Olam International Limited
Management Discussion and Analysis
First Quarter ended 30 September 2014

This MD&A should be read and understood only in conjunction with the full text of Olam International Limited's Q1 FY2015 Financial Statements lodged on SGXNET on November 14, 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

First Quarter ended 30 September 2014 (Q1 FY2015)

Contents

Key Highlights

- **Reported PATMI** was **marginally lower by 2.9% at S$44.3 million** for Q1 FY2015 (Q1 FY2014: S$45.6). Reported PATMI includes net exceptional gains of S$12.1 million for Q1 FY2015 (Q1 FY2014: Nil).

- **Overall sales volume** declined by **14.6%** as compared to Q1 FY2014 with continued growth from prioritised platforms, offset by reduced volume from lower margin businesses that were discontinued / restructured pursuant to initiatives outlined in the strategic plan.

- Overall **EBITDA declined by 11.9%** to **S$219.4 million** in Q1 FY2015 (Q1 FY2014: S$248.9 million). Despite lower volumes, most business platforms recorded a growth in EBITDA. However, adverse price movement in the hazelnuts and dairy businesses, coupled with execution challenges in upstream dairy led to an overall decline in EBITDA.

- These results include a **net loss of S$15.9 million** for Q1 FY2015 on the **fair valuation of biological assets** compared to a **net gain of S$3.3 million** in Q1 FY2014.

- **Net finance costs** were lower at **S$124.1 million** in Q1 FY2015 compared to **S$137.1 million** in Q1 FY2014 from the ongoing debt optimisation efforts.

- **Depreciation and amortisation** was **marginally lower at S$59.7 million** in Q1 FY2015 **compared to S$60.8 million** in Q1 FY2014.

- **Tax expenses** (excluding tax on exceptional items) for Q1 FY2015 were also **lower at S$5.9 million** as compared to **S$7.8 million** for the prior corresponding period.

- **Operational PATMI** (after excluding exceptional items) **declined by 29.4% to S$32.2 million** in Q1 FY2015 (Q1 FY2014: S$45.6 million).

- We have **moderated the pace of new investments** and incurred gross **cash capital expenditure (Capex) of S$158.8 million** in Q1 FY2015 as compared to S$189.1 million in Q1 FY2014. Net of disposals, the cash capex was **S$155.5 million** in Q1 FY2015 as against S$159.5 million in Q1 FY2014.

- **FCFF and FCFE** were lower by S$100.6 million and S$43.1 million respectively in Q1 FY2015 as compared to Q1 FY2014, driven almost entirely by higher working capital deployment of S$72.6 million. The increase was on account of higher commodity prices, particularly in the Confectionery & Beverage ingredients and Edible Nuts, Spices & Vegetable Ingredients segments.

- **Net gearing of 1.85 times** at September 30, 2014 **was marginally higher than 1.82 times** as at June 30, 2014, but in line with our FY2016 objective of operating below 2.0 times.

- Subsequent to the strategic plan announcement in April 2013, we have announced 18 **strategic initiatives**, of which 15 have been completed. These 15 completed initiatives have **released cash of S$635.4 million** (against FY2016 target of S$1.5 billion), generated a **P&L gain of S$106.1 million** and added **S$16.5 million directly to our capital reserves**. Three announced initiatives, which are expected to be completed in FY2015, are likely to **release further cash of approximately S$313.1 million**, generate a **P&L gain of approximately S$22.4 million** and add **approximately S$118.8 million** directly to our **capital reserves**.

"The first quarter is a relatively modest quarter for us in terms of earnings contribution due to the seasonality of our product and geographic mix. We are pleased with the operational performance and EBITDA growth across most of our platforms and segments despite reduced volumes from our discontinued and restructured lower margin operations. Overall EBITDA for the quarter was impacted by adverse price movement in the hazelnuts and dairy businesses, coupled with execution challenges in upstream dairy.

"We remain focused on executing our strategic plan initiatives and optimising our balance sheet and debt portfolio, while continuing to selectively invest in growth opportunities across our prioritised platforms."

A. Shekhar
Executive Director - Finance and Business Development

Strategic Plan Update

Following our Strategy Review in April 2013, we announced our strategic plan for the period FY2014-2016. The review reaffirmed the value of our existing strategy of building a core global supply chain business while selectively integrating into higher value upstream and mid/downstream segments. It further reinforced our belief in the attractive prospects for the agri-commodity sector and in the long-term value of our differentiated business model and strategy.

The key change envisaged in the 2013 Strategy Review was **"Rebalancing profitable growth and cash flow"**. To this end, four key priorities were established and six pathways identified to achieve those priorities:

Four Key priorities:
1. Accelerate free cash flow generation
2. Reduce gearing
3. Reduce complexity
4. Facilitate a better understanding of Olam's business

Six pathways:
1. Recalibrate the pace of investments
2. Optimise balance sheet
3. Pursue opportunities for unlocking intrinsic value
4. Optimise shape of portfolio and reduce complexity
5. Improve operating efficiencies
6. Enhance stakeholder communication

In Q1 FY2015, we announced and completed the sale of our **dairy processing plant** in Côte d'Ivoire to Royal FrieslandCampina which resulted in a net P&L gain of S$12.1 million and cash release of S$31.5 million.

We **expect to conclude other announced initiatives** in FY2015, including the sale of equity in our upstream Palm and Rubber joint ventures in Gabon to the Republic of Gabon, and the sale of 25% stake in our Packaged Foods business to Sanyo Foods.

In summary, the 15 initiatives already completed have **released cash of S$635.4 million** (against FY2016 target of S$1.5 billion)**,** generated a **P&L gain of S$106.1 million** and added **S$16.5 million to** our **capital reserves:**

SGD Mn

Summary of Completed Stratgegic Plan Initiatives	Number of Initiatives	P & L impact	Addition to capital reserves	Cash flow impact
Closed in FY2013	3	29.5		86.3
Closed in FY2014	11	64.5	16.5	517.6
Closed in FY2015	1	12.1		31.5
Total	**15**	**106.1**	**16.5**	**635.4**

Going forward, we expect to **release cash of approximately S$313.1 million**, generate a **P&L gain of** approximately **S$22.4 million,** and **add approximately S$118.8 million** to our **capital reserves** in FY2015 from **initiatives already announced, but pending completion**:

SGD Mn

Initiatives pending completion	Completion Expected	P & L impact	Addition to capital reserves	Cash flow impact
Sale of 10%/20% stake in Palm/Rubber to RoG, Gabon	Q2 FY15		18.1	37.4
Sale and Leaseback of Dairy Farm Land, Uruguay	Q2 FY15	22.4		66.9
Sale of 25% stake in Packaged Foods BU to Sanyo Foods	Q2 FY15		100.7	208.8
Total		**22.4**	**118.8**	**313.1**

Note: figures in the table above may change to reflect the closing balance sheet position and exchange rates on date of completion.

Summary of Financial and Operating Results

Profit and Loss Statement

	Q1 FY2015	Q1 FY2014	% Change
Volume ('000 MT)	3,134.2	3,668.7	(14.6)
Revenue	4,298.6	4,321.0	(0.5)
EBITDA	**219.4**	**248.9**	**(11.9)**
PAT	41.9	43.2	(3.1)
PATMI	**44.3**	**45.6**	**(2.9)**
Operational PATMI	**32.2**	**45.6**	**(29.4)**

The overall volume decline of 14.6% was a combination of volume growth across prioritised platforms and a reduction in volume from lower margin businesses that were discontinued / restructured as outlined in the strategic plan. Despite lower volumes, sales revenue was flat due to an increase in commodity prices particularly in the Confectionery & Beverage ingredients and Edible Nuts, Spices & Vegetable Ingredients segments.

Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA), declined by 11.9% to S$219.4 million mainly driven by adverse price movements in the hazelnuts and dairy businesses, coupled with execution challenges in upstream dairy. Excluding the impact from these businesses, overall EBITDA grew as compared to the prior corresponding period.

The EBITDA for Q1 FY2015 also includes a net loss of S$15.9 million on the fair valuation of biological assets compared to a net gain of S$3.3 million in Q1 FY2014.

Reported Profit After Taxes and Minority Interests ("PATMI") for Q1 FY2015 declined by 2.9% over Q1 FY2014. Operational PATMI, excluding a net exceptional gain of S$12.1 million, declined by 29.4% as compared to the corresponding prior period.

Balance Sheet Analysis

SGD Mn

	30-Sep-14	30-Jun-14	Change
Uses of Capital			
Fixed Capital	6,104.2	6,143.9	(39.7)
Working Capital	6,268.4	5,956.0	312.4
Cash	1,277.1	1,590.1	(313.0)
Others	(27.1)	(127.7)	100.6
Total	**13,622.6**	**13,562.3**	**60.3**
Sources of Capital			
Equity & Reserves	4,347.5	4,260.4	87.1
Non-controlling interests	18.2	22.1	(3.9)
Short term debt	3,839.3	4,503.8	(664.5)
Long term debt	5,493.4	4,836.2	657.2
Fair value reserve	(75.8)	(60.2)	(15.6)
Total	**13,622.6**	**13,562.3**	**60.3**

Our total assets of S$13.6 billion comprised S$1.3 billion of cash, S$6.3 billion of working capital and S$6.1 billion of long term fixed assets. These were funded by S$4.3 billion of equity, S$3.8 billion of short term debt and S$5.5 billion of long term debt.

The growth in working capital was financed using cash reserves, while gross debt remained flat as compared to the end of FY2014. During Q1 FY2015, we issued S$400.0 million 5 year Notes and US$300.0 million 5.5 year Senior Notes at coupons of 4.25% and 4.50% respectively, which were significantly below coupons on similar tenor debt issued in prior years and also below the secondary trading levels of our outstanding bonds at the time of issuance.

Cash Flow Analysis

SGD Mn

Cash Flow Summary	Q1 FY2015	Q1 FY2014	Y-o-Y
Operating Cash flow (before Interest & Tax)	236.6	252.8	(16.2)
Changes in Working Capital	(117.1)	(44.5)	(72.6)
Cash flow generated from operations	**119.5**	**208.3**	**(88.8)**
Tax paid	(18.6)	(2.8)	(15.8)
Capex / Investments	(155.5)	(159.5)	4.0
Free cash flow to firm (FCFF)	**(54.6)**	**46.0**	**(100.6)**
Net interest paid	(105.7)	(163.2)	57.5
Free cash flow to equity (FCFE)	**(160.3)**	**(117.2)**	**(43.1)**

FCFF and FCFE were lower by S$100.6 million and S$43.1 million respectively as compared to Q1 FY2014, due to relatively higher working capital of S$72.6 million over the same period. The increase was driven by higher commodity prices in the Confectionery & Beverage ingredients and Edible Nuts, Spices & Vegetable Ingredients segments.

Detailed Financial Analysis

SGD Mn

	Q1 FY2015	Q1 FY2014	% Change
Volume ('000 MT)	**3,134.2**	**3,668.7**	**(14.6)**
Revenue	**4,298.6**	**4,321.0**	**(0.5)**
Other Income (excl. exceptional items)	5.5	1.2	379.8
Cost of sales	(3,863.6)	(3,886.9)	(0.6)
Overhead expenses	(193.0)	(171.1)	12.8
Other operating expenses	(14.3)	(20.0)	(28.5)
Net changes in fair value of biological assets	(15.9)	3.3	n.m.
Share of results from jointly controlled entities and associates	2.0	1.4	37.9
EBITDA	**219.4**	**248.9**	**(11.9)**
EBITDA %	5.1%	5.8%	
Depreciation & Amortisation	(59.7)	(60.8)	(1.9)
EBIT	159.7	188.1	(15.1)
Exceptional items	12.1	-	n.m.
Net Finance costs	(124.1)	(137.1)	(9.5)
PBT	47.8	51.0	(6.4)
Taxation	(5.9)	(7.8)	(24.6)
PAT	**41.9**	**43.2**	**(3.1)**
PAT %	1.0%	1.0%	
Non-controlling interests	(2.4)	(2.4)	(0.1)
PATMI	**44.3**	**45.6**	**(2.9)**
PATMI %	1.0%	1.1%	
Exceptional items (net of tax)	12.1	-	n.m.
Operational PATMI	**32.2**	**45.6**	**(29.4)**
Operational PATMI %	0.7%	1.1%	

Other Income

Other Income (excluding exceptional items) increased by S$4.3 million due to higher commissions and claims income recorded during the period.

Cost of Sales

Cost of Sales was lower, in line with reduced revenue for the period.

Overhead Expenses

Overhead Expenses grew by 12.8% to S$193.0 million in Q1 FY2015 from S$171.1 million in Q1 FY2014 due to an increase in lease payments from the sale-and-leaseback of almond plantation assets in the US and Australia as well as higher staff costs .

Other Operating Expenses

Other Operating Expenses were reduced by S$5.7 million, primarily on account of lower unrealised foreign exchange losses during the current period.

Net Changes in Fair Value of Biological Assets

There was a reduction in fair value of biological assets of S$19.2 million from a gain of S$3.3 million in Q1 FY2014 to a loss of S$15.9 million in Q1 FY2015. The reduction was primarily a result of a lower net fair value of our Australian almond plantation assets as they have achieved peak maturity in most of the estates.

Share of Results from Jointly Controlled Entities and Associates

Share of results from jointly controlled entities and associates increased from S$1.4 million in Q1 FY2014 to S$2.0 million in Q1 FY2015, mainly due to higher contribution from OCDL, New Zealand. Contribution from SIFCA was lower than the prior corresponding period due to weak palm and rubber prices.

Depreciation & Amortisation

Depreciation & Amortisation recorded a marginal decline from S$60.8 million in Q1 FY2014 to S$59.7 million in Q1 FY2015, despite incremental fixed capital investments over the past 12 months, due to the impact of various divestments that were executed as part of our strategic plan.

Finance Costs

Net Finance costs reduced from S$137.1 million in Q1 FY2014 to S$124.1 million in Q1 FY2015 as a result of changes in the borrowing mix in favour of lower cost, shorter-term debt as a part of our ongoing debt optimisation initiatives. In Q1 FY2015, we issued two medium term notes to term out part of our debt and will continue to actively monitor and rebalance the tenor and cost of our overall debt portfolio.

Taxation

Tax charge on the base business was S$5.9 million in Q1 FY2015 compared to S$7.8 million for Q1 FY2014.

Non-controlling Interest

Non-controlling Interest primarily comprised of the minority share of results from Invenio Holdings, Rusmolco, Olam Palm Gabon, Olam Rubber Gabon and the Sanyo Foods (noodles) joint venture.

Exceptional Items

Q1 FY2015 results included net exceptional gains of S$12.1 million from the sale of our dairy processing facility in Côte d'Ivoire. There were no exceptional items in Q1 FY2014.

Balance Sheet Analysis

Working Capital

SGD Mn

	30-Sep-14	30-Jun-14	Change
Stock	4,739.6	4,685.7	53.9
Advance to suppliers	631.5	706.7	(75.2)
Receivables	1,809.3	1,613.2	196.1
Trade creditors	(1,406.7)	(1,587.6)	180.9
Others	494.7	538.0	(43.3)
Working Capital	**6,268.4**	**5,956.0**	**312.4**

Others: Includes other current assets, changes to margin accounts with brokers and other current liabilities

The overall working capital increased by S$312.4 million compared to end-FY2014 on account of higher receivables and lower trade creditors as compared to the prior corresponding period. The increase in receivables was driven by sales contracts executed at higher prices, while the reduction in trade creditors was as a result of a change in product and shipment mix.

# of days

	30-Sep-14	30-Jun-14	Y-o-Y
Stock	111	98	13
Advance to suppliers	14	14	0
Receivables	38	30	8
Trade creditors	(33)	(33)	0
Total cash cycle	**130**	**109**	**21**

Our overall working capital cycle increased from 109 days as on June 30, 2014 to 130 days as on September 30, 2014. The change was driven by an increase in our inventory and receivable days led by higher commodity prices.

Debt, Liquidity and Gearing

SGD Mn

	30-Sep-14	30-Jun-14	Change vs Jun 14
Gross debt	9,332.7	9,339.9	(7.2)
Less: Cash	1,277.1	1,590.1	(313.0)
Net debt	8,055.6	7,749.8	305.8
Less: Readily marketable inventory	3,796.4	3,809.5	(13.1)
Less: Secured receivables	1,376.9	1,243.8	133.1
Adjusted net debt	2,882.3	2,696.5	185.8
Equity (before FV adj reserves)	4,347.5	4,260.4	87.1
Net debt / Equity (Basic)	**1.85**	**1.82**	**0.03**
Net debt / Equity (Adjusted)	**0.66**	**0.63**	**0.03**

Note: 80.1% of inventories were liquid, hedged and/or sold forward as on 30 September 2014

While gross debt remained flat for the quarter, net debt increased by S$305.8 million as we utilised our cash balances to finance the price-led incremental working capital. **Net gearing of**

1.85 times as on September 30, 2014 is in line with our FY2016 objective of operating below 2.0 times, despite increase in commodity prices.

Of the S$4.7 billion of inventory, approximately 80.1%, or S$3.8 billion were readily marketable inventories (RMI) that were liquid, hedged and/or sold forward, operating as near-cash assets on our balance sheet. In addition, of the S$1.8 billion in trade receivables, approximately 76.1% were secured. Typically, at any given point, about 80-90% of inventory is hedged and/or sold forward and 60-70% of receivables are supported by letters of credit or documents through banks. Adjusting for RMI and secured receivables, our net gearing would be 0.66 times, reflecting the true indebtedness of our Company.

We maintained sufficient liquidity to meet our working capital and capital expenditure requirements, with a total of S$12.6 billion in available liquidity as on September 30, 2014, including unutilised bank lines of S$6.1 billion.

Segmental Review and Analysis

For the Quarter

SGD Mn

	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)		
	Q1 FY2015	Q1 FY2014	Q1 FY2015	Q1 FY2014	Q1 FY2015	Q1 FY2014	Q1 FY2015	FY2014	Q1 FY2014
Edible Nuts, Spices and Vegetable Ingredients	454.5	456.3	837.0	760.5	77.8	99.4	3,173.7	3,165.4	3,407.8
Confectionery and Beverage Ingredients	306.6	314.9	1,216.1	921.5	53.8	53.4	3,238.6	3,129.9	2,015.0
Food Staples and Packaged Foods	1,972.1	2,527.0	1,402.2	1,710.7	68.9	87.6	3,157.3	3,111.1	3,613.5
Food Category	**2,733.2**	**3,298.2**	**3,455.3**	**3,392.7**	**200.5**	**240.4**	**9,569.6**	**9,406.4**	**9,036.3**
Industrial Raw Materials (IRM)	401.0	370.5	843.3	927.9	15.4	16.8	2,072.2	1,940.9	1,948.0
Commodity Financial Services (CFS)	N.A.	N.A.	0.0	0.4	3.4	(8.3)	5.6	3.4	5.6
Non-Food Category	**401.0**	**370.5**	**843.3**	**928.3**	**18.8**	**8.5**	**2,077.8**	**1,944.3**	**1,953.6**
Total	**3,134.2**	**3,668.7**	**4,298.6**	**4,321.0**	**219.4**	**248.9**	**11,647.5**	**11,350.7**	**10,989.9**

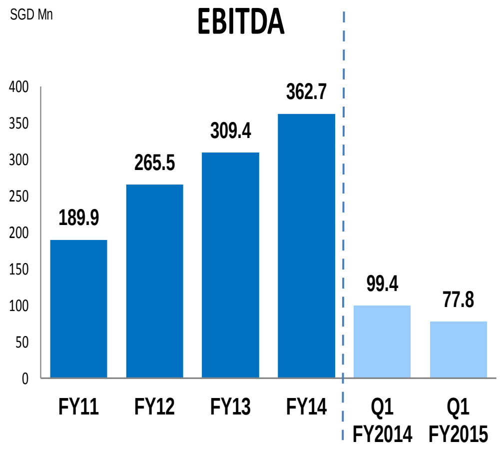
IC excludes:

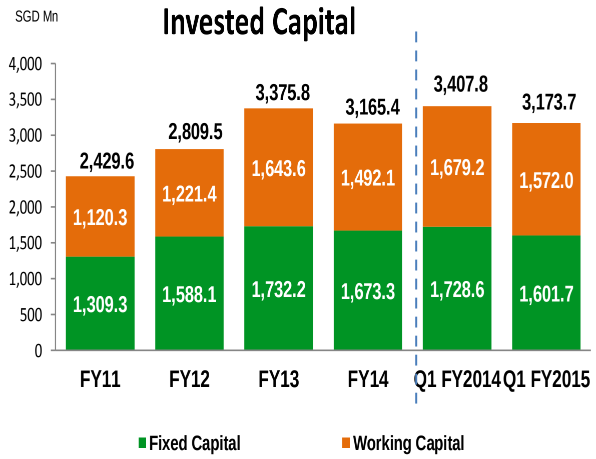
(a) Gabon Fertiliser Project (30-Sep-14: S$179.0 million, 30-Jun-14: S$184.1 million)

(b) Long Term Investment (30-Sep-14: S$394.3 million, 30-Jun-14: S$407.7 million)

Edible Nuts, Spices & Vegetable Ingredients

The Edible Nuts, Spices & Vegetable Ingredients segment volumes remained flat while revenue grew by 10.1% and EBITDA declined by 21.7% in Q1 FY2015 as compared to the prior corresponding period.



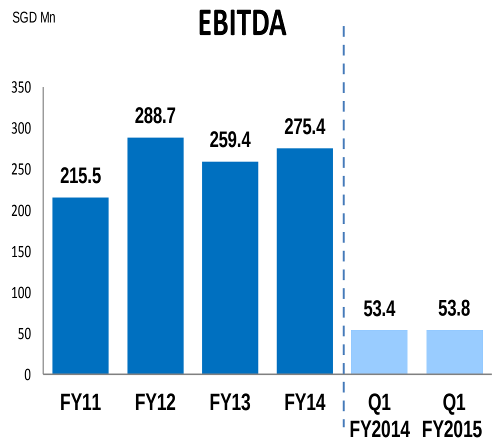


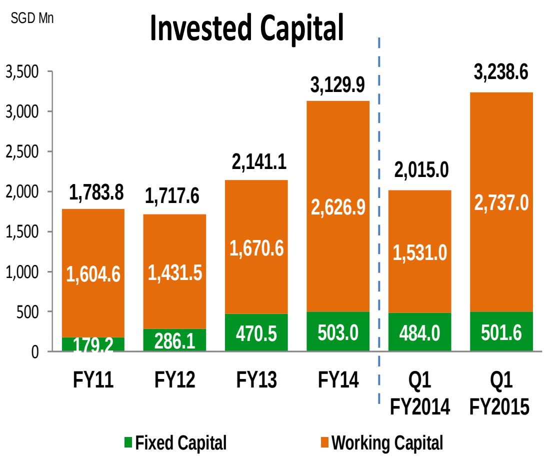
The almonds, peanuts and US vegetable businesses continued to perform well, while the cashew and tomato businesses also recorded an improved performance as compared to Q1 FY2014. Segment performance was adversely impacted primarily by the hazelnuts business in Turkey and to a lesser extent by the spices business in Vietnam. The hazelnuts business faced a sharp increase in procurement prices driven by a weather-induced crop shortage. This impacted our cost structure and margins during the period and is expected to have some continuing impact in Q2 FY2015. Trading conditions have now improved with selling prices adjusting to the revised cost structure and we expect normalised margins for procurement and sales from Q3 FY2015 onwards.

Invested capital in the segment was flat vis-à-vis end-FY2014. However, as compared to Q1 FY2014, segment fixed capital was lower by S$126.8 million, as a result of execution of strategic plan initiatives and working capital was reduced by S$107.2 million from various optimisation and restructuring initiatives, despite an increase in commodity prices in parts of this segment.

Confectionery & Beverage Ingredients

The Confectionery & Beverage Ingredients segment recorded a decline in volume of 2.6% while revenues increased by 32.0% due to higher commodity prices. Despite lower volumes, segment EBITDA was maintained by increased contribution from the midstream processing assets.

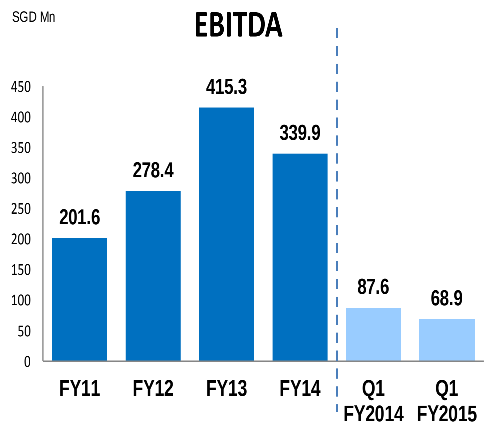


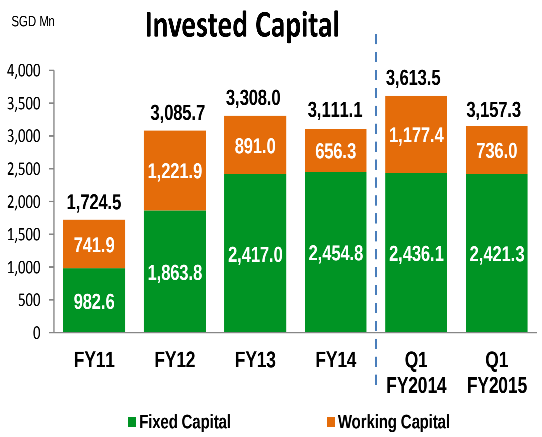


Invested capital was higher by S$108.7 million during the quarter, but as compared to Q1 FY2014, the increase was significantly higher at S$1223.6 million, driven by higher cocoa and coffee prices. Commodity prices in this segment are expected to remain elevated for most of FY2015.

Food Staples & Packaged Foods

Food Staples & Packaged Foods segment volumes and revenues declined by 22.0% and 18.0% respectively, due to lower Grains volumes arising from the sale of our Australian grains business and the closure of the grains desk in South Africa.





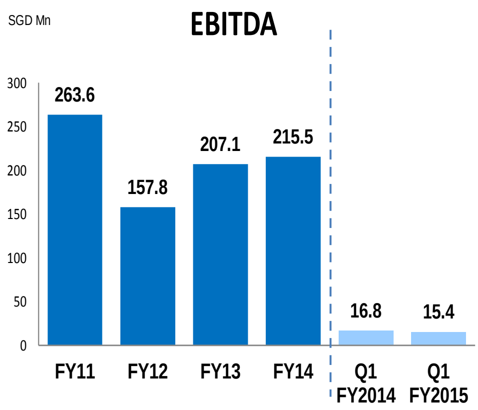
While the wheat flour mills, packaged foods, sugar and rice businesses performed well, overall segment EBITDA declined by 21.3% mainly due to the impact of discontinued operations in Grains and on account of underperformance in our dairy operations in Uruguay arising from lower yields as well as a significant reduction in milk prices. We expect the Uruguay dairy operations to underperform for the rest of FY2015. Lower milk prices also impacted our dairy supply chain margins.

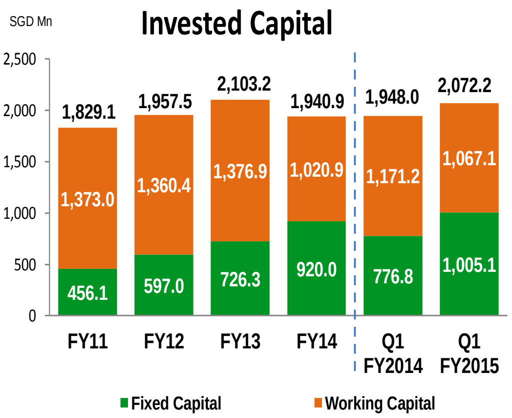
Our import and distribution businesses in Ghana continued to be impacted adversely by the volatility of the local currency. However, the Ghanaian cedi showed signs of stabilising towards the end of Q1 FY2015. The contribution from SIFCA to this segment was lower than the prior corresponding period due to weaker palm prices.

Overall invested capital increased by S$46.2 million during the quarter, but recorded a significant reduction of S$456.2 million as compared to Q1 FY2014 arising from various divestments and working capital optimisation and restructuring efforts.

Industrial Raw Materials

The Industrial Raw Materials segment recorded a volume growth of 8.2% driven by cotton, fertiliser and rubber trading. Segment revenues declined 9.1% as compared to the prior corresponding period on account of lower prices and a change in business mix.





The cotton and timber businesses performed better than last year, but this was offset by lower contributions from rubber and fertiliser trading as well as from SIFCA in rubber.

Overall invested capital increased by S$131.3 million as compared to end-June FY2014. Working capital increased by S$46.2 million while fixed capital increased by S$85.1 million.

Commodity Financial Services

The CFS business recorded an EBITDA of S$3.4 million in Q1 FY2015 versus a loss of S$8.3 million in Q1 FY2014 as both the market making & risk management solutions as well as the fund management business performed better post the restructuring after the strategic review.

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Annexure: Business Description

Business Model and Strategy

Olam's business is built on a strong foundation as a fully integrated supply chain manager and processor of agricultural products and food ingredients, with operations across 16 platforms in 65 countries. As a supply chain manager, Olam is engaged in the sourcing of a wide range of agricultural commodities from the producing countries and the processing, warehousing, transporting, shipping, distributing and marketing of these products right up to the factory gate of our customers in the destination markets. We also manage risk at each stage of the supply chain. From our inception in 1989, we have evolved from a single country, single product trader to a multi-country, multi-product supply chain manager.

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

Business model evolution

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

Building on existing and new capabilities, we have expanded upstream selectively 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.

Selective investments across the value chain

Pursuit of this strategy has led us to invest selectively in almond orchards in Australia and California, peanut farming in Argentina, Coffee plantation in Laos, Ethiopia, Tanzania, Zambia and Brazil, Rice farming in Nigeria, Palm and Rubber plantations in Africa, Dairy farming in Uruguay and Russia, and the development of tropical hard wood forest concessions in The Republic of Congo (ROC).

Similarly, in the midstream part of the value chain, we have pursued initiatives in value-added processing and manufacturing activities, such as mechanical processing of cashews in Côte d'Ivoire, hazelnut processing in Turkey, spice grinding in Vietnam, soluble Coffee manufacturing in Vietnam and Spain, Cocoa processing in Côte d'Ivoire and Nigeria and wheat milling in Nigeria, Senegal and Ghana.

Downstream progress has been reflected in the initiatives completed in Packaged Foods distribution in West Africa and the successful development of our own consumer brands in the food category, which capitalise on our intimate knowledge of African markets, operations, brands, and consumers. This downstream activity also builds on capabilities in the management of food supply chains and on the common distribution pipeline that we have built for related commodity products (including Rice, Sugar, wheat flour and Dairy products) in West Africa. Initiatives in this segment include biscuits and candy manufacturing and downstream distribution in Nigeria and Ghana, juice and dairy beverages in Nigeria, instant noodles, seasonings, tomato paste distribution in Nigeria and selective West African markets.

In addition, Olam has diversified into three adjacent businesses which build on latent assets and capabilities developed over the last 25 years - The Commodity Financial Services business (CFS), the development of a Special Economic Zone (SEZ) and fertiliser manufacturing in Gabon.

A responsible approach to business

Corporate responsibility and sustainability have always been an essential part of our way of doing business around the world. In addition to our longstanding adherence to documented standards, we have also recently established an Olam Livelihood Charter, and continue to work both on our own and with selected expert partners to advance our objectives in this area.

A unique and entrepreneurial culture

One of the major factors that sets Olam apart is our unique culture: we think and act as owner-managers, focused both on the realisation of short-term results and the creation of long-term value for our stakeholders. A fully aligned organisational structure, culture and long-term compensation system support these objectives.

Business Segmentation and Reporting

We organise Olam's operations into five business segments and three value chain segments for reporting purposes. The distribution of the 16 platforms across the business segments and the activities across the value chain segments are given below:

5 Business Segments	16 Platforms
Edible Nuts, Spices & Vegetable Ingredients (formerly known as Edible Nuts, Spices & Beans)	1) Edible Nuts (cashew, peanuts, almonds, hazelnuts and sesame) 2) Spices & Vegetable Ingredients (including pepper, onion, garlic, and tomato)
Confectionery & Beverage Ingredients	3) Cocoa 4) Coffee
Food Staples & Packaged Foods	5) Rice 6) Sugar and Natural Sweeteners 7) Grains (including wheat, corn and barley) 8) Palm 9) Dairy 10) Packaged Foods
Industrial Raw Materials (IRM)	11) Natural Fibres (cotton and wool) 12) Wood Products 13) Rubber 14) Fertiliser supply chain 15) Special Economic Zone (SEZ)
Commodity Financial Services (CFS)	16) Commodity Financial Services (Market-making, risk management solutions and commodity funds management)

3 Value Chain Segments	Value Chain Activity
Supply Chain (including value added services)	Includes all activities connected with origination, sourcing, primary processing, logistics, trading, marketing (including VAS) and risk management of agricultural products and the CFS business
Upstream	Includes all activities relating to farming (annual row crops), plantations (perennial tree crops), Dairy farming and forest concessions
Midstream & Downstream	Includes all activities relating to secondary processing, contract manufacturing, branded distribution, private label activities and SEZ

The production of agricultural products is seasonal in nature. The seasonality of the products in our global portfolio depends on the location of the producing country. The harvesting season for most of the agricultural products for countries situated in the northern hemisphere generally falls between October and March. Countries in the southern hemisphere have harvesting seasons between April and September. It is also not unusual to experience both delays, as well as early starts, to the harvesting seasons in these countries in a particular year, based on weather patterns. In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmers' selling decisions; these are mainly a function of the farmers' view on prices and inventory holding capacity. The majority of our origins are located in the northern hemisphere. Consequently, our earnings tend to be relatively higher in the Second Half of the Financial Year (January to June) compared to the First Half of the Financial Year (July to December). Based on this seasonality, we have observed the distribution of our earnings in prior periods follow the schedule below:

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

Key Definitions

The definitions for the financial terms used in the MD&A are as follows:

Sales Volume: Includes proportionate share of volumes from jointly controlled entities and associates, although there are no associated volumes for CFS and SEZ platforms

Revenue: Sale of goods and services

Other Income: Includes sale of scrap materials, commissions and claims income and fair value gain on investments held for trading. Negative goodwill, gain on sale of assets and other non-recurring, exceptional items which were presented as a part of Other Income are now classified as Exceptional Items

Cost of Sales: Cost of goods sold, shipping and logistics, commissions and claims expenses and the net measurement of derivative assets

Overhead Expenses: Employee benefit costs, manufacturing overheads, travel expenses and other direct expenses

Other Operating Expenses: Unrealised foreign exchange gain/loss and other expenses

Net changes in fair value of biological assets: Includes only operational changes in the fair value of biological assets. Non-operational changes (arising due to changes in the fair value model) which were formerly presented under this line item are now classified as Exceptional Items

Exceptional Items: One-off, non-recurring items, including negative goodwill and related transaction costs, gain/loss on sale of assets/business, gain/loss on buyback of bonds, impairment loss, non-operational gain/loss from changes in fair value of biological assets, finance charges on pre-payment of loans and non-recurring business restructuring expenses. Tax expenses associated with these items are also presented as Exceptional Items. These items were earlier presented under Other Income, Cost of Sales, Overhead Expenses, Other Operating Expenses lines, Finance costs and Taxation.

Operational PATMI: Profit After Tax and Minority Interest (PATMI) excluding exceptional items

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) which includes minority interest and excludes exceptional items

Invested Capital (IC): Excludes cash and bank balances, deferred tax assets, fixed deposits, other current/non-current assets (other than option premiums payable/receivable) and fair value of derivative assets on bonds.

EBITDA/IC: EBITDA on average invested capital based on beginning and end-of-period invested capital

Net Gearing: Ratio of Net Debt (gross debt less cash) to Equity (before fair value adjustment reserves)

Free Cash Flow to Firm (FCFF): Operating cash flow less changes in working capital, cash taxes, capital expenditures and investments

Free Cash Flow to Equity (FCFE): FCFF less net interest paid

Note: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.