

OLAM INTERNATIONAL LIMITED

Financial Statements for the First Quarter Ended 30th September 2009

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

1(a)(i) An income statement for the ("Group") - Olam International Limited ("Company") and its subsidiaries together with a comparative statement for the corresponding period of the immediately preceding financial year.

Profit & Loss Statement - First Quarter FY2010: Group

(in S\$'000)	Group		
	Three Months Ended		
	30 Sep 09	30 Sep 08	% change
Revenue - Sale of goods	1,876,657	1,712,777	9.6%
Other income	12,751	8,787	
	1,889,408	1,721,564	9.7%
Costs and expenses			
Cost of goods sold	(1,512,813)	(1,325,378)	
Shipping and logistics	(156,900)	(198,685)	
Commission and claims	(24,077)	(21,079)	
Employee benefit expense	(50,503)	(41,302)	
Depreciation	(10,586)	(8,438)	
Net measurement of derivative instruments	4,622	(3,261)	
Gain on foreign exchange	881	5,624	
Other operating expenses	(56,902)	(55,602)	
Finance costs	(62,651)	(57,867)	
	(1,868,929)	(1,705,988)	9.6%
Share of results from jointly controlled entities / associates	872	(153)	
Profit before taxation	21,351	15,423	38.4%
Tax expense	(2,315)	(497)	
Profit for the financial period	19,036	14,926	27.5%
Attributable to:			
Equity holders of the Company	19,035	14,926	
Minority interest	1	-	
	19,036	14,926	

Notes:

(in S\$'000)	Group		
	Three Months Ended		
	30 Sep 09	30 Sep 08	% change
Other income includes interest income of	7,232	3,597	
Finance cost includes interest on debt for fixed capital investments of	(11,088)	(6,514)	
Other operating expenses include bank charges of	(5,972)	(3,707)	
Gross Contribution	188,788	171,328	10.2%
Net Contribution	144,457	123,572	16.9%

- 1(a)(ii) A statement of comprehensive income for the ("Group") - Olam International Limited ("Company") and its subsidiaries together with a comparative statement for the corresponding period of the immediately preceding financial year.

With effect from 1 January 2009, FRS 1 Presentation of Financial Statements requires an entity to present a Statement of Comprehensive Income, all items of income and expenditure that are not required to be recognized in Income Statement. Previously, such items were included in the Statement of Changes in Equity. This is a change in presentation and does not affect the recognition or measurement of the entity's transactions.

Statement of Comprehensive Income – First Quarter FY2010: Group

(in S\$'000)	Group	
	Three Months Ended	
	30 Sep 09	30 Sep 08
Profit for the period	19,036	14,926
Other Comprehensive Income:		
(Loss) / gain due to change in fair value of effective derivative instruments	(80,512)	286,383
(Loss) / gain on foreign currency translation	(35,035)	14,766
Other Comprehensive Income	(115,547)	301,149
Total Comprehensive Income	(96,511)	316,075
Attributable to:		
Equity holders of the Company	(96,512)	316,075
Minority interest	1	-
	(96,511)	316,075

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

Balance Sheets : Group & Company

(in S\$'000)	Group		Company	
	30 Sep 09	30 Jun 09	30 Sep 09	30 Jun 09
Non-current assets				
Property, plant and equipment	584,663	533,963	3,927	2,974
Intangible assets	125,783	127,538	9,429	8,940
Investment in subsidiary companies	-	-	314,049	314,556
Deferred tax assets	71,999	74,704	17,927	13,096
Interests in jointly controlled entities	286,164	294,407	247,947	254,586
Investment in associates	122,970	106,520	121,711	105,817
Other non current assets	12,136	11,154	11,901	10,922
	1,203,715	1,148,286	726,891	710,891
Current assets				
Amounts due from subsidiary companies	-	-	775,598	747,613
Trade receivables	644,520	732,500	285,851	237,296
Margin accounts with brokers	170,862	64,839	122,414	55,521
Inventories	2,099,444	1,966,419	600,369	550,729
Advance payments to suppliers	333,540	277,683	144,723	85,527
Advance payments to subsidiary companies	-	-	973,657	935,336
Other current assets	454,184	342,075	112,618	85,651
Fixed deposits	55,000	239,688	52,137	228,009
Cash and bank balances	267,317	294,130	63,703	59,628
Fair value of derivative financial instruments	513,015	349,796	390,217	279,242
	4,537,882	4,267,130	3,521,287	3,264,552
Current liabilities				
Trade payables and accruals	(418,723)	(658,988)	(147,214)	(420,115)
Other current liabilities	(77,407)	(58,595)	(56,197)	(35,871)
Amounts due to bankers	(1,721,274)	(1,869,640)	(1,122,722)	(1,166,700)
Medium term notes	(128,000)	(128,005)	(128,000)	(128,005)
Provision for taxation	(12,022)	(11,410)	(16,229)	(14,732)
Fair value of derivative financial instruments	(706,760)	(403,528)	(619,702)	(347,333)
	(3,064,186)	(3,130,166)	(2,090,064)	(2,112,756)
Net current assets	1,473,696	1,136,964	1,431,223	1,151,796
Non-current liabilities				
Deferred tax liabilities	(62,637)	(62,812)	-	-
Term loans from banks	(1,051,110)	(1,008,312)	(747,644)	(764,602)
Convertible Bonds	(170,267)	(168,234)	(170,267)	(168,234)
	(1,284,014)	(1,239,358)	(917,911)	(932,836)
Net assets	1,393,397	1,045,892	1,240,203	929,851
Equity attributable to equity holders of the Company				
Share capital	1,150,097	708,586	1,150,097	708,586
Reserves	243,253	337,260	90,106	221,265
	1,393,350	1,045,846	1,240,203	929,851
Minority interest	47	46	-	-
Total equity	1,393,397	1,045,892	1,240,203	929,851

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

Amount repayable in one year or less or on demand

	30 Sep 09		30 Jun 09	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Overdrafts	-	164,282	-	265,141
Loans	-	1,556,992	-	1,604,499
Medium Term Notes	-	128,000	-	128,005
Total	-	1,849,274	-	1,997,645

Amount repayable after one year

	30 Sep 09		30 Jun 09	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Long Term Loans	11,351	1,039,759	11,957	996,355
Long Term / Medium Term Notes	-	-	-	-
Convertible Bonds	-	170,267	-	168,234
Total	11,351	1,210,026	11,957	1,164,589

Details of any Collateral

The Group's subsidiary, Universal Blanchers LLC in the United States, has an outstanding loan equivalent to S\$11.4 m (S\$12.0 m as at 30 June 2009) which is secured on the assets of the subsidiary.

- 1(c) A Cash Flow Statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

(in S\$'000)	Group	
	Three Months Ended	
	30 Sep 09	30 Sep 08
Cash flow from operating activities		
Profit before taxation	21,351	15,423
Adjustments for:		
Share of results from jointly controlled entities / associate	(872)	153
Depreciation of property, plant and equipment	10,586	8,438
Gain on disposal of property, plant and equipment	(21)	(68)
Net measurement of derivative instruments	(4,622)	3,261
Amortisation of intangible assets	699	445
Cost of share-based payments	2,506	1,239
Interest income	(7,232)	(3,597)
Interest expense	62,651	57,867
Operating cash flow before reinvestment in working capital	85,046	83,161
(Increase) / decrease in inventories	(133,025)	183,688
(Increase) / decrease in receivables	(62,664)	303,484
(Increase) / decrease in advance payments to suppliers	(55,857)	10,998
Increase / (Decrease) in payables	(242,711)	(5,353)
Cash flow (used) in / generated from operations	(409,211)	575,978
Interest income received	7,232	3,597
Interest expense paid	(61,605)	(50,674)
Tax (paid) / received	(2,750)	211
Net cash flow (used in) / generated from operating activities	(466,334)	529,112
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	4,112	7,182
Purchase of property, plant and equipment	(64,181)	(43,405)
Investment in jointly controlled entities	-	(155,410)
Investment in associate	(14,755)	(84,179)
Repayment from jointly controlled entities	-	45
Net cash flow used in investing activities	(74,824)	(275,767)
Cash flow from financing activities		
Repayment of loans from banks	(4,709)	(453,141)
Proceeds from issuance of shares on exercise of share options	4,123	148
Proceeds from issuance of shares for cash	437,388	-
Proceeds from issuance of convertible bonds	-	417,375
Repayment of medium term notes	(5)	(61,597)
Net cash flow provided by / (used in) financing activities	436,797	(97,215)
Net effect of exchange rate changes on cash and cash equivalents	(6,281)	28,082
Net (decrease) / increase in cash and cash equivalents	(110,642)	184,212
Cash and cash equivalents at the beginning of the period	268,677	164,262
Cash and cash equivalents* at the end of the period	158,035	348,474

*Cash and cash equivalents include cash and bank balances, fixed deposits less overdrafts.

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group 3 Months	Attributable to equity holders of the Company								Minority Interest	Total Equity
	Share Capital	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
At 30 Sep 2009:										
At 1 July 2009	708,586	24,450	(85,035)	(179,943)	17,765	560,023	337,260	1,045,846	46	1,045,892
Profit for the period						19,035	19,035	19,035	1	19,036
Other comprehensive Income for the period			(35,035)	(80,512)			(115,547)	(115,547)		(115,547)
Total comprehensive Income for the period			(35,035)	(80,512)	-	19,035	(96,512)	(96,512)	1	(96,511)
Share-based expense					2,505		2,505	2,505		2,505
Issue of shares for cash	437,388							437,388		437,388
Issue of shares on exercise of share option	4,123							4,123		4,123
Equity portion of convertible bonds							-	-		-
Minority Interest							-	-	1	1
At 30 September 2009	1,150,097	24,450	(120,070)	(260,455)	20,270	579,058	243,253	1,393,350	47	1,393,397
At 30 Sep 2008:										
At 1 July 2008	704,870	-	(84,434)	(325,878)	13,474	330,382	(66,456)	638,414	-	638,414
Profit for the period						14,926	14,926	14,926	-	14,926
Other comprehensive Income for the period			14,766	286,383			301,148	301,148		301,148
Total comprehensive Income for the period	-	-	14,766	286,383	-	14,926	316,075	316,075	-	316,075
Share-based expense					1,271		1,271	1,271		1,271
Issue of shares on exercise of share option	148						-	148		148
Equity portion of Convertible bonds		8,868					8,868	8,868		8,868
At 30 September 2008	705,018	8,868	(69,668)	(39,495)	14,745	345,308	259,758	964,776	-	964,776

Company 3 Months	Attributable to equity holders of the Company							
	Share Capital	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 30 Sep 2009:								
At 1 July 2009	708,586	24,450	(41,562)	(220,167)	17,765	440,779	221,265	929,851
Profit for the period						(18,227)	(18,227)	(18,227)
Other comprehensive Income for the period			(22,593)	(92,844)			(115,437)	(115,437)
Total comprehensive Income for the period		-	(22,593)	(92,844)	-	(18,227)	(133,664)	(133,664)
Share-based expense					2,505		2,505	2,505
Issue of shares for cash	437,388							437,388
Issue of shares on exercise of share option	4,123							4,123
Equity portion of convertible bonds		-					-	-
Minority Interest		-					-	-
At 30 September 2009	1,150,097	24,450	(64,155)	(313,011)	20,270	422,552	90,106	1,240,203
At 30 Sep 2008:								
At 1 July 2008	704,870	-	(84,230)	(291,729)	13,474	242,138	(120,347)	584,523
Profit for the period						12,379	12,379	12,379
Other comprehensive Income for the period	-	-	14,019	202,048	-	-	216,067	216,067
Total comprehensive Income for the period		-	14,019	202,048	-	12,379	228,446	228,446
Share-based expense					1,271		1,271	1,271
Issue of shares on exercise of share option	148						-	148
Equity portion of Convertible bonds	-	8,868					8,868	8,868
At 30 September 2008	705,018	8,868	(70,211)	(89,681)	14,745	254,517	118,238	823,256

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Jul - Sep 09	Jul - Sep 08
Issue of Shares for cash	273,459,000	-
Issue of shares on exercise of share options	2,538,359	97,500

	Sep 09	Sep 08
Shares to be issued upon exercise of:		
Conversion right of convertible bonds	120,629,020	106,416,389
Share options	102,074,966	60,617,825
Total no. of shares to be issued as at the end of period	222,703,986	167,034,214

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Sep 09	Jun 09
Issued, fully paid share capital :		
Balance no. of shares as at the beginning of period	1,715,894,324	1,713,212,824
Issue of Shares for cash	273,459,000	-
Addition on exercise of share options	2,538,359	2,681,500
Total no. of shares outstanding as the end of period	1,991,891,683	1,715,894,324

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

N/A

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial statements presented above have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

N/A

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The adoption of the new and revised accounting standards that became applicable from 1 July 2009 did not result in substantial changes to the Group accounting policies, which are consistent with those used in the audited financial statements as at 30 June 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the changes.

The Group has applied the same accounting policies in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 30 June 2009.

6. Earnings per ordinary share of the Group for the current financial period reported and for the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	Period Ended	
	30 Sep 09	30 Sep 08
(a) Based on weighted average no. of shares (cents/share)	0.96	0.87
(b) Based on fully diluted basis (cents/share)	0.39	0.86
Weighted average no. of shares applicable to basic earnings per share	1,991,245,633	1,713,273,241
Weighted average no. of shares based on fully diluted basis	2,138,971,824	1,735,556,802

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 30 Sep 09	As at 30 Jun 09	As at 30 Sep 09	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	63.64	53.52	61.79	53.67

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles went up from 71.44 cents/share in June 2009 to 83.03 cents/share in September 2009.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Introduction

Olam is a leading, global, integrated supply chain manager of agricultural products and food ingredients with operations in over 60 countries. Since the establishment of our business in 1989, we have evolved from a single country, single product trader to a multi-country, multi-product supply chain manager. Today, we manage an integrated supply chain for 20 agricultural products. As supply chain managers, we are engaged in the sourcing, processing, warehousing, transportation, shipping, distribution and marketing of these products from the farm gate in the producing countries to the factory gate of our customers in the destination markets while managing the risks at each stage of the supply chain. We organize the 20 products into 4 business segments as given below:

Business Segment	Products
Edible Nuts, Spices & Beans	Cashews Peanuts Almonds Spices & Dehydrates Sesame Beans - Pulses, Lentils & Peas
Confectionery & Beverage Ingredients	Cocoa Coffee Sheanuts
Food Staples & Packaged Foods	Rice Sugar Wheat Barley Palm Dairy Products Packaged Foods
Industrial Raw Materials (Earlier called the Fibre & Wood Products segment)	Cotton Wool Wood Products Rubber

Background to analysing our Financial Statements

Profitability

- a. **Inclusion of results of companies acquired by the Group:** The results include proportionate share of profits of joint ventures, Nauvu Investments Pte. Ltd. and Olam Wilmar Investment Holdings Pte. Ltd. and consolidated results of Industrias Martin Cubero (IMC). Therefore the consolidated results for Q1FY2010 are not strictly comparable to results of Q1FY2009.
- b. **Gross and Net Contribution:** We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per ton of product supplied. For every transaction, we target a minimum net contribution per ton of product supplied based on the risks, complexities and value added services that we provide to our customers to meet their specific requirements. We are focused on enhancing these margins by providing value added services such as vendor managed inventory (VMI), organic certification, fair trade produce certification (FTP), customised grades and quality, proprietary market intelligence and risk management solutions.

GC is calculated as sale of goods, other income, less cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commission, bank charges, net measurement of derivative instruments, gain / loss on foreign exchange and share of gain / loss from jointly controlled entities / associates. For the purposes of determining Net Contribution, finance costs excluding interest on debt for fixed capital investments, net of interest income are reduced from the GC. For analyzing the performance of the group, share of jointly controlled entities / associates has been included in the GC and NC along with proportionate share of volumes.

- c. **Volumes:** Volumes include proportionate share of volumes from the jointly controlled entities / associates. The second key driver to our profitability is the volume of products supplied. Given our integration and end-to-end supply chain capabilities, we seek to match the supply of our products with demand from our customers. The volume of agricultural products that we supply is largely within our control and is a function of the strength of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries).
- d. **Seasonality:** Production of agricultural products is seasonal in nature. The seasonality of the products in our portfolio depends on the location of the producing country. The harvesting season for most of the agricultural products for countries situated in the northern hemisphere generally falls between October and March. Countries in the southern hemisphere have harvesting seasons between April and September. It is also not unusual to experience both delays as well as early starts to the harvesting seasons in these countries based on actual weather patterns in a particular year. In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmer's selling decisions, which are mainly a function of his view on prices and his inventory holding capacity. The majority of our origins are located in the northern hemisphere. Consequently, our earnings tend to be relatively higher in the Second Half of the Financial Year (January to June) compared to the First Half of the Financial Year (July to March).

Based on this seasonality, we expect the phasing of our earnings to be as follows:

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

Profit and Loss Statement

The Company has grown sales volume, sales turnover and net profit after tax by 18.7%, 9.6% and 27.5% respectively in Q1 FY2010 compared to Q1 FY2009.

The Company reports its results across four business segments. The Company has delivered strong performance in all four business segments in Q1 FY2010. Three of the four segments, namely the Edible Nuts, Spices & Beans segment (comprising 6 agri commodities), the Confectionery & Beverage Ingredients segment (comprising 3 agri commodities) and the Food Staples & Packaged Food segments (comprising 7 agri commodities) together constitute the food category of our portfolio. The demand for the products in these three segments, which accounted for 79.9% of our revenue in Q1 FY2010, held up well. Sales Volume for these three segments grew by 21.2% in Q1 FY2010 compared to Q1 FY2009. The combined Net contribution for these three segments grew by 18.4% in Q1 FY2010 compared to Q1 FY2009.

The fourth segment, the Industrial Raw Materials segment includes four agri commodities, namely Cotton, Wool, Rubber and Wood Products. This segment accounted for 20.1% of our revenue in Q1 FY2010. While this segment is more recession sensitive, we see a material pickup in demand for these four products in this quarter given the apparent signs of a global recovery. Compared to a 1.5% growth in volumes in Q4 FY2009 and a 16.4% decline in volumes in Q3 FY2009, volumes from this segment has grown 7.6% during Q1 FY2010. The actions that we took to gain market share and further consolidate our competitive position in this segment are yielding good results.

The following table provides the segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for Q1 FY2010:

Segment	Sales Volume (in Metric Tons)		Sales Revenue (in S\$'000)		Gross Contribution (GC) (in S\$'000)		Net Contribution (NC) (in S\$'000)	
	Sep 09	Sep 08	Sep 09	Sep 08	Sep 09	Sep 08	Sep 09	Sep 08
Edible Nuts, Spices & Beans	320,132	277,944	355,360	331,566	51,804	46,308	42,590	36,321
Per ton (S\$)					162	167	133	131
Confectionery & Beverage Ingredients	223,265	202,520	660,908	592,209	50,982	48,597	33,540	29,873
Per ton (S\$)					228	240	150	148
Food Staples & Packaged Foods	539,411	412,842	483,634	419,410	52,159	43,911	45,224	36,258
Per ton (S\$)					97	106	84	88
Industrial Raw Materials*	223,586	207,733	376,755	369,592	33,843	32,512	23,103	21,120
Per ton (S\$)					151	157	103	102
Total	1,306,394	1,101,039	1,876,657	1,712,777	188,788	171,328	144,457	123,572
Per ton (S\$)					145	156	111	112

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

A brief segmental review for Q1 FY2010 is given below:

➤ **Edible Nuts, Spices & Beans**

The Edible Nuts, Spices & Beans segment recorded a volume growth of 15.2% and revenue growth of 7.2% in Q1 FY2010. Net Contribution (NC) increased by 17.3% to S\$42.6 million from S\$36.3 million in Q1 FY2009 registering NC per ton of S\$133.0 as against S\$130.7 last year. Strong contribution from cashews, sesame, pulses & beans and spices & dehydrates categories contributed to the increase in the Volumes and NC for this segment.

In the Spices & Dehydrates business, the successful integration of the recently acquired SK Foods' tomato paste manufacturing facility in California was one of the highlights for the quarter. We were able to successfully buy and process 1.2 million tons during the season – all within 80 days from the completion of this acquisition. This performance exceeded the various targets and milestones set out in our investment thesis. We have also successfully begun to cross sell tomato paste along with dehydrated garlic and onions to our customer base in the US. This has helped us gain competitive ground and strengthened our Spices & Dehydrates business. During the quarter, Olam continued to strengthen its leadership position in the whole black pepper and value added steam sterilized pepper business.

The Sesame, Cashew and Beans business continued to perform strongly during the quarter. Q1 FY2010 also saw better trading conditions emerge in the peanut market compared to Q4 FY2009.

On September 18, 2009, the Company announced that it will acquire 8,096 hectares of planted almond orchards in Australia along with permanent water rights from Timbercorp Limited and its associate entities for a total investment consideration of A\$128 million in cash. This acquisition is in line with the Company's recently announced corporate strategy, which outlined a thrust towards selective upstream investments in plantations and farming opportunities. This acquisition will make the Company Australia's largest almond grower and also place it amongst the top three almond growers globally. The transaction is expected to be earnings and value accretive from FY2010.

➤ **Confectionery and Beverage Ingredients**

The Confectionery and Beverage Ingredients segment reported 10.2% increase in volumes and 11.6% increase in revenue. NC rose by 12.3% to S\$33.5 million in Q1 FY2010 from S\$29.9 million in Q1 FY2009 with NC per ton increasing from S\$147.5 per ton to S\$150.2.

The significant short crop in Cocoa from the main producing country, Cote d'Ivoire, in the current season has resulted in two consecutive years of supply deficit. In this context, our ability to reliably source and secure volumes on account of our direct presence at the farm-gate in most cocoa producing regions around the world has helped us consolidate our position as the leading originator of cocoa from Asia and Africa. Due to the constrained supply situation, Cocoa prices rose sharply during the quarter. Olam's Cocoa business has performed well in the main producing countries including Cote d'Ivoire, Ghana, Nigeria, Cameroon and Indonesia. We have also done well in the minor origins including PNG, Tanzania and Uganda.

Our Coffee business performed strongly during Q1 FY2010. Our Coffee operations in Brazil and Peru in South America, Indonesia, Vietnam and India in Asia and Cameroon, Cote d'Ivoire and Uganda in Africa have all contributed significantly to this quarter's performance. The strength of our supplier and customer franchise has helped us improve our global market share in the coffee business. The soluble coffee manufacturing facility will start production in November 2009 and the initial market response has been very positive. We have planted 654 hectares in our coffee plantation in Laos and are very encouraged by the progress in this regard.

➤ **Food Staples and Packaged Foods Business**

Sales volume and revenue from the Food Staples & Packaged Foods segment grew by 30.7% and 15.3% respectively in Q1 FY2010. NC increased 24.7% to S\$45.2 million from S\$36.3 million in Q1 FY2009. The Grains Business constituted a significant part of the volume in this segment and given that the NC per ton in Grains is lower than the rest of the businesses in this segment, the NC per ton for the segment decreased from S\$ 87.8 per ton to S\$ 83.8 per ton.

Rice, Sugar, Dairy, Grains, Palm and PFB have all contributed positively to this segment's performance in Q1 FY2010. In Rice, our sourcing operations in Thailand, Vietnam, China and Brazil combined with our distribution operations in Africa have contributed to the growth in the business in Q1 FY2010. The revival in demand in dairy markets led by China has provided support to our Dairy business during the quarter. Our Grains business has continued to build on a good start in our sourcing origins including Australia, Russia as well as in our key markets in Asia and Africa. We have gained market share in the PFB business in both Africa and Russia during the quarter.

On September 1, 2009, the Company acquired a 14.35% stake in New Zealand Farming Systems Uruguay ("NZFSU"), an operator of large scale Kiwi-style dairy farming operations in Uruguay, for a total cash consideration of NZ\$14.37 million. NZFSU currently owns 36,300 hectares of dairy farm land in Uruguay of which 10,500 hectares have already been developed with 26 farms producing 44.6 million litres of milk in June 2009. This acquisition is in line with Olam's Dairy Products strategy, which envisages participation in dairy farming in low cost producing origins.

➤ **Industrial Raw Materials**

In the Industrial Raw Materials segment, volumes grew by 7.6% as demand began to pick up during the quarter after three consecutive quarters of declining demand. NC grew by 9.4% to S\$23.1 million while NC per ton improved from 101.7 to 103.3 dollars in Q1 FY2010 compared to Q1 FY2009.

In Cotton, Q1 FY2010 saw strong performances from our ginning and marketing operations in Australia, USA, China, CIS and India. Textile demand has shown an upturn in key markets in Asia. We are active in the India to China cotton trade flow given our strong presence in both these countries. Demand for Wood Products has improved significantly in our key markets in China and India, and to a lesser extent in Vietnam. Our origin operations in Gabon, Cote d'Ivoire, Tanzania and Asean and our marketing operations in China and India have performed strongly during Q1 FY2010. This has improved the prospects for the Wood Products business for the rest of the year.

Costs and Expenses

Q1 FY2010: SG&A increased by 10.2% to S\$112.0 million in Q1 FY2010 over the corresponding quarter in FY2009.

Taxation

Q1 FY2010: Taxes increased to \$S2.3 million for Q1 FY2010 as compared to S\$0.5 million for Q1 FY2009.

Net profit after tax

Q1 FY2010: Net profit after tax increased by 27.5% to S\$19.0 million for Q1 FY2010 from S\$14.9 million in Q1 FY2009.

Balance Sheet & Cash Flow

During Q1 FY2010, the industry witnessed an increased level of volatility in the prices of various products. Changes in prices affect current assets and liabilities which in turn substantially change the cash flows generated from / used in operations. The application of Hedge Accounting provisions under FRS39 affects equity and fair value of derivative financial instruments under current assets and current liabilities. Since we participate in this industry as supply chain managers and not positional / directional traders, this has had limited impact on the profitability of the Group.

Non-current liabilities - Convertible Bonds

The amount represents the debt component along with accrued interest for the outstanding Convertible Bonds of principal value US\$141.8 million, issue in FY2009.

On 2 September 2009, the Company entered into a subscription agreement for the issue of Convertible Bonds. Under the terms of the Subscription Agreement, the Company agreed to issue US\$400 million in principal amount of 6.00% Convertible Bonds due 2016. There was also an upsize option of an additional US\$100 million in principal amount exercisable at any point on or before the thirtieth day following the Closing Date. Both the initial issue and the upsize options have since been successfully closed and proceeds have been received subsequent to the end of Q1 FY2010.

Equity and Reserves

Total equity and reserves (before fair value adjustment reserve) increased from S\$1,225.8 million as of 30 June 2009 to S\$1,666.6 million as of 30 September 2009.

On 5th July 2009 the Company allotted and issued 273,459,000 new shares to Breedens Investments Pte Ltd and Aranda Investments Pte Ltd (subsidiaries of Temasek Holding Ltd) in accordance with the terms of the Subscription Agreement. The new shares accounted for approximately 13.74% of the enlarged issued and paid-up share capital of the Company.

Fixed Assets

During the period, fixed assets of S\$64.2 million were added of which S\$44.3 million was on account of tomato processing assets purchased in California from SK Foods. Reduction on account of depreciation and currency translation amounting to S\$13.5 million resulted in net increase of S\$50.7 million from S\$534.0 million to S\$584.67 million during Q1FY2010.

Investment in associates

Investment in associates includes S\$14.8 million representing the Company's 14.35% equity investment in New Zealand Dairy Farming Systems Uruguay.

Current Assets

Debtors Analysis

Debtor days in Q1FY2010 remained unchanged at 31 days as compared to 30 June 2009.

Stocks

Stock turnover days increased to 114 days as compared to 92 days as at 30 June 2009. There was an increase in stock value of 6.8% by S\$133.0 million to S\$2,099.4 million from S\$1,966.4 million as on 30 June 2009. The increase in the value of stock is attributed largely to our tomato processing operations in California.

Advance to Suppliers

Advance to Suppliers days increased to 18 days in Q1FY2010 from 13 days as at 30 June 2009. The advances increased from S\$277.7 million in FY2009 to S\$333.5 million in Q1FY2010.

Borrowings

Borrowings decreased to S\$3,070.6 million as of end of September 2009 from S\$3,174.2 million as of 30 June 2009 in line with the growth in the business. The borrowings net of cash and cash equivalents amounted to S\$2,748.3 million as compared to S\$2,642.2 million as at 30 June 2009.

On 27th August, the company announced that it has received commitments from its group of banks for a fully underwritten US\$540 Million Syndicated Transferable Term Loan Facility. The syndication for the Transferrable Term Loan Facility has been significantly oversubscribed with commitments received from a group of 35 international banks. Given the strong response and to support the execution of the Company's 6 year Strategic Plans, we have decided to upsize the facility to US\$850 million. The final documentation is expected to be signed shortly.

Cash and Fixed Deposits

Cash and Fixed Deposits decreased by 39.6% to S\$322.3 million as on 30 September 2009 from S\$533.8 million as on 30 June 2009.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There was no forecast made by the Company.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

During the period, the Company announced a number of acquisitions and joint ventures. The completion of these transactions is subject to certain closing conditions and approvals from relevant authorities. As such, the outcome of these transactions is uncertain until these conditions and approvals are met or have been granted.

There was a turnaround in demand for all four products within the Industrial Raw Materials segment, namely, Cotton, Wool, Wood Products, and Rubber, during Q1 FY2010 given the apparent signs of a global recovery. If this turnaround is sustained over the subsequent quarters, it will augur well for this segment, which was most impacted by the global economic crisis. The 16 products in the food category which has been less impacted by the recession continue to perform well. The Company is executing its next six-year corporate strategy with focus and intensity. If successfully executed, this will strengthen the Company's competitive position and improve its margin prospects going forward.

11. Dividend

- (a) Current Financial Period Reported On 30 September 2009
NIL
- (b) Corresponding Period of the Immediately Preceding Financial Year.
NIL
- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).
N.A
- (d) Date payable
N.A
- (e) Books closure date
N.A

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

During the current period, there is no dividend declared or recommended.

Confirmation of the Board

We refer to the requirement under Rule 704(5) of the Listing Manual.

We hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for period ended 30 September 2009 to be false or misleading in any material aspects.

On behalf of the Board of Directors

R. Jayachandran
Chairman

Sunny George Verghese
Group Managing Director & CEO

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & CEO

12 November 2009