570,348	1,771,929	(1,144)	1,770,785
Profit/ (loss) for the period	-	-	-	-	-	-	302,442	302,442	302,442	(724)	301,718
<b>Other comprehensive income</b>											
Net loss on fair value changes during the financial period	-	-	-	-	(344,380)	-	-	(344,380)	(344,380)	-	(344,380)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	-	315,034	-	-	315,034	315,034	-	315,034
Foreign currency translation adjustment	-	-	-	(148,975)	-	-	-	(148,975)	(148,975)	-	(148,975)
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	-	(148,975)	(29,346)	-	-	(178,321)	(178,321)	-	(178,321)
<b>Total comprehensive income for the period</b>	-	-	-	(148,975)	(29,346)	-	302,442	124,121	124,121	(724)	123,397
<b>Contributions by and distributions to owners</b>											
Issue of shares upon conversion of bonds	94,283	-	(15,811)	-	-	-	-	(15,811)	78,472	-	78,472
Issue of shares on exercise of share option	22,841	-	-	-	-	-	-	-	22,841	-	22,841
Share-based expense	-	-	-	-	-	19,215	-	19,215	19,215	-	19,215
Dividends on ordinary shares	-	-	-	-	-	-	(53,139)	(53,139)	(53,139)	-	(53,139)
<b>Total contributions by and distributions to owners</b>	117,124	-	(15,811)	-	-	19,215	(53,139)	(49,735)	67,389	-	67,389
<b>Changes in ownership interests in subsidiaries</b>											
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	-	56,311	56,311
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	-	-	-	-	-	-	56,311	56,311
<b>Total transactions with owners in their capacity as owners</b>	117,124	-	(15,811)	-	-	19,215	(53,139)	(49,735)	67,389	56,311	123,700
<b>At 31 March 2011</b>	1,318,705	-	129,877	(315,427)	(277,761)	49,418	1,058,627	644,734	1,963,439	54,443	2,017,882

9 months Company	Attributable to owners of the Company								
	Share Capital	Capital Securities	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	\$'000
<b>At 31 March 2012:</b>									
<b>At 1 July 2011</b>	<b>1,577,110</b>	<b>-</b>	<b>129,877</b>	<b>(290,938)</b>	<b>(323,267)</b>	<b>54,194</b>	<b>641,554</b>	<b>211,420</b>	<b>1,788,530</b>
Profit for the period	-	-	-	-	-	-	93,218	93,218	93,218
<b>Other comprehensive income</b>									
Net loss on fair value changes during the financial period	-	-	-	-	69,424	-	-	69,424	69,424
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	-	245,128	-	-	245,128	245,128
Foreign currency translation adjustment	-	-	-	58,395	-	-	-	58,395	58,395
<b>Other comprehensive income for the financial period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,395</b>	<b>314,552</b>	<b>-</b>	<b>-</b>	<b>372,947</b>	<b>372,947</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,395</b>	<b>314,552</b>	<b>-</b>	<b>93,218</b>	<b>466,165</b>	<b>466,165</b>
<b>Contributions by and distributions to owners</b>									
Issue of shares for cash	490,220	-	-	-	-	-	-	-	490,220
Issue of capital securities, net of transaction costs	-	270,639	-	-	-	-	-	-	270,639
Issue of shares on exercise of share option	9,708	-	-	-	-	-	-	-	9,708
Share-based expense	-	-	-	-	-	10,730	-	10,730	10,730
Dividends on ordinary shares	-	-	-	-	-	-	(125,181)	(125,181)	(125,181)
Accrued capital securities distribution	-	1,635	-	-	-	-	(1,635)	(1,635)	-
<b>Total contributions by and distributions to owners</b>	<b>499,928</b>	<b>272,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,730</b>	<b>(126,816)</b>	<b>(116,086)</b>	<b>656,116</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>499,928</b>	<b>272,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,730</b>	<b>(126,816)</b>	<b>(116,086)</b>	<b>656,116</b>
<b>At 31 March 2012</b>	<b>2,077,038</b>	<b>272,274</b>	<b>129,877</b>	<b>(232,543)</b>	<b>(8,715)</b>	<b>64,924</b>	<b>607,956</b>	<b>561,499</b>	<b>2,910,811</b>

9 months Company	Attributable to owners of the Company								
	Share Capital	Capital Securities	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	\$'000
<b>At 31 March 2011:</b>									
<b>At 1 July 2010</b>	<b>1,201,581</b>	<b>-</b>	<b>145,688</b>	<b>(80,321)</b>	<b>(264,403)</b>	<b>30,203</b>	<b>523,623</b>	<b>354,790</b>	<b>1,556,371</b>
Profit for the period	-	-	-	-	-	-	170,309	170,309	170,309
<b>Other comprehensive income</b>									
Net loss on fair value changes during the financial period	-	-	-	-	(339,800)	-	-	(339,800)	(339,800)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	-	310,583	-	-	310,583	310,583
Foreign currency translation adjustment	-	-	-	(169,399)	-	-	-	(169,399)	(169,399)
<b>Other comprehensive income for the financial period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(169,399)</b>	<b>(29,217)</b>	<b>-</b>	<b>-</b>	<b>(198,616)</b>	<b>(198,616)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(169,399)</b>	<b>(29,217)</b>	<b>-</b>	<b>170,309</b>	<b>(28,307)</b>	<b>(28,307)</b>
<b>Contributions by and distributions to owners</b>									
Issue of shares upon conversion of bonds	94,283	-	(15,811)	-	-	-	-	(15,811)	78,472
Issue of shares on exercise of share option	22,841	-	-	-	-	-	-	-	22,841
Share-based expense	-	-	-	-	-	19,215	-	19,215	19,215
Dividends on ordinary shares	-	-	-	-	-	-	(53,139)	(53,139)	(53,139)
<b>Total contributions by and distributions to owners</b>	<b>117,124</b>	<b>-</b>	<b>(15,811)</b>	<b>-</b>	<b>-</b>	<b>19,215</b>	<b>(53,139)</b>	<b>(49,735)</b>	<b>67,389</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>117,124</b>	<b>-</b>	<b>(15,811)</b>	<b>-</b>	<b>-</b>	<b>19,215</b>	<b>(53,139)</b>	<b>(49,735)</b>	<b>67,389</b>
<b>At 31 March 2011</b>	<b>1,318,705</b>	<b>-</b>	<b>129,877</b>	<b>(249,720)</b>	<b>(293,620)</b>	<b>49,418</b>	<b>640,793</b>	<b>276,748</b>	<b>1,595,453</b>



3 months Group	Attributable to owners of the Company									Non- Controlling Interests	Total Equity
	Share Capital	Capital Securities	Capital Reserves	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
<b>At 31 March 2012:</b>											
<b>At 1 January 2012</b>	<b>2,077,038</b>	-	<b>129,586</b>	<b>(249,861)</b>	<b>(63,132)</b>	<b>63,028</b>	<b>1,223,570</b>	<b>1,103,191</b>	<b>3,180,229</b>	<b>91,341</b>	<b>3,271,570</b>
Profit for the period	-	-	-	-	-	-	98,682	98,682	98,682	3,577	102,259
<b>Other comprehensive income</b>											
Net gain on fair value changes during the financial period	-	-	-	-	27,218	-	-	27,218	27,218	-	27,218
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	-	27,600	-	-	27,600	27,600	-	27,600
Foreign currency translation adjustment	-	-	-	(79,030)	-	-	-	(79,030)	(79,030)	(1,498)	(80,528)
<b>Other comprehensive income for the financial period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79,030)</b>	<b>54,818</b>	<b>-</b>	<b>-</b>	<b>(24,212)</b>	<b>(24,212)</b>	<b>(1,498)</b>	<b>(25,710)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79,030)</b>	<b>54,818</b>	<b>-</b>	<b>98,682</b>	<b>74,470</b>	<b>74,470</b>	<b>2,079</b>	<b>76,549</b>
<b>Contributions by and distributions to owners</b>											
Issue of capital securities, net of transaction costs	-	270,639	-	-	-	-	-	-	270,639	-	270,639
Share-based expense	-	-	-	-	-	1,896	-	1,896	1,896	-	1,896
Accrued capital securities distribution	-	1,635	-	-	-	-	(1,635)	(1,635)	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>272,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,896</b>	<b>(1,635)</b>	<b>261</b>	<b>272,535</b>	<b>-</b>	<b>272,535</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>272,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,896</b>	<b>(1,635)</b>	<b>261</b>	<b>272,535</b>	<b>-</b>	<b>272,535</b>
<b>At 31 March 2012</b>	<b>2,077,038</b>	<b>272,274</b>	<b>129,586</b>	<b>(328,891)</b>	<b>(8,314)</b>	<b>64,924</b>	<b>1,320,617</b>	<b>1,177,922</b>	<b>3,527,234</b>	<b>93,420</b>	<b>3,620,654</b>

3 months Group	Attributable to owners of the Company									Non- Controlling Interests	Total Equity
	Share Capital	Capital Securities	Capital Reserve	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 31 March 2011:</b>											
<b>At 1 January 2011</b>	1,311,044	-	129,877	(258,963)	(296,316)	44,768	931,353	550,719	1,861,763	41,221	1,902,984
Profit/ (loss) for the period	-	-	-	-	-	-	127,274	127,274	127,274	(1,056)	126,218
<b>Other comprehensive income</b>											
Net loss on fair value changes during the financial period	-	-	-	-	(100,113)	-	-	(100,113)	(100,113)	-	(100,113)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	-	118,668	-	-	118,668	118,668	-	118,668
Foreign currency translation adjustment	-	-	-	(56,464)	-	-	-	(56,464)	(56,464)	-	(56,464)
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	-	(56,464)	18,555	-	-	(37,909)	(37,909)	-	(37,909)
<b>Total comprehensive income for the period</b>	-	-	-	(56,464)	18,555	-	127,274	89,365	89,365	(1,056)	88,309
<b>Contributions by and distributions to owners</b>											
Issue of shares upon conversion of bonds	-	-	-	-	-	-	-	-	-	-	-
Issue of shares on exercise of share option	7,661	-	-	-	-	-	-	-	7,661	-	7,661
Share-based expense	-	-	-	-	-	4,650	-	4,650	4,650	-	4,650
<b>Total contributions by and distributions to owners</b>	7,661	-	-	-	-	4,650	-	4,650	12,311	-	12,311
<b>Changes in ownership interests in subsidiaries</b>											
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	-	14,278	14,278
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	-	-	-	-	-	-	14,278	14,278
<b>Total transactions with owners in their capacity as owners</b>	7,661	-	-	-	-	4,650	-	4,650	12,311	14,278	26,589
<b>At 31 March 2011</b>	1,318,705	-	129,877	(315,427)	(277,761)	49,418	1,058,627	644,734	1,963,439	54,443	2,017,882

3 months Company	Attributable to owners of the Company								
	Share Capital	Capital Securities	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	\$'000
<b>At 31 March 2012:</b>									
<b>At 1 January 2012</b>	<b>2,077,038</b>	<b>-</b>	<b>129,877</b>	<b>(166,042)</b>	<b>(62,109)</b>	<b>63,028</b>	<b>532,216</b>	<b>496,970</b>	<b>2,574,008</b>
Profit for the period	-	-	-	-	-	-	77,375	77,375	77,375
<b>Other comprehensive income</b>									
Net loss on fair value changes during the financial period	-	-	-	-	(55,881)	-	-	(55,881)	(55,881)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	-	109,275	-	-	109,275	109,275
Foreign currency translation adjustment	-	-	-	(66,501)	-	-	-	(66,501)	(66,501)
<b>Other comprehensive income for the financial period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66,501)</b>	<b>53,394</b>	<b>-</b>	<b>-</b>	<b>(13,107)</b>	<b>(13,107)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66,501)</b>	<b>53,394</b>	<b>-</b>	<b>77,375</b>	<b>64,268</b>	<b>64,268</b>
<b>Contributions by and distributions to owners</b>									
Issue of capital securities, net of transaction costs	-	270,639	-	-	-	-	-	-	270,639
Share-based expense	-	-	-	-	-	1,896	-	1,896	1,896
Accrued capital securities distribution	-	1,635	-	-	-	-	(1,635)	(1,635)	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>272,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,896</b>	<b>(1,635)</b>	<b>261</b>	<b>272,535</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>272,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,896</b>	<b>(1,635)</b>	<b>261</b>	<b>272,535</b>
<b>At 31 March 2012</b>	<b>2,077,038</b>	<b>272,274</b>	<b>129,877</b>	<b>(232,543)</b>	<b>(8,715)</b>	<b>64,924</b>	<b>607,956</b>	<b>561,499</b>	<b>2,910,811</b>

3 months Company	Attributable to owners of the Company								
	Share Capital	Capital Securities	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	\$'000
<b>At 31 March 2011:</b>									
<b>At 1 January 2011</b>	<b>1,311,044</b>		<b>129,877</b>	<b>(216,497)</b>	<b>(302,955)</b>	<b>44,768</b>	<b>478,656</b>	<b>133,849</b>	<b>1,444,893</b>
Profit for the period							162,137	162,137	162,137
<b>Other comprehensive income</b>									
Net gain on fair value changes during the financial period	-		-	-	90,219	-	-	90,219	90,219
Recognised in the profit and loss account on occurrence of hedged transactions	-		-	-	(80,884)	-	-	(80,884)	(80,884)
Foreign currency translation adjustment	-		-	(33,223)	-	-	-	(33,223)	(33,223)
<b>Other comprehensive income for the financial period, net of tax</b>	<b>-</b>		<b>-</b>	<b>(33,223)</b>	<b>9,335</b>	<b>-</b>	<b>-</b>	<b>(23,888)</b>	<b>(23,888)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>		<b>-</b>	<b>(33,223)</b>	<b>9,335</b>	<b>-</b>	<b>162,137</b>	<b>138,249</b>	<b>138,249</b>
<b>Contributions by and distributions to owners</b>									
Issue of shares upon conversion of bonds	-		-	-	-	-	-	-	-
Issue of shares on exercise of share option	7,661		-	-	-	-	-	-	7,661
Share-based expense	-		-	-	-	4,650	-	4,650	4,650
Dividends on ordinary shares	-		-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>7,661</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,650</b>	<b>-</b>	<b>4,650</b>	<b>12,311</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>7,661</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,650</b>	<b>-</b>	<b>4,650</b>	<b>12,311</b>
<b>At 31 March 2011</b>	<b>1,318,705</b>		<b>129,877</b>	<b>(249,720)</b>	<b>(293,620)</b>	<b>49,418</b>	<b>640,793</b>	<b>276,748</b>	<b>1,595,453</b>

- 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 12	Jan - Mar 11
Issue of shares on exercise of share options	-	5,067,270

	Mar 12	Mar 11
<b>Shares to be issued upon exercise of:</b>		
Conversion right of convertible bonds	242,563,783	240,123,414
Share options	82,408,000	104,468,660
<b>Total no. of shares</b>	<b>324,971,783</b>	<b>344,592,074</b>

- 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 12	Jun 11
<b>Issued, fully paid share capital :</b>		
Balance no. of shares as at the beginning of period / year	2,235,508,918	2,020,759,705
Issue of Shares for cash	191,700,951	94,408,000
Issue of Shares on conversion of Bonds	-	94,959,097
Issue of Shares on exercise of share options	15,200,000	25,382,116
<b>Total no. of shares outstanding as at the end of period / year</b>	<b>2,442,409,869</b>	<b>2,235,508,918</b>

- 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 2011 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 2011.

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 and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 30 June 2011 except for the adoption of new or revised FRS that are mandatory for financial years beginning on or after 1 July 2011. The adoption of these FRS has no significant

impact to the Group.

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.

**Reported earnings per ordinary share<sup>#</sup>**

	Group			
	Nine Months Ended		Three Months Ended	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
(a) Based on weighted average no. of shares (cents/share)	10.64	14.34	3.97	5.98
(b) Based on fully diluted basis (cents/share)	10.30	13.19	3.82	5.50
Weighted average no. of shares applicable to basic earnings per share	2,442,323,758	2,109,291,944	2,442,409,869	2,129,112,659
Weighted average no. of shares based on fully diluted basis	2,688,308,462	2,413,312,595	2,688,268,598	2,416,715,228

**Operational earnings\* per ordinary share<sup>#</sup>**

Operational EPS	Group			
	Nine Months Ended		Three Months Ended	
	31 Mar 12	31 Mar 11	31 Mar 12	31 Mar 11
(a) Based on weighted average no. of shares (cents/share)	10.64	12.64	3.97	5.87
(b) Based on fully diluted basis (cents/share)	10.30	11.70	3.82	5.41

\*Reported Earnings net of exceptional items (negative goodwill net of transaction costs)

<sup>#</sup>For EPS calculations as per FRS 33, for period ending 31 March 2011, outstanding shares have been multiplied using an "Adjustment Factor" calculated by taking the difference in the price at which Preferential Offering was made (S\$ 2.61) and the price on the last day of exercise of entitlements (S\$ 2.56) and as a result, prior year earnings per share figures have been adjusted.

For EPS calculations for period ending 31 March 2012, profit attributable to owners of the Company has been reduced by capital securities distribution accrued during the period.

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.

(In cents per share)	Group		Company	
	As at 31 Mar 12	As at 30 Jun 11	As at 31 Mar 12	As at 30 Jun 11
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	118.90	78.70	117.94	78.93

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles increased from 114.88 cents/share in June 2011 to 144.76 cents/share in March 2012.

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 65 countries. As supply chain managers, we are engaged in the sourcing of a wide range of agricultural commodities from the producing countries and the processing, warehousing, transporting, shipping, distributing and marketing of these products right up to the factory gate of our customers in the destination markets. We also manage risk at each stage of the supply chain. From our founding in 1989, the Company has evolved from a single country, single product trader to a multi-country, multi-product supply chain manager.

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

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

Building on existing and new capabilities, the Company has selectively expanded upstream into plantation ownership and management (perennial crops), farming (annual crops), dairy farming and forest concessions management. These opportunities, both organic and inorganic, have been pursued in countries that have a comparative advantage to produce these commodities relatively better and at relatively lower costs on a sustainable basis. Pursuit of the more interesting opportunities in the upstream segment has led us to complete transactions in palm and rubber plantations in Africa, almond plantations in Australia and California, coffee plantation in Laos, Ethiopia and Tanzania, peanut, soybean and corn farming in Argentina, rice farming in Nigeria and Mozambique, cotton farming in Mozambique, dairy farming in Uruguay and Russia and the development of tropical hard wood forest concessions in The Republic of Congo (ROC), Gabon and Mozambique.

Similarly, in the midstream part of the value chain, we have pursued initiatives in value added processing and manufacturing activities. We have invested in wheat milling in Nigeria and Ghana, sugar milling and refining in India and Indonesia, cocoa processing in Ivory Coast and Nigeria, tomato paste manufacturing in California, dehydrates manufacturing in USA and China, peanut ingredient manufacturing in USA, palm oil refining in the Ivory Coast, mechanical processing of cashews in Ivory Coast and Nigeria, cashew ingredients manufacturing in Vietnam and the USA, spice grinding in Vietnam and sawmilling in ROC and Gabon amongst others.

Another growth initiative covers the proposed manufacturing and distribution of fertiliser in Gabon, which will capitalise further on our extensive grower and supplier base in various producing countries.

In addition, Olam has diversified into two new businesses which build on latent assets and capabilities developed over the last 22 years:

- i) The Commodity Financial Services business (CFS), which benefits from our deep understanding of both commodity and financial markets, as well as from our capabilities in and knowledge of leading-edge risk management practices; and
- ii) Packaged Foods distribution in West Africa, building our own consumer brands in the food category, which capitalises on our intimate knowledge of African markets and operations, brands, and consumers. This downstream activity also builds on capabilities in the management of food supply chains and on the common distribution pipeline that we have built for related commodity products (including rice, sugar, wheat flour and dairy products) in West Africa.

## **Business Segmentation and Reporting**

We organise the businesses (BUs) into 4 reporting segments. In addition to the products, a 5<sup>th</sup> segment is reported for activities related to the CFS business. The segmental reporting is described below:

<b>Business Segment</b>	<b>Businesses (BUs)</b>
<b>Edible Nuts, Spices &amp; Beans</b>	Cashews Peanuts Almonds Hazelnuts Spices & Vegetable Ingredients Sesame Beans (Pulses, Lentils & Peas)
<b>Confectionery &amp; Beverage Ingredients</b>	Cocoa Coffee Sheanuts
<b>Food Staples &amp; Packaged Foods</b>	Rice Sugar Grains (Wheat, Barley, Corn, Soybean) Palm Products Dairy Products Packaged Foods
<b>Industrial Raw Materials (IRM)</b>	Cotton Wool Wood Products Rubber Agri Inputs (Fertiliser) Special Economic Zone Project (SEZ)
<b>Commodity Financial Services (CFS)</b>	Market Making Risk Management Solutions Commodity Funds Management

## **Background to analysing our Financial Statements**

### **Profitability**

- a. ***Inclusion of results of companies acquired by the Group:*** The 9M FY2012 results include the consolidated results of tt Timber International (tt Timber), Britannia Food Ingredients Holdings Limited (BFIHL), Hemarus Industries Limited (HIL), Vallabhdas Kanji Limited (VKL), Trusty Foods Limited (TFL) and United Biscuits Limited (UBL), the acquisitions of which were completed after 9M FY2011. As a result of the financial impact of these acquisitions, the consolidated results for 9M FY2012 are not strictly comparable to the results of 9M FY2011.
- 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 dollar net contribution per ton of product supplied based on the investment, risks, complexities and value added services that we provide to our customers to meet their specific requirements. We are focused on enhancing these margins by providing value added services such as vendor managed inventory solutions (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 the revenue from the sale of goods plus other income, less the cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commissions, net gain/ (loss) from changes in fair value of biological assets, net measurement of derivative instruments and share of gain/loss from jointly controlled entities/associates. For the purpose of determining Net Contribution, finance costs excluding interest on debt for fixed capital investments, net of interest income are deducted from the GC. For analysing the performance of the Group, the share of jointly controlled entities/associates has been included in the GC and NC. The proportionate share of volumes has also been included for calculation of GC and NC/ ton.

The computation for GC and NC, together with a comparative statement for the corresponding period of the immediately preceding financial year, is as under:

(in S\$'000)	Group			Group		
	Nine Months Ended			Three Months Ended		
	31 Mar 12	31 Mar 11	%change	31 Mar 12	31 Mar 11	%change
<b>Total Revenue</b>	<b>11,996,439</b>	<b>11,312,036</b>		<b>4,260,893</b>	<b>4,754,803</b>	
<b>Add:</b>						
- Share of results from jointly controlled entities / associates	14,387	12,492		11,388	8,096	
<b>Less:</b>						
- Interest income	(11,425)	(19,256)		(3,857)	(7,328)	
- Cost of goods sold, shipping and logistics, commissions and claims net gain / (loss) from changes in fair value of biological assets	(10,747,912)	(10,249,450)		(3,814,874)	(4,366,365)	
- Net measurement of derivative instruments, gain / (loss) on foreign exchange, bank charges	(64,146)	(25,597)		(38,414)	(18,730)	
- Negative goodwill on acquisitions	-	(41,832)		-	(5,382)	
- Non-controlling Interests	(27,616)	724		(3,577)	1,056	
<b>Gross Contribution (GC)</b>	<b>1,159,727</b>	<b>989,117</b>	<b>17.2%</b>	<b>411,559</b>	<b>366,150</b>	<b>12.4%</b>
<b>GC per Ton</b>	<b>161</b>	<b>161</b>	<b>0.0%</b>	<b>153</b>	<b>162</b>	<b>-6.1%</b>
<b>Less:</b>						
- Net interest on working capital	(218,060)	(173,343)		(76,970)	(59,742)	
<b>Net Contribution (NC)</b>	<b>941,667</b>	<b>815,774</b>	<b>15.4%</b>	<b>334,589</b>	<b>306,408</b>	<b>9.2%</b>
<b>NC per Ton</b>	<b>130</b>	<b>132</b>	<b>-1.5%</b>	<b>124</b>	<b>136</b>	<b>-8.7%</b>

- c. **Volumes:** Volume is one of the key drivers of our profitability. 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). There are no associated volumes for non – supply chain businesses like SEZ and CFS.
- d. **Seasonality:** The production of agricultural products is seasonal in nature. The seasonality of the products in our global portfolio depends on the location of the producing country. The harvesting season for most of the agricultural products for countries situated in the northern hemisphere generally falls between October and March. Countries in the southern hemisphere have harvesting seasons between April and September. It is also not unusual to experience both delays as well as early start to the harvesting seasons in these countries in a particular year based on weather patterns. In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmers' selling decisions; these are mainly a function of the farmers' view on prices and inventory holding capacity. The majority of our origins are located in the northern hemisphere. Consequently, our earnings tend to be relatively higher in the Second Half of the Financial Year (January to June) compared to the First Half of the Financial Year (July to December).

Based on this seasonality, we have observed the phasing and range of our earnings to be as follows:

Q1 July - Sept	Q2 Oct - Dec	1 <sup>st</sup> Half July – Dec	Q3 Jan - March	Q4 Apr – June	2 <sup>nd</sup> Half Jan – June
5 – 10%	25 – 30%	<b>30 – 40%</b>	35 – 40%	25 – 30%	<b>60 – 70%</b>



## **Statement of financial position and Cash Flow Statement**

Working capital is deployed to fund inventories, trade and other receivables, margin accounts with brokers, advance payments to suppliers, trade payables and accruals. Working capital needs fluctuate constantly due to changes in the volume and prices of agricultural products. This may cause either an increase or decrease in funds allocated to operations. A large part of working capital is used to fund the liquid hedged inventories that meet four qualifying conditions:

- 1) *non-perishability* (all commodities in Olam's portfolio are non-perishable with a shelf life of minimum 2 years or above);
- 2) *limited obsolescence risk* (not easily substitutable or not likely to go out of style or fashion),
- 3) *hedged or sold forward* (no inventory value erosion risk as the inventory is hedged), and
- 4) *liquid* (can be converted into cash at short notice).

These inventories and secured receivables are therefore liquid assets and are regarded as near cash. Changes in working capital are therefore not permanent deployment of funds as this capital gets converted into cash when goods are delivered to customers or tendered on the Exchange and monies are collected.

## **Profit and Loss Statement**

As mentioned during the H1 FY2012 performance review, trading conditions continued to remain difficult in Q3 FY2012 due to macroeconomic factors stemming from stalled growth in G7 countries and worrying prospects of a prolonged period of subpar growth. There continues to be increased volatility across equity, bond and commodity markets, which combined with volatile and unstable currencies, continues to impact some of the products in the Industrial Raw Material segment.

The Group's 9M FY2012 (first Nine Months) performance has been a tale of two parts. The first part reflects the performance of the food category which comprises of 3 out of our 5 reporting segments and accounts for 78.4% of the revenue. This category reported strong growth in both volumes and margins for the period. The second part reflects the underperformance of the remaining 2 segments namely the Industrial Raw Materials (IRM) and the Commodity Financial Services (CFS) segments. Due to the exceptional events in the cotton market in the 2<sup>nd</sup> half of 2011, the Cotton BU's underperformance within IRM stood out even more significantly in comparison to its extremely strong performance for 9M FY2011. The Cotton team did very well in managing the risks arising out of these exceptional market events, as well as minimising the adverse financial impact. The Wood Products BU within the IRM segment also continued to experience significant headwinds due to challenging market conditions. In the CFS segment, there were very little relative value and arbitrage trading opportunities during this period, as in H1 FY2012. We therefore remained on the sidelines for most of the current quarter as well. In our opinion, these events relating to IRM and CFS segments are cyclical and not structural in nature.

The Group reports a Net Profit After Tax of S\$289.0 million for the nine months ended 31 March 2012 ("9M FY2012"), a decline of 4.2% compared to S\$301.7 million achieved in 9M FY2011. Operational Profit for the period excluding exceptional items (negative goodwill, net of transaction costs) attributable to equity holders declined by 1.9% to S\$261.4 million compared to S\$266.6 million achieved in the previous corresponding period.

The Group grew its sales volume by 17.2% in 9M FY2012 compared to 9M FY2011. In 9M FY2012, revenue grew by 6.3% to S\$ 11.95 billion and NC grew by 15.4% to S\$941.7 million. NC per ton has decreased marginally from S\$132 in 9M FY2011 to S\$130 in 9M FY2012.

The food category is made up of three segments including Edible Nuts, Spices and Beans, Confectionery and Beverage Ingredients, and Food Staples and Packaged Foods. These three segments accounted for 84.2% of our volumes and 78.4% of our revenue in 9M FY2012. This category is relatively more recession resistant. Sales Volume for the Food category increased by 20.6% in 9M FY2012 compared to 9M FY2011. Net contribution (NC) for this category increased by 30.9% in 9M FY2012 compared to 9M FY2011. NC per ton also increased by 8.5% to S\$139 per ton in 9M FY2012 from S\$128 per ton in 9M FY2011.

The Industrial Raw Materials category includes four agri-commodities, namely Cotton and Wool (together, our Natural Fibres business), Rubber, Wood Products, fertiliser and the Special Economic Zone project in Gabon. This segment accounted for the remaining 21.6% of revenue and 15.8% of our volumes in 9M FY2012. Sales Volume for this category grew by 2.1% in 9M FY2012 compared to 9M FY2011. Net Contribution for this category decreased by 34.8% in 9M FY2012 compared to 9M FY2011; NC per ton declined by 36.2% to S\$86 per ton from S\$135 per ton in 9M FY2011.

The Commodity Financial Services Business made much smaller contribution at the NC level (S\$0.8 million for 9M FY2012), as compared to relatively stronger performance in 9M FY2011.

### **Business Segmental Analysis**

The following table provides the segmental<sup>#</sup> breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for 9M FY2012:

#### **Cumulative**

	Sales Volume (in Metric Tons)		Revenue (in S\$'000)		Gross Contribution (GC) (in S\$'000)		Net Contribution (NC) (in S\$'000)	
Segment	Mar 12	Mar 11	Mar 12	Mar 11	Mar 12	Mar 11	Mar 12	Mar 11
Edible Nuts, Spices & Beans	1,034,384	904,438	1,714,822	1,686,689	291,586	211,303	264,078	192,823
Per ton (S\$)					282	234	255	213
Confectionery & Beverage Ingredients	1,266,532	1,155,520	4,597,131	4,729,147	361,998	285,715	272,448	210,504
Per ton (S\$)					286	247	215	182
Food Staples & Packaged Foods	3,775,863	2,980,237	3,053,395	2,354,176	352,502	267,785	305,651	240,006
Per ton (S\$)					93	90	81	81
Industrial Raw Materials*	1,142,139	1,118,115	2,581,209	2,467,750	152,886	201,771	98,648	151,345
Per ton (S\$)**					134	180	86	135
Commodity Financial Services**	-	-	1,168	1,874	755	22,543	842	21,096
Total	7,218,918	6,158,310	11,947,725	11,239,636	1,159,727	989,117	941,667	815,774
Per ton (S\$)**					161	161	130	132

#### **Quarter**

	Sales Volume (in Metric Tons)		Sales Revenue (in S\$'000)		Gross Contribution (GC) (in S\$'000)		Net Contribution (NC) (in S\$'000)	
Segment	Mar 12	Mar 11	Mar 12	Mar 11	Mar 12	Mar 11	Mar 12	Mar 11
Edible Nuts, Spices & Beans	393,693	343,743	571,254	671,853	117,331	84,516	111,675	80,975
Per ton (S\$)					298	246	284	236
Confectionery & Beverage Ingredients	536,715	509,822	1,716,419	2,308,761	134,005	113,884	109,120	87,288
Per ton (S\$)					250	223	203	171
Food Staples & Packaged Foods	1,385,392	990,723	1,090,899	729,500	102,025	78,457	80,161	68,123
Per ton (S\$)					74	79	58	69
Industrial Raw Materials*	380,603	409,213	852,328	1,033,531	57,214	84,462	33,189	65,148
Per ton (S\$)**					150	206	87	159
Commodity Financial Services**	-	-	397	33	984	4,831	444	4,874
Total	2,696,403	2,253,501	4,231,297	4,743,678	411,559	366,150	334,589	306,408
Per ton (S\$)**					153	162	124	136

<sup>#</sup> excluding non-controlling interests

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

\*\*Calculated on results including service activities like SEZ, CFSG, which do not have associated volumes.

The **Edible Nuts, Spices & Beans segment** registered volume growth of 14.4%, revenue growth of 1.7%, GC growth of 38.0% and NC growth of 37.0% compared to 9M FY2011. NC per ton in this segment grew 19.8% from S\$213 to S\$255. The Edible Nuts business performed very well during the period. The trial production at our mechanical cashew processing facility in Ivory Coast and Nigeria has started and we are scheduled to reach full capacity by Q1 FY13. The harvesting activity in Australia for almonds is underway and the production is expected to exceed the previous year's crop from our orchards. The integration of the Hazelnut acquisition in Turkey (Progida) has been completed during this quarter. The overall spices and vegetable ingredients business is doing well, with the Onions, Garlic and Spices portfolio seeing continued growth in volumes and margins. The tomato processing business in California has underperformed due to weak market conditions in the US businesses, resulting in an excess inventory build up, especially in industrial paste. The acquisition of VKL's spice processing assets in India, which was announced earlier this year, has added greater depth to our overall portfolio and is expected to deliver significant synergies across various product lines and processing units within the spices business.

The **Confectionery & Beverage Ingredients segment** registered volume growth of 9.6%, 26.7% growth in GC and 29.4% growth in NC compared to 9M FY2011. More importantly, this segment grew its NC per ton by 18.1% from S\$182 in 9M FY2011 to S\$215 in 9M FY2012. The Cocoa business continues to do well. The Government of Ivory Coast has introduced significant changes which affect the Cocoa sector in the country. The Company continues to participate actively in Ivory Coast under the revised Cocoa regime and have re-oriented our resources and capabilities to remain effective under the changed circumstances. We have also re-commenced our work on the greenfield cocoa processing facility in Ivory Coast, which was suspended pending the resolution of the political crisis in the country. The main crop Cocoa procurement season in West Africa has progressed satisfactorily. The integration of BFIHL in the UK and Solimar in Spain within Olam's larger Cocoa business has provided additional sources of value. The Coffee business continues to perform positively with both the Arabica and Robusta origins continuing to do well during this period. Our new Arabica operations in Mexico and Guatemala have progressed. Our investments in building a speciality Coffee business in the US have contributed to the development of our position in the market. The project to expand our soluble coffee processing facilities in Vietnam is on time and within budget. We have begun to harvest the first Coffee crop in our Laos plantations. We continued to gain market share in most of our Robusta and Arabica origins during this period.

The **Food Staples & Packaged Foods segment** achieved volume growth of 26.7%, GC growth of 31.6% and NC growth of 27.4% compared to 9M FY2011. This strong volume growth was led by the Rice and the Grains businesses, with a focus on market share growth in the African markets. NC per ton remained at S\$81 in 9M FY2012 as compared to the previous year. We have successfully commissioned the wheat mill in Ghana with the start of commercial production during this quarter. We already have reached capacity utilisation in excess of 70%; this operation is expected to be profitable within the current year. As mentioned in the last quarter, the Dairy and Sugar businesses continue to face headwinds. Their performance is expected to be below plan this year. However, we continue to invest to reposition the Dairy business through an increased presence in upstream Dairy farming. On 30<sup>th</sup> January 2012, the Company announced a partnership with the Russian Dairy Company, LCC ("RUSMOLCO"), a growing player in the Russian dairy industry for the large scale development of dairy and grains farming in the Penza region of Russia. This investment was completed for a consideration of US\$ 75 million for a 75% stake. In the first phase of expansion, spread over the next 4 to 5 years, RUSMOLCO will invest to expand the area under cultivation for grain production from the current 52,000 hectares to 106,000 hectares. In addition, four new modern dairy farms will be constructed, taking the total milking cow population from the current 3,600 to 20,000. The Packaged Foods Business is gaining further momentum and traction in West Africa. On 9<sup>th</sup> February 2012, the Company announced the acquisition of a leading Nigerian biscuits and candy maker through the acquisition of a 100% equity interest in Titanium Holding Company SA and its subsidiaries for a price consideration of US\$167 million. Biscuits and candy are large and fast growing categories (with growth rates of 10-12% and 12-15% respectively) in Nigeria, which is the second largest market in Africa for packaged foods consumption. This acquisition provides us with a strong market position as Nigeria's second largest biscuits and candy franchise and is expected to be a catalyst for our growth plans in the PFB (Packaged Food Business) BU.

The **Industrial Raw Materials segment** saw volume growth of 2.1%, GC decline of 24.2% and NC decline of 34.8% compared to 9M FY2011. This segment constituted 15.8% of the Company's volumes, 21.6% of its revenues, 13.2% of its GC and 10.5% of its NC. NC per ton in this segment declined by 36.2% from S\$135 in 9M FY2011 to S\$86 in 9M FY2012. As mentioned earlier, this segment is particularly sensitive to economic cycles, with the Cotton and Wood Products BUs continuing to face strong headwinds in 9M FY2012. The Cotton business, particularly our Australian and the US origination and marketing operations, continues to face demand decline and illiquidity across many of its markets. Anticipated volumes from both

growers and customers are likely to be lower, or may get postponed into the next financial year. We have also encountered enhanced counterparty risk in some Asian markets. Based on this, we believe that any recovery in this business will happen post the arrival of the new crop, and it is thus unlikely to support any rebound within FY2012. The Wood products BU is primarily sensitive, due to a decline in global demand, as well as margin pressures in India, China and Europe. Although general trading conditions remain difficult, these markets are beginning to see a slight recovery. We are seeing some improved prospects for logs and lumber from Central Africa into some of these markets. The Wool, Rubber and the SEZ businesses in this segment have done well during 9M FY2012.

The **Commodity Financial Services (CFS) segment** registered NC of S\$0.8 million in 9M FY2012 as compared to S\$ 21.1 million during the corresponding period in the previous year. Given the challenging trading conditions in these markets, the CFS BU found very few arbitrage and relative value trading opportunities during this period. The business was therefore in a “risk-off” mode for much of this period as a result of our conservative approach..

### **Costs and Expenses**

**Q3 FY2012:** Overhead expenses at S\$159.9 million for Q3 FY2012 were 13.6% higher than the corresponding quarter in FY2011, mainly on account of increased overheads for recently acquired businesses in Q3 FY2012 compared to Q3 FY2011.

**9M FY2012:** Overhead expenses at S\$540.9 million for 9M FY2012 were 19.7% higher than 9M FY2011 for the reasons cited above.

### **Taxation**

**Q3 FY2012:** Income Tax provisions have marginally increased to S\$25.0 million for Q3 FY2012 as compared to S\$24.1 million for Q3 FY2011.

**9M FY2012:** Income Tax provisions have decreased to S\$42.2 million for 9M FY2012 as compared to S\$45.2 million for 9M FY2011 due to a reduction of tax in high tax OECD jurisdictions.

### **Net profit after tax**

**Q3 FY2012:** Net profit after tax decreased by 19.0% to S\$102.3 million for Q3 FY2012 from S\$126.2 million in Q3 FY2011. Operational Profit for the period attributable to equity holders declined by 21.1% to S\$98.7 million compared to S\$125.0 million achieved in the previous corresponding period.

**9M FY2012:** Net profit after tax decreased by 4.2% to S\$289.0 million for 9M FY2012 from S\$301.7 million in 9M FY2011. Operational Profit for the period attributable to equity holders declined by 1.9% to S\$261.4 million compared to S\$266.6 million achieved in the previous corresponding period.

### **Statement of financial position & Cash Flow**

During 9M FY2012, the industry continued to experience significant volatility in the prices of various commodities. The application of provisions under FRS 39 affects equity and fair value of derivative financial instruments in the statement of financial position.

### **Property, plant and equipment**

During 9M FY2012, property, plant and equipment increased from S\$1,576.7 million to S\$1,959.3 million. The increase of S\$382.6 million was mainly on account of capex investments in farming in the USA, wheat mill in Ghana, soluble Coffee plant in Vietnam, expansion of wheat mill in Nigeria and almonds orchards processing facilities in Australia.

### **Current Assets**

#### ***Debtors Analysis***

Debtor days as at 31 March 2012 increased to 35 days as compared to 22 days as at 31 March 2011.

## **Stocks**

Stock turnover days increased to 115 days as at 31 March 2012, as compared to 100 days as at 31 March 2011. Stock value increased by S\$952.5 million to S\$4,536.6 million, from S\$3,584.1 million as of 30 June 2011 due to increased procurement as the agricultural seasons got under way in origins.

## **Advance to Suppliers**

Advance to suppliers days decreased to 8 days as at 31 March 2012 from 12 days as at 31 March 2011. The advances increased from S\$222.2 million as at 30 June 2011 to S\$354.0 million as at 31 March 2012.

## **Cash and Fixed Deposits**

Cash and Fixed Deposits increased by 31.9% to S\$1,150.3 million as of 31 March 2012 from S\$872.2 million as of 30 June 2011 as we drew down on the syndicated loan facilities pending deployment in fixed capital and working capital investments.

## **Other Current Assets**

Other current assets increased largely due to accounting of investments in recently acquired entities pending completion of purchase price allocation exercise and shall be regularised by Q4 2012.

## **Borrowings**

Borrowings increased to S\$7,832.3 million as of 31 March 2012 from S\$6,580.6 million as of 30 June 2011. This increase was mainly on account of drawdown of the long-term facilities pending deployment in working capital / M&A / capex projects. The borrowings, net of cash and cash equivalents, increased by S\$973.7 to S\$6,682.0 million as compared to S\$5,708.3 million as at 30 June 2011.

## **Equity**

Total share capital and reserves (before Fair Value Adjustment Reserves and Non-controlling interest) increased by 37.7% from S\$2,568.1 million as of 30 June 2011 to S\$3,535.5 million as of 31 March 2012 due to funds received for tranches two and three of the equity raising exercise launched in June 2011. Fair Value Adjustment Reserves decreased from (S\$322.7) million as of 30 June 2011 to (S\$8.3) million as of 31 March 2012. On 20 February 2012 the Company issued Singapore dollar denominated Perpetual Capital Securities (the "Capital Securities") of S\$ 275 million. This successful issue enabled us to diversify our sources of funding whilst extending the debt maturity profile.

Net Debt to Equity decreased from 2.22x as of 30 June 2011 to 1.89x as of 31 March 2012.

During 9M FY2012, the Company issued 206,900,951 shares for cash and the exercise of share options.

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.

The Group constantly reviews corporate development opportunities which are in line with our corporate growth strategy. Some of these are in the nature of acquisitions and joint ventures. The Group is currently in discussions with various parties on such opportunities. If any of these opportunities were to materialise these may have an effect on the financials of the Group. The cyclical events in the IRM and CFS segments will pose a drag to our full-year earnings in FY2012. However, structurally we remain positive about long-term fundamentals of these segments as well as our overall business and will continue to prioritise capital projects and execute our strategy to significantly grow our long term intrinsic value.

11. Dividend

(a) Current Financial Period Reported on 31 March 2012.

Any dividend recommended for the current financial period reported on?

NIL

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

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

NIL

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

N.A.

(d) Date payable

N.A.

(e) Books closure date

N.A.

12. If no dividend has been declared/recommended, a statement to that effect.

N.A.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii).

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

**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 2012 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

15 May 2012