

# OLAM INTERNATIONAL LIMITED

## Financial Statements for the Third Quarter and Nine Months Ended 31<sup>st</sup> March 2011

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

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

### Profit & Loss Statement - Third Quarter FY2011: Group

(in S\$'000)	Group			Group		
	Nine Months Ended			Three Months Ended		
	31 Mar 11	31 Mar 10	% change	31 Mar 11	31 Mar 10	% change
<b>Revenue - Sale of goods</b>	11,212,410	7,321,234	<b>53.1%</b>	4,735,738	2,711,520	<b>74.7%</b>
Other income	145,415	161,503		37,668	45,658	
	<b>11,357,825</b>	<b>7,482,737</b>	<b>51.8%</b>	<b>4,773,406</b>	<b>2,757,178</b>	<b>73.1%</b>
<b>Costs and expenses</b>						
Cost of goods sold	(9,451,185)	(5,946,327)		(4,303,731)	(2,228,126)	
Shipping and logistics	(777,327)	(661,041)		(237,764)	(250,606)	
Commission and claims	(82,900)	(69,152)		(14,395)	(15,125)	
Employee benefit expenses	(242,139)	(169,344)		(78,995)	(65,346)	
Depreciation	(59,178)	(43,827)		(22,968)	(13,244)	
Net measurement of derivative instruments	35,729	35,676		177,118	18,114	
(Loss) / gain on foreign exchange	(18,641)	7,892		(16,027)	1,386	
Other operating expenses	(183,161)	(164,942)		(50,867)	(50,067)	
Finance costs	(244,641)	(191,549)		(83,586)	(58,159)	
	(11,023,443)	(7,202,614)		(4,631,215)	(2,661,173)	
Share of gain from jointly controlled entities / associates	12,492	8,476		8,096	3,675	
	<b>(11,010,951)</b>	<b>(7,194,138)</b>	<b>53.1%</b>	<b>(4,623,119)</b>	<b>(2,657,498)</b>	<b>74.0%</b>
<b>Profit before taxation</b>	346,874	288,599	<b>20.2%</b>	150,287	99,680	<b>50.8%</b>
Taxation	(45,156)	(21,420)		(24,069)	(10,402)	
<b>Profit for the period</b>	<b>301,718</b>	<b>267,179</b>	<b>12.9%</b>	<b>126,218</b>	<b>89,278</b>	<b>41.4%</b>
<b>Attributable to:</b>						
Equity holders of the Parent	302,442	267,184		127,274	89,293	
Non-controlling interests	(724)	(5)		(1,056)	(15)	
	<b>301,718</b>	<b>267,179</b>		<b>126,218</b>	<b>89,278</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 – Third Quarter FY2011: Group**

(in S\$'000)	Group		Group	
	Nine Months Ended		Three Months Ended	
	31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10
<b>Profit for the period</b>	<b>301,718</b>	<b>267,179</b>	<b>126,218</b>	<b>89,278</b>
<b>Other Comprehensive Income:</b>				
Net (gain) / loss on fair value changes during the period	(344,380)	(19,313)	(100,113)	79,976
Recognised in the profit and loss account on occurrence of hedged transactions	315,034	(68,469)	118,668	(36,600)
Foreign currency translation adjustment	(148,975)	25,569	(56,464)	53,182
<b>Other comprehensive (loss) /income</b>	<b>(178,321)</b>	<b>(62,213)</b>	<b>(37,909)</b>	<b>96,558</b>
<b>Total Comprehensive Income</b>	<b>123,397</b>	<b>204,966</b>	<b>88,309</b>	<b>185,836</b>
<b>Attributable to:</b>				
Equity holders of the Parent	124,121	204,971	89,365	185,851
Non-controlling interests	(724)	(5)	(1,056)	(15)
	<b>123,397</b>	<b>204,966</b>	<b>88,309</b>	<b>185,836</b>

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.

(in S\$'000)	Group		Company	
	31 Mar 11	30 Jun 10	31 Mar 11	30 Jun 10
<b>Non-current assets</b>				
Property, plant and equipment	1,433,908	1,054,166	3,582	4,673
Intangible assets	366,391	341,586	21,145	19,456
Biological Assets	337,750	181,883	-	-
Investment in subsidiary companies	-	-	800,776	789,954
Deferred tax assets	40,823	63,978	7,628	9,697
Interest in jointly controlled entities	192,122	195,958	153,950	170,980
Investment in associates	240,767	271,279	244,409	271,422
Long term investments	-	18,752	-	18,752
Other non current assets	1,140	4,161	-	-
	<b>2,612,901</b>	<b>2,131,763</b>	<b>1,231,490</b>	<b>1,284,934</b>
<b>Current assets</b>				
Amounts due from subsidiary companies	-	-	715,033	1,340,165
Trade receivables	917,843	976,781	221,852	275,388
Margin accounts with brokers	-	152,815	731,109	165,164
Inventories	3,747,290	2,584,046	944,588	461,731
Advance payments to suppliers	474,843	237,784	198,734	85,824
Advance payments to subsidiary companies	-	-	1,490,845	1,415,482
Other current assets	509,671	392,656	179,550	85,200
Fixed deposits	19,858	259,117	13,572	247,425
Cash and bank balances	763,969	412,426	407,472	141,232
Fair value of derivative financial instruments	6,589,130	657,270	4,837,403	595,022
	<b>13,022,604</b>	<b>5,672,895</b>	<b>9,740,158</b>	<b>4,812,633</b>
<b>Current liabilities</b>				
Trade payables and accruals	(823,104)	(648,391)	(230,701)	(330,343)
Other current liabilities	(110,863)	(98,651)	(53,149)	(56,982)
Margin accounts with brokers	(117,062)	-	-	-
Amounts due to bankers	(3,461,705)	(2,295,568)	(2,481,193)	(1,560,631)
Medium term notes	(224,994)	-	(224,994)	-
Convertible Bonds	(27,765)	-	(27,765)	-
Provision for taxation	(30,603)	(34,920)	(6,812)	(16,319)
Fair value of derivative financial instruments	(5,728,270)	(608,046)	(4,473,509)	(562,004)
	<b>(10,524,366)</b>	<b>(3,685,576)</b>	<b>(7,498,123)</b>	<b>(2,526,279)</b>
<b>Net current assets</b>	<b>2,498,238</b>	<b>1,987,319</b>	<b>2,242,035</b>	<b>2,286,354</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	(129,538)	(140,861)	-	-
Long term loan from subsidiary	-	-	(53,395)	-
Term loans from banks	(1,764,556)	(1,228,312)	(663,356)	(1,035,793)
Medium term notes	(325,005)	(249,016)	(325,005)	(249,016)
Convertible Bonds	(520,976)	(730,108)	(520,976)	(730,108)
Other Bonds	(353,182)	-	(315,340)	-
	<b>(3,093,257)</b>	<b>(2,348,297)</b>	<b>(1,878,072)</b>	<b>(2,014,917)</b>
<b>Net assets</b>	<b>2,017,882</b>	<b>1,770,785</b>	<b>1,595,453</b>	<b>1,556,371</b>
<b>Equity attributable to equity holders of the Parent</b>				
Share capital	1,318,705	1,201,581	1,318,705	1,201,581
Reserves	644,734	570,348	276,748	354,790
	<b>1,963,439</b>	<b>1,771,929</b>	<b>1,595,453</b>	<b>1,556,371</b>
Non-controlling Interests	54,443	(1,144)	-	-
<b>Total equity</b>	<b>2,017,882</b>	<b>1,770,785</b>	<b>1,595,453</b>	<b>1,556,371</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 11		30 Jun 10	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Overdrafts	-	198,488	-	167,611
Loans	-	3,263,217	11,276	2,116,681
Medium Term Notes	-	224,994	-	-
Convertible Bonds	-	27,765	-	-
<b>Total</b>	<b>-</b>	<b>3,714,464</b>	<b>11,276</b>	<b>2,284,292</b>

**Amounts repayable after one year**

	31 Mar 11		30 Jun 10	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Medium / Long Term Loans	-	1,764,556	-	1,228,312
Medium Term Notes	-	325,005	-	249,016
Convertible Bonds	-	520,976	-	730,108
Other Bonds	-	353,182	-	-
<b>Total</b>	<b>-</b>	<b>2,963,719</b>	<b>-</b>	<b>2,207,436</b>

1(c) A Cash Flow Statement (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 11	31 Mar 10	31 Mar 11	31 Mar 10
<b>Cash flow from operating activities</b>				
<b>Profit before taxation</b>	<b>346,874</b>	<b>288,599</b>	<b>150,287</b>	<b>99,680</b>
Adjustments for:				
Share of results from jointly controlled entities / associates	(12,492)	(8,476)	(8,096)	(3,675)
Fair value of biological assets	(45,789)	-	(18,603)	-
Depreciation of property, plant and equipment	59,178	43,827	22,968	13,244
Loss/ (gain) on disposal of property, plant and equipment	3,740	(139)	1,300	(400)
Net measurement of derivative instruments	(35,729)	(35,676)	(177,118)	(18,114)
Amortisation of intangible assets	4,063	1,622	2,201	311
Cost of share-based payments	19,215	8,697	4,650	3,282
Interest income	(19,256)	(13,292)	(7,328)	(1,595)
Interest expense	244,641	191,549	83,586	58,159
Negative goodwill arising from acquisitions	(41,832)	(96,606)	(5,382)	(5,547)
<b>Operating cash flow before reinvestment in working capital</b>	<b>522,613</b>	<b>380,105</b>	<b>48,465</b>	<b>145,345</b>
(Increase) / decrease in inventories	(1,166,881)	(659,491)	(296,632)	75,756
(Increase) / decrease in trade & other receivables	(1,111,643)	16,963	(767,012)	(199,649)
(Increase) / decrease in advance payments to suppliers	(255,900)	(169,812)	(67,279)	857
(Increase) / decrease in margin account with brokers	254,669	(30,775)	710,651	173,488
Increase / (decrease) in trade & other payables	223,052	(228,604)	226,271	(21,106)
<b>Cash flow (used in) / generated from operations</b>	<b>(1,534,090)</b>	<b>(691,614)</b>	<b>(145,536)</b>	<b>174,691</b>
Interest income received	19,256	-	7,328	(11,696)
Interest expense paid	(237,523)	(198,787)	(103,574)	(74,904)
Tax (paid) / refund	(25,080)	(8,510)	334	1,841
<b>Net cash flow (used in) / generated from operating activities</b>	<b>(1,777,437)</b>	<b>(898,911)</b>	<b>(241,448)</b>	<b>89,932</b>
<b>Cash flow from investing activities</b>				
Proceeds from disposal of property, plant and equipment	11,988	7,947	3,215	-
Purchase of property, plant and equipment	(302,389)	(143,975)	(42,681)	(82,689)
Acquisition of subsidiaries - net of cash acquired	(411,630)	(634,412)	(314,839)	(362,100)
Investment in jointly controlled entities / associates	-	(107,720)	-	-
<b>Net cash flow(used in) / generated from investing activities</b>	<b>(702,031)</b>	<b>(878,160)</b>	<b>(354,305)</b>	<b>(444,789)</b>
<b>Cash flow from financing activities</b>				
Proceeds from loans from banks	1,880,276	636,793	370,117	124,675
Proceeds from issuance of shares on exercise of share options	22,841	8,430	7,661	854
Proceeds from issuance of shares for cash	-	437,389	-	-
Proceeds from issuance of bonds	328,750	683,412	-	-
Dividends paid on ordinary shares by the Company	(53,139)	(96,054)	-	(40,381)
Proceeds from issuance of medium term notes	325,763	219,517	254,247	219,523
<b>Net cash flow provided by financing activities</b>	<b>2,504,491</b>	<b>1,889,487</b>	<b>632,025</b>	<b>304,671</b>
<b>Net effect of exchange rate changes on cash and cash equivalents</b>	<b>56,384</b>	<b>38,050</b>	<b>14,040</b>	<b>61,615</b>
<b>Net increase in cash and cash equivalents</b>	<b>81,407</b>	<b>150,467</b>	<b>50,312</b>	<b>11,428</b>
Cash and cash equivalents at the beginning of the period	503,932	268,677	535,027	407,716
<b>Cash and cash equivalents* at the end of the period</b>	<b>585,339</b>	<b>419,144</b>	<b>585,339</b>	<b>419,144</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.

Group 9 Months	Attributable to equity holders of the Parent								Non-Controlling 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
<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 for the period						302,442	302,442	302,442	(724)	301,718
Other comprehensive income for the period			(148,975)	(29,346)			(178,321)	(178,321)		(178,321)
<b>Total comprehensive income for the period</b>			<b>(148,975)</b>	<b>(29,346)</b>	<b>-</b>	<b>302,442</b>	<b>124,121</b>	<b>124,121</b>	<b>(724)</b>	<b>123,397</b>
Dividends on ordinary shares						(53,139)	(53,139)	(53,139)		(53,139)
Share-based expense					19,215		19,215	19,215		19,215
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
Acquisition of subsidiary company and capital infusion in subsidiary companies							-	-	56,311	56,311
<b>At 31 March 2011</b>	<b>1,318,705</b>	<b>129,877</b>	<b>(315,427)</b>	<b>(277,761)</b>	<b>49,418</b>	<b>1,058,627</b>	<b>644,734</b>	<b>1,963,439</b>	<b>54,443</b>	<b>2,017,882</b>
<b>At 31 March 2010:</b>										
<b>At 1 July 2009</b>	708,586	24,450	(85,035)	(179,943)	17,765	560,023	337,260	1,045,846	46	1,045,892
Profit for the period						267,184	267,184	267,184	(5)	267,179
Other comprehensive Income for the period			25,569	(87,782)			(62,213)	(62,213)		(62,213)
<b>Total comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>25,569</b>	<b>(87,782)</b>	<b>-</b>	<b>267,184</b>	<b>204,971</b>	<b>204,971</b>	<b>(5)</b>	<b>204,966</b>
Dividends on ordinary shares						(110,168)	(110,168)	(110,168)		(110,168)
Share-based expense					8,697		8,697	8,697		8,697
Issue of shares for cash	437,389						-	437,389		437,389
Issue of shares on exercise of share option	8,430						-	8,430		8,430
Issue of shares under the Scrip Dividend Scheme	14,114						-	14,114		14,114
Issue of shares upon conversion of bonds	30,429	(3,149)					(3,149)	27,280		27,280
Equity portion of Convertible bonds		124,387					124,387	124,387		124,387
<b>At 31 March 2010</b>	<b>1,198,948</b>	<b>145,688</b>	<b>(59,466)</b>	<b>(267,725)</b>	<b>26,462</b>	<b>717,039</b>	<b>561,998</b>	<b>1,760,946</b>	<b>41</b>	<b>1,760,987</b>

Company 9 Months	Attributable to equity holders of the Parent							
	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
<b>At 31 March 2011:</b>								
<b>At 1 July 2010</b>	1,201,581	145,688	(80,321)	(264,403)	30,203	523,623	354,790	1,556,371
Profit for the period						170,309	170,309	170,309
Other comprehensive income for the period			(169,399)	(29,217)			(198,616)	(198,616)
<b>Total comprehensive income for the period</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>
Dividends on ordinary shares						(53,139)	(53,139)	(53,139)
Share-based expense					19,215		19,215	19,215
Issue of shares up on conversion of bonds	94,283	(15,811)					(15,811)	78,472
Issue of shares on exercise of share option	22,841						-	22,841
<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>
<b>At 31 March 2010:</b>								
<b>At 1 July 2009</b>	708,586	24,450	(41,562)	(220,167)	17,765	440,779	221,265	929,851
Profit for the period						201,024	201,024	201,024
Other comprehensive Income for the period	-	-	(44,596)	(47,748)	-	-	(92,344)	(92,344)
<b>Total comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>(44,596)</b>	<b>(47,748)</b>	<b>-</b>	<b>201,024</b>	<b>108,680</b>	<b>108,680</b>
Dividends on ordinary shares						(110,168)	(110,168)	(110,168)
Share-based expense					8,697		8,697	8,697
Issue of shares for cash	437,389						-	437,389
Issue of shares on exercise of share option	8,430						-	8,430
Issue of shares under the Scrip Dividend Scheme	14,114						-	14,114
Issue of shares upon conversion of bonds	30,429	(3,149)					(3,149)	27,280
Equity portion of Convertible bonds		124,387					124,387	124,387
<b>At 31 March 2010</b>	<b>1,198,948</b>	<b>145,688</b>	<b>(86,158)</b>	<b>(267,915)</b>	<b>26,462</b>	<b>531,635</b>	<b>349,712</b>	<b>1,548,660</b>

Group 3 Months	Attributable to equity holders of the Parent								Non-Controlling 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
<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 for the period						127,274	127,274	127,274	(1,056)	126,218
Other comprehensive income for the period			(56,464)	18,555			(37,909)	(37,909)		(37,909)
<b>Total comprehensive Income for the period</b>			<b>(56,464)</b>	<b>18,555</b>	<b>-</b>	<b>127,274</b>	<b>89,365</b>	<b>89,365</b>	<b>(1,056)</b>	<b>88,309</b>
Dividends on ordinary shares						-	-	-		-
Share-based expense					4,650		4,650	4,650		4,650
Issue of shares up on conversion of bonds	-	-					-	-		-
Issue of shares on exercise of share option	7,661						7,661	7,661		7,661
Acquisition of subsidiary company and capital infusion in subsidiary companies							-	-	14,278	14,278
<b>At 31 March 2011</b>	<b>1,318,705</b>	<b>129,877</b>	<b>(315,427)</b>	<b>(277,761)</b>	<b>49,418</b>	<b>1,058,627</b>	<b>644,734</b>	<b>1,963,439</b>	<b>54,443</b>	<b>2,017,882</b>
<b>At 31 March 2010:</b>										
<b>At 1 January 2010</b>	1,182,159	147,298	(112,648)	(311,101)	23,180	668,126	414,855	1,597,014	56	1,597,070
Profit for the period						89,293	89,293	89,293	(15)	89,278
Other comprehensive Income for the period			53,182	43,376			96,558	96,558		96,558
<b>Total comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>53,182</b>	<b>43,376</b>	<b>-</b>	<b>89,293</b>	<b>185,851</b>	<b>185,851</b>	<b>(15)</b>	<b>185,836</b>
Dividends on ordinary shares						(40,380)	(40,380)	(40,380)		(40,380)
Share-based expense					3,282		3,282	3,282		3,282
Issue of shares on exercise of share option	855	-					-	855		855
Issue of shares under the Scrip Dividend Scheme	-						-	-		-
Issue of shares upon conversion of bonds	15,934	(1,610)					(1,610)	14,324		14,324
<b>At 31 March 2010</b>	<b>1,198,948</b>	<b>145,688</b>	<b>(59,466)</b>	<b>(267,725)</b>	<b>26,462</b>	<b>717,039</b>	<b>561,998</b>	<b>1,760,946</b>	<b>41</b>	<b>1,760,987</b>

Company 3 Months	Attributable to equity holders of the Parent							
	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
<b>At 31 March 2011:</b>								
<b>At 1 January 2011</b>	1,311,044	129,877	(216,497)	(302,955)	44,768	478,656	133,849	1,444,893
Profit for the period						162,137	162,137	162,137
Other comprehensive income for the period			(33,223)	9,335			(23,888)	(23,888)
<b>Total comprehensive Income for the period</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>
Share-based expense					4,650		4,650	4,650
Issue of shares on exercise of share option	7,661						7,661	7,661
<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>
<b>At 31 March 2010:</b>								
<b>At 1 January 2010</b>	1,182,159	147,298	(75,527)	(365,575)	23,180	426,772	156,148	1,338,307
Profit for the period						145,243	145,243	145,243
Other comprehensive Income for the period	-	-	(10,631)	97,660	-	-	87,029	87,029
<b>Total comprehensive Income for the period</b>		<b>-</b>	<b>(10,631)</b>	<b>97,660</b>	<b>-</b>	<b>145,243</b>	<b>232,272</b>	<b>232,272</b>
Dividends on ordinary shares						(40,380)	(40,380)	(40,380)
Share-based expense					3,282		3,282	3,282
Issue of shares on exercise of share option	855						-	855
Issue of shares upon conversion of bonds	15,934	(1,610)					(1,610)	14,324
<b>At 31 March 2010</b>	<b>1,198,948</b>	<b>145,688</b>	<b>(86,158)</b>	<b>(267,915)</b>	<b>26,462</b>	<b>531,635</b>	<b>349,712</b>	<b>1,548,660</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 11	Jan - Mar 10
Issue of Shares under Scrip Dividend Scheme	-	-
Issue of Shares upon conversion of Bonds	-	10,418,000
Issue of shares on exercise of share options	5,067,270	517,000

	Mar 11	Mar 10
<b>Shares to be issued upon exercise of:</b>		
Conversion right of convertible bonds	240,123,414	335,114,038
Share options	104,468,660	112,241,316
<b>Total no. of shares to be issued as at the end of period</b>	<b>344,592,074</b>	<b>447,355,354</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 11	Jun 10
<b>Issued, fully paid share capital :</b>		
Balance no. of shares as at the beginning of period	2,020,759,705	1,715,894,324
Issue of Shares for cash	-	273,459,000
Issue of Shares under Scrip Dividend Scheme	-	5,633,004
Issue of Shares on conversion of Bonds	94,959,097	18,911,168
Issue of Shares on exercise of share options	14,635,456	6,862,209
<b>Total no. of shares outstanding as at the end of period</b>	<b>2,130,354,258</b>	<b>2,020,759,705</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 2010 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 2010.



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 2010 except for the adoption of new or revised FRS that are mandatory for financial years beginning on or after 1 July 2010. 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

	Group			
	Nine Months Ended		Three Months Ended	
	31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10
(a) Based on weighted average no. of shares (cents/share)	14.35	13.34	5.98	4.42
(b) Based on fully diluted basis (cents/share)	13.19	11.68	5.50	4.08
Weighted average no. of shares applicable to basic earnings per share	2,107,606,654	2,003,170,717	2,127,411,533	2,018,781,314
Weighted average no. of shares based on fully diluted basis	2,411,627,305	2,294,339,589	2,415,014,102	2,390,365,835

#### Operational earnings per ordinary share

Operational EPS	Group			
	Nine Months Ended		Three Months Ended	
	31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10
(a) Based on weighted average no. of shares (cents/share)	12.65	8.52	5.88	4.15
(b) Based on fully diluted basis (cents/share)	11.71	7.47	5.41	3.85

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

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

	Group		Company	
	As at 31 Mar 11	As at 30 Jun 10	As at 31 Mar 11	As at 30 Jun 10
<b>(In cents per share)</b>				
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	74.97	70.78	73.90	76.06

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles increased from 99.98 cents/share in June 2010 to 105.20 cents/share in March 2011.

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**

As supply chain managers, we are engaged in the sourcing of various agricultural commodities from the producing countries and processing, warehousing, transporting, shipping, distributing and marketing of the same right up to the factory gate of our customers in the destination markets while managing the risks 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. Today, Olam is a leading global integrated supply chain manager for 20 agricultural products and food ingredients, with operations in 65 countries.

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 and midstream parts of the value chain.

Building on existing and new capabilities has included careful expansion 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, coffee plantation in Laos, peanut farming in Argentina, rice farming in Nigeria and Mozambique, cotton farming in Mozambique, dairy farming in Uruguay and the development of tropical forest concessions in The Republic of Congo (ROC), Gabon and Mozambique.

Similarly, in the midstream part of the value chain, we pursued initiatives in value added processing and manufacturing activities. In the integration initiatives aimed at enhancing the midstream part of our model, we have committed investments in wheat milling in Nigeria and Ghana, sugar milling and refining in India and Indonesia, cocoa processing in Cote d'Ivoire and Nigeria, tomato paste manufacturing in California, dehydrates manufacturing in USA and China, peanut ingredient manufacturing in USA, palmoil refining in the Cote d'Ivoire, mechanical processing of cashews in Cote d'Ivoire and Nigeria, cashew ingredients manufacturing in Vietnam and the USA, spice grinding in Vietnam and saw milling in ROC and Gabon amongst others.

Another area that Olam has earmarked for future entry is to capitalize further on our extensive grower and supplier base in various producing countries by entering the fertilizer manufacturing and distribution businesses, which are closely related to our in-country agricultural base.

In addition, Olam has also diversified into two new businesses which build on latent assets and capabilities that we have developed in the business over the last 20 years:

- i) The Commodity Financial Services business (CFS), which benefits from our deep understanding of both commodity and financial markets, as well as our capabilities and knowledge in leading-edge risk management practices; and

- ii) Packaged Foods distribution in West Africa, building our own consumer brands which capitalize on our existing knowledge of African markets and operations, brands, and consumers. The foundation for this downstream activity is our knowledge and capabilities related to the management of food supply chains and 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 organize the 20 products into 4 reporting segments. In addition to the products, a 5<sup>th</sup> segment is reported for activities related to CFS. The segmental reporting is described below:

<b>Business Segment</b>	<b>Products</b>
<b>Edible Nuts, Spices &amp; Beans</b>	Cashews Peanuts Almonds 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) Palm Products Dairy Products Packaged Foods
<b>Industrial Raw Materials</b> (Earlier called the Fibre & Wood Products segment)	Cotton Wool Wood Products Rubber Agri Inputs (Fertiliser)
<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 FY2011 results include the consolidated results of Gilroy Foods and Flavours (GFF) and NZFSU, the acquisition of which was completed during the year. As a result of the financial impact of these acquisitions, the consolidated results for 9M FY2011 are not strictly comparable to the results of 9M FY2010.
- 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 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, 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. The proportionate share of volumes has also been included for calculation of GC and NC/ ton. Due to the changes in the segmental reporting, the previous year numbers have been reclassified appropriately.

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 11	31 Mar 10	%change	31 Mar 11	31 Mar 10	%change
<b>Total Revenue</b>	<b>11,357,825</b>	<b>7,482,737</b>		<b>4,773,406</b>	<b>2,757,178</b>	
<b>Add:</b>						
- Share of gain from jointly controlled entities / associates	12,492	8,476		8,096	3,675	
<b>Less:</b>						
- Interest income	(19,256)	(13,292)		(7,328)	(1,595)	
- Cost of goods sold, shipping and logistics, commissions and claims	(10,311,412)	(6,676,520)		(4,555,890)	(2,493,857)	
- Net measurement of derivative instruments, gain / (loss) on foreign exchange, bank charges	(9,424)	24,700		152,192	10,913	
- Negative goodwill on acquisitions	(41,832)	(118,579)		(5,382)	(27,456)	
<b>Gross Contribution (GC)</b>	<b>988,393</b>	<b>707,522</b>	<b>39.7%</b>	<b>365,094</b>	<b>248,858</b>	<b>46.7%</b>
<b>GC per Ton</b>	<b>160</b>	<b>137</b>	<b>17.1%</b>	<b>162</b>	<b>137</b>	<b>18.2%</b>
<b>Less:</b>						
- Net interest on working capital	(173,343)	(140,994)		(59,742)	(43,424)	
<b>Net Contribution (NC)</b>	<b>815,050</b>	<b>566,528</b>	<b>43.9%</b>	<b>305,352</b>	<b>205,434</b>	<b>48.6%</b>
<b>NC per Ton</b>	<b>132</b>	<b>110</b>	<b>20.6%</b>	<b>136</b>	<b>113</b>	<b>19.7%</b>

- c. **Volumes:** Volumes include proportionate share of volumes from the jointly controlled entities/associates. Volume is one of the key drivers to 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).
- d. **Seasonality:** The production of agricultural products is globally, 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; these are mainly a function of the farmer's 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%	30 – 40%	35 – 40%	25 – 30%	60 – 70%

## **Balance Sheet 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. In 9M FY2011 prices across our portfolio had seen very sharp increase which in turn has resulted in higher working capital investment during this period. A large part (around 88%) 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**

The company has had a very strong 9M FY2011 with record growth in earnings (excluding negative goodwill on acquisitions (net of transaction costs), classified as “**exceptional gain**”). The period was characterized by sharply rising commodity prices, with several agricultural commodities reaching historical highs. In addition to rising prices, there was also substantial increase in volatility across the agricultural complex.

In 9M FY2011, Net Contribution margin (NC) has grown from S\$110 per ton in 9M FY2010 to S\$132 in 9M FY2011 (20.6% improvement in NC margin per ton). Margin growth accounted for 59% growth in overall NC, while volume growth accounted for the balance of the 41% growth in NC.

The Company grew its sales volume by 19.3% and sales revenue by 53.1% in 9M FY2011 compared to 9M FY2010. Excluding the exceptional gain in both periods, operational net profit after tax increased by 55.9% from S\$170.6 million in 9M FY2010 to S\$265.9 million in 9M FY2011. Other income includes exceptional gain of S\$41.8 million compared to S\$118.6 in 9M FY2010. It also includes gain on fair valuation of Biological Assets of S\$45.8 million (NIL in 9M FY2010) pertaining to Edible Nuts, Spices and Beans, and Food Staples and Packaged Foods segments. All operational costs attributable to these biological assets have been charged to the profit and loss account as period costs. We classify our biological assets valuation gain or loss into two categories: 1) Operational biological assets gain or loss; and 2) Non-operational biological assets gain or loss. Operational biological assets gain or loss refer to gains or losses resulting from changes in productive capacity or costs of the underlying biological asset while non operational biological assets gain or loss refer to changes in biological asset value resulting from changes in valuation assumptions including price, discounting rates etc. On this basis, for 9M FY2011, all biological assets valuation gains of S\$45.8 million are operational.

The demand for Food Raw Materials and Ingredients category, which is made up of Edible Nuts, Spices and Beans, Confectionery and Beverage Ingredients and Food Staples and Packaged Foods segments accounted for 78.2% of our revenue in 9M FY2011. Sales Volume for the Food category increased by 20.2% in 9M FY2011 compared to 9M FY2010. Net contribution (NC) for this segment increased by 40.0% in 9M FY2011 compared to 9M FY2010. NC per ton also increased by 16.5% to S\$127 per ton in 9M FY2011 from S\$109 per ton in 9M FY2010.

The Industrial Raw Materials category includes four agri-commodities, namely Cotton, Wool, Rubber and Wood Products. This category accounted for the remaining 21.8% of our revenue in 9M FY2011. Sales Volume for this category grew by 15.6% in 9M FY2011 compared to 9M FY2010. Net Contribution for this category increased by 78.1% in 9M FY2011 compared to 9M FY2010; NC per ton grew by 53.9% to S\$135 per ton from S\$88 per ton in 9M FY2011.

## Segmental Analysis

The following table provides the segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for 9M FY2011:

### Cumulative

Segment	Sales Volume (in Metric Tons)		Sales Revenue (in S\$'000)		Gross Contribution (GC) (in S\$'000)		Net Contribution (NC) (in S\$'000)	
	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10
Edible Nuts, Spices & Beans	904,438	767,853	1,686,689	1,010,702	211,303	146,106	192,823	130,310
Per ton (S\$)					234	190	213	170
Confectionery & Beverage Ingredients	1,155,521	1,013,633	4,729,147	2,956,921	285,715	200,629	210,504	136,589
Per ton (S\$)					247	198	182	135
Food Staples & Packaged Foods	2,980,237	2,412,753	2,349,725	2,053,324	267,061	211,788	239,282	192,187
Per ton (S\$)					90	88	80	80
Industrial Raw Materials*	1,118,116	966,876	2,446,849	1,300,287	201,771	126,253	151,345	84,995
Per ton (S\$)					180	131	135	88
Commodity Financial Services	-	-	-	-	22,543	22,746	21,096	22,447
Total	6,158,312	5,161,115	11,212,410	7,321,234	988,393	707,522	815,050	566,528
Per ton (S\$)					160	137	132	110

### Quarter

Segment	Sales Volume (in Metric Tons)		Sales Revenue (in S\$'000)		Gross Contribution (GC) (in S\$'000)		Net Contribution (NC) (in S\$'000)	
	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10
Edible Nuts, Spices & Beans	343,743	256,843	671,853	311,021	84,516	58,813	80,975	56,740
Per ton (S\$)					246	229	236	221
Confectionery & Beverage Ingredients	509,823	426,821	2,308,761	1,305,755	113,884	70,875	87,289	49,953
Per ton (S\$)					223	166	171	117
Food Staples & Packaged Foods	990,723	799,153	726,814	689,885	77,401	69,053	67,067	63,570
Per ton (S\$)					78	86	68	80
Industrial Raw Materials*	409,213	332,340	1,028,310	404,859	84,462	41,042	65,147	26,276
Per ton (S\$)					206	123	159	79
Commodity Financial Services	-	-	-	-	4,831	9,075	4,874	8,895
Total	2,253,502	1,815,157	4,735,738	2,711,520	365,094	248,858	305,352	205,434
Per ton (S\$)					162	137	136	113

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

The **Edible Nuts, Spices & Beans segment** registered volume growth of 17.8%, revenue growth of 66.9%, GC growth of 44.6% and NC growth of 48.0% compared to 9M FY2010. NC per ton in this segment grew 25.6% from S\$170 to S\$213. The growth in NC per ton was mainly driven by selective initiatives to integrate the business upstream (plantations and farming) and in midstream processing activities. The Gilroy acquisition has been smoothly integrated with our Spices and Vegetable Ingredients business during the year. The result of this operation has exceeded the investment thesis. The edible nuts division (cashews, peanuts and almonds) continues to perform strongly. We are in the process of harvesting the Almonds from our orchards in Australia. The yields during the year are expected to be slightly lower on account of very wet conditions, as well as the floods that beset Australia during the season. The impact of lower yields is not expected to be material.

The **Confectionery & Beverage Ingredients segment** registered volume growth of 14.0%, 42.4% growth in GC and 54.1% growth in NC compared to 9M FY2010. More importantly, this segment grew its NC per ton by 35.2% from S\$135 in 9M FY2010 to S\$182 in 9M FY2011. The cocoa business has experienced some adverse effects, particularly in terms of lower volumes, due to the political uncertainty in Cote d'Ivoire. However, the margins have been significantly better, more than compensating for the lower volumes. The situation in Cote d'Ivoire is fast returning to normal and cocoa shipments are expected to resume shortly. The coffee business continues to perform well across its key origins in West and East Africa (Cameroon, Cote d'Ivoire, Tanzania, Uganda and Burundi) and Asia (India, Indonesia, Vietnam, Laos). Our new operations in Mexico have got off to a good start. Trading conditions have been mixed in the key Arabica origins, with difficult trading conditions in Brazil and Peru, and favourable trading conditions in Colombia and Honduras.

The **Food Staples & Packaged Foods segment** achieved volume growth of 23.5%, GC growth of 26.1%, and NC growth of 24.5% respectively compared to 9M FY2010. This strong volume growth was led by the wheat business, with strong market share growth in the African markets. NC per ton grew by 0.8% from S\$79.6 in 9M FY2010 to S\$80.2 in 9M FY2011. More importantly, NC for the quarter grew by 5.5%. NC per ton decreased from S\$79.5 to S\$67.6 in Q3 FY2011, a drop of 15.0%. Our investment in OCDL, the dairy processing operation in New Zealand, underperformed during the period on account of the surprisingly high milk price announced by Fonterra in February for the FY2011 season. This led to poor viability for most dairy processors during this period. In the case of NZ Farming Systems Uruguay (NZFSU), the loss for this period was expected. Upon gaining control of the NZFSU pursuant to our takeover offer in September 2010, we have restructured the board, revamped management, drawn up a new business plan and have begun to execute the new business plan. This plan calls for additional capital expenditure, estimated at US\$110 million, to take the operation to full potential. As a result of these changes, the operations have seen improvements and the expected net loss has been reduced.

The **Industrial Raw Materials segment** saw volume growth of 15.6%, GC growth of 59.8%, and NC growth of 78.1% compared to 9M FY2010. This segment constituted 18.2% of the Company's volumes, 21.8% of its revenues, 20.4% of its GC and 18.6% of its NC. NC per ton in this segment grew by 53.9% from S\$88 in 9M FY2010 to S\$135 in 9M FY2011. Cotton prices have come down from their historical highs. This should release working capital invested in the business post the end of Q3 FY2011. The unprecedented floods in Queensland is not expected to have any material impact on our cotton operations for this year. The cotton business has seen strong improvement in margins during this period. The Wood Products business has performed slightly below expectation due to sluggish demand in Europe and Asia. The integration of TT Timber assets acquired earlier this year has progressed smoothly. The Group's expansion into South America (Costa Rica, Panama and El Salvador) to source plantation teak has also been successful during this period.

The **Commodity Financial Services (CFS) segment** had a difficult quarter due to volatility in commodity prices and contributed to 2.6% of the Group's NC with S\$21.1 million as against a NC of S\$22.4 million in 9M FY2010. However, the key activities of the group, market making of commodity options and risk management solutions, continue to develop well in line with our business plans.

## **Costs and Expenses**

Q3 FY2011: Overhead expenses at S\$140.8 million for Q3 FY2011 were 43.5% higher than the corresponding quarter in FY2010, mainly on account of increased overheads for recently acquired businesses and for the provision of additional performance incentives in Q3 FY2011 compared to Q3 FY2010.

9M FY2011: Overhead expenses at S\$452.0 million for 9M FY2011 were 34.0% higher than 9M FY2010 for the reasons cited above. However, the overhead to sales ratio has improved from 4.6% in 9M FY2010 to 4.0% in 9M FY2011.

## **Taxation**

Q3 FY2011: Income Tax provisions have increased to S\$24.1 million for Q3 FY2011 as compared to S\$10.4 million for Q3 FY2010, primarily due to the growing earnings contribution from higher tax jurisdictions, including Australia and the USA.

9M FY2011: Similarly, there has been a significant increase in Income Tax provisions to S\$45.2 million for 9M FY2011 as compared to S\$21.4 million for 9M FY2010 for the reasons cited above.

## **Net profit after tax**

Q3 FY2011: Excluding exceptional gain in both periods, operational profit after tax increased by 48.0% to S\$124.0 million from S\$83.8 million in Q3 FY 2010. Net profit after tax increased by 41.4% to S\$126.2 million for Q3 FY2011 from S\$89.3 million in Q3 FY2010 (including exceptional gains in both periods).

9M FY2011: Excluding the exceptional gains in both periods, operational profit after tax increased by 55.9% to S\$265.9 million from S\$170.6 million in 9M FY2010. Net profit after tax increased by 12.9% to S\$301.7 million for 9M FY2011 from S\$267.2 million in 9M FY2010 (including exceptional gains in both periods).

## **Balance Sheet & Cash Flow**

During 9M FY2011, the industry continued to experience significant increases in the prices of various commodities, especially Cotton. The application of provisions under FRS39 affects equity and fair value of derivative financial instruments in the Balance Sheet. As a result, there has been a significant increase in "Fair value of derivative financial instruments" under current assets and current liabilities of S\$6,589.1 million and S\$5,728.3 million respectively. Since we participate in this industry as supply chain managers and not as positional / directional traders, market volatility, as in past periods, has had limited impact on the profitability of the Group during this period.

## **Property, plant and equipment**

During 9M FY2011, property, plant and equipment increased from S\$1,054.2 million to S\$1,433.9 million. The increase of S\$379.7 million was mainly on account of purchase of Gilroy Foods' assets in USA and consolidation of NZ Farming Systems Uruguay (NZFSU).

## **Current Assets**

### ***Debtors Analysis***

Debtor days as at 31 March 2011 increased to 22 days as compared to 20 days as at 31 March 2010.

### ***Stocks***

Stock turnover days decreased to 100 days as at 31 March 2011, as compared to 106 days as at 31 March 2010. Stock value increased by S\$1,163.2 million to S\$3,747.3 million, from S\$2,584.0 million as on 30 June 2010 mainly due to higher prices of the commodities.



## **Advance to Suppliers**

Advance to Suppliers days decreased to 12 days as at 31 March 2011 from 18 days as at 31 March 2010. The advances increased from S\$237.8 million as at 30 June 2010 to S\$474.8 million as at 31 March 2011.

Overall, the cash to cash cycle came down from 128 days as at 31 March 2010 to 112 days as at 31 March 2011.

## **Cash and Fixed Deposits**

Cash and Fixed Deposits increased by 16.7% to S\$783.8 million as on 31 March 2011 from S\$671.5 million as on 30 June 2010.

## **Borrowings**

Borrowings increased to S\$6,678.2 million as of end of March 2011 from S\$4,503.0 million as of 30 June 2010. This increase was mainly on account of significant increase in working capital requirements arising out of an increase in commodity prices. The borrowings, net of cash and cash equivalents, amounted to S\$5,894.4 million as compared to S\$3,831.5 million as at 30 June 2010. Net Debt to Equity ratio increased from 2.48 in Q2 FY2011 to 2.63 in 9M FY2011. Due to ongoing shipments of products against the sales book and any decrease in commodity prices (mainly cotton and cocoa), the working capital investment is expected to come down significantly in Q4 FY2011.

## **Non-current liabilities - Convertible Bonds**

The amount in the balance sheet represents the debt component along with accrued interest for both the outstanding Convertible Bonds of principal value US\$18.7 million issued in FY2009 and Convertible Bonds issued in Q1 FY2011 with a principal value of US\$500 million

## **Equity**

Total share capital and reserves (before Fair Value Adjustment Reserves and Non-controlling interest) increased by 10.9% from S\$2,020.3 million as of 30 June 2010 to S\$2,241.2 million as of 31 March 2011. Fair Value Adjustment Reserves increased from (S\$248.4) as of 30 June 2010 to (S\$277.8) million as of 31 March 2011

During 9M FY2011, the Company issued 109,594,553 shares on conversion of bonds and exercise of share options

## **Other Developments**

On April 11 2011, the company announced that Tata Chemicals Limited ("TCL"), a part of the Tata Group of Companies, and a global company with business interests that focus on living, industry and farm essentials, will invest US\$290 million to acquire 25.1% equity stake in the Urea Manufacturing Project ("Project") in Gabon from Olam and the government of the Republic of Gabon ("RoG"). The investment by TCL represents an Enterprise Valuation ("EV") of US\$2 billion for the Project or a 54% premium over its book value. Assuming US\$845 million of debt, this translates to an equity valuation of US\$1.155 billion or a premium of 154% over the book value of equity. As a result of this investment, Olam's share of the total equity investment in the Project will reduce from US\$364 million to US\$146 million.

On April 21, 2011 the company announced that it has notified NZ Farming Systems Uruguay Limited ("NZFSU") of its intention to make a cash offer at NZ\$0.70 per share for all of the shares in NZFSU that it does not already own ("the Offer"). The Offer gives shareholders another opportunity to exit at the same price offered in Olam's 2010 Takeover Offer, despite the increase in capital requirements and changes to the business outlook for NZFSU compared with the earlier NZFSU Board's forecasts at the time of the previous offer.

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 and in the recent past, the Company announced a number of organic capex projects and acquisitions. The acquisitions are subject to certain closing conditions and approvals from relevant authorities. The outcomes of these transactions are uncertain until these conditions are met and / or approvals are granted.

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 materialize these may have an effect on the financials of the Group.

The Group believes that the impact of floods in Australia and the current political situation in Cote d'Ivoire on their businesses is not material. A more detailed explanation in this regard is provided in the Segmental Analysis section.

Given the strong performance recorded by the Group in 9M FY2011 and the continued execution of our long term strategic growth plans, the Group continues to be positive about its prospects for the remainder of FY2011.

11. Dividend

- (a) Current Financial Period Reported On 31 March 2011

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?

A one-tier tax exempt interim dividend of 2 cents per ordinary share.

- (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/recommendeded, a statement to that effect.

N.A

## **Confirmation of the Board**

We refer to the requirement under Rule 705(5) of the Listing Manual.

We hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for period ended 31 March 2011 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 May 2011